

AGENDA ITEM B

DATE: November 3, 2015

TO: Members, Audit Committee

FROM: Danette Meyers, Chair
Michael Colantuono, Vice Chair

SUBJECT: Schedule of the 2015 Financial Statement Audits from Moss Adams and The California State Auditor

DISCUSSION

According to the Business and Profession Code section 6145, each year, the State Bar is required to submit its audited financial statements and independent auditor's report to the Chief Justice of the Supreme Court and to the Assembly and Senate Committees on Judiciary within 120 days of the close of the fiscal year. Additionally, every other year, the Board contracts with the California State Auditor's Office to conduct a performance audit of the State Bar's operations, with a copy of the performance audit submitted by May 1 to the Board and the State legislature.

Pursuant to Senate Bill 387, the State Bar's 2016 Fee Bill, the State Bar is required to contract with the California State Auditor's Office to conduct an in-depth financial audit of the State Bar, including an audit of its financial statement, internal controls, and relevant management practice. Consequently, staff has communicated with our financial auditor, Moss Adams, and State Auditor's Office in order to avoid a duplication of scope and effort in regards to conducting these two mandated audits. The Audit Committee is responsible for monitoring both audits.

Financial Statement Audit

Our current financial auditor is the firm of Moss Adams. Its audit team began the interim audit on November 16, 2015. During the course of the financial audit, Moss Adams will, at a minimum, meet with the Audit Committee three times. These meetings include:

- Entrance Conference – October 19th, 2015
- Initial Briefing of Audit Results – before April 29, 2015ⁱ
- Full Presentation for the Board and Audit Committee May 2016

Additional meetings may be scheduled at the committee's request. Moss Adams is available to answer questions from the committee in between scheduled meetings.

Performance Audit from the California State Auditor

The State Auditors has scheduled an entrance conference with State Bar staff on November 2, 2015. On November 2, the State Auditors will inform State Bar staff about the audit's scope and schedule. Additionally, staff will provide a status update to the State Auditors on the prior year State Audit recommendations. Once the audit is complete, staff will present the audit recommendations, and management's responses to the Audit Committee and the Board.

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