

TEXAS MEDICAL BOARD

Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2025



Garza/Gonzalez & Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TEXAS MEDICAL BOARD
Austin, Texas

Internal Audit Plan
For Fiscal Year 2025

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Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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 2025. This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2025. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised by the Board, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, LLC, an independent Certified Public Accounting firm, following Generally Accepted Government Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.

Garza/Gonzalez
& Associates, LLC

February 7, 2025

TEXAS MEDICAL BOARD

Austin, Texas

Internal Audit Plan For Fiscal Year 2025

I. Methodology

TMB's fiscal year 2025 Internal Audit Plan (Plan) was developed using a risk assessment process, where we reviewed various documents and questionnaires, as documented below.

The following documents were reviewed and/or considered in our risk assessment process:

- Organizational Charts
- General Appropriations Act
- Financial and Non-Financial Reports
- Policies & Procedures and Processes
- Prior Internal Audit Reports
- Applicable Laws and Regulations
- Audits/Monitoring Reports from Third Party Agencies

Questionnaires were developed for completion by the TMB's Board President, TMB's Executive Director, and other staff to update our understanding of each operational area and its role within the overall scheme of TMB. The questionnaires included topics; such as, changes in significant processes, systems, or key personnel; time elapsed since last audit or review; status from past audits or reviews; and, regulatory compliance requirements (i.e., TAC 202, *Information Security Standards*; and, contract management). Utilizing information obtained through the completed questionnaires and background information reviewed, 11 auditable areas¹ were identified as potential audit topics. A risk analysis was completed for each individual audit topic and then compiled to develop TMB's overall risk assessment.

The following 8 risk factors were considered for each potential audit topic:

Risk Factor	Description
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 degree of its responsibility related to TMB'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.
3. Results of Prior Audit or Review	Measure of the results and status of prior audits or reviews.
4. Personnel	Measure of personnel changes and the adequacy of the auditable unit's staffing level as it relates to the achievement of its objectives.
5. Policies & Procedures and Processes	Measure of established internal controls (policies and procedures documenting the auditable unit's activities) and changes/concerns in processes and systems.
6. Compliance Requirements	Measure of the complexity of contracts, laws, and/or regulations for which the auditable unit is responsible for ensuring compliance.

¹ Excludes the Texas Physician Health Program as it requires a periodic audit every third year.

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Risk Factor	Description
7. Fraud, Waste, or Abuse	Measure of the auditable unit's risks and controls in place as it relates to fraud, waste, or abuse.
8. Board & Management Feedback	Measure of feedback expressed in completed questionnaires.

Risk Assessment

Following are the results of the risk assessment performed for the 11 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Litigation & ISC Compliance Monitoring	Information Technology Revenue (includes Cash Receipts Processing) Complaint Intake & Investigation	Accounting (includes disbursements& asset management) Records Management Registration Human Resources & Payroll (includes Travel) Procurement/Contract Management/HUB Licensure

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 2015 through 2024 for the above 11 potential audit topics.

In the prior three years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2024:

- Risk Assessment & Preparation of the Internal Audit Plan
- Licensure Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2023 (performed by the predecessor internal auditor):

- Risk Assessment & Preparation of the Internal Audit Plan
- Enforcement Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2022 (performed by the predecessor internal auditor):

- Risk Assessment & Preparation of the Internal Audit Plan
- Texas Physician Health Program Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

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Internal Audit Plan

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 systems of internal controls and the quality of performance in carrying out assigned responsibilities. The audit scope, as applicable, considers 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.

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Internal Audit Plan

III. Internal Audit Plan

In addition to conducting the 2025 risk assessment in preparation for this Internal Audit Plan (Plan), the Plan includes one audit to be performed; a follow-up on prior year internal audit recommendations; other tasks that may be assigned by the Board during the year; and, preparation of the 2025 Internal Audit Annual Report.

The area recommended for internal audit and other functions to be performed for fiscal year 2025 are as follows:

1. Completion of the Fiscal Year 2025 Risk Assessment and Preparation of this Internal Audit Plan
2. Compliance Monitoring Area Audit
An audit of this area will be conducted to assess the effectiveness and efficiency of internal controls, policies, procedures, and processes utilized by the Area to monitor licensees for compliance with the board orders and remedial plans.
3. Follow-Up of Prior Year Internal Audits
Follow-up procedures will be performed to determine the status of the prior year comments that were not fully implemented as of fiscal year ended August 31, 2024, which will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.
4. Preparation of the 2025 Internal Audit Annual Report
The 2025 Internal Audit Annual Report will be prepared in the format prescribed by the State Auditor's Office and in compliance with the Texas Internal Auditing Act requirements.
5. Other Tasks
Additional tasks as may be assigned by the Board during the fiscal year.

ATTACHMENTS

TEXAS MEDICAL BOARD
Risk Assessment Summary
For Fiscal Year 2025

RISK FACTOR WEIGHT

10.00% 17.00% 13.00% 12.00% 16.00% 12.00% 9.00% 11.00%

Risk Factors

		1		2		3		4		5		6		7		8		
Potential Audit Topic		Materiality		Time Since Last Audit or Review		Results of Prior Audit or Review		Personnel		Policies Procedures and Processes		Compliance Requirements		Fraud Waste or Abuse		Board & Management Feedback		Total
High Risk: > 190																		
1	Litigation & ISC	2	20.00	3	51.00	2	26.00	2	24.00	2	32.00	3	36.00	1	9.00	1	11.00	209.00
2	Compliance Monitoring	1	10.00	2	34.00	2	26.00	2	24.00	2	32.00	2	24.00	1	9.00	3	33.00	192.00
Moderate Risk: 171 - 190																		
3	Information Technology	2	20.00	2	34.00	2	26.00	1	12.00	2	32.00	3	36.00	2	18.00	1	11.00	189.00
4	Revenue (includes cash receipts processing)	3	30.00	2	34.00	1	13.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	174.00
5	Complaint Intake and Investigations	3	30.00	1	17.00	2	26.00	1	12.00	2	32.00	3	36.00	1	9.00	1	11.00	173.00
Low Risk: < 171																		
6	Accounting (includes disbursements and asset management)	3	30.00	2	34.00	1	13.00	2	24.00	1	16.00	2	24.00	2	18.00	1	11.00	170.00
7	Records Management	2	20.00	3	51.00	2	26.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	166.00
8	Registration	2	20.00	2	34.00	1	13.00	2	24.00	1	16.00	3	36.00	1	9.00	1	11.00	163.00
9	Human Resources & Payroll (includes travel)	3	30.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	1	11.00	158.00
10	Procurement/Contract Management/HUB	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	1	11.00	148.00
11	Licensure	3	30.00	1	17.00	1	13.00	1	12.00	1	16.00	3	36.00	1	9.00	1	11.00	144.00

Risk Factor Rating:

1 - Low Risk
2 - Moderate Risk
3 - High Risk

COMMISSION ON STATE EMERGENCY COMMUNICATIONS
History of Areas Audited
For Fiscal Year 2025

	Potential Audit Topic	Fiscal Year Audited / Reviewed									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	Accounting (includes disbursements & asset management)	C				C					
2	Complaint Intake and Investigations		D			A				A1	
3	Compliance Monitoring		A							A1*	
4	Human Resources & Payroll (includes travel)	C*			E*	C*					E*
5	Information Technology ¹						B				
6	Licensure	A	D								A
7	Litigation & ISC		D	A							
8	Procurement/Contract Management/HUB	C*				C*					
9	Records Management										
10	Registration		D				A1				
11	Revenue (includes cash receipts processing)							A1			

Required Audit²

12	Texas Physician Health Program		D		A				A1		
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¹ Periodic vulnerability scans are performed by the DIR or a third-party procured through the DIR, which are considered standardized reviews and therefore not reflected in this schedule by year.

² Texas Physician Health Program is required to be audited tri-annually.

Legend (audits/reviews with an asterisk (*) are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by Weaver and Tidwell, LLP.
- B** Audit performed by the State Auditors Office (SAO).
- C** Post-Payment Audit performed by the Comptroller of Public Accounts (CPA).
- D** Sunset Review performed by the Sunset Advisory Commission.
- E** Review performed by the Texas Workforce Commission.