

**Agenda Item: 7.14**

**Prepared by: Mark Majek, Kathy Thomas, Deborah Bell, Tami Cowen and Jaye Stepp  
Meeting Date: July 2015**

**Summary of Request:**

The Texas Internal Audit Act requires a state agency that receives more than \$10 million or more in revenue and has more than 100 employees must comply with the Texas Government Code, Section 2102.005.

The attached Quality Assurance and Improvement Program report is presented to provide the Texas Board of Nursing reasonable assurance that the internal audit is aligned with the approved charter, is effective and efficient and is perceived to be of value by improving organizational operations.

**Historical Perspective:**

This is an annual report as required by internal audit standards.

**Pros:** The Board of Nursing will be in compliance with accepted internal audit standards and is assured of the effectiveness of the internal audit process.

**Cons:** None.

**Staff Recommendation:**

This report is for informational purposes and no action by the board is required.



# **TEXAS BOARD OF NURSING**

## **INTERNAL AUDIT'S**

### **Quality Assurance and Improvement Program**

**2014**

Presented to  
BON Executive Committee  
July 2015

Prepared by:  
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INTERNAL AUDIT ACTIVITY REPORT  
**QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)**

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Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:

- (1) Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (*Standards*), Definition of Internal Auditing and Code of Ethics;
- (2) Operates in an effective and efficient manner; and
- (3) Is perceived by stakeholders as adding value and improving Internal Audit's operations. To that end, Internal Audit's QAIP covers all aspects of the Internal Audit activity (IAA). In this regard, the factors considered for the QAIP include:
  - ✓ Monitors the Internal Audit activity to ensure it operates in an effective and efficient manner.
  - ✓ Assures compliance with the Standards, Definition of Internal Auditing and Code of Ethics.
  - ✓ Helps the Internal Audit activity add value and improve organizational operations.
  - ✓ Includes both periodic and ongoing internal assessments.
  - ✓ Includes an external assessment at least once every three years, the results of which are communicated to the Board through the Executive Committee.

The Chief Audit Executive (CAE) is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consulting.

### **INTERNAL ASSESSMENTS**

- **Ongoing Reviews** – Ongoing assessments are conducted through:
  - Regular, documented review of work papers during engagements by Internal Audit staff
  - Audit Policies and Procedures used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards
  - Feedback from customer surveys on individual engagements
  - Analyses of performance metrics established to improve the IAA effectiveness and efficiency
- **Periodic Reviews** – Periodic assessments are designed to assess conformance with Internal Audit's Charter, the *Standards*, Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments will be conducted through:
  - Annual risk assessments for purposes of annual audit planning
  - Work paper reviews for performance in accordance with internal audit policies and with the *Standards* using the State Agency Internal Audit Forum (SAIAF) Working Paper Review Tool
  - Review of internal audit performance metrics and benchmarking of best practices, prepared and analyzed in accordance with Audit Policies and Procedures
  - Periodic activity and performance reporting to the Agency Administrator and the Audit Liaisons for the Board

## **EXTERNAL ASSESSMENTS**

- A. General Considerations** – External assessments appraise and express an opinion about internal audit’s conformance with the Standards, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.
- B. Timing** – An external assessment will be conducted every three years.
- C. Scope of External Assessment** – The external assessment consists of a broad scope of coverage that includes the following elements of Internal Audit activity:
- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and internal audit’s Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements.
  - Expectations of Internal Audit as expressed by the Board, executive management, and operational managers.
  - Integration of the Internal Audit activity into the agency’s governance process, including the audit relationship between and among the key groups involved in the process.
  - Tools and techniques used by Internal Audit.
  - The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement.
  - A determination whether Internal Audit adds value and improves the agency’s operations.
- D. Considerations** – The qualifications and considerations of external reviewers as noted in The IIA’s Practice Advisory 1312-1 will be considered when contracting with an outside party to conduct the review.

## **REPORTING ON QUALITY PROGRAM**

- A. Internal Assessments** – Results of internal assessments will be reported to the Board and to the senior management at least annually.
- B. External Assessments** – Results of external assessments will be reported to the senior management and the Board as completed. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations contained in the report.
- C. Follow-up** – The CAE will implement appropriate follow-up actions to ensure that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

## **PERFORMANCE METRICS for FY 2014**

### **INTERNAL ASSESSMENTS**

Internal Audit Charter – reviewed and approved by the Board’s Executive Committee at the October 2013 meeting

Audit Plan for FY-14 –

Audit #2014-1 – Governance Audit – this project was completed in FY-2014 within budget.

Report #2014-1 was presented to the Board at their meeting in March of 2014. No recommendations.

Working Paper Review Tool – reviews completed; no significant deficiencies identified

Auditee Survey Responses – all response ratings were positive; with no additional comments from auditees

### **EXTERNAL ASSESSMENTS**

A Quality Assurance Review (QAR) is required after three years of internal audit activity and the review will be conducted in FY-2015. The QAR will provide an independent, external assessment of the internal audit function to provide an overall opinion of conformance with:

- the Institute of Internal Auditors (IIA) *International Professional Practices Framework (IPPF)* including the *Definition of Internal Auditing*, and the *Code of Ethics*
- the United States Government Accountability Office (GAO) *Government Auditing Standards*, and
- the Texas Internal Auditing Act (*Texas Government Code*, Chapter 2102).

The BON will contract with an independent, external party to perform the QAR for the BON.

**REPORT DISTRIBUTION PAGE**

Texas Board of Nursing

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