

Summary of Request:

The Board approved an internal audit plan for 2016 which included a review of selected agency performance measures.

Historical Perspective:

This review was conducted in compliance with the International Standards for the Professional Practice of Internal Auditing and the Texas Internal Audit Act.

Pros: The Board of Nursing will be in compliance with the Texas Internal Audit Act, the internal audit plan approved by the Board for fiscal year 2016 and will provide the Texas Board of Nursing reasonable assurance of accurate reporting of performance measures to the Board and oversight agencies.

Cons: None.

Staff Recommendation:

Board Action: No board action is required since the review is considered a non-audit service provided at the request of management.



Texas Board of Nursing

Internal Audit Report #2016-2

Performance Measures Review

Prepared by:
E. Jaye Stepp, CPA, CIA, CGAP, CRMA
Austin, Texas

Table of Contents

Internal Auditor's Report	1
Executive Summary	2
Overall Conclusion.....	4
Report Distribution List.....	5

Acronyms and Abbreviations

- ABEST Automated Budget and Evaluation System of Texas
- CPA Comptroller of Public Accounts, Texas
- FY Fiscal Year
- IIA Institute of Internal Auditors
- IPPF International Professional Practices Framework, IIA's
- LBB Legislative Budget Board
- PM Performance Measures
- SAO State Auditor's Office
- TAC Texas Administrative Code
- TGC Texas Government Code

E. J. STEPP, CPA

305 CARGILL DRIVE, SPICEWOOD, TEXAS 78669-2450



Internal Audit Report

June 23, 2016

Texas Board of Nursing

The following report provides the results and observations noted during the advisory engagement to review the Board of Nursing's performance measure reporting on selected measures. An advisory engagement is a non-audit service provided at the request of management.

We conducted this review in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the Texas Internal Auditing Act. We believe that our work fully supports our conclusions.

Overall, based on the results of our review and testing, internal controls in place at the BON provide reasonable assurance of accurate reporting of performance measures to oversight agencies. The process for compiling and reporting the measures should be documented in procedures and a backup should be designated and trained for the process of generating the statistical reports.

This report is distributed to and intended for the use of the Texas Board of Nursing management and Governing Board.

Jaye Stepp

E. J. Stepp, CPA
Internal Auditor for BON
Austin, Texas

Executive Summary

Purpose

State agencies report quarterly and annual information regarding actual performance for measures contained in the General Appropriations Act (i.e., key measures) to the LBB. The LBB and GOBPP monitor agency expenditures and actual performance and compare these to appropriation limitations and performance targets. The LBB routinely assesses agency performance data (such as actual versus targeted performance and agency explanations of variance) and reports these assessments to the Legislature. Agencies may prepare separate performance tracking reports during this time. The SAO audits performance data to verify accuracy and determines how agencies use performance information to achieve expected results. Accuracy of information is reported to the Legislature and Governor. Legislative oversight committees, including the House Committee on Appropriations and the Senate Committee on Finance may hold hearings to inquire about variations in performance or expenditures.

Performance measurement serves a number of external, as well as internal, agency purposes. Performance measures are integrated into the State's external accountability and fiscal decision-making systems. Successful agencies are also able to use performance information to effectively and efficiently manage their operations. Agency governing boards and managers are strongly encouraged to use performance measurement as an integral part of their strategic and operational management of agencies. Agencies are expected to take the initiative in reviewing and refining existing measures, as well as proposing and developing new measures as appropriate, so that the measures best reflect agency performance.

Agencies use ABEST to report on their performance each quarter and annually for the state fiscal year. Agencies report quarterly performance data for key output and efficiency measures and annual performance data for key outcome and explanatory measures. The Board of Nursing reported performance measures on a quarterly basis to the Automated Budget and Evaluation System of Texas (ABEST), reporting both quarterly and annually, as required.

Many of the sources and processes for reporting performance measures are the same for registered nurses (RN) and licensed vocational nurses (LVN). The Board collects information using the same processes and systems, and breaks it down to LVN or RN. In the interest of time and efficiency, we chose either the LVN or RN category for review for recreating the selected measures. We consulted with management to identify three measures for review that would provide the most value to the organization. With management's concurrence, the following measures were selected:

- 1-1-1 Number of Individual Licenses Renewed (LVN)
- 2-1-1 Average Time for Complaint Resolution (Days) (RN)
- 2-1-1 Percent of Complaints Resulting in Disciplinary Action (RN)

Texas Board of Nursing (BON)
Internal Audit Report #2016-2
Performance Measures Review - Advisory Project

The measure on number of licenses renewed is an output measure, and the average time for complaint resolution is an efficiency measure. These measures are reported quarterly in ABEST. The percent of complaints resulting in disciplinary action is an outcome measure that is reported annually. Our procedures included a review of measure definitions and other data relevant to the measure, as well as re-creating the measures reported for the second quarter of FY-2016 for quarterly measures and the FY-2015 annual measures reported for the outcome measure.

The BON uses automated systems for gathering the majority of the quarterly statistics that are compiled into the yearly statistics. The quarterly statistics are derived from the MS SQL server that holds all of the BON data or from manually calculated numbers. Various departmental staff are involved in compiling manual statistics in several areas. These areas are often because of complexity in the calculation. The measures under review did not contain any manual input or calculations.

The BON IT staff wrote code to identify and gather the data elements needed from the NURSE system to generate automated totals for the performance measure reporting. The code that is used to pull those values from the database is included as an appendix in the Quarterly Stats Report Explained, a manual under development by the IRM. This manual is a useful resource and should be completed and formalized to support the procedure for performance measure reporting.

We worked with Jeremy Bruker to run the code for the three measures under review on a data backup from 3/22/16. The backup copy that would have matched closer, on 3/10/16, had been accidentally deleted. The program was run using the second quarter date parameters, on both the current database and a restored copy of the database from 3/22/16. In both cases, the database queries provided numbers that were well within the 5% accuracy required by the SAO for certification. So, we were able to recreate the reports at a later date and get the same answers within a small margin of error and the information reported is considered to be reliable.

Most of the information is system generated, from the NURSE system. The code for each measure was reviewed and is logical. The tests of data on reports run on the database at dates near to the reporting date and at the current date, with reporting date parameters, were all within the required plus or minus range of 5% of totals reported for certification. The highest variance in our verification of amounts reported was less than 1%.

Controls over management's review of numbers posted in the quarterly statistics report is exception based. If the manager does not respond it is taken as acceptance of the numbers provided as correct. If the numbers are questioned by staff there are emails to support the review and resolution of the issue prior to compiling the PM results.

Supporting documentation retained by the agency for the PM results includes the emails mentioned above, copies of the quarterly stats, LBB measures stats, and Quarterly Manual Reporting forms submitted for a few stats that are collected manually. These include temporary licenses issued, IT service statistics, attorney-investigator ratios, education reports on programs and pass rates, and legal division statistics. None of these were involved in the three measures under review and further inquiry on these processes was not undertaken. The support document file provided for our review of the selected measures fully supported the results reported to ABEST.

Input Controls: All of BON's reporting systems are automated and do not have direct input or manipulation of data by any user(s). The system collects and controls the data.

Process Controls: The manual controls are reviewed every quarter to ensure they are accurate. The daily reports are reviewed on a case by case basis, daily and weekly for accuracy and action that might be required.

Output Controls: The reports that are generated are created by inside reports supplied by the vendor or by custom SQL queries written by IT staff.

Overall Conclusion

The BON's automated system of collecting data in various formats through database queries provides sufficient and reliable information for performance measure reporting. The control step of retaining a backup of the database at the time of reporting allows for the review of information as it was provided at that time.

The procedure for this process has not been documented at BON. There is a process manual under development by the IRM to explain the approach and codes written for each of the measures. This manual is incomplete, but valuable as a resource for the process. However, a brief and concise procedure should be documented, with the manual as a reference resource to accompany the procedure.

The IRM has written code and established a methodology for gathering, compiling, and reporting the performance measure data. However, there is no one else at the agency that has been trained to carry out this function in the event of absence. With limited IT staffing, this will be a challenge, but the importance of a backup for this function cannot be overstated.

Acknowledgements

The BON staff was cooperative in providing requested audit information, documents, and responses to inquiries and surveys in a timely manner. We appreciate the input and assistance provided in the review process.

Report Distribution Page

Texas Board of Nursing

Kathy Shipp, MSN, RN, FNP, Board President
Deborah Bell, CLU, ChFC, Board Liaison for Internal Audit

Katherine Thomas, MN, RN, FAAN, Executive Director
Mr. Mark Majek, Director of Operations
Mr. Jeremy Bruker, Information Resources Manager

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