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State Auditor

An Audit Report on

Performance Measures at the School for the Blind and Visually Impaired

June 2009

Report No. 09-041



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Overall Conclusion

The School for the Blind and Visually Impaired (School) reported reliable results for 11 of 12 (92 percent) key performance measures tested for fiscal year 2008. A performance measure is considered reliable if it is certified or certified with qualification.

For all 12 key performance measures tested, the School did not have detailed, written policies and procedures describing the reporting of performance measure data. In addition, the School did not document reviews of data entered into the Automated Budget and Evaluation System of Texas (ABEST). As a result, the following 11 key performance measures were certified with qualification:

- Percent of Student Learning Indicator Attained.
- Percent of Students Enrolled Who Have Multiple Disabilities.
- Average Length of Enrollment in Regular School Year Program (Months).
- Number of Students Enrolled in Day Programming During Regular School Year.
- Number of Students Enrolled in Residential Programming During Regular School Year.
- Average Cost of Instructional Program Per Student Per Day.
- Average Cost of Residential Program Per Student Per Night.
- Percent of Students Whose Responding Local School Districts Rated Their Learning Experience at Summer Programs as Very Satisfactory or Above.

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.

The School for the Blind and Visually Impaired (School) serves as a special public school for students who have a visual impairment. It is also a statewide resource to parents of these children and professionals who serve them. Students ages 6 through 21 who are blind or visually impaired (including those with additional disabilities) are eligible to receive services at the School.

Key Measures

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 criteria of good performance measures.

Source: *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).

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

For more information regarding this report, please contact Nicole Guerrero, Audit Manager, or John Keel, State Auditor, at (512) 936-9500.

- Percent of Families, Professionals, and Paraprofessionals Rating as Very Satisfactory or Above the Improvement of Their Knowledge and Skills as a Result of the Services or Products Received from TSBVI.
- Number of Participants in Conferences and Workshops Held at the Local, Regional, State, and National Levels.
- Number of Students Enrolled in Short-term Programs.

One performance measure—Number of On-site Visits—was inaccurate because the School did not:

- Follow the definition and methodology included in ABEST.
- Have adequate policies and procedures for calculating and reviewing the measure’s results prior to reporting the results into ABEST.

Table 1 summarizes the certification results of the 12 key performance measures tested.

Table 1

School For The Blind And Visually Impaired (Agency No. 771)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A.1.1, Outcome	Percent of Student Learning Indicator Attained	2008	132.22%	Certified With Qualification
A.1.1, Output	Percent of Students Enrolled Who Have Multiple Disabilities	2008	77.03%	Certified With Qualification
A.1.1, Explanatory	Average Length of Enrollment in Regular School Year Program (Months)	2008	30.74	Certified with Qualification
A.1.1, Output	Number of Students Enrolled in Day Programming During Regular School Year	2008	152	Certified With Qualification
A.2.1, Output	Number of Students Enrolled in Residential Programming During Regular School Year	2008	142	Certified with Qualification
A.1.1, Efficiency	Average Cost of Instructional Program Per Student Per Day	2008	\$156.05	Certified with Qualification
A.2.1, Efficiency	Average Cost of Residential Program Per Student Per Night	2008	\$71.25	Certified with Qualification
A.1.1, Outcome	Percent of Students Whose Responding Local School Districts Rated Their Learning Experience at Summer Programs as Very Satisfactory or Above	2008	91.43%	Certified with Qualification

School For The Blind And Visually Impaired (Agency No. 771)

Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
B.1.1, Outcome	Percent of Families, Professionals, and Paraprofessionals Rating as Very Satisfactory or Above the Improvement of Their Knowledge and Skills as a Result of the Services and Products Received from TSBVI	2008	77.85%	Certified With Qualification
B.1.1, Output	Number of Participants in Conferences and Workshops Held at the Local, Regional, State and National Levels	2008	8,849	Certified with Qualification
A.1.3, Output	Number of Students Enrolled in Short-term Programs	2008	152	Certified With Qualification
B.1.1, Output	Number of On-site Visits	2008	156	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.

Summary of Management's Response

The School agrees with the findings and recommendations in this report. The School's detailed management responses to the specific recommendations in this report are presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

Auditors assessed the information technology (IT) controls over databases the School used to collect and calculate performance measure data. Auditors evaluated general IT controls such as logical access, program changes, physical security, and disaster recovery. Auditors also evaluated application controls such as input controls, process controls, and output controls.

The School did not have adequate overall controls over its information technology to ensure the integrity and accuracy of performance measure data (see Chapter 2 of this report for additional information). To minimize risk, auditors communicated details about these control weaknesses directly to the School's management.

Summary of Objective, Scope, and Methodology

The objectives of this audit were to determine whether the School (1) accurately reported key performance measures to ABEST and (2) had adequate control systems in place over the collecting, calculating, and reporting of key performance measures.

The scope of this audit included the 12 key performance measures the School reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and submission of data used in reporting performance measures and traced performance measure documentation to the original source when available.

The audit methodology consisted of auditing the School's reported results for all 12 of its key performance measures for accuracy and adherence to measure definitions, evaluating controls over the performance measures, reviewing the performance measure process, and conducting a review of all information systems that support performance measure data.

Auditors communicated other, less significant issues to the School separately in writing.

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Detailed Results

Chapter 1

The School Reported Reliable Results for 11 of 12 Performance Measures Tested; However, It Should Improve Its Process for Reporting Results

The School for the Blind and Visually Impaired (School) should develop and implement detailed policies and procedures and conduct supervisory reviews for the reporting of its performance measures.

The School reported reliable results for 11 of 12 (92 percent) key performance measures that auditors tested for fiscal year 2008. However, for all 12 key performance measures tested, the School did not have detailed, written policies and procedures describing the reporting of performance measure data. In addition, the School did not document reviews of data entered into the Automated Budget and Evaluation System of Texas (ABEST) before the results were released into ABEST.

Recommendations

The School should:

- Develop and implement detailed, written policies and procedures for the reporting of performance measure results.
- Develop documented supervisory reviews of data entered into ABEST before the results are released into ABEST.

Management's Response

The School will develop and implement written procedures for reporting performance measure results by September 1, 2009.

Documented reviews of data entered into ABEST will be conducted every quarter beginning with the 3rd quarter report for FY 2009 that is due on July 3.

Percent of Student Learning Indicator Attained

The School reported reliable fiscal year 2008 results for this measure; however, the measure was certified with qualification because of the lack of detailed, written policies and procedures and supervisory reviews discussed previously.

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.

In addition, the School did not maintain all documentation supporting the performance measure's calculation. The School uses Performance Indicator Assessment planning sheets to record each student's test scores from the beginning and end of each year. The School then uses these planning sheets to calculate the performance measure results. The School did not retain the documentation for 1 of 61 students whose records auditors tested. This did not cause a variance of greater than 5 percent; therefore, this measure was certified with qualification. In this instance, the School did not retain all documentation for the fiscal year reported plus three years, as required by *The Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).

Recommendation

The School should ensure that all documentation for this measure is retained for the fiscal year reported plus three years.

Management's Response

All school staff who have responsibility for reporting data for this measure will be notified that records must be retained for the fiscal year plus three years.

The School will also develop and implement written procedures for reporting performance measure results by September 1, 2009.

Percent of Students Enrolled Who Have Multiple Disabilities

Average Length of Enrollment in Regular School Year Program (Months)

Number of Students Enrolled in Day Programming During Regular School Year

Number of Students Enrolled in Residential Programming During Regular School Year

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 School reported reliable fiscal year 2008 results for these measures; however, the measures were certified with qualification because of the lack of detailed, written policies and procedures and supervisory reviews discussed previously.

In addition, the School lacks written policies and procedures that clearly identify how student enrollment information should be entered into the Student Database, which the School uses to calculate this measure. Auditors identified errors; however, the errors did not cause more than a 5 percent error rate. As a result, the measures were certified with qualification. Auditors identified the following errors:

- The School included two students in its reported results for Percent of Students Enrolled Who Have Multiple Disabilities who did not have multiple disabilities.
- The School did not include four students in its calculation of the Average Length of Enrollment Regular School Year Program (Months) who should have been included.

Recommendation

The School should develop policies and procedures that describe how student enrollment information should be entered and updated in the School's Student Database and how this data entry should be reviewed to ensure that the data is complete.

Management's Response

The School will develop and implement written procedures for how student enrollment information is entered and updated in the Student Database system and how it should be reviewed by September 1, 2009.

Average Cost of Instructional Program Per Student Per Day

Average Cost of Residential Program Per Student Per Night

The School reported reliable fiscal year 2008 results for these measures; however, the measures were certified with qualification because of the lack of detailed, written policies and procedures and supervisory reviews discussed previously.

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 School used Excel spreadsheets to collect and calculate these two performance measures; however, it does not have documented policies and procedures that clearly identify how the expenditures should be entered into the spreadsheets. Auditors recalculated the measures and determined that the School did not include all applicable expenditures in its second and fourth quarter calculations for the Average Cost of Instructional Program Per Student Per Day, as well as the fourth quarter calculation of the Average Cost of Residential Program Per Student Per Night. This did not cause more than a 5 percent error rate; therefore, these measures were certified with qualification.

Recommendations

The School should:

- Develop and implement written policies and procedures that describe how expenditure information should be entered into the spreadsheets used to calculate these measures.
- Ensure that all expenditure information is included in the spreadsheets and that the spreadsheets are reviewed.

Management's Response

The School will develop and implement a written procedure that describes in detail how the expenditure information is to be entered into the spreadsheets used to calculate these measures. The procedure will specifically detail the information that is required to be entered into the spreadsheet.

The spreadsheet formats have already been revised to include a space for the name and date completed for the person completing the spreadsheet and likewise for the person reviewing the spreadsheet.

Percent of Students Whose Responding Local School Districts Rated Their Learning Experience at Summer Programs as Very Satisfactory or Above

Percent of Families, Professionals, and Paraprofessionals Rating as Very Satisfactory or Above the Improvement of Their Knowledge and Skills as a Result of the Services or Products Received from TSBVI

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.

Number of Participants in Conferences and Workshops Held at Local, Regional, State, and National Levels

Number of Students Enrolled in Short-term Programs

The School reported reliable fiscal year 2008 results for these measures; however, the measures were certified with qualification because of the lack of detailed, written policies and procedures and supervisory reviews discussed previously.

Number of On-site Visits

The School reported inaccurate fiscal year 2008 results for this measure because it did not follow the measure's definition in ABEST. The measure definition states that the measure should include only on-site consultations to local school programs, families, and local service providers. However, the School included consultations with students who came to the School's campus, as well as conference call, e-mail, and phone consultations, in its reported results. Auditors identified 8 of 61 visits sampled that should not have been included in the calculation of the measure's fiscal year 2008 results. These errors caused more than a 5 percent difference between the reported results and auditors' recalculated results; therefore, the measure was inaccurate.

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.

Recommendations

The School should:

- Follow the ABEST definition for Number of On-site Visits to ensure that only on-site consultations to local school programs, families, and local service providers are included in the measure results.
- Recalculate the fiscal year 2008 results for Number of On-site Visits and submit the revised results to the Legislative Budget Board.

Management's Response

The School believed that permission to change the definition had been approved by the Legislative Budget Board liaison. We will continue to pursue a change in definition but, until such time as approval is received, will be more careful to explicitly follow the current definition for the measure on on-site visits by Outreach staff.

Performance for fiscal year 2008 regarding number of on-site visits will be recalculated and submitted no later than June 30, 2009.

The School Lacked Adequate Controls Over Its Information Technology

The School did not have adequate controls over its information technology (IT) to ensure the security and reliability of its performance measure data. Auditors identified weaknesses in the School's general and application controls over its systems and data.

General Controls

Auditors identified weaknesses in the School's logical access controls over its databases and general controls over its information technology. For example:

- The School does not have policies and procedures for the management of user accounts.
- The School lacks written policies and procedures for program code changes.
- The School's disaster recovery plan is not tested annually and does not include an established recovery site, as required by Title 1, Texas Administrative Code, Section 202.24.
- The School does not ensure that all backups are taken off-site.

In addition, School employees have very limited knowledge about the Teacher Solution application, which is one of the applications that houses data that the School uses to calculate performance measures. However, it should be noted that School management said that the Teacher Solution application is scheduled to be replaced in fiscal year 2010.

Application Controls

Auditors also identified weaknesses in the School's application controls. Specifically:

- Some numeric fields in Teacher Solution application allowed alpha characters to be entered and accepted, which increases the risk that incorrect data may be entered.
- Audit trails are not enabled in all applications, and the School does not consistently review the audit trails that are produced.

Auditors communicated details about control weaknesses in writing directly to the School's executive management.

Recommendations

The School should:

- Develop policies and procedures for the management of user accounts.
- Document program change control policies and procedures to protect against unauthorized changes.
- Ensure it tests its disaster recovery plan annually and that the plan includes an established recovery site.
- Ensure that all backups are secured off-site.
- Ensure edit checks are implemented in the Teacher Solution application to ensure that only numeric characters are accepted in numeric fields while the application is still in use.

Management's Response

Develop policies and procedures for the management of user accounts: TSBVI will formalize policies and procedures for the management of user accounts and intends to have these published and in place prior to the end of the current fiscal year.

Document program change control policies and procedures to protect against unauthorized changes: TSBVI has a Change Management Policy and related procedures in place. This policy is published on the TSBVI intranet.

Ensure it tests its disaster recovery plan annually and that the plan includes an established recovery site: TSBVI has an established MOU in place with the Texas School for the Deaf that includes provisions for co-location and recovery on each other's site in the event of a disaster. TSBVI is in the process of updating and re-writing its disaster recovery plan. The final plan will include annual testing of the plan.

Ensure that all backups are secured off-site: All UNIX system backups are now located off site at the DIR Network Operations Center. TSBVI has contacted the Texas State Library and Archives Commission to arrange for off-site backup storage services.

Ensure edit checks are implemented in the Teacher Solutions application to ensure that only numeric characters are accepted in numeric fields while the application is still in use: The Teachers Solutions Application that currently handles performance measures is now scheduled for replacement prior to the end of the current fiscal year ending August 31, 2009. The replacement application that will handle performance measures will provide data

validation and edit checks to ensure that only numeric characters are accepted in numeric fields.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the School for the Blind and Visually Impaired (School):

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

Scope

The scope of this audit included the 12 key performance measures the School reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and submission of data used in reporting performance measures and traced performance measure documentation to the original source when available.

Methodology

The scope of this audit included the 12 key performance measures the School reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and submission of data used in reporting performance measures and traced performance measure documentation to the original source when available.

Procedures and tests conducted included the following:

- Auditing measure calculations for accuracy and to ensure they were consistent with the methodology on which the School and the Legislative Budget Board agreed.
- Analyzing data flow to evaluate whether proper controls were in place.
- Testing a sample of source documents, when available, to verify the accuracy of reported performance.
- Conducting a high-level review of all information systems that support the School's performance measure data.

- Certifying performance measure results in one of four categories: (1) Certified, (2) Certified with Qualification, (3) Inaccurate, and (4) Factors Prevented Certification.

Criteria used included the following:

- The *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).
- ABEST measure definitions.
- Title 1, Texas Administrative Code, Section 202.24.
- School policies and procedures.

Project Information

Audit fieldwork was conducted from March 2009 through April 2009. 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 J. Mays, CICA (Project Manager)
- Cesar Saldivar, CGAP, CICA (Assistant Project Manager)
- John Boyd, Team Leader
- Snehi Basnet, MAcy
- Rebekah Cartwright
- Brian Jones, CGAP
- Christy Srubar
- Karen S. Smith, CGAP
- Parsons Townsend
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP, CICA (Audit Manager)

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Rene Oliveira, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

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