

AGENDA ITEM

54-181 MAY 2015

DATE: April 23, 2015

TO: Members, Board of Trustees

FROM: Sam Quan, Interim Chief Financial Officer
Christine Wong, Director, Finance & Controller

SUBJECT: Report of Action taken April 23, 2015, by the Board Audit Committee on behalf of the Board – Receive and Order Filed the Audited Financial Statements for Years Ended December 31, 2014 and 2013

EXECUTIVE SUMMARY

This is a report of action taken on April 23, 2015 by the Board Audit Committee, which is authorized to receive and order filed the Audited Financial Statements for Years Ended December 31, 2014 and 2013. On April 23, 2015 the Audit Committee met by conference call and authorized staff to file the audited financial statements, pursuant to Business and Professions Code sections 6145 and 6222, which requires the statements to be certified by the Treasurer and sent by April 30th of each year to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

BACKGROUND

Business and Professions Code Section 6145 requires the State Bar to undergo an annual financial statement audit by an accounting firm that meets certain qualifications. The audit is to be completed and submitted to the Legislature and Supreme Court before April 30th each year. The State Bar's fiscal year end is December 31st.

For many years, the Board of Trustees has held a special meeting in April to "receive and order filed the financial statement audit." This has been the practice even though there is no legislative requirement or Board policy requiring Board action. The only requirement in statute is for the Board Treasurer to certify transmission of the statements. The Board action requested is simply to receive – not to approve. The audited statements cannot be changed by the Audit Committee or the Board and must be submitted to the Legislature and Supreme Court by the deadline regardless of any Board action.

In November 2013, to streamline and clarify the process, the Board authorized the Audit Committee to review the draft financial statements and direct staff to submit them to the Legislature and Supreme Court.

On April 23, 2015, the Audit Committee received and ordered staff to file the Audited Financial Statements for Years Ended December 31, 2014 and 2013.

RESOLUTION

WHEREAS, on April 23, 2015, the Board Audit Committee, which is authorized to review the draft financial statements and direct staff to submit them to the Legislature and Supreme Court on behalf of the Board of Trustees, adopted a resolution to receive and order filed the Audited Financial Statements for Years Ended December 31, 2014 and 2013; and it is hereby

RESOLVED, that the Board of Trustees hereby affirms the action taken by the Board Audit Committee on behalf of the Board.