



**John Keel, CPA**  
**State Auditor**

An Audit Report on

# **Performance Measures at the Water Development Board**

April 2007

Report No. 07-027



*An Audit Report on*

# *Performance Measures at the Water Development Board*

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## *Overall Conclusion*

The Water Development Board (Board) reported reliable results for 71 percent (five of seven) of the fiscal year 2006 key performance measures audited. A result is considered reliable if it is certified or certified with qualification.

Specifically:

- Five performance measures audited were certified with qualification because the Board does not have policies and procedures for reviewing information entered into the Automated Budget and Evaluation System of Texas (ABEST) before its submission of performance measure information is complete.
- Factors prevented the certification of one outcome measure—Percent of Key Regional and Statewide Water Planning Activities Completed—because the calculation methodology the Board used for this performance measure was mathematically incorrect.
- One output measure—Number of Responses to Requests for Water Resources Information—was inaccurate because the Board did not include all responses to requests for information in its reported number.

### **Background**

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

Table 1 summarizes the certification results from audit testing of all seven performance measures.

Table 1

Water Development Board (Agency No. 580)			
Related Objective or Strategy, Classification	Description of Measure	Results Reported in ABEST	Certification Results
A, Outcome	Percent of Key Regional and Statewide Water Planning Activities Completed	97.40%	Factors Prevent Certification
A.1.3, Output	Number of Data Units Collected and/or Processed by Board Staff in Support of Monitoring, Investigating, and Defining the State's Surface Water and Groundwater Resources	24,538	Certified with Qualification
A.2.1, Output	Number of Responses to Requests for Water Resources Information	2,866	Inaccurate
A.3.1, Output	Number of Responses to Requests for Water Conservation Information, Data, Technical Assistance, and Educational Activities Provided by the Board Staff	421	Certified with Qualification
B, Outcome	Total Dollars Committed as a Percent of Total Financial Assistance Dollars Available	58.27%	Certified with Qualification
B.1.2, Output	Number of Completed Colonia or Economically Distressed Areas (Colonia) Projects	62	Certified with Qualification
B.1.3, Output	Total Dollars Financial Assistance Commitments Provided to Communities	\$337,950,570	Certified with Qualification
<p>A measure is <b>Certified</b> 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.</p> <p>A measure is <b>Certified With Qualification</b> 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.</p> <p>A measure is <b>Inaccurate</b> 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.</p> <p>A <b>Factors Prevented Certification</b> 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.</p>			

## ***Summary of Management's Response***

The Board generally agrees with the findings and recommendations in this report, with the exception of auditors' assessment of the performance measure Percent of Key Regional and Statewide Water Planning Activities Completed.

## ***Summary of Information Technology Review***

This audit included a high-level review of automated applications, databases, and spreadsheets the Board uses to store and process data it uses in the calculation of performance measures. Auditors identified weaknesses in general and application controls in the systems the Board uses to calculate, store, and report data for the performance measures audited. Specifically, the Board should correct weaknesses in physical security and access controls to ensure that systems and data are properly protected.

## ***Summary of Objectives, Scope, and Methodology***

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

The scope of this audit covered key performance measure results reported by the Board for fiscal year 2006. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure information to the original source documents when possible.

The audit methodology included selection of seven key performance measures, identification of preliminary control information through a questionnaire, and auditing of calculations for accuracy and consistency with the agreed-upon methodology. Auditors also analyzed the flow of data to evaluate proper controls and tested a sample of source documents to verify the accuracy of reported performance measures. In addition, auditors conducted a high-level review of information systems that support the performance measure data.

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# Detailed Results

Chapter 1

## *Results the Board Reported for Five of Seven Key Performance Measures Audited Were Reliable*

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### The Board Should Improve Its Reviews of and Policies and Procedures for Reporting Performance Measures

For all performance measures tested, the Water Development Board (Board) does not have sufficient controls to ensure its reported performance measures are accurate. Specifically:

- The Board does not review data that has been entered into the Automated Budget and Evaluation System of Texas (ABEST) before it is released.
- The Board does not have policies and procedures that require a review (and subsequent documentation of that review) of supporting documentation prior to reporting performance measures. Board staff asserted that they perform a cursory addition and reasonableness check, but they do not review supporting documentation after the summary documents have been prepared.

Lack of supervisory reviews and complete policies and procedures impairs the accuracy of reported performance measures.

### Recommendations

The Board should:

- Establish and implement policies and procedures for an independent, documented review of the data entered into ABEST before data submission is complete.
- Establish and implement policies and procedures for reviewing and documenting reviews of supporting documentation and summary documents before submission of data to the ABEST coordinator.

### Management's Response

*Management agrees with the recommendations.*

*The Board will put into place a process that will provide review of data entered into ABEST before data is submitted as complete. This will be*

*accomplished by having the Budget Officers responsible for their specific Office, enter the data into ABEST. The entry will be reviewed and submitted by the ABEST coordinator. If any errors are discovered by the ABEST coordinator, the information will be sent back to the Budget Officers to revise and/or correct and then resubmitted to the ABEST coordinator for review and final submission.*

*Title of Responsible Staff: Budget Officer, Resource Information Office; Budget Officer, Office of Planning; Budget Officer, Office of Project Finance and Construction Assistance; ABEST Coordinator, Office of Operations and Administration.*

*Time Line for Implementation: This process will be put in place for the Third Quarter, Fiscal Year 2007.*

*The Board will put into place a process that will provide a review of all summary and supporting documentation and data entry into the internal performance measure system prior to entry into ABEST and final review/submission by the ABEST coordinator. This will be accomplished by having the Performance Measure Owner for each Office complete the data entry into the internal performance measure system. Once entry is complete, the Performance Measure Owner will run reports and provide, along with supporting documentation, to the Division Director responsible for that specific program area. The Division Director will review the reports and supporting documentation to ensure it is consistent and correct. The Division Director will acknowledge their approval by providing a memorandum to file.*

*The Office of Project Finance and Construction Assistance (OPFCA) has a slightly modified process due to organizational structure. The Performance Measure Owner reviews working papers with supporting documentation, approves and returns to the Measure Preparer. The Measure Preparer enters the data into the internal performance measure system and provides the reports and supporting documentation to the OPFCA Associate Deputy Executive Administrator (ADEA) for review. The OPFCA ADEA approves the measures and certifies a hardcopy of the report and returns to the Measure Preparer. The Measure Preparer forwards to OPFCA Administrative Assistant for entry into a quarterly summary form. Upon entry of all performance measures into the quarterly summary form, the Administrative Assistant forwards the form to the OPFCA Associate Administrator for a final quality control check.*

*Once approval is received, the Budget Officers will proceed with entry into ABEST and follow the process as detailed in the above question #1.*

*Title of Responsible Staff: Division Directors & Budget Officer, Resource Information Office; Division Directors & Budget Officer, Office of Planning; Division Directors & Budget Officer, Office of Project Finance and*

*Construction Assistance; Performance Measure Owners; ABEST  
Coordinator, Office of Operations and Administration.*

*Time Line for Implementation: This process will be put in place for the Third  
Quarter, Fiscal Year 2007.*

Key Measures

**Number of Data Units Collected and/or Processed by Board Staff in  
Support of Monitoring, Investigating, and Defining the State's  
Surface Water and Groundwater Resources**

**Results: Certified with Qualification**

Reported performance is within +/- 5 percent of actual performance, but controls over data collection and reporting are not adequate to ensure continued accuracy.

While this measure was certified with qualification, the Board did not report individual components of this measure accurately. However, the net effect of these inaccuracies resulted in less than a 5 percent difference between the performance measure recalculation and the reported performance measure. The specific inaccuracies identified included the following:

**Data Units**

The data units used in the calculation of the performance measure include:

- Number of semi-monthly reservoir level measurements.
- Number of semi-monthly periods for which stream flow measurements are taken from daily stream flow sites funded by the Board.
- Number of semi-monthly periods for which meteorological reports are provided to the Board by cooperators from Board-maintained stations.
- Number of 100-surface-acre areas surveyed.
- Number of groundwater level measurements collected from non-recorder wells.
- Number of groundwater levels (six per month) collected from automatic recorder sites funded or operated solely by the Board.
- Number of groundwater quality analyses collected from wells and springs.

- The groundwater level component differed by 940 records or 5.56 percent.
- The groundwater quality component differed by as much as 779 records or 57.53 percent. However, due to the data validity issues discussed below, an exact difference could not be determined.

The groundwater level and quality errors were caused by an error in the query the Board used to generate the information. The query did not capture all data for the fiscal year. In addition, according to the Board, some wells were mislabeled in the groundwater database and were not being counted accurately. In the groundwater database, which is used for the groundwater quality component, the "date entered" field was automatically updated when the user clicked the "calculate" button while accessing a record. Because this field also was the field the Board used to determine which levels to include in the performance measure, the Board could not ensure that the levels reported in the performance measure were taken during the current fiscal year.

The stream flow component also differed by 144.8 records or 5.93 percent. The Board's written procedures state that evaporation reports should be collected on a semi-monthly basis; however, the Board collects these reports only on a monthly basis. In addition, the Board's procedures for calculating reservoir level and stream flow site components do not contain adequate detail to provide guidance on how data is collected and calculated.

The procedures also do not provide adequate criteria for determining which reservoir and stream flow sites will be used for reporting purposes.

## Recommendations

The Board should:

- Ensure that wells are properly labeled in the groundwater database and that the query it uses to extract data from the database for reporting purposes is accurate.
- Update its written procedures to reflect the Board's current methodology for compiling this measure.

## Management's Response

*Management agrees with the recommendations.*

*To ensure that wells are properly labeled in the groundwater database and that the query it uses to extract data from the database for reporting purposes is accurate, Board staff will:*

- *Develop a work process document for adding wells to the recorder network that will include a step to change the labeling in the groundwater database that includes a review by an additional person by August 31, 2007. The labeling issue relates to when an existing well in the database is added to our real-time monitoring network and is relabeled as a recorder well instead of a periodically measured well.*
- *Board staff has revised the query to capture all of the water level data during the fiscal year. This issue was related to the previous query not including data entered into the database on the last day of the quarter.*
- *Board staff has restricted access to the "calculation" button and count water quality measurements based on the date collected rather than the date entered.*
- *Develop a work process document on reporting on the groundwater part of this measure by May 31, 2007.*

*Board staff will:*

- *Re-work the description of streamflow and reservoir data in the procedure manual making it virtually impossible to calculate a different number than what is listed in the quarterly reports. Staff will prepare a justification to be included in the performance measures procedures documents that*

*details why specific gages are selected and used for performance measure evaluation.*

*Revise performance measures procedures documents to indicate that this performance measure will be revised during the next strategic planning process to allow for the collection of lake evaporation data to be reported monthly instead of bi-monthly thereby creating greater efficiency. However, Board staff notes that the amount of data collected monthly and counted twice with an individual report is exactly equal to the amount of data collected bi-monthly, and counted once with an individual report. Board staff has determined that this is a more efficient method of collecting water data.*

*Title of Responsible Staff: DEA, Division Directors, Budget Officer, Measure Owners, Office of Planning.*

*Time Line for Implementation: These changes will be implemented by the beginning of FY 2008.*

### **Number of Completed Colonia or Economically Distressed Areas (Colonia) Projects**

This measure was certified with qualification. The measure name and definition do not clearly reflect the performance result the Board reported. The Board reported projects completed since the beginning of the Colonia or Economically Distressed Areas Projects program, which crosses multiple fiscal years. This cumulative method did not reflect the number of projects actually completed in fiscal year 2006.

Auditors also noted that the language used in the measure definition should be clarified to enhance the precision of this performance measure. Specifically, various terms and phrases such as “substantially completed,” “completed,” and “finalized” are used, but they are not defined. The Board also does not have clear policies and procedures to determine whether or when a project is completed. Different projects may be deemed complete at different stages.

In addition, the Board does not have adequate policies and procedures for projects that have remaining funds and how it should address the close-out of projects. If there is funding remaining in a commitment but the construction project has been completed, the project is not determined to be complete for reporting purposes until the funding commitment expires. This leaves projects open for extended periods of time after construction of a project has been completed.

The Board also retains inconsistent documentation in the contract files for commitments completed in fiscal year 2006. The contract files for three of six projects tested did not contain one or more construction contract final

inspection documents; however, auditors were able to verify the information using the Board's online system.

## Recommendations

The Board should:

- Work with the Legislative Budget Board and the Governor's Office to clarify this measure and reword the measure to accurately reflect what is being reported (multiple fiscal years). The language also should be aligned throughout the measure definition.
- Establish and implement policies and procedures for determining when a project is complete and when it should be reported as complete in ABEST. Policies and procedures also should include efficient project closeout procedures.
- Ensure that it properly files all documents to ensure that it retains complete contract files.

## Management's Response

*Management agrees with the recommendations.*

*The Board will work with the Legislative Budget Board and Governor's Office to clarify and reword this measure to accurately reflect what is being reported.*

*Title of Responsible Staff: Assistant Administrator, Office of Project Planning and Finance.*

*Time Line for Implementation: Reworded measure will be implemented by the beginning of FY 2008.*

*The Board will establish and implement policies and procedures for defining when a project is complete, when it should be reported in ABEST as complete, and efficient project closeout.*

*Title of Responsible Staff: Assistant Administrator, Office of Project Finance and Construction Assistance.*

*Time Line for Implementation: In coordination with the reworded and clarified measure, the policies and procedures will be implemented the beginning of FY 2008.*

*The Board will ensure all documents are properly filed to ensure complete contract files.*

*Title of Responsible Staff: Director, Project Engineering and Review, Office of Project Finance and Construction Assistance and Manager, Support Services and Records Management*

*Time Line for Implementation: Already implemented.*

### **Number of Responses to Requests for Water Conservation Information, Data, Technical Assistance, and Educational Activities Provided by the Board Staff**

This measure was certified with qualifications. The Board's Conservation Division did not always enter the same assistance level category for similar responses; therefore, the Board did not consistently report the assistance level provided. For example, when hosting a workshop, the Board should use the "Travel Involved/Onsite" assistance level when documenting the workshop and the host entity. When documenting the attendees of the workshop, the technical assistance level should be "Training." However, some attendees are documented with "Training," while others are documented with "Travel Involved/Onsite."

In addition, the Board does not always retain documentation supporting the response entries. The Board does not have policies and procedures for retaining supporting documentation.

### **Recommendations**

The Board should:

- Develop and implement policies and procedures for entering data into the technical assistance form and develop definitions for each assistance level and examples of how to enter each level of assistance.
- Develop and implement policies and procedures for retaining appropriate supporting documentation for the responses to requests made for water conservation information.

### **Management's Response**

*In the introductory discussion, the SAO Audit Report discusses the inconsistency in entering information on assistance level provided. This inconsistency results from the ability of Conservation Division staff to enter more than one level of assistance per entry, but the query report only includes the first entry for this category. Board staff may have included the preferred level within the multiple entries, but it may not show on the query report.*

*Board staff recognizes the need for improved definitions and procedures and has initiated a process to review and revise the Performance Measures Definitions and Procedures Document for entering technical assists into the data base.*

*Board staff will:*

- *Revise the Office of Planning's Performance Measures Definitions and Procedures Document section for this measure in order to outline complete procedures and definitions for entering technical assistance into the database. This will include the assistance level codes and appropriate use of codes to ensure consistent reporting.*
- *Revise the Work Process Document (WPD) C201 (technical assists data base) to include detailed procedures addressing this issue and to be more consistent with the Performance Measures Definitions and Procedures Document.*
- *Upon completion of WPD-C201, all Conservation Division staff will be trained on the definitions, procedures, and policies for entering technical assists. Board staff will carefully review the quarterly query reports to ensure that "consistency" is improved.*
- *Develop and include better supporting documentation processes in both the Office of Planning's Performance Measures Definitions and Procedures Document and in WPD-C201.*
- *Improve the supporting documentation processes included in the staff training following completion of WPD-C201.*

*Title of Responsible Staff: DEA, Division Directors, Budget Officer, Measure Owners, Office of Planning.*

*Tine Line for Implementation: These changes will be implemented by the beginning of FY 2008 and during the 2009-2013 strategic planning process.*

**Total Dollars Committed as a Percent of Total Financial Assistance Dollars Available**

**Total Dollars Financial Assistance Commitments Provided to Communities**

Both of these performance measures were certified with qualification. The performance measure Total Dollars Financial Assistance Commitments Provided to Communities is the numerator for Total Dollars Committed as a Percent of Total Financial Assistance Dollars Available.

One (2.08 percent) of 48 resolutions tested did not contain a signature by the chairman of the Board, as required by the Board's procedures. However, the resulting error in the performance measure was less than 5 percent.

### Recommendations

The Board should ensure that it follows its policies and procedures consistently.

### Management's Response

*Management agrees with the recommendations.*

*Title of Responsible Staff: Assistant Administrator, Office of Project Finance and Construction Assistance.*

*Time Line for Implementation: Already implemented.*

## Percent of Key Regional and Statewide Water Planning Activities

Factors prevented the certification of this measure because the Board's

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of insufficient documentation and inadequate controls, or when there is a deviation and the auditor cannot determine the correct result.

calculation methodology was mathematically incorrect. Specifically, the Board's calculation methodology included the averaging of percentages.

This measure contains the following four components:

- **Contract management.** Contract management is an annual assessment based on the percent of total payment requests that are paid within contract specifications.
- **Project management.** Project management is an assessment based on two factors: (1) the percent of all meetings that were attended by Board staff and (2) the results of an annual survey of support provided by project managers.
- **Database management and technical assistance.** Database management and technical assistance is an assessment based on the percent of total requests for database information and assistance with database use that are fulfilled within an agreed-upon period.
- **Water use survey results.** The Board posts the results of the water use survey annually on its Web site; it does not require all surveys to be returned or posted. If any of the surveys is posted, then the Board considers this component to be 100 percent complete.

For each component of this measure, the preparer determines the percent of activities completed. Based on the example used in the ABEST measure definition, if there were 64 total payment requests but only 58 payments were made within contract specifications, then the contract management component would have 90.6 percent (58/64) of activities completed. This method also is used for database management and water use survey results.

The formula for project management is different because it contains two factors: (1) the percentage of board meetings attended and (2) the average results of the annual survey. These two numbers are then added together and divided by two. For example, if 32 of the 44 meetings held were attended, the Board would have completed 72.7 percent of its activities for the first factor. If the annual survey results averaged 85 percent, then 72.7 percent and 85 percent would be added together and divided by two to arrive at the component's percentage of 78.9 percent. After all four component percentages are determined, they are added together and divided by four to arrive at the reported number  $[(90.6\% + 78.9\% + 80\% + 100\%)/4 = 87.4\%]$ .

Supporting documentation for the project management component of this measure did not match the amount the Board reported to ABEST. For example, audit testing of the number of Regional Water Planning Group meetings that Board staff attended (which is part of the project management percentage) identified 10 meetings for which there were no supporting documentation to indicate that the Board had attended. Testing of these summaries also identified four meetings that Board staff attended but that the Board did not report.

## Recommendations

The Board should:

- Work with the Legislative Budget Board and the Governor's Office to align the components of this performance measure with the intent of the measure. The Board and the Legislative Budget Board also should determine a mathematically accurate methodology for calculating this measure.
- Accurately report all Regional Water Planning Group meetings that Board staff attends.

## Management's Response

*The SAO Audit Report has questioned the mathematical calculations utilized for this measure. Board staff does not categorically agree with the SAO Audit Report. The intent of this measure was to have a measurement of the Board's performance in implementing regional water planning in Texas. The four*

*main areas of assistance that may be measured are captured in this measure. Regarding the issue of “averaging averages,” the most universal measures of performance is the grade point average. The grade point average is the most prominent measure of accomplishment and is an average of grades earned. Grades earned are simply the average grade achieved during a course undertaken. Thus, the calculation of the grade point average is simply an average of averages. It is not mathematically incorrect or unsound to make such a calculation. However, during the strategic planning process, Board staff will explore options with the Legislative Budget Board and the Governor’s Office for other possible measures of the Board’s efforts related to regional and state water planning.*

*With respect to questions related to reporting, three meetings were attended by Board staff and reports were properly filed, but the database query did not capture them. These were meetings that also involved a required public meeting or hearing and were titled “RWPG (regional water planning group)/Public Hearing.” The way the database query was structured resulted in not capturing these meetings titled with dual purposes. Blank meeting title fields or titles placed in the wrong lines occurred in three instances, resulting in queries not capturing these meetings. In order to prevent these errors in the future, meeting reports will be titled only “RWPG”, placed in the correct line, and the body of the report will contain the public hearing details. In addition, the database containing meeting information will be QA/QC’d prior to reporting performance measures.*

*For five of the meetings that project managers attended, reports could not be located on the agency shared drive, indicating that they either were not filed or were not stored electronically in the proper location. In order to prevent this in the future, staff will be reminded of the importance of filing meeting reports and storing them electronically in the correct location on the agency shared drive. Specific requirements to perform these actions will be added to individual performance plans and used in staff performance evaluations. Reporting of meeting attendance will be verified quarterly.*

*In two instances, meeting dates had changed from when they were initially scheduled. These meetings were properly attended and reported, but the dates on the reports did not match the dates in the database. In order to prevent this in the future, the staff person assigned to maintain the database will confirm the accuracy of the meeting dates in the electronic calendar. Quarterly summaries of meeting dates and reports will be sent to all project managers for verification, as well.*

*Title of Responsible Staff: DEA, Division Directors, Budget Officer, Measure Owners, Office of Planning.*

*Time Line for Implementation: These changes will be implemented by the beginning of FY 2008 and during the 2009-2013 strategic planning process.*

### **Auditor Follow-up Comment**

The State Auditor's Office stands behind its original assessment of this performance measure. Additionally, staff from the State Auditor's Office and the Legislative Budget Board met and determined that the construction of this measure is mathematically inaccurate.

### **Number of Responses to Requests for Water Resources Information**

This measure was inaccurate because the Board did not include all responses to requests in the performance measure result for fiscal year 2006. The majority of the omissions were in the first and second quarters; however, in the third and fourth quarters two staff members' responses to requests were not included in the reported number. The third-quarter summary documentation also contained formula errors that excluded some responses from the reported number.

<p><b>Results: Inaccurate</b></p> <p>Reported performance is not within +/- 5 percent of actual performance or there are more than two errors in the sample tested.</p>
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These omissions and formula errors resulted in a difference of 8.86 percent between the number reported in ABEST and the supporting documentation. The Board reported that it had responded to 2,866 requests for water resources information. However, supporting documentation showed that it responded to 3,120 requests for water resources information, a difference of 254.

### **Recommendations**

The Board should ensure that it consistently reports all responses to requests for water resources information in this performance measure.

### **Management's Response**

*To ensure that it consistently reports all responses to requests for water resources information in this performance measure, Board staff will include all personnel in the Groundwater Resources Division in tabulations on responses to requests for water resources information.*

*Since May 2003, the Groundwater Resources Division management had pursued changing how the measure was calculated since it only included a few of the many staff members in the agency that responded to requests for water resources information. It was not until the third quarter of fiscal year 2006 that the Groundwater Resources Division management found an acceptable way to change how the measure was calculated. Although the first*

*two quarters of fiscal year 2006 do not conceptually include everyone that should have been counted, the measure was accurately reported according to the procedures in place at that time. The formula error occurred during the transition from the second quarter to the third quarter when procedures changed. This error only occurred in the third quarter, resulting in a difference of 48, and has since been corrected. The omission of two staff members in the third and fourth quarters resulted from a decision to not include field personnel in the calculation of the measure. However, upon review, management agrees with the recommendation and now includes all staff in the Groundwater Resources Division in reporting responses to requests for water resources information.*

*Title of Responsible Staff: DEA, Division Directors, Budget Officer, Measure Owners, Office of Planning.*

*Time Line for Implementation: This has been implemented.*

## ***The Board Should Correct Certain Weaknesses in Information Technology That Affect Its Reported Performance Measures***

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Auditors identified weaknesses in general and application controls in systems the Board uses to calculate, store, and report data for the performance measures included in this audit.

While physical security at the Board is adequate, certain improvements could be made.

The Board has a fire extinguisher in one server room, but it does not have a fire extinguisher in the second server room. Although smoke detectors are present, they have not been tested since their installation approximately one year ago. A heat detector also is present, but it was located in only one of the two server rooms.

Access controls at the Board are not sufficient to ensure that performance measures are reported accurately.

Multiple user accounts for individuals no longer employed by the Board remain active in the Financial Information System (FIS), ABEST, and on the Board's network. These accounts remain active because when exiting employees do not fully complete the Board's "Separation Form" or provide inaccurate information on this form, the Board's Information Technology Department does not have adequate policies or procedures for determining whether terminating employees have FIS accounts. Employees must check a box on the "Separation Form" indicating that they have access to FIS, and auditors noted that the employees with active accounts after their termination did not check that box on the form. The "Separation Form" also does not contain a box for the ABEST system.

Multiple spreadsheets the Board uses to measure performance are located on the Board's shared network drive and are not password-protected. In addition, the database used to capture responses for requests to water resources information (which is stored on the shared network) is not password-protected, and all users have rights to read, write, erase, modify, and file scan in this database.

### **Recommendations**

The Board should:

- Install fire extinguishers and heat sensors in both server rooms. In addition, it should include routine checks of the server room smoke detectors in its Information Technology Security Manual or Disaster Recovery Plan and fully implement these checks.

- Update current policies and procedures to include situations in which exiting employees do not acknowledge access to specific systems on the “Separation Form” or leave this information incomplete on the form.
- Include removal of ABEST access on the employee Separation Form. It also should ensure that the Separation Form is being used as intended and that user access to all Board systems is removed promptly upon an employee’s termination.

## Management’s Response

*Management agrees with the recommendations.*

*A new fire extinguisher will be installed in the second server room by March 29, 2007 by Board staff. A second heat sensor will be purchased and installed in server room lacking this device by the end of April, 2007. Smoke detection and fire alarm testing, are responsibility of Building Management and TWDB support services section. Information Technology will be coordinating with TWDB support services section to test smoke detector on a regular basis and include such a task in their Disaster Recovery plan.*

*The Board will enhance its current employee separation process to address the security concerns outlined in the Audit Report. To ensure this is accomplished, the current employee separation form will be modified to include an inventory of all software applications (internal and external) that the employee has access right to. It will be the responsibility of the supervisor to certify the accuracy of this information and coordinate with the appropriate entities to ensure that access rights have been terminated.*

*To ensure the accuracy and integrity of shared files, spreadsheets, etc., the Board will implement security protocols that will restrict access to those only authorized to utilize the information. Depending on the nature and type of information, the security protocols will allow the file owners to restrict access to users, either through password protection of files or controlled access to shared folders. Network management will address each issue case-by-case to determine the best practice for each file owner.*

*Title of Responsible Staff: Division Directors & Budget Officer, Resource Information Office; Division Directors & Budget Officer, Office of Planning; Division Directors & Budget Officer, Office of Project Finance and Construction Assistance; Performance Measure Owners; ABEST Coordinator, Office of Operations and Administration.*

*Time Line for Implementation: All tasks will be completed by May 31, 2007.*

# Appendix

## Objectives, Scope, and Methodology

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### Objectives

The objectives of this audit were to determine whether the Water Development Board (Board):

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

### Scope

The scope of this audit covered seven key performance measure results reported by the Board for fiscal year 2006. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure information to the original source documents when possible.

### Methodology

The audit methodology included selecting measures to audit, auditing results for accuracy and adherence to the measure definitions, evaluating controls over the performance measure certification process and related information systems, and testing samples of source documentation when possible.

Auditors selected the seven key measures reported in ABEST. The Board completed questionnaires related to its performance measurement processes to help identify preliminary control information.

Specific tests and procedures included:

- Auditing calculations for accuracy and to ensure that they were consistent with the methodology on which the Board and the Legislative Budget Board agreed.
- Analysis of the flow of data to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance.

- Performing a high-level review of all information systems that supported the performance measure data.

### Project Information

Audit fieldwork was conducted from January 2007 through February 2007. This audit was conducted in accordance with generally accepted government auditing standards.

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

- Jennifer Brantley (Project Manager)
- Nick Ballard
- Isaac Barajas
- Dustin Gholson
- Claudia Pena
- Brendi Tubbs
- Bill Vanecek, CGAP
- J. Scott Killingsworth, CIA, CGFM (Quality Control Reviewer)
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Verma Elliott, MBA, CIA, CGAP (Audit Manager)

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The Honorable Steve Ogden, Senate Finance Committee  
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The Honorable Warren Chisum, House Appropriations Committee  
The Honorable Jim Keffer, House Ways and Means Committee

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The Honorable Rick Perry, Governor

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