



INVITATION FOR CPA FIRMS TO PROVIDE ATTESTATION SERVICES FOR CTAPP COMPLIANCE REVIEWS TO STATE BAR LICENSEES

This document is an Invitation (**Invitation**) for qualified Certified Public Accounting firms (**CPA Firm**) to apply to be recognized as being eligible to provide attestation services described below to State Bar licensees as required by the Client Trust Account Protection Program (CTAPP).

The State Bar anticipates entering into agreements with up to twenty (20) California CPA Firms in 2025 and 2026. The State Bar will enter into a no-cost agreement (**Agreement**) with the CPA firm that describes the Agreed-Upon Procedures (AUP) the CPA firm must perform if selected to complete a CTAPP compliance review engagement, along with other requirements to which the CPA firm agrees to comply as a condition of eligibility (**Services**). If engaged by a State Bar licensee selected for a CTAPP compliance review, the CPA firm will be paid directly by the State Bar licensees.

Contract is for a term of one year (**Initial Term**), with an option to renew, at the State Bar's sole discretion, for additional one-year terms (**Renewal Periods**). The Initial Term, with Renewal Period(s), if elected, means the **Term**.

Please submit an electronic copy of all required application materials by email to Jennifer.Stalvey@calbar.ca.gov. Applicants will receive a confirmation email notifying them of receipt. If applicants do not receive such email, please follow up by email to Jennifer Stalvey. Applications will be accepted on an ongoing basis.

I. INTRODUCTION

The State Bar, created in 1927 by the Legislature and adopted as a judicial branch agency by amendment to the California Constitution in 1960, is a public corporation within the judicial branch of state government. The purpose of the State Bar is to ensure that the people of California are served by the legal profession in a manner consistent with the highest standards of professional competence, care, and ethical conduct; to carry out such additional programs as may be required by law or by rule of court; and to contribute generally to the science of jurisprudence and the administration of justice. The State Bar serves as an administrative adjunct to the California Supreme Court in all matters pertaining to the admission, discipline, and regulation of California lawyers. The California

Constitution, the State Bar Act and California Rules of Court vest in the State Bar the duty to regulate the legal profession, formulate and elevate educational and professional standards, raise the quality of legal services, advance the science of jurisprudence, and aid in the improvement of the administration of justice.

The State Bar's mission is to protect the public and includes the primary functions of licensing, regulation and discipline of attorneys; the advancement of the ethical and competent practice of law; and support of efforts for greater access to, and inclusion in, the legal system. The State Bar is the largest state bar in the country and licenses approximately 250,000 attorneys. More information about the State Bar can be found [online](#). The State Bar's offices are located in San Francisco and Los Angeles.

II. PROGRAM DESCRIPTION & STATEMENT OF WORK

A. Background, Goals and Objectives

Attorneys have statutory and ethical obligations to safeguard funds they hold in trust for their clients or other persons. Attorneys must keep those funds separate from their business and personal accounts. Attorneys must maintain accurate books and records and report timely and completely to their clients regarding the status and accounting of these funds.

In 2023, nearly one-fourth of all complaints processed in the investigation stage of the State Bar discipline process were about how lawyers handled—or mishandled—a client's money. Some of these complaints are the result of malfeasance—attorneys stealing money that belongs to clients. Other issues result from some attorneys' lack of knowledge about rules and best practices, which can result in their inadvertently putting client money at risk.

The State Bar's Client Trust Account Protection Program (CTAPP) was designed to be a proactive regulatory program to increase public protection related to an attorney's handling of entrusted funds and property. The goals of the program are to: 1) protect the public by ensuring proper accounting and safeguards for client and third-party funds entrusted to attorneys; and 2) educate, support, and assist attorneys in complying with the ethical and accounting requirements of managing client trust accounts.

Under the CTAPP program, effective January 1, 2023, with very few exceptions, all California lawyers must:

- Register their client trust accounts—including both those that produce interest for legal service programs (IOLTA) and those that do not—annually with the State Bar, either individually or through their law firm or organization, or declare they do not have trust accounts;
- Complete an annual self-assessment of trust account management practices; and

- Certify with the State Bar that they understand and comply with relevant requirements of the Rules of Professional Conduct.

Beginning in 2025, the State Bar will also conduct compliance reviews of attorneys' client trust accounting practices to ensure licensees who hold funds and property on behalf of clients and other persons maintain accurate and complete records and fulfill their professional duties and responsibilities as required by applicable laws, including the California Rules of Professional Conduct. The Supreme Court of California approved [Rule of Court 9.8.5](#) that serves as an enabling rule for the State Bar's implementation of a proactive regulation program for the handling of entrusted funds and property received or held by an attorney. **Specifically, Rule 9.8.5(a)(2)(B) states that if selected by the State Bar, a licensee must complete and submit to the State Bar a client trust accounting compliance review to be conducted by a certified public accountant at the licensee's expense.**

There are over 200,000 actively licensed attorneys in California, of which approximately 117,000 attorneys report having trust account responsibilities. California attorneys maintain over 60,000 client trust accounts that hold over \$14B in entrusted funds. The State Bar intends to complete hundreds of compliance reviews annually.

B. CTAPP Compliance Review Program Overview

Initially, the State Bar will select a cross-section of attorneys to complete a compliance review, ensuring the population includes an even distribution of firm sizes and practice areas. In future years, the State Bar will make selections based on data-driven risk factors identified from actual results of past compliance reviews and other attorney discipline data.

[Rules of the State Bar, Title 2, Division 1, rule 2.6](#), adopted effective February 21, 2025, outlines the requirements for a licensee to complete a compliance review. If selected by the State Bar, the licensee must comply with and complete a trust account compliance review and cooperate with requests for information. The scope of a compliance review will encompass at least one year of trust account activity, generally be January 1 to December 31 of this prior year.

Once notified of selection for compliance review, the licensee will be required, within 30 days of receipt of a notice of selection for compliance review from the State Bar, to provide the name of the State Bar-approved certified public accountant selected to perform the compliance review at the licensee's expense and initial trust account information and records requested in the notice of selection. The licensee is required to cooperate with and respond completely to all questions and requests for additional documentation from the State Bar or the State Bar-approved CPA firm regarding all transactions and records required to demonstrate compliance with applicable law regarding the safekeeping of funds entrusted by clients or others and any related obligations.

At the completion of the compliance review, the State Bar CTAPP team will determine the appropriate outcome of the compliance review, including feedback to the attorney about best practices and areas of noncompliance, implementing a mandatory corrective action plan, escalating to investigative audit, or referral to the Office of Chief Trial Counsel for possible discipline.

C. Scope of Work

The approved CPA Firm will apply agreed-upon procedures (AUP) specified by the State Bar.

- When CPA Firm is selected by a licensee of the State Bar, CPA Firm will apply the AUP provided by the State Bar in audit management software provided by the State Bar, which may be updated from time to time by the State Bar. The State Bar will give advance written notice to the Firm of any changes to the procedures.
- CPA Firm's report will include the procedures performed and the CPA Firm's findings. The CPA Firm's report will be addressed to the State Bar and will be intended for use by and restricted to the use of the State Bar. The Firm's report will contain such restricted-use language.
- Should CPA Firm have any reservations with respect to the subject matter, the CPA Firm will discuss them with the State Bar or Licensee (as appropriate) before the report is issued.

The AUP is an attestation service established by the American Institute of Certified Public Accountants. The State Bar has designed and acknowledges that the procedures performed are sufficient and appropriate for the intended purpose of the engagement. The State Bar will send initial licensee data to the CPA Firm at the commencement of the compliance review engagement. All additional requests for information to complete the engagement will be requested by the CPA Firm directly to the Licensee, who is required by rule 2.6 of the Rules of Professional Conduct to timely respond to all requests.

The Firm represents and warrants that it possesses the requisite expertise, qualifications, and resources to perform the AUP engagement in compliance with the applicable standards and professional guidelines. If the Firm is unable to complete an AUP engagement and report on findings, the Firm will report in writing the reasons for being unable to complete an AUP engagement.

D. Deliverables

All compliance reviews are expected to be completed, and report of findings delivered to the State Bar, within four (4) months of the date the compliance review is assigned,

unless there are delays due to licensee's noncompliance, in which case the CPA Firm and the State Bar will agree upon the expected completion date.

III. GENERAL INFORMATION

The submission requirements for this Invitation to provide attestation services to State Bar licensees are set forth below.

A. Submission Requirements

To be considered for approval, CPA Firm must submit the following information. **All submission materials may be subject to California Public Records Act requests.**

1. An executive summary of no more than two pages, providing an overview of the CPA Firm's organizational structure, history, audit services, etc.
2. Qualifications, background, location, experience, and resumes of the project director and other staff proposed to work on the project, including:
 - a. CPA Firm's "Pass" Peer System Review rating report;
 - b. Policies and procedures, including training and supervision practices, in place to ensure the confidentiality of all files and communications; and
 - c. Policies and procedures in place to ensure conflict checks are performed and independence is maintained as to each engagement.
3. Confirmation that the CPA Firm will, upon approval:
 - a. Complete all training provided by the State Bar;
 - b. Commit resources to be available to perform engagements, if selected by a State Bar licensee;
 - c. Provide a complete list of CPA Firm agents working on compliance review engagements,
 - d. CPA agents will only the CPA Firm's email address; and
 - e. Maintain all workpapers solely within the State Bar provided audit management software system (see **AICPA Letter**).
4. Disclosure of any potential or actual business, personal, or financial conflicts of interest with the State Bar's Board of Trustees and/or State Bar staff that could reasonably be expected to influence decisions or actions with respect to the State Bar's Board of Trustees or State Bar staff. Any disclosure shall include a description of the nature and extent of the actual or potential conflict. This disclosure must, at a minimum, include all known business, personal, or professional relationships between the State Bar and vendor. Examples of such relationships include but are not limited to current or prior employment or contractual relationships between the

State Bar and vendor staff or vendor staff's family and friendships or familial relationships between vendor staff and State Bar staff or Trustees.

5. A list and description of any legal actions, lawsuits, arbitrations, or formal protests related to the project scope described in Section II in which the applicant has been involved in the last 24 months that would have an impact on the applicant's ability to provide the requested services.
6. Confirmation that the CPA Firm has all necessary business licenses, professional certifications, or other credentials to perform the services, and that the applicant, if a corporation, proof that it is in good standing and qualified to conduct business in California.
7. Proof of small business certification if vendor is certified as a small business by the California Department of General Services (DGS), or with a comparable small business certification from a California municipality.
8. A written acknowledgement of the acceptance of the Contracting Requirements set forth in Section IV of this Invitation, or an explanation of specific concerns or requested changes. Specific terms may be reserved for future negotiation but must be clearly identified and include reasons given for the reservation.

The following information may be optionally provided:

9. Submit references (minimum two, maximum three) from recent engagements that demonstrate your firm's professional capabilities and client service quality. References should be from work completed within the past five years and show experience relevant to professional services delivery. The State Bar may, but is not obligated to, contact these references.
10. A detailed overview of your company's Diversity, Equity, and Inclusion (DEI) policy, if applicable, outlining the company's commitment to DEI principles and actions taken to uphold them.

B. Submission Requirements Format Summary

Applications must be emailed to Jennifer.Stalvey@calbar.ca.gov by the Initial Applications Due Date noted on Page 1 of this Invitation.

The application package must include:

1. One electronic copy containing the proposal in PDF (file-to-PDF only, do not print and scan) and attachments in its native format.

Applications should be prepared simply and economically, providing a straightforward and concise description of the applicant's ability to meet the requirements of this Invitation.

C. Rejection of Application

The State Bar reserves the right in its sole discretion to reject any or all applications in whole or in part, without incurring any cost or liability whatsoever. All proposals will be reviewed for completeness of the submission requirements. If a proposal fails to meet a material requirement of the Invitation, or if it is incomplete or contains irregularities, the proposal may be rejected. A deviation is material to the extent that a proposal is not in substantial accord with Invitation requirements.

Notwithstanding the foregoing, immaterial deviations may cause an application to be rejected. The State Bar may waive an immaterial deviation or defect in a proposal. The State Bar's waiver of an immaterial deviation or defect will in no way modify the Invitation or excuse an applicant from full compliance with the Invitation requirements.

Applications that contain false or misleading statements may be rejected if in the State Bar's opinion, the information was intended to mislead the State Bar regarding a requirement of the Invitation.

Additionally, the State Bar may reject qualified applicants due to the limited number of CPA Firms required by the Program.

D. Application Evaluation and Approval Process

An evaluation team will review all applications received to determine the Initial Approved CPA Firms.

The State Bar reserves the right to determine the suitability of a CPA Firm application based on the application meeting the administrative and technical requirements of this Invitation, and the evaluation team's assessment of the quality of the services proposed.

The following criteria will be used in reviewing and comparing the proposals and in determining the Initial Approved CPA Firms. The weight to be assigned to each criterion appears following each item:

1. Overall responsiveness of the proposal as set forth in the Invitation (20 points);
2. Agreement with the State Bar's contracting requirements (20 points); and

3. Applicant's experience, expertise, and professionalism in performing attestation engagements; capacity flexibility, availability, and willingness to commit resources to participate in the program; references; reputation; other experience or service related to financial education or service to the community; and any other contracts or experience with the State Bar (60 points).

During the evaluation process, the State Bar may request additional information or ask the applicant to participate in an interview with the evaluation team.

This Invitation does not commit the State Bar to approving an application. Applicants shall bear all costs incurred in the preparation of the application and participating in the application evaluation process.

E. News Releases

News releases pertaining to the award of a contract may not be made without the prior written approval of the State Bar.

F. Disposition of Materials

All materials submitted in response to the Invitation will become the property of the State Bar. A copy of each application will be retained for the State Bar's official files and become a public record pursuant to the California Public Records Act. By submitting an application, the CPA Firm agrees to these terms and waives any right to pursue a cause of action for damages incurred as a result of the release of any information contained in a proposal.

IV. CONTRACTING REQUIREMENTS

Upon approval, the terms set forth in this application are to be embodied in a definitive Agreement containing such additional covenants and other provisions as may be mutually acceptable.

The State Bar contemplates that, in addition to the terms and conditions described above in this Invitation, final agreement between the State Bar and the selected vendor will include, without limitation, the below terms and conditions (**Contracting Requirements**). Submission of a proposal shall constitute agreement to contract on these Contracting Requirements, except for any term specifically reserved in the proposal for future negotiation.

[See CPA Firm Agreement 2025]