



The State Bar *of California*

OPEN SESSION AGENDA ITEM NOVEMBER 2023 AUDIT COMMITTEE IV.B

DATE: November 16, 2023

TO: Members, Audit Committee

FROM: Yun Xiang, Chief Mission Officer
Elizabeth Nolan, Lead Program Analyst, Mission Advancement & Accountability Division

SUBJECT: Overview of State Bar Audits

EXECUTIVE SUMMARY

The chair of the Audit Committee has requested a list of audits to which the State Bar is subject; the table in Attachment A reflects that list.

BACKGROUND

The State Bar is required by statute or regulation to undergo a number of audits. In addition, the State Bar is subject to audits that have been initiated by State Auditor recommendation or internal policy decisions.

DISCUSSION

The requested list of audits is provided in Attachment A.

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

Goal 4. Protect the Public by Engaging Partners

- a. 1. Increase access to State Bar data and performance outcomes.

RECOMMENDATIONS

None

ATTACHMENT LIST

- A. Summary of State Bar Audits

Summary of State Bar Audits

Audit	Description	Frequency	Authority	The year started and authorizing language
Independent Financial Audit	Formal, independent evaluation of organizational financial statements and records. Conducted by an independent, external audit firm.	Annual	Business and Professions Code section 6145(a)	2000 (estimated) Business & Professions Code 6145(a) states: "The board shall engage the services of an independent national or regional public accounting firm with at least five years of experience in governmental auditing for an audit of its financial statement for each fiscal year."
Single Audit	Organizations that expend more than \$750,000 annually in federal funds are required to undergo a single audit. Conducted by an independent, external audit firm.	Annual	2 CFR Part 200	2023 "The State Bar receives federal funds from two pass-through agencies: COVID-19 Coronavirus State and Local Fiscal Recovery Funds passed through the Judicial Council of California, and COVID-19 Homeowner Assistance Funds passed through the CalHFA Homeowner Relief Corporation. ...As a recipient of these federal funds, the State Bar is required to have a single audit conducted for fiscal year 2022." September 2023 BOT Audit Committee agenda item
State Audit	Evaluations of State Bar practices and procedures, including performance audits, data audits, and compliance audits. Conducted by the California State Auditor.	Every two years	Government Code 8545.2; Business and Professions Code section 6145(b)	Earliest report on CA State Auditor website : 1996 Codified in Business and Professions Code 6145(b) in 2000 , which states: "The board shall contract with the California State Auditor's Office to conduct a performance audit of the State Bar's operations from July 1, 2000 to December 31, 2000.... Every two years thereafter, the board shall contract with the California State Auditor's Office to conduct a performance audit of the State Bar's operations for the respective fiscal year, commencing with January 1,

Audit	Description	Frequency	Authority	The year started and authorizing language
				2002, to December 31, 2002, inclusive.”
Random case audit – Office of Chief Trial Counsel	Independently assess the performance of the Office of Chief Trial Counsel using a random sample of closed cases. Conducted by independent, external auditors with legal experience.	Biannual	Internal policy established in 2000; policy revised substantially in response to two state audits (2009-030 and 2022-030)	2000 “Effective October 2000, the Office of Chief Trial Counsel (OCTC) established procedures for systematic random review of closed cases.” (OCTC Policy Directive 2022-01)
Random case audit – Special Deputy Trial Counsel	Independently assess the performance of the Special Deputy Trial Counsel using a random sample of closed cases. Conducted by independent, external auditors with legal experience.	Annual	Internal policy; partially a response to State Auditor report 2022-030 and 2022-031	Codified in internal policy: 2023 “As part of the twice-yearly audit of OCTC files, the external auditor also reviews a selection of files handled by Special Deputy Trial Counsel (SDTC) pursuant to State Bar Rule of Procedure 2201.” (Draft SDTC Policy Directive 2023-01)