

**TEXAS BOARD OF PROFESSIONAL ENGINEERS**

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**FISCAL YEAR 2015 INTERNAL AUDIT ANNUAL REPORT**

**Monday N. Rufus, P.C.**

**Certified Public Accountants & Consultants  
608 Morrow St., Suite 101, Austin, Texas 78752**

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Texas Board of Professional Engineers  
Austin, Texas  
Internal Audit Annual Report  
Fiscal Year 2015

**I. Compliance with Texas Government Code, Section 212.105: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site.**

Within 30 days of approval, the Texas Board of Professional Engineers will post the following information on its Internet Web site:

- An approved fiscal year 2016 audit plan, as provided by Texas Government Code, Section 2102.008.
- Individual audits (including follow-up internal audits) showing findings and recommendation made by the internal auditor, and management's responses and/or action plans or updates, unless they are excepted from disclosure under Chapter 552 of the Texas Government Code.
- A fiscal year 2015 internal audit annual report, as required by Texas Government Code, Section 2102.009.

**II. Compliance with the Benefits Proportionality Audit Requirements for Higher Education Institution**

This requirement does not apply to Texas Board of Professional Engineers as it is not a Higher Education Institution.

**III. Internal Audit Plan for Fiscal Year 2015**

The Board approved the following audits for fiscal year 2015:

- **Accounting, Budget, & Purchasing Report (Report #2015-001: Report Date: January 30, 2015)**
  - Proper Payment Processing
  - General Procurement Compliance

**IV. Consulting Services and Non-audit Services Completed**

The Internal Auditor did not perform any services which would be considered consulting engagements, as defined in the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*, and no non-audit services, as defined in *Government Auditing Standards, 2011 Revision*, Sections 3.33 – 3.58, were completed during fiscal year 2015.

**V. External Quality Assurance Review (Peer Review)**

A copy of the most recent External Quality Assurance Review Report is included on the following pages:

**REPORT ON THE  
EXTERNAL QUALITY ASSURANCE REVIEW  
OF THE  
Texas Board of Professional Engineers  
INTERNAL AUDIT FUNCTION  
Year ended August 31, 2015**

Report Date: October 23, 2015

**Performed By**

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***Samson T.A. and Associates, LLC***

*GSA Federal Supply Schedule, SBA 8(a) & SDB, DBE and MBE  
DC Supply Schedule, DC LSDBE, and DC DOT DBE*

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External Quality Assurance Review Report

Overall Conclusion

Based on the information received and evaluated during this external quality assurance review, we conclude that the Texas Board of Professional Engineers' Internal Audit function "complies" with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing Standards*, the Code of Ethics contained in the Professional Practices Framework, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Audit Act (*Texas Government Code, Chapter 2102*).

*Samson T.A. and Associates, PLLC*

External Quality Assurance Reviewer  
Washington, DC  
October 23, 2015

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**EXTERNAL QUALITY ASSURANCE REVIEW  
TEXAS BOARD OF PROFESSIONAL ENGINEERS  
INTERNAL AUDIT FUNCTION  
Year ended August 31, 2015**

**BACKGROUND**

The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Audit Act require that internal audit functions obtain external quality assurance review to assess compliance with standards and the Act and to appraise the quality of their operations. Government auditing standards require this review at least every three years. A periodic external quality assurance review, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

The primary objective of the quality assurance review was to evaluate the Texas Board of Professional Engineers' compliance with professional standards and the Texas Internal Audit Act. The scope of the review included all internal audits completed during the year ended August 31, 2015

The work performed during the review included:

- Review of Internal Audit's policies and procedures, annual risk assessment, annual audit plan, and other relevant documents;
- Review of the Texas Internal Auditing Act (Government Code, Chapter 2102);
- Review of the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*;
- Review of the U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Code of Ethics contained in the *Professional Practices Framework*; and
- Review and evaluation of audit work papers.

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**VI. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2016**  
 (To be submitted for Board’s approval during the fiscal year)

	<u>Budgeted Hours</u>
<ul style="list-style-type: none"> <li>• <b>Licensing &amp; Examinations</b></li> <li style="padding-left: 20px;">- Licensing &amp; Examinations</li> </ul>	80
<b>Total Hours</b>	<b>80 Hours</b>

Our risk assessment was performed through the consideration of various factors, including:

1. Exposure Level
2. Complexity of Unit
3. Materiality of Revenues and Expenditures
4. Results of Last Audit
5. Extent of other Coverage or Oversight
6. Quality of Internal Controls/Adherence to laws
7. Changes in systems and processes
8. Normal Audit Interval

Although all of the above factors were considered in the assessment of risk for each process/system, some of the factors were weighed more heavily and considered to be more critical to the Agency’s internal control structure. The following critical factors were weighted more heavily in our assessment.

- Exposure Level
- Quality of Controls
- Changes in Systems and Processes

**VII. External Audit Services Procured in Fiscal Year 2015**

There were no External Audit Services for the fiscal year 2015 other than Internal Audit Services.

**VIII. Reporting Suspected Fraud and Abuse**

In accordance with the requirements of Section 7.09, and the General Appropriations Act (83<sup>rd</sup> Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, the Texas State Board of Public Accountancy has posted information on how to report suspected fraud, waste or abuse of state funds on their website.

## **IX. Report Distribution**

As required by Government Code Section 2102.0091 copies of this report should be filed with the following:

### **Governor's Office of Budget and Planning and Policy**

Attn: Kara Belew

Phone: (512) 463-1778

[budgetandpolicyreports@gov.texas.gov](mailto:budgetandpolicyreports@gov.texas.gov)

### **Legislative Budget Board**

Attn: Ed Osner

Phone: (512) 463-1200

[Ed.Osner@lbb.state.tx.us](mailto:Ed.Osner@lbb.state.tx.us)

### **State Auditor's Office**

Attn: Internal Audit Coordinator

Phone: (512) 936-9500

[iacoordinator@sao.state.tx.us](mailto:iacoordinator@sao.state.tx.us)

### **Sunset Advisory Commission**

Attn: Ken Levine

Phone: (512) 463-1300

[sunset@sunset.state.tx.us](mailto:sunset@sunset.state.tx.us)