INTERNAL AUDIT ANNUAL REPORT TO THE GOVERNOR, LEGISLATIVE BUDGET BOARD, TEXAS STATE AUDITOR'S OFFICE, TEXAS SECRETARY OF STATE AND DEPUTY SECRETARY OF STATE

THE OFFICE OF THE SECRETARY OF STATE
Internal Audit

Fiscal Year 2026 **Project No. 2026-402**

Table of Contents

I. Compliance with Texas Government Code, Section 2102.015 1
II. List of Fiscal Year 2026 Planned Audits 2
III. List of Consulting Services and Other Activities Completed 3
IV. External Audit Services Procured 4
V. External Quality Assurance Review (Peer Review) 5
VI. Internal Audit Plan for Fiscal Year 2027 6
VII. Reporting Suspected Fraud and Abuse 7

I. Compliance with Texas Government Code, Section 2102.015

As required by Texas Government Code, Section 2102.015, the Office of the Secretary of State (SOS) posts its approved annual internal audit plan and annual internal audit report on the SOS internet website[1].

[1] SOS Publications Page: https://www.sos.state.tx.us/about/publications/index.shtml

II. List of Fiscal Year 2026 Planned Audits

The table below includes a list of the audits approved in the Fiscal Year 2026 Annual Audit Plan

Report Number	Report Title	Report Date	Status	Explanation
2026-300	HR Onboarding and Offboarding Process	Not Applicable	Deferred (Pending Risk Assessment)	Unexecuted due to vacancy. Will be re-evaluated against current risks to determine if it will be carried over or replaced.
2026-301	Online Communications Audit	Not Applicable		
2026-600	Language Translation Process	Not Applicable		

III. List of Consulting Services and Other Activities Completed

No consulting engagements, as defined in Texas Government Code, Chapter 2102, were completed in Fiscal Year 2026.

IV. External Audit Services Procured

There were no external audit services procured or in progress in Fiscal Year 2026.

V. External Quality Assurance Review (Peer Review)

A quality review of the Secretary of State's internal audit program was completed in January 2016. The opinion of the quality review is shown below.

Following an extended vacancy during Fiscal Year 2026, a new internal auditor was hired in Fiscal Year 2027 to lead the single-person internal audit function. Pursuant to Generally Accepted Government Auditing Standards Section 5.179[2], the updated system of quality control will be established under the newly appointed auditor and obtain the first external peer review within three years of the initial engagement.

Office of the Secretary of State
Quality Assurance Review
January 2016

Opinion

Based on the work outlined below, it is the opinion of the reviewer that the internal audit activity at the Office of the Secretary of State is in accordance with the Texas Internal Auditing Act and the audit work being performed by Jansen & Gregorczyk, Certified Public Accountants (the Contractor) **fully complies** with all applicable professional auditing standards.

This opinion, representing the best possible evaluation, means that the Office of the Secretary of State, and the Contractor, have in place all of the relevant structures and policies that are required as well as the processes necessary to insure they are effectively applied.

Richard H. Tarr, CISA, CIA

FEB/8/2016
Date

[2] https://www.gao.gov/assets/d24106786.pdf page 131 ".....The audit organization should obtain its first peer review covering a review period ending no later than 3 years from the date an audit organization begins its first engagement…"

VI. Internal Audit Plan for Fiscal Year 2027

The Internal Audit Plan for Fiscal Year 2027 is currently under development and could not be finalized prior to the November 1st reporting deadline. This delay is due to an extended position vacancy within the agency's single-person internal audit function, following the prior auditor's retirement in early 2026. A successor was successfully onboarded in mid-October 2026 and is actively conducting the required agency-wide risk assessment. In alignment with guidance from the State Auditor's Office (SAO), the SOS is submitting this preliminary Annual Audit Report omitting the Fiscal Year 2027 Internal Audit Plan. A comprehensive, updated Annual Audit Report will be formally resubmitted immediately upon the finalization and approval of the Fiscal Year 2027 Internal Audit Plan.

VII. Reporting Suspected Fraud and Abuse

The following represent SOS actions taken to meet suspected fraud and abuse reporting requirements.

Requirement	Actions Taken
Reporting Requirements: Fraud Reporting, Section 7.09 page IX-41, General Appropriations Act (89th Legislature)	The agency provides a link to the SAO fraud hotline on the home page of the SOS internet.[3] In addition, the agency has internal procedures for staff to report fraud, waste or abuse.
Texas Government Code, Section §321.022	The Internal Auditor sends reports of any suspected fraud, waste, or abuse to the SAO Investigations Team. Any incident with a reasonable basis will be immediately reported to the SAO.

[3] Fraud Reporting link in the footer section of the SOS website: https://www.sos.state.tx.us/