



THE STATE BAR OF CALIFORNIA

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Date: May 6, 2010 **Item IV-A**

To: Audit Committee

From: Office of Finance

Subject: Implementation of Recommendations in Risk Scan Internal Control Assessment - Update

Background:

In November 2008, the Audit Committee contracted with the firm of Kevin Harper, CPA & Associates to perform an independent high level scan for weaknesses in the Bar's internal controls over its major financial processes. Mr. Harper presented the results of his review to the Committee at its May 2009 meeting. Staff also presented management's comments and proposed action plan to address the recommendations outlined in Mr. Harper's report.

Following the presentation, the Committee voted to accept certain changes and clarifications that Mr. Harper proposed to management's action plan.

Status of Recommendations:

Management's Action plan has been updated to reflect management's progress in implementing the recommendations relating to the 13 findings included in the Risk Scan report. The report also included several control issues which were identified by Mr. Harper as areas worthy of consideration by management for attention and potential improvement although they did not rise to the level of significant weaknesses.

Accompanying this agenda item is an implementation chart reflecting management's progress in addressing the findings and recommendations. The status of the 60 individual tasks identified in Management's Action plan is:

- Completed - 40
- On track to meet original target implementation date – 5
- Tasks with revised completion dates – 8
- On hold pending Oracle/IT implementation assistance – 7

Of the eight tasks that were not completed by their original target dates include, 5 relate to staff training that is scheduled for completion in May and December.

The 7 tasks that will require some form of technology assistance are either still under evaluation as part of the ongoing internal audits or are awaiting the hiring of a new chief information officer,

Next Steps:

Staff will continue to provide regular updates of the status of management's action plan at each Audit Committee meeting.