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An Audit Report on

Performance Measures at the Board of Professional Land Surveying

March 2008

Report No. 08-027



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Overall Conclusion

Three of six (50 percent) key performance measures that the Board of Professional Land Surveying (Board) reported for fiscal year 2007 were reliable and were certified with qualification. A performance measure result is considered reliable if it is classified as certified or certified with qualification.

Background

Agencies 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.

For the three remaining measures, auditors identified unreliable results. Specifically:

- Three key measures—Number of Licenses Renewed (Individuals), Number of New Licenses Issued to Individuals, and Individuals Examined (National Exam)—were certified with qualification because the Board's controls over data collection and over the calculation, review, and reporting of the measures' results were not adequate to ensure continued accuracy.
- Three key measures—Complaints Resolved, Median Time for Complaint Resolution (Days), and Percent of Documented Complaints Resolved within Six Months—were inaccurate because auditors' recalculated results differed from the results that the Board reported to the Automated Budget and Evaluation System of Texas (ABEST) by more than 5 percent.

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

Table 1

Board of Professional Land Surveying (Agency 464)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A.1.1 Output	Number of Licenses Renewed (Individuals)	2007 - 1st Quarter	891	Certified with Qualification
		2007 - 2nd Quarter	1690	
		2007 - 3rd Quarter	323	
		2007 - 4th Quarter	3	
		2007 - Year to Date ^b	2,907	
A.1.1 Output	Number of New Licenses Issued to Individuals	2007 - 1st Quarter	0	Certified with Qualification
		2007 - 2nd Quarter	44	
		2007 - 3rd Quarter	0	
		2007 - 4th Quarter	32	
		2007 - Year to Date ^b	76	
A.1.3 Output	Individuals Examined (National Exam)	2007 - 1st Quarter	83	Certified with Qualification
		2007 - 2nd Quarter	0	
		2007 - 3rd Quarter	82	
		2007 - 4th Quarter	0	
		2007 - Year to Date ^b	165	
A.1.1 Output	Complaints Resolved	2007 - 1st Quarter	12	Inaccurate
		2007 - 2nd Quarter	7	
		2007 - 3rd Quarter	7	
		2007 - 4th Quarter	19	
		2007 - Year to Date ^b	45	
A.1.1 Efficiency	Median Time for Complaint Resolution (Days)	2007 - 1st Quarter	89	Inaccurate
		2007 - 2nd Quarter	69	
		2007 - 3rd Quarter	97	
		2007 - 4th Quarter	123	
		2007 - Year to Date ^b	109	
A.1.1 Outcome	Percent of Documented Complaints Resolved within Six Months	2007 - Year to Date ^b	60%	Inaccurate

^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.

^b Reported results for September 1, 2006, through August 31, 2007.

Summary of Management's Response

The Board agrees with the findings and recommendations in this report.

Summary of Information Technology Review

Auditors assessed the information technology (IT) controls over the Board's registration system and other automated processes used for performance measure data. Auditors evaluated general IT controls, including logical access, program changes, physical security, and disaster recovery. Auditors also evaluated application controls, including input controls, process controls, and output controls.

The Board does not have general IT controls and application controls in place to ensure the integrity of data used for performance measures. The Board should strengthen IT controls, such as data input controls, processing controls, output controls, technical documentation and procedures, and segregation of duties (see Chapter 2 for additional information).

Summary of Objectives, Scope, and Methodology

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

- Accurately reported selected key performance measures to ABEST.
- Has adequate control systems in place over the collecting, calculating, and reporting of selected key performance measures.

The audit scope included six key performance measures the Board reported for fiscal year 2007. Auditors also reviewed controls over the submission of data used in reporting the performance measures and traced performance measure information to the original source documents when possible.

The audit methodology included selecting six key performance measures, auditing reported results for accuracy and adherence to measure definitions, evaluating controls over the performance measures' calculation processes and related information systems, and testing of original source documentation.

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Detailed Results

Chapter 1

The Board Reported Reliable Results for Three of Six Key Performance Measures Audited

For all six key performance measures tested, including the three measures that were certified with qualification, the Board of Professional Land Surveying (Board) had inadequate policies and procedures and inadequate review controls in place to ensure the continued accuracy of its reported performance measures.

Specifically, the Board does not (1) have adequate policies and procedures related to the collection, calculation, and reporting of performance measures and (2) perform documented supervisory reviews of the performance measure calculations prior to the entry of the data into the Automated Budget and Evaluation System of Texas (ABEST).

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the data collection and calculation process for each performance measure that are in accordance with the measure definitions and methodologies listed in ABEST.
- Develop and implement a formal, documented supervisory review process to verify the accuracy of the measure results before they are entered into ABEST.

Management's Response

The Board agrees with the findings and recommendations and is in the process of developing the recommended policies and procedures. The Board understands the importance of supervisory review and is in the process of developing a documented formal supervisory review process to verify the accuracy of measure results before they are entered into ABEST.

Key Measures

Number of Licenses Renewed (Individuals)

Number of New Licenses Issued to Individuals

Individuals Examined (National Exam)

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 three measures were accurate. However, the measures were certified with qualification because the Board lacked detailed policies and procedures that sufficiently describe the collection, calculation, and reporting of the measures' data. Also, the Board did not perform documented supervisory reviews of the measures' calculations prior to the entry of the results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the data collection and calculation process for each performance measure that are in accordance with the measure definitions and methodologies listed in ABEST.
- Develop and implement a formal, documented supervisory review process to verify the accuracy of the measure results before they are entered into ABEST.

Management's Response

The Board agrees with the findings and recommendations and is in the process of developing the recommended policies and procedures. The Board understands the importance of supervisory review and is in the process of developing a documented formal supervisory review process to verify the accuracy of measure results before they are entered into ABEST.

Complaints Resolved

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.

This measure was inaccurate because auditors' recalculation of the results for fiscal year 2007 deviated from the Board's reported results in ABEST by more than 5 percent. Based on summary documentation the Board provided, auditors calculated that 42 complaints were resolved during fiscal year 2007, compared with the Board's reported result of 45 resolved complaints—a 7.14 percent overstatement.

The Board double-counted seven complaints that were resolved during the fourth quarter of fiscal year 2007 by also counting them in the reported totals for the third quarter of fiscal year 2007. The Board also failed to report three complaints that were resolved during fiscal year 2007, and it miscounted the reported number for the fourth quarter of fiscal year 2007 by one resolved complaint. Performing documented supervisory reviews of the calculations could increase the likelihood that these types of errors are identified and corrected before the results are reported in ABEST.

In addition, the Board lacked detailed policies and procedures that sufficiently describe the collection, calculation, and reporting of the measure's data. Also, the Board did not perform documented supervisory reviews of the measure calculations prior to the entry of the results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the data collection and calculation process for each performance measure that are in accordance with the measure definitions and methodologies listed in ABEST.
- Develop and implement a formal, documented supervisory review process to verify the accuracy of the measure results before they are entered into ABEST.

Management's Response

The Board agrees with the findings and recommendations and is in the process of developing the recommended policies and procedures. The Board understands the importance of supervisory review and is in the process of developing a documented formal supervisory review process to verify the accuracy of measure results before they are entered into ABEST.

Median Time for Complaint Resolution (Days)

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.

This measure was inaccurate because auditors' recalculation of the results for fiscal year 2007 deviated from the Board's reported results in ABEST by more than 5 percent. Based on summary documentation the Board provided, auditors calculated a median time for complaint resolution of 102 days for complaints that were resolved during fiscal year 2007, compared with the Board's reported result of 109 days—a 6.86 percent overstatement.

The calculation of this measure relies in part on the results of the Complaints Resolved measure. As a result, any inaccuracies in the calculation of Complaints Resolved will negatively affect the accuracy of Median Time for Complaint Resolution (Days). In addition, the Board calculated its fiscal year 2007 results for this measure using 31 resolved complaints, rather than the 42 resolved complaints auditors identified.

The Board also lacked detailed policies and procedures that sufficiently describe the collection, calculation, and reporting of the measure's data. Also, the Board did not perform documented supervisory reviews of the measure calculations prior to the entry of the results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the data collection and calculation process for each performance measure that are in accordance with the measure definitions and methodologies listed in ABEST.
- Develop and implement a formal, documented supervisory review process to verify the accuracy of the measure results before they are entered into ABEST.

Management's Response

The Board agrees with the findings and recommendations and is in the process of developing the recommended policies and procedures. The Board understands the importance of supervisory review and is in the process of developing a documented formal supervisory review process to verify the accuracy of measure results before they are entered into ABEST.

Percent of Documented Complaints Resolved within Six Months

This measure was inaccurate because auditors' recalculation of the results for fiscal year 2007 deviated from the Board's reported results in ABEST by more than 5 percent. Based on the summary documentation the Board provided, auditors calculated that 86 percent of documented complaints were resolved within six months during fiscal year 2007, compared with the Board's reported result of 60 percent—an understatement of 26 percent.

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.

Of 42 total resolved complaints, the Board calculated that 60 percent (25 of 42 complaints) had been resolved within six months.

Auditors identified 36 complaints that were resolved within six months, resulting in an 86 percent (36 of 42 complaints) rate of complaint resolution within six months.

In addition, the Board lacked detailed policies and procedures that sufficiently describe the collection, calculation, and reporting of the measure's data. Also, the Board did not perform documented supervisory reviews of the measure calculations prior to the entry of the results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the data collection and calculation process for each performance measure that are in accordance with the measure definitions and methodologies listed in ABEST.
- Develop and implement a formal, documented supervisory review process to verify the accuracy of the measure results before they are entered into ABEST.

Management's Response

The Board agrees with the findings and recommendations and is in the process of developing the recommended policies and procedures. The Board understands the importance of supervisory review and is in the process of developing a documented formal supervisory review process to verify the accuracy of measure results before they are entered into ABEST.

The Board Has Weak Information Technology Controls to Ensure the Integrity of Data Used for Performance Measure Calculations

The software application the Board uses to store information related to licensees and complaints lacks adequate information technology (IT) controls to ensure the accuracy of data used for the collection and calculation of performance measures. Specifically:

- The Board does not have an IT policy and procedures manual that includes data input controls, processing controls, and output controls.
- All Board employees have full access and privileges to all areas of the database.
- Historical data regarding licensees is overwritten when new data is entered.

Recommendations

The Board should:

- Create an IT policy and procedures manual that includes data input controls, processing controls, and output controls.
- Limit employees' access to the applications that store information related to licensees and complaints to only those areas that employees need to fulfill their job duties.
- Develop program controls in the licensing application to prevent historical data from being overwritten when new data is entered.

Management's Response

The Board agrees with the audit finding and is in the process of creating IT policies and procedures that will include data input controls, processing controls and output controls.

The Board is currently reviewing employees' need to access information related to licensees and complaints. Once the review is completed access will be granted only to employees who have a need to access licensee and compliant files.

The Board has requested a bid for program controls in the licensing application system that will prevent historical data from being overwritten when new data is entered. If current funding is adequate to cover this cost, the Board will proceed with corrective action; if funding is not available, a

request for such funding will be included in the next Legislative Appropriation Request.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Board of Professional Land Surveying (Board):

- Accurately reported selected key performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate control systems in place over the collecting, calculating, and reporting of selected key performance measures.

Scope

The scope of this audit included six key performance measures the Board reported for 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 documents when possible.

Methodology

Auditors selected six key performance measures that the Board reported in ABEST for fiscal year 2007. 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 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 Prevent 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 from December 2007 through February 2008. 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 Mays (Project Manager)
- Mark A. Cavazos
- Michael Gieringer, MS
- John G. Rios
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP (Audit Manager)

Copies of this report have been distributed to the following:

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The Honorable Tom Craddick, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Warren Chisum, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Board of Professional Land Surveying

Members of the Board of Professional Land Surveying

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