



# The State Bar *of California*

---

## **OPEN SESSION**

### **AGENDA ITEM**

**54-113 NOVEMBER 2020**

**FINANCE COMMITTEE III.C**

**DATE: November 9, 2020**

**TO: Members, Finance Committee  
Members, Board of Trustees**

**FROM: Kevin W. Harper, Interim Chief Financial Officer**

**SUBJECT: Proposal to Revise Finance Committee Charter**

---

## **EXECUTIVE SUMMARY**

The State Bar's annual budget is adopted by the Board of Trustees in January each year and it is filed with the State Legislature by February 28 each year. State Bar staff need authorization to spend beginning January 1. Accordingly, it is proposed the Finance Committee charter be revised to delegate authority from the Board of Trustees to the Finance Committee to review the budget in December each year and provide staff authorization to spend.

---

## **BACKGROUND**

The State Bar is required to file its annual budget with the State Legislature by February 28 each year. The Board of Trustees normally approves the budget at its January meeting. In previous years, the State Bar filed a preliminary budget with the Legislature in November. The Board of Trustees review of the preliminary budget in November provided staff with authorization to submit the preliminary budget and to begin spending under the new budget effective January 1.

The requirement to submit the preliminary budget was eliminated effective January 1, 2019 pursuant to AB 3249 (Ch. 659, Stats. of 2018). Because a preliminary budget is of limited value, the State Bar no longer presents a preliminary budget to the Board, but submits the final budget only in January of each year.

## **DISCUSSION**

To eliminate any question about the authority of the State Bar to expend funds in January of each calendar year, prior to the Board of Trustees adoption of the final budget it is proposed that the Finance Committee Charter be revised to delegate authority to the Finance Committee to review the annual budget in December and provide staff with authorization to spend beginning January 1. Specifically, it is proposed the following sentence be added to page 2 of the Finance Committee Charter:

"The Board of Trustees adopts the final budget annually in January and authorizes the Finance Committee to preliminarily approve the budget in December to provide staff with authorization to spend for the period beginning January 1 to the date of the January Board of Trustees meeting. This authorization is limited to average monthly expenditures for the prior year in addition to expenditures previously approved by the Board of Trustees."

The proposed revision to the Finance Committee Charter is shown in Attachment A (redline version).

## **FISCAL/PERSONNEL IMPACT**

None

## **RULE AMENDMENTS**

None

## **BOARD OF TRUSTEES POLICY MANUAL AMENDMENTS**

None

## **STRATEGIC PLAN GOALS & OBJECTIVES**

None - compliance

## **RECOMMENDATIONS**

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

**RESOLVED**, that the Finance Committee recommends that the Board of Trustees approve the proposed amendment to the Finance Committee Charter as proposed by the Chief Financial Officer.

**Should the Board of Trustees concur in the proposed action, passage of the following resolution is recommended:**

**RESOLVED**, that upon recommendation of the Finance Committee, the Board of Trustees approves the proposed amendment to the Finance Committee Charter as proposed by the Chief Financial Officer.

**ATTACHMENT(S) LIST**

- A.** Finance Committee Charter (Redline Version)

## CHARTER FOR FINANCE COMMITTEE

The Finance Committee shall develop and lead the Board's participation in all State Bar budget preparation.

The Finance Committee shall:

- Budget Process:** Consult with the Chair, Vice Chair and Executive Director on the detailed design of the State Bar's budget development cycle and work with the Executive Director and Chief Financial Officer to vet the proposed budget, as well as any mid-year updates or proposed changes to the budget, before presentation and recommendation to the Board of Trustees. Recommend to the Board any amendment to the adopted budget. The Board of Trustees adopts the final budget annually in January and authorizes the Finance Committee to preliminarily approve the budget in December to provide staff with authorization to spend for the period beginning January 1 to the date of the January Board of Trustees meeting. This authorization is limited to average monthly expenditures for the prior year in addition to expenditures previously approved by the Board of Trustees.
- Financial Review:** Ensure that the financials are thoroughly examined on a quarterly basis; develop a functional and detailed understanding of the State Bar's revenue streams, expenditures, and overall fiscal conditions and issues in order to be engaged proactively in the budget preparation, development and planning process on an ongoing basis; monitor the State Bar's performance relative to the budget; and ensure that appropriate actions are taken to address any material variances to the budget.
- Oversight:** Ensure as part of the annual operational planning/budget preparation process that a department-by-department fiscal review is performed to evaluate budget projections.
- Work Plan:** Develop and adopt a Finance Committee Work Plan for approval by the Board Executive Committee; for each Finance Committee project, the Work Plan shall include a description of the project, the Strategic Plan Goal(s) and Objective(s) that are furthered by the project, and an estimated timeline for completion and presentation to the Finance Committee and/or the Board.
- Perform such other functions relevant to the Finance Committee's subject area as the Board of Trustees may from time to time assign.