



## MEMORANDUM

TEXAS GENERAL LAND OFFICE • COMMISSIONER DAWN BUCKINGHAM, M.D.

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**Date:** September 19, 2025

**To:** Dawn Buckingham, M.D., Commissioner

**From:** Tracey Hall, Chief Auditor

**Through:** Jennifer Jones, Chief Clerk  
(if applicable)

**Subject:** 2025 Annual Report on the Internal Audit Quality Assurance and Improvement Program

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The following report is presented in accordance with the Institute of Internal Auditors' (IIA) *Global Internal Audit Standards* and with the U.S. Government Accountability Office's *Government Auditing Standards*, commonly referred to as generally accepted government auditing standards (GAGAS), both of which require internal audit divisions to develop and maintain a Quality Assurance and Improvement Program (QAIP) that includes both internal and external assessments of internal audit.

The objective of the internal and external assessments is to evaluate the internal audit activity's conformance with the definition of internal auditing, the *Standards*, and the IIA Code of Ethics. The *Standards* require the results of these periodic assessments to be communicated to those charged with governance at least annually.

The Office of Internal Audit for the Texas General Land Office (GLO) and Veterans Land Board (VLB) maintains an ongoing QAIP and performs continuous monitoring of the quality of internal audit activities, as well as periodic reviews conducted through self-assessment and external quality assessment reviews.

This report and the detailed results included are intended to satisfy both sets of *Standards* by demonstrating that an internal assessment was performed, listing all the relevant IIA and GAO requirements, and indicating the evidence of compliance with each requirement. The Office of Internal Audit successfully received and passed its external quality assessment in August 2024. The next external quality assessment will be conducted in 2027 under the new *IIA Global Internal Audit Standard* (effective January 2025).

If you have questions or comments about this report, please contact me at (512) 463-6078.

**DETAILED RESULTS:**

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>IIA AS 8.1<sup>1</sup>, Board Interaction</b>	<p>The chief audit executive must provide the board with the information needed to conduct its oversight responsibilities. This information may be specifically requested by the board or, in the judgment of the chief audit executive, valuable for the board to exercise its oversight responsibilities.</p> <p>The chief audit executive must report to the board and senior management:</p> <ol style="list-style-type: none"> <li>The internal audit plan and budget and subsequent significant revisions to them.</li> <li>Changes potentially affecting the mandate or charter.</li> <li>Potential impairments to independence.</li> <li>Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.</li> <li>Results from the quality assurance and improvement program.</li> </ol>	<ul style="list-style-type: none"> <li>In its <i>Internal Audit Charter</i> -Internal Audit reports to the Commissioner and to the Chief Clerk. This reporting relationship provides independence, promotes comprehensive audit coverage, and helps ensure timely and adequate consideration of audit recommendations.</li> <li>In its <i>Internal Audit Charter</i>- Internal Audit is free from interference in determining its audit scope, performing its work, and communicating its results. Internal Audit distributes its audit reports to the Commissioner, Chief Clerk, General Counsel and to the appropriate board members and members of General Land Office management.</li> <li>The Chief Auditor reviews and approves audit objectives, plans, testing programs, and reports for all audit engagements.</li> <li>In its <i>Annual Report on the GLO Internal Audit – QAIP</i>, IA staff reviews the <i>Standards</i> and GAGAS for any updates to ensure the department’s QAIP is current and complies with all applicable requirements.</li> <li>The IA Director reviews all audit work papers to ensure their integrity, compliance, and satisfaction with the <i>Standards</i>, GAGAS, and audit objectives. The IA Director and the Chief Auditor review and approve key audit plans, documents, and samples of the QC work performed.</li> <li>An external Quality Assurance Review (QAR)<sup>2</sup> is obtained every three years and performed by peers of the IA function. Internal Audit successfully completed its QAR in August 2024. IA will undergo its next QAR in 2027.</li> </ul>

<sup>1</sup> The Institute of Internal Auditors’ (IIA) *International Professional Practices Framework* (IPPF, commonly referred to as the Red Book) is the conceptual framework that organizes authoritative guidance promulgated by the IIA. Conformance with The IIA’s *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity. The structure of the *Standards* is divided between Attribute and Performance Standards. Attribute Standards (AS) address the attributes of organizations and individuals performing internal auditing. The Performance Standards (PS) describes the nature of internal auditing and provides quality criteria against which the performance of the services can be measured. The Attribute and Performance Standards are provided to apply to all internal audit services.

<sup>2</sup> The IIA’s *International Professional Practices Framework* (IPPF), the U.S. Government Accountability Office’s (GAO) *Government Auditing Standards* (known as the Yellow Book), commonly referred to as generally accepted government auditing standards (GAGAS), and the Texas Internal Auditing Act (the Act) require that IA functions obtain external quality assurance reviews to assess compliance with *Standards* and the Act and to appraise the quality of their operations. GAGAS require these reviews at least every three years. A periodic external quality assurance review, or peer review, of the IA function is an essential part of a comprehensive quality assurance program.

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>IIA AS 8.2, Resources</b>	<p>The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.</p>	<ul style="list-style-type: none"> <li>▪ A General Audit Program comprising detailed procedures for ensuring compliance with the <i>Standards</i>, GAGAS, IA policies and procedures, and applicable legal and regulatory requirements are utilized during every audit engagement. These procedures include: <ul style="list-style-type: none"> <li>○ Audit Team Competencies</li> <li>○ Independence Statements</li> <li>○ Project Planning Summaries</li> <li>○ Project Risk Assessments and</li> <li>○ Fieldwork programs</li> </ul> </li> <li>▪ In its <i>Annual Report on the GLO Internal Audit – QAIP</i>, IA staff reviews the <i>Standards</i> and GAGAS for any updates to ensure the department’s QAIP is current and complies with all applicable requirements.</li> <li>▪ The Chief Auditor monitors the status of the Annual Internal Audit Plan and notifies the Commissioner and Chief Clerk of any deviations or recommended changes.</li> <li>▪ A comparison of budget-to-actual hours spent is conducted for all audits.</li> <li>▪ In its <i>Internal Audit Charter</i>- Internal Audit is responsible for performing risk-based assessments of the various functions, control systems, and governance processes in the agency and advising management about their condition.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>IIA AS 8.3, Quality</b>	<p>The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:</p> <ol style="list-style-type: none"> <li>1. External assessments.</li> <li>2. Internal assessments.</li> </ol> <p>At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:</p> <ol style="list-style-type: none"> <li>a. The internal audit function's conformance with the Standards and achievement of performance objectives.</li> <li>b. If applicable, compliance with laws and/or regulations relevant to internal auditing.</li> <li>c. If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.</li> </ol>	<ul style="list-style-type: none"> <li>▪ The IA Director for each audit reviews and signs off on every audit working paper to ensure completeness and compliance with the <i>Standards</i>.</li> <li>▪ The Chief Auditor and IA Director meet with each audit team weekly, based on the Agile audit process, to discuss the audit status and potential issues.</li> <li>▪ Time and resources for each audit are tracked by the audit phase regarding planning the audit, assessing risk, performing fieldwork, reporting, and quality control and supervisory review.</li> <li>▪ Auditors communicate to management through a project status report and with the Chief Auditor continuously throughout the audits, identifying work performed and potential audit issues.</li> <li>▪ The Chief Auditor monitors the status of the Annual Internal Audit Plan and notifies the Commissioner and Chief Clerk of any deviations or recommended changes.</li> <li>▪ After every project, auditors complete a post-audit analysis to communicate ongoing performance quality and any follow-up action needed to implement appropriate improvements within the audit process.</li> <li>▪ The Chief Auditor and IA Director review key documents, including the audit plan, objectives, audit program, summary memo, and draft report.</li> <li>▪ The Chief Auditor and IA Director review work for each audit to ensure the quality of the QC review function.</li> <li>▪ Customer Surveys are distributed to auditee management and other employees by the Chief Auditor immediately following the issuance of each audit report.</li> <li>▪ The Quality Assurance and Improvement Program results include internal and external assessments.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>IIA AS 8.4, External Quality Assessment</b>	<p>The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.</p> <p>When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor® designation.</p>	<ul style="list-style-type: none"> <li>▪ The Texas Internal Auditing Act (Act) requires internal auditors to comply with the Act and IIA and GAO Standards, including the IIA Code of Ethics. IA follows the more restrictive requirement for external peer reviews every three years.</li> <li>▪ The engagement letter for the external Quality Assurance Review (QAR), signed by the Chief Clerk, addresses the qualifications and independence of the external review team members, including any potential conflicts of interest.</li> <li>▪ The Chief Auditor reviews and approves audit objectives, plans, testing programs, and reports for all audit engagements.</li> <li>▪ In its <i>Annual Report on the GLO Internal Audit – QAIP</i>, IA staff reviews the <i>Standards</i> and GAGAS for any updates to ensure the department’s QAIP is current and complies with all applicable requirements.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>IIA AS 12.1, Internal Quality Assessment</b>	<p>The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.</p> <p>The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes:</p> <ul style="list-style-type: none"> <li>▪ Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives</li> <li>▪ Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.</li> <li>▪ Communication with the board and senior management about the results of internal assessments.</li> </ul> <p>Based on the results of periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management.</p> <p>Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organization's external quality assessment.</p>	<ul style="list-style-type: none"> <li>▪ The Chief Auditor annually prepares a report on the Quality Assurance and Improvement Program (QAIP) results and distributes it to the Commissioner and Chief Clerk.</li> <li>▪ The results of the Quality Assurance and Improvement Program include the results of both internal and external assessments.</li> <li>▪ An external Quality Assurance Review (QAR) is obtained every three years and performed by peers of the IA function. Internal Audit successfully completed its QAR in August 2024. IA will undergo its next QAR in 2027.</li> <li>▪ The final report on the external Quality Assurance Review (QAR) is communicated to the Commissioner and Chief Clerk, the reporting authority of Internal Audit. The 2024 QAR report has been provided to the Commissioner and Chief Clerk.</li> <li>▪ The IA activities conform with the IIA Code of Ethics and the <i>Standards</i>.</li> <li>▪ The Quality Assurance and Improvement Program results include internal and external assessments.</li> <li>▪ A General Audit Program comprising detailed procedures for ensuring compliance with the <i>Standards</i>, GAGAS, IA policies and procedures, and applicable legal and regulatory requirements are utilized during every audit engagement.</li> </ul>

Standard No. & Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.04, System of Quality Control</b>	An audit organization should document its quality control policies and procedures and communicate those policies and procedures to its personnel. The audit organization should document compliance with its quality control policies and procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent to which the audit organization complies with its quality control policies and procedures.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual includes sections on: <ul style="list-style-type: none"> <li>✓ Rules and Regulations that IA is required to follow</li> <li>✓ Internal Auditing Standards (IIA and GAO, including the IIA Code of Ethics)</li> <li>✓ Working Paper Standards</li> <li>✓ Principles and Rules of Conduct</li> <li>✓ Independence and Objectivity</li> <li>✓ Conflict of Interest</li> <li>✓ Confidentiality</li> </ul> </li> <li>▪ IA completes an annual assessment of its Quality Assurance and Improvement Program (QAIP). The resulting report is provided to Executive Management.</li> <li>▪ All internal auditors must complete annual independence statements that include any possible impairment to their independence regarding any auditable program of the agency.</li> <li>▪ Each audit requires all assigned audit team members to complete an independence statement assessing and reporting on any actual and potential independence issues.</li> <li>▪ Signoffs and coaching notes document all evidence of quality control reviews within the audit in the TeamMate auditing software.</li> <li>▪ The IA Policies and Procedures Manual requires all working papers for audits and other projects to be retained per the State of Texas Records Retention Schedule for seven fiscal years after the final report is issued.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.05, Leadership Responsibilities for Quality within the Audit Organization</b>	The audit organization should establish policies and procedures on leadership responsibilities for quality within the audit organization that include designating responsibility for quality of engagements conducted in accordance with GAGAS and communicating policies and procedures relating to quality.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual provides detailed information about performing and documenting audit planning, fieldwork, and reporting.</li> <li>▪ The IA shared drive and TeamMate Team Store contains many forms and templates for internal auditors to use to help ensure engagements are performed in accordance with the <i>Standards</i> and legal and regulatory requirements.</li> </ul>
<b>GAGAS 5.06, Leadership Responsibilities for Quality within the Audit Organization</b>	The audit organization should establish policies and procedures designed to provide reasonable assurance that those assigned operational responsibility for the audit organization's system of quality control have sufficient and appropriate experience and ability, and the necessary authority to assume that responsibility.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual states that all Internal audit members are expected to maintain an appropriate certification, such as Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE) or Certified Government Auditing Professional (CGAP).</li> <li>▪ All IA members have relevant experience, degrees, and professional certifications.</li> <li>▪ The IA Policies and Procedures Manual includes requirements from the <i>Texas Internal Auditing Act (Texas Government Code 2102.006(b))</i> that the Chief Audit Executive must be a Certified Public Accountant or Certified Internal Auditor and have at least three years of auditing experience.</li> </ul>
<b>GAGAS 5.08, Independence, Legal, and Ethical Requirements</b>	The audit organization should establish policies and procedures on independence and legal and ethical requirements designed to provide reasonable assurance that the organization and its personnel maintain independence and comply with applicable legal and ethical requirements.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual section on the IA Quality Assurance and Improvement Program details many components that help ensure auditors perform quality work and specifies that the IA Director and the Chief Auditor monitor the quality of their work.</li> <li>▪ All internal auditors are required to complete annual independence statements that include any possible impairment to their independence regarding any auditable program of the agency.</li> <li>▪ The Chief Auditor considers any potential conflicts of interest in determining audit assignments.</li> </ul>



Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.09, Independence, Legal, and Ethical Requirements</b>	At least annually, the audit organization should obtain written affirmation of compliance with its policies and procedures on independence from all of its personnel required to be independent.	<ul style="list-style-type: none"> <li>▪ All internal auditors are required to complete annual independence statements that include any possible impairment to their independence regarding any auditable program of the agency.</li> <li>▪ Each audit requires all assigned audit team members to complete an independence statement to assess and report on any actual and potential independence issues.</li> <li>▪ The Chief Auditor considers any potential conflicts of interest in determining audit assignments. The Chief Auditor will determine the appropriate actions to maintain independence in conducting internal audit work. Possible activities include but are not limited to assigning the auditor only to projects where independence is not an issue, reassigning the auditor to another project or other tasks within the project, or increased supervision. The Chief Auditor must document these actions.</li> </ul>
<b>GAGAS 5.12, Initiation, Acceptance, and Continuance of Engagements</b>	<p>The audit organization should establish policies and procedures for the initiation, acceptance, and continuance of engagements that are designed to provide reasonable assurance that the organization will undertake engagements only if it:</p> <ul style="list-style-type: none"> <li>a. complies with professional standards, applicable legal and regulatory requirements, and ethical principles;</li> <li>b. acts within its legal mandate or authority; and</li> <li>c. has the capabilities, including time and resources, to do so.</li> </ul>	<ul style="list-style-type: none"> <li>▪ IA ensures current policies and procedures for the initiation, acceptance, and continuance of audits are designed to provide reasonable assurance that the IA function will continually conduct only audits in which it can ensure compliance with professional standards, legal requirements, and ethical principles and that it is acting within the legal mandate or authority of the audit organization.</li> <li>▪ The IA function performs an extensive risk assessment process of the agency programs annually to select relevant audits that add value to the agency having been identified by areas of potential risk. An annual audit plan is developed from the risk assessment, which considers the available audit resources. IA has developed and maintained an IA Policies and Procedures Manual. All IA members have relevant experience degrees and professional certifications.</li> <li>▪ Time budgets are established during the scoping phase of the audit, and budget-to-actual-hours reports are completed during all audits.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.15, Human Resources</b>	The audit organization should establish policies and procedures for human resources designed to provide the organization with reasonable assurance that it has personnel with the competence to conduct GAGAS engagements in accordance with professional standards and applicable legal and regulatory requirements.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual states that all Internal audit members are expected to maintain an appropriate certification, such as Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE) or Certified Government Auditing Professional (CGAP).</li> <li>▪ All IA members have relevant experience, degrees, and professional certifications.</li> </ul>
<b>GAGAS 5.16, Human Resources</b>	The audit organization should establish policies and procedures to provide reasonable assurance that auditors who are performing work in accordance with GAGAS meet the continuing professional education (CPE) requirements, including maintaining documentation of the CPE completed and any exemptions granted. <i>(Due to COVID-19 pandemic GAGAS issued a CPE exception alert.)</i> <sup>3</sup>	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Training Policy requires auditors to complete 80 hours of continuing professional education (CPE) within two years, with at least 40 hours completed each year. Of the eighty hours required for two years, twenty-four hours should be in government-related subjects and two hours of Ethics.</li> <li>▪ All Internal Auditors track CPE hours utilizing the Training Tracking Sheet to ensure each employee completes the required hours of CPE each year.</li> </ul>
<b>GAGAS 5.22, Engagement Performance</b>	The audit organization should establish policies and procedures for engagement performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that engagements are conducted, and reports are issued in accordance with professional standards and applicable legal and regulatory requirements.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual includes detailed requirements for work papers, documentation, and reporting to be in conformance with the <i>Standards</i> and GAGAS.</li> <li>▪ Audits are reviewed at each stage of the audit, and the audit report is approved by the Chief Auditor prior to issuance.</li> </ul>

<sup>3</sup> COVID-19: GAGAS CPE Alert effective February 29, 2020: <https://www.gao.gov/yellowbook/overview>

The GAO provides three exceptions to the GAGAS CPE requirements for circumstances related to the COVID-19 pandemic and clarification of an existing exemption: (1) For 2-year CPE periods that end February 29, 2020 through December 31, 2020, auditors who have not completed the 80-hour or the 24-hour CPE requirements for the 2-year period may have up to 6 months immediately following the 2-year period to make up the deficiency; (2) Auditors are not required to complete at least 20-hours of CPE for a 1-year CPE period that ends February 29, 2020 through December 31, 2020; and (3) From the audit organization's 2-year period in effect on February 29, 2020, auditors may carry over up to 40 hours of CPE, in excess of the 80-hour requirement, to the next CPE measurement period. For 2-year CPE measurement periods ending after December 31, 2020, only CPE hours earned through December 31, 2020 may be carried over. Clarification of Existing GAGAS CPE Exemption: If the auditor is working, including teleworking, audit organizations and auditors may not use the exemption outlined in paragraph 4.29.

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.23, Engagement Performance</b>	If auditors change the engagement objectives during the engagement, they should document the revised engagement objectives and the reasons for the changes.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual includes procedures on determining audit objectives, staffing requirements, scheduling, time budgets, areas to be covered, detailed tests to be performed, and the extent to which a thorough examination is to be conducted during the initial planning phase. Each audit requires an Audit Plan which identifies the objectives and scope of the engagement.</li> <li>▪ If there is a change in audit scope or objectives, the Chief Audit Executive will issue a “memo to file” to Executive Management and the program area being audited. The memo will provide justification for any changes in scope or objective. Any changes to an audit objective detailed in the Annual Internal Audit Plan require approval from the Commissioner.</li> </ul>
<b>GAGAS 5.24, Engagement Performance</b>	<p>The audit organization should establish policies and procedures designed to provide it with reasonable assurance that:</p> <ul style="list-style-type: none"> <li>a. appropriate consultation takes place on difficult or contentious issues that arise among engagement team members in the course of conducting a GAGAS engagement;</li> <li>b. both the individual seeking consultation and the individual consulted document and agree upon the nature and scope of such consultations; and</li> <li>c. the conclusions resulting from consultations are documented, understood by both the individual seeking consultation and the individual consulted, and implemented.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual contains procedures for conducting consulting, management assistance, and special project engagements. The Chief Auditor will obtain approval from the Chief Clerk for projects that may require a significant number of hours to impact the projects in the Annual Audit Plan. If a report is applicable to the particular project or consultation engagement, the Chief Auditor will provide the requestor a report detailing the information gathered or observations made and will provide the report to executive management as appropriate.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.25, Engagement Performance</b>	If an engagement is terminated before it is completed and an audit report is not issued, auditors should document the results of the work to the date of termination and why the engagement was terminated.	<ul style="list-style-type: none"> <li>▪ If an engagement is terminated before it is completed and an audit report is not issued, the Chief Audit Executive will issue a “memo to file” to Executive Management and the program area being audited. The memo will provide justification for terminating the engagement. Any changes to an audit objective detailed in the Annual Internal Audit Plan must be approved by the Commissioner.</li> </ul>
<b>GAGAS 5.36, Engagement Performance Supervision</b>	The audit organization should establish policies and procedures that require engagement team members with appropriate levels of skill and proficiency in auditing to supervise engagements and review work performed by other engagement team members.	<ul style="list-style-type: none"> <li>▪ The IA Policies and Procedures Manual contains detailed Quality Control Review procedures required for each audit and establishes criteria for acceptable working papers.</li> <li>▪ The IA Director performs an internal review of and sign off on all work papers for every engagement to ensure adherence to the <i>Standards</i> and applicable legal and regulatory requirements.</li> <li>▪ The Chief Auditor, along with the IA Director, reviews and signs off on key working papers, including, but not limited to, the audit plan, audit program, and referenced draft report.</li> <li>▪ All IA members have relevant experience, degrees, and professional certifications.</li> <li>▪ IA’s standard audit program in TeamMate includes a planning step in which management and the Chief Auditor selects audit team members based on an evaluation of team competencies and qualifications required to perform assigned roles for each project.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.37, Engagement Performance Supervision</b>	<p>The audit organization should assign responsibility for each engagement to an engagement partner or director with authority designated by the audit organization to assume that responsibility and should establish policies and procedures requiring the organization to:</p> <ul style="list-style-type: none"> <li>a. communicate the identity and role of the engagement partner or director to management and those charged with governance of the audited entity and</li> <li>b. clearly define the responsibilities of the engagement partner or director and communicate them to that individual.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Chief Auditor is assigned responsibility for each engagement and reviews and signs off on key working papers, including, but not limited to, the audit plan, audit program, and referenced draft report. The Chief Auditor reviews and approves the final report and management responses to corrective actions.</li> <li>▪ The Chief Auditor and IA Director meets with each audit team weekly to discuss the audit status and potential issues.</li> </ul>
<b>GAGAS 5.42, Monitoring of Quality</b>	<p>The audit organization should establish policies and procedures for monitoring its quality control system.</p>	<ul style="list-style-type: none"> <li>▪ The IA function has policies and procedures that ensure the continued monitoring of quality within the work performed by the IA function.</li> <li>▪ This annual QAIP report constitutes the results of the annual internal quality assessment.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.43, Monitoring of Quality</b>	The audit organization should perform monitoring procedures that enable it to assess compliance with professional standards and quality control policies and procedures for GAGAS engagements. Individuals performing monitoring should have sufficient expertise and authority within the audit organization.	<ul style="list-style-type: none"> <li>▪ The IA function has policies and procedures that ensure the continued monitoring of quality within the work performed by the IA function.</li> <li>▪ This annual QAIP report constitutes the results of the annual internal quality assessment.</li> <li>▪ An external Quality Assurance Review (QAR) is obtained every three years and performed by peers of the IA function. Internal Audit successfully completed its QAR in August 2024. IA will undergo its next QAR in 2027.</li> <li>▪ The IA Policies and Procedures Manual states that all Internal audit members are encouraged to obtain and expected to maintain an appropriate certification, such as Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE) or Certified Government Auditing Professional (CGAP).</li> <li>▪ All IA members have relevant experience, degrees, and professional certifications (when obtained).</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.44, Monitoring of Quality</b>	<p>The audit organization should analyze and summarize the results of its monitoring process at least annually, with the identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. The audit organization should communicate to the relevant engagement partner or director and other appropriate personnel any deficiencies noted during the monitoring process and recommend appropriate remedial action. This communication should be sufficient to enable the audit organization and appropriate personnel to take prompt corrective action related to deficiencies, when necessary, in accordance with their defined roles and responsibilities. Information communicated should include the following:</p> <ol style="list-style-type: none"> <li>a description of the monitoring procedures performed;</li> <li>the conclusions reached from the monitoring procedures; and</li> <li>when relevant, a description of systemic, repetitive, or other deficiencies and of the actions taken to resolve those deficiencies.</li> </ol>	<ul style="list-style-type: none"> <li>▪ The IA function has policies and procedures that ensure the continued monitoring of quality within the work performed by the IA function.</li> <li>▪ This annual QAIP report constitutes the results of the annual internal quality assessment. Process improvement recommendations noted in the QAIP report will be considered during the next update of the IA Policies and Procedures Manual.</li> </ul>

Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.45, Monitoring of Quality</b>	The audit organization should evaluate the effects of deficiencies noted during monitoring of the audit organization's system of quality control to determine and implement appropriate actions to address the deficiencies. This evaluation should include assessments to determine if the deficiencies noted indicate that the audit organization's system of quality control is insufficient to provide it with reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements and that, accordingly, the reports that the audit organization issues are not appropriate in the circumstances.	<ul style="list-style-type: none"> <li>During its annual Quality Assurance and Improvement Program assessment, IA evaluates existing policies, procedures, and processes to note deficiencies and review compliance with professional standards and applicable legal and regulatory requirements. Process improvement recommendations noted in the QAIP report will be considered during the next update of the IA Policies and Procedures Manual.</li> <li>The IA function has policies and procedures that ensure the continued monitoring of quality within the work performed by the IA function.</li> <li>An external Quality Assurance Review (QAR) is obtained every three years and performed by peers of the IA function. Internal Audit successfully completed its QAR in August 2024. IA will undergo its next QAR in 2027.</li> </ul>
<b>GAGAS 5.46, Monitoring of Quality</b>	The audit organization should establish policies and procedures that require retention of engagement documentation for a period of time sufficient to permit those performing monitoring procedures and peer review of the organization to evaluate its compliance with its quality control system or for a longer period if required by law or regulation.	<ul style="list-style-type: none"> <li>The IA Policies and Procedures Manual requires all working papers for audits and other projects to be retained in accordance with the State of Texas Records Retention Schedule for a period of seven fiscal years after the final report is issued.</li> </ul>



Standard No. and Title	Requirement(s)	Evidence of Compliance
<b>GAGAS 5.60, External Peer Review</b>	Each audit organization conducting engagements in accordance with GAAS must obtain an external peer review conducted by reviewers independent of the audit organization being reviewed. The peer review should be sufficient in scope to provide a reasonable basis for determining whether, for the period under review, (1) the reviewed audit organization's system of quality control was suitably designed and (2) the organization is complying with its quality control system so that it has reasonable assurance that it is performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects.	<ul style="list-style-type: none"><li>▪ An external Quality Assurance Review (QAR) is obtained every three years and performed by peers of the IA function. Internal Audit successfully completed its QAR in August 2024. IA will undergo its next QAR in 2027.</li></ul>

**APPENDIX:**

**Excerpts of the 2024 External Quality Assurance Review of the Texas General Land Office, Office of Internal Audit**

Report on the External Quality Assurance Review of the

**Texas General Land Office**

Office of Internal Audit

*August 2024*



Performed by

R. Eric Ramos, CIA, CFE  
Chief Auditor

Texas State Preservation Board

Adam Koppi, CFE  
Senior Internal Audit Analyst  
Texas Department of Public Safety

*Performed in Accordance with the*  
State Agency Internal Audit Forum  
Peer Review Policies and Procedures



State Agency Internal Audit Forum (SAIAF)

October 7, 2024

Tracey Hall, CPA, CISA  
Chief Auditor, Texas General Land Office  
1700 Congress Ave.  
Austin, TX 78701

Dear Ms. Hall,

We have completed a peer review of the Texas General Land Office (GLO) Office of Internal Audit for the period September 1, 2021, through August 31, 2024. In conducting our review, we followed the standards and guidelines contained in the Peer Review Manual published by the State Agency Internal Audit Forum (SAIAF).

The Institute of Internal Auditors (IIA) *International Standards for the Professional Practices of Internal Auditing and Code of Ethics*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102) require that internal audit functions obtain external quality assurance reviews (peer reviews) to assess compliance with standards and the Act and to appraise the quality of their operations.

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the IIA *Standards*, the GAO *Standards*, and the Texas Internal Auditing Act. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case but does imply adherence in most situations.

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the GLO Office of Internal Audit receives a rating of "Pass/Generally Conforms" and is in compliance with the IIA *Standards*, the GAO *Standards*, and the Texas Internal Auditing Act. This opinion, which is the *highest of the three possible ratings*, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

The GLO Office of Internal Audit has reviewed the results of the work performed by the peer review team and accepted them to be an accurate representation of their operations. To the extent lawful, the GLO Office of Internal Audit agrees to hold SAIAF and its officers and representatives harmless of any liability arising from the actions of the peer review team or issues resulting from the peer review.

Sincerely,

*R. Eric Ramos*

R. Eric Ramos, CIA, CFE  
Chief Auditor  
Texas State Preservation Board  
SAIAF Review Team Leader

*AK*

Adam Koppi, CFE  
Senior Internal Audit Analyst  
Texas Department of Public Safety  
SAIAF Peer Review Team Member