
SECTION B-3

QUALITY ASSURANCE AND IMPROVEMENT

The Chief Audit Executive should develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitor its effectiveness. The program should be designed to help the internal audit activity add value and improve the organization's operations and to provide assurance that the internal audit activity is in conformity with the [Standards](#) and the [Code of Ethics](#).

The internal audit activity should adopt a process to monitor and assess the overall effectiveness of the quality program. The process should include both internal and external assessments. Internal assessments should include ongoing reviews of the performance of the internal audit activity and periodic reviews performed through self-assessment or by others in the organization with knowledge of internal auditing practices and the [Standards](#).

To meet this goal, we do the following for each regularly scheduled audit:

- A. During the course of the audit, members of the audit team perform specific quality assurance tasks and then monitor their program and document the completion of this task, using the Quality Assurance Checklist [Section [B-3.1](#)]. Included in this checklist are the requirements for detailed review of workpapers, an independent second review of certain workpapers, and the transmittal of the Audit Feedback Questionnaire [Section [B-3.2](#)].
- B. On a weekly basis, the following staff meetings are held to monitor the status of all engagements in progress (planning, fieldwork, and reporting phase):
 1. Assistant Director/Supervisor: at this meeting, the individual projects are discussed.
 2. Weekly Staff Meeting: at this meeting, we discuss the status of all projects which are documented on the Staff Schedule, Board of Regents schedule, Report Status, and Job Status Report.
 3. Work Project Status Reports: these are reviewed each week by the Director and Assistant Director to monitor the status of all engagements.
- C. Annual Performance Measures: a report of Internal Audit Activities is prepared annually. This report contains the following performance measures:
 1. Percentage of audit recommendations implemented/in progress
 2. Direct audit hours as a percentage of total audit hours

3. Average training hours per auditor
4. Percentage of auditees responding to feedback survey indicating they were satisfied with the audit

This report is transmitted to various state agencies in accordance with the Texas Government Code (included in Annual Report).

- D. Internal Quality Assurance Review: the Director selects a senior audit staff member to conduct the Internal Quality Assurance Review every three years. This review is conducted in accordance with IIA guidelines. The report is signed by the staff member performing the review, and responses to recommendations are provided by the Director. This report is presented to the Board of Regents at a regularly scheduled Board of Regents meeting.
- E. External Quality Assurance Review: the Director recommends a peer review team to the Chair of the Audit Committee of the Board of Regents. An external peer review is conducted every three years. The peer review report, including the Director's responses to recommendations, is included on the agenda for a regularly scheduled Board of Regents meeting, and it is transmitted to various state agencies in accordance with the Texas Government Code (included in Annual Report).