



GARZA GONZALEZ & ASSOCIATES
— CERTIFIED PUBLIC ACCOUNTANTS —

TEXAS MEDICAL BOARD
Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2026



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TEXAS MEDICAL BOARD
Austin, Texas

Internal Audit Plan
For Fiscal Year 2026

TABLE OF CONTENTS

	<u>Page</u>
Internal Auditor’s Report.....	1
I. Methodology	2-4
II. Audit Scope	4
III. Internal Audit Plan	5
 ATTACHMENTS	
Attachment A - Risk Assessment Summary.....	6
Attachment B - History of Areas Audited.....	7

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 2026. This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2026. 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, 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.



January 27, 2026

TEXAS MEDICAL BOARD

Austin, Texas

Internal Audit Plan For Fiscal Year 2026

I. Methodology

TMB's fiscal year 2026 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 Chart
- General Appropriations Act
- Financial and Non-Financial Reports
- Policies, Procedures, and Processes
- Prior Internal Audit Reports
- Audits/Monitoring Reports from Third-Party Agencies
- Applicable Selected Laws and Regulations

Questionnaires were developed for completion by TMB's Board President, Executive Director, General Counsel, Deputy Executive Director of Operations, and CFO, as well as TXPHP's Board President and Medical Director, to update our understanding of each operational area and its role within TMB's overall governance and operations. The questionnaires included various topics; such as, changes in significant operations and systems, as well as other matters considered relevant to the risk assessment process. 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.

¹ Excludes the Texas Physician Health Program as it requires a periodic audit every three years.

TEXAS MEDICAL BOARD

Internal Audit Plan

Risk Factor	Description
6. Compliance Requirements	Measure of the complexity of contracts, laws, and/or regulations for which the auditable unit is responsible for ensuring compliance.
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	Information Technology Revenue (includes cash receipts processing) Records Management	Registration Accounting (includes disbursements & asset management) Complaint Intake & Investigation Licensure Human Resources & Payroll (includes travel) Compliance Monitoring Procurement & Contract Management

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 2016 through 2025 for the above 11 potential audit topics.

TEXAS MEDICAL BOARD

Internal Audit Plan

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

Fiscal Year 2025:

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

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

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.

TEXAS MEDICAL BOARD

Internal Audit Plan

Internal Audit Plan

In addition to conducting the Fiscal Year (FY) 2026 risk assessment as a basis for preparation of this Internal Audit Plan (Plan), the Plan includes one audit to be performed, a follow-up on the prior year internal audit recommendations, preparation of the FY 2026 Internal Audit Annual Report, and other tasks that may be assigned by the Board throughout the year.

The following area and activities are recommended for FY 2026:

1. Completion of the Fiscal Year (FY) 2026 Risk Assessment and Preparation of the Internal Audit Plan
Perform the FY 2026 risk assessment and use the results to develop this Internal Audit Plan in accordance with applicable standards.
2. Texas Physician Health Program Area Audit (Required Triennial Audit)
An audit of this area will be conducted to assess the effectiveness and efficiency of internal controls, policies, procedures, and processes used to ensure compliance with applicable laws, rules, and regulations, including those related to referral intake, monitoring, confidentiality, and case closure. Audit procedures will also include evaluating whether referrals are appropriately tracked and monitored from the date received through the date of discharge.
3. Follow-Up of Prior Year Internal Audits
Follow-up procedures will be performed to determine the implementation status of prior year audit recommendations that were not fully implemented as of August 31, 2025. Each recommendation will be classified as: (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.
4. Preparation of the Fiscal Year (FY) 2026 Internal Audit Annual Report
The FY 2026 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
Perform other tasks as may be assigned by the Board during the year.

ATTACHMENTS

**TEXAS MEDICAL BOARD
Risk Assessment Summary
For Fiscal Year 2026**

Potential Audit Topic	RISK FACTOR WEIGHT																Total
	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	1	2	3	4	5	6	7	8	
	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									
High Risk: > 187																	
1	Litigation & Informal Settlement Conference																209.00
Moderate Risk: 166 - 187																	
2	Information Technology - General IT Controls																177.00
3	Revenue (includes cash receipts processing)																174.00
4	Records Management																166.00
Low Risk: < 166																	
5	Registration																163.00
6	Accounting (includes disbursements and asset management)																160.00
7	Complaint Intake and Investigations																160.00
8	Licensure																160.00
9	Human Resources & Payroll (includes travel)																158.00
10	Compliance Monitoring																153.00
11	Procurement & Contract Management																148.00

Risk Factor Scores

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

**TEXAS MEDICAL BOARD
History of Areas Audited
For Fiscal Year 2026**

	Potential Audit Topic	Fiscal Year Audited/Reviewed									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Accounting (includes disbursements & asset management)				C						
2	Complaint Intake and Investigations	D			A				A1		
3	Compliance Monitoring	A							A1*		A
4	Human Resources & Payroll (includes travel)			E*	C*					E*	
5	Information Technology ¹ - General IT Controls					B					
6	Licensure	D								A	
7	Litigation & ISC	D	A								
8	Procurement/Contract Management/HUB				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 triennially.

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.