STATE OFFICE OF ADMINISTRATIVE HEARINGS

Austin, Texas

INTERNAL AUDIT ANNUAL REPORT

Fiscal Year 2026

GARZA GONZALEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

STATE OFFICE OF ADMINISTRATIVE HEARINGS
Austin, Texas

Internal Audit Annual Report
Fiscal Year 2026

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

We performed a limited-scope audit to evaluate the effectiveness and efficiency of the State Office of Administrative Hearings' (SOAH) Case Scheduling process (the Area), as well as, its compliance with applicable regulatory and statutory requirements related to the Area and the Area's established policies and procedures, for the nine months ended May 31, 2026.

Our audit procedures determined that SOAH's process was adequate and no instances of noncompliance were identified. However, we noted certain observations, detailed in this report, for management's consideration to further enhance the efficiency of SOAH's case scheduling process.

We also conducted follow-up procedures on the audit recommendations from the prior year internal audit reports. This report reflects the results and implementation status of those follow-up procedures and includes all information required for compliance with the State of Texas Internal Audit 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 audit observations and recommendations with management and are available to provide additional clarification or details upon request.

Garza Gonzalez & Associates

Case Scheduling – July 3, 2026

Follow-up of Prior Year Internal Audits – August 31, 2026

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INTRODUCTION

The State Office of Administrative Hearings (SOAH) was established in 1991 by the 72nd Legislature to serve as the State's independent forum to conduct adjudicative hearings in the executive branch of state government. The establishment of SOAH separates the adjudicative function from the investigative, prosecutorial, and policymaking functions performed by state agencies and also by local governmental entities (collectively "Agencies" in this report). SOAH's enabling statute is the Texas Government Code Chapter 2003, and its procedural rules are found in Title 1, Part 7 of the Texas Administrative Code.

SOAH is headed by a Chief Administrative Law Judge (ALJ) who is appointed by the Texas governor for a renewable two-year term. The Chief ALJ serves as SOAH's executive director and is responsible for agency operations and policymaking, since SOAH does not have a governing board. To be eligible for appointment as the Chief ALJ, the individual must be licensed to practice law in Texas, and have practiced administrative law and/or conducted administrative hearings under the Texas Administrative Procedure Act for at least five years combined. The Chief ALJ hires the ALJs to conduct hearings. An ALJ must be licensed to practice law in Texas, and is only responsible to the Chief ALJ or the senior or master ALJs, as designated by the Chief ALJ. SOAH's ALJs are not responsible to or subject to the supervision, direction, or indirect influence of any individuals from the referring agency.

SOAH's key activities include the following:

- **Administrative License Revocation (ALR) program** provides contested hearings before SOAH for administrative suspension, denial, or disqualification of a driver's license by the Texas Department of Public Safety (DPS). SOAH oversees these hearings and issues final decisions concerning individuals accused of allegedly driving while intoxicated. ALRs are the most common type of contested cases heard by SOAH.

- **Administrative (General) Hearings** are conducted for contested cases under the Government Code Chapter 2001, the Administrative Procedure Act, for a state agency that does not employ an administrative judge; when SOAH is required to conduct the administrative hearing by other law; and, for a fee and under a contract, matters voluntarily referred by a governmental entity. SOAH issues an order, a proposal for decision, or final decision on these cases in accordance with applicable state rules.

- **Alternative Dispute Resolution (ADR) Procedures**, such as mediations, assist parties involved in contested cases to come to an agreement to avoid more costly and lengthy administrative hearings, where appropriate.

Hearings are held virtually and in-person at SOAH's main office in Austin, and 7 regional offices located in Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Lubbock, San Antonio, and one satellite office in Waco.

2026 Internal Audit Plan

Following are the internal audits and other functions performed, as identified in SOAH's *2026 Internal Audit Plan*, dated February 25, 2026 and approved by the Chief ALJ on February 26, 2026:

- Risk Assessment & Preparation of the 2026 Internal Audit Plan
- Cash Receipts Audit
- Case Scheduling Audit
- Follow-up of Prior Year Internal Audits
- Preparation of the 2026 Internal Audit Annual Report
- Other Tasks

This report (Report No. 2) contains the results of the Case Scheduling Audit, the results of the follow-up procedures performed this year on the audit recommendations from the prior year internal audit reports, and information required for the State of Texas Internal Audit Annual Report. The Cash Receipts Audit report, dated May 15, 2026, as accepted by the Chief ALJ on May 28, 2026.

I. Compliance with Posting Requirements

To comply with the provisions of Texas Government Code, Section 2102.015 and the State Auditor's Office guidelines, within 30 days of acceptance by SOAH's Chief Administrative Law Judge, SOAH will post the following information on its website:

- An approved fiscal year 2027 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2026 internal audit annual report, as required by Texas Government Code, Section 2102.009.

SOAH will also post periodic internal audit reports on its website, except where the content is confidential or exempt from public disclosure under Texas Government Code Chapter 552. These reports, along with the internal audit annual report, include any identified weaknesses, deficiencies, wrongdoings, or other concerns raised by internal audits and other functions performed by the internal auditor, as well as the actions taken by SOAH 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,* 2024 Revision, 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 2026

The approved Internal Audit Plan (Plan) included two audits to be performed during fiscal year 2026. The Plan also included a follow-up on prior year internal audit recommendations that were not fully implemented as of fiscal year 2025, other tasks as may have been assigned by SOAH's Chief Administrative Law Judge, and preparation of the 2026 Internal Audit Annual Report.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 11 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.

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

HIGH RISK	MODERATE RISK	LOW RISK
Hearings – ALJs 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

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

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

The internal audits and other tasks performed for fiscal year 2026 were as follows:

Report No.	Audits/Report Titles	Report Date
1.	Cash Receipts Audit (Limited-scope) *Objective:* To assess the effectiveness and efficiency of internal controls, policies, procedures, and processes in place for processing cash receipts to ensure that the cash receipts are accurately recorded, safeguarded, and deposited in a timely manner.	5/15/2026
2.	Case Scheduling Audit (Limited-scope) *Objective:* To evaluate the effectiveness and efficiency of SOAH's policies, procedures, and processes in place for scheduling cases to ensure cases are scheduled timely and in accordance with applicable regulatory and statutory requirements.	7/3/2026
2.	Internal Audit Annual Report	7/3/2026
3.	Follow-Up of Prior Year Internal Audits Follow-up on findings and recommendations that were presented in the fiscal year 2024 and 2025 internal audit reports.	8/31/2026
-	Other Tasks Assigned by SOAH's Chief Administrative Law Judge	None

V. Executive Summary

Case Scheduling Audit

Background

The Case Scheduling audit was a limited-scope review of the State Office of Administrative Hearings' (SOAH) process for scheduling cases. The audit focused on two separate audit areas involved in the case scheduling process:

- Hearings – Clerks Area: SOAH's team of nine Deputy Clerks, led by a Chief Clerk, is primarily responsible for scheduling cases.

- Hearings – Administrative Law Judges (ALJs) Area: SOAH employes more than 50 Administrative Law Judges (ALJs) who conduct contested case hearings for more than 50 referring state agencies.

In June 2022, SOAH implemented eCourt, a cloud-based internal case management system designed to modernize the administrative hearings process and improve scheduling efficiency. All cases are scheduled in eCourt.

Types of Hearings

SOAH generally conducts two types of hearings:

1) Administrative License Revocation hearings (ALRs), which involve driver's license matters referred from the Texas Department of Public Safety (DPS).
2) General docket hearings, known as contested cases, which are referred by other state agencies.

In addition to conducting hearings, SOAH also assigns trained ALJ mediators when a referring agency requests mediation. Mediation is a confidential form of alternative dispute resolution that provides parties with an opportunity to resolve their disputes without having an administrative hearing.

Case Scheduling Process

The scheduling process begins when a referring agency electronically files a Request to Docket Case Form (RDCF) requesting that a hearing be placed on SOAH's docket. The RDCF includes information such as the referring agency's name and number, case name, parties and/or representatives, requested hearing date and time, and the estimated hearing duration.

Upon receipt, a Deputy Clerk will perform an initial review of the RDCF and date-stamps it as "Accepted." Depending on the case type, the RDCF is either automatically routed or manually sent to the assigned ALJ. Using the information provided in the RDCF and any additional filings, the ALJ submits an Events Request in eCourt. The ALJ attempts to accommodate the referring agency's requested hearing date and time whenever possible or selects the next available date. The Event Request includes the requested hearing date and time, event type, hearing location, and estimated duration. Once submitted, the request enters an electronic queue, where a Deputy Clerk claims the request and schedules the hearing.

Scheduling Exceptions

The following types of hearings do not follow the case scheduling process documented above:

<u>ALR Hearings</u>

ALR hearing are scheduled automatically based on established business rules. This process is initiated by DPS and requires minimal involvement from the Deputy Clerks.

<u>Docket Calls</u>

Certain high-volume case types follow a standardized scheduling process. These hearings, referred to as Docket Calls, have predetermined hearing dates and times based on the frequency and volume of cases received from specific referring agencies. Because these hearings follow established schedules, an Event Request is not required. Docket Calls are typically scheduled six months in advance, and ALJs are assigned on a rotating basis. ALJ Team Leads maintain the rotation schedule outside eCourt and determine assignments for these hearings.

<u>Emergency Order Cases</u>

Cases involving emergency orders or temporary license suspension orders are subject to statutory or regulatory time requirements. When these requests are received, the Deputy Clerk notifies the ALJ Team Leads, who maintain a scheduling spreadsheet outside of eCourt to assign these cases. The scheduling spreadsheet allows the Team Leads to consider factors such as scheduled leave, current caseloads, and other availability considerations before assigning an ALJ.

Docket

eCourt automatically updates SOAH's Docket, which is published on the SOAH website. The Docket lists all the scheduled hearing and includes the docket number, referring agency, location, hearing time, and the assigned ALJ.

As of April 30, 2026, SOAH scheduled 33,759 events for 44 state agencies. The following shows the events that were scheduled by event type:

EVENT TYPES		TOTAL
Hearing on Merit		32,570
Mediation Conference		199
Prehearing Conference		817
Preliminary Hearing		173
	TOTAL	33,759

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of our audit was to evaluate SOAH's case scheduling process to determine whether it is operating effectively to ensure cases are scheduled timely and in accordance with applicable statutory and regulatory requirements.

Scope

The limited-scope audit included selected scheduling activities and functions performed by the Area during the 8-month period from September 1, 2025 to April 30, 2026 (audit period).

Methodology

The audit methodology included a review of SOAH's established policies and procedures, applicable laws and regulations and other internal and external documentation. Additionally, remote interviews and walkthroughs were conducted with selected SOAH employees to gain an understanding of current practices and the scheduling process.

We performed various procedures to achieve the objective of our audit to include the following:

1. Reviewed and obtained an understanding of relevant sections of the Texas Government Code (TGC) and other applicable statutes, and the sections of the Texas Administrative Code (TAC) related to the Area.

2. Reviewed SOAH's written policies and procedures related to the Area, specifically:

    a. Docket Maintenance Procedure,
    b. Onboarding Checklist,
    c. eCourt User Guide, and
    d. Various eCourt Step by Step Procedures

3. Obtained an understanding of the internal controls, processes, and practices governing the Area through remote interviews and walkthroughs with staff to evaluate whether such controls were adequately designed to ensure compliance with applicable requirements.

4. Obtained a list of Event Requests and Scheduled Events that were scheduled during the audit period and selected a sample of 30 hearings to test the following attributes:

    a. Compliance with TAC §155.51 and TAC §155.53.
    b. Event Request was submitted within a reasonable time after the receipt and acceptance of the RDCF.
    c. The event was scheduled on the date requested by the referring agency or on the next available day.
    d. For ALR Hearings:
        i. Scheduled through a workflow instead of an Event Request.
        ii. If a request for continuance was filed, we recalculated the number of days from the hearing date and the filing to ensure it was received before the fifth day.

5. Selected a sample of 5 hearings from SOAH's Docket on the agency's website and performed the following procedures:
    a. Ensured the following information posted to the Docket agreed to eCourt and to the respective Order:
        i. Hearing Date and Time
        ii. Assigned ALJ
        iii. Event Type
        iv. Duration
    b. Verified that an Event Request was submitted or an Update to an Event was made in eCourt, as applicable.

6. Obtained a list of Emergency Orders hearings that were scheduled during the audit period and selected a sample of 8 hearings to test the following attributes:
    a. Compliance with the applicable statutory and regulatory requirements for the respective referring agency.
    b. An Emergency Order or Order of Temporary Suspension was issued.
    c. Event Request was submitted within a reasonable time after the receipt and acceptance of the RDCF.
    d. The event was scheduled on the date requested by the referring agency or on the next available day.
    e. The assigned ALJ agrees to the scheduling spreadsheet maintained by the ALJ Team Leads.

VI. Observations/Findings and Recommendations

SUMMARY and RELATED RATING of OBSERVATIONS/FINDINGS and RECOMMENDATIONS

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

Summary of Observations/Findings & Recommendations and Related Ratings		
Finding No.	**Title**	**Rating**
	None	--
Observation No.		
1	Case Records	--
2	Emergency Request to Docket Form	--
3	Scheduling Spreadsheet	--

<u>Description of Rating</u>

A finding is rated *Priority* if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the programs(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

A finding is rated *High* if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the programs(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

A finding is rated *Medium* if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer programs(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

A finding is rated *Low* if the audit identified strengths that support the audited entity's ability to administer the programs(s)/function(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 programs(s)/function(s) audited.

OBSERVATIONS/FINDINGS and RECOMMENDATIONS

Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations
2	7/3/2026	Case Scheduling	**OBSERVATIONS** **1. Case Records** SOAH uses re:SearchTX, a web-based platform operated by Tyler Technologies, for searching and accessing case records. Re:SearchTX provides users with access to an online repository of court case information filed through the State's e-filing system. When records are electronically filed in eFileTexas, a copy of the filing is automatically uploaded and retained in re:SearchTX. Of the 35 cases selected for testing, records for 4 cases were not found on re:SearchTX. **Recommendation** We recommend that SOAH work with Tyler Technologies to identify and resolve the cause for the records that were not located and ensure that all electronically filed case records are successfully uploaded to and accessible through re:SearchTX. **Management's Response** Management agrees with the auditors' observation. SOAH wants to improve public access to case records through re:SearchTX and has been working with Tyler Technologies to make case records accessible through re:SearchTX. **2. Emergency Request to Docket Form** SOAH's Request to Docket form includes a field for referring agencies to indicate whether the request is subject to statutory or regulatory deadlines. However, our review found that this field is not consistently completed. When the field is left blank and the requested hearing date is less than 30 days, the Deputy Clerk will follow up with the referring agency to determine whether a statutory or regulatory deadline applies. SOAH has recently developed a new Emergency Request to Docket Form and has begun piloting it with one state agency. This form is intended to be used only when a referring agency is requesting a hearing that is subject to statutory or regulatory requirements. **Recommendation** We recommend that SOAH implement the Emergency Request to Docket Form for all referring agencies that submit requests subject to statutory or regulatory deadlines after the pilot is complete and successful. Requiring the form to be completed will improve the efficiency of scheduling proceedings with statutory or regulatory deadlines and reduce the need for follow-up by SOAH's staff. **Management's Response** Management agrees with the auditors' recommendation and will ask referring agencies to use an Emergency Request to Docket Form for cases with short statutory or regulatory deadlines. This will allow for better case tracking and management. **3. Scheduling Spreadsheet** SOAH's Administrative Law Judges (ALJs) Team Leads maintain an internally developed Excel spreadsheet outside of eCourt to assign ALJs to events with emergency orders. The spreadsheet is used by the Team Leads to track ALJ assignments. Based on our understanding, access to the spreadsheet is limited to the Team; however, the spreadsheet is not password protected.

Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations
2	7/3/2026	Case Scheduling	We also noted that SOAH does not have formalized policies or procedures governing this process for assigning ALJs to events involving emergency orders or the use and security of the scheduling spreadsheet. **Recommendation** We recommend that SOAH develop and implement formalized policies and procedures governing the assignment of ALJs to events involving emergency orders, including the use and security of the scheduling spreadsheet. In addition, we recommend SOAH implement appropriate access controls for the scheduling spreadsheet, such as password protection, or consider an alternative scheduling method if scheduling through eCourt is not preferred. Potential alternatives include Google Sheets, which provides cloud-based storage, automatic saving, and configurable permissions for viewing, editing, and commenting, or Microsoft Shifts, a scheduling application integrated with Microsoft Teams. **Management's Response** SOAH manages emergency order hearings in two ways: (1) with regularly scheduled dockets and (2) assigning cases as they arise. For the regularly scheduled emergency order dockets (e.g., TDLR's docket), SOAH management makes an assignment list and assigns dockets six months in advance. This assignment list is shared with judges and clerks and available on SOAH's Sharepoint website, along with a calendar. SOAH practice on regularly scheduled emergency order dockets comports with the auditors' recommendation, and management concludes no change is necessary there. For scheduling emergency order cases as they arise, SOAH agrees with the auditors' recommendation. Management would like to schedule and assign emergency order cases through e-Court and use an automatic email notification from e-Court to the judge, informing the judge they have an emergency order case that must be set for hearing immediately. Management also agrees to consider the auditors' other suggested scheduling options, notably a shared spreadsheet or assignment schedule.

		Observations/ Findings and Recommendations	Status (Fully Implemented, Substantially Implemented, Incomplete/ Ongoing, or Not Implemented) with explanation if not yet fully implemented
3	8/31/26	**<u>Follow-Up of Prior Year Internal Audits</u>** Following is the status of recommendations made in fiscal year 2024 and fiscal year 2025, that had not been fully implemented. <u>Performance Measures – Limited Scope (Report Date 6/30/2024)</u> **1. Performance Measures Definitions** SOAH should revise the performance measure definitions and methodologies to explicitly state which survey responses are considered indicative of participant satisfaction. Clearly defining the criteria will enhance transparency, improve the accuracy of reported results, and reduce the risk of misinterpretation.	**Fully Implemented**
		<u>Hearings – Limited Scope (Report date 6/30/2024)</u> **2. Confidentiality** SOAH should implement the recommended safeguards to protect confidential information. *Explanation for FY26 Status* SOAH has implemented all the recommended safeguards with the exception of one that has not yet been implemented.	**Substantially Implemented**
		<u>Observations</u> **1. General Observations** SOAH should revise its rules to clarify which agency is responsible for creating and verifying the PUC service list. *Explanation for FY26 Status* Clarifying the agency responsibility for the PUC service list have been unsuccessful due to the inability to reach agreement with the PUC.	**Incomplete/Ongoing**

VII. External Audit Services Procured in Fiscal Year 2026

SOAH procured the internal audit services documented in the approved Internal Audit Plan for fiscal year 2026. No other external audit services were performed.

VIII. Reporting Suspected Fraud and Abuse

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

IX. Proposed Internal Audit Plan for Fiscal Year 2027

The risk assessment performed during fiscal year 2026 was used to identify the following *proposed* area that is recommended for internal audit and other tasks to be performed for fiscal year 2027. The Internal Audit Plan for fiscal year 2027 will be developed and presented to the Chief Administrative Law Judge, for acceptance and approval, at a later date.

- Records Management
- Follow-up of Prior Year Internal Audits
- Other Tasks Assigned by the Chief Administrative Law Judge