



John Keel, CPA
State Auditor

An Audit Report on

Performance Measures at the Board of Podiatric Medical Examiners

May 2009

Report No. 09-038



An Audit Report on

Performance Measures at the Board of Podiatric Medical Examiners

SAO Report No. 09-038
May 2009

Overall Conclusion

The Board of Podiatric Medical Examiners (Board) reported reliable results for six (86 percent) of the seven key performance measures tested for fiscal year 2008. A performance measure is considered reliable if it is certified or certified with qualification.

For all key performance measures tested, the Board does not have written policies and procedures describing the collection, calculation, and reporting of its performance measures. In addition, the Board lacks an adequate supervisory review process and input controls over the databases that house data the Board uses to calculate performance measures. Because of these issues, the following five key performance measures were certified with qualification:

- Percent of Documented Complaints Resolved within Six Months.
- Number of New Licenses Issued to Individuals.
- Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Total Number of Individuals Licensed.

The Board deviated from the definitions for two performance measures:

- Percent of Licensees with No Recent Violations was certified with qualification. The Board deviated from the definition for this performance measure by incorrectly excluding certified radiology technicians from its calculation. Because there were no recent violations against any radiology technicians, this did not create a variance between the Board's calculation and auditors' calculation; therefore, this performance measure was certified with qualification.

Background

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

The mission of the Board of Podiatric Medical Examiners (Board) is to ensure quality podiatric medical care for the citizens of Texas. The Board carries out that mission through the regulation of the practice of podiatric medicine.

Key Measures

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 criteria of good performance measures.

Source: *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).

- Percent of Licensees Who Renew Online was inaccurate. The Board deviated from the definition for this performance measure by incorrectly excluding certified radiology technicians from its calculation. This created a variance of 30 percent between the Board’s reported results and the results that auditors calculated; therefore, this performance measure was inaccurate.

Table 1 summarizes the certification results for the seven performance measures tested.

Table 1

Board of Podiatric Medical Examiners (Agency 512)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A, Outcome	Percent of Licensees with No Recent Violation	2008	97%	Certified with Qualification
A, Outcome	Percent of Documented Complaints Resolved within Six Months	2008	43%	Certified with Qualification
A, Outcome	Percent of Licensees Who Renew Online	2008	86%	Inaccurate
A.1.1, Output	Number of New Licenses Issued to Individuals	2008	40	Certified with Qualification
A.1.1, Output	Complaints Resolved	2008	107	Certified with Qualification
A.1.1, Efficiency	Average Time for Complaint Resolution (Days)	2008	416	Certified with Qualification
A.1.1, Explanatory	Total Number of Individuals Licensed	2008	1,211	Certified with Qualification

^a A 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 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 measure is also certified with qualification when controls are strong, but source documentation is unavailable for testing. A measure is also certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A 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 measure is also inaccurate if the agency’s calculation deviated from the 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 measure definition and the auditor cannot determine the correct performance measure result.

Summary of Management's Response

The Board agreed with the findings and recommendations in this report. In its responses, the Board stated that it will "begin to implement requisite changes to include pursuit of necessary appropriations towards/during the 82nd Legislative Session (2011) to obtain the funding/resources necessary for overall compliance."

Summary of Information Technology Review

Auditors assessed the information technology (IT) controls over the databases the Board uses to collect and calculate performance measures. Auditors evaluated general IT controls, including logical access, program change management, physical security, and disaster recovery. Auditors also evaluated application controls, including input controls, process controls, and output controls.

The Board did not have adequate controls over its information technology to ensure the integrity and accuracy of performance measure data (see Chapter 2 of this report for additional information). To minimize risks, auditors communicated details about these issues in writing to the Board's management.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to determine whether the Board (1) accurately reports key performance measures to the Automated Budget and Evaluation System of Texas (ABEST) and (2) has adequate controls in place over the collection, calculation, and reporting of performance measures.

The scope of this audit included seven key performance measures the Board reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and reporting of performance measures and traced performance measure documentation to the original source.

The audit methodology consisted of selecting performance measures to audit; auditing results for accuracy and adherence to the performance measure definitions; evaluating controls over the collection, calculation, and reporting of performance measures and related information systems; and testing samples of source documentation.

Contents

Detailed Results

Chapter 1

The Board Reported Reliable Results for Six of Seven
Key Performance Measures Tested 1

Chapter 2

The Board Should Strengthen Controls Over Its
Information Technology 5

Appendix

Appendix

Objectives, Scope, and Methodology 8

Detailed Results

Chapter 1

The Board Reported Reliable Results for Six of Seven Key Performance Measures Tested

The Board of Podiatric Medical Examiners (Board) reported reliable results for six (86 percent) of seven key performance measures tested for fiscal year 2008. A performance measure result is considered reliable if it is certified or certified with qualification. In addition, one key performance measure was inaccurate.

Detailed Audit Results

For all seven key performance measures tested, the Board does not have written policies and procedures describing the collection, calculation, and reporting of its performance measure data. The Board also lacks a documented supervisory review process for performance measure calculations and the entry of data into the Automated Budget and Evaluation System of Texas (ABEST).

In addition, the Board lacks adequate input controls over the databases that house data the Board uses to calculate performance measures. The Board does not have written policies and procedures for entering data into these databases. The databases also lack edit checks to help ensure that staff enter valid data, and the Board lacks a documented review of the entry of data into the databases.

Recommendations

The Board should:

- Develop and implement written policies and procedures for the collection, calculation, and reporting of performance measures.
- Implement a documented supervisory review process for the calculation of performance measures and for the entry of the data into ABEST.
- Establish internal controls over the input of information into the databases.

Management's Response

Management agrees with the recommendations and will begin to implement them during the third quarter of Fiscal Year 2009 towards the 2010 Strategic

Planning process and LAR filing for the 82nd Legislative Session (2011) to encumber necessary resources/funding to remedy database issues. Responsiveness to database issues will entail the eventual migration to the Shared Regulatory Database System to be hosted/facilitated by the Texas Health Professions Council (HPC) which currently has undertaken a remedy/project this 81st Legislative Session (2009) for other member HPC agencies. The Board has been an active participant in this HPC database project since the Fall of 2007 to seek not only requisite best practice technology upgrades but to also ensure the wise and efficient use of its appropriations/license fees for economies of scale given budgetary constraints. We recognize that major technology upgrades involve legislative requests and review due to the costs involved and procurement of a proper vendor through the competitive bidding process.

Key Measures

Percent of Documented Complaints Resolved within Six Months

Number of New Licenses Issued to Individuals

Average Time for Complaint Resolution (Days)

Complaints Resolved

Total Number of Individuals Licensed

Results: Certified with Qualification

A 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.

These five measures were calculated correctly according to the measure definitions, but they were certified with qualification because of the issues regarding the lack of policies and procedures and supervisory reviews discussed above. To ensure continued accuracy, the Board should implement the recommendations on page 1.

Percent of Licensees with No Recent Violations

This performance measure was certified with qualification because of the issues regarding the lack of policies and procedures and supervisory reviews and the inadequate input controls discussed above. Also, the Board deviated from the performance measure definition. In addition to licensing podiatrists, the Board also certifies radiology technicians. The definition for this performance measure requires that the calculation include all individuals who are licensed or certified by the Board. However, the Board excluded certified radiology technicians from its calculation. Because there were no recent violations against any of the certified radiology technicians, this deviation from the performance measure definition did not create a variance between the Board's calculation and auditors' calculation; therefore, this performance measure was certified with qualification.

Recommendation

The Board should follow the ABEST definition when it calculates the Percent of Licensees with No Recent Violations.

Management's Response

Management agrees with the recommendations and will begin to implement them during the third quarter of Fiscal Year 2009.

Percent of Licensees Who Renew Online

The Board reported inaccurate results for the Percent of Licensees Who Renew Online in fiscal year 2008 because it deviated from the ABEST

Results: Inaccurate

A 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.

measure definition and methodology. As discussed above, in addition to licensing podiatrists, the Board also certifies radiology technicians. According to the ABEST performance measure definition and methodology, Percent of Licensees Who Renew Online should be calculated by dividing the number of individual licenses, registrations, or certifications renewed online by the total number of individual licenses, registrations, or certifications renewed during the reporting

period. However, the Board excluded radiology technician certifications from its calculation, which created a variance of 30 percent between its reported results and the results that auditors calculated. According to the Board, it excluded radiology technicians because the technicians do not have the capability to renew their certifications online.

Auditors also noted that the ABEST definition and methodology for this performance measure were inconsistent. The definition indicates that the performance measure calculation should include all the licensed, registered, or certified individuals; however, the methodology indicates that the calculation should include only the renewed licensed, registered, or certified individuals. Therefore, whether new licenses should be included in the calculation of this measure is unclear.

Recommendations

The Board should:

- Follow the ABEST definition and methodology when calculating the Percent of Licensees Who Renew Online.

- Work with the Legislative Budget Board to ensure that the ABEST definition and methodology for Percent of Licensees Who Renew Online are consistent.
- Recalculate Percent of Licensees Who Renew Online and submit the results to the Legislative Budget Board.

Management's Response

Management agrees with the recommendations and will begin to implement them during the third quarter of Fiscal Year 2009 by clarifying discrepancies with the Legislative Budget Board. The Board agrees that we excluded radiology technicians because they (Rad-Techs) do not have the capability to renew their registrations online. The reason for this exclusion is due to the low number of the Rad-Tech population which by this virtue exempted them from the Texas OnLine renewal portal process as such a low number of individuals was cost-prohibitive.

The Board Should Strengthen Controls Over Its Information Technology

The Board does not have adequate controls over its information technology to ensure the security and reliability of its performance measure data. Auditors identified weaknesses in the Board's controls over its systems, applications, and data. Weaknesses in these areas increase the risk of involuntary or intentional alteration or deletion of data, which could affect the Board's ability to ensure data integrity.

Auditors identified weaknesses in application, physical, and general controls over the Board's databases in FileMaker Pro.

Application Controls

The Board stores the majority of its performance measure data in databases within FileMaker Pro. However, FileMaker Pro does not contain any audit trails to record who makes changes to data and what changes were made. As a result, there is an increased risk that unauthorized changes to data could go undetected.

Physical Security

The Board does not monitor access to its server room. Additionally, the Board lacks emergency procedures for information resources.

General Controls

The Board has not established proper access rights to its databases, which allows staff to have full administrative access rights to performance measure data. The Board also has not properly secured access to the databases. Specifically, the Board's executive director maintains all employees' network passwords, and passwords to databases are not user-specific. In addition, the Board does not have adequate policies and procedures for passwords and user ID management.

The Board's disaster recovery plan does not contain all elements required by Title 1, Texas Administrative Code, Section 202.24. Specifically, the disaster recovery plan does not contain an assessment of impact and magnitude of loss statement, it does not identify recovery resources, and it does not specify a company or individual to buy or obtain recovery resources. In addition, the Board does not (1) maintain its disaster recovery plan to ensure the plan is current or (2) test its disaster recovery plan annually as required.

Recommendations

The Board should:

- Properly secure access levels and rights to databases to protect against unauthorized changes to data.
- Monitor access to the server room to ensure that only authorized individuals have access.
- Develop and implement emergency procedures for information resources.
- Strengthen policies and procedures for passwords and user ID management.
- Ensure that its disaster recovery plan complies with requirements in Title 1, Texas Administrative Code, Section 202.24.

Management's Response

Management agrees with the recommendations and will begin to implement them during the third quarter of Fiscal Year 2009 towards the 2010 Strategic Planning process and LAR filing for the 82nd Legislative Session (2011) to encumber necessary resources/funding to remedy database issues.

Responsiveness to database issues will entail the eventual migration to the Shared Regulatory Database System to be hosted/facilitated by the Texas Health Professions Council (HPC) which currently has undertaken a remedy/project this 81st Legislative Session (2009) for other member HPC agencies. The Board has been an active participant in this HPC database project since the Fall of 2007 to seek not only requisite best practice technology upgrades but to also ensure the wise and efficient use of its appropriations/license fees for economies of scale given budgetary constraints. We recognize that major technology upgrades involve legislative requests and review due to the costs involved and procurement of a proper vendor through the competitive bidding process.

The Board will work together with HPC-ITS staff to ensure all requisite safeguards are in place to include enhanced physical security. With regard to present office physical security, we do note that the server is located in a room which in 2006 underwent a power/circuit upgrade to ensure dedicated electricity to the server and other machines such as the copier/fax to mitigate power fluctuations/interruptions. "Restricted Area" signs are also clearly present to signify unauthorized access. The server itself is contained within a locked steel cage (within the room) of which only the Executive Director and Staff Services Officer have cage control keys; the cage is locked at all times. All staff are authorized to enter the room to access other office

machines/supplies, yet one can not access the server without first obtaining a key from the Executive Director or Staff Services Officer. Access to the server room is monitored during business hours as one can not enter the room without first passing by the Administrative Assistant workstation. In addition, the office is equipped with parabolic mirrors which provides other staff the ability to monitor the entrance to the office. Upon close of business, the agency's entrance door is locked/secured but the server room is left open due to cooling/environmental issues and with regard to fire prevention in the event building security needs access to respond to an incident or disaster. However, this door will now remain closed after business hours with installation of a second lock/key to the passage-way door leading to the server room; the key of which only the Executive Director, Staff Services Officer and building security will have access. Overall physical security compliance will require legislative funding for office specific upgrades/build-outs or eventual migration to available server rooms in the Hobby Building. The employee passwords in the possession of the Executive Director are maintained in a locked office within a locked steel cabinet but as password/access issues are upgraded, possession will be migrated to HPC-ITS staff.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Board of Podiatric Medical Examiners (Board):

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

Scope

The audit scope included seven key performance measures the Board reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and reporting of performance measures and traced performance measure documentation to the original source.

Methodology

The audit methodology consisted of selecting performance measures to audit; auditing results for accuracy and adherence to the performance measure definitions; evaluating controls over the collection, calculation, and reporting of performance measures and related information systems; and testing samples of source documentation.

Specific tests and procedures included:

- Auditing performance measure calculations for accuracy and to ensure they were consistent with the methodology on which the Board and the Legislative Budget Board agreed.
- Analyzing data flow to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance.
- Conducting a high-level review of information systems that support the Board's performance measure data.
- Certifying performance measure results in one of four categories: (1) certified, (2) certified with qualification, (3) inaccurate, and (4) factors prevented certification.

Criteria used included the following:

- The *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).
- ABEST measure definitions.
- Title 1, Texas Administrative Code, Section 202.

Project Information

Audit fieldwork was conducted in March 2009. 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:

- Barbette J. Mays (Project Manager)
- Lauren Godfrey, CGAP (Team Leader)
- Ishani Baxi
- Robert Burg, MPA
- Debra Dobson
- Anton Dutchover
- Ken Wade
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP, CICA (Audit Manager)

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Rene Oliveira, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Board of Podiatric Medical Examiners

Members of the Board of Podiatric Medical Examiners

Ms. Doris A. Couch, President
Dr. Richard C. Adam, Vice President
Dr. Travis Motley, Secretary
Dr. Paul Kinberg
Dr. James Michael Lunsford
Dr. Joe E. Martin, Jr.
Mr. James Michael Miller
Dr. Ana Urukalo
Mr. Matthew Washington
Mr. Hemant Makan, Executive Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.