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An Audit Report on

Performance Measures at the Texas Medical Board

April 2014

Report No. 14-029



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Overall Conclusion

The Texas Medical Board (Board) reported reliable results for all six key performance measures tested for fiscal year 2013. A performance measure result is considered reliable if it is certified or certified with qualification.

The following six key performance measures tested were certified with qualification:

- Number of New Licenses Issued to Individuals (Physicians).
- Number of Licenses Renewed (Individuals) (Physicians).
- Number of Complaints Resolved (Physicians).
- Percent of Complaints Resulting in Disciplinary Action (Physicians).
- Number of Jurisdictional Complaints Received (Physicians).
- Average Number of Days for Individual License Issuance - Physicians.

While the Board reported reliable results for all six performance measures tested, it should improve certain controls over its performance measure process to help ensure continued accuracy. Specifically, the Board should (1) conduct and document reviews of performance measure calculations and summary documents and (2) conduct and document reviews of performance measure data before it submits that data into the Automated Budget and Evaluation System of Texas (ABEST).

Auditors followed up on three recommendations related to user access reviews and password settings for the Board's information technology systems issued in *An Audit Report on Pain Management Clinic Registration at the Texas Medical Board* (State Auditor's Office Report No. 13-037, June 2013). The Board fully implemented all three recommendations tested. The previous audit report contained three additional information-technology-related recommendations that auditors did not test because Board management indicated they would not be implemented until June 2014.

Background Information

Agencies report results for their key performance measures to the Legislative Budget Board's budget and evaluation system, which is called the Automated Budget and Evaluation System of Texas, or ABEST.

Key performance measures are:

- Budget drivers that are generally externally focused.
- Closely related to the goals identified in the statewide strategic plan.
- Reflective of the characteristics of good performance measures.

Source: *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012).

Table 1 summarizes the certification results for the six key performance measures tested.

Table 1

Performance Measure Results for Texas Medical Board (Agency No. 503)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A.1.1, Output	Number of New Licenses Issued to Individuals (Physicians)	2013	3,594	Certified with Qualification
A.1.1, Output	Number of Licenses Renewed (Individuals) (Physicians)	2013	36,490	Certified with Qualification
B.1.1, Output	Number of Complaints Resolved (Physicians)	2013	1,870	Certified with Qualification
B.1.1, Outcome	Percent of Complaints Resulting in Disciplinary Action (Physicians)	2013	17%	Certified with Qualification
B.1.1, Explanatory	Number of Jurisdictional Complaints Received (Physicians)	2013	1,571	Certified with Qualification
A.1.1, Efficiency	Average Number of Days for Individual License Issuance - Physicians	2013	34	Certified with Qualification

^a A performance measure is **Certified** if reported performance is accurate within 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.

A performance measure is **Certified With Qualification** when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A performance measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A performance measure is also certified with qualification if agency calculation of performance deviated from the performance measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A performance measure is **Inaccurate** when the actual performance is not within 5 percent of reported performance, or when there is more than a 5 percent error in the sample of documentation tested. A performance measure is also inaccurate if the agency's calculation deviated from the performance measure definition and caused more than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A **Factors Prevented Certification** designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

Auditors communicated other, less significant issues related to the Board's performance measure methodologies separately to Board management in writing.

Summary of Management's Response

The Board agreed with the audit recommendations in this report. The Board's detailed management responses are presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

The Board uses SQL Tracer and Laserfiche as its primary information systems to collect, calculate, and report the six key performance measures tested. SQL Tracer is an automated information system the Board's licensure, enforcement, and finance areas use for entering, tracking, and processing data related to applications, permits, renewals, complaints, cases, Board orders, and cash payments. Laserfiche is a document management system the Board's licensure, enforcement, and management areas use to store and retrieve documents, such as applications and reports, electronically. Auditors performed follow-up procedures on three recommendations related to those two systems made in a previous State Auditor's Office audit report, *An Audit Report on Pain Management Clinic Registration at the Texas Medical Board* (State Auditor's Office Report No. 13-037, June 2013).

Auditors determined that for fiscal year 2013, the licensing and enforcement data in SQL Tracer and Laserfiche was reliable for the purposes of this audit.

Summary of Objectives, Scope, and Methodology

The objectives of the audit were to determine whether the Board:

- Is accurately reporting its performance measures to ABEST.
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

The audit scope included six key performance measures the Board reported for fiscal year 2013.

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measures definitions, evaluating controls over the Board's performance measure calculation processes, testing documentation, assessing the reliability of the data obtained from the Board's information systems that supports the performance measure results, and performing follow-up procedures on three information technology-related recommendations made in a previous State Auditor's Office audit report.

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Detailed Results

Chapter 1

The Board Reported Reliable Results for All Six Key Performance Measures Tested for Fiscal Year 2013; However, It Should Improve Certain Controls That Affect All Performance Measures Audited

The Texas Medical Board (Board) reported reliable results for all six key performance measures tested for fiscal year 2013. A result is considered reliable if it is certified or certified with qualification.

The following six key performance measures tested were certified with qualification:

- Number of New Licenses Issued to Individuals (Physicians).
- Number of Licenses Renewed (Individuals) (Physicians).
- Number of Complaints Resolved (Physicians).
- Percent of Complaints Resulting in Disciplinary Action (Physicians).
- Number of Jurisdictional Complaints Received (Physicians).
- Average Number of Days for Individual License Issuance - Physicians.

While the Board reported reliable results for all six performance measures tested, it should improve certain controls that affect all of the performance measures tested to help ensure continued accuracy. Specifically, the Board should (1) conduct and document reviews of performance measure calculations and summary documents and (2) conduct and document reviews of performance measure data before it submits that data into the Automated Budget and Evaluation System of Texas (ABEST).

Chapter 1-A

The Board Should Conduct and Document Reviews of Performance Measure Calculations and Summary Documents

Board employees indicated that they conducted informal reviews of the performance measure calculations and summary documents for each performance measure tested. However, the Board did not document those reviews. As a result of not having a documented review process, the Board did not detect that it had incorrectly entered the results into its summary document for the second quarter of fiscal year 2013 for the Number of Licenses Renewed (Individuals) (Physicians) performance measure. While that error did not cause the reported annual results to differ from the correct results by more than 5 percent, there is a risk that the Board could report

inaccurate results in the future if it does not have a documented review process. The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) requires state agencies to conduct documented reviews of calculations and documents summarizing performance measure information to help ensure that those calculations are consistent with the performance measure definitions and to check for mathematical errors.

Recommendation

The Board should ensure that all calculations and documents summarizing performance measure information are reviewed and that those reviews are documented.

Management's Response

TMB agrees with the recommendation and will implement controls for reviews of performance measure calculations and documentation of those reviews.

The staff responsible for implementation is the Executive Director, for review of enforcement performance measures, and the Manager of Licensure, for review of licensure performance measures. The estimated timeline for completion is six months.

Chapter 1-B

The Board Should Conduct and Document Reviews of Performance Measure Data Before Submitting that Data into ABEST

While the Board reported reliable results for all six performance measures tested, it did not conduct documented reviews of performance measure data before that data was submitted into ABEST.

The *Guide to Performance Measure Management* requires agencies to perform documented reviews of all performance measure data entered into ABEST before the agency completes the submission of its performance measure results. In addition, the individual conducting the review should be someone other than the individual who performed the calculations. Without adequate, documented reviews, the Board faces an increased risk of reporting inaccurate performance measures results.

Recommendation

The Board should conduct and document reviews of performance measure data before submitting that data into ABEST.

Management's Response

TMB agrees with the recommendation and will implement controls for the review of performance measure data before submission into ABEST and documentation of those reviews.

The staff responsible is the Manager of Government Affairs for review of ABEST performance data submission. The estimated timeline for completion is six months.

The Board Has Made Improvements on Implementing Prior Information Technology Audit Recommendations

Data in the licensing and enforcement systems the Board used for its performance measure calculations was reliable for the purposes of this audit for all six performance measures tested.

Implementation Status Definitions

Fully Implemented: Successful development and use of a process, system, or policy to implement a prior recommendation.

Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.

Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a prior recommendation.

Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation.

Auditors followed up on three of six previous recommendations related to the licensing and enforcement systems in *An Audit Report on Pain Management Clinic Registration at the Texas Medical Board* (State Auditor’s Office Report No. 13-037, June 2013). The Board fully implemented all three recommendations tested (see text box for implementation status definitions). According to Board management, the remaining three recommendations will not be implemented until June 2014.

Table 2 provides additional details on the Board’s implementation of prior State Auditor’s Office recommendations.

Table 2

Implementation Status of Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
The Board should perform and document user access reviews at least annually to help ensure that it appropriately restricts access to its systems, databases, servers, and network drives.	Fully Implemented	The Board performed and documented a user access review that it conducted in December 2013.
The Board should remove administrative access to the production server for employees who do not require that access to perform their job duties.	Fully Implemented	The Board performed a user access review in December 2013. That review indicated that the Board appropriately assigned access to employees based on job duties.
The Board should document the process it will follow to review and approve application change requests.	Not Implemented	Board management stated that the recommendation is not scheduled to be implemented until June 2014.
The Board should retain documentation for all changes to applications to record (1) the date on which change requests were submitted, (2) testing results for those changes, and (3) management’s approval of those changes prior to migrating those changes to the production environment. The Board also should document the name of the individual who migrates a change to the production environment.	Not Implemented	Board management stated that the recommendation is not scheduled to be implemented until June 2014.
The Board should implement segregation of duties so that programmers cannot both develop or change code and migrate that code to the production environment.	Not Implemented	Board management stated that the recommendation is not scheduled to be implemented until June 2014.
The Board should implement password requirements that comply with the Board’s policy and best practices for complexity, length, history, and requirements for Web access.	Fully Implemented	The Board implemented appropriate password requirements.

Recommendation

The Board should continue to implement prior audit recommendations made in *An Audit Report on Pain Management Clinic Registration at the Texas Medical Board* (State Auditor's Office Report No. 13-037, June 2013).

Management's Response

TMB agrees with the recommendation and is actively working on the prior recommendations and expects implementation as projected. The IT Manager is responsible for implementation.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of the audit were to determine whether the Texas Medical Board (Board):

- Is accurately reporting its performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

Scope

The scope of this audit included six key performance measures that the Board reported for fiscal year 2013 (September 1, 2012, through August 31, 2013):

- Number of New Licenses Issued to Individuals (Physicians).
- Number of Licenses Renewed (Individuals) (Physicians).
- Number of Complaints Resolved (Physicians).
- Percent of Complaints Resulting in Disciplinary Action (Physicians).
- Number of Jurisdictional Complaints Received (Physicians).
- Average Number of Days for Individual License Issuance - Physicians.

Methodology

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measure definitions, evaluating controls over the Board's performance measure calculation processes, testing documentation, assessing the reliability of the data obtained from the Board's information systems that supports the performance measure results, and performing follow-up procedures on three information-technology-related recommendations made in a previous State Auditor's Office audit report.

Auditors assessed the reliability of the data from the Board's licensing and enforcement system, SQL Tracer, and from the Board's document management system, Laserfiche, related to the six performance measures audited. To do that, auditors (1) determined population completeness and reasonableness, (2) reviewed queries used to generate data related to the

calculation of the performance measures, (3) interviewed and obtained information from the information technology manager, and (4) reviewed source documentation for performance measure data.

Auditors determined that for fiscal year 2013, the licensing and enforcement data in both SQL Tracer and Laserfiche was reliable for the purposes of this audit. Physicians and Board staff enter applications for licenses and renewals into SQL Tracer, and associated documents are scanned and stored in Laserfiche. Auditors also determined that the complaint data in SQL Tracer and Laserfiche was reliable for the purposes of this audit for fiscal year 2013.

Information collected and reviewed included the following:

- Performance measure data in SQL Tracer and spreadsheets.
- Supporting documentation retained in hard-copy files and system files in Laserfiche.
- Information system reports and programming code.
- Board policies and procedures.

Procedures and tests conducted included the following:

- Interviewed Board staff to gain an understanding of the processes used to calculate performance measures.
- Interviewed Board staff to gain an understanding of SQL Tracer, which is used to collect and calculate performance measure information, as well as Laserfiche, which is used to store supporting documents.
- Evaluated the sufficiency of the Board's policies and procedures to determine whether they were adequate to help ensure the correct calculation of the performance measures audited.
- Audited performance measure calculations for accuracy and to determine whether the calculations were consistent with the methodology on which the Board; the Legislative Budget Board; and the Governor's Office of Budget, Planning and Policy agreed.
- Tested documentation to verify the accuracy of reported performance measures and the effectiveness of controls.
- Reviewed queries used to report and calculate performance measures.
- Assessed performance measure results in one of four categories: certified, certified with qualification, inaccurate, and factors prevented certification. For this audit, a result was considered reliable if it was certified or certified with qualification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012).
- ABEST performance measure definitions.
- Board policies and procedures.

Project Information

Audit fieldwork was conducted from October 2013 through February 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Courtney Ambres-Wade, CGAP (Project Manager)
- Joe Curtis, CPA (Assistant Project Manager)
- Sarah Manglona
- Fred Ramirez, MAcy
- Shelby Rounsaville
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP (Audit Manager)

Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
13-037	An Audit Report on Pain Management Clinic Registration at the Texas Medical Board	June 2013

Copies of this report have been distributed to the following:

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The Honorable Jim Pitts, House Appropriations Committee
The Honorable Harvey Hilderbran, House Ways and Means Committee

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