The State Bar of California

Internal Audit Services

Request for Proposal: Questions & Responses

August 17, 2009

1. General

a. What is the primary location for the internal controls work?

All work will be performed in the San Francisco Office

b. In addition to the available state audit reports, is there an internal audit function or recent internal audit reports that can be made available?

The State Bar has no internal audit department.

c. Are all locations (San Francisco, Sacramento & Los Angeles) on the same system?

Yes.

d. What are the security protocols for consultants working on site? Can copies of work files be taken off site?

Consultants are issued security access badges from Security personnel. State files may not be taken off site.

2. Procurement and Accounts Payable

a. Are there policies and procedures that address Procurement and Accounts Payable? If so, are the policies and procedures up to date and complete?

The Bar updated all its procurement/accounts payable policies and procedures in 2009.

b. What type of system and for how long has the procurement system been in place?

The State Bar uses the Oracle J.D. Edwards Enterprise One financial software (V: 8.12). This system has been in place since 2005.

c. How many competitive bid proposals are done each year?

Roughly 15 formal RFPs.

d. Is a petty cash fund system used? How often is this fund reconciled?

No.

e. Is a purchasing card system used? How many employees have a purchasing card on this system?

The State Bar has a procurement system through Wells Fargo Bank. Approximately 215 employees have procurement cards.

f. How many disbursement accounts are maintained? How often are these accounts reconciled?

The State Bar maintains one disbursement account and this account is reconciled on a monthly basis.

g. Are checks issued from the State Bar or from another source?

The State Bar issues all checks.

h. What is the average number of checks issued per year?

Approximately 16,000 checks per year.

i. About how many active vendors does the State Bar work with on average?

Approximately 7,000.

j. Are all of the accounting and finance functions related to processing payments made by the State Bar centrally located in the San Francisco location?

Yes.

k. Is support for payments filed electronically (e.g., pdf or image files) – or is hard copy support physically maintained?

Hard copy support is physically maintained.

l. Are payments authorized manually (e.g., manual signature) or are payment requests authorized electronically via a centralized system?

Payments are authorized manually.

m. **What was last year's transaction volume and dollars expended for all payments made by the State Bar?**

Approximately 30,000 transactions for approximately $80 million.

3. Payroll

a. **How many employees belong to the "bargaining unit"?**

Approximately 370 employees.

b. **Is there a "years of service" component of calculating payroll?**

"Years of service" is a component of calculating vacation accrual, but it is not a component of calculating salaries and wages.

c. **Are there other payroll types other than hourly and salary? If so, please describe.**

Part-time Hourly – part-time employees with fixed hourly work schedule.

d. **In addition to following items, are there any other payroll deductions?**
   - i. **Federal taxes**
   - ii. **State taxes**
   - iii. **Union dues**
   - iv. **Garnishments**
   - v. **Insurance**
   - vi. **Donations**
   - vii. **Pre-paid medical/dental**
   - viii. **Vacation/Sick/Leave**

Other payroll deductions include Transit Reimbursement, Flex Spending, 457 Plan, and Child Support.

e. **Does the State Bar contract with outside payroll services for any of the following**
   - i. **Payroll calculation**
   - ii. **Tax liability and payments**
   - iii. **Time card processing**
   - iv. **Check production**
   - v. **Auto deposit**

No.

f. Are all employees on the same payment cycle? If not, how many different pay groups are there?

Yes, all employees are on a Bi-Weekly payroll cycle.

g. Does the State Bar process its own payroll with its own system? If so, what system is used and how long has the system been in place?

Yes. The State Bar processes payroll in-house with Oracle J.D. Edwards Enterprise One financial software (V: 8.12). This system has been in place since 2005.

h. How many employees are currently on the payroll?

Approximately 580 employees are currently on payroll.

i. What percent of employees receive checks and what percent use auto deposit?

Approximately 7.5% of employees receive checks, and 92.5% use auto deposit.

j. Do payroll processing policies and procedures exist? Are they complete and current?

Yes. The State Bar updated the Payroll Policies and Procedures in 2009.

k. Is payroll processing consolidated for all sites (San Francisco, Los Angeles and Sacramento)?

Yes.

l. Are all of the accounting and finance functions related to processing payroll located in the San Francisco location?

Yes.

m. What payroll functions/responsibilities do local State Bar offices have (e.g., time sheet approval, record keeping, approval of vacation, etc.)?

The Office of Finance/Payroll has the authority and responsibility for establishing, and enforcing the policies and control procedures for payroll processing. Employees' home departments are responsible for accurate recording, approval, and reporting of employee attendance and absences to The Office of Finance for payroll processing.

n. Will the scope of the payroll internal audit extend to employee benefits?

No.

o. **Approximately how many employees are paid via the State Bar's payroll system?**

Approximately 580 employees.

4. Budgeting

a. **Is there a budget calendar?**

Yes

b. **Are there policies and procedures that address all aspects of the budget? If so, are the policies and procedures up to date?**

Yes

c. **Is there a budgeting system and is tied to the financials? If not are spreadsheets used to manage the budget?**

The State Bar has a stand-alone system for developing its budget. The budget is uploaded from that system to the financial system. The scope of the budgeting review is expected to focus on budgetary control processes - not on the budget preparation process itself.

d. **How often is budget monitoring done to compare actual to budget? How often are budget revisions done?**

Budget to actual formal reporting is done on a quarterly basis. Departments can print operating systems with budget to actual comparisons monthly and as needed. Budget revisions are infrequent.

e. **Budget Control: Will the scope of budgetary control internal audit include the State Bar's budget <u>creation</u> processes – or is it limited strictly to "Procedures and policies to ensure that the spending of the State Bar does not exceed authorized budget levels."?**

The audit will be strictly limited to policies and procedures to ensure that the spending of the State Bar does not exceed authorized budget levels.