

**STATE OFFICE OF ADMINISTRATIVE HEARINGS**  
Austin, Texas

**INTERNAL AUDIT PLAN**

For Fiscal Year 2025



**STATE OFFICE OF ADMINISTRATIVE HEARINGS**  
Austin, Texas

Internal Audit Plan  
For Fiscal Year 2025

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# Garza/Gonzalez & Associates, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

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The Honorable Kristofer Monson  
Chief Administrative Law Judge  
State Office of Administrative Hearings  
Austin, Texas

Enclosed is the State Office of Administrative Hearings' (SOAH) 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 you, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, LLC, an independent Certified Public Accounting firm, following Generally Accepted Governmental 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.



February 5, 2025

# STATE OFFICE OF ADMINISTRATIVE HEARINGS

Austin, Texas

## Internal Audit Plan For Fiscal Year 2025

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### I. Methodology

SOAH'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
- Financial and Non-Financial Reports
- Policies and Procedures
- Applicable Laws and Rules
- Audit and/or Review Reports from Third-Party Agencies
- Prior Internal Audit Reports
- SOAH Interim Operating and Transition Plan

Questionnaires were developed for completion by the Chief Administrative Law Judge and the CFO to update our understanding of each division, and its role within the overall scheme of SOAH. The questionnaires included topics; such as, significant changes in processes, information 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 audit areas were identified as the potential audit topics. A risk analysis was conducted for each individual audit topic and then compiled to develop SOAH'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 SOAH'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 the 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 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.
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. Management Feedback	Measure of feedback expressed in completed questionnaires.

# STATE OFFICE OF ADMINISTRATIVE HEARINGS

## Internal Audit Plan

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### Risk Assessment

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

HIGH RISK	MODERATE RISK	LOW RISK
Human Resources & Payroll	Hearings – Clerks Hearings – Legal Secretaries Accounting (Cash Receipts/ Disbursements/ Travel) Information Technology Hearings – ALJs <sup>1</sup> Procurement/Contract Management/HUB	Records Management Interagency Contract Billing and Invoicing Performance Measures Asset Management

<sup>1</sup> Excludes activities directly related to judges presiding over hearings; focuses solely on their role in hearings operations.

This report includes the “Risk Assessment Summary” as Attachment A; and, the “History of Areas Audited” as Attachment B, which lists audits and/or reviews performed from fiscal year 2015 through 2024 for the above 11 potential audit topics.

In the prior 3 years, the internal auditor performed the following *internal audit functions*:

### Fiscal Year 2024:

- Risk Assessment & Preparation of the Internal Audit Plan
- Hearings (ALJs, Clerks, and Legal Assistants) Audit (IDEA & PUC cases)
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

### Fiscal Year 2023:

- Risk Assessment & Preparation of the Internal Audit Plan
- Information Technology (IT) – Account Management Audit
- Human Resources and Payroll Audit (limited scope)
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

### Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Asset Management Audit
- Interagency Contract Billing and Invoicing Audit (limited scope)
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

# STATE OFFICE OF ADMINISTRATIVE HEARINGS

## Internal Audit Plan

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### 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 SOAH's system of internal control and the quality of performance in carrying out assigned responsibilities. The audit scope includes:

- **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, and 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.

# STATE OFFICE OF ADMINISTRATIVE HEARINGS

## Internal Audit Plan

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### III. Internal Audit Plan

In addition to conducting the 2025 risk assessment in preparation for this Internal Audit Plan (Plan), this Plan also includes two audits to be performed, a follow-up on the prior year's internal audit recommendations, other tasks that may be assigned by the Chief Administrative Law Judge during the year, and the preparation of the 2025 Internal Audit Annual Report.

The areas 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. Human Resources and Payroll Audit  
An audit of this area will be conducted to assess the effectiveness and efficiency of internal controls, policies, procedures, and processes in place for the functions performed by the Human Resources and Payroll Area. Additionally, the audit will evaluate compliance with applicable state requirements.
3. Limited-Scope Audit of Performance Measures – Fiscal Year 2024 Key Outcome Measures  
A limited-scope audit will be conducted to evaluate SOAH's methodology and effectiveness of its controls in place over the collection, calculation, and reporting of key outcome measures for fiscal year 2024.
4. 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.
5. Preparation of the 2025 Internal Audit Annual Report  
The 2025 Internal Audit Annual Report will be prepared in the form prescribed by the State Auditor's Office; and, that meets the Texas Internal Auditing Act requirements.
6. Other Tasks  
Other tasks as may be assigned by the Chief Administrative Law Judge during the year.

## **ATTACHMENTS**



## STATE OFFICE OF ADMINISTRATIVE HEARINGS

## 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		Management Feedback		Total
High Risk: > 163																			
1	Human Resources & Payroll		3	30.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	3	33.00	180.00
Moderate Risk: 146 - 163																			
2	Hearings - Clerks		3	30.00	2	34.00	2	26.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	162.00
3	Hearings - Legal Secretaries		3	30.00	2	34.00	2	26.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	162.00
4	Accounting (Cash Receipts/Disbursements/Travel)		2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	2	22.00	159.00
5	Information Technology		2	20.00	1	17.00	2	26.00	1	12.00	1	16.00	3	36.00	2	18.00	1	11.00	156.00
6	Hearings - ALJs <sup>1</sup>		2	20.00	2	34.00	2	26.00	1	12.00	1	16.00	2	24.00	1	9.00	1	11.00	152.00
7	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
Low Risk: < 146																			
8	Records Management		2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	136.00
9	Interagency Contract Billing and Invoicing		2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	1	9.00	1	11.00	127.00
10	Performance Measures		1	10.00	1	17.00	1	13.00	1	12.00	1	16.00	1	12.00	1	9.00	3	33.00	122.00
11	Asset Management		1	10.00	1	17.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	109.00

<sup>1</sup> Excludes activities directly related to judges presiding over hearings; focuses solely on their role in hearings operations.

**Risk Factor Rating:**

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

**STATE OFFICE OF ADMINISTRATIVE HEARINGS**  
**History of Areas Audited**  
**For Fiscal Year 2025**

	POTENTIAL AUDIT TOPIC	Audit History									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	Accounting (Cash Receipts/Disbursements/Travel)	F*	E*			E*					
2	Asset Management					E*			A		
3	Hearings - ALJs										A*
4	Hearings - Clerks				A						A*
5	Hearings - Legal Secretaries			A							A*
6	Human Resources & Payroll	F	E*		B*	A/E*				A*	
7	Information Technology <sup>1</sup>		A	D		D				A*	D
8	Interagency Contract Billing and Invoicing	A/F							A*		
9	Performance Measures								C		
10	Procurement/Contract Management/HUB		E*			E*		A			
11	Records Management						A				

<sup>1</sup> 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.

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

- A** Internal audit performed by Garza/Gonzalez & Associates.
- B** Review performed by the Texas Workforce Commission.
- C** Audit performed by the State Auditor's Office.
- D** Assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through DIR.
- E** Post-payment audit performed by the Comptroller of Public Accounts.
- F** Audit performed by the Sunset Advisory Commission.