



TEXAS MEDICAL BOARD

ANNUAL INTERNAL AUDIT REPORT

Fiscal Year 2013

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TEXAS MEDICAL BOARD (TMB)
ANNUAL INTERNAL AUDIT REPORT – FY-2013

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The Texas Internal Auditing Act requires state agencies to file an annual report on the agency's internal audit activities. The purpose of the Annual Internal Audit Report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts. The reporting requirements can be found in Texas Government Code, Chapter 2102.

I. Compliance with House Bill 16: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

The Texas Medical Board has developed a procedure for implementing House Bill 16 that includes measures to ensure that within 30 days of approval TMB will post internal audit reports to their website. The reports will include the 2014 Internal Audit Plan and the 2013 Annual Internal Audit Report. All future internal audit annual reports and audit plans will also be posted on the TMB website within 30 days of approval. Beginning with the FY-14 internal audit, each TMB internal audit annual report will include the following summaries as required by HB-16:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report;
- A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report

The internal audit reports will be posted in the Statistics, Reports & Legislative Information section of the TMB website under Required Agency Reporting:

<http://www.tmb.state.tx.us/data.php>.

II. Internal Audit Plan for Fiscal Year 2013

The approved internal audit plan for fiscal year 2013 included the following audit:

2013-1 7/31/13 Governance Audit - Completed

There were no deviations from the audit plan that was previously submitted in the fiscal year 2012 annual internal audit report.

III. Consulting Services and Non-Audit Services Completed

The Internal Auditor did not perform any advisory projects which would be considered consulting engagements, as defined in *The International Standards for the Professional Practice of Internal Auditing*, and non-audit services, as defined in *Government Auditing Standards, 2011 Revision*, Sections 3.33 – 3.58, that were completed during fiscal year 2013.

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IV. External Quality Assurance Review (Peer Review)

An external quality assurance review on the Texas Medical Board’s internal audit function was completed in July 2012. The opinion on the Texas Medical Board Internal Audit function was:

“Based on the information received and evaluated during this external quality assurance review, it is my opinion that the Texas Medical Board Internal Audit function

‘GENERALLY CONFORMS’

With the Institute of Internal Auditors (IIA) *International Professional Practices Framework* including the *International Standards for the Professional Practice of Internal Auditing*, the *Definition of Internal Auditing*, and the *Code of Ethics*; the United States Government Accountability Office (GAO) *Government Auditing Standards*; and the Texas Internal Auditing Act (*Texas Government Code*, Chapter 2102).”

No significant weaknesses were identified during the review, but the following opportunities for improvement were identified:

- Opportunity for Improvement 1 –Develop and Implement a Policy Describing Board Oversight Responsibilities Regarding the Internal Audit Function

A Charter of Audit Functions for TMB Executive Committee was developed and presented to the Board at their August, 2012 meeting.

- Opportunity for Improvement 2 – More Fully Document the Considerations for Providing Non-Audit or Advisory Services

The internal auditor reviewed the December 2011 revision to the Government Auditing Standards and other relevant resources to identify documentation considerations pertaining to non-audit or advisory services for future advisory projects.

- Opportunity for Improvement 3 – Plan Future Internal Audit Projects Evaluating Organizational Governance

The internal auditor proposed and conducted a governance audit, which was included in the internal audit plan for fiscal year 2013 and completed in July of 2013.

V. Internal Audit Plan for Fiscal Year 2014

The fiscal year 2014 Audit Plan will include an audit in the Finance area. The annual Internal Audit Plan will be submitted to oversight agencies and posted on the agency’s website after Board review and approval at their scheduled meeting in October 2013.

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The Internal Audit Plan will include the following budgeted hours for all activities in FY-2014. The internal audit contract allows for approximately 190 hours of work. The estimated time budgets for internal audit activities at the TMB for FY-2014 are:

Risk Assessment Update & Annual Audit Plan	20 hrs
Activity Reporting – Periodic, Annual, QA	20 hrs
Audit Planning, Performance, and Reporting	120 hrs
Follow Up on PY Recommendations	10 hrs
Quality Control Procedures	8 hrs
Management Meetings	8 hrs
Board Meetings	4 hrs

The risk footprint is included as an exhibit in the Internal Audit Plan submission. The footprint shows any additional audit risks ranked as “high” that are not included in the fiscal year 2014 Internal Audit Plan. A detailed description of the risk assessment methodology used to develop the plan is included in the Internal Audit Plan.

VI. External Audit Services Procured in Fiscal Year 2013

There were no external audit services procured in fiscal year 2013 by the Texas Medical Board.

VII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, and Article IX, the General Appropriations Act (83rd Legislature, Conference and Committee Report) and Texas Government Code, Section 321.022, the Texas Medical Board has posted information on how to report suspected fraud, waste or abuse of state funds on their website, including a phone number and a link to the State Auditor’s Office. The agency also has a fraud prevention policy (Policy 7.1) that directs readers to the State Auditor’s Office for a separate reporting process on suspected fraud, waste, or abuse. The TMB Employee Manual also addresses employees’ responsibilities for assisting in the prevention, detection, and elimination of fraud against the agency.

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Texas Medical Board, Executive Committee

Dr. Irvin E. Zeitler, Jr., D.O. – President
Dr. Michael Arambula, M.D. – Vice-President & Licensure Chair
Ms. Paulette Southard, Public Member – Secretary/Treasurer
Margaret C. McNeese, M.D. – DPRC Chair

Texas Medical Board

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