

Texas Medical Board

IA# 2020-02 Internal Audit over Registration

Report Date: July 20, 2020

Issued: August 11, 2020

CONTENTS

Page

Internal Audit Report Transmittal Letter to the Medical Board1

Background.....2

Audit Objective and Scope4

Executive Summary5

Conclusion.....6

Detailed Procedures Performed, Findings, Recommendations and Management Response7

Appendix15



Board Members of the
Texas Medical Board
333 Guadalupe
Suite 610
Austin, TX 78701

This report presents the results of the internal audit procedures performed for Texas Medical Board (TMB) during the period of April 20, 2020, through July 20, 2020, relating to the Registration process of the agency.

The objectives of the internal audit were to evaluate the design and effectiveness of Texas Medical Board's Registration process as follows:

- A. Determine whether internal controls over Registration processes are in place to ensure that consistent processes are implemented and designed effectively to address the risks within the associated sub-processes and to ensure effective operations.
- B. Verify that controls over critical Registration processes are operating effectively and according to Texas law and TMB policy.
- C. Verify access controls within the systems used for Registration processes ensure that access is restricted to appropriate individuals.

To accomplish these objectives, we conducted interviews with personnel responsible for the Registration process. We also reviewed documentation and performed specific testing procedures to assess controls. Procedures were performed remotely and were completed on July 20, 2020.

The following report summarizes the findings identified, risks to the organization, recommendations for improvement and management's responses.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
August 11, 2020

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Background

The Texas Medical Board (TMB or the Board), its four affiliated boards, and two advisory committees, are responsible for regulating the practice of medicine in Texas in order to protect the public's safety and welfare. In accordance with the statutory provisions of the Texas Occupations Code, the Registration Department is responsible for ensuring the appropriate registration (renewal) of all licenses and permits for individual health professionals, facilities, and other entities. Currently, TMB primarily utilizes two different systems to process registrations for nine of its 11 licensing and permitting programs. Surgical Assistant and Pain Management Clinic registrations are tracked and processed manually due to the frequency of renewals and low volume of annual transactions. Within the two primary registration systems, the Board processed 105,951 registrations during the period of October 31, 2018, through March 31, 2020.

The initial registration period is assigned by TMB and registrations are renewed on an annual or biennial basis, depending on the license or permit type. At the beginning of every quarter, TMB's Registration Manager reviews status reports from the two licensing systems to identify all license and permit holders with registrations that will expire within 90 days. TMB utilizes a third-party vendor to print and mail registration reminder postcards for most license and permit types. The postcard informs the licensee the date their registration will expire, become delinquent, and be canceled, if not renewed. The postcard also documents the renewal fees and penalty fees, if not renewed. Notification letters of registration expiration with foreign addresses, a status of voluntary charity, or for acupuncture or physician assistant licenses are sent by TMB Registration staff.

Registrations may be renewed online, through the TMB website, for most license and permit types. Registration information is automatically updated in the registration systems, unless the licensee answers "yes" to any of the enforcement or impairment questions on the application, or has not paid the applicable fee. If a licensee provides a "yes" response to any enforcement questions, an email is automatically sent to the Investigations Department for further action. For "yes" answers to any impairment questions, an email is automatically sent to the Registration Analyst for further review and approval.

For hard-copy registration applications, TMB's Registration Analysts review the application and payment receipt details to determine whether the licensee meets all state and program specific requirements, and has paid the applicable fees. Similar to online registration applications, any "yes" answers to enforcement questions results in the application being forwarded to the Investigations Department for further action. If the registration is missing required information or a payment, the Registration Analyst will indicate the renewal void reason in the registration system and send a Renewal Lacking Letter to the licensee. Once the requested information is received, the registration will be processed and the system will be updated. For all approved hard-copy registrations, a daily batch process is completed to update registration information in the registration system, or registration information is updated by a Database Administrator, depending on the registration system.

As part of the registrations process, licensee's report the completion of Continuing Medical Education (CME). Statutory provisions of the Texas Occupations Code establish the continuing education requirements for health professionals regulated by the TMB. The Registration Department conducts a random CME audit of 2% of Physician licenses and 1% of most other license and permit types, on a quarterly basis. For each licensee audited, a notice is sent requesting verification of the completion of the minimum continuing education requirements for that license or permit type. Those licensees who have not completed the minimum requirements for continuing education for the time period being audited, or those licensees who do not respond to the TMB audit notice will be forwarded to the Investigation department for further action.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

An additional part of the registration process includes the cancellation of licenses. Licenses may be cancelled at the request of the licensee or for non-renewal. Licensees may request their license be cancelled by signing and returning the cancellation notice or submitting a cancellation affidavit with an original signature and a notary seal. The assigned Registration Analyst will process the request and cancel the license if the licensee does not have any information on file that would require management approval prior to the cancellation. However, the Registration Analyst will seek approval from the Registration Manager prior to cancelling the license if the licensee has information on file that requires management approval prior to the cancellation.

Licenses may also be cancelled for non-renewal. TMB sends out cancellation notices at least 60 days prior to the one-year anniversary of the expiration date of a license. If the licensee submits the required registration fees, but does not complete the required registration prior to the cancellation date, they are granted an additional 30 days to complete the registration. If the licensee fails to submit the required registration information within those 30 days, their license may be cancelled for non-renewal. If the licensee does not submit the required registration fees and does not complete the required registration prior to the cancellation date, their license will be cancelled after the one-year anniversary of the expiration date.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Audit Objective and Scope

The audit focused on the Registration process in place within the Texas Medical Board (TMB). We reviewed the procedures in place for appropriate risk and regulatory coverage and compliance to ensure efficient and effective processes. Key functions and sub-processes within the Registration process reviewed include:

- Notifications
- Form Processing
- Registration Fee Processing
- Continuing Medical Education Verification
- Cancellations

Our procedures were designed to ensure relevant risks are covered and verified the following:

Notifications

- License expiration dates are appropriately tracked and monitored
- License holders are notified of the license expiration 60 days prior to the expiration date

Form Processing

- Registrations are processed in accordance with all State and program-specific requirements
- Registrations are recorded in the registration systems accurately and completely
- Registrations are processed in a timely manner
- All registrations received are processed

Registration Fee Processing

- Registration fees are paid by licensees prior to the registration extension
- Late registration fees are appropriately assessed and collected
- Registration fee exemptions are processed in accordance with all State and program-specific requirements
- Registration fee exemptions are authorized by the appropriate personnel
- Paid registration fees and/or exemptions are posted to licensee's accounts in a timely manner

Continuing Medical Education Verification

- Continuing medical education audit is performed in accordance with program-specific requirements
- Continuing medical education audits have adequate supporting documentation
- Exemption requests are processed in accordance with all State and program-specific requirements
- Exemption requests are authorized by the appropriate personnel

Cancellations

- Licenses are cancelled for all registrations according to agency criteria
- Cancellation requests are processed in accordance with all State and program-specific requirements
- Cancellation requests are authorized by the appropriate personnel
- Cancellation requests are processed in a timely manner

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Our procedures included interviewing key personnel within the Registration Department to gain an understanding of the current processes in place, examining existing documentation, and evaluating the internal controls over the process. We evaluated the existing policies, procedures, and processes in their current state. Our coverage period was from October 1, 2018, through March 31, 2020.

Executive Summary

Through our interviews, evaluation of internal control design, and testing of transactions we identified four findings. The listing of findings include those items that have been identified and are considered to be non-compliance issues with documented Texas Medical Board policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to the Texas Medical Board. These issues could have significant financial or operational implications.

A summary of our results, by audit objective, is provided in the table below. See *the Appendix for an overview of the Assessment and Risk Ratings*.

| | |
|---------------------------|---------------------|
| Overall Assessment | Satisfactory |
|---------------------------|---------------------|

| Scope Area | Result | Rating |
|---|--|----------------------|
| <p>Objective A: Determine whether internal controls over Registration processes are in place to ensure that consistent processes are implemented and designed effectively to address the risks within the associated sub-processes and to ensure effective operations.</p> | <p>We identified 20 controls to be in place within the Registration process. However, there are opportunities to strengthen the processes and control environment by:</p> <ul style="list-style-type: none"> Implementing procedures for reviewing CME audits performed by Registration Analysts Revising CME audit procedures to include a review of Acudetox Specialists Establishing a deadline for the completion of cancellation request processing, and a follow-up process for requests that require additional approval | <p>STRONG</p> |

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

| Scope Area | Result | Rating |
|---|---|------------------------------|
| <p>Objective B: Verify that controls over critical Registration processes are operating effectively and according to Texas law and TMB policy.</p> | <p>Controls over Registration processes are in place; however, all are not consistently executed and in a timely manner. We identified the following opportunities for improvement:</p> <ul style="list-style-type: none"> • Ensuring CME audits have adequate supporting documentation • Ensuring all cancellation requests are processed in a timely manner | <p>STRONG</p> |
| <p>Objective C: Verify access controls within the systems used for Registration processes ensure that access is restricted to appropriate individuals.</p> | <p>Access to TMB's SQL Tracer, used for Registration processes, is not appropriately restricted for the individuals identified. TMB should perform the following:</p> <ul style="list-style-type: none"> • Remove inappropriate access to registration systems • Review user access permissions to all systems used for Registration at least annually to ensure that access is appropriate and aligns with the roles and duties of the assigned end user | <p>UNSATISFACTORY</p> |

One other opportunity for improvement was identified through our interviews, evaluation of internal control design, and transactional testing. This observation is not considered to be a non-compliance issue with documented agency policies and procedures. This is considered a process improvement observation and the intent for the recommendation is to strengthen current agency processes and controls. The observation was provided to management separately.

Conclusion

Based on our evaluation, the Registration Department has procedures and controls in place to effectively manage the significant registration processes within TMB. However, opportunities exist to improve the effectiveness of the controls within the Registration processes.

Specifically, TMB should coordinate with Information Technology to remove inappropriate access to registration systems. TMB should also review user access permissions to registration systems at least annually to ensure that access is appropriate and aligns with the roles and duties of the assigned end user.

Further, TMB management should implement procedures for the review of continuing medical education audits to ensure they are performed in accordance with program-specific procedures and ensure audits have sufficient supporting documentation. Additionally, TMB should collaborate with the Texas Acupuncture Board Education Committee regarding the continuing education requirements for Acudetox Specialists to determine whether current rules align with education requirements outlined in Chapter 205 of the Texas Occupations Code.

Follow-up procedures will be performed in Fiscal Year 2021 to evaluate the effectiveness of remediation efforts taken to address the findings identified.

**Detailed Procedures Performed, Findings,
Recommendations and Management
Response**

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Detailed Procedures Performed, Findings, Recommendations and Management Response

Our procedures included interviewing key personnel within the Registration Department to gain an understanding of the current processes in place, examining existing documentation, evaluating the internal controls over the process, and testing the effectiveness of the controls in place. We evaluated the existing policies, procedures and processes in their current state.

Objective A: Control Design

Determine whether internal controls over Registration processes are in place to ensure that consistent processes are implemented and designed effectively to address the risks within the associated sub-processes and to ensure effective operations.

Procedures Performed: We gained an understanding of current Registration processes by conducting interviews and walkthroughs with key personnel, reviewing existing policies, procedures, and sample documents used by Registration personnel, and assessing TMB's operating procedures to identify key controls. We examined key controls over the following sub-processes:

- Notifications
- Form Processing
- Registration Fee Processing
- Continuing Medical Education Verification
- Cancellations

We evaluated the controls identified against expected controls to determine whether the identified Registration processes and internal controls are sufficiently designed to mitigate the critical risks associated with the Registration processes. We identified any unacceptable risk exposures due to gaps in the existing control structure as well as opportunities to strengthen the effectiveness and efficiency of the existing procedures.

Results: We identified 20 controls in place over the significant activities within Registration. We identified three findings where improvements in the process can be made.

| Process Area | Control Coverage | Findings |
|-------------------------------|------------------|--------------------------------------|
| Registration Processes | | |
| Notification | 3 | |
| Form Processing | 8 | |
| Registration Fee Processing | 8 | |
| Continuing Medical Education | 1 | Finding 1 Finding 2 |
| Cancellations | 5 | Finding 3 |
| Total | 25* | |

***Duplicate Control:** The total number of identified controls is 20. However, based on their design, controls address risks in multiple processes. We have mapped the 20 unique controls to the processes in which they mitigate the risks within the processes.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Continuing Medical Education Verification

Finding 1 – MODERATE – Review of Continuing Medical Education Audits

TMB does not have review procedures in place to ensure continuing medical education (CME) audits are performed in accordance with program-specific procedures or to verify audits have adequate documentation.

TMB randomly audits 2% of Physicians and 1% of all other license programs at the end of the quarterly registration period. The Registration Specialist, as the CE Audit Coordinator, assigns the audits to the Registration Analysts, and periodically reviews the status of assigned audits by reviewing a centrally maintained task log. However, there are no procedures in place that require the audits performed by the Analysts, to be reviewed in order to ensure that audits are performed in accordance with program-specific procedures or to verify adequate supporting documentation was received.

We reviewed a sample of 30 out of 1,700 CME audits that occurred between October 31, 2018, and March 31, 2020, and verified whether each audit was performed in accordance with program-specific requirements. We identified the following 18 exceptions:

- 13 audits - we were unable to obtain any supporting CME documentation
- 5 audits - we were unable to verify all CME hours were completed based on the documentation provided.

In addition, we reviewed a sample of 25 out of 40 CME exemption requests received between October 31, 2018, and March 31, 2020, and verified whether the exemption requests were processed within State and program-specific requirements. For exemption requests denied, we further verified the CME audits were performed in accordance with program-specific procedures. We identified two instances where the CME exemption requests were not approved and we were unable to verify the CME hours were completed based on the documentation provided.

Recommendation: TMB management should implement procedures for the review of continuing medical education audits to ensure they are performed in accordance with program-specific procedures and ensure audits have sufficient supporting documentation. Review procedures should include steps to track the reviews performed and document the results. Additionally, TMB management should consider utilizing a CME audit checklist or similar tool as evidence the Analyst performed the audit in accordance with program-specific procedures.

Management's Response: We will create a continuing education (CE) checklist of procedures for staff to utilize and archive with the completed audits. We will institute processes for CE coordinators to pull and review random a selection from each audit group for QA.

In terms of retention, Registration will continue to use LIC.103 (Continuing Education Audits) for the working documents as the CME audit is actually being conducted which allows for the disposal of those materials upon completion of the audit. The new audit checklist would fall under CA.003 (Audits) in the existing agency retention schedule and would result in a 7 year retention period after publication of final audit findings.

Responsible Party: Registration Manager

Implementation Date: October 1, 2020 (or as soon as CE audits resume - currently on hold due to COVID-19)

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Finding 2 – MODERATE – Continuing Medical Education Audits of Acudetox Specialists

TMB is not currently performing random CE audits on Acudetox licenses to verify whether the license holder has completed the minimum CE requirements. Management is not enforcing the CE requirement for Acudetox licenses due to the availability of CE training in the state. According to 22 TAC §183.21(b), as part of the pre-requisite to re-certify an Acudetox Specialist, the Specialist shall provide documentation to the Medical Board showing they obtained a minimum of at least six hours of continuing auricular acupuncture education (CAAE) which has been designated or otherwise approved for credit by the Medical Board. The educational requirements outlined in the Texas Administration Code slightly differ from the educational requirements outlined in the Texas Occupations Code. According to Tex. Occupations Code §205.303(e), "The medical board shall establish continuing education requirements for an Acudetox Specialist that, at a minimum, include six hours of education in the practice of acupuncture and a course in either clean needle technique or universal infection control precaution procedures."

Recommendation: TMB management should include Acudetox Specialist licenses as part of the periodic random CE audits performed by Registration. TMB should collaborate with the Texas Acupuncture Board Education Committee regarding the continuing education requirements for Acudetox Specialists to determine whether the rules reflect current legal and policy considerations and align with education requirements outlined Chapter 205 of the Texas Occupations Code.

Management's Response: We are currently reviewing the statute and rule to clarify to Acudetox licensees CE options available. Additionally Acudetox licensees will be added to the audit schedule.

Responsible Party: Registration Manager

Implementation Date: Prior to March 2021 (next Acudetox expiration date)

Cancellations

Finding 3 – LOW – Timeliness of Cancellation Requests Processing

TMB does not have procedures in place to ensure cancellation requests are processed timely. There is not a documented deadline established for processing cancellation requests, however, there is an internal goal of processing requests within a week of receipt. If the licensee has information on file for either Investigations, Hearings, or Compliance, the cancellation request must be submitted to the Registration Manager for approval. There are no formal procedures in place for the Registration Analyst to follow-up with the Registration Manager to ensure timely processing of the cancellation request.

We selected a sample of 30 out of 725 cancellation requests received from October 31, 2018, through March 31, 2020, and verified whether the cancellation requests were processed timely. All but two of the cancellation requests examined were processed within a week of the date of receipt. The remaining two cancellation requests were submitted to the Registration Manager for approval and processing times were 27 and 37 days.

Recommendation: TMB should establish and document an internal deadline requirement to establish a benchmark by which cancellation requests should be processed to ensure requests are completed timely. Additionally, TMB should establish a follow-up process to ensure Registration Analysts follow-up on requests that require additional approval. Follow-up should be documented either through email correspondence or through the use of a tracking tool such as a cancellation request log.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Management's Response: We will draft and disseminate an internal policy for cancellations by request, for all license types, to be completed within 10 business days. The policy will include that approval requests by the Registration Manager will be fulfilled within 5 business days, or staff will send a follow up request.

Responsible Party: Registration Manager

Implementation Date: September 1, 2020

Objective B: Control Testing

Verify that controls over critical Registration processes are operating effectively and according to Texas law and TMB policy.

Notifications

- 1. Procedures Performed:** We selected a sample of 50 out of 105,951 registrations that occurred between October 31, 2018, and March 31, 2020. For each selected registration, we verified whether the registration expiration dates are appropriately tracked and monitored and whether license holders are notified of pending registration expiration at least 60 days prior to the expiration date.

Results: No findings identified.

Form Processing

- 2. Procedures Performed:** We selected a sample of 50 out of 105,951 registrations that occurred between October 31, 2018, and March 31, 2020. For each selected registration we verified the following:
 - Registrations are processed in accordance with all State and program-specific requirements
 - Registrations are recorded in the registration systems accurately and completely
 - Registrations are processed in a timely manner

Results: No findings identified.

- 3. Procedures Performed:** We judgmentally selected two Batch Detail Reports processed during the month of February 2020 containing the lists of all hard-copy registrations received at TMB. We selected a sample of 20 hard-copy registrations listed within the Batch Detail Reports and verified all registrations received are processed.

Results: No findings identified.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Registration Fee Processing

- 4. Procedures Performed:** We selected a sample of 50 out of 105,951 registrations that occurred between October 31, 2018, and March 31, 2020. For each selected registration we verified the following:

- Registration fees are paid by licensees prior to the registration extension
- Late registration fees are appropriately assessed and collected
- Paid registration fees are posted to licensee's accounts in a timely manner

Results: No findings identified.

- 5. Procedures Performed:** We selected a sample of 20 out of 156 registrations for physicians on voluntary charity care status during the period from October 31, 2018, and March 31, 2020. For each selected registration we verified the following:

- Registration fee exemptions are processed in accordance with all State and program-specific requirements
- Registration fee exemptions are authorized by the appropriate personnel

Results: No findings identified.

Continuing Medical Education Verification

- 6. Procedures Performed:** We reviewed a sample of 30 out of 1,700 continuing medical education (CME) audits that occurred between October 31, 2018, and March 31, 2020. For each selected audit we verified the following:

- Continuing medical education audit is performed in accordance with program-specific requirements
- Continuing medical education audits have adequate supporting documentation

Results: We determined that adequate supporting documentation was not available for 18 CME audits.

Finding 1 – MODERATE – Review of Continuing Medical Education Audits

Finding 2 – MODERATE – Continuing Medical Education Audits of Acudetox Specialists

Cancellations

- 7. Procedures Performed:** We selected a sample of 30 out of 6,896 cancellation for non-renewal records identified between October 31, 2018, and March 31, 2020, and verified licenses are cancelled for all registrations according to agency criteria.

Results: No findings identified.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

8. Procedures Performed: We selected a sample of 30 out of 725 cancellation requests received from October 31, 2018, through March 31, 2020. For each selected request we verified the following:

- Cancellation requests are processed in accordance with all State and program-specific requirements
- Cancellation requests are authorized by the appropriate personnel
- Cancellation requests are processed in a timely manner

Results: We determined two cancellations requests received were not processed in a timely manner.

Finding 3 – **LOW** – Timeliness of Cancellation Requests Processing

Objective C: Access Testing

Verify access controls within the systems used for Registration processes ensure that access is restricted to appropriate individuals.

Procedures Performed: We obtained listings of personnel with access to update or modify data in registration systems and a current listing of all TMB active employees. We evaluated the level of user access within each system to verify the user's access is reasonable and appropriate based on their current job function.

We also verified whether user access is reviewed periodically to ensure user access rights for active users are appropriate.

Results: We identified 23 users with inappropriate access.

Finding 4 – **HIGH** – Inappropriate User Access

Within the registration systems, there are users who have access that does not align with the roles and responsibilities of their job title and corresponding responsibilities. In addition, we determined there were users with modify access to 27 securable objects within one of the systems that are no longer used for registration processes.

Within the system, we determined that the following users have write access to registration status tabs for Acupuncture, Acudetox, Physician and Physician Assistant license types, which is inappropriate, based on the user's job title and function:

- 10 users within Enforcement Support
 - 2 out of the 10 users also have access to add late penalty fees for Acupuncture and Physician license types
- 8 users within Litigation, including 5 Administrative Assistants
- 2 users within the Executive Office
- 1 Administrative Assistant within Finance
- 1 Program Specialist within Governmental Affairs & Communication
 - Program Specialist can also add late penalty fees for Acupuncture and Physician license types

Additionally, we identified one active user ID, where the owner of the username is no longer employed by TMB.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

We also determined that formal, periodic reviews of user access within the registration systems are currently not performed by TMB management.

Recommendation: TMB should remove inappropriate access to securable objects within SQL Tracer. Write access to permissions used in registration processes should be restricted based on the end user's current job function. Access to legacy data maintained within SQL Tracer should be updated to read-only access, to maintain the integrity of the data stored.

In addition, TMB management should establish a formal review of user access permissions within SQL Tracer and AMS at least annually to ensure that access is appropriate and aligns with the current roles and duties of the assigned end user.

Management's Response: We will add a checkbox to the Employee Status Change Form that is signed by the Executive Director when people start, change, or end employment with TMB. This would shorten the timeframe down to each pay period and ensure their system access has been addressed before sign off on their status update. The Registration Manager will oversee the review and update of user access to registration systems.

Responsible Party: Manager, HR manager, and Executive Director

Implementation Date: Immediate (July 28, 2020); User Access Update (October 16, 2020)

Appendix

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

Report Ratings

The report rating encompasses the entire scope of the engagement and expresses the aggregate impact of the exceptions identified during our test work on one or more of the following objectives:

- Operating or program objectives and goals conform with those of Texas Medical Board
- Texas Medical Board objectives and goals are being met
- The activity under review is functioning in a manner which ensures:
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations and programs
 - Safeguarding of assets
 - Compliance with laws, regulations, policies, procedures and contracts

The following ratings are used to articulate the overall magnitude of the impact on the established criteria:

Strong

The area under review meets the expected level. No high risk rated findings and only a few moderate or low findings were identified.

Satisfactory

The area under review does not consistently meet the expected level. Several findings were identified and require routine efforts to correct, but do not significantly impair the control environment.

Unsatisfactory

The area under review is weak and frequently falls below expected levels. Numerous findings were identified that require substantial effort to correct.

Texas Medical Board

Internal Audit Report over Registration

July 20, 2020

Issued: August 11, 2020

Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten TMB's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of TMB or beyond a single function or department
- Potential material impact to operations or TMB's finances
- Remediation requires significant involvement from senior TMB management

Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of TMB
- Impact could be felt outside of TMB or across more than one function of TMB
- Noticeable and possibly material impact to the operations or finances of TMB
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior TMB management to be updated

Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten TMB's strategic priorities
- Impact is limited to a single function within TMB
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk