

OFFICE OF CONSUMER CREDIT COMMISSIONER
Austin, Texas

INTERNAL AUDIT ANNUAL REPORT

Fiscal Year 2025



Garza/Gonzalez & Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

OFFICE OF CONSUMER CREDIT COMMISSIONER
Austin, Texas

Internal Audit Annual Report

Fiscal Year 2025

TABLE OF CONTENTS

	Page
Internal Auditor's Report	1
Introduction	2
I. Compliance with Texas Government Code 2102: Required Posting of Internal Audit Information	3
II. Consulting and Nonaudit Services Completed.....	3
III. External Quality Assurance Review.....	3
IV. Internal Audit Plan for Fiscal Year 2025.....	3-5
V. Executive Summary Business Licensing Background..... Audit Objective, Scope, and Methodology	6-9 9-10
VI. Observations/Findings and Recommendations Summary and Related Rating of Observations/Findings and Recommendations..... Observations/Findings and Recommendations	11 12-14
VII. External Audit Services Procured in Fiscal Year 2025	15
VIII. Reporting Suspected Fraud and Abuse.....	15
IX. Proposed Internal Audit Plan for Fiscal Year 2026.....	15
ATTACHMENT	
Attachment – History of Areas Audited	16

Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Finance Commission Members and
Audit Committee Members
Office of Consumer Credit Commissioner
Austin, Texas

We performed procedures to assess the effectiveness and efficiency of the Office of Consumer Credit Commissioner's (OCCC) internal control structure over the Business Licensing Area (the Area) and its compliance with the applicable chapters of the Texas Finance Code, relevant rules of the Texas Administrative Code, and the Area's established policies and procedures, for the nine months ended May 31, 2025.

Our audit procedures determined that OCCC's internal control structure over the Area was adequate, and no material instances of noncompliance were noted. However, we did identify certain matters, detailed in this report, that present opportunities to strengthen internal controls and enhance compliance with OCCC's policies and procedures. Based on their degree of risk or effect in relation to the audit objective, these matters were rated as Priority, High, Medium, or Low, as described in the "Summary and Related Rating of Observations/Findings and Recommendations" section of this report.

We also conducted follow-up procedures on findings and recommendations from prior year internal audit reports that were not fully implemented. This report reflects the results and implementation status of our follow-up procedures, and includes all information required for compliance with State of Texas Internal Audit Annual Report requirements.

This report was 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.

We have discussed the comments and recommendations for the Area, as well as the follow-up results, with various OCCC personnel. We are available to provide additional information if needed.

Garza/Gonzalez
& Associates, LLC

July 18, 2025

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

INTRODUCTION

The Office of Consumer Credit Commissioner (OCCC) operates pursuant to Chapter 14 of the Texas Finance Code, and under the oversight of the Texas Finance Commission, who appoints the Consumer Credit Commissioner.

The OCCC's primary functions are to:

- Regulate fairly, efficiently, and effectively, addressing both consumers and creditors by enforcing Texas credit laws and licensing qualified lenders;
- Educate consumers and credit providers about their rights, remedies, and responsibilities;
- Communicate collaboratively with and encourage communication among the credit industry, consumer public, and the agency; and,
- Protect and safeguard consumers against abusive and deceptive lending practices.

OCCC was granted Self-Directed, Semi-Independent (SDSI) status during the 81st Legislative Session. As an SDSI agency, OCCC does not require legislative budget approval; instead, the Finance Commission determines its spending authority or limits. OCCC's operating funds are generated from fees assessed to regulated businesses, with no reliance on legislative appropriations.

2025 Internal Audit Plan

The following internal audit functions were performed in accordance with OCCC's 2025 Internal Audit Plan, dated November 25, 2024, and approved by the Audit Committee and Finance Commission on December 13, 2024:

- Risk Assessment & Preparation of the 2025 Internal Audit Plan
- TFEE Fund Investment Portfolio Administration (*Required Periodic Audit*) Audit
- Business Licensing Audit
- Follow-up of Prior Year Internal Audits
- Preparation of the 2025 Internal Audit Annual Report
- Other Tasks

This report (Report No. 2) contains the results of the Business Licensing Audit, reflects the results of the follow-up procedures performed this year on the findings from the prior internal audits, and complies with the State of Texas Internal Audit Annual Report requirements. The TFEE Fund Investment Portfolio Administration Audit report, dated March 20, 2025, was presented to and approved by the Audit Committee and Finance Commission on April 25, 2025.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

I. Compliance with Texas Government Code 2102.015: Required Posting of Internal Audit Information

To comply with the provisions of Texas Government Code, Section 2102.015 and the State Auditor's Office guidelines, within 30 days of approval by the Finance Commission, OCCC will post the following information on its website:

- An approved fiscal year 2026 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2025 internal audit annual report, as required by Texas Government Code, Section 2102.009.

OCCC will also post periodic internal audit reports on its website, unless the content is considered confidential or exempt from public disclosure under Texas Government Code Chapter 552. These periodic reports and the internal audit annual report will include any identified weaknesses, deficiencies, wrongdoings, or other concerns raised by internal audits and other functions performed by the internal auditor, as well as a summary of the actions taken by OCCC to address such concerns.

II. Consulting and Nonaudit Services Completed

The internal auditor did not perform any consulting services, as defined in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* or any non-audit services, as defined in the *Government Auditing Standards*, 2018 Revision, Technical Update April 2021, Sections 3.64-3.106.

III. External Quality Assurance Review

The internal audit department's most recent *Peer Review Report*, dated January 20, 2025, indicates that its system of quality control has been suitably designed and conforms to applicable professional standards in all material respects.

IV. Internal Audit Plan for Fiscal Year 2025

The approved Internal Audit Plan (Plan) included two audits to be performed during fiscal year 2025. The Plan also included a follow-up on prior year internal audit recommendations that were not fully implemented as of fiscal year 2024, other tasks as assigned by the Finance Commission or Audit Committee, and preparation of the 2025 Internal Audit Annual Report.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 12¹ potential audit topics were identified. A risk analysis utilizing 8 risk factors was completed for each individual audit topic and then compiled to develop an overall risk assessment.

¹ Excludes the TFEE Fund Investment Portfolio Administration area, as it requires a biennial audit.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

Following are the results of the risk assessment performed for the 12 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Examinations Business Licensing	Legal and Enforcement Management Information Systems (MIS) [Includes Disaster Recovery Plan] Payroll and Human Resources Business Registration & Professional Licensing	Procurement/Contract Management/HUB Fiscal Division (Includes Asset Management & Travel) Revenue Accounting Process Complaint Intake and Investigation Records Management TFEE Fund Grant Administration

In the prior 3 years, the following audits and functions were performed by the internal auditor:

Fiscal Year 2024:

- Risk Assessment & Preparation of the Internal Audit Plan
- Examinations: Data Collection Area Audit
- 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
- TFEE Fund Investment Portfolio Administration Audit (*Required Periodic Audit*)
- Human Resources and Payroll Audit
- 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
- Regulated Lenders Examinations Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

The internal audits and other tasks performed for fiscal year 2025 were as follows:

Report No.	Audits/Report Titles	Report Date
1.	TFEE Fund Investment Portfolio Administration <i>Objective:</i> To determine OCCC's compliance with applicable state and rules, and established policies and procedures, over the administration of the Texas Financial Education Endowment (TFEE) Fund investment portfolio.	3/20/2025
2.	Business Licensing <i>Objective:</i> To assess whether OCCC's policies, procedures, and internal controls over the Business Licensing Area are adequately designed and operating effectively to ensure the proper processing of license applications and compliance with applicable chapters of the Texas Finance Code (TFC) and Texas Administrative Code (TAC).	7/18/2025
2.	Internal Audit Annual Report – Follow-up on findings and recommendations that were presented in the Prior Year Internal Audit Report.	7/18/2025
-	Other Tasks Assigned by the Finance Commission or the Audit Committee	None

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

V. Executive Summary

Business Licensing Area

Organizational Structure

The Licensing and Registration Department (Department) is overseen by the Director of Licensing, Finance, and Human Resources (Director), who reports to the Commissioner. The Department consists of a Licensing Manager, three Licensing and Permit Specialists (Specialists), and one Compliance Analyst, who are responsible for processing business licensing applications. Additionally, two Customer Service Specialists provide support and assistance to applicants and licensees.

In addition to processing applications and providing customer service, the Department also offers technical support for the Application, Licensing, Examination, and Compliance System (ALECS), which is used by both applicants and licensees.

The Department encompasses two separate auditable areas: *Business Licensing* and *Business Registration and Professional Licensing*. This report focuses solely on the Business Licensing area (Area).

Types of Business Licenses

The Area is responsible for processing license applications for regulated lenders, motor and commercial motor vehicle sales entities, property tax lenders, pawnshops, and credit access businesses. The following table outlines the applicable governing provisions from the Texas Finance Code (TFC) and the Texas Administrative Code (TAC):

<u>License Type</u>	<u>TFC</u>	<u>TAC</u>
Regulated Lenders	Chapter 342, Subchapter B	Chapter 83, Subchapter A
Motor Vehicle Sales Entities & Commercial Motor Vehicle Sales Entities	Chapter 348, Subchapter F Chapter 353, Subchapter F	Chapter 84, Subchapter F
Property Tax Lenders	Chapter 351, Subchapter B	Chapter 89, Subchapters C & D
Pawnshops	Chapter 371, Subchapter B	Chapter 85, Subchapter A
Credit Access Businesses	Chapter 393, Subchapter G	Chapter 83, Subchapter B

New Applications

As of December 1, 2024, all business license applications must be submitted online through ALECS, with the exception of Property Tax Lender licenses, which are submitted via the Nationwide Multi-State Licensing System (NMLS). Licensing forms and instructions are available on the OCCC website, along with checklists for each license type to assist applicants in submitting the required documentation.

Business license applicants must provide various forms of documentation and information, as required under the applicable chapters of the TFC and TAC. ALECS is designed with automated checks to verify the completeness of the application. It prevents applicants from proceeding unless all required fields are completed and necessary documents are uploaded. ALECS also confirms that the appropriate licensing fee has been paid, based on license type and applicable regulations.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

Once an application is completed and the applicable fees are paid, ALECS routes the application to the Department's licensing queue, where it is marked as "Received", indicating it is awaiting assignment to a Specialist. The Licensing Manager reviews the queue on a weekly basis and generates a report to evaluate each Specialist's current workload. Applications are then assigned accordingly to balance workloads and are transferred from the queue to the designated Specialist's dashboard.

As of May 31, 2025, the following applications were processed by the Area:

<u>Application Type</u>	<u>License Type</u>	<u>Number of Applications</u>
New Applications	Motor Vehicle Sales Entities	729
	Commercial Motor Vehicle Sales Entities	9
	Credit Access Businesses	17
	Pawn Shops	6
	Property Tax Lenders	1
	Regulated Lenders	81
Total New Applications		843
Transfer Applications	Motor Vehicle Sales Entities	13
	Pawn Shops	9
	Property Tax Lenders	1
	Regulated Lenders	2
Total Transfer Applications		25
Relocation	Pawn Shops	9
Total Applications Processed		877

Application Review and Approval Process

The Department's goal is to review applications within 14 days of assignment to the specialist's dashboard. When reviewing applications, the Specialist utilizes license-specific checklists to determine whether sufficient information has been provided to accept the application. In rare cases where the application is complete upon initial submission, the Specialist will recommend approval and forward the application to the Director for final review and approval.

If the application is incomplete or lacks required documentation, the Specialist sends a Request for Information (RFI) to the applicant through ALECS. The system automatically generates an email notifying the applicant that an RFI has been issued and instructing them to log into ALECS to review the request details.

If the applicant is unable or unwilling to provide the requested information, the Specialist may recommend denying the application, or the applicant may voluntarily withdraw it. In such cases, an Intent to Deny letter is sent to the applicant as a final effort to obtain the missing information. This letter gives the applicant 30 days to either submit the outstanding documentation or request an appeal hearing. If the information is not provided within 30 days, the Specialist recommends denial of the application. Requests for withdrawal and denial recommendations are submitted to the Licensing Manager for final approval.

Once an application is deemed complete, the Specialist forwards it to the Director for final review. If approved, ALECS generates an automated email notifying the applicant of the approval. The applicant can then log into ALECS to print their license. If not approved, the Director returns the application to the Specialist with comments or instructions for further action. All activity related to the application—including assignments, approvals, RFIs, and status changes—is documented within ALECS.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

For Business License applications, principal parties or owners are required to undergo fingerprinting. OCCC subscribes to their criminal history records through the Texas Department of Public Safety (DPS). These records are not printed or stored in ALECS; they remain securely maintained within the DPS system.

Processing Timelines

The applicable section of the TAC states that applicants will ordinarily be notified within 14 days if their application is incomplete, along with a description of the information for acceptance. The TAC also states that license applications will ordinarily be approved or denied within a maximum of 60 calendar days after the date of filing a completed application.

License Transfer

License transfers include the addition or removal of an owner, change in entity type, etc. Licensees are required to submit similar information required for new applications and the applicable processing fee. These types of applications are processed in the same manner as new application in ALECS.

License Amendments

Licensees may request changes to their address, name, or license status by submitting an amendment form along with the applicable processing fee. Supporting documentation, such as an IRS form or documentation from the Secretary of State, must be submitted to verify the exact changes being requested. A Specialist or Customer Service Specialist will review the submitted information, and the Licensing Manager will conduct the final review.

License Renewals & Reinstatements

Business licenses are issued for a 1-year period, and renew on the 1st of the month applicable to the license type. A 30-day grace period is provided following the renewal due date. The table below outlines the renewal and reinstatement timelines by license type:

License Type	Due Date	Grace Period Ends & Reinstatement Period Begins
Regulated Lenders	December 1 st	December 31 st
Motor Vehicle Sales Entities	October 1 st	October 31 st
Property Tax Lenders	December 1 st	December 31 st
Pawnshops	June 1 st	June 30 th
Credit Access Business	December 1 st	December 31 st

To renew a business license, the licensees log into ALECS, select “Renew License,” and pay the required renewal fees.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

If a business license is not renewed by the end of the grace period, the license will be cancelled. Cancelled licenses may be reinstated within 180 days of cancellation by submitting a reinstatement request in ALECS and paying a late filing fee of \$1,000, in addition to the renewal fee, for each license being reinstated. If the license is not reinstated within the 180 day-period, the licensee must submit a new application to obtain a license.

Performance Measures

Performance measures are reported to the Finance Commission at the end of each quarter. The Area's objective is to maintain a consistent focus on regulatory and agency compliance, while completing prompt and thorough reviews of all license applications. The Area strives to process 80% of license applications within 60 days, from the date of receipt to the date of completion. The total number of business license applications processed, along with the percentage completed within 60 days, is reported to the Finance Commission.

To obtain the necessary data, the Licensing Manager prepares the *Application Status Report* at the beginning of each month. This report reflects the number of applications, by license type, that were received, approved, denied and withdrawn. Additionally, the Licensing Manager calculates both the average and median processing times for business license applications.

Audit Objective, Scope, And Methodology

Objective

The objective of the audit was to assess whether OCCC's policies, procedures, and internal controls over the Business Licensing Area are adequately designed and operating effectively to ensure the proper processing of license applications and compliance with applicable chapters of the Texas Finance Code (TFC) and Texas Administrative Code (TAC).

Scope

The scope of this audit included a review and testing of selected functions performed by the Area during the 9-month period from September 1, 2024 through May 31, 2025 (audit period).

Methodology

The audit methodology included reviewing applicable laws and regulations, the Area's policies and procedures, and other relevant documentation. Remote interviews and correspondence were also conducted with OCCC personnel to gain an understanding of current practices and control activities.

We performed procedures to achieve the audit objective, including the following:

1. Reviewed applicable sections of the Texas Finance Code (TFC) and Texas Administrative Code (TAC) relevant to each industry regulated by the Area.
2. Reviewed the Area's documented policies and procedures, specifically:
 - a. *New Application Procedures* for each license type.
 - b. *Transfer Application Procedures* for each license type.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

3. Gained an understanding of the business licensing application review and approval process, procedures, and internal controls, including an overview of ALECS, through remote interviews with relevant staff and a review of various internal and external documentation, specifically:
 - a. *New Application Checklists* utilized by Licensing Specialists.
 - b. *Transfer of License Checklists* utilized by Licensing Specialists.
 - c. Checklists used for each type of business license.
 - d. Screenshots of various screens in ALECS.
4. Obtained the *Applications Processed FY 2025 To Date* report listing all the applications that were processed during the audit period, and randomly selected 25 applications to test for compliance with the Area's policies and procedures, and applicable sections of the TFC and TAC. Specifically, we:
 - a. Verified that responses to incomplete applications were sent within 14 calendar days of receipt of the application.
 - b. Verified that the application was approved or denied by OCCC within a maximum of 60 calendar days.
 - c. Ensured the appropriate checklist was completed by the Licensing Specialist.
 - d. Ensured the Licensing Specialist properly recommended to approve or deny the application.
 - e. Verified that approved applications were authorized by the Licensing Director and denied applications were approved by the Licensing Manager.
 - f. Confirmed that a *Letter of Intent to Deny* was sent to the applicant and the applicant was given 30 days to appeal or provide the missing information.
 - g. Confirmed that the Net Asset Requirements outlined in the applicable sections of the TFC were met for each license type, except Motor Vehicle Sales Finance.
5. From the 25 applications randomly selected in procedure 4, a haphazard sample of 5 applications was selected. For each of these applications, 3 different types of documents from the respective checklists that applicants were required to submit were reviewed.
6. Obtained the *Actual Performance for Output Measures* report from the April 25, 2025 Finance Commission Board packet and agreed the 2025 Actual number of business applications processed for the 1st and 2nd quarter to the *Application Status Report* and to the *Applications Processed FY 2025 To Date* report.
7. Obtained the Licensing performance measures narrative from the April 25, 2025 Finance Commission Board packet and recomputed the *percentage of business license applications processed within the target timeframe of 60 days* that was reported.

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

VI. Observations/Findings and Recommendations

SUMMARY and RELATED RATING of OBSERVATIONS/FINDINGS and RECOMMENDATIONS

As OCCC's internal auditors, we used our professional judgment in rating the audit findings identified in this report. The rating system used was developed by the Texas State Auditor's Office and is based on the degree of risk or effect of the findings in relation to the audit objective(s). The table below presents a summary of the observations/findings in this report and the related rating.

Summary of Observations/Findings & Recommendations and Related Ratings		
Finding No.	Title	Rating
1	Performance Measures	Low
Observation No.		
1	Assessment Fees	--
2	Performance Measures	--
<u>Description of Rating</u> <p>A finding is rated <i>Priority</i> if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.</p> <p>A finding is rated <i>High</i> if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.</p> <p>A finding is rated <i>Medium</i> if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.</p> <p>A finding is rated <i>Low</i> if the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.</p>		

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

OBSERVATIONS/FINDINGS AND RECOMMENDATIONS

Report No.	Report Date	Name of Report	Observations/Findings and Recommendations
2	7/18/2025	Business Licensing	<p>1. Performance Measures</p> <p>To ensure the accuracy of the Area's performance measure results reported to the Finance Commission, we compared the number of business license applications processed and the percentage of the annual target achieved (as reported for the 1st and 2nd quarters) to corresponding reports generated from ALECS.</p> <p>Our review identified an overstatement of 12 applications in total across both quarters, resulting in a 1.05% variance in the reported percentage of the annual target met. Although these discrepancies are insignificant, it is essential that all data reported to the Finance Commission be accurate and fully supported to maintain the integrity of reporting.</p> <p>Recommendation</p> <p>We recommend that management perform a quarterly reconciliation between the Area's internal tracking spreadsheets and the official reports generated from ALECS to help ensure the accuracy of data reported to the Finance Commission</p> <p>Management's Response</p> <p>The OCCC agrees with the recommendation and will refine the reconciliation process. Additionally, the transition of business licenses to NMLS over the next couple of years will reduce reliance on ALECS for reporting and may offer enhanced reporting mechanisms through NMLS.</p> <p style="text-align: center;">OBSERVATIONS</p> <p>1. Assessment Fees</p> <p>During our review of 25 business licensing applications, we noted instances in which applications for new licenses were placed on "hold" for approval at the request of the applicant in order to avoid payment of annual assessment fees.</p> <p>Assessment fees are due October 1 and are calculated based on the number of active licenses at the start of the assessment period. It is the Area's current practice to contact applicants approximately six weeks prior to October 1 to determine whether they wish to proceed with processing their new license application—thereby incurring the applicable assessment fee—or place the application on hold to defer the fee.</p> <p>This practice is not formally documented in the Area's policies or procedures.</p> <p>Recommendation</p> <p>We recommend that OCCC formally document the process for placing applications on hold to defer assessment fees to help ensure the practice is applied consistently and transparently.</p> <p>Management's Response</p> <p>The OCCC agrees with the recommendation. The OCCC currently documents correspondence with applicants regarding holding an application until the renewal period begins, and will incorporate this hold process into existing procedures.</p>

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

Report No.	Report Date	Name of Report	Observations/Findings and Recommendations												
2	7/18/2025	Business Licensing	<p>2. Performance Measures</p> <p>The Area strives to process 80% of business license applications within 60 days from receipt to completion. At the end of the 2nd quarter, the Area reported that 54% of the applications were processed within this timeframe.</p> <p>Our review of a sample of 25 applications found that 12 applications exceeded the 60-day processing goal, as summarized below:</p> <table><tr><th>Number of Days Past 60 Days</th><th>Applications</th></tr><tr><td>1 – 30 Days</td><td>5</td></tr><tr><td>31 – 60 Days</td><td>5</td></tr><tr><td>61 – 90 Days</td><td>2</td></tr><tr><td>Over 90 Days</td><td>1</td></tr><tr><td>Total</td><td>12</td></tr></table> <p>Recommendation</p> <p>We recommend that the Area continue its efforts in striving to meet the 60-day processing goal.</p> <p>Management’s Response</p> <p>The OCCC agrees with the recommendation and will seek efficiencies in order to improve turn-around times for applications.</p>	Number of Days Past 60 Days	Applications	1 – 30 Days	5	31 – 60 Days	5	61 – 90 Days	2	Over 90 Days	1	Total	12
Number of Days Past 60 Days	Applications														
1 – 30 Days	5														
31 – 60 Days	5														
61 – 90 Days	2														
Over 90 Days	1														
Total	12														

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

Report No.	Report Date	Name of Report	Observations/Findings and Recommendations	Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with explanation if not yet fully implemented
2	7/18/2025	2025 Follow-Up	<p><u>Follow-Up of Prior Year Internal Audits</u></p> <p>Following is the status of the recommendations made in prior years that had not been fully implemented.</p> <p><u>Examinations: Data Collection (Report date 6/14/2024)</u></p> <p>1. Exam Review Status</p> <p>OCCC should strengthen its current monitoring process to ensure instances described above are detected and addressed in a timely manner until a system-level solution for ALECS is implemented.</p> <p>2. ALECS Account Deletions</p> <p>OCCC should clarify ALECS account deletion procedure to ensure separating employees' access to ALECS is disabled on their last day of employment.</p> <p>3. Risk Score Calculation</p> <p>OCCC should strengthen current monitoring to identify unusual risk score values until the root causes are identified and remedied.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

OFFICE OF CONSUMER CREDIT COMMISSIONER

Internal Audit Annual Report

Fiscal Year 2025

VII. External Audit Services Procured in Fiscal Year 2025

OCCC procured the internal audit services documented in the approved Internal Audit Plan for fiscal year 2025. No other external audit services were performed.

VIII. Reporting Suspected Fraud and Abuse

OCCC has provided information on their website home page on how report suspected fraud, waste, and abuse to the State Auditor's Office (SAO) by posting a link to the SAO's fraud hotline. OCCC has also developed a Fraud Prevention Policy that provides information on how to report suspected fraud, waste, and abuse to the SAO.

IX. Proposed Internal Audit Plan for Fiscal Year 2026

The risk assessment performed during fiscal year 2025 was used to identify the following proposed area that is recommended for internal audit and other tasks to be performed for fiscal year 2026. The 2026 Internal Audit Plan will be developed and presented to the Audit Committee and Finance Commission, for acceptance and approval, at a meeting to be determined at a later date.

- Legal and Enforcement Audit
- Follow-up of Prior Year Internal Audits
- Other Tasks Assigned by the Finance Commission or the Audit Committee

ATTACHMENT

OFFICE OF CONSUMER CREDIT COMMISSIONER
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	2025
1	Business Licensing			B*	D							A
2	Business Registration & Professional Licensing			A*/B*	D							
3	Complaint Intake and Investigation				D				B*			
4	Examinations		A*		A*/D				A*		A	
5	Fiscal Division (Includes Asset Management & Travel)			B	C*/D*		C1*	A*	B			
6	Legal and Enforcement			B*	D				B*			
7	Management Information Systems [(MIS) Includes Disaster Recovery Plan] ^a			B*	D*	A1*		E	B*	E		
8	Payroll and Human Resources				C*	F*				A		
9	Procurement/Contract Management/HUB			B	C*/D*							
10	Records Management						A					
11	Revenue Accounting Process			B	D				B			
12	TFEE Fund Grant Administration	A		A*	D							
<i>Required Periodic Audit</i>												
13	TFEE Fund Investment Portfolio Administration			A	D	A1		A		A		A

^a 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.

Note: 1. Performance Measures are included in the scope of the applicable audit area(s).

2. Effective FY23 —

- All examinations-related areas were combined into the "Examinations" auditable area.
- Business Registration and Professional Licensing were combined into the "Business Registration & Professional Licensing" auditable area.

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 McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** Post-Payment audit performed by the Comptroller of Public Accounts (CPA).
- C1** Overpayment Recovery audit performed by the CPA.
- D** Sunset Review performed by the Sunset Advisory Commission.
- E** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- F** Policy review performed by the Texas Workforce Commission.