

**TEXAS MEDICAL BOARD**  
Austin, Texas

**INTERNAL AUDIT PLAN**

For Fiscal Year 2019



**TEXAS MEDICAL BOARD**  
Austin, Texas

Internal Audit Plan  
For Fiscal Year 2019

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Executive Committee and  
Board Members  
Texas Medical Board  
Austin, Texas

Enclosed is the Texas Medical Board's (TMB) proposed Internal Audit Plan (Plan) that was prepared for audits and other functions to be performed in fiscal year 2019. This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2019. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised by the Board or Executive Committee, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards and International Standards for the Professional Practice of Internal Auditing, as determined by the Institute of Internal Auditors.



January 25, 2019

# TEXAS MEDICAL BOARD

Austin, Texas

## Internal Audit Plan For Fiscal Year 2019

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### I. Methodology

TMB's fiscal year 2019 Internal Audit Plan (Plan) was prepared using a risk assessment process, where we reviewed various documents and questionnaires completed by TMB's Board President; and, the Presiding Officers of TMB's associated boards, as follows: Acupuncture Examiners, Physician Assistant, Medical Radiologic Technology, Respiratory Care, and the Texas Physician Health Program; 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 5 Presiding Officers, as listed above; executive management, department managers; and, other staff, to update our understanding of each department, 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 (i.e. TAC 202, Information Security Standards; and, benefits proportionality). 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 degree 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.  |

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## Internal Audit Plan

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|---|--|
| 3. Results of Last Audit or Review                  | Measure of the results of the previous audit or review.  |
| 4. Adequacy of Staffing Levels                      | Measure of the adequacy of the auditable unit's staffing level 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 ensuring compliance. |
| 7. Susceptibility of Theft or Fraud                 | Measure of the auditable unit's risk and controls in place as it relates to 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
Licensing – Physicians	Human Resources & Payroll	Financial Reporting and Budgeting
Texas Physician Health Program	Litigation (includes related Enforcement Support)	Fixed Asset Management
Investigations (includes related Enforcement Support)	Licensing – Respiratory Care Practitioners	Travel
Licensing – Medical Radiologic Technologists	Executive Support	Records Management
Information Resources	Mail & Cash Receipts Processing	Governmental Affairs & Communications
	Purchasing/Procurement/Cash Disbursements	Compliance (includes related Enforcement Support)
	Licensing - Acupuncturists	Performance Measures
	Licensing – Other Types	
	Licensing – Physician Assistants	

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 2009 through 2018 for the above 21 potential audit topics.

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## Internal Audit Plan

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

### Fiscal Year 2018:

- Texas Physician Health Program
- Follow-up on Prior Year Internal Audits

### Fiscal Year 2017:

- Litigation
- Follow-up on Prior Year Internal Audits

### Fiscal Year 2016:

- Compliance
- Follow-up on Post-Payment Audit Dated October 13, 2015
- Follow-up on Prior Year Internal Audits

## 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.

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## Internal Audit Plan

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### III. Internal Audit Plan

In addition to performing the 2019 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes one audit to be performed; a follow-up of certain 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 2019.

The area recommended for internal audit and other functions to be performed for fiscal year 2019 are as follows:

1. Completion of the Fiscal Year 2019 Risk Assessment and Preparation of this Internal Audit Plan
2. Investigations and Related Enforcement Support Functions – Complaint Initial Reviews  
The planned audit procedures include the following:
  - a. Obtain an understanding of the rules, laws, and regulations of the Texas Occupations Code (TOC), and Texas Administrative Code (TAC), as applicable to complaint initial reviews; including, preliminary investigation.
  - b. Review TMB's established policies and procedures, collect documentation, and conduct interviews to document and evaluate formal/informal processes and controls.
  - c. Obtain a log of all complaints received during the year; and, on a sample basis, determine if the case was appropriately assigned based on its classification.
  - d. Select a sample of complaints received during the year and review the respective case file to determine whether initial review is completed timely and internal control procedures are consistently followed.
  - e. Assess the data collection reporting process relating to Complaint Initial Reviews, and perform procedures to determine whether the reported data is accurate and properly supported.
  - f. Other procedures that may be deemed necessary during audit fieldwork.
3. Follow-up of Prior Year Internal Audits and Prepare the 2019 Annual Report  
Perform follow-up procedures to determine the status of certain prior year comments and recommendations that were not fully implemented as of fiscal year 2018 and prepare the 2019 Annual Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.
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 2019**

		RISK FACTOR WEIGHT																
		10.00%		16.50%		16.00%		15.00%		12.50%		12.00%		8.00%		10.00%		
		RISK FACTORS																
		1		2		3		4		5		6		7		8		
												Compliance with Contracts, Laws & Regulations		Susceptibility of Theft or Fraud		Existence of Issues or Concerns		Total
Potential Audit Topic		Materiality		Time Since Last Audit or Review		Results of Last Audit or Review		Adequacy of Staffing Levels		Policies and Procedures								
<b>High Risk: &gt; 173</b>																		
1	Licensing- Physicians	3	30.00	2	33.00	2	32.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	191.50
2	Texas Physician Health Program	2	20.00	1	16.50	2	32.00	3	45.00	1	12.50	2	24.00	2	16.00	2	20.00	186.00
3	Investigations (includes related Enforcement Support)	3	30.00	1	16.50	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	3	30.00	179.00
4	Licensing - Medical Radiologic Technologists	3	30.00	2	33.00	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	175.50
5	Information Resources	2	20.00	2	33.00	2	32.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	174.50
<b>Moderate Risk: 155 - 173</b>																		
6	Human Resources & Payroll	3	30.00	2	33.00	1	16.00	1	15.00	2	25.00	2	24.00	2	16.00	1	10.00	169.00
7	Litigation (includes related Enforcement Support)	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	2	16.00	2	20.00	168.00
8	Licensing - Respiratory Care Practitioners	2	20.00	2	33.00	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	165.50
9	Executive Support	1	10.00	3	49.50	1	16.00	2	30.00	1	12.50	1	12.00	1	8.00	2	20.00	158.00
10	Mail & Cash Receipts Processing	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	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.50
12	Licensing - Acupuncturists	1	10.00	2	33.00	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	155.50
13	Licensing - Other Types	1	10.00	2	33.00	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	155.50
14	Licensing - Physician Assistants	1	10.00	2	33.00	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	155.50
<b>Low Risk: &lt; 155</b>																		
15	Financial Reporting and Budgeting	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
16	Fixed Asset Management	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	144.50
17	Travel	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	144.50
18	Records Management	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	133.00
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	Compliance (includes related Enforcement Support)	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	122.00
21	Performance Measures	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	100.00

**TEXAS MEDICAL BOARD  
History of Areas Audited  
For Fiscal Year 2019**

	POTENTIAL AUDIT TOPIC	Fiscal Year									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1	Compliance (includes related Enforcement Support)								A		
2	Executive Support										
3	Financial Reporting and Budgeting										
4	Fixed Asset Management							C*			
5	Governmental Affairs & Communications			B					F*		
6	Human Resources & Payroll		C*		B*			C*			H*
7	Information Resources		B*/E			E	D*		D*	G*	D*
8	Investigations (includes related Enforcement Support)					E			F		
9	Licensing - Acupuncturists								F*	G*	
10	Licensing - Medical Radiologic Technologists								F*	G*	
11	Licensing - Physicians							A	F*	G*	
12	Licensing - Physician Assistants								F*	G*	
13	Licensing - Respiratory Care Practitioners								F*	G*	
14	Licensing - Other Types					E			F*	G*	
15	Litigation (includes related Enforcement Support)								F*	A	
16	Mail & Cash Receipts Processing						B				
17	Performance Measures						E		F		
18	Purchasing/Procurement/Cash Disbursements	B*	C*					C*			
19	Records Management										
20	Texas Physician Health Program								F		A
21	Travel		C*					C*			

**Legend (Audits/Reviews With Asterisk (\*) Are Considered Limited Scope For The Audit Area)**

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs
- B** Internal audit performed by Rupert & Associates, P.C.
- C** Post-Payment audit performed by the Comptroller of Public Accounts
- D** Information Resources Deployment Review performed by the Department of Information Resources
- E** Audit performed by the State Auditor's Office
- F** Review performed by the Sunset Advisory Commission
- G** Criminal Justice Information Service Security Audit performed by the Department of Public Safety
- H** Personnel Policies and Procedures System Review performed by the Texas Workforce Commission Civil Rights Division