

Summary of Request:

The Texas Internal Audit Act requires a state agency that receives over \$10 million or more in revenue and has more than 100 employees must comply with the Texas Government Code, Section 2102.005 and conduct a program of internal auditing that includes an annual internal audit plan and report. The Board voted to include an audit of Education Program Approvals in fiscal year 2013 and it was continued into fiscal year 2014. Attached is a report on the audit conducted by Rupert & Associates of Education Program Approvals.

Historical Perspective:

The Board voted at the October, 2012 board meeting to approve the Internal Audit Plan for fiscal year 2013 which included an audit of the Board of Nursing Education Approval procedures.

Pros:

The Board of Nursing will be in compliance with the Texas Internal Audit Act and its own internal audit plan.

Cons:

None.

Staff Recommendation:

Board Action: Move to accept the annual internal audit report on the Education Approval Process as prepared by Rupert & Associates.



Texas Board of Nursing

Internal Audit Report #2013-2

Audit of Education Program Approvals

October 30, 2013

Prepared by:
Rupert & Associates, P.C.
Certified Public Accountants

Texas Board of Nursing (BON)
Internal Audit Report #2013-2 Education Program Approvals

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Acronyms and Abbreviations

- BON Board of Nursing
- CPA Comptroller of Public Accounts, Texas
- GAO Government Accountability Office
- IIA Institute of Internal Auditors
- IPPF International Professional Practices Framework (IIA)
- IR Information Resources
- IRM Information Resources Manager
- NCLEX National Council Licensure Examination
- NCSBN National Council of State Boards of Nursing
- NPA Nursing Practice Act
- SAO State Auditor’s Office
- TAC Texas Administrative Code
- TGC Texas Government Code
- THECB Texas Higher Education Coordinating Board
- TNF Texas Nurses Foundation
- TWC Texas Workforce Commission



Internal Audit Report

October 30, 2013

Audit Committee Members
The Texas Board of Nursing

The following report provides the results and recommendations noted during the internal audit of procedures at the Board of Nursing for the approval and monitoring of the nurse education programs. The audit area was identified as an area of concern in the agency's annual risk assessment update. Included in this report are the purpose, scope, results, and recommendations of the audit, as well as management's responses to those recommendations.

The internal audit was conducted in accordance with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*; the Government Accountability Office's (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act. We believe that our work fully supports our conclusions.

This report is distributed to and intended for the use of the Texas Board of Nursing's management and Board members, and the oversight agencies identified in the Texas Internal Auditing Act.

Rupert & Associates, P.C.

Certified Public Accountants
Austin, Texas

Executive Summary

Audit Purpose

The Texas Board of Nursing's internal audit plan is risk-based, with specific audit areas and objectives determined after an annual risk assessment conducted by management. The Internal Audit plan for FY-2013 included an audit of the education program approval process due to the increased number of education program applicants and related program monitoring requirements that stretch limited resources. The education program approvals and monitoring activities are vital to the agency's ability to meet their overall goals and objectives.

Overall Conclusions

The audit methodology included a test of compliance of the written guidance for processes at BON compared to statutes and rules. The rules and education guidelines in place at BON were found to provide appropriate performance guidance to achieve the stated objectives. Procedures were reviewed and updated by staff prior to and during the audit process, demonstrating a proactive attitude towards ensuring the processes and controls are current and relevant. The Education Consultants work well together as a team with frequent interactions with each other and with various education program clients.

We sampled program proposals, interviewed staff on processes and controls, reviewed the information systems used to document and monitor the programs, and reviewed training and guidance available to staff. Education consultants indicated satisfaction with the guidance, teamwork, training, and integrity of their team.

The BON has processes and controls in place to ensure the education programs are adequately reviewed and monitored. The regular survey visits of all programs are expected to be complete by spring of 2014.

There were no significant audit findings or weaknesses in processes or controls noted in our audit. Some opportunities for improvement in processes were identified and communicated to staff. The one recommendation resulting from this audit has to do with process documentation practices and periodic updates to resources and tools.

Introduction

The internal audit of the education approval processes and controls at the Board of Nursing was an area of concern identified in the annual risk assessment. The increased interest in new nursing education programs in recent years and the monitoring requirements for existing education programs has put a strain on education consultant resources at the agency. The limited resources and the large coverage area make this a significant task for the agency. The BON recently used independent contractors in key regions of the state to help with monitoring activities on existing programs. The risk in this area is the significant impact to nursing students and the public if an unqualified program were inappropriately approved or if an approved program was not adequately monitored to ensure they maintain their approved status. The purpose of the internal audit was to evaluate the effectiveness and efficiency of the Education Program Approval processes and controls over these activities.

Background Information

The BON enforces the Nursing Practice Act and BON Rules and Regulations by setting minimum standards for nursing practice and nursing education. A student must graduate from an approved nursing educational program in order to be eligible to take the NCLEX licensure examination. The purpose of the Board approval process is to protect the public from fraudulent programs that do not adequately prepare graduates to practice nursing safely and competently.

BON Position Statement 15.16 Development of Nursing Education Programs states “Approval of nursing education programs is one of the primary functions of the Texas Board of Nursing (BON) in order to fulfill its mission to protect and promote the welfare of the people of Texas. The Texas BON has the responsibility and legal authority to decide whether a proposed new nursing education program meets the Board’s established minimum standards for education programs. These standards require adequate human, fiscal, and physical resources, including qualified nursing faculty and clinical learning facilities, to initiate and sustain a program that prepares graduates to practice competently and safely as nurses.”

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The BON website includes a New Proposal Resource Packet and Proposal Guidelines for Approval to Establish a New Nursing Educational Program. There are also links to Position Statements of the BON in relation to the development of nursing education programs provided on the website. All new pre-licensure vocational and professional nursing educational programs in Texas must be approved or licensed by either the Texas Workforce Commission (TWC) or the Texas Higher Education Coordinating Board (THECB), as applicable, unless deemed exempt from approval/licensing by the TWC or the THECB; *and* must also be approved by the Texas BON before enrolling students in the program. A new school of nursing or educational program that is deemed exempt from approval/licensing by the TWC or THECB, must still be approved by the Texas BON before enrolling students in the program.

A proposal to establish a new vocational nursing education program or a new professional nursing education program must follow BON Rules and Regulations. The entity seeking to establish the new program must have the appropriate accreditation/approval and the proposal must be prepared by a registered nurse with educational credentials and experience as outlined in the rules. The proposals should include extensive rationale which supports establishing the new program with demographic and community data, employment needs for nurses in the area, evidence of support from stakeholders, established agreements with clinical affiliating agencies, adequate qualified nursing administrator and faculty to begin the program, and an acceptable curriculum as identified in the guidelines. The Texas BON Education Guidelines and Board Rules are the criteria upon which the education program approval processes are modeled, and are the criteria used by the auditors for our evaluations.

Acknowledgements:

The Education Consultants on staff were professional, open and cooperative in providing requested audit information, documents, and responses to our inquiries. We appreciate their input and assistance during the audit process.

Criteria

The following were used as the basis for our evaluation of compliance:

- Texas Occupations Code, Chapter 301 Nursing Practice Act (NPA) §301.157 Programs of Study and Approval
- Texas Board of Nursing Rules and Regulations
- Texas Board of Nursing's Nursing Education Guidelines

Objectives

The following audit objectives were developed by the auditor, with concurrence obtained from Education Consultant Lead and members of management at BON:

Audit Objective A – Compliance: Are procedures for evaluating and approving education programs for nurses in compliance with Agency Rules and Regulations?

Audit Objective B – Effectiveness and efficiency of processes and controls: Are the processes and controls over reviewing and monitoring the nurse education programs sufficient to produce reliable information for reporting to management and the Board?

Scope

The scope of this audit was limited to education program proposals from January 2012 to June of 2013 for evaluation of the processes and controls over the review and approval process for new education programs. All currently approved education programs at the time of audit were considered for inclusion in the tests of processes and controls over monitoring of existing programs.

Methodology

The audit methodology consisted of collecting background information, conducting interviews, inquiries of management and staff, analytical procedures and performing tests of details on a sample of files. The audit was conducted in accordance with professional standards and we believe our work supports our conclusions.

Key Audit Observations by Audit Objective

Audit Objective A – Compliance: There is sufficient written guidance in the form of rules, guidelines, procedures, and descriptions to ensure compliance with the NPA. Recently updated educational guidelines are available, and during the audit guidance was being reviewed and updated on a continuous basis, to improve and streamline existing processes. This is commendable.

Audit Objective B – Effectiveness and efficiency of processes and controls: The processes and controls over education program approvals and monitoring activities are sufficient to achieve objectives. Staff is actively engaged in refining processes to succeed in making the most efficient and effective tools and procedures available for performing their responsibilities.

There were no audit findings, but some inefficiencies and opportunities for improvement were noted and communicated to staff.

RECOMMENDATIONS:

#2013-2-01 Processes should be standardized to ensure consistent performance and documentation standards for all program evaluations and reviews.

MANAGEMENT RESPONSE:

#2013-2-01 Processes should be standardized to ensure consistent performance and documentation standards for all program evaluations and reviews

AUDIT RESULTS AND RECOMMENDATIONS

The results and recommendations presented in this section represent the conclusions of the internal audit program which was developed based on audit objectives established, coordinated, and agreed upon with management.

Audit Objective A – Compliance: Are procedures for evaluating and approving education programs for nurses in compliance with Agency Rules and Regulations and the Nursing Practice Act?

The Nurse Practice Act, Board of Nursing Rules and Regulations, and Nursing Education Guidelines were used to evaluate compliance with laws, rules, and regulations. The BON has adequate rules and procedures in place to ensure that the NPA is followed in the education program approval process. The test of compliance was limited to those policies that address the approval process over education programs and monitoring requirements for existing programs. The related rules and guidelines addressed all major components of the NPA for compliance tests.

The education consultants at the BON have significant experience in the nursing and/or nurse education fields. New hires are included in intensive meetings, conference calls, and other activities. They are oriented to presentations made to new directors, new programs, and various meetings by attending, observing, and participating in them. Staff mentor each other in a collaborative working environment. There are a variety of resources and materials available to staff on the intranet and from outside resources in addition to frequent meetings and team discussion of new topics or issues as they arise.

CONCLUSIONS:

There is sufficient written guidance in the form of rules, guidelines, and position descriptions to ensure compliance with the NPA. During the audit period education guidance was reviewed and updated on a continuous basis, to improve and streamline existing processes. This is a very proactive approach, as review and update of procedures should be conducted on a regular basis.

RECOMMENDATIONS:

None

Audit Objective B – Effectiveness and efficiency of processes and controls: Are the processes and controls over compiling and reporting on nurse education programs sufficient to produce reliable information for reporting to management and the Board?

The highest risk in the education program approval area is the agency giving approval to a program that is unqualified or unsuccessful in adequately educating nursing students. A review of processes, documentation, and controls steps was undertaken to evaluate the current processes for effectiveness and efficiency.

We selected a sample of new program proposals from the proposals submitted to BON during the period from January 2012 to June of 2013. There were nineteen new proposals for nurse education programs in that time that made up our total population. Twelve of the nineteen (63%) proposals had been approved at the start of our audit in June. Three proposals were on hold as they address noted deficiencies and the remaining four had either withdrawn their proposal or were denied approval by the board. The sampled files selected for testing were selected on a judgmental basis in order to obtain a balanced representation of all types of programs outcomes – approved, on hold, or denied. The agency files were reviewed to determine the types of activities performed in the program review process, and the consistency of application of those processes across various applicants. Resources are available on BON website for proposal writers that include the Education Guidelines and a Packet for New Proposals. This helps to ensure consistency in the application process. It can take from six months to one year before a proposal can be scheduled for Board presentation and programs are advised to start their process at least one year in advance. Approval time for programs in our sample averaged about 6 months from proposal date to approval for a well-written proposal with appropriate lab facilities, clinical agreements, and qualified faculty in place or ready to be placed. Other programs took slightly over a year to achieve final approval.

The process for review and approval is sound, but there could be some refinements to ensure the process is consistently documented and appropriate supporting information is consistently retained or disposed of. During our review, there was one instance where an electronic proposal was unable to be located; documentation on site visits was inconsistent in the sampled files; and electronic files are not held to a consistent structure or folder content. Proposal reviews should be adequately documented to reflect a consistent process being applied to all proposals.

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Templates have been developed for documenting site visits and logs have been developed for tracking activities. The template for site visits was developed to ensure consistency, but frequent changes and no standard naming conventions hamper the efficiency of the process. Individual staff customization of the template inadvertently omitted information in one sample. During the course of the audit we were provided multiple lists and tables that are used to track program proposal status. A database could capture these metrics in a more efficient manner and expand the possibility of reporting parameters. The database could retain historical NCLEX rates, accreditation status and type, risk rankings, survey dates prior and due, certificate issue dates, action dates, etc., as well as program contact information. Notes could include links to relevant documents (Board orders, self-study reports, etc) held electronically. A procedure should be established to delegate the update and tracking tasks, including control steps to ensure accuracy and completeness.

The nurse education consultants provide reports to the Board after they have reviewed proposals and conducted an initial site survey. The reports to the Board are consistent in nature and format, providing a comprehensive assessment of the proposal. Sections in the standard format for reports to the Board include a historical perspective, summary of the proposal, and conclusions from the survey visit. A list of pros and cons is developed and staff makes a recommendation to the Board on each proposal, including any requirements to be addressed.

We also evaluated processes for the oversight and monitoring of existing nurse education programs for ongoing approvals. The objective was to ensure that the programs are being reviewed in accordance with agency rule and procedures. All approved programs are required to have a monitoring visit once every six years. The agency was previously behind schedule on the site reviews, but has been able to catch up with the assistance of several contractual nurse education consultants, as reported to the Board by the nurse education consultants. It is expected that the required site visits will be completely caught up by the spring of 2014. Staff are working to develop a schedule to ensure timely and efficient reviews of existing programs continue.

Programs are re-approved every two years and Certificates are issued to reflect approval for the two-year period. There is no issue date on the certificate but the two year effective period is shown, such as 2012-2014. If a school with such a certificate is closed prior to expiration of the Certificate term, a process should be in place to recover the Certificate or ensure that it is no longer displayed by the entity.

BON is currently evaluating programs with sanctions to try to identify any trends or indicators that may indicate a program that is at risk. There is some concern among staff about the additional monitoring requirements for programs with board imposed sanctions, as these programs will require additional monitoring and tracking resources.

Standards for file structures should be developed to enhance uniform records management among staff. A database for tracking and monitoring status and a centralized document management system for system supporting documentation in common file formats would provide greater efficiencies.

OBSERVATIONS:

- Improve documentation standards to support performance and consistency of processes following established written procedures;
- Delegate responsibility for log / database / template updates to staff; include a review or approval step to ensure accuracy
- Template updates have shared accessibility; naming standards
- Define file content expectations to ensure consistent and current criteria are maintained on activities (checklist)
- Consider a database for storing program's current and historical information for quick reports for data analysis and status reviews

RECOMMENDATIONS:

#2013-2-01 Processes should be standardized to ensure consistent performance and documentation standards for all program evaluations and reviews.

Management Response:

Board staff agree with the recommendation and have developed an approach to implementation that includes the following long and short-term goals.

Long Term Goals:

- to establish a dynamic dashboard to track the process of receipt of proposal through Board approval for consistency in documentation of the status of the proposal; and
- to establish a dynamic dashboard that will provide current approval status and to track areas being monitored, such as requirements and recommendations; this dashboard could interact with a public dashboard in the planning stage.

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Short Term Measures to provide consistent documentation related to programs:

- Two (2) new logs have been created: (1) one providing contact information for programs that have submitted a letter of intent to establish a new program; (2) one following the proposal from time of receipt by the BON through Board approval.
- All logs are being reviewed for improvement in information included.
- Program files are being moved to electronic files (one for each program under program type) with the intent that each consultant will use consistent file and folder naming standards to ensure availability to all Staff.
- A process is being planned for following programs that have been issued requirements and recommendations to track their compliance within the established time frame.
- Staff will explore the possibility of using the agency database that is currently used in licensing and enforcement to create an Education database.

Report Distribution Page

Texas Board of Nursing

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Oversight Agencies

Governor's Office of Budget and Planning, and Policy
Ms. Kate McGrath

Legislative Budget Board
Mr. Ed Osner

Sunset Advisory Commission
Mr. Joey Longley

State Auditor's Office
Internal Audit Coordinator

Texas Board of Nursing
Response to Audit of Education Program Approvals
Exit Conference – November 21, 2013

Exit Conference Attendees: Jaye Stepp, Rupert & Associates
Kristin Benton, BON Director of Nursing
Janice Hooper, Lead Nursing Consultant for Education

Audit Purpose: Audit of at-risk areas in the approval process for nursing education programs:

1. Increased number of education program applicants
2. related program monitoring requirements that stretch resources

Positive Impact of the Audit Experience in the Education Department:

1. In preparation for the audit, all education guidelines and education policies were reviewed and revised.
2. The auditor acknowledged the effectiveness of the Education Consultant team.
3. The report provided a reinforcement of current processes and controls in that no significant weaknesses were found during the audit.
4. The Education Department recognized the importance of better systems for organizing and processing documents related to program monitoring and approval and this recognition has led to improvements in education logs and filing systems.

Positive Measures Not Related to the Audit:

1. The use of five (5) contract consultants to conduct survey visits as a “catch-up” strategy for the backlog of programs needing a regular survey was very successful. Seventy (70) programs were visited by the contract consultants. It is expected that the remaining regular survey visits that were behind will be completed in the Spring of 2014.
2. One (1) of the contract consultants has been hired by the BON to continue to work as an Education Consultant “in the field.” This is a new concept for the Education Department and processes for this work arrangement are in development as we learn best practices for this method of staff growth.
3. Board Staff have established new policies as some programs have failed to meet rule requirements for ongoing approval resulting in withdrawal of program approval by the Board. The progressive series of changes in the approval process as programs fail to comply with Board rules through an NCLEX examination pass rate below 80% as well as other areas of noncompliance have shown to be effective. The process for monitoring and guiding programs by Board Staff is described in the rules (requiring writing a Self-Study Report with a plan for correction, conducting a survey visit, helping the program to deal with restrictions on admissions while measures are taken for improvement, and supporting the program as they face the loss of approval). As many programs have engaged in implementing corrective measures along the way, they have advanced their programs back to compliance with Board rules including reestablishing a successful pass rate on the licensing exam.
4. In order to continue to provide assistance to programs, Board Staff are currently reviewing and revising items in the Nursing Education section of the BON web page. The Frequently Asked Questions are presently in revision as a part of the development of the new BON web site.

Recommendation - #2013-2-01:

Processes should be standardized to ensure consistent performance and documentation standards for all program evaluations and reviews.

Long Term Goals:

- to establish a dynamic dashboard to track the process of receipt of proposal through Board approval for consistency in documentation of the status of the proposal; and
- to establish a dynamic dashboard that will provide current approval status and to track areas being monitored, such as requirements and recommendations; this dashboard could interact with a public dashboard in the planning stage.

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- All logs are being reviewed for improvement in information included.
- Program files are being moved to electronic files (one for each program under program type) with the intent that each consultant will use consistent file and folder naming standards to ensure availability to all Staff.
- A process is being planned for following programs that have been issued requirements and recommendations to track their compliance within the established time frame.
- Staff will explore the possibility of using the agency database that is currently used in licensing and enforcement to create an Education database.

Other Comments:

- Staff agree that Approval Certificates should be dated, numbered, and include a statement that approval status of each program can be verified on the BON web site.
- The Education Consultants continually advise the Board about changes or suggestions in the program approval process, seeking their feedback and approval.
- Staff are committed to the idea that consistency in documentation through logs or dashboards will improve the efficiency of processes.

Board Staff wish to express appreciation to Jaye Stepp for her work on this audit and her contributions to the future of the BON.

Janice I. Hooper, PhD, RN, FRE
Nursing Consultant for Education
11/26/2013

Kristin Benton, MSN, RN, Director of Nursing