

**TEXAS MEDICAL BOARD**  
Austin, Texas

**INTERNAL AUDIT PLAN**

For Fiscal Year 2016



**TEXAS MEDICAL BOARD**  
Austin, Texas

Internal Audit Plan  
For Fiscal Year 2016

TABLE OF CONTENTS

	<u>Page</u>
Internal Auditor's Report .....	1
I. Methodology.....	2-4
II. Audit Scope.....	4
III. Internal Audit Plan.....	5
 ATTACHMENTS	
Attachment A - Risk Assessment Summary .....	6
Attachment B - History of Areas Audited .....	7

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Executive Committee and  
Board Members  
Texas Medical Board  
Austin, Texas

Enclosed is the proposed fiscal year 2016 Internal Audit Plan (Plan) for the Texas Medical Board (TMB). This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2016. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised as necessary by the Board or Executive Committee.

This Plan has been prepared following Generally Accepted Auditing Standards and International Standards for the Professional Practice of Internal Auditing, as determined by the Institute of Internal Auditors.

*Garza/Gonzalez  
& Associates*

December 15, 2015

# TEXAS MEDICAL BOARD

Austin, Texas

## Internal Audit Plan For Fiscal Year 2016

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### I. Methodology

The fiscal year 2016 Internal Audit Plan (Plan) for the Texas Medical Board (TMB) was prepared using a risk assessment process, where we reviewed various documents and questionnaires completed by TMB's Board President; the Presiding Officers for the Acupuncture, Physician Assistant and Texas Physician Health Program Boards; and, staff, as documented below.

The following documents were reviewed and considered in our risk assessment process:

- Organizational Charts
- Budgets
- Financial and Non-Financial Reports
- Policies and Procedures
- Applicable Laws and Regulations
- Audits and/or Monitoring Reports from Third Party Agencies
- Prior Internal Audit Reports

Questionnaires were developed for completion by TMB's Board President; the 3 Presiding Officers, as listed above; Division Directors; and, other staff, to update our understanding of each Division, and its role within the overall scheme of TMB. The questionnaires included topics; such as, recent changes in key personnel, time elapsed since last audit, status of past audit findings, and regulatory compliance requirements. Utilizing information obtained through the completed questionnaires and background information reviewed, 21 audit areas were identified as the potential audit topics. A risk analysis was completed for each of the 21 individual potential audit topics and then compiled to develop TMB's overall risk assessment.

The following 8 risk factors were considered for each potential audit topic:

- |                                    |  |
|------------------------------------|--|
| 1. Materiality                     | Measure of the auditable unit's <i>financial</i> materiality based on the dollar amount per year of assets, receipts, or disbursements for which the unit is responsible; or, <i>non-financial</i> materiality based on the number of licensees for which the unit is responsible, or the magnitude of its responsibility related to the agency's primary mission. |
| 2. Time since Last Audit or Review | Measure of the number of years between the date of the previous audit or review and the date of the risk assessment.   |
| 3. Results of Last Audit or Review | Measure of the results of the previous audit or review.  |

**TEXAS MEDICAL BOARD**  
Internal Audit Plan

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- |   |  |
|---|--|
| 4. Adequacy of Staffing Levels                      | Measure of the adequacy of the staffing level of the auditable unit as it relates to the achievement of its objectives.    |
| 5. Policies and Procedures                          | Measure of the existence of policies and procedures documenting the auditable unit's activities.                           |
| 6. Compliance with Contracts, Laws, and Regulations | Measure of the existence of contracts, laws, and/or regulations for which the auditable unit is responsible for complying. |
| 7. Susceptibility of Material Theft or Fraud        | Measure of the auditable unit's risk and controls in place as it relates to material theft or fraud.                       |
| 8. Issues or Concerns                               | Measure of issues or concerns by management, the Board or Executive Committee.   |

Risk Assessment

Following are the results of the risk assessment performed for the 21 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Litigation	Investigations/Enforcement Support	Information Resources
Texas Physician Health Program	Licensing – Physicians	Financial Reporting
Compliance	Licensing – Acupuncturists	Travel
Licensing – Physician Assistants	Licensing – Surgical Assistants	Licensing – Other Types
Licensing – Physicians in Training	Fixed Asset Management	Quality Assurance (Licensing Department)
	Purchasing/Procurement/Cash Disbursements	Human Resource & Payroll
	Records Retention	Governmental Affairs & Communications
		Mail & Cash Receipts Processing
		Performance Measures

This report includes the “Risk Assessment Summary” as Attachment A; and, the “History of Areas Audited” as Attachment B, which identifies audits and/or reviews performed from fiscal year 2006 through 2015.

# TEXAS MEDICAL BOARD

## Internal Audit Plan

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In the prior three years, internal audits were performed in the following areas:

Fiscal Year 2015:

- Licensing - Physicians

Fiscal Year 2014:

- Mail Processing and Cash Receipts Controls

Fiscal Year 2013:

- Governance

## II. Audit Scope

In accordance with the **International Standards for the Professional Practice of Internal Auditing**, the audit scope will encompass the examination and evaluation of the adequacy and effectiveness of TMB's system of internal control and the quality of performance in carrying out assigned responsibilities. The audit scope includes:

- **Reliability and Integrity of Financial and Operational Information** – Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- **Compliance with Policies, Procedures, Laws, Regulations and Contracts** – Review the systems established to ensure compliance with those policies, procedures, laws, regulations, and contracts which could have a significant impact on operations and reports, and determine whether the organization is in compliance.
- **Safeguarding of Assets** – Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- **Effectiveness and Efficiency of Operations and Programs** – Appraise the effectiveness and efficiency with which resources are employed.
- **Achievement of the Organizations Strategic Objectives** – Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

# TEXAS MEDICAL BOARD

## Internal Audit Plan

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### III. Internal Audit Plan

The Internal Audit Plan (Plan) includes one audit to be performed during the 2016 fiscal year. The Plan also includes a follow-up of the post-payment audit performed by the Texas Comptroller's Office, as other activities to be performed by the Internal Auditor; a follow-up of the prior year audit recommendations; other tasks that may be assigned by the Board, Executive Committee, or management during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2016.

The area recommended for internal audit and other activities and functions to be performed for fiscal year 2016 are as follows:

1. Compliance

The planned audit procedures include the following:

- a. Review and obtain an understanding of the laws and regulations provided in the applicable chapters of the Texas Occupations Code and the Texas Administrative Code applicable to the Compliance area.
- b. Review established policies and procedures, collect various documents, and conduct interviews to obtain an understanding of the Compliance area's processes and current practices in place.
- c. On a sample basis, review a selection of the monitoring performed during the current fiscal year to determine that the (1) statutes, rules, regulations, and policies and procedures were consistently applied; and, (2) monitoring program was adequately designed and implemented to ensure compliance with Board orders and/or remedial plans.
- d. Other procedures that may be deemed necessary during audit fieldwork.

2. Other Activities – Follow-up of Post-Payment Audit Dated October 13, 2015

Perform follow-up procedures to verify that the actions taken to address the recommendations, as reported by TMB in its Corrective Action Plan, were implemented.

3. Follow-up of Prior Year Internal Audits

Perform follow-up procedures to determine the status of prior year comments that were not fully implemented as of fiscal year 2015. The audit procedures will result in a determination that the recommendation is (1) Implemented; (2) Partially Implemented; (3) Implementation Delayed; (4) No Action Taken; (5) Do Not Plan to Take Corrective Action; or, (6) Other.

4. Other Tasks

Other tasks as may be assigned by the Board, Executive Committee, or management during the fiscal year.

## **ATTACHMENTS**



**TEXAS MEDICAL BOARD  
Risk Assessment Summary  
For Fiscal Year 2016**

	RISK FACTOR WEIGHT																	
	10.00%		16.50%		16.00%		15.00%		12.50%		12.00%		8.00%		10.00%			
	RISK FACTORS																	
Potential Audit Topic																	Total	
	1	2	3	4	5	6	7	8	Compliance with Contracts, Laws & Regulations	Susceptibility of Material Theft or Fraud	Existence of Issues or Concerns							
Materiality	Time Since Last Audit or Review	Results of Last Audit or Review	Adequacy of Staffing Levels	Policies and Procedures	Regulations	Fraud	Concerns											
<b>High Risk: &gt; 163</b>																		
1	Litigation	2	20.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	175.00
2	Texas Physician Health Program	1	10.00	3	49.50	1	16.00	2	30.00	1	12.50	2	24.00	1	8.00	2	20.00	170.00
3	Compliance	2	20.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	167.00
4	Licensing - Physician Assistants	2	20.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	167.00
5	Licensing - Physicians in Training	2	20.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	167.00
<b>Moderate Risk: 151 - 163</b>																		
6	Investigations/Enforcement Support	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	160.50
7	Licensing- Physicians	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	160.00
8	Licensing - Acupuncturists	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	157.00
9	Licensing - Surgical Assistants	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	157.00
10	Fixed Asset Management	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.50
11	Purchasing/Procurement/Cash Disbursements	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.00
12	Records Retention	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	153.00
<b>Low Risk: &lt; 151</b>																		
13	Information Resources	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	146.50
14	Financial Reporting	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	145.00
15	Travel	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	144.00
16	Licensing - Other Types	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	140.50
17	Quality Assurance (Licensing Department)	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	140.50
18	Human Resources & Payroll	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	140.00
19	Governmental Affairs & Communications	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	128.50
20	Mail & Cash Receipts Processing	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	128.00
21	Performance Measures	1	10.00	1	16.50	2	32.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.00

**Risk Factor Rating:**  
 1 - Low Risk  
 2 - Moderate Risk  
 3 - High Risk

**TEXAS MEDICAL BOARD  
History of Areas Audited  
For Fiscal Year 2016**

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Compliance										
2	Financial Reporting	B									
3	Fixed Asset Management										C1
4	Governmental Affairs & Communications						B				
5	Human Resources & Payroll					C		B			C
6	Information Resources			B		B/E			D/E		
7	Investigations/Enforcement Support								E		
8	Licensing - Acupuncturists										
9	Licensing - Other Types								E		
10	Licensing - Physicians										A
11	Licensing - Physician Assistants										
12	Licensing - Physicians in Training										
13	Licensing - Surgical Assistants										
14	Litigation										
15	Mail & Cash Receipts Processing									B	
16	Performance Measures									E	
17	Purchasing/Procurement/Cash Disbursements	E			B	C					C
18	Quality Assurance (Licensing Department)										A1
19	Records Retention										
20	Texas Physician Health Program										
21	Travel					C					C

**Note:**

Senate Bill 202 transferred the following license types from the Department of State Health Services (DSHS) to TMB effective September 1, 2015:

- Medical Physicists
- Medical Radiologic Technologists
- Perfusionists
- Respiratory Care Practitioners

Since the transfer of these license types are in the transition phase, sufficient information was not available for them to be considered in the fiscal year 2016 risk assessment. Therefore, they will be considered in the fiscal year 2017 risk assessment.

**Legend**

- A** Audit performed by Garza/Gonzalez & Associates, CPAs
- A1** Limited review performed by Garza/Gonzalez & Associates, CPAs
- B** Audit performed by Rupert & Associates, P.C.
- C** Post payment audit performed by the Comptroller of Public Accounts
- C1** Limited review performed by the Comptroller of Public Accounts
- D** Review performed by the Department of Information Resources
- E** Audit performed by the State Auditor's Office