

TEXAS STATE BOARD OF PHARMACY
Austin, Texas

INTERNAL AUDIT PLAN

Fiscal Year 2026

TEXAS STATE BOARD OF PHARMACY
Austin, Texas

Internal Audit Plan
Fiscal Year 2026

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Board Members
Texas State Board of Pharmacy
Austin, Texas

Enclosed is the Texas State Board of Pharmacy's (TSBP) 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 the Board, as necessary.

This Plan has been 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.

*Garza/Gonzalez
& Associates LLC*

October 20, 2025

TEXAS STATE BOARD OF PHARMACY
Austin, Texas

Internal Audit Plan
Fiscal Year 2026

I. Methodology

TSBP'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/or considered in our risk assessment process:

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

Questionnaires were developed for completion by the TSBP's Board President, TSBP's Executive Director, and other staff to update our understanding of each operational area and its role within the overall scheme of TSBP. The questionnaires included topics, such as, changes in significant processes, systems, or key personnel; time elapsed since last audit or review; status from past audits or reviews; and, regulatory compliance requirements; and contract management. Utilizing information obtained through the completed questionnaires and background information reviewed, 15 auditable areas were identified as potential audit topics. A risk analysis was completed for each individual audit topic and then compiled to develop TSBP's overall risk assessment.

The following 8 risk factors were considered for each potential audit topic:

Risk Factor	Description
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 TSBP'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 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/concerns 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. Board & Management Feedback	Measure of feedback expressed in completed questionnaires.

TEXAS STATE BOARD OF PHARMACY
Internal Audit Plan

Risk Assessment

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

HIGH RISK	MODERATE RISK	LOW RISK
Licensing: Pharmacists† HR & Payroll Licensing: Pharmacies†	Procurement/ Contract Management Inspections Prescription Monitoring Program (PMP) Licensing: Pharmacy Tech†	Financial Reporting & Payment Processing (includes Travel) Records Management Complaint Intake & Investigations† Asset & Fleet Management Revenue & Receipts Processing Compliance Monitoring & Peer Assistance† IT General Controls Legal - Enforcement Referrals

This report includes the “Risk Assessment Summary” as Attachment A; and, the “History of Areas Audited” as Attachment B, which identifies audits and/or reviews performed from fiscal year 2016 through 2025 for the above 15 potential audit topics.

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

Fiscal Year 2025 (performed by the predecessor internal auditor):

- Annual Risk Assessment Update & Preparation of the Internal Audit Plan
- Internal Agency Compliance Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2024 (performed by the predecessor internal auditor):

- Annual Risk Assessment Update & Preparation of the Internal Audit Plan
- IT Services Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2023 (performed by the predecessor internal auditor):

- Annual Risk Assessment Update & Preparation of the Internal Audit Plan
- Enforcement Audit
- Follow-up of the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

† Includes review of relevant performance measures.

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 TSBP's systems of internal controls and the quality of performance in carrying out assigned responsibilities. The audit scope, as applicable, considers the following objectives:

- **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, 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.

III. Internal Audit Plan

In addition to conducting the 2026 risk assessment in preparation for this Internal Audit Plan (Plan), the Plan includes one audit to be performed; a follow-up on prior year internal audit recommendations; other tasks that may be assigned by the Board during the year; and, preparation of the 2026 Internal Audit Annual Report.

The area recommended for internal audit and other functions to be performed for fiscal year 2026 are as follows:

1. Completion of the Fiscal Year 2026 Risk Assessment and Preparation of this Internal Audit Plan
2. Licensing: Pharmacists Area Audit
The planned audit procedures include the following:
 - a. Review and obtain an understanding of the laws and regulations applicable to the Licensing: Pharmacists area (the Area).
 - b. Review the Area's written policies and procedures, collect available documentation, and conduct interviews to document and assess formal/informal processes and controls, as implemented by the Area.
 - c. Review and assess the Area's process in place for issuing licenses for pharmacists.
 - d. Select a sample of licensing applications processed by TSBP during the year to evaluate consistent adherence to applicable laws and regulations; and, the Area's policies and procedures.
 - e. Other procedures that may be deemed necessary during audit fieldwork.
3. Follow-Up of Prior Year Internal Audits
According to documentation received from the previous internal auditor, all findings for Internal Audits prior to 2025 have been closed. Therefore, follow-up procedures will be performed to determine the status of any comments resulting from audits and reviews performed in 2025 that were not fully implemented as of fiscal year ended August 31, 2025. The follow-up procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.
4. Preparation of the 2026 Internal Audit Annual Report
The 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.
5. Other Tasks
Additional tasks as may be assigned by the Board during the fiscal year.

ATTACHMENTS

TEXAS STATE BOARD OF PHARMACY

Risk Assessment Summary

For Fiscal Year 2026

Attachment A-1

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 and Management Feedback		Total					
High Risk: > 196																		
1	Licensing: Pharmacists†	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	3	36.00	2	18.00	3	33.00	220.00
2	HR & Payroll	3	30.00	2	34.00	2	26.00	2	24.00	2	32.00	2	24.00	2	18.00	1	11.00	199.00
3	Licensing: Pharmacies†	3	30.00	2	34.00	1	13.00	2	24.00	2	32.00	3	36.00	2	18.00	1	11.00	198.00
Moderate Risk: 172-196																		
4	Procurement / Contract Management	3	30.00	2	34.00	2	26.00	1	12.00	2	32.00	2	24.00	2	18.00	1	11.00	187.00
5	Inspections	3	30.00	2	34.00	1	13.00	1	12.00	1	16.00	3	36.00	2	18.00	2	22.00	181.00
6	Prescription Monitoring Program (PMP)	3	30.00	2	34.00	1	13.00	1	12.00	1	16.00	3	36.00	2	18.00	2	22.00	181.00
7	Licensing: Pharmacy Tech†	2	20.00	2	34.00	1	13.00	2	24.00	2	32.00	2	24.00	1	9.00	2	22.00	178.00
Low Risk: < 172																		
8	Financial Reporting & Payment Processing (includes Travel	3	30.00	2	34.00	2	26.00	1	12.00	1	16.00	2	24.00	2	18.00	1	11.00	171.00
9	Records Management	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
10	Complaint Intake & Investigations†	3	30.00	1	17.00	1	13.00	2	24.00	1	16.00	3	36.00	2	18.00	1	11.00	165.00
11	Asset & Fleet Management	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
12	Revenue & Receipts Processing	3	30.00	2	34.00	1	13.00	2	24.00	1	16.00	1	12.00	2	18.00	1	11.00	158.00
13	Compliance Monitoring & Peer Assistance†	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
14	IT General Controls	2	20.00	1	17.00	1	13.00	2	24.00	1	16.00	2	24.00	2	18.00	1	11.00	143.00
15	Legal - Enforcement Referrals	2	20.00	1	17.00	1	13.00	1	12.00	1	16.00	3	36.00	1	9.00	1	11.00	134.00

† Includes review of relevant performance measures.

Risk Factor Rating:

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

TEXAS STATE BOARD OF PHARMACY
History of Areas Audited
For Fiscal Year 2026

	POTENTIAL AUDIT TOPIC	Fiscal Year Audited/Reviewed									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ²
1	Asset & Fleet Management			B*				B*			
2	Complaint Intake & Investigations [†]	C*							A1		
3	Compliance Monitoring & Peer Assistance [†]	C*					A				
4	Financial Reporting & Payment Processing (includes Travel)			B*	A			B*			
5	HR & Payroll			B*	F*			B*			F*
6	Inspections	C				A					
7	IT General Controls ¹	C*			E		E		E	A1	
8	Licensing: Pharmacies [†]	C						A1			
9	Licensing: Pharmacists [†]	C						A1			
10	Licensing: Pharmacy Tech [†]	C						A1			
11	Legal - Enforcement Referrals								A1		
12	Prescription Monitoring Program (PMP)			A				D			
13	Procurement / Contract Management			B*				B*			
14	Records Management										
15	Revenue & Receipts Processing				A						

[†] Includes review of relevant performance measures.

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.

² Internal Agency Compliance Audit was performed in 2025 by Weaver and Tidwell, LLP.

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 Weaver and Tidwell, LLP.
- B** Post-payment audit performed by the Comptroller of Public Accounts.
- C** Sunset review performed by the Sunset Advisory Commission.
- D** Audit performed by State Auditor's Office.
- E** IT Assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through DIR.
- F** Policy review performed by the Texas Workforce Commission.