



An Audit Report on

**Performance Measures**  
**at the Commission on Fire Protection**

September 2018

Report No. 19-002



An Audit Report on

# Performance Measures at the Commission on Fire Protection

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## Overall Conclusion

Factors Prevented Certification for all six key performance measures audited at the Commission on Fire Protection (Commission). The Commission did not have sufficient controls over the calculation, collection, reporting, and review of data it entered into the Automated Budget and Evaluation System of Texas (ABEST). In addition, the Commission had weaknesses over information technology controls for its performance measure data. As a result, auditors could not validate the reported results for any of the six measures audited. Those measures are (1) Number of Inspections of Regulated Entities; (2) Number of Examinations Administered; (3) Average Cost Per Inspection of Regulated Facilities; (4) Percent of Fire Protection Individuals Who Pass the Certification Exam; (5) Number of Individuals Certified; and (6) Number of Training Providers Certified.

Auditors communicated other, less significant issues separately in writing to Commission management.

### Background Information

The Commission on Fire Protection's mission is to aid in the protection of lives and property through the development and enforcement of recognized professional standards for individuals and the fire service.

Agencies report results for their key performance measures to the Legislative Budget Board through its Automated Budget and Evaluation System of Texas (ABEST).

Key performance measures are:

- Budget drivers that are generally externally focused.
- Closely related to the goals identified in the statewide strategic plan.
- Reflective of the characteristics of good performance measures.

**Sources:** The Commission's Web site and the State Auditor's Office's *Guide to Performance Measure Management* (Report No. 12-333, March 2012).

Table 1 summarizes the certification results, discussed in Chapter 1 of this report, for the six performance measures tested.

Table 1

Performance Measure Results for the Commission on Fire Protection (Agency No. 411)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results <sup>a</sup>
B.1.1, Output	Number of Inspections of Regulated Entities	2017	1,033	Factors Prevented Certification
		First and Second Quarter 2018 <sup>b</sup>	470	
B.1.1, Output	Number of Examinations Administered	2017	9,831	Factors Prevented Certification
		First and Second Quarter 2018 <sup>b</sup>	5,185	

*This audit was conducted in accordance with Texas Government Code, Section 2101.038.*

*For more information regarding this report, please contact Courtney Ambres-Wade, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.*

Performance Measure Results for the Commission on Fire Protection (Agency No. 411)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results <sup>a</sup>
B.1.1, Efficiency	Average Cost Per Inspection of Regulated Facilities	2017 First and Second Quarter 2018 <sup>b</sup>	\$357 \$405	Factors Prevented Certification
B.1.1, Explanatory	Percent of Fire Protection Individuals Who Pass the Certification Exam	2017	82.66%	Factors Prevented Certification
B.1.1, Explanatory	Number of Individuals Certified	2017	32,128	Factors Prevented Certification
B.1.1, Explanatory	Number of Training Providers Certified	2017	266	Factors Prevented Certification

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

A performance measure is certified with qualification when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A performance measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A performance measure is also certified with qualification if agency calculation of performance deviated from the performance measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

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

A factors prevented certification designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

<sup>b</sup> The Commission reported this performance measure in ABEST on a quarterly basis; therefore, auditors tested this performance measure for fiscal year 2017 and the first and second quarters of fiscal year 2018.

## Summary of Management's Response

At the end of each chapter in this report, auditors made recommendations to address the issues identified during this audit. The Commission agreed with the recommendations in this report.

## Audit Objectives and Scope

The objectives of this audit were to determine whether the Commission on Fire Protection (Commission):

- Is reporting accurate performance measure results to ABEST.
- Has adequate controls over the collection, calculation, and reporting of its performance measures.

The scope of this audit included three key performance measures that the Commission reported for fiscal year 2017 (September 1, 2016, through August 31,

2017) and three key performance measures that the Commission reported for fiscal year 2017 and the first two quarters of fiscal year 2018 (September 1, 2017, through February 28, 2018). Auditors also reviewed controls over the calculation, collection, and reporting of data used in **the Commission's** performance measures process.

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## *Detailed Results*

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# Detailed Results

Chapter 1

## Factors Prevented Certification for All Six Key Performance Measures Audited

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Factors Prevented Certification for all six key performance measures audited because the Commission did not generate and maintain detailed source data to support the performance measure calculations for fiscal year 2017 and the first two quarters of fiscal year 2018, as applicable. Additionally, the Commission did not have controls such as policies and procedures related to performance measures (see Chapter 2 for more information). Therefore, auditors could not test the Commission's process to collect, calculate, review, and report those performance measures to validate the results that it reported to ABEST. Specifically, the Commission did not create and maintain documentation used to calculate:

- Number of Inspections of Regulated Entities.
- Number of Examinations Administered.
- Average Cost Per Inspection of Regulated Facilities.
- Percent of Fire Protection Individuals Who Pass the Certification Exam.
- Number of Individuals Certified.
- Number of Training Providers Certified.

The Commission's queries used to extract the data for the reported measures generated only summary results without producing the detailed source data necessary to recreate the performance measure calculation. However, auditors verified that those queries were reasonable to produce results consistent with the ABEST definition and calculation methodology.

### Factors Prevented Certification

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 correct performance measure result cannot be determined.

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

## Recommendations

### The Commission should:

- Generate and maintain data and adequate supporting documentation for all reported performance measures results for the fiscal year reported plus three years, as required by the *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012). Those retention methods could include retaining hard copies of all source documentation and/or retaining documentation supporting reported results.
- Develop and implement written policies and procedures to ensure adequate controls over the collection, calculation, review, and reporting of all performance measures.

### Management's Response

**Recommendation:** *The Commission should generate and maintain data and adequate supporting documentation for all reported performance measure results for the fiscal year reported plus three years. The retention methods could include retaining hard copies of all source documentation and/or retaining documentation supporting reported results.*

- *The Commission is developing and adopting a process that includes automatic saving of the data supporting reported results. Following a query of the agency system, the data documents will be saved in digital format to a specified file location on the Commission server and will be retained for the fiscal year reported plus three years. The agency's new data management system also will allow a report to be regenerated for a given reporting period at any time, since the source data for generating a report will not be overwritten in the system. Implementation of this corrective action will be overseen by the agency's Manager of Information Resources. The change will be implemented before the end of the first quarter of fiscal year 2019.*

**Recommendation:** *The Commission should develop and implement written policies and procedures to ensure adequate controls over the collection, calculation, review, and reporting of all performance measures.*

- *The Commission is completing its draft of the policy and procedures for performance measure management and reporting. The policy will include general guidelines, applicable definitions, and responsibilities of various staff members. The procedure for obtaining and reporting performance measure information will include the process for capturing, calculating,*

*reviewing, and reporting performance measure information. A change management procedure will specify the steps for implementing any change to performance measure management by the agency. The person responsible for the corrective action is the Executive Director, and the change will be implemented before the end of the first quarter of fiscal year 2019.*

## ***The Commission Should Develop Controls for All Performance Measures Audited and Strengthen Controls Over Its Related Information Technology Policies***

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The Commission should develop and implement controls that affect all performance measures audited. For all six key performance measures selected, the Commission did not have any documented performance measure-related policies and procedures in place during fiscal year 2017 and the first two quarters of fiscal year 2018. In addition, while the Commission had some controls over information technology policies related to performance measures, it should improve those controls to help ensure the reliability of its performance measure data.

### Chapter 2-A

#### The Commission Should Develop Controls for Key Performance Measures

The Commission should develop controls over its performance measure processes to ensure the integrity and accuracy of the performance measure data it submits to ABEST. Specifically, the Commission did not:

- Have any written policies and procedures for the collection, calculation, review, and reporting of performance measures.
- Conduct and document a review of its calculations of performance measure results prior to entering those results in ABEST.
- Review the data entry of performance measure results in ABEST prior to submitting them.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) states that: "The agency should clearly document all steps performed in the collection, calculation, review, and reporting of performance measure data in its written policies and procedures." Having written policies and procedures could help the Commission ensure consistency and accuracy in its collection, calculation, and reporting of performance measure information.

## Recommendations

The Commission should:

- Develop policies and procedures for the collection, calculation, review, and reporting of its performance measure data.
- Implement a documented review of performance measure calculations.
- Implement a documented review of performance measure results that occurs prior to reporting those results in ABEST.

## Management's Response

**Recommendation:** *The Commission should develop policies and procedures for the collection, calculation, review, and reporting of its performance measure data.*

- *The Commission is completing its draft of the policy and procedures for performance measure management and reporting. The policy will include general guidelines, applicable definitions, and responsibilities of various staff members. The procedure for obtaining and reporting performance measure information will include the process for capturing, calculating, reviewing, and reporting performance measure information. A change management procedure will specify the steps for implementing any change to performance measure management by the agency. The person responsible for the corrective action is the Executive Director, and the change will be implemented before the end of the first quarter of fiscal year 2019.*

**Recommendation(s):** *The Commission should implement a documented review of performance measure calculations. The Commission should implement a documented review of performance measure results that occurs prior to reporting those results in ABEST.*

- *The procedure for obtaining and reporting performance measures includes steps for review of performance measure totals and calculations by a second staff member after the totals have been obtained from the data management system and recorded in the agency's internal performance measure report, prior to reporting totals in ABEST. The procedure will also include a step for review by a second person of performance measure totals after they have been reported in ABEST. The procedure calls for this review to occur while corrections can still be made to reported totals in ABEST following a reporting period (while editing is still available to the agency). The documentation for both reviews will be*

*recorded in the same file location in which other documentation is saved for a given report. The person responsible for the corrective action is the Executive Director, and the change will be implemented before the end of the first quarter of fiscal year 2019.*

Chapter 2-B

The Commission Should Strengthen Controls Over Its Information Technology Policies Related to Performance Measures

The Commission should strengthen controls over its information technology policies to help ensure the integrity and accuracy of performance measure data. Auditors evaluated information technology general controls, including passwords, user access, and physical security. While the Commission did have some information technology policies and procedures to help ensure the reliability of its performance measure data, it should develop policies and procedures related to passwords, user access, and segregation of duties. Specifically:

- Auditors identified weaknesses related to password policies and procedures.
- Auditors identified instances in which user access was not always appropriate for business needs.
- The Commission did not have appropriate segregation of duties in place, which could affect the reliability of its exam-related data.

To minimize security risks, auditors communicated details about those weaknesses directly to the Commission's management in writing.

The *Guide to Performance Measure Management* (State Auditor's Office Report 12-333, March 2012) contains recommended information technology controls that help ensure that performance data is reported accurately and efficiently. In addition, Title 1, Texas Administrative Code, Chapter 202, requires each agency to develop policies and establish procedures and practices that help ensure the security of information and information resources against unauthorized or accidental modification, destruction, or disclosure. Not having documented policies and procedures related to information technology increases the risk that database records could be compromised.

In addition, while the Commission has a change management policy, it did not utilize that change management policy for revisions to the database it uses to collect, calculate, and report performance measures. Specifically, the Commission did not document, as required by its policy, any requested

system changes or maintain documentation, including reviews, approvals, and outcomes, of its system changes.

Auditors also reviewed general controls related to physical security and did not identify any issues.

#### Recommendations

The Commission should:

- Develop and implement policies and procedures addressing passwords, user access controls, and segregation of duties.
- For all system changes, follow its change management policy, which requires it to (1) log all change requests, (2) prioritize all changes, and (3) approve all changes prior to implementation.

#### Management's Response

***Recommendation(s):*** *The Commission should develop and implement policies and procedures addressing passwords, user access controls, and segregation of duties. For all system changes, the Commission should follow its change management policy, which requires it to (1) log all change requests, (2) prioritize all changes, and (3) approve all changes prior to implementation.*

- *The Commission is currently developing a comprehensive IT security plan, which will include updated policies addressing:*
  - *Password management, utilizing industry best practices*
  - *User access control and management*
  - *Identification and segregation of duties for agency staff positions*
  - *Change management*

*The above policies are deemed priority items for immediate development and adoption as the comprehensive plan is developed. These specific policies will be completed and adopted by the end of the first quarter of fiscal year 2019. The person responsible for development is the Manager of Information Resources, with final approval by the Executive Director.*

# Appendices

Appendix 1

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

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### Objectives

The objectives of this audit were to determine whether the Commission on Fire Protection (Commission):

- Is reporting accurate performance measure results to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate controls over the collection, calculation, and reporting of its performance measures.

### Scope

The scope of this audit included three key performance measures that the Commission reported for fiscal year 2017 (September 1, 2016, through August 31, 2017) and three key performance measures that the Commission reported for fiscal year 2017 and the first two quarters of fiscal year 2018 (September 1, 2017, through February 28, 2018). Auditors also reviewed controls over the calculation, collection, and reporting of data used in the Commission's performance measures process.

### Methodology

The audit methodology consisted of reviewing general controls related to information technology; auditing reported results for accuracy and adherence to performance measure definitions; and evaluating controls over the Commission's performance measure calculation processes. Additionally, auditors analyzed the Commission's assertions regarding preliminary control information related to its performance measure processes.

### Data Reliability and Completeness

Auditors reviewed the query language the Commission used to obtain the performance measure summary data for all six key performance measures and, based on those queries, determined that the summary data was reasonably complete. However, the Commission did not create or maintain the data or source documents needed to verify the accuracy of that summary data. As a result, the data is of undetermined reliability.

Information collected and reviewed included the following:

- The Commission's summary documentation for calculating performance measure information reported in ABEST.

Procedures and tests conducted included the following:

- Audited summary documentation calculations for accuracy and to determine whether they were consistent with the methodology agreed on by the Commission and the Legislative Budget Board.
- Analyzed the data process to evaluate the existence of proper controls.
- Reviewed information technology controls related to passwords, user access, and physical controls.
- Reported performance measures results in one of four categories: (1) certified, (2) certified with qualification, (3) inaccurate, or (4) factors prevented certification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012).
- ABEST performance measure definitions.

#### Project Information

Audit fieldwork was conducted from May 2018 through July 2018. 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.

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The Honorable Robert Nichols, Member, Texas Senate

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The Honorable Dennis Bonnen, House Ways and Means Committee

### Office of the Governor

The Honorable Greg Abbott, Governor

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#### Members of the Commission on Fire Protection

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