



2023 AUDIT OVERVIEW **State Bar of California**

Presented by
Annie Louie, Partner
Guian Chhim, Senior Manager

January 8, 2024

Audit Committee State Bar of California

We are pleased to present our audit plan for the State Bar of California for the year ending December 31, 2023.

We appreciate the opportunity to meet with you to discuss the audit plan, especially as a two-way dialogue can provide valuable information for the audit process. We look forward to working with you!

Key Team Members



Annie Louie, CPA, CGMA, CISA
ENGAGEMENT PARTNER



Kevin Starkey, CPA
TECHNICAL REVIEWER



Guian Chhim, CPA
SENIOR MANAGER

Required Communications with Those Charged with Governance

Planning

- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- Planned scope and timing of audit

Results

- Significant audit findings
- Qualitative aspects of accounting practices
- Difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Management representations
- Management consultations with other independent accountants
- Other audit findings or issues

Our Responsibility

Our responsibility under U.S. Generally Accepted Auditing Standards.

Audit Opinions

To express our opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. This does not relieve you or management of your responsibilities.

AICPA Standards

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

Internal Controls

To obtain an understanding of the State Bar and its environment, including internal controls over financial reporting and compliance, as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on its effectiveness.

Findings

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Audit Phases



What is Materiality?

How It's Calculated:

Using certain quantitative (e.g., total assets, total revenues, or other financial information) and qualitative factors (e.g., covenants, expectations, or industry factors)

It's Used To Identify:

- Significant risk areas
- Nature, timing, extent, and scope of test work
- Findings or misstatements

Materiality

The amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.

Consideration of Fraud

How we gather information to identify fraud-related risks of material misstatement:

- Brainstorm with team
- Conduct personnel interviews
- Document understanding of internal controls
- Consider unusual or unexpected relationships identified in planning and performing the audit

Procedures to be performed:

- Examine general journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Test and analyze significant accounting estimates for biases
- Evaluate the business rationale for significant unusual transactions

Auditors must consider fraud to “improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit.”

Deliverable

We will issue the following December 31, 2023 reports:

1. Audit report on the basic financial statements of the State Bar of California
2. Examination report on the statement of expenditures of mandatory membership fees of the State Bar of California
3. Examination report on Legal Services Trust Fund Program
4. Audit report under Uniform Guidance (Single Audit)
5. Report to those charged with governance
 - Required communications
 - Matters related to internal controls and compliance with laws, regulations, contracts and agreements

Audit Timing



New Accounting Standards

GASB Pronouncement Effective for 2023

- GASB 94 – Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements
- GASB 96 – Subscription-Based Information Technology Arrangements (SBITA)
- GASB 99 – Omnibus 2022 – paragraphs 11-25 related to leases, PPPs, and SBITAs

About MGO

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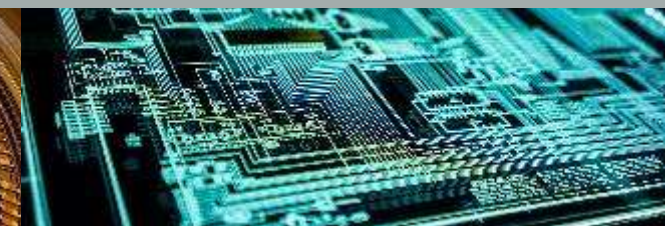
Private Equity and Venture Capital



Real Estate and Construction



State and Local Government



Technology

Questions?

We are excited to explore the opportunities.