Texas Board of Nursing

Internal Audit Report #2018-1

Licensing Audit

Prepared by:
E. Jaye Stepp, CPA, CIA, CGAP, CRMA
Austin, Texas

Table of Contents

Acronyms and Abbreviations

- BON   Board of Nursing
- CBC   Criminal Background Checks
- DPS   Department of Public Safety
- FBI   Federal Bureau of Investigation
- IA   Internal Audit
- IIA   Institute of Internal Auditors
- IPPF   International Professional Practices Framework, IIA's
- LVN   Licensed Vocational Nurse
- NCSBN   National Council of State Boards of Nursing
- NJE   Nursing Jurisprudence Examination
- ORBS   Optimal Regulatory Board System
- RN   Registered Nurse
- SAO   State Auditor's Office
- TSLAC   Texas State Library and Archives Commission

Internal Audit Report

June 29, 2018

Texas Board of Nursing

The following report provides the results of the internal audit of the Board of Nursing's Licensing function. The agency's guidance and practices were compared to the Nursing Practice Act, and the BON's Rules, Regulations, and Procedures for evaluating compliance and effectiveness.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Professional Practices Framework* of Internal Auditing. 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.

Overall, based on the results of our review and testing, controls in place at BON provide reasonable assurance of compliance and effective methods of implementation of state laws. There were no findings from this audit and there are no recommendations issued from this report.

Jaye Stepp
CPA, CIA, CGAP, CRMA

E. J. Stepp, CPA
Internal Auditor for BON
Austin, Texas

Executive Summary

Audit Purpose

The Board of Nursing identified the Licensing function as an audit topic in the annual BON Internal Audit Plan for FY-2018. The audit plan for FY-18 anticipated an increased volume of requests for temporary licenses that might increase risk around the licensing processes, and because the licensing function has not had a recent review, it was selected for audit in this fiscal year.

The BON's website describes their Licensing function as follows –

> ***Licensing:*** *The BON issues licenses to graduates of approved nursing education programs seeking licensure by exam and to nurses licensed in other states seeking Texas licensure by endorsement. All nurses are required to renew their licenses on a biennial basis with evidence of required continuing nursing education. The BON licenses qualified registered nurses to enter practice as advanced practice registered nurses (APRNs), including nurse anesthetists, nurse practitioners, clinical nurse specialists, and nurse midwives.*

This audit sought to provide assurance that the processes and controls around the Licensing function at the BON are effective, follow State guidelines, and provide reliable licensing data to decision makers.

Overall Conclusion

The BON has appropriate processes and controls in place to provide a consistent and reliable licensing function for nurse licensure applicants in Texas. Processes are documented in written Policies and Procedures. Segregation of duties is appropriate for the functions being performed in the processes. Our test of details on samples from select time frames supported the effectiveness of the procedures. There were no findings in the test of details performed. There are no recommendations from this audit.

The current project underway to migrate from the BON's legacy licensing system to the NCSBN's database is continuing, with anticipated implementation of their ORBS system in the next three years.

Acknowledgements

The BON Licensing staff are knowledgeable and were professional in providing requested audit information, documents, and responses to inquiries in a timely manner. Their input and assistance provided during the audit process is greatly appreciated.

Objectives, Scope, and Methodology

Audit Objectives:
The following audit objectives were developed and agreed-upon by the auditor and the client.

Audit Objective A –Compliance with Laws:
Review the information provided by client as well as the identified rules, laws, regulations, and information from other sources to determine BON's responsibilities for the Licensing function. Perform procedures to determine if policies and procedures align with identified criteria, and if activities comply with policies and procedures.

Audit Objective B – Internal Control Effectiveness:
Evaluate the controls over activities related to licensing of LVNs and RNs for new licensees, temporary licenses, renewals, and endorsements.

Audit Objective C – Communications and Reporting:
Review and evaluate the processes for communications to management and the board on matters related to licensing. Evaluate reporting processes for required reports to outside agencies.

Scope:
The scope of the audit was limited to licensing activities and data from FY-2017 and FY-2018 year-to-date, including processes and controls in place at that time related to the BON's licensing of RNs and LVNs by examination, endorsement, and renewals.

Methodology:
Meetings were held with the Operations Director, who supervises the Licensing function at BON to discuss the processes, controls, and responsibilities around the licensing activities at the BON. We met with staff from Information Resources to discuss data reliability, and the Program Supervisor over licensing to discuss processes and controls in their areas. We requested and reviewed documents including written policies, procedures, and reporting documents and performed test of details on samples from each type of licensing process under review.

Sources of Information & Criteria:
Nursing Practice Act
BON's Rules and Regulations
BON's Department of Operations Policies and Procedures

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 and agreed upon with the BON management.

Audit Objective A –Licensing Compliance:

Review the information provided as well as the identified rules, laws, regulations, and information from other sources to determine BON's responsibilities for the Nurse Licensing function. Perform procedures to determine if policies and procedures align with identified criteria, and if activities comply with policies and procedures.

The Nursing Practice Act (NPA) addresses License Requirements in subchapter F and License Renewals in Subchapter G. The requirements in these sections represent the criteria on which the audit work was based.

License requirements include a license application that demonstrates the applicant's qualifications, accompanied by evidence of (1) good professional character, (2) successful completion of a program of professional or vocational nursing education, and (3) passing of the jurisprudence exam approved by the Board. A criminal history check is required, which includes results from both the DPS and FBI databases.

The BON Rules and Regulations provide the basis for the Department of Operations Policies and Procedures Manual, which documents the process for implementation. The written guidance provides adequate processes and effective controls to ensure that processes are consistently performed, in compliance with State law, rules, and regulations.

Recommendations: *None*

Audit Objective B – Internal Control Effectiveness:

Evaluate the controls over activities related to licensing of LVNs and RNs for new licensees, renewals, and endorsements, including temporary licenses, graduate nurse/graduate vocational nurse permits, and six (6) month temporary permits.

Our tests of details involved pulling samples from the total population of nurse licensing applications during the selected time frames. The samples were reviewed to determine if the stated processes and controls in the Department of Operations' Policies and Procedures manual are followed and are effective.

During meetings with management, we identified areas of concern and specific time frames for sampling to most effectively address those concerns. We sampled from the months of April and May of 2018 for endorsements and renewals of both LVN and RNs. We used the January and February 2018 time frame for testing the licenses issued by exam, as a high-volume period shortly after graduation which provides better assurance that controls steps are being followed even during times of increased volume.

Before issuing any licenses, the BON has a process that must be completed, which includes a thorough review and verification of education and qualifications. The process is slightly different for licensure by exam versus by endorsement, but the same basic information is required on all licensees. In addition to education and passing the NCLEX other requirements include –
• Criminal Background Check (CBC) cleared
• Texas Nursing Jurisprudence Examination (NJE) passed
• Check for any open cases in Enforcement Department at BON

As applicable, International applicants require verification of:
• Credential Evaluation Services (CES) report
• Proof of English proficiency by passing a test

Also, as applicable, verifications of licenses are vetted for both exam and endorsement applicants prior to issuing a permanent Texas license.

System edit checks include not allowing an applicant to apply online if there are eligibility issues, or if the license has expired prior to renewal. These edits require the applicant to submit paperwork to address the deficiencies noted in the NURSE system.

For endorsements, the Procedures Manual states that "A nurse who has practiced nursing in another state or who has taken and passed the NCLEX within the four years immediately preceding a request for Endorsement may obtain a once in a lifetime, non-renewable temporary license, which is valid for 120 days. Applicants must submit the initial Endorsement Application and the minimum endorsement fee to get the process started."

Prior to issuing a permanent license by endorsement, the BON verifies that the person has a license to practice in another state and verifies their educational background. The BON also checks that their CBC is clear or previously disclosed, their Texas application is current, fees are paid, all verifications are cleared, and the NJE has been passed.

For license renewals, we tested a recent period as license renewals are a continuous flow, without peak periods. Initial licenses are issued for a period

ranging from six months to 29 months depending on the birth month. Licenses are renewed every two years. The status of the license at time of renewal application determines how it is processed. Most renewals are processed online through TexasOnline.gov. The system has checks that will stop the online renewal process if the person doesn't meet certain criteria and they will be redirected. Texas Online submits a daily list of online renewals. BON staff check for any system notes and verify with NURSYS that there are no new rap backs. The renewal is allowed to process if it clears all checks and licenses are generally processed the next day.

There were no issues found in any of the sample sets tested. All samples showed evidence of proper and timely procedures being followed, with appropriate internal communications and review. There were no recommendations resulting from the fieldwork in this section of the audit.

In 2015 the BON worked with Cooper Consulting to identify all steps involved in the licensing process in anticipation of moving to the NCSBN's ORBS system, to ensure it would improve current systems. They developed a manual with licensing procedures that is still valid, with a few changes since the initial report.

There is no backlog of licenses to be issued. There is a backlog of about 6 months of scans to Laserfiche, which is being addressed through an ongoing project.

Conclusions:

Test of details performed for each of the categories of licensure (exam, renewals, and endorsements, including temps) found no issues in the electronic and hard copy files that support the activities and controls in processing the sampled files. Procedures are being followed and processes are effective.

Recommendations: *None*

Audit Objective C – Communications and Reporting:
Review and evaluate the processes for communications to management and the board on matters related to licensing. Evaluate reporting processes for required reports to outside agencies.

We identified the Quarterly Statistical Reports to the Board and Performance Measure reports as the primary reports issued from Licensing data. These reports are dependent on data reliability and integrity from the NURSE system. Communications between staff on licensing are through the system inputs and notes as they process applications.

There are two information systems connected with the Licensing process at BON. The NURSYS system is the national system supported by the National Council on State Board of Nursing (NCSBN) which contains license and discipline information provided by board of nursing in the US and its territories. Participating states upload regular updates to nurses' personal and licensure information to keep information current.

The NURSE system is the internal BON database with information on nurses in Texas that is shared with the national NURSYS database. The NURSE system maintains historical information as well as current information on all licensed nurses in Texas.

We met with the database administrator at the BON to discuss the controls around systems involved in the licensing function, and the reliability of data in those systems. He identified some 'identity' issues (applicants with same name and date of birth); and issues with the legacy database that includes inconsistencies in the structure of the two databases used for LVNs an RNs. There is also concern about old data in the legacy licensing system, and a backlog of scanning old stuff into digital files. These are issues that require manual intervention but do not compromise the reliability of the data maintained. There is also a current project to address and document the legacy system for future migration to a more modern framework.

Data integrity is maintained through regular weekly backups. There is also an annual backup as they close each fiscal year, that is kept permanently, with a copy at Texas State Library and Archives Commission. Data backups are used mostly for correcting staff errors.

Recommendations: *None*

****

Report Distribution Page

Texas Board of Nursing
Kathy Shipp, MSN, RN, FNP, Board President
Francis Stokes, Board Liaison for Internal Audit

Katherine Thomas, MN, RN, FAAN, Executive Director
Mr. Mark Majek, Director of Operations
Veronica Robertson, Program Specialist

Oversight Agencies

Governor's Office of Budget and Planning, and Policy

Legislative Budget Board

Sunset Advisory Commission

State Auditor's Office