

Texas Medical Board

Fiscal Year 2020 Annual Internal Audit Report
August 31, 2020

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I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Website

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post their Internal Audit Plan, Internal Audit Annual Report, and other audit information on the Internet.

The Texas Medical Board (TMB or the Board) posted this report and its 2021 Internal Audit Plan on its website at <http://www.tmb.state.tx.us/page/agency-internal-audit> on or before November 1, 2020. TMB's Executive Committee reviewed and approved the Annual Audit Report as part of their regular Committee meeting held on October 15, 2020.

TMB will update its posting with a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan as they are identified or by November 1, 2020. TMB will also update the posting with the corrective action taken to address the weaknesses, deficiencies, wrongdoing or other concerns identified.

II. Internal Audit Plan for Fiscal Year 2020

The internal audits planned and performed for Fiscal Year 2020 were selected to address the agency's highest risk areas, based on prior audits conducted within the agency and input from TMB management.

Internal Audit Report	Report Date	Current Status
Internal Audit over Registration	July 20, 2020	This report was issued August 11, 2020. There were four findings identified from the internal audit. There was one high risk rated finding, two moderate risk rated findings, and one low risk rated finding. Follow-up procedures to verify that corrective action has been performed on the findings are included in the proposed FY 2021 Internal Audit Plan.
Internal Audit Follow-Up Procedures over Litigation	April 15, 2020	This report was issued April 21, 2020. The prior finding was partially remediated. Follow-up procedures to verify that corrective action has been performed on the finding are included in the proposed FY 2021 Internal Audit Plan.

III. Consulting Services and Nonaudit Services Completed

Weaver, as TMB's Internal Auditor, did not perform any consulting or nonaudit services in fiscal year 2020 as defined in the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, the Government Auditing Standards, 2011 Revision, Sections 3.33 – 3.58, or Government Auditing Standards, 2018 Revision, Sections 3.64 – 3.106.

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IV. External Quality Assurance Review (Peer Review)

In accordance with professional standards, and to meet the requirements of the Texas Internal Auditing Act, Internal Audit is required to undergo an external quality assurance review at least once every three years. Weaver's review was performed in October 2019.



Report on Firm's System of Quality Control

October 16, 2019

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].)

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Weaver and Tidwell, L.L.P. has received a peer review rating of pass.



Eide Bailly LLP

V. Internal Audit Plan for Fiscal Year 2021

The Internal Audit Plan was submitted to the Executive Committee of the Board. The Board approved the plan on October 15, 2020. Below is the 2021 Internal Audit Plan submitted to the agency’s Board based on the results of the 2020 Internal Audit Risk Assessment. The approved internal audit plan will be submitted to the State Auditor’s Office prior to November 1, 2020.

The following table identifies planned new internal audit activities for fiscal year 2021.

Fiscal Year 2021 Internal Audit Plan		
Audit Area	2020 Risk Rating	Estimated Hours
Revenue	High	150

Planned follow-up procedures for fiscal year 2021 to verify and communicate with management the remediation efforts of prior internal audit recommendations.

Fiscal Year 2021 Internal Audit Plan Follow-Up Audit		
Audit Area	2020 Risk Rating	Estimated Hours
Litigation	High	80
Registrations	Moderate	

As part of the risk assessment, TMB assesses the following risk categories across all significant activities of the agency, which include the significant information technology processes:

- financial stability and fraud risk
- operations and complexity risk
- information technology risk
- organization and human capital risk, and
- reputational risk

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Taking into consideration the input from the TMB management, all significant activities are assigned a risk score for each risk category. The overall risk rating (High, Medium or Low) is assigned to each significant activity based on the activity's average risk rating.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities.

The 2021 Internal Audit Risk Assessment resulted in 11 significant activities rated as "High" risk. Nine of the significant activities are not included in the Fiscal Year 2021 Internal Audit Plan:

1. **Information Security** – Information Security was not included in the 2021 Internal Audit Plan. Information Security was reviewed by the Texas State Auditor's Office in 2020. Internal Audit will perform follow-up procedures on the SAO findings in 2022 to ensure corrective action has been taken.
2. **Information Technology Services** – Information Technology Services was not included in the 2021 Internal Audit Plan. Information Technology Services is included in the 2022 Internal Audit Plan.
3. **Disaster Recovery/Business Continuity** – Disaster Recovery/Business Continuity was not included in the 2021 Internal Audit Plan.
4. **Application Selection/Development** – Application Selection/Development was not included in the 2021 Internal Audit Plan.
5. **Investigations** – Investigations was not included in the 2021 Internal Audit Plan.
6. **Enforcement** – Enforcement was not included in the 2021 Internal Audit Plan. Enforcement is included in the 2023 Internal Audit Plan.
7. **Budget and Planning** – Budget and Planning was not included in the 2021 Internal Audit Plan.
8. **Certifications** – Certifications was not included in the 2021 Internal Audit Plan.
9. **Licensing & Permits** – Licensing & Permits was not included in the 2021 Internal Audit Plan.

VI. External Audit Services Procured in FY 2020

Other than the contract with Weaver to provide outsourced internal audit services, TMB did not procure external audit services in FY2020.

VII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, the General Appropriations Act (86th Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, the Board utilizes the Texas State Auditor's Office Hotline for reporting allegations of fraud, waste or abuse. The Board posts a link on the TMB home page at <http://www.tmb.state.tx.us/> to connect users directly to the State Auditor's Office webpage for reporting suspected fraud, waste, or abuse.