GARZA GONZALEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

FINANCE COMMISSION
Austin, Texas

INTERNAL AUDIT PLAN
For
Office of Consumer Credit Commissioner
(Revised)

For Fiscal Year 2026

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Finance Commission and Audit Committee Members
Finance Commission of Texas
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Re: Revision to the Office of Consumer Credit Commissioner's Fiscal Year 2026 Internal Audit Plan

At the Audit Committee meeting held on December 12, 2025, the Finance Commission's Internal Audit Plan (Plan) for fiscal year 2026 was presented by Garza Gonzalez & Associates and accepted by the Committee. The Plan outlines audits and other internal audit activities to be performed for the Texas Department of Banking (DOB), the Department of Savings and Mortgage Lending (SML), and the Office of Consumer Credit Commissioner (OCCC).

Under the approved Plan, the area identified for audit for OCCC was Procurement and Contract Management, which was assessed as the highest-risk area. Subsequent to the meeting, OCCC was notified by the Comptroller's Office that a post-payment audit is scheduled for fiscal year 2026. Given the potential overlap and duplication of audit procedures, auditing Procurement and Contract Management may not represent the most efficient use of internal audit resources.

Accordingly, we recommend revising OCCC's fiscal year 2026 Internal Audit Plan to substitute the Business Registration and Professional Licensing area, identified as the second-highest risk area, in place of Procurement and Contract Management. Similar to Procurement and Contract Management, this area has not been audited since 2018, when it was included within the scope of the Sunset Review.

Included in this report is OCCC's revised fiscal year 2026 Internal Audit Plan.

We appreciate OCCC's transparency and communication, which allowed for timely consideration of this revision and supports the effective use of internal audit resources.

Should you have any questions or require additional clarification regarding this revision to OCCC's fiscal year 2026 Internal Audit Plan, please feel free to contact me directly at 210.227.1389 or via email at klgonzales@gga-cpa.biz

Sincerely,

Kimberly Lopez-Gonzales

Kimberly Lopez-Gonzales, CPA
Partner
Garza Gonzalez & Associates

Office of Consumer Credit Commissioner (OCCC)

Risk Assessment

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

HIGH RISK	MODERATE RISK	LOW RISK
Procurement and Contract Management Business Registration & Professional Licensing	TFEE Fund Grant Administration Legal and Enforcement Examinations Fiscal Division (Includes Asset Management & Travel Revenue Accounting Process	Payroll and Human Resources Business Licensing Information Technology – IT General Controls and Disaster Recovery Plan Complaint Intake and Investigation Records Management

This report includes the "Risk Assessment Summary" as Attachment A-1; and, the "History of Areas Audited" as Attachment A-2, which lists audits and/or reviews performed from fiscal year 2016 through 2025 for the above 12 potential audit topics.

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

<u>Fiscal Year 2025:</u>
- Risk Assessment & Preparation of the Internal Audit Plan
- TFEE Fund Investment Portfolio Administration Audit (*Required Periodic Audit*)
- Business Licensing Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

<u>Fiscal Year 2024:</u>
- 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

<u>Fiscal Year 2023:</u>
- 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

Internal Audit Plan

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

The following audit and activities are recommended for fiscal year 2026:

1. <u>Completion of the Fiscal Year 2026 Risk Assessment and Development of the Internal Audit Plan</u>
   Perform the FY 2026 risk assessment and use the results to develop this Internal Audit Plan in accordance with applicable standards.

2. <u>Business Registration & Professional Licensing</u>
   An audit of this area will be performed to assess whether policies, procedures, and internal controls within the Business Registration & Professional Licensing area provide reasonable assurance that licenses are issued or denied appropriately and in a timely manner, in compliance with applicable laws and regulations, and that applicants meet the required registration criteria.

3. <u>Follow-Up of Prior Year Internal Audit Recommendations</u>
   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. <u>Preparation of the FY 2026 Internal Audit Annual Report</u>
   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.

5. <u>Other Tasks</u>
   Perform other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

ATTACHMENTS

OFFICE OF CONSUMER CREDIT COMMISSIONER
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**		**Commission & Management Feedback**		**Total**
	High Risk: > 167																	
1	Procurement and Contract Management	*2*	20.00	*3*	51.00	*2*	26.00	*1*	12.00	*1*	16.00	*2*	24.00	*2*	18.00	*1*	11.00	178.00
2	Business Registration & Professional Licensing	*2*	20.00	*3*	51.00	*2*	26.00	*1*	12.00	*1*	16.00	*2*	24.00	*1*	9.00	*1*	11.00	169.00
	Moderate Risk: 157 - 167																	
3	TFEE Fund Grant Administration	*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
4	Legal and Enforcement	*3*	30.00	*2*	34.00	*1*	13.00	*1*	12.00	*1*	16.00	*3*	36.00	*1*	9.00	*1*	11.00	161.00
5	Examinations	*3*	30.00	*1*	17.00	*1*	13.00	*1*	12.00	*2*	32.00	*3*	36.00	*1*	9.00	*1*	11.00	160.00
6	Fiscal Division (Includes Asset Management & Travel)	*1*	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
7	Revenue Accounting Process	*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
	Low Risk: < 157																	
8	Payroll and Human Resources	*3*	30.00	*1*	17.00	*1*	13.00	*2*	24.00	*1*	16.00	*2*	24.00	*2*	18.00	*1*	11.00	153.00
9	Business Licensing	*2*	20.00	*1*	17.00	*2*	26.00	*1*	12.00	*1*	16.00	*3*	36.00	*1*	9.00	*1*	11.00	147.00
10	Information Technology - IT General Controls and Disaster Recovery Plan	*2*	20.00	*1*	17.00	*1*	13.00	*1*	12.00	*2*	32.00	*2*	24.00	*2*	18.00	*1*	11.00	147.00
11	Complaint Intake and Investigation	*2*	20.00	*2*	34.00	*1*	13.00	*1*	12.00	*1*	16.00	*2*	24.00	*1*	9.00	*1*	11.00	139.00
12	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

Risk Factor Rating:

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

OFFICE OF CONSUMER CREDIT COMMISSIONER
History of Areas Audited
For Fiscal Year 2026

		Fiscal Year Audited/Reviewed									
	POTENTIAL AUDIT TOPIC	**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	Information Technology - IT General Controls and Disaster Recovery Plan [1]		**B***	**D***	**A1***		**E**	**B***	**E**		**E**
8	Payroll and Human Resources			**C***	**F***				**A**		**F***
9	Procurement and Contract Management		**B**	**C*/D***							
10	Records Management					**A**					
11	Revenue Accounting Process		**B**	**D**				**B**			
12	TFEE Fund Grant Administration		**A***	**D**							
Required Periodic Audit											
13	TFEE Fund Investment Portfolio Administration		**A**	**D**	**A1**		**A**		**A**		**A**

[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.

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.