



John Keel, CPA
State Auditor

An Audit Report on

**Performance Measures at the
Board of Professional Land
Surveying**

August 2015
Report No. 15-040



An Audit Report on

Performance Measures at the Board of Professional Land Surveying

SAO Report No. 15-040
August 2015

Overall Conclusion

The Board of Professional Land Surveying (Board) reported unreliable results for 2 (67 percent) of the 3 key performance measures tested for fiscal year 2014. In addition, the Board reported unreliable results for 1 (50 percent) of the 2 key performance measures tested for the first quarter of fiscal year 2015. A performance measure result is considered reliable if it is certified or certified with qualification.

For all three performance measures tested, the Board did not have written policies and procedures for the collection, calculation, review, and reporting of its performance measures during fiscal year 2014 and the first quarter of fiscal year 2015. Furthermore, the Board did not have a process in place to review performance measure data to verify the accuracy of that data.

As a result of the issues discussed above, the Number of New Licenses Issued to Individuals performance measure was certified with qualification for fiscal year 2014 and the first quarter of fiscal year 2015.

For fiscal year 2014, two key performance measures—Complaints Resolved and Percent of Documented Complaints Resolved within Six Months—were inaccurate. For the first quarter of fiscal year 2015, the Complaints Resolved performance measure also was inaccurate. Because the Board did not accurately capture or record the number of resolved complaints for the reporting periods, the results that the Board submitted to the Automated Budget and Evaluation System of Texas (ABEST) varied from the actual performance as calculated by auditors by more than 5 percent.

Background Information

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.

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.

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

Table 1 summarizes the certification results for the three key performance measures tested.

Table 1

Performance Measure Results for the Board of Professional Land Surveying (Agency No. 464)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A.1.1, Output	Number of New Licenses Issued to Individuals	2014	62	Certified with Qualification
		2015 - 1st Quarter	0	Certified with Qualification
A.1.1, Output	Complaints Resolved	2014	12	Inaccurate
		2015 - 1st Quarter	5	Inaccurate
A, Outcome	Percent of Documented Complaints Resolved within Six Months	2014	16%	Inaccurate

^a 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.

Summary of Management's Response

The Board generally agreed with the recommendations in this report. The detailed management response is presented in Appendix 2 of this report.

Summary of Information Technology Review

Auditors assessed the controls over the Board's licensing and enforcement system, Versa, as it related to the Number of New Licenses Issued to Individuals performance measure data. The Health Professions Council manages Versa on behalf of the Board.

Auditors evaluated information technology general controls, including logical access controls. Auditors also reviewed application controls, reviewed Versa data for completeness, interviewed employees knowledgeable about Versa, and reviewed source documentation for performance measure data.

Auditors determined that, for fiscal year 2014 and the first quarter of fiscal year 2015, the licensing data was sufficiently reliable for purposes of this audit. Auditors did not assess the reliability of enforcement data in Versa because the Board did not use that data for performance measure reporting.

Summary of Objectives, Scope, and Methodology

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

- Is accurately reporting its performance measures to ABEST.
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

The scope of this audit included three key performance measures the Board reported for fiscal year 2014 (September 1, 2013, through August 31, 2014) and two key performance measures the Board reported for the first quarter of fiscal year 2015 (September 1, 2014, through November 30, 2014).

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measure definitions, evaluating controls over the Board's performance measure calculation processes, testing documentation, and assessing the reliability of the data obtained from Versa that supports the reported performance measure results.

Contents

Detailed Results

Chapter 1	
The Board Should Improve Controls That Affect All Performance Measures Audited.....	1
Chapter 2	
The Board Reported Unreliable Results for Two of the Three Performance Measures Tested	3

Appendices

Appendix 1	
Objectives, Scope, and Methodology	5
Appendix 2	
Management's Response	8

Detailed Results

Chapter 1

The Board Should Improve Controls That Affect All Performance Measures Audited

For all three key performance measures tested, the Board of Professional Land Surveying (Board) did not have written policies and procedures for the collection, calculation, review, and reporting of its performance measures during fiscal year 2014 and the first quarter of fiscal year 2015. In addition, the Board did not have a process in place to ensure that an independent individual conducted and documented a review of performance measure data and calculations before that data was entered and released into the Automated Budget and Evaluation System of Texas (ABEST). Those controls should be in place to help ensure the continued accuracy of the reported performance measure results.

Chapter 1-A

The Board Did Not Have Written Policies and Procedures for the Collection, Calculation, Review, and Reporting of Performance Measures

The Board did not have written policies and procedures for the collection, calculation, review, and reporting of performance measure results during fiscal year 2014 and the first quarter of fiscal year 2015. Written policies and procedures can help the Board report accurate and consistent performance measure information.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) states that an "agency should clearly document all steps performed in the collection, calculation, review, and reporting of the performance measure data in its written policies and procedures." Without documented policies and procedures, a performance measure cannot receive a rating higher than certified with qualification.

Recommendation

The Board should develop written policies and procedures for the collection, calculation, review, and reporting of its performance measures.

The Board Did Not Conduct and Document a Review of Performance Measure Data to Verify the Accuracy of That Data

The Board did not adequately review the reported performance measure results for the time periods audited. Specifically, the Board did not have an independent individual review the calculations before the data was entered into ABEST. In addition, the Board did not review the data entered before it was released into ABEST. The Board's executive director is responsible for calculating, entering, and releasing performance measure data into ABEST.

The *Guide to Performance Measure Management* states that agency information entered into ABEST should be reviewed for accuracy by an individual other than the individual who entered the data before the submission into ABEST is complete. That review should also be documented. Without independent and documented reviews, the Board has an increased risk of reporting inaccurate performance measure results.

Recommendation

The Board should have an independent individual conduct and document a review of performance measure data and calculations prior to releasing that data into ABEST.

The Board Reported Unreliable Results for Two of the Three Performance Measures Tested

The Board reported unreliable results for 2 (67 percent) of the 3 key performance measures audited for fiscal year 2014. In addition, the Board reported unreliable results for 1 (50 percent) of the 2 key performance measures tested for the first quarter of fiscal year 2015. A result is considered reliable if it is certified or certified with qualification.

Certified With Qualification

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.

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

Inaccurate

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.

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

Number of New Licenses Issued to Individuals

The Board reported reliable results for the Number of New Licenses Issued to Individuals performance measure in fiscal year 2014 and the first quarter of fiscal year 2015. That performance measure was certified with qualification due to the control weaknesses discussed in Chapter 1.

Complaints Resolved

Percent of Documented Complaints Resolved within Six Months

The Board reported inaccurate results for two key performance measures—Complaints Resolved and Percent of Documented Complaints Resolved within Six Months—because it did not accurately capture or record the number of resolved complaints for the reporting periods audited. As a result, the Board submitted results to ABEST for those two performance measures that varied from the actual performance as calculated by auditors by more than 5 percent. Specifically:

- The Board did not use its licensing and enforcement system (Versa) to record and track complaints the Board received. The Health Professions Council manages Versa on behalf of the Board. Instead of using Versa, the Board manually captured and calculated the number of closed complaints it received from its hard-copy files. However, the Board did not document those manual calculations or the specific closed complaints it included in the calculations in its summary documents for fiscal year 2014 and the first quarter of fiscal year 2015. To recalculate the results for the reporting periods audited, auditors relied on the documentation in the Board's files and in the Board's meeting minutes to manually count the number of complaints closed and determined that:

- ♦ For fiscal year 2014, the Board reported 12 resolved complaints; however, auditors identified 14 resolved complaints, which resulted in a difference of 16.67 percent.
- ♦ For the first quarter of fiscal year 2015, the Board reported 5 resolved complaints; however, auditors identified only 3 resolved complaints, which resulted in a difference of 40.00 percent.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) requires agencies to maintain "summary documentation that supports the performance measure data reported." The Board's summary documentation should show the final calculations that support the performance measure data reported in ABEST.

- The Percent of Documented Complaints Resolved within Six Months performance measure was inaccurate due to the errors the Board made in counting the number of resolved complaints discussed above for fiscal year 2014. The Board reported that 16.00 percent of complaints were resolved within six months for fiscal year 2014; however, auditors calculated that 7.14 percent were resolved within six months for that time period.

As discussed in Chapter 1, the Board does not have documented policies and procedures for collecting, calculating, reviewing, and reporting performance measure results, and it does not review the performance measure calculations, which would help the Board increase the accuracy of that data before it is entered into ABEST.

Recommendations

In addition to implementing the recommendations in Chapter 1, the Board should:

- Ensure that the method used to collect the data for its complaint performance measures produces reliable results. That could include working with the Health Professions Council to learn how to effectively use its licensing and enforcement system to record and track complaints, which could help the Board more efficiently capture complaint data for performance measurement.
- Implement processes to ensure that summary documents include sufficient information to show that the performance measure results reported in ABEST are complete and accurate.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

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

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

Scope

The scope of this audit included three key performance measures the Board reported for fiscal year 2014 (September 1, 2013, through August 31, 2014) and two key performance measures the Board reported for the first quarter of fiscal year 2015 (September 1, 2014, through November 30, 2014).

Methodology

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measure definitions; evaluating controls over the Board's performance measure calculation processes; testing documentation; and assessing the reliability of the data obtained from Versa, the Board's licensing and enforcement system, that supports the reported performance measure results. Auditors tested support for all licenses the Board issued and for all complaints closed for fiscal year 2014 and the first quarter of fiscal year 2015.

Data Reliability

Auditors assessed the reliability of the data from Versa related to the Number of New Licenses Issued to Individuals performance measure. (The Board did not use Versa to track the results for the other two performance measures audited.) To do that, auditors (1) determined population completeness and reasonableness; (2) observed and reviewed the process to generate data related to the calculation of the performance measure from Versa; (3) interviewed and obtained information from Board staff; (4) reviewed source documentation for performance measure data; and (5) evaluated information technology general controls, including logical access controls. In addition, auditors reviewed application controls in Versa.

Auditors determined that, for fiscal year 2014 and the first quarter of fiscal year 2015, the licensing data was sufficiently reliable for purposes of this audit. Auditors did not assess the reliability of enforcement data in Versa because the Board did not use that data for performance measure reporting.

Information collected and reviewed included the following:

- Performance measure data in Versa.
- Board summary documents and Versa-generated reports.
- Supporting documentation the Board retained in hard-copy files.

Procedures and tests conducted included the following:

- Interviewed Board staff to gain an understanding of the processes used to calculate performance measures.
- Interviewed Board staff to gain an understanding of Versa, which the Board used to collect and generate the reports used to calculate licensing performance measure information.
- Audited performance measure calculations for accuracy and to determine whether the calculations were consistent with the definitions on which the Board; the Legislative Budget Board; and the Governor's Office of Budget, Planning, and Policy agreed.
- Tested documentation to verify the accuracy of reported performance measures and the effectiveness of controls.
- Observed the process to extract data from Versa that the Board used to calculate performance measures results for the key licensing performance measure tested.
- Assessed performance measure results in one of four categories: certified, certified with qualification, inaccurate, and factors prevented certification. For this audit, a result was considered reliable if it was certified or certified with qualification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012).
- ABEST performance measure definitions.
- Title 22, Texas Administrative Code, Chapters 661 through 665.
- Texas Occupations Code, Chapter 1071.

Project Information

Audit fieldwork was conducted from April 2015 through June 2015. 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:

- Stacey Williams, CGAP (Project Manager)
- Namita Pai, MS, CPA (Assistant Project Manager)
- Joe Curtis, CPA, CIA
- Jamie Kelly, MBA
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Verma L. Elliott, MBA, CPA, CIA, CGAP (Audit Manager)

Management's Response



TEXAS BOARD OF PROFESSIONAL LAND SURVEYING

12100 Park 35 Circle, Bldg. A, Suite 156 MC-230 Austin TX 78753
(512) 239 5263 Fax (512) 239 5253

August 4, 2015

State Auditor's Office
ATTN: Stacey Williams
PO Box 12067
Austin, Texas 78711-2067

RE: SAO Audit Report on Performance Measures at the Board of Professional Land Surveying

Dear Ms. Williams:

I have reviewed the Audit Report on this agency and am providing management's response. In general, I agree with your findings.

In the report you analyzed the Board's data for the following performance measures:

- Number of New Licenses Issued
- Complaints Resolved
- Percent of Documented Complaints Resolved within six months

The data analyzed was for FY2014 and first quarter FY2015. The data pertaining to New Licenses received a certification of "Certified with Qualification" while the data related to complaints received a certification of "Inaccurate".

In *Chapter 1, Chapter 1-A*, your recommendation is that the Board "develop written policies and procedures for the collection, calculation, review, and reporting of performance measures." I agree with this recommendation. As the Executive Director, I will be responsible for implementing this corrective action and will set October 31, 2015 as the date of implementation.

In *Chapter 1, Chapter 1-B*, your recommendation is that "the Board should have an independent individual conduct and document a review of performance measure data and calculations prior to releasing that data into ABEST." While I agree with this recommendation, it does present somewhat of a challenge since we are an agency with 5 FTE. At the moment, I am analyzing the steps we can take and determining the staff members that might play a role in the collection and initial entry of the performance measure data. As the Executive Director, I will be responsible for implementing this corrective action and will set November 30, 2015 as the date of implementation.

In *Chapter 2*, two recommendations were made regarding the percent of documented complaints resolved within six months. In short, the recommendations were to:

- Ensure the method used to collect data for complaint measures produces reliable results; and

- Implement processes to ensure that summary documents include sufficient information to show reported performance measure results in ABEST are complete and accurate.

I agree with this recommendation because the method of collecting and tracking the data being used is manual. Until recently, the Board was not using Versa's (the Board's licensing and enforcement automation system) enforcement module to its fullest. We have begun to explore Versa's capabilities regarding its enforcement module and have begun entering complaint information into the system. Additional training may be required in the different types of enforcement module reports that can be produced. I and the complaints administrator will work closely with the Health Professions Council who administers this system. In the meantime, we are using an Excel spreadsheet to track certain enforcement information and will use that data to compare reports produced by Versa. As the Executive Director, I will be responsible for implementing this corrective action and will set December 31, 2015 as the date of implementation.

If you have any questions, you may contact me at 512-239-5263 or via email at tony.estrada@txls.texas.gov.

Sincerely,



Marcelino A. Estrada
Executive Director

Enclosure

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable John Otto, House Appropriations Committee
The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Board of Professional Land Surveying

Members of the Board of Professional Land Surveying

Mr. Jon Hodde, Chair
The Honorable George P. Bush
Mr. James Henry “Jim” Cheatham IV
Ms. Mary Chruzczak
Mr. William D. “Davey” Edwards
Mr. Gerado M. “Jerry” Garcia
Mr. Paul Kwan
Mr. William O’Hara
Mr. William E. Merten
Mr. Andrew W. “Drew” Paxton
Mr. Marcelino Estrada, Executive Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.