



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

An Audit Report on

# **Performance Measures at the Optometry Board**

November 2007

Report No. 08-008



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*Performance Measures at the Optometry Board*

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## Overall Conclusion

The Optometry Board (Board) reported reliable results for 80 percent (four of five) of the performance measures tested for fiscal year 2006 and the first three quarters of fiscal year 2007. A performance measure result is considered reliable if it is classified as certified or certified with qualification.

### Background

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.

To improve the reliability of the performance measures it reports, the Board should consistently document its reviews of data that has been entered into the Automated Budget and Evaluation System of Texas (ABEST) before it is released into ABEST. It also should further develop detailed, step-by-step procedures for collecting, calculating, and reporting data used for its performance measures.

Additionally:

- Two key measures—Percent of Licensees Who Renew Online and Number of Licenses Renewed (Individuals)—were certified with qualification due to the Board's lack of supervisory reviews of the performance measures' calculations.
- Two key measures—Percent of Licensees with No Recent Violations and Number of Licenses Issued to Individuals—were certified with qualification due to the control weaknesses identified above for all measures.
- One key measure—Average Time for Complaint Resolution (Days)—was inaccurate because the Board did not consistently maintain supporting documentation and did not consistently follow its policies for entering the opening and closing dates for complaints.

Table 1 on the following page summarizes the certification results from audit testing.

Table 1

Board of Optometry (Agency 514)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results <sup>a</sup>
A. Outcome	Percent of Licensees with No Recent Violations	2006	99.33%	Certified with Qualification
A. Outcome	Percent of Licensees Who Renew Online	2006	83.78%	Certified with Qualification
A.1.1 Output	Number of Licenses Renewed (Individuals)	2007 - 1st quarter	1,085	Certified with Qualification
		2007 - 2nd quarter	2,383	
		2007 - 3rd quarter	10	
		2007 - Year to date <sup>b</sup>	3,478	
A.1.1 Output	Number of New Licenses Issued to Individuals	2007 - 1st quarter	28	Certified with Qualification
		2007 - 2nd quarter	15	
		2007 - 3rd quarter	3	
		2007 - Year to date <sup>b</sup>	46	
A.1.1 Efficiency	Average Time for Complaint Resolution (Days)	2007 - 1st quarter	57.90	Inaccurate
		2007 - 2nd quarter	88.32	
		2007 - 3rd quarter	141.58	
		2007 - Year to date <sup>b</sup>	92.53	

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

A 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.

<sup>b</sup> Reported results are for September 1, 2006, through May 31, 2007.

## Summary of Management's Response

The Board generally agrees with the recommendations in this report. Its responses are in Appendix 2.

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

Auditors assessed the information technology (IT) controls for the Board's licensing system and other automated processes used for performance measures data. Auditors evaluated general IT controls, including logical access, program changes, physical security, and disaster recovery. Also, auditors evaluated application controls, including process maps and flowcharts, input controls, process controls, and output controls.

The Board has general IT controls and application controls in place to ensure the integrity of data used for performance measures. The Board should consider strengthening some IT controls, such as data security, data entry processes, technical documentation and procedures, segregation of duties, and program testing. The Board should continue to monitor the transfer of hardware and software support to a new contractor. See Chapter 2 for additional information.

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

The objectives of the audit were to determine if the Board: (1) accurately reported selected key performance measures to ABEST and (2) has adequate control systems in place over the collection, calculation, and reporting of selected key performance measures.

The audit scope included (1) two key annual (outcome) performance measures reported by the Board for fiscal year 2006, (2) three key quarterly (output/efficiency) performance measures reported by the Board for the first three quarters of fiscal year 2007, and (3) controls over the submission of data used in reporting the performance measure results.

The audit methodology consisted of selecting five key measures to audit, auditing reported results for accuracy and adherence to measure definitions, evaluating controls over the performance measures, certifying the performance measure process and related information systems, and conducting a high-level review of all information systems that support the performance measure data.

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# Detailed Results

## Chapter 1

### *The Board Reported Reliable Results for Four of Five Key Performance Measures Audited*

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#### The Optometry Board (Board) Should Improve Its Reviews of Performance Measures, as well as Its Policies and Procedures for Reporting Performance Measures

For all performance measures tested, the Board does not have adequate controls to ensure the accuracy of its reported performance measures.

Specifically:

- The Board did not consistently document its reviews of the performance measure data that is entered into the Automated Budget and Evaluation System of Texas (ABEST) before the data is released into ABEST.
- The Board had policies and procedures for reporting the performance measures, but these policies and procedures lacked specific details regarding all phases of the performance measure calculation, including data collection, data entry, and calculation and review of the performance measure results reported in ABEST.

Supervisory review and detailed policies and procedures help ensure the accuracy of reported performance measures. Without these, none of the performance measures tested could be certified without qualification.

#### Recommendations

The Board should:

- Consistently document its reviews of the performance measure data that is entered into ABEST before the data is released into ABEST.
- Develop detailed written policies and procedures for data collection, data entry, and the calculation and reporting of performance measures.

## Percent of Licensees Who Renew Online

### Number of Licenses Renewed (Individuals)

The reported results for these measures were accurate. However, the Board does not have an adequate review process in place to ensure that the

**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.

performance measure calculations for these two measures are correct before the results are entered into ABEST. In addition, the Board does not review the measures for accuracy prior to their release into ABEST, and its policies and procedures for calculating these measures are not sufficiently detailed, as mentioned previously on page 1.

The measure definition and methodology described for Percent of Licensees Who Renew Online in ABEST do not match. The measure definition in ABEST states that the denominator should be the total number of licensees who renew their license in a fiscal year and who successfully renewed their license using TexasOnline. The methodology states that the denominator should be the total number of licensees at the end of the reporting period. The Board followed the measure's definition in calculating this measure.

### Recommendations

The Board should:

- Conduct supervisory reviews of these two performance measure calculations before they are entered into ABEST.
- Implement the recommendations listed on page 1 for documenting reviews of performance measures and developing detailed procedures for reporting them.
- Work with the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy to accurately document the methodology listed in ABEST for calculating the Percent of Licensees Who Renew Online.

## Percent of Licensees with No Recent Violations

### Number of New Licenses Issued to Individuals

**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.

The reported results for these measures were accurate; however, the measures were certified with qualification because of the lack of adequate controls to ensure continued accuracy, as discussed on page 1.

#### Recommendation

The Board should implement the recommendations listed on page 1 for improving reviews of performance measures in ABEST and developing detailed procedures for reporting the measures.

### Average Time for Complaint Resolution (Days)

This measure was inaccurate because auditors' testing of controls identified errors in 41 percent (14 of 34) of complaints tested. Of the 14 errors identified, 9 had opening and/or closing dates that did not match the date that was entered into the Board's complaints database. Five other complaints did not have supporting documentation, such as a complaint or close out letter, to document when the complaint was opened or closed.

**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.

According to the Board's *Investigation and Enforcement Training and Procedures Manual*, the opening date that should be entered into the complaints database is the date that a complaint letter is received by the Board, and the closing date that should be entered into the complaints database is the date that a letter is sent to the

complainant by the Board. The Board does not consistently follow its policies for entering the opening and closing dates into its complaints database.

In addition, the Board incorrectly entered the methodology in the measure's ABEST definition. The Board inadvertently entered the methodology for one of its non-key measures, rather than documenting its actual methodology for determining the Average Time for Complaint Resolution (Days).

#### Recommendations

The Board should:

- Follow its procedures for documenting the opening and closing dates in the complaints database and maintain supporting documentation for all complaints.

- Work with the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy to accurately document the methodology for this performance measure.
- Implement the recommendations listed on page 1 for documenting reviews of performance measures and developing detailed procedures for reporting the measures.

## ***The Board Has Information Technology Controls to Ensure the Integrity of Data Used for the Performance Measures Audited***

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The Board's licensing system has appropriate general and application information technology (IT) controls in place over the data in the automated systems and applications used for the performance measure calculations. However, improvements can be made over general controls such as logical access controls, program change controls, physical security, and disaster recovery.

### **The Board Should Improve Some Controls Over Its Licensing System and Other Automated Processes**

Some of the Board's IT controls can be strengthened to improve security of the automated systems, applications, and data used for performance measures. Improvements should be made because:

- Some weaknesses exist within logical access controls, including password management and data transfers between the licensing system and remote users.
- Weaknesses exist for program changes made to the licensing system. A lack of segregation of duties exists for program changes made to the licensing system. Some changes made by the Board to the system are not tested by the users before being put into production. The Board also does not have a separate user testing environment to test changes before they are put into production.
- There are certain fields in the licensing system with minimal controls to enforce data integrity. These key fields include dates and Social Security numbers.
- Changes are taking place in physical security and IT management processes that affect the licensing system. IBM has recently taken over software, database, and network support from Northrop Grumman, which had previously provided support services to the Board. The hardware for the Board's licensing system will be moved to a new location. As a result, the Board's current disaster recovery plan will become outdated.

To minimize security risks, auditors communicated details about additional general and application control weaknesses directly to the Board.

### **Recommendations**

The Board should monitor the transition of IT support from Northrop Grumman to IBM and work with them to consider the following:

- Improving logical access controls to the licensing system and data.
- Improving controls for program changes made to the licensing system.
- Improving the controls of key data fields in the licensing system, or developing compensating controls.
- Finalizing a new disaster recovery plan with IBM.

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### Objectives

The objectives of this audit were to:

- Determine whether the Optometry Board (Board) accurately reported selected key performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Determine whether the Board has adequate control systems in place over the collection, calculation, and reporting of selected key performance measures.

### Scope

The scope of this audit included (1) two key annual (outcome) performance measures reported by the Board for fiscal year 2006 and (2) three key quarterly (output/efficiency) performance measures reported by the Board for the first three quarters of fiscal year 2007. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure information to the original source when possible.

### Methodology

Auditors selected five key performance measures reported in ABEST. The Board completed questionnaires related to its performance measurement process 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.
- Analyzing data flow to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance when possible.
- Conducting a high-level review of all information systems that support the performance measure data.

Performance measure results are reported in one of four categories: (1) Certified, (2) Certified with Qualification, (3) Inaccurate, and (4) Factors Prevented Certification.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006) was used as criteria for this audit.

### **Project Information**

Audit fieldwork was conducted in August 2007 and September 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 Wiederhold, CGAP (Project Manager)
- Arby J. Gonzales (Assistant Project Manager)
- LaTonya Dansby
- John Gabriel Rios
- Marlen Randy Kraemer, MBA, CISA (Information System Audit Team)
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Worth Ferguson, CPA (Quality Control Reviewer)
- Verma Elliott, MBA, CIA, CGAP (Audit Manager)

## Management's Responses

### TEXAS OPTOMETRY BOARD

333 Guadalupe Street, Suite 2-420  
Austin, Texas 78701-3942



October 18, 2007

JENNIFER WIEDERHOLD, CGAP  
PROJECT MANAGER  
STATE AUDITOR'S OFFICE  
1501 N CONGRESS AVE  
AUSTIN TX 78701

RE: Performance Measures Audit

Dear Ms. Wiederhold:

Thank you for the opportunity to respond to your draft of the audit of performance measures of the Texas Optometry Board.

The audit findings of the two outcome measures and two output measures were similar, so the following response will cover these findings in concert (this part of the response also applies to the audit of the efficiency measure). The Board agrees with the findings and is now consistently documenting data that has been entered into the Automated Budget and Evaluation System of Texas (ABEST) before it is released into ABEST. The Board will also develop additional detailed, step-by-step procedures for collecting, calculating, and reporting data used for its performance measures. This development will be the responsibility of the Executive Director and will be completed as quickly as possible (the Board renews all licenses during November and December, which may slightly delay completion). The Board does have a better understanding of the steps to take to insure compliance because of the audit and the comments of the auditors provided during the audit and the exit conference.

For the efficiency performance measure, the average time for complaint resolution, the audit found that the agency's computation was inaccurate because of inaccurate complaint receipt and closing dates. The Board agrees with the findings. The majority of the errors found concerned the closing date of complaints. The Board was following the same procedure used during the previous performance measure audit in 2000, where the date that the closing letter was actually mailed is used to compute the measure. This date might be up to a few days subsequent to the date printed on the closing letter, but the date used by the Board is the actual date the complaint is closed, and the most accurate date that could be reported to the legislature. The Board is drafting procedures to insure that the receipt date is always recorded and to stamp the actual send date (closing date) on the closing letter. The Executive Director will implement the procedures shortly.

#### BOARD MEMBERS

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Center

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Melvin G. Cleveland, O.D.  
Arlington

#### EXECUTIVE DIRECTOR

Chris Kloeris  
Suite 2-420  
333 Guadalupe Street  
Austin, TX 78701-3942  
chris.kloeris@mail.capnet.state.tx.us

#### WEBSITE

[www.tob.state.tx.us](http://www.tob.state.tx.us)

TELEPHONE  
512/305-8500

FAX  
512/305-8501

The maintenance of the Board's database is contracted to a private vendor through the Department of Information Resources, the agency that is solely responsible for the contract terms. The Board will forward the audit findings regarding the database to DIR for action by DIR. The Board can contract for certain programming changes, and the Executive Director and staff will study the items detailed in the audit to determine, in consultation with the programmers, the most efficient action to take to further insure the accuracy of data entered into the database.

The Board wishes to acknowledge the professionalism of you, and especially your staff, during the audit. The audit staff clearly defined what materials were required, and worked with the Board staff to obtain the materials without disrupting the day-to-day work of the Board. The Board especially appreciated being continuously apprised of the audit progress and results.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Kloeris". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Kloeris".

Chris Kloeris  
Executive Director

Copies of this report have been distributed to the following:

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

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