

OPEN SESSION AGENDA ITEM

III.B. MARCH 2018

DATE: March 8, 2018

TO: Members, Board Executive Committee

FROM: Sarah L. Cohen, Attorney IV
Office of Board Support, JNE Commission and Appointments

SUBJECT: Approval of Audit Committee's Revised Annual Workplan

EXECUTIVE SUMMARY

On May 15, 2017, the 2017 Governance in the Public Interest Task Force (Task Force) filed its third triennial report. The 2017 Task Force Report contains recommendations for changes in the operational and governance structure of the State Bar. The 2017 Task Force Report recommends changes in Board committee structure and functioning. This agenda item places before the Board Executive Committee for approval the revised annual Audit Committee workplan.

BACKGROUND

At its August 2017 meeting, the Board of Trustees adopted, upon recommendation of the Board Executive Committee, a new Board committee structure and new Board committee charters, as proposed by the 2017 Task Force. The Board also approved a comprehensive set of proposed amendments to Tab 2.6 of the Board Book, encompassing the new Board committee structure and charters, including changes to the Audit Committee charter developed outside the 2017 Task Force process.

At its January 2018 meeting, the Board of Trustees approved amendments to Board Book Tab 2.6 to: (1) amend the charters of the RAD Committee, the Programs Committee, the Finance and Planning Committee and the Audit Committee to require the development and adoption of a workplan; and (2) amend the Board Executive Committee charter to require approval of the adopted workplans.

DISCUSSION

The 2017 Task Force observed:

The 2017 Task Force was unanimous in agreeing that the State Bar needs a Committee process that functions more vigorously. The board should not be asked to micro-manage, but rather should be presented with the broader policy issues and choices

for consideration and decision-making while maintaining its oversight role on major issues, particularly concerning the discipline system, the admissions function and State Bar finances.

To strengthen the Board committee process, each Board committee, with staff assistance, has developed 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 presentation of each item to the Board committee and/or to the Board of Trustees. These work plans provide guidance and accountability for Board committees and State Bar staff.

The Audit Committee annual workplan was adopted at the November 2017 in person Audit Committee meeting. The Audit Committee will meet during the March 2018 Board of Trustees two-day meeting to, among other things, readopt a revised work plan. Attachment A is the *proposed* Audit Committee's Revised Annual workplan. The Board Executive Committee will be apprised should the workplan adopted by the Audit Committee at the March 2018 Audit Committee meeting vary from the *proposed* work plan presented in Attachment A.

FISCAL/PERSONNEL IMPACT

None

RULE AMENDMENTS

None

BOARD BOOK IMPACT

None

STRATEGIC PLAN GOALS & OBJECTIVES 2017-2022

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: c. 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 focus on its public protection and regulatory functions.

Objective: e. Determine the appropriate role of, and Board responsibility for, State Bar Standing Committees, Special Committees, Boards, and Commissions in the new State Bar.

RECOMMENDATION

It is recommended that that the Board Executive Committee approve the following resolution:

RESOLVED, that the Board Executive Committee approve the revised workplan adopted by the Audit Committee; and authorize staff to maintain the workplan and make technical edits and corrections to it as needed.

ATTACHMENT(S) LIST

- A.** Revised Annual Audit Committee Workplan [proposed]

2017-18 Work Plan

State Bar of California
AUDIT COMMITTEE

Annual/Recurring Items	To Committee? / By When?	To Board? / By When?	Link to Strategic Plan
<ul style="list-style-type: none"> Cybersecurity 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 cybersecurity with staff (in years with no assessment) 	Previously done Ongoing March 2018 Ongoing 2019	NA As Needed March 2018 As Needed As Needed	Goal 3.f.
<ul style="list-style-type: none"> Review quarterly Travel Expense Reports 	11/17; 03/18; 05/18; 07/18, 11/18	As Needed	Core Business Operations
<ul style="list-style-type: none"> ORIA Performance Audits (Ongoing): <ul style="list-style-type: none"> Review scope of audits Monitor progress Evaluate findings and recommendations Monitor implementation of corrective actions 	Planning Stage	Planning Stage	Goal 3.e.
<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 	Expected 2019	Unknown	Core Business Operations
<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 2018 Ongoing March 2018 Ongoing Ongoing	NA As Needed May 2018 Needed Needed	Core Business Operations

2017-18 Work Plan

State Bar of California

AUDIT COMMITTEE

<ul style="list-style-type: none"> Internal Control Audit (Every 5 years): <ul style="list-style-type: none"> Approve scope and fees Monitor progress Evaluate findings and recommendations Monitor implementation of corrective actions Assess management oversight of controls (Every 2 years) 	Previously done Ongoing March 2018 Ongoing Ongoing	NA Needed March 2018 Needed Needed	Core Business Operations
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Time-Limited Items	To Committee? / By When?	To Board? / By When?	Link to Strategic Plan
<ul style="list-style-type: none"> Select financial auditor for 2018 – 2020 	May 2018	July 2018	Core Business Operations
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