



# The State Bar *of California*

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## **OPEN SESSION AGENDA ITEM SEPTEMBER 2021 AUDIT COMMITTEE III.D**

**DATE:** September 23, 2021

**TO:** Members, Audit Committee

**FROM:** Sonia Delen, Chair, Audit Committee

**SUBJECT:** Discussion of 2021 Audit Committee Work Plan

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### **EXECUTIVE SUMMARY**

This agenda item presents the Audit Committee 2021 work plan and provides a status of the work plan for discussion.

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### **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.

Work plans for the 2020–2021 Board year were developed in the winter of 2020 and approved by the Board Executive Committee in January 2021. Work plans are aligned with the State Bar’s Strategic Plan.

### **DISCUSSION**

This item is intended as a discussion item for the Audit Committee. Members are encouraged to provide input regarding how the work plan can be improved in the future and better used to guide the work of the committee and advance the Strategic Plan of the State Bar.

Attached is the Audit Committee work plan for 2021. Many of the items recur annually and are ongoing. There was significant effort on many work plan items, including:

- Annual Financial Statement Audit
- IT Security Assessment
- Business Continuity Plan

### **FISCAL/PERSONNEL IMPACT**

None

### **AMENDMENTS TO RULES**

None

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

None

### **STRATEGIC PLAN GOALS & OBJECTIVES**

Goal: None – core business operations

### **RECOMMENDATIONS**

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

**RESOLVED**, that the Audit Committee accepts the update to the Audit Committee 2021 work plan, included with this item as Attachment A, and provides it for review by the Board Executive Committee.

### **ATTACHMENT LIST**

- A.** Audit Committee 2021 Work Plan Update



| Item Description  | To Committee?<br>By When? | To Board?<br>By When? | Link to<br>Strategic Plan | Status   |
|---|---------------------------|-----------------------|---------------------------|--|
| <ul style="list-style-type: none"> <li>Evaluate and Monitor Internal Controls: <ul style="list-style-type: none"> <li>Ensure internal control review conducted every 5 years</li> </ul> </li> </ul>   | As Needed                 | As Needed             | Core Business Operations  | Last done by Moss Adams in March 2018                  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Meet with Chief Financial Officer and other members of State Bar leadership every 2 years to review the internal control structure</li> </ul> </li> </ul>  | As Needed                 | As Needed             |                           | Late 2021  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Monitor implementation of corrective actions</li> </ul> </li> </ul>  | As Needed                 | As Needed             |                           | -  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Review quarterly Travel Expense Reports</li> </ul> </li> </ul>   | Quarterly                 | Quarterly             |                           | Completed Each Qtr.                                    |
| <ul style="list-style-type: none"> <li>MAAD Compliance Review &amp; Activities: <ul style="list-style-type: none"> <li>Identify new priority areas</li> </ul> </li> </ul>   | Mid 2021                  | As Needed             | Compliance                | Ongoing  |
| <ul style="list-style-type: none"> <li>State Auditor's Audit (Every 2 years): <ul style="list-style-type: none"> <li>Evaluate findings and Recommendations</li> <li>Monitor progress</li> <li>Monitor implementation of corrective actions</li> </ul> </li> </ul>   | Sep 2021                  | Apr 2021              | Compliance                | Ongoing  |
| <ul style="list-style-type: none"> <li>Annual Financial Statement Audit: <ul style="list-style-type: none"> <li>Approve scope and fees, meet with auditor, assess independence</li> <li>Monitor progress</li> <li>Review audited financial statements</li> <li>Evaluate findings and recommendations</li> <li>Monitor implementation of corrective actions</li> </ul> </li> </ul> | November                  | NA                    | Compliance                | Completed 2020 financial statement audit in April 2021 |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Approve scope and fees, meet with auditor, assess independence</li> </ul> </li> </ul>  | Ongoing                   | As Needed             |                           |  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Review audited financial statements</li> </ul> </li> </ul>   | Apr 2021                  | May 2021              |                           |  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Evaluate findings and recommendations</li> </ul> </li> </ul>   | Apr 2021                  | May 2021              |                           |  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Monitor implementation of corrective actions</li> </ul> </li> </ul>  | Ongoing                   | As Needed             | Compliance                |  |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Recommend appointment or contract extension of external auditors</li> </ul> </li> </ul>  | As Needed                 | As Needed             |                           |  |

| Item Description  | To Committee?<br>By When? | To Board?<br>By When? | Link to<br>Strategic Plan | Status      |
|---|---------------------------|-----------------------|---------------------------|-------------|
| <ul style="list-style-type: none"> <li>Business Continuity Plan Review:               <ul style="list-style-type: none"> <li>Understanding Risk &amp; Provide Feedback</li> <li>Monitor implementation</li> </ul> </li> </ul> | Sep 2021                  | As Needed             | Core Business Operations  | Anticipated |
| <ul style="list-style-type: none"> <li>IT Systems Assessment (Every 2 years):               <ul style="list-style-type: none"> <li>Approve scope and fees</li> </ul> </li> </ul>  | Apr 2021                  | As Needed             | Goal 3.i.                 | Completed   |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Monitor progress</li> <li>Review consultants' reports and evaluate findings and recommendations</li> </ul> </li> </ul>                         |                           |                       |                           |             |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Monitor implementation of corrective actions</li> <li>In years between IT systems assessments, meet with IT staff</li> </ul> </li> </ul>       |                           |                       |                           |             |