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State Auditor

An Audit Report on

Performance Measures at the Optometry Board

August 2015
Report No. 15-041



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Overall Conclusion

The Optometry Board (Board) reported reliable results for all five of the key performance measures tested for fiscal year 2014. In addition, the Board reported reliable results for 4 (80 percent) of the 5 key performance measures tested for the first quarter of fiscal year 2015. A result is considered reliable if it is certified or certified with qualification.

For fiscal year 2014, the following five key performance measures tested were certified with qualification:

- Number of New Licenses Issued to Individuals.
- Number of Licenses Renewed (Individuals).
- Number of Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Number of Investigations Conducted.

In addition, for the first quarter of fiscal year 2015, the following four performance measures were certified with qualification:

- Number of New Licenses Issued to Individuals.
- Number of Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Number of Investigations Conducted.

The remaining performance measure—Number of Licenses Renewed (Individuals)—was inaccurate for the first quarter of fiscal year 2015 because the Board included data for renewed licenses that was not within the reporting period.

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).

For all five key performance measures tested, the Board had not updated its policies and procedures for the collection, calculation, review, and reporting of its performance measures during fiscal year 2014 and the first quarter of fiscal year 2015 to reflect its current processes and the information system used for performance measurement. In addition, the Board did not review the calculations of the performance measure results prior to entering data into the Automated Budget and Evaluation System of Texas (ABEST).

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

Table 1

Performance Measure Results for the Optometry Board (Agency No. 514)				
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	2014	202	Certified with Qualification
		2015 - First Quarter	41	Certified with Qualification
A.1.1, Output	Number of Licenses Renewed (Individuals)	2014	4,120	Certified with Qualification
		2015 - First Quarter	1,221	Inaccurate
A.1.1, Output	Number of Complaints Resolved	2014	134	Certified with Qualification
		2015 - First Quarter	35	Certified with Qualification
A.1.1, Efficiency	Average Time for Complaint Resolution (Days)	2014	125.55	Certified with Qualification
		2015 - First Quarter	143.30	Certified with Qualification
A.1.1, Output	Number of Investigations Conducted	2014	64	Certified with Qualification
		2015 - First Quarter	0	Certified with Qualification

^a A performance measure is **certified** if reported performance is accurate within plus or minus 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 the reported performance, or when there is a 5 percent or greater error rate in the sample of documentation tested. A performance measure also is inaccurate if the agency's calculation deviated from the performance measure definition and caused a 5 percent or greater 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 regarding the performance measures audited to the Board separately in writing.

Summary of Management's Response

The Board agreed with the recommendations in this report. The detailed management response is presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

Auditors assessed the controls over the Board's licensing and enforcement system, Versa, as they related to the Board's performance measure data. The Health Professions Council manages Versa on behalf of the Board.

Auditors evaluated information technology general controls, including logical access controls. Auditors also reviewed application controls, reviewed Versa data for completeness, interviewed employees knowledgeable about Versa, and reviewed source documentation for performance measure data.

Auditors determined that, for fiscal year 2014 and the first quarter of fiscal year 2015, the licensing and enforcement data was sufficiently reliable for the purposes of this audit.

Summary of Objectives, Scope, and Methodology

The objectives of this 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 scope of this audit included five key performance measures the Board reported for fiscal year 2014 (September 1, 2013, through August 31, 2014) and for the first quarter of fiscal year 2015 (September 1, 2014, through November 30, 2014).

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, and assessing the reliability of the data obtained from Versa that supported the reported performance measure results.

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Detailed Results

Chapter 1

The Board Should Improve Controls That Affect All Performance Measures Audited

For all five key performance measures tested, the Optometry Board (Board) had not updated its written policies and procedures for the collection, calculation, review, and reporting of its performance measures during fiscal year 2014 and the first quarter of fiscal year 2015 to reflect its current processes and the information system used for performance measurement. In addition, the Board did not review the performance measure calculations prior to entering data into the Automated Budget and Evaluation System of Texas (ABEST). Those controls should be in place to help ensure the continued accuracy of the Board's reported performance measure results.

Chapter 1-A

The Board Did Not Have Updated Policies and Procedures for the Collection, Calculation, Review, and Reporting of Performance Measures

The Board did not have updated policies and procedures to reflect its current processes and the information system used for the collection, calculation, review, and reporting of performance measure results during fiscal year 2014 and the first quarter of fiscal year 2015. Updated written policies and procedures can help the Board report accurate and consistent performance measure information.

The Board's current policies and procedures refer to a previous licensing and enforcement system (VAX) that the Board no longer uses. As a result, the processes that the policies and procedures describe are related to VAX, which differs from the processes the Board currently follows to collect and calculate the results for the performance measures audited. For example, the policies and procedures for the Number of New License Issued to Individuals performance measure state that "the information is maintained on a computer-generated spreadsheet and verified by the data collected in the agency's database maintained on the VAX system." However, according to Board staff, the Board no longer uses that computer-generated tracking spreadsheet to collect data for or calculate the results of the Number of New Licenses Issued to Individuals performance measure. In addition, the Board's current licensing and enforcement system is Versa, not VAX.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) states that an agency should clearly document all steps performed in the collection, calculation, review, and reporting of the performance measure data in its written policies and

procedures. Without documented policies and procedures, a performance measure cannot receive a rating higher than certified with qualification.

Recommendation

The Board should update its written policies and procedures for the collection, calculation, review, and reporting of its performance measure results to reflect its current processes and system.

Management's Response

The Board agrees with the findings. During the audit, the Board began the process of updating written policies and procedures for the collection, calculation, review, and reporting of its performance measure results to reflect the use of a different database and the unique data reports generated by the database.

Chapter 1-B

The Board Did Not Conduct and Document Reviews of Its Calculations of Performance Measure Results Prior to Entering Those Results into ABEST

While the Board reviewed the data entry of results into ABEST, it did not conduct and document reviews of its calculations of performance measure results prior to entering those results into ABEST. The Board's executive director is responsible for reviewing the performance measures data. The executive director had been reviewing the data entered into ABEST; however, the executive director did not review the performance measure calculations to verify the accuracy of the calculated results.

The *Guide to Performance Measure Management* states that an agency should review the calculation of the performance measure information to verify that the calculation is consistent with the performance measure definition and to check for mathematical errors. That review should be documented, signed, and dated by a supervisor.

Recommendation

The Board should conduct and document the review of performance measure calculations prior to entering data into ABEST.

Management's Response

The Board agrees with the findings. The written policies and procedures will contain a requirement that the executive director review all calculations used to determine the performance measure results prior to the entry in ABEST. The procedures will also contain a requirement that the executive director's review be documented.

The Board Reported Reliable Results for All 5 Key Performance Measures Tested in Fiscal Year 2014 and for 4 of 5 Key Performance Measures Tested for the First Quarter of Fiscal Year 2015

The Board reported reliable results for all five key performance measures tested for fiscal year 2014. However, those performance measure results were certified with qualification for fiscal year 2014 because of the control weaknesses discussed in Chapter 1. A result is considered reliable if it is certified or certified with qualification. Those five performance measures were:

Certified With Qualification

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.

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

- Number of New Licenses Issued to Individuals.
- Number of Licenses Renewed (Individuals).
- Number of Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Number of Investigations Conducted.

In addition, the Board reported reliable results for four of the five performance measures—Number of New Licenses Issued to Individuals, Number of Complaints Resolved, Average Time for Complaint Resolution (Days), and Number of Investigations Conducted—tested for the first quarter of fiscal year 2015. Those four performance measures were certified with qualification for the first quarter of fiscal year 2015 because of the control weaknesses discussed in Chapter 1.

Inaccurate

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

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

The Board reported an unreliable result for the Number of Licenses Renewed (Individuals) performance measure for the first quarter of fiscal year 2015.

Number of Licenses Renewed (Individuals)

While the Board reported reliable results for that performance measure for fiscal year 2014, it reported inaccurate results for the first quarter of fiscal year 2015. That performance measure reports the number of licensed individuals who held licenses previously and renewed their licenses during the current reporting period. The Board included data from outside of the reporting period in its calculation for the first quarter of fiscal year 2015. Specifically, the Board reported that it renewed 1,221 licenses; however, auditors calculated that the Board had renewed 1,100 licenses during the first quarter of fiscal year 2015. The Board had included 121 licenses that were renewed in fiscal year 2014 in its reported results for the first quarter of fiscal year 2015. As a result of including those 121 licenses, the Board over-reported the Number of Licenses Renewed

(Individuals) by 9.91 percent, which caused the performance measure results to be inaccurate. A performance measure is inaccurate when the actual performance is not within 5 percent of the reported performance.

Those errors occurred because, as discussed in Chapter 1, the Board does not have a process to review the performance measure calculations prior to entering the data into ABEST.

Number of Complaints Resolved

Average Time for Complaint Resolution (Days)

The Board reported reliable results for those two performance measures for fiscal year 2014 and for the first quarter of fiscal year 2015. However, those performance measures were certified with qualification because of the control weaknesses identified in Chapter 1.

In addition, for the Number of Complaints Resolved performance measure, the Board reported the number of complaints it received for the first quarter of fiscal year 2015, rather than the number of complaints it resolved. While that did not result in a difference between the reported performance and the actual performance of more than 5 percent, the Board may report inaccurate results for this performance measure in the future if it does not ensure that it calculates the results using the correct type of data.

Additionally, the Board was inconsistent when entering the dates on which it received and resolved a complaint into its licensing and enforcement system (Versa), which affected both performance measures. For fiscal year 2014, for 12 of 134 complaints tested, the date entered into Versa did not match the supporting hard-copy documentation in the Board's files. Specifically, for 7 of those 12 complaints, the received date in Versa did not match the stamped date on the complaint forms. For 5 of those 12 complaints, the resolved date in Versa did not match the disposition date on the hard-copy documentation in the Board's files.

Similarly, in the first quarter of fiscal year 2015, for 2 of 34 complaints tested, the dates that the Board entered into Versa did not match the dates on the supporting hard-copy documentation in the Board's files. Specifically, for one of the two complaints, both the received date and closed date in Versa did not match the stamped date on the complaint form and the disposition date on the hard-copy documentation in the Board's files, respectively. For the other complaint, the received date in Versa did not match the stamped date on the complaint form. The errors occurred because the Board did not review the dates entered into Versa. In addition, Versa does not have controls to help detect erroneous entries (such as future dates) in the closed date field. While the errors did not cause the Board to report unreliable results for Number of Complaints Resolved and Average Time for Complaint Resolution (Days) performance measures, not having a process to review the accuracy of the data

entered into Versa could result in the Board reporting inaccurate performance measure results in the future.

Recommendation

In addition to the recommendations in Chapter 1, the Board should implement a review process to help ensure that data entered into Versa is accurate.

Management's Response

The Board agrees with the findings. The reporting of the number of complaints resolved and the number of licenses renewed in the first quarter of FY 2015 would have been correct had an additional staff member reviewed computation and use of the correct number prior to being entered into ABEST. The written policies and procedures will contain a requirement that the executive director and another staff member review all calculations used to determine the performance measure results prior to the entry in ABEST. The procedures will also contain a requirement that the review be documented.

The entry of the dates for complaints received and complaints resolved is predicted to be a database entry error. The written policies and procedures will contain a specific requirement within the requirement that the executive director review all calculations prior to reporting the numbers in ABEST, such that these dates will be verified by a staff member that did not initially enter the dates.

The executive director will insure that the necessary updates to the written policies and procedures will be complete within thirty days of this response. Staff will begin following the procedures immediately.

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Optometry 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 five key performance measures the Board reported for fiscal year 2014 (September 1, 2013, through August 31, 2014) and for the first quarter of fiscal year 2015 (September 1, 2014, through November 30, 2014):

- Number of New Licenses Issued to Individuals.
- Number of Licenses Renewed (Individuals).
- Number of Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Number of Investigations Conducted.

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; and assessing the reliability of the data obtained from Versa, the Board's licensing and enforcement system, that supported the reported performance measure results.

Data Reliability and Completeness

Auditors assessed the reliability of the data from Versa related to the five performance measures audited. To do that, auditors (1) determined population completeness and reasonableness, (2) observed and reviewed the process to generate data related to the calculation of the performance measures from Versa, (3) interviewed and obtained information from the Board's staff, (4)

reviewed source documentation for performance measure data, and (5) evaluated information technology general controls, including logical access controls. In addition, auditors reviewed application controls in Versa.

Auditors determined that, for fiscal year 2014 and the first quarter of fiscal year 2015, the licensing and enforcement data in Versa was sufficiently reliable for the purposes of this audit.

Sampling Methodology

To test controls and accuracy of the data for the Number of New Licenses Issued to Individuals performance measure, auditors selected a random sample of 46 new licenses from the population of 202 new licenses the Board issued during fiscal year 2014.

To test controls and accuracy of the data for the Number of Licenses Renewed (Individuals) performance measure, auditors selected a random sample of 61 renewed licenses from the population of 4,117 licenses renewed during fiscal year 2014.

To test controls of the data for the Number of Complaints Resolved and Average Time for Complaint Resolution (Days) performance measures, auditors selected a random sample of 61 complaints resolved from the population of 134 complaints resolved during fiscal year 2014.

Auditors used non-statistical sampling methods to select all of the samples discussed above. Because auditors selected the samples through random selection, results may be extrapolated to the population; however, the accuracy of the extrapolation cannot be measured.

To test controls and accuracy of the data, auditors tested the entire population for the following:

- All new licenses issued during the first quarter of fiscal year 2015 for the Number of New Licenses Issued to Individuals performance measure.
- All investigations conducted during fiscal year 2014 for the Number of Investigations Conducted performance measure.
- All complaints resolved during the first quarter of fiscal year 2015 for the Average Time for Complaint Resolution (Days) performance measure.

In addition, to test the accuracy of the data for the Number of Complaints Resolved and Average Time for Complaint Resolution (Days) performance measures, auditors tested all complaints resolved during fiscal year 2014.

Information collected and reviewed included the following:

- Performance measure data in Versa and Versa-generated reports.

- Supporting documentation retained in hard-copy or electronic files.

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 Versa, which the Board uses to collect and generate the reports it used to calculate performance measure information, and to gain an understanding of the Board's process for storing supporting documentation.
- Audited performance measure calculations for accuracy and to determine whether the calculations were consistent with the definitions 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.
- Observed the process to generate reports from Versa that the Board used to calculate performance measure results.
- 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.
- Title 22, Texas Administrative Code, Chapters 271 through 280.
- Texas Occupations Code, Chapter 351.

Project Information

Audit fieldwork was conducted from March 2015 through July 2015. 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:

- Stacey Williams, CGAP (Project Manager)
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Copies of this report have been distributed to the following:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable John Otto, House Appropriations Committee
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