

December 19, 2001

Members of the Legislative Audit Committee:

The Board of Medical Examiners (BME), the Board of Examiners of Psychologists (BEP), and the State Board for Educator Certification (SBEC) can significantly improve the efficiency with which they issue licenses or certifications and resolve complaints. Inefficiencies in agency processes reduce the quality of services these agencies provide. In addition, there are opportunities for these agencies to reduce costs in their licensing, certification and complaint resolution processes and reallocate at least \$501,700 in resources to other activities. Current methods of data collection are inadequate for each agency to accurately diagnose reasons for these inefficiencies.

Inefficiencies Impair Service Delivery

Licensing and certification inefficiencies unnecessarily delay applicant receipt of licenses or certifications. Delays in complaint resolution can lead to situations in which license or certification holders continue to practice for longer than necessary. Physicians, psychologists, and educators who are ultimately found guilty of serious charges such as sexual misconduct may continue to practice unnecessarily while complaints about them are being resolved.

- In fiscal year 2000, BEP reported that it took an average of 460 days (15 months) to resolve complaints. This exceeded its performance standard of 375 days. The 460-day figure actually should have been calculated as 782 days, but it was understated due to the manner in which BEP calculated this average. Although BEP's calculation methodology is consistent with its 1998-2003 Strategic Plan, this methodology understates average complaint resolution time. BEP's average complaint resolution time also compares unfavorably to that of peer states. The timeliness of complaint resolution is hindered by multiple levels of review.
- BME takes an average of 180 days to issue physician licenses to domestic applicants. This is more than the 80-day average for peer states. Delays are occurring primarily because BME has no standard criteria by which to evaluate applications. Similarly, BME could reduce its 328-day complaint resolution time by up to 108 days by discontinuing duplicative reviews and eliminating bottlenecks.
- SBEC's current 54-day time to certify an educator exceeds its fiscal year 2002 performance standard by 24 days. Discontinuing its electronic scanning system could allow SBEC to reduce processing time by at least 11 days.

Inefficiencies Indicate There are Opportunities to Trim Costs and Reallocate Resources

The cost of the inefficiencies listed below totals at least \$501,700. Resources associated with these inefficiencies could be reallocated within an agency to further improve customer service and reduce delays in complaint resolution and license issuance.

- More than 67 percent of the activities in SBEC's educator certification process do not add value. The annual cost associated with these activities is approximately \$321,000. Staff performing unnecessary activities could be reassigned to other activities.

SAO Report No. 02-016

- More than half of the activities BEP staff perform when issuing new licenses do not add value. The annual cost associated with these activities is approximately \$35,700. BEP could improve efficiency by redirecting staff to assist with other functions.
- There is approximately \$145,000 in staff costs associated with activities that do not add value within BME's licensing process. Staff performing these activities could be reallocated to other activities.

The attachment to this letter contains additional details on the results of our audit. We provided specific recommendations in management letters sent to each agency. Management generally agreed with our recommendations and committed to improving the efficiency and quality of their agencies' services. We appreciate the cooperation of management and staff at the agencies we audited. If you have any questions, please call Julie Ivie, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

tgc

Attachment

cc: State Board of Medical Examiners
Lee S. Anderson, M.D., President
Donald W. Patrick, M.D., J.D., Executive Director
Board of Examiners of Psychologists
M. David Rudd, Ph.D., Chair
Ms. Sherry L. Lee, Executive Director
State Board for Educator Certification
Mr. James D. Harris, Chair
Mr. Dan Junell, Interim Executive Director

The Board of Medical Examiners

The Board of Medical Examiners (BME) has opportunities to improve service delivery by addressing issues of resource allocation, duplication of efforts, and activities that do not add value within its core processes. Specifically, BME should:

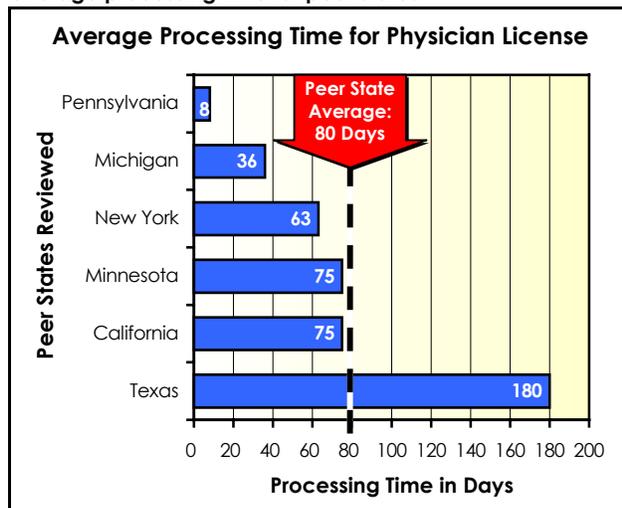
- Reduce licensing activities that do not add value and reallocate the associated resources. Up to 38 percent of activities performed in the physician licensing process do not add value and should be reassessed. The resources associated with these inefficient activities equate to approximately 4.5 full-time equivalent (FTE) employees at an annual cost of approximately \$145,000 in salary. The current licensing process employs 12 FTEs.
- Improve tracking of licensing data and reduce the amount of work licensing staff must perform. BME takes an average of 180 days to issue licenses to applicants who do not qualify for the expedited license processing. This average is substantially greater than the average processing time of 80 days for peer states.
- Improve complaint resolution time. BME’s reported complaint resolution time of 328 days for fiscal year 2000 exceeded its performance target of 310 days. It could reduce that average by an estimated 108 days by discontinuing duplicative reviews and eliminating bottlenecks.

Section 1-A:

BME Should Improve the Efficiency of Its Licensing Process

BME’s 180-day average processing time for physician license applications is substantially greater than the 80-day average among peer states surveyed (see Figure 1). Benchmarking data is not always comparable between states.

Figure 1
BME’s average physician licensing time exceeds the average processing time for peer states.



Source: State Auditor’s Office Benchmarking Survey

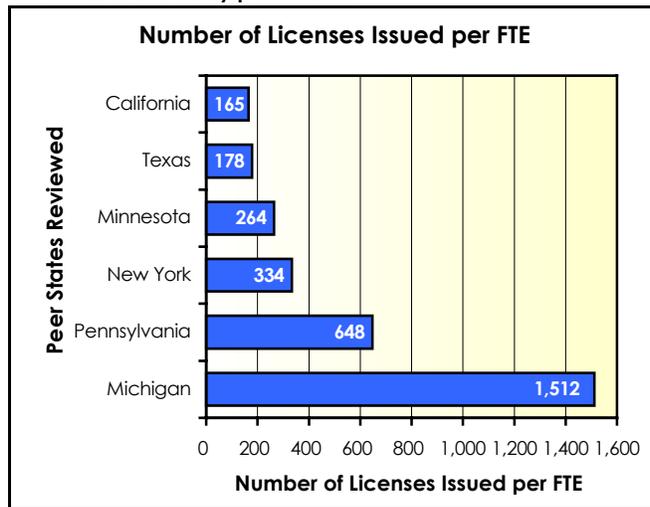
Therefore, we only benchmarked domestic applicants and standardized the data by using the same beginning and ending criteria (receipt of application to issuance of license).

BME’s productivity measure of the number of licenses issued per FTE employee also compares unfavorably to that of peer states (see Figure 2 on following page). When BME expedites licensing for applicants that meet criteria outlined in House Bill 1018 (77th Legislature, Regular Session), its average processing time is 69 days.

Up to 38 percent of activities performed in the physician licensing process do not add value and should be reassessed. These activities, which include collecting, reviewing, and summarizing information submitted by

Figure 2

The number of licenses issued per FTE compares unfavorably to the number issued by peer states.



Source: State Auditor's Office Benchmarking Survey

applicants, are performed by approximately 4.5 FTE employees at an annual cost of \$145,314 in salary. Identifying activities that do not add value does not necessarily equate to immediate cost savings or reduction in FTEs, but it could identify an opportunity to reallocate resources and improve the process.

Activities that do not add value are being performed because investigators dedicated to the licensing process do not go through formal training and do not have standardized criteria for investigation activity. Different investigators use different criteria and request different information to evaluate similar applications. This contributes to variances in the time spent investigating similar applications.

Investigators spend an average of 30 percent of their time answering customer service calls. This activity should be reassessed because BME has a separate organizational unit primarily dedicated to customer service calls. This activity represents potential long-term savings since customer support calls are primarily requests for application status and can be reduced or eliminated by addressing backlogs or making application status available online.

Section 1-B:

BME Should Improve the Efficiency of Its Complaint Resolution Process

BME should evaluate its complaint resolution process to identify and eliminate excessive and duplicate internal reviews that contribute to increased complaint resolution time. Complaints that are not appealed must go through at least 14 review steps. Several of these steps involve reviewing the same criteria, which duplicates effort and increases complaint resolution time. Increased complaint resolution time results in physicians with serious violations continuing to practice for longer than necessary.

Investigators in the complaint resolution process do not go through formal training and do not have standardized guidelines to follow when investigating complaints. Insufficient training and a lack of standardized criteria can lead to inconsistent performance and increased reviews performed during the complaint investigation.

Reducing duplicative reviews and providing employees with formal training and guidance may also lead staff to feel more empowered. As noted in the KPMG Peat Marwick LLP Final Report issued to BME in December 1998, the involvement of non-managerial employees in decision making affects morale and turnover in the complaint resolution process.

In addition to evaluating its complaint resolution process, BME could reduce the number of non-jurisdictional complaints it receives. BME dismisses two-thirds of the complaints it receives because they are outside its jurisdiction. Although BME provides an online complaint form, it does not inform potential complainants of BME's jurisdiction and, therefore, its capacity to pursue complaints. This creates backlogs in the complaint resolution process because BME must explain its jurisdiction to complainants after they submit complaints that are not within its jurisdiction.

Section 1-C:

BME Should Improve Internal Data Collection to Better Manage Its Core Processes

BME does not collect key data necessary to adequately manage its core processes of resolving complaints and issuing licenses. Data collected at key decision points, such as hand-off dates and decision milestone dates, can assist management in addressing issues such as backlogs, process delays, and bottlenecks. Although BME captures some milestone dates associated with licensing and complaint processing, it does not capture all of the data necessary to manage workloads efficiently. Without this information, BME cannot identify the causes of delays in the process or effectively allocate resources.

Section 2:

The Board of Examiners of Psychologists

The Board of Examiners of Psychologists (BEP) can improve the efficiency and quality of services in its core processes. Specifically, BEP should:

- Streamline the levels of review in its complaint resolution process to improve efficiency. BEP exceeded its performance target for average complaint resolution time by 85 days in fiscal year 2000.
- Calculate complaint resolution times separately for different types of complaints. Separately tracking types of complaints is important for internal reporting. BEP currently combines processing times for continuing education deficiencies with processing times for substantive complaints when calculating average complaint processing time. If BEP had excluded continuing education deficiencies from this calculation, BEP would have exceeded its performance target by more than 85 days.
- Redirect staff involved in issuing new licenses to more value-added activities. The resources associated with activities that do not add value equate to approximately 1.3 FTE employees at an annual cost of about \$35,700.
- Strengthen controls over licensing data integrity. BEP initially reported it issued 397 new licenses in fiscal year 2000, but later revised that number to 467.

Section 2-A:

BEP Should Improve the Efficiency of Complaint Resolution

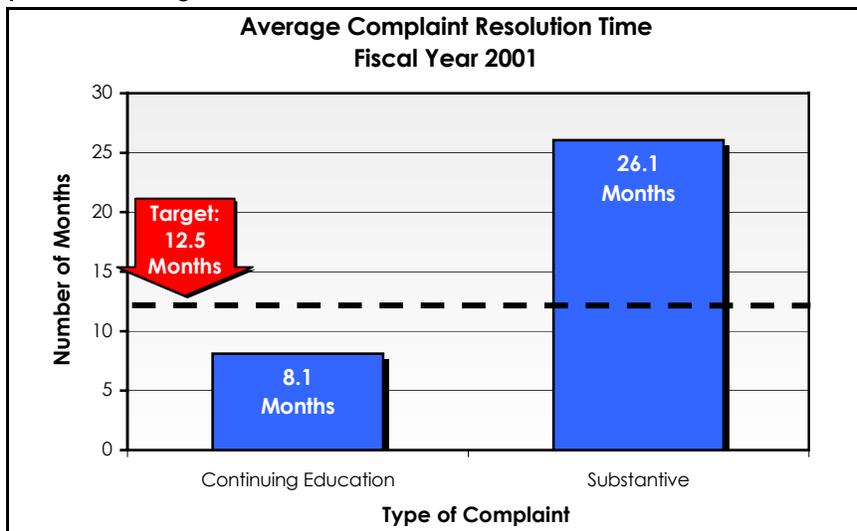
In fiscal year 2000, BEP reported that it took an average of 460 days (approximately 15 months) to resolve individual complaints. However, BEP's target performance standard for resolving complaints is 375 days (approximately 12 months). The timeliness of complaint resolution is hindered by multiple levels of review conducted for each complaint. In addition, the agency does not track complaint resolution milestone data that would enable it to monitor the complaint resolution process for unnecessary bottlenecks and avoidable delays.

Delays in complaint resolution can lead to situations in which psychologists and other licensees who are ultimately found guilty of charges of unethical or inappropriate behavior (including sexual misconduct) continue practicing for longer than necessary. Lack of prompt complaint resolution also subjects psychologists and other licensees to unnecessary delays in receiving dismissals of unsubstantiated charges.

BEP Should Calculate Complaint Resolution Times Separately for Different Types of Complaints

BEP combines both substantive and continuing education complaints in its calculation of overall complaint resolution time. Although this methodology is consistent with its

Figure 3
The average resolution time for substantive complaints exceeds BEP's performance target.



Source: State Auditor's Office sample of BEP files

1998-2003 Strategic Plan, separately tracking these two types of complaints internally would give BEP an additional management tool for allocating resources. Figure 3 shows average complaint resolution time for each type of complaint.

We surveyed five peer states to benchmark complaint resolution times. None of the five states we surveyed included continuing education deficiencies in their calculation of overall complaint resolution time.

BEP Should Streamline the Levels of Complaint Review

BEP rules and procedures specify an approach to complaint resolution that involves potentially unnecessary levels of review. This may add to the cycle time for resolution of substantive complaints. Cases that are ultimately dismissed must go through at least five distinct review steps. Several of these steps involve reviewing the same criteria, which may duplicate effort. For example, in their individual

reviews, both the investigator and legal counsel complete forms that require checking for the same conditions.

Other states have a more streamlined process for closing cases that have no merit. California, for example, vests authority in its investigative staff to close certain cases without legal review. An example of this type of case is one in which the agency has no jurisdiction over the case, such as when the licensee is licensed in another state.

BEP Should Improve Internal Data Collection to Better Manage Complaint Processing

BEP does not collect key data necessary to manage its core business processes of resolving customer complaints or issuing licenses. Data collected at key decision points such as hand-off dates and decision milestones can assist management in addressing issues such as backlogs, delays, and bottlenecks. Although current BEP procedures require staff to complete and file some internal documentation (milestone sheets) as complaint resolution proceeds, staff do not consistently comply with this requirement.

BEP Should Ensure the Accuracy of Reported Performance

In August 2001, BEP disclosed an error in reporting the complaint resolution performance measure for fiscal year 2000. Corrections to the measure affected the results of our tests to determine the actual time taken to resolve complaints. Our initial calculations show that BEP took 941 days to resolve substantive complaints, which was revised downward to 782 days after BEP disclosed the error.

Section 2-B:

BEP Should Improve the Efficiency of Issuing New Licenses

Based on the average number of hours it takes to issue a new license, a high percentage of activities performed in issuing new licenses do not add value and should be reassessed by management. The resources associated with activities that do not add value equate to approximately 1.3 full time equivalent (FTE) employees at an annual cost of about \$35,700 in salary. BEP allocates approximately 2.45 FTEs to issuing new licenses. Therefore, BEP should consider redirecting staff involved in issuing new licenses to more value-added activities.

We also noted opportunities to strengthen the integrity of BEP's licensing data. BEP underreported to the Legislature the number of new licenses it issued in fiscal year 2000. It initially reported that it issued 397 new licenses, but later revised that number to 467 during the course of our audit. We were not able to independently verify this number because BEP staff were unable to re-create the number of new licenses issued in fiscal year 2000. Errors in reporting performance could undermine the Legislature's confidence in BEP reported data.

The State Board for Educator Certification

The State Board for Educator Certification (SBEC) can improve the efficiency and quality of services in its core processes. Specifically, SBEC should:

- Reduce activities in the educator certification process that do not add value. These activities cost up to \$321,000 annually, and add up to 20 days to the time required to process a certification. Included within these activities is SBEC's electronic scanning process, which could be eliminated to improve efficiency. There also are opportunities to improve efficiencies in telephone support and data entry.
- Consider conducting federal criminal background checks for certification applicants. SBEC's current background checks do not ensure that the criminal histories of applicants who committed offenses outside of Texas will be detected during the certification process. Twenty-seven other states require FBI criminal background checks.
- Improve the payment review process for SBEC's testing contractor to ensure the contractor has completed all testing activity before payment is made. Payments to this contractor represent nearly one-third of SBEC's annual expenditures.
- Strengthen complaint notification and tracking processes to ensure that SBEC is adequately notifying complainants about complaint dispositions and monitoring the status of complaint investigations.

Section 3-A:

SBEC Should Improve the Efficiency of Its Certification Process

SBEC could save up to \$321,000 annually and reduce the average time required to certify teachers by redesigning existing processes. Although SBEC reports it significantly reduced the average time to complete an educator certification from 125 days in fiscal year 2000 to 54 days in fiscal year 2001, additional improvements are needed to meet the new performance target of 30 days for fiscal year 2002.

SBEC Should Eliminate Certification Activities That Do Not Add Value

SBEC could eliminate its electronic application scanning system without negatively affecting service delivery. The resources associated with activities involving scanning system inefficiencies equate to approximately 5.2 FTE employees. Inefficiencies with the system cost \$203,000 annually, of which \$47,000 is for scanning system support. Implemented to recognize and extract characters from hard-copy certification applications and supporting documents, the scanning system is currently used to extract only applicant Social Security numbers. However, the system was unable to accurately perform this extraction for 14 of 16 documents we observed, a failure rate of 87.5 percent. SBEC staff confirmed that the system does not successfully read the majority of Social Security numbers.

SBEC Should Eliminate Duplicate Customer Support Functions That Result in Unnecessary Annual Costs of Up to \$118,000

SBEC outsourced its telephone support function for certification to the information and support center (ISC) in Region 20. However, SBEC's six certification specialists continue to spend up to half their time addressing routine telephone support requests. This duplication of service costs approximately \$118,000 in salary annually.

SBEC Should Eliminate Inefficiencies in Certification Processes That Contribute to Processing Delays

SBEC's 54-day average time to complete a certification application includes backlogs and delays that could be reduced or eliminated by redesigning the process.

We calculated that there are avoidable delays and backlogs in the process that total at least 20 days (38 percent of the 54-day average certification processing time). Delays in the scanning process contribute at least 19 days to the overall cycle time. For example, a bottleneck occurs because the optical scanner cannot process documents with staples, tears, non-standard sizes, low-resolution copies, or envelopes. One part-time person is assigned to prepare documents to be read by the optical scanner.

Section 3-B:

SBEC Should Consider Conducting Federal Criminal Background Checks

The background checks SBEC performs during the educator certification process are not comprehensive. This increases the risk that individuals with criminal backgrounds could be certified to teach. Currently, SBEC conducts background checks using two sources. The primary background check is performed through the Department of Public Safety. However, this background check only covers offenses committed in Texas and does not cover offenses committed outside of Texas.

SBEC uses a national database as a secondary source of background history for educator applicants. However, because participation in this database is voluntary, this database has limited national coverage. Therefore, SBEC's background checks do not ensure that the criminal histories of educator applicants who committed offenses outside of Texas will be detected during the certification process.

It should be noted that SBEC regularly receives complaints about certified educators. Complaints include allegations of felonies committed after certification. As of May 31, 2001, 550 investigations were open regarding complaints filed against certified educators. Twenty-seven other states require FBI criminal background checks for educator certification applicants. Certification and credentialing agencies in California, Florida, and New York conduct federal criminal background checks at a cost to the applicant of \$56, \$45, and \$74, respectively. Twenty-four additional states also conduct federal criminal background checks. Federal criminal background checks may reduce the number and rate of educator certification complaints SBEC receives.

Section 3-C:

SBEC Should Improve Its Controls over Contractor Payments

SBEC cannot ensure it pays its testing contractor for actual testing activity the contractor conducted. SBEC staff report that they analyze supporting documentation for bills the contractor submits, however they do not document the results of this analysis. Policies and procedures do not exist to guide staff in analyzing the accuracy of bills submitted by the testing contractor. SBEC paid the testing contractor more than \$6 million in fiscal year 2000, which represented nearly one-third of its total expenditures of \$19 million.

Section 3-D:

SBEC Should Strengthen Complaint Notification and Tracking Processes

There are opportunities for SBEC to strengthen its complaint resolution process by adopting rules for notifying complainants about substantive complaint dispositions and by using complaint-tracking tools more fully.

SBEC Should Consider Adopting Policies for Communication With Complainants Who File Substantive Complaints

SBEC does not have policies governing whether complainants who make substantive complaints should be formally notified about the disposition of their complaints.

Complaints consist of ethics and substantive non-ethics cases. Texas Administrative Code, Title 19, Section 249.51, requires that SBEC notify complainants about the disposition of *ethics* cases only. However, ethics cases account for only about 10 percent of all complaints filed. Substantive non-ethics cases consist of serious charges against educators, such as sexual misconduct with students, drug possession, assault, and theft.

Good business practices suggest that SBEC should communicate in writing with individual complainants about case dispositions for both ethics and non-ethics cases. Other regulatory agencies such as the Board of Medical Examiners perform this service. The Board of Medical Examiners, for example, sends update letters to complainants every 90 days.

Not notifying individual complainants of substantive case dispositions could lead to unnecessary inquiries by complainants and could discourage persons from ever filing again.

SBEC Should Improve Complaint Data Collection Tools

SBEC is not using its complaint tracking tools to the fullest extent possible. As a result, incomplete data in SBEC's professional discipline database prevents management from being able to correctly identify and quantify certain types of cases.

In addition to having incomplete docket information, SBEC's professional discipline unit does not follow SBEC procedures for documenting cases and tracking correspondence. For example, SBEC investigators do not always document requests for and receipt of supporting information on SBEC's office file checklist.

Useful, accurate, and timely information should be available and organized in a manner that supports SBEC's mission, goals, and objectives. Executive management should ensure there are systems in place to produce quality and timely information.

Summary of Objective, Scope, and Methodology

The objective of this audit was to determine if internal controls and financial processes are sufficient to ensure that the Board of Medical Examiners, the Board of Examiners of Psychologists, and the State Board for Educator Certification can meet statutory responsibilities, safeguard resources, and comply with applicable laws and regulations.

We focused work within this objective on service risk and financial risk by analyzing the cost, quality, and time associated with the licensing, certification, and complaint resolution processes.

Information to accomplish our objectives was primarily gathered from interviews with agency staff, peer states, and testing of agency files. Analysis techniques included workflow mapping, activity analysis and value added assessment.

This audit was conducted in accordance with generally accepted government auditing standards.