

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

**INTERNAL AUDIT PLAN**

For Fiscal Year 2026



**GARZA GONZALEZ & ASSOCIATES**  
— CERTIFIED PUBLIC ACCOUNTANTS —

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

Internal Audit Plan  
For Fiscal Year 2026

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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 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 you, as necessary.

This Plan has been prepared by Garza Gonzalez & Associates, 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 25, 2026

# STATE OFFICE OF ADMINISTRATIVE HEARINGS

Austin, Texas

## Internal Audit Plan For Fiscal Year 2026

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### I. Methodology

SOAH'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 considered in our risk assessment process:

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

Questionnaires were developed for completion by the Chief Administrative Law Judge and the CFO to update our understanding of each operational area and its role within SOAH'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 areas were identified as potential audit topics. A risk analysis was completed 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:

<b>Risk Factor</b>	<b>Description</b>
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:

<b>HIGH RISK</b>	<b>MODERATE RISK</b>	<b>LOW RISK</b>
Hearings – ALJs <sup>1</sup> Hearings – Clerks	Hearings – Legal Secretaries Accounting (includes cash receipts, disbursements, and travel) Records Management	Procurement & Contract Management Human Resources & Payroll Information Technology – General IT Controls Interagency Contract Billing and Invoicing Asset Management Performance Measures

<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 2016 through 2025 for the above 11 potential audit topics.

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

#### Fiscal Year 2025:

- Risk Assessment & Preparation of the Internal Audit Plan
- Human Resources & Payroll Audit
- Performance Measures Audit (limited scope)
- 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
- 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

# 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 Fiscal Year (FY) 2026 risk assessment as a basis for preparation of this Internal Audit Plan (Plan), the Plan includes two audits 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 Chief Administrative Law Judge throughout the year.

The following areas 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. Case Scheduling Audit  
An audit of the case scheduling process performed by the Hearings – ALJs and Hearings – Clerks areas will be conducted to assess the effectiveness and efficiency of controls, policies, procedures, and processes to ensure that cases with statutory deadlines, expedited statutory deadlines, and no statutory deadlines are appropriately identified, prioritized, and scheduled in accordance with applicable requirements.
3. Cash Receipts Audit  
An audit of the cash receipts process performed by the Accounting area will be conducted to assess whether controls are effective to ensure that receipts are accurately recorded, adequately safeguarded, and deposited in a timely manner in accordance with applicable policies and requirements.
4. 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 fiscal year ended August 31, 2025. Each recommendation will be classified as: (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.
5. 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.
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 2026

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								
<b>High Risk: &gt; 167</b>																	
1 Hearings - ALJs <sup>1</sup>	2	20.00	2	34.00	2	26.00	2	24.00	1	16.00	2	24.00	1	9.00	3	33.00	186.00
2 Hearings - Clerks	3	30.00	2	34.00	2	26.00	1	12.00	1	16.00	2	24.00	1	9.00	3	33.00	184.00
<b>Moderate Risk: 149 - 167</b>																	
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 (includes cash receipts, disbursements, and 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 Records Management	2	20.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	3	33.00	158.00
<b>Low Risk: &lt; 149</b>																	
6 Procurement & Contract Management	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
7 Human Resources & Payroll	3	30.00	1	17.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	1	11.00	141.00
8 Information Technology - General IT Controls	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	2	24.00	2	18.00	1	11.00	131.00
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 Asset Management	1	10.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	2	18.00	1	11.00	126.00
11 Performance Measures	1	10.00	2	34.00	1	13.00	1	12.00	1	16.00	1	12.00	1	9.00	1	11.00	117.00

<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 2026**

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited or Reviewed									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	Accounting (includes cash receipts, disbursements, and travel)	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	E*		B*	A/E*				A*		A
7	Information Technology - General IT Controls <sup>1</sup>	A	D		D				A*	D	
8	Interagency Contract Billing and Invoicing							A*			
9	Performance Measures							C			A*
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.