

TEXAS MEDICAL BOARD
Austin, Texas

ANNUAL INTERNAL AUDIT REPORT

Fiscal Year 2017

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Annual Internal Audit Report
Fiscal Year 2017

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Board Members and
Executive Committee
Texas Medical Board
Austin, Texas

We performed tests of management's assertion about the effectiveness and efficiency of the internal control structure over the Litigation Department (Department) of the Texas Medical Board (TMB); and, its compliance with the Texas Occupations Code, Texas Administrative Code, and TMB's established policies and procedures, as applicable to the Department, for the first seven months of fiscal year 2017 ended March 31, 2017.

The results of our tests disclosed that TMB's internal control structure over the Department and its established policies and procedures, were generally adequate and no material instances of noncompliance were noted; however, we did identify certain matters that are included in this report, that are opportunities for strengthening internal controls and ensuring compliance with state requirements and TMB's established policies and procedures. Based on the degree of risk or effect of these matters in relation to the audit objective(s), these matters were rated as either Priority, High, Medium, or Low, which is further described in the "Summary and Related Rating of Observations/Findings and Recommendations", which is included in page 11 of this report.

We also performed a follow-up of the findings and recommendations that were presented in the prior year annual internal audit report; and, in the post-payment audit dated October 13, 2015, performed by the Texas Comptroller of Public Accounts (Comptroller's Office). This report reflects the implementation status of those matters; and, includes all information required for compliance with the State of Texas Internal Audit Annual Report requirements.

We have discussed the comments and recommendations from the Department audit; and, the implementation status from the follow-up performed, with various TMB personnel, and we will be pleased to discuss them in further detail; to perform an additional study of these matters; or, to assist you in implementing the recommendations.

*Gonza/Gonzalez
& Associates*

May 12, 2017

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INTRODUCTION

The Texas Medical Board (TMB), formerly the Texas State Board of Medical Examiners, is an agency statutorily empowered to regulate the practice of medicine in Texas in order to protect the public's safety and welfare. TMB carries out the duty primarily through the licensure and discipline of physicians and other allied health care providers as mandated by law. The Texas Occupations Code (TOC) Title 3, Subtitle B, also known as the Medical Practice Act, includes enabling statutes for TMB as the primary means of licensing, regulating, and disciplining physicians. TMB also provides oversight and support for the following four other boards and two advisory committees:

- Texas Physician Assistant Board
- Texas State Board of Acupuncture Examiners
- Texas Board of Medical Radiologic Technology
- Texas Board of Respiratory Care
- Medical Physicist Licensure Advisory Committee
- Perfusionist Licensure Advisory Committee

TMB's governing board (the board) consists of 19 members that serve staggered 6 year terms and who are appointed by the Texas Governor (the Governor) with the advice and consent of the Texas Senate. The board consists of 9 physicians with a degree of doctor of medicine (M.D.) and licensed to practice medicine in Texas for at least 3 years; 3 physicians with a degree of doctor of osteopathic medicine (D.O.) and licensed to practice medicine in Texas for 3 years; and, 7 members who represent the public. The Governor designates a member of the board to serve as the President of the board. The Medical Board is statutorily required to meet at least 4 times a year, although it currently meets 5 times a year. Many of the board's duties are carried out in committee; recommendations made in committee are then accepted, modified, or rejected by the full board.

2017 Internal Audit Plan

Following are the internal audits and other functions performed, as identified in TMB's 2017 Internal Audit Plan, dated February 7, 2017 and approved by the Executive Committee on March 2, 2017:

- Litigation
- Follow-up of Post-Payment Audit Dated October 13, 2015
- Follow-up of Prior Year Internal Audits
- Other Tasks

This report contains the results of the Litigation audit; reflects the results of the follow-up performed in the current year of the findings and recommendations that were presented in the prior year annual internal audit report, and of the Comptroller's Office post-payment audit dated October 13, 2015; and, meets the State of Texas Internal Audit Annual Report requirements.

INTERNAL AUDIT OBJECTIVES

In accordance with the **International Standards for the Professional Practice of Internal Auditing**, the audit scope encompassed 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 included the following objectives:

- **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 Organization's 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.

I. Compliance with Texas Government Code 2102.015: Required Posting of Internal Audit Information

To comply with the provisions of Texas Government Code 2102 and the State Auditor's Office, within 30 days of approval by the TMB's Board, TMB will post the following information on its website:

- An approved fiscal year 2018 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2017 internal audit annual report, as required by Texas Government Code, Section 2102.009.

The internal audit annual report includes any weaknesses, deficiencies, wrongdoings, or other concerns raised by internal audits and other functions performed by the internal auditor as well as the summary of the action taken by TMB to address such concerns.

II. Consulting and Nonaudit Services Completed

The internal auditor did not perform any consulting services, as defined in the Institute of Internal Audit Auditors' *International Standards for the Professional Practice of Internal Auditing* or any non-audit services, as defined in the *Government Auditing Standards*, December 2011 Revision, Sections 3.33-3.58.

III. External Quality Assurance Review

The internal audit department's most recent *System Review Report*, dated October 7, 2015, indicates that its system of quality control has been suitably designed and conforms to applicable professional standards in all material respects.

IV. Internal Audit Plan for Fiscal Year 2017

The approved Internal Audit Plan (Plan) included one audit to be performed during the 2017 fiscal year. The Plan also included a follow-up of the recommendations included in the Comptroller's Office post-payment audit dated October 13, 2015, the follow-up of the prior year internal audit recommendations, other tasks as may be assigned by the Executive Committee or Board members, and preparation of the Annual Internal Audit Report for fiscal year 2017.

Risk Assessment

Utilizing information obtained through the inquiries and background information reviewed, 21 audit areas were identified as the potential audit topics. A risk analysis utilizing 8 risk factors was completed for each individual audit topic and then compiled to develop an overall risk assessment.

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

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

In the prior 3 years, internal audits were performed in the following areas:

Fiscal Year 2016:

- Compliance

Fiscal Year 2015:

- Licensing - Physicians

Fiscal Year 2014:

- Mail Processing and Cash Receipts Controls

The internal audit and other tasks performed for fiscal year 2017 were as follows:

<u>Report No.</u>	<u>Audits/Report Titles</u>	<u>Report Date</u>
1.	Litigation <i>Objective:</i> To determine whether TMB has developed and implemented policies and procedures; and, internal controls to ensure compliance with state laws and regulations in processing litigation cases.	5/12/2017
1.	Annual Internal Audit Report – Follow-Up of Prior Year Internal Audits	5/12/2017
1.	Follow-Up of Comptroller’s Office Post-Payment Audit dated October 13, 2015	5/12/2017
-	Other Tasks Assigned by the Executive Committee/Board	None

V. Executive Summary

Litigation

Background

Under the authority of the Texas Occupations Code (OC) Chapter 164, *Disciplinary Actions and Procedures*, TMB has the power to impose a wide range of disciplinary and non-disciplinary actions against licensees when, at the conclusion of due processes, it determines a violation of a statute(s) and/or a rule(s), applicable to medical licenses, occurred. The Litigation Department (Department) is responsible for prosecuting enforcement cases at informal settlement conferences/show compliance (ISC) hearings; and, contested cases at the State Office of Administrative Hearings (SOAH) before administrative law judges, in accordance with OC Chapter 164; and, Title 22, Part 9 of the Texas Administrative Code (TAC) Chapter 187, *Procedural Rules*. The Department makes recommendations for disciplinary actions, remedial plans, or dismissal of allegations, in ISC hearings, to be approved by the governing Board. If an agreement with a respondent cannot be reached following an ISC hearing, TMB files a formal complaint with SOAH. During fiscal year 2016, the Department received 891 cases, conducted 609 ISC hearings, and filed 82 formal complaints with SOAH (source: TMB).

Organizational Structure

The Department is managed by a Litigation Manager, who reports to the Executive Director. Departmental operations are performed by teams of staff attorneys, legal assistants, and administrative assistants. The Department is comprised of an Attorney Supervisor and a Legal Assistant Supervisor, who assist the Litigation Manager and supervise all attorneys and legal assistants, respectively; and, 2 administrative assistants that support the Department. Various checklists and templates are used by the Department to consistently process cases.

ISC Hearings

An ISC hearing provides a respondent the opportunity to demonstrate compliance with the applicable statute or the Board rule, in the presence of an ISC panel, which is comprised of 2 Board representatives; and, to enter into an agreed settlement if the Panel does not recommend dismissal of the case. A case is referred to the Department for an ISC hearing when TMB's Quality Assurance Panel (QA Panel) reviews an investigation and determines that there is evidence of violation of the Medical Practice Act or other statutes applicable to medical licenses regulated by TMB. Alternatively, if the QA Panel offers a respondent a Remedial Plan to resolve the case, the respondent may choose to appear at an ISC hearing instead of accepting the remedial plan recommended by the QA Panel. In the event a respondent fails to accept the QA Panel's offer in a timely manner, they are referred to an ISC hearing.

In accordance with OC Sec. 164.003, an ISC hearing is required to be scheduled not later than the 180th day after the date TMB's official investigation of the complaint is opened, unless good cause, as defined by Board rule, is shown by TMB. Subsequent to the QA Panel review, litigation cases are assigned to staff attorneys, considering factors; such as, workload and complexity of the litigation case. The Enforcement Support Department's Hearings Coordinator schedules ISC hearings and the Department is required to provide the respondent with notice of the time and place of the ISC hearing not later than the 45th day before the scheduled ISC hearing date. The notice must be accompanied by a written statement of the nature of the allegation(s) and information TMB intends to use at the ISC hearing.

The ISC panel, at the conclusion of the ISC hearing, recommends one of the following resolutions for the respondent's consideration:

- Agreed order – a disciplinary settlement order with consent of the licensee, in accordance with the TAC 190.14, *Disciplinary Sanction Guidelines* with consideration of aggravating and mitigating factors.
- Remedial plan – a non-disciplinary settlement agreement.
- Dismissal

If an agreement is not reached following an ISC hearing, TMB files a formal complaint with SOAH for an administrative resolution, which is administered in accordance with Texas Government Code Chapter 2001, *the Administrative Procedure Act*. SOAH typically attempts to settle cases through its mediation conferences before a case is presented to the presiding administrative law judge (ALJ) for a full trial. After a full trial, the presiding ALJ will issue a Proposal for Decision (PFD), which will be presented to TMB's Board along with the Department's recommendation for dismissal or issuance of a sanction order.

The Department also offers other types of informal hearings; such as, termination/modification request hearings and cease and desist hearings, in the same manner as ISC hearings.

Termination/Modification Request Hearings

At the request of the probationer, previously issued Board orders may be terminated upon successful completion of the original terms/conditions; or, modified for more or lesser terms. Requests for such changes are presented at a termination/modification request hearing; and, if an agreement is reached, the recommended outcome is presented to the Board for approval.

Cease and Desist Hearing

OC Sec. 165.052 authorizes the Board to issue a cease and desist order for the unlicensed practice of medicine, when such a violation is determined in a Cease and Desist hearing. A Cease and Desist hearing can be scheduled at the earliest practicable time after at least 30 days' notice is given to the respondent.

Temporary Suspension

OC Sec. 164.059 allows the Board president to appoint a 3-member disciplinary panel to consider temporary suspension or restriction of license without a hearing. If the disciplinary panel determines that the license holder's continuation of medical practice is a threat to the public welfare, the Panel may temporarily suspend or restrict a license, with no notice of a hearing, provided the licensee is immediately notified of the suspension or restriction; and, a temporary suspension hearing with notice can be scheduled at the earliest possible date, after at least 10 days' notice is given to the licensee.

Case Management

The Litigation Manager, with assistance from the Attorney Supervisor and the Legal Assistant Supervisor (supervisors), is responsible for monitoring the progress of litigation cases assigned to staff attorneys to ensure they are processed in a timely manner. The Litigation Manager monitors the overall progress on a monthly basis; while, supervisors are responsible for monitoring the litigation cases on a daily basis. The Department's internal benchmark is to ensure a litigation case progresses to settlement within 60 days after the ISC hearing date. Litigation cases that are outstanding for more than 90 days following the ISC hearing date are closely reviewed to ensure there are valid reasons for the delay.

In accordance with OC Sec. 164.0036, TMB is required to provide notice to all parties of a complaint, if an ISC hearing is not scheduled within the 180th day after the date TMB's official investigation of the complaint is opened, unless the notice would jeopardize an investigation. The notice explains why the informal hearing was not scheduled within the required timeframe. TMB is required to report this information in its annual report to the Legislature, as well as a list of litigation cases that remained open for more than a year. Detailed statuses of litigation cases are also included in the Enforcement Report, which is presented at each Board meeting.

Audit Objective, Scope, and Methodology

Objective

The objective of our audit was to determine whether TMB has developed and implemented policies and procedures; and, internal controls to ensure compliance with state laws and regulations in processing litigation cases.

Scope

The scope of our audit was the litigation cases assigned to the Department for the 7-month period from September 1, 2016 through March 31, 2017, and relevant departmental activities performed during the same period.

Methodology

The audit methodology included a review of applicable policies and procedures; laws and regulations; various internal and external documentation; and, an interview and correspondence with selected TMB employees.

We obtained and/or reviewed the following information:

- a. The Texas Occupations Code and the Texas Administrative Code, as applicable to the Department.
- b. Departmental policies and procedures, flowchart, checklists, templates, and training materials.
- c. The Departments' organizational chart and job descriptions.
- d. A listing of litigation cases assigned to the Department during the period from September 1, 2016 through March 31, 2017.
- e. A listing of agreed orders approved by the Board during the period from September 1, 2016 through March 31, 2017.
- f. Samples of litigation case files, which include the following documents:
 - Incoming/Outgoing Correspondence
 - Hearing packet and its shipping confirmation
 - Legal Assistant Worksheet
 - Documents related to SOAH proceedings, if applicable
 - Budget spreadsheet and expert voucher, if applicable
- g. Samples of litigation orders and corresponding ISC Report.
- h. *Enforcement Report* for the month of January 2017.
- i. *Report of Investigations Pending Over One-Year For the Fiscal Year Ended 8/31/16* included as Addendum A in the *Annual Report of Non-Financial Data December 2016* and its supporting documentation.

We performed various procedures to achieve the objective of our audit, to include the following:

1. Reviewed and obtained an understanding of the Texas Occupations Code (OC), and Texas Administrative Code (TAC), as applicable to the Litigation Department.
2. Reviewed applicable policies and procedures, training materials, templates and other documentation; and, conducted interviews with selected employees, to obtain an understanding of the Department's processes and current practices in place.

3. Obtained a listing of litigation cases assigned to the Department during the period from September 1, 2016 through March 31, 2017, and selected 25 to test for compliance with applicable sections of the OC and TAC by verification of the following:
 - a. ISC hearing was scheduled within the 180th day after the date TMB's official investigation of the complaint was opened; and, if scheduled after the 180-day window, verified the reason was adequate and documented, and all parties related to the complaint were notified, unless prohibited to do so.
 - b. Evidence that the notice and other required information for an ISC hearing were sent to required individuals no later than 45 days before the ISC hearing date; and, that the notice included the following:
 - (1) A statement that the licensee has the opportunity to attend and participate in the informal hearing.
 - (2) A written statement of the nature of the allegation(s).
 - (3) A copy of the information TMB intended to use at the ISC.
 - (4) A copy of the Expert Physician Reviewers' Report, if alleged standard of care violation.
 - (5) Rules governing the proceeding and guidelines to assist the licensee to prepare for the ISC hearing.
 - c. ISC panel was composed of 2 or more Board representatives, with one being a public member. Additionally, if the matter was before the Medical Board, at least one board representative was a physician member.
 - d. Evidence the licensee provided timely and adequate evidence, as required, if TMB granted a rescheduling request.
 - e. Expert voucher and supporting documentation support the budget spreadsheet, if applicable.
4. Obtained a listing of litigation orders approved by the Board during the period from September 1, 2016 through March 31, 2017 and selected 5 to test internal review criteria as documented in the Department's Agreed Order Peer Review Checklist. For each of the 5 orders, we reviewed the corresponding ISC Report to test the following attributes:
 - a. Clerical accuracy of the orders such as dates, names/titles, license types.
 - b. Order format is consistent with the guidelines.
 - c. Content is consistent with the ISC Report.
5. Compared the statistics included in the *Report of Investigations Pending Over One-Year For the Fiscal Year Ended 8/31/16* as reported in Addendum A of the *Annual Report of Non-Financial Data December 2016*, to supporting documentation.

VI. Observations/Findings and Recommendations

SUMMARY and RELATED RATING of OBSERVATIONS/FINDINGS and RECOMMENDATIONS

As TMB's internal auditors, we used our professional judgment in rating the audit observations/findings identified in this report. The rating system used was developed by the Texas State Auditor's Office and is based on the degree of risk or effect of the findings in relation to the audit objective(s). The table below presents a summary of the observations/findings in this report and the related rating.

Summary of Observations/Findings & Recommendations and Related Ratings		
Finding No.	Title	Rating
1	Expert Voucher Templates	Medium
2	Notice Regarding Certain Complaints/ Annual Reporting	Medium
3	Board Orders Review and Approval	Low
<p><u>Description of Rating</u></p> <p>An observation/finding is rated <i>Priority</i> if the issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the programs(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.</p> <p>An observation/finding is rated <i>High</i> if the issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the programs(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.</p> <p>An observation/finding is rated <i>Medium</i> if the issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer programs(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.</p> <p>An observation/finding is rated <i>Low</i> if the audit identified strengths that support the audited entity's ability to administer the programs(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the programs(s)/function(s) audited.</p>		

OBSERVATIONS/FINDINGS and RECOMMENDATIONS

Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/ Ongoing, or Not Implemented)	Fiscal Impact/Other Impact
1	May 12, 2017	Litigation	<p>1. Expert Voucher Templates</p> <p>The Department utilizes expert voucher templates and cost analysis spreadsheets to monitor all costs related to services rendered by experts (i.e. medical experts) and ensure such charges are supported. Our testing of 1 expert voucher for April 2017, disclosed the following:</p> <p>(a) The amounts in the expert voucher and the cost analysis spreadsheet differed since an incorrect voucher template was used and; therefore, omitted hotel charges in the amount of \$162.15. Since the Finance Department verified payment of the hotel charges, which were billed separately, there was no effect in the amount paid.</p> <p>(b) The expert voucher template included an expired GSA standard mileage rate of \$.54 instead of the correct GSA calendar year 2017 rate of \$.535. However, there was no effect in this instance since the expert did not claim mileage reimbursement.</p> <p>Recommendation We recommend that TMB establish procedures to ensure correct templates are used, and that they are kept current to avoid the use of obsolete versions</p> <p>It should be noted that TMB provided an updated expert voucher template after we inquired of this occurrence.</p> <p>Management's Response TMB agrees with the recommendation and the Litigation Department will develop a procedure in FY 18 to ensure templates are annually reviewed and updated to ensure accuracy.</p> <p>2. Notice Regarding Certain Complaints/ Annual Reporting</p> <p>In accordance with Occupations Code (OC) Sec. 164.0036(a), if an informal hearing for a complaint is not scheduled within 180 days after the date TMB's official investigation of the complaint is opened, TMB must provide notice to all parties of the complaint, explaining the reason for the delay, unless the notice would jeopardize an investigation. Additionally, OC Sec. 164.0036(b) requires TMB to report to the Legislature, annually, (i) information about complaint for which notice was required, as described above; and, (ii) a list of complaints in which the investigation extended over a year.</p>		<p>Document templates are current and the correct version is used.</p> <p>Compliance with Occupations Code Sec. 164.0036.</p>

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1	May 12, 2017	Litigation	<p>In 7 of the 25 litigation cases (complaints) tested, an informal hearing was not scheduled within 180 days from the date TMB's official investigation of the complaint was opened. In 3 of the 7 instances, TMB did not provide the required notice to all parties of the complaint explaining the reason for the delay, nor was it documented that providing a notice would jeopardize the investigation. In addition; while, TMB was in compliance with the reporting required by OC Sec. 164.0036(b) (ii) documented above, the December 2016 annual report to the Legislature did not include information required by OC Sec. 164.0036(b) (i), as documented above, for investigations that extended over 180 days but less than a year.</p> <p>Recommendation We recommend that TMB establish and implement procedures to ensure compliance with all requirements of OC Sec. 164.0036.</p> <p>Management's Response TMB agrees with the recommendation and will develop additional procedures for notification/documentation of pending investigations as well as begin annual reporting on complaints over six months old. It is important to clarify that several departments (Enforcement Support, Investigations, Executive Support) share the responsibility for these requirements. The Litigation Department is not solely responsible for ensuring statutory compliance.</p> <p>For the three cases where an informal settlement conference (ISC) was not scheduled and notice not provided at the 180th day deadline, one case had an ISC set 15 days after the deadline and another had an ISC set 29 days after the deadline. The delays were due to scheduling related to the QA Committee process and to scheduling ISCs around national holidays. The third involved a complex and rare situation where a case was timely reviewed by the Quality Assurance (QA) committee and then sent to the Board's Disciplinary Process Review Committee (DPRC) with a recommendation for dismissal. When DPRC reviewed the case, they overruled the QA recommendation and requested the case go to an ISC. Procedurally, this meant that it had to be referred to QA a second time before an ISC was scheduled. Staff will develop a procedure in FY 18 to address notification when this situation occurs.</p> <p>Regarding annual reporting, TMB currently reports cases over a year old in an addendum to the <i>Annual Report of Nonfinancial Data</i>. In order to ensure full compliance with the statute, information on cases over six months old will be added to the next annual report due December 2017 to the Governor, State Auditor, and Legislative Budget Board.</p>		

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1	May 12, 2017	Litigation	<p>3. Board Orders Review and Approval</p> <p>It is the Department's practice, as time permits, for a staff (reviewing) attorney to perform a peer review of a Board Order, drafted by other attorneys, for accuracy. The reviewing attorney may, at his/her discretion, use a checklist, developed by the Department, as part of the peer review. The litigation manager or the supervisory attorney then reviews the Board Order for final approval. Final approval is emailed to the attorney (author). As such, evidence of peer review is not available for all Board Orders; and, since email records are retained only by each individual, evidence of approval is also not always available.</p> <p>Recommendation We recommend that TMB evaluate the current practice and determine the necessity of formalizing it into a policy and procedure to provide evidence of review and approval for all Board Orders.</p> <p>Management's Response Staff will evaluate the current practice in FY 18 and determine what changes should be made to the board order review and approval process.</p>		Quality assurance of board orders is consistently achieved.

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1	May 12, 2017	2017 Follow-Up	<p><u>Follow Up of Comptroller's Office Post-Payment Audit</u></p> <p>Following is the status of the recommendations made in the post-payment audit dated October 13, 2015 performed by the Comptroller's Office.</p> <p>1. Duplicate Payments</p> <p>The Board (TMB) must enhance its procedures to identify potential duplicate invoices to avoid making duplicate payments to vendors. The Board (TMB) should expand its log to indicate when a voucher has been paid. The Board (TMB) should cross reference every invoice it receives with this log and the purchase agreement to determine if the invoice has already been paid.</p> <p>2. Prompt Payment and Payment Scheduling Issues</p> <p>The Board must review its procedures to ensure that it submits payment information for processing as well as releasing the payment in a timely manner to avoid incurring interest liabilities. The Board must schedule all payments that are greater than \$5,000 for the latest possible distribution and in accordance with its purchasing agreements as described in eXpendit – Payment Scheduling.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	

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1	May 12, 2017	2017 Follow-Up	<p><u>Follow-Up of Prior Year Internal Audits</u></p> <p>Following is the status of the recommendations made during fiscal year 2016 that had not been fully implemented.</p> <p><u>Compliance Department</u></p> <ol style="list-style-type: none"> 1. Compliance with Board Orders (Orders) & Remedial Plans (Plans) We recommended the assigned Compliance Officer (CO) ensure probationers comply with the Order/Plan requirements and retain documentation to support compliance with such requirements. 2. Compliance Operations Manual (Manual) We recommended the Department perform a review of the Manual and revise it accordingly to ensure it is comprehensive and reflective of the current practices in place. 3. Final Compliance Reports We recommended TMB consider requiring that the CO complete a final compliance report to document completion of all Order/Plan requirements and more adequately support the Order/Plan termination. 4. Acknowledgement Forms We recommended the Department enhance its current process to ensure compliance with the established procedures and revise the Manual to reflect the expectation for the CO to sign and date the Acknowledgement form. 5. Compliance Forms We recommended that the Department perform a review of the Manual and revise it accordingly to ensure it is comprehensive and reflective of the current practices in place. We further recommend that the CO make notes in the file of the accepted exceptions. 	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Substantially Implemented In 1 of the 20 plans/orders tested, a probationer's signed Acknowledgment Form was not included in the Compliance file.</p> <p>Substantially Implemented In 1 of the 20 plans/orders tested, the Compliance file did not include the probationer's signed Email Notice Form or the Contact Form.</p>	

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 Fiscal Year 2017

Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/ Ongoing, or Not Implemented)	Fiscal Impact/Other Impact
1	May 12, 2017	2017 Follow-Up	<p>6. Compliance Reports</p> <p>We recommended that the CO ensure Compliance Reports are completed, signed, and filed as required by the contact standards for inclusion of the expiration period exception.</p> <p>Following is the status of the recommendations made during fiscal year 2015 that had not been fully implemented.</p> <p><u>Licensing – Physicians</u></p> <p>1. Review of Written Procedures</p> <p>TOC §155.007(h) requires the Executive Director to review TMB’s policies and procedures for issuing licenses no later than January 1 of each year.</p> <p>We recommended the Licensure Department include a revision and review date on each procedure to provide evidence of compliance with TOC requirement; and, ensure that staff members refer to only the most recent procedures.</p>	<p>Fully Implemented</p> <p>Incomplete/ Ongoing</p> <p>Implementation was delayed due to the change in the Executive Director position during FY 2017.</p>	

VII. External Audit Services Procured in Fiscal Year 2017

TMB procured the internal audit services documented in the approved Internal Audit Plan for fiscal year 2017. No other external audit services were performed.

VIII. Reporting Suspected Fraud and Abuse

TMB has provided information on their website home page on how to report suspected fraud, waste, and abuse to the State Auditor's Office (SAO) by posting a link to the SAO's fraud hotline. TMB has also developed a Fraud Reporting Policy that provides information on how to report suspected fraud, waste, and abuse to the SAO.

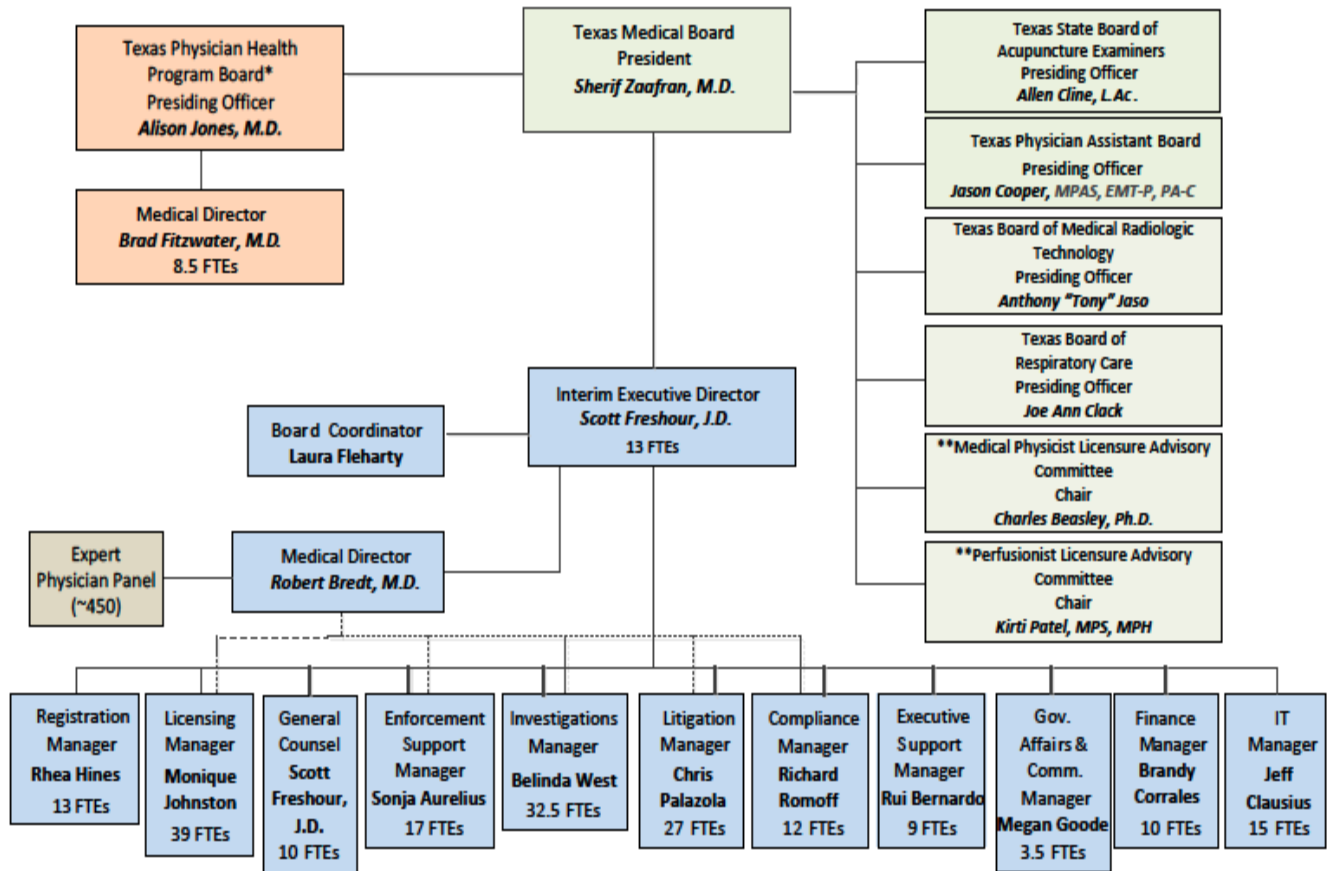
IX. Proposed Internal Audit Plan for Fiscal Year 2018

The risk assessment performed during the 2017 fiscal year was used to identify the following *proposed* area that is recommended for internal audit and other tasks to be performed for fiscal year 2018. The Internal Audit Plan for Fiscal Year 2018 will be developed and presented to the Executive Committee/Board, for acceptance and approval, at a meeting to be determined at a later date.

- Licensing – Allied Health Professionals
- Follow-up of Prior Year Internal Audits
- Other Tasks Assigned by the Executive Committee/Board

X. Organizational Chart

Texas Medical Board Organizational Chart



* The Texas Physician Health Program, which is administratively attached to the TMB, has a governing board appointed by the president of the Medical Board.

** The TMB advisory committees are appointed by the president of the Medical Board.

--- The TMB Medical Director has oversight on standard of care issues within designated departments.

As of January 2017

Source: TMB