



The State Bar of California

OPEN SESSION AGENDA ITEM JANUARY 2020 AUDIT COMMITTEE III.A

DATE: January 24, 2020

TO: Members, Audit Committee

FROM: John Adams, Chief Financial Officer

SUBJECT: Discussion and Adoption of 2020 Audit Committee Work Plan

EXECUTIVE SUMMARY

This agenda item presents the Audit Committee 2020 Work Plan. It is presented to the committee for adoption. If adopted by the Audit Committee, it will be presented to the Board Executive Committee for approval.

BACKGROUND

To strengthen the Board committee process, each Board committee, with staff assistance, develops a work plan summarizing the annual, recurring and time-limited items to be undertaken, the strategic goal(s) and objective(s) furthered by each item and an estimated timeline for the completion of this work.

The Work Plan for the 2020 Board year was discussed at the January 15, 2020 Audit Committee meeting and will be presented for approval by the Board Executive Committee during its meeting on January 24, 2020.

DISCUSSION

Attached is the proposed Audit Committee Work Plan for 2020. Most of the items recur annually and are identical to those in the committee's 2019 plan. Many items remain consistent from last year, including:

- Review quarterly Travel Expense Reports

- State Auditor’s Audit
- Annual Financial Statement Audit
- IT Systems Assessment
- Implementation of Audit(s) Recommendations

Business Continuity Plan

During 2019, the State Bar began the development and implementation of a Business Continuity Plan (BCP), which addresses facilities operations, information technology systems and mission-critical business functions that could be impacted by adverse events such as a natural disaster, system failure or security breach. The BCP will be fully implemented by fall of 2020.

Compliance Review

During 2019, Mission Advancement and Accountability Division(MAAD) staff completed its review of statutory and Rule of Court based legal mandates governing both the State Bar and the Board. A tool was developed to facilitate review and tracking; staff completed a review of compliance with each mandate, and identified steps to ensure ongoing compliance. With that work as its foundation, MAAD’s plan for compliance-related activities in 2020 includes:

- identifying and implementing a tool to facilitate institutionalization of practices;
- investigating priority areas of compliance with legal mandates, including fingerprinting requirements and other Department of Justice related items, such as file retention practices in criminal cases (Business & Professions Code § 6054, and related California Rule of Court requirements; Assembly Bill 1987 (2018, ch. 482, Sec. 3);
- recommending and implementing corrective actions; and
- beginning development of a manual to memorialize practices.

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES OF THE STATE BAR

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & OBJECTIVES

Goal: 1. Successfully transition to the “new State Bar” — an agency focused on public protection, regulating the legal profession, and promoting access to justice.

Objective: b. Implement and pursue governance, composition, and operations reforms needed to ensure that the Board's structure and processes optimally align with the State Bar’s public protection mission.

RECOMMENDATIONS

Should the Audit Committee concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Audit Committee adopts the Audit Committee 2020 Work Plan, included with this item as Attachment A.

ATTACHMENT(S) LIST

- A. Draft Audit Committee 2020 Work Plan

DRAFT AUDIT COMMITTEE 2020 WORK PLAN

Item Description	To Committee? / By When?	To Board? / By When?	Link to Strategic Plan	Status
<ul style="list-style-type: none"> • Review quarterly Travel Expense Reports 	Quarterly	As Needed	Core Business Operations	Completed Each Qtr.
<ul style="list-style-type: none"> • MAAD Compliance Review & Activities: <ul style="list-style-type: none"> ○ Identify and implement a tool to facilitate institutionalization of practices ○ Investigate priority areas, including fingerprinting requirements and other DOJ related items ○ Recommend and implement corrective actions ○ Development of manual to memorialize practices 	Mid 2020	Mid 2020	Compliance	Ongoing
<ul style="list-style-type: none"> • State Auditor's Audit (Every 2 years): <ul style="list-style-type: none"> ○ Monitor progress ○ Evaluate findings and recommendations ○ Monitor implementation of corrective actions 	Late 2020 April/May 2020	May 2021	Compliance	Anticipated
<ul style="list-style-type: none"> • Annual Financial Statement Audit (Every Year): <ul style="list-style-type: none"> ○ Approve scope, meet with auditor, assess independence ○ Monitor progress ○ Review audited financial statements ○ Evaluate findings and recommendations ○ Monitor implementation of corrective actions 	January Ongoing April Ongoing Ongoing	NA As Needed May As Needed As Needed	Compliance	Anticipated
<ul style="list-style-type: none"> • Business Continuity Plan Review: <ul style="list-style-type: none"> ○ Understanding Risk & Provide Feedback ○ Monitor implementation 	Fall		Core Business Operations	Anticipated
<ul style="list-style-type: none"> • IT Systems Assessment (Every 2 years): <ul style="list-style-type: none"> ○ Approve scope and fees ○ Monitor progress ○ Evaluate findings and recommendations ○ Monitor implementation of corrective actions ○ Review status of Prior Year Findings with staff 	Summer 2020 April/May 2020	Winter 2020	Goal 3.i.	Not Started