



**State Bar of Texas
Internal Audit Services**

AN INTERNAL AUDIT OF:

**Chief Disciplinary Counsel
Processes**

Report No. 21-002

February 5, 2021

This report provides management with information about the condition of risks and internal controls at a specific point in time. Future changes in environmental factors and actions by personnel will impact these risks and internal controls in ways that this report cannot anticipate.



McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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February 5, 2021

Mr. Alistair Dawson
State Bar of Texas
Audit & Finance Committee
1414 Colorado Street
Austin, TX 78701

Dear Audit & Finance Committee Chair:

Attached is Internal Audit Report #21-002 Chief Disciplinary Counsel Processes Audit. This audit was performed as part of the approved Annual Internal Audit Plan.

We assessed the Chief Disciplinary Counsel's internal controls, processes and compliance with Government Code, Texas Rules of Disciplinary Conduct, and State Bar of Texas Board of Director's Policy Manual and determined that the agency was compliant with all requirements. Additionally, management's internal controls for disciplinary processes and the Client Security Fund are effective and working as designed.

Please contact Darlene Brown at 281.740.0017 if you should have any questions about this audit report.

Sincerely,

Ira Wayne McConnell, CPA
Partner

Audit Report Highlights

Chief Disciplinary Counsel Processes and Controls Audit

Why Was This Review Conducted?

McConnell & Jones LLP (MJ) serving as the outsourced internal audit function (Internal Audit) for performed this internal audit as part of the approved Annual Internal Audit Plan.

Audit Objectives and Scope

To assess management controls and processes in place to ensure the attorney discipline system is administered in accordance with statute, the Commission for Lawyer Discipline requirements and SBOT policies in an effective and efficient manner. We will also assess internal controls and processes over the Client Security Fund.

The audit scope period was June 1, 2019 – May 31, 2020.

Audit Focus

- Complaint and grievance receipt, recording, classification, and referral processes.
- Complaint investigation processes.
- Complaint presentation to local grievance committee panel.
- Disciplinary actions monitoring.
- Communications and reports to Commission for Lawyer Discipline.
- Ethics Helpline monitoring and reporting.
- Compliance with applicable regulations and policies.



We wish to thank all employees for their openness and cooperation. Without this, we would not have been able to complete our review.

Audit Conclusions

The Chief Disciplinary Counsel has established effective internal controls and processes to ensure that they comply with attorney discipline requirements and the Client Security Fund (CSF) is protected. We also noted some best practice processes related to the implementation of JustWare.

Internal Control Rating

Effective.

What Did We recommend?

No recommendations were made for internal controls. We did make the following process improvement opportunity recommendations:

1. Finalize the written procedures related to CSF processes that are currently in draft form.
2. CDC should include an attest statement that they have received the completed subrogation form with documents provided to the Finance Department.

Number of Findings by Risk Rating

High	Medium	Low	Total
0	0	0	0

INTRODUCTION



McConnell & Jones LLP (MJ) performed an internal audit of the Chief Disciplinary Counsel's internal controls and processes.

We performed this audit as part of the approved FY 2021 Annual Internal Audit Plan. This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained accomplishes that requirement.

Pertinent information has not been omitted from this report. This report summarizes the audit objective and scope, our assessment based on our audit objectives and the audit approach.

OBJECTIVE



The audit objectives were to assess management controls and processes in place to ensure the attorney discipline system is administered in accordance with statute, the Commission for Lawyer Discipline requirements and SBOT policies in an effective and efficient manner. We also assessed internal controls and processes over the Client Security Fund.

We focused on management's controls and business processes in place to ensure the following:

1. Complaints and grievances are handled in a consistent manner and in compliance with applicable SBOT policies and regulations.
2. Complaints and grievances are appropriately classified in accordance with policies and regulations.
3. Complaints and grievances are recorded and tracked from receipt to disposition, including monitoring of judgements.
4. Investigations are completed in a timely manner, on a consistent basis and in compliance with policies and regulations.
5. Information and reports provided to the Commission for Lawyer Discipline and local grievance committee panels are complete, accurate, and timely.
6. The Ethics Helpline is being monitored.
7. Processes and criteria are in place to ensure that all Ethics Helpline reports are reviewed, recorded, assigned and monitored from receipt to disposition.
8. There is adequate segregation of duties over the Client Security Fund administration and disbursement activities.

As such we focused on the following processes:

1. Complaint and grievance receipt, recording, classification and referral processes. – Systems, tools and processes for receiving tips and complaints; systems tools and processes for recording complaints and grievances; classification criteria; internal and external referral criteria and process.
2. Complaint investigation processes. – Systems, tools and processes for assigning investigations, monitoring progress and ensuring investigation consistency and compliance with policies and regulations.
3. Complaint presentation to local grievance committee panel. – Report completeness and accuracy.
4. Disciplinary actions monitoring. – Systems, tools and processes in place to ensure actions are monitored on a regular basis and actions are taken when individuals are not adhering to the judgement.
5. Communications and reports to Commission for Lawyer Discipline. – Communication methods, frequency, accuracy and completeness.

6. Ethics Helpline monitoring and reporting. – Monitoring frequency; tracking tools used; review and assignment criteria and process; Ethics Helpline activity report contents, frequency, completeness, and accuracy.
7. Compliance with applicable regulations and policies

CONCLUSION AND INTERNAL CONTROL RATING



Our audit procedures resulted in no reportable findings and determination of effective internal controls. Therefore, we assign the overall internal control rating of Effective. We did identify improvement opportunities which we discuss in this report. Exhibit 1 describes the internal control rating.

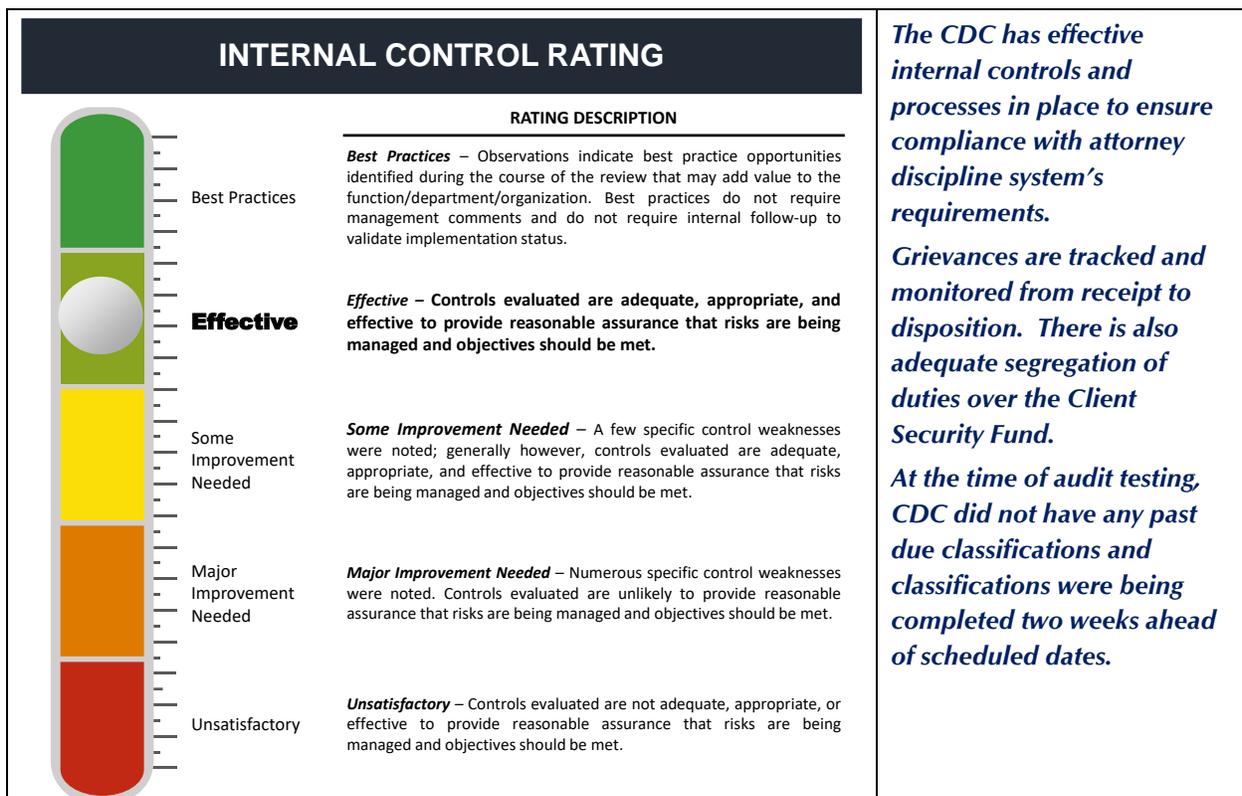


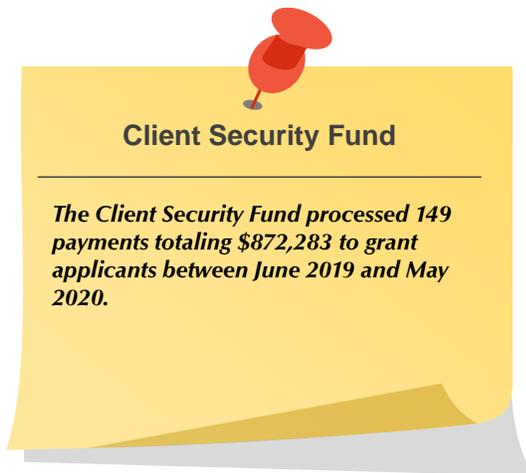
Exhibit 1: Internal control rating description.

Best Practices Implemented

Grievance and Investigation Tracking

SBOT has established best practices in the complaint file management processes. The Chief Disciplinary Counsel (CDC) developed a classification method for all grievances and investigation of all complaints. The CDC utilizes a grievance tracking system/database called JustWare to monitor processing of grievances by category, method of resolution, and length of time required for resolution. The case summaries are maintained within JustWare, detailing activity associated throughout the lifecycle of submitted complaints. Hard copies of mailed grievances are maintained within the CDC offices, and are subject to CDC retention policy.

CDC also provides a full explanation to each complainant on dismissal of an inquiry or a complaint.



Client Security Fund

The Chief Disciplinary Counsel staff have successfully implemented and transitioned the Client Security Fund over to JustWare, therefore allowing the application and all subsequent documentation to be digitally housed together.

Compliance Requirements

Exhibit 2 provides a summary of the 35 compliance requirements applicable to CDC. We noted that CDC is compliant with each of these.

Function	Gov't Code	SBOT Rules	SBOT Policy*	Total
Disciplinary Review & Complaint File Management	15	10	5	30
Client Security Funds	0	0	5	5
Total	15	10	10	35

Exhibit 2: CDC Compliance Requirements

*Policy may be internal department policy and/or SBOT Board of Directors policy.

Internal Control Finding, Improvement Opportunities and Risk

We assess controls and processes to determine their effectiveness in:

- Protecting the organization’s assets.
- Protecting the organization’s reputation.
- Protecting information which the organization is entrusted with.
- Ensuring compliance with regulations, SBOT Directors Policy and internal policies.

As we perform the assessment, we note any deviations or exceptions. For each deviation or exception, we question the impact it could have on your business. Based on the potential impact, we categorize the deviation or exception into one of two categories:

1. Finding – identifies a problem related to an area of non-compliance or an internal control weakness.
2. Improvement Opportunity – controls are working effectively but could be enhanced to be more efficient.

We understand that your resources are limited, so our final step is to assign a risk rating to each finding or opportunity to help you determine where you should focus your resources and/or prioritization.

We did not identify any findings during this audit but did identify two improvement opportunities which we discussed with management and summarize below.

Improvement Opportunity 1 – Low Risk

There are several activities involved in managing the Client Security Fund (CSF) activities. One of the activities is to review cases and authorize payment to grant applicants. We noted that there are established controls to ensure that all applications are reviewed and approved by the Client Security Fund Committee. We also noted that required subrogation documents are obtained from the grant applicants prior to payment being issued. The CDC maintains this documentation on file and sends an email to the SBOT Finance Department to proceed with processing a check for specific individual(s) that are on the grants awarded memo and signed copy of the meeting table previously provided to them. The SBOT Finance Department then confirms that the name and amount is listed on the grant award memo.

SBOT Finance Department staff do not receive copies of the required subrogation documentation that is submitted by the grant applicant(s). Therefore, we suggest that CDC include an attest statement that they have received the completed subrogation form with documents provided to the Finance Department.

Improvement Opportunity 2 – Low Risk

The CDC is in the process of updating written procedures for the Client Security Fund Administration. Because written procedures serve as a key internal control, we recommend that the CDC make their best efforts to finalize the updates as quickly as possible.

BUSINESS OBJECTIVES, RISKS, FINDINGS AND MANAGEMENT RESPONSE



This section of the report provides a summary of applicable business objectives, risks, and controls in place to ensure that CDC’s controls are effective, and processes are efficient. Each table also includes our assessment of internal controls for the respective business risk, our recommendations to address deficiencies noted and management’s response.

1 BUSINESS OBJECTIVE: Client Security Fund Segregation of Duties

Business Objective	To design controls and processes that ensure there is segregation of duties over the Client Security Fund Administration and disbursement activities and that the fund’s assets are protected from misappropriation.
Business Risk	<ul style="list-style-type: none"> ➤ The Client Security Fund may not have adequate Segregation of Duties to ensure funds are protected from misappropriation. ➤ Payments could be disbursed to incorrect grant recipients. ➤ There may be a lack of sufficient review performed by CDC which contributes to payments being disbursed without supporting documentation from grant recipient.
Management Controls in Place	<ul style="list-style-type: none"> ➤ Chief Disciplinary Counsel signs quarterly meeting check request coversheet to ensure review of documents before SBOT’s Finance Department issues checks. ➤ Legal Assistant/ Public Affairs Counsel enters application and supporting documentation into JustWare, the Chief Disciplinary Counsel approves all check requests, SBOT Finance Department issues checks, and the legal assistant mails out checks to client. ➤ As of January 2020, Client Security Fund grant applications are uploaded into an electronic tracking and approval system, JustWare.

1 BUSINESS OBJECTIVE: *Client Security Fund Segregation of Duties*

Control Tests	<ul style="list-style-type: none"> ➤ Interviewed key process owners. ➤ Created Client Security Fund Segregation of Duties matrix. ➤ Performed sample testing of CSF tracking sheet. ➤ Analyzed CSF trial balance for anomalies.
Control Assessment / Findings	<p>Internal Controls are Effective.</p> <ul style="list-style-type: none"> ➤ Due to the implementation of JustWare and working in a remote environment due to the pandemic, CDC has not completed drafting written procedures for key functions of the Client Security Fund to ensure that processes are performed consistently. ➤ SBOT's Finance Department staff do not have access to CDC files to verify subrogation forms have been signed by the grant applicant.
Recommended Improvement Actions	<ol style="list-style-type: none"> 1. Finalize the CSF written procedures as soon as possible. 2. CDC should include an attest statement that they have received the completed subrogation form with documents provided to the Finance Department.
Management Response and Action Plan	None required as the recommendations are improvement opportunities and not internal control or compliance deficiencies.

2 BUSINESS OBJECTIVE: *Complaint Receipt, Recording, Classification and Referral Processes*

Business Objective	To design controls and processes that ensure that complaints and grievances are recorded and tracked from receipt to disposition, including monitoring of judgements.
Business Risk	<ul style="list-style-type: none"> ➤ CDC may not maintain a file of written complaints and grievances. ➤ CDC may not have processes in place to ensure physical and software controls exist for confidentiality and Personal Identifiable Information (PII).
Management Controls in Place	<ul style="list-style-type: none"> ➤ CDC provides a classification of all grievances and investigation of all complaints and a full explanation to each complainant on dismissal of an inquiry or a complaint. ➤ JustWare is the grievance tracking system used to monitor processing of grievances by category, method of resolution, and length of time required for resolution. ➤ Hard copies of mailed submissions are maintained within the CDC offices, and are subject to CDC document retention policy. ➤ A case summary is maintained within JustWare, detailing activity associated throughout the lifecycle of submitted complaints.
Control Tests	<ul style="list-style-type: none"> ➤ Interviewed key process owners. ➤ Performed JustWare user access testing. ➤ Assessed the review criteria in place to move a case forward after being received. ➤ Reviewed current policies to determine if CDC follows the current grievance procedures. ➤ Observed 344 grievances that were under review in the JustWare system from all Texas regions (Austin 38, Dallas 132, Houston 77, San Antonio 97) as of October 16, 2020 and noted no classifications were past due. In fact, the classifications were being completed two weeks ahead of scheduled dates.

2 BUSINESS OBJECTIVE: *Complaint Receipt, Recording, Classification and Referral Processes*

	<ul style="list-style-type: none"> ➤ Sampled grievance cases for compliance with the 60-day requirement to determine whether Just Cause exists. (Texas Rules of Disciplinary Procedure 2.12 Investigation and Determination of Just Cause)
Control Assessment / Findings	Internal Controls are Effective.
Recommended Actions	No Recommendations are Made.
Management Response and Action Plan	None Required

3 BUSINESS OBJECTIVE: *Complaint and Investigation Process*

Business Objective	To implement controls and processes that ensure investigations are completed in a timely manner, on a consistent basis and in compliance with policies and regulations. To implement controls and processes that ensure complaints and grievances are recorded and tracked from receipt to disposition, including monitoring of judgements.
Business Risk	<ul style="list-style-type: none"> ➤ The Chief Disciplinary Counsel may not review and investigate grievances prior to dismissal.
Management Controls in Place	<ul style="list-style-type: none"> ➤ Detailed activity associated with the review and investigation of submitted complaints completed by the CDC prior to dismissal is detailed within JustWare. ➤ CDC leverages JustWare to monitor the status and due dates of submitted complaints throughout the lifecycle. ➤ Office managers constantly monitor queues in JustWare, and regional managers and trial attorney constantly monitor cases.
Control Tests	<ul style="list-style-type: none"> ➤ Interviewed key process owners. ➤ Reviewed JustWare output to determine grievance date received, review decision date, date assigned to investigator and appeal date.
Control Assessment / Findings	Internal Controls are Effective.
Recommended Actions	No Recommendations are Made.
Management Response and Action Plan	None Required

4 BUSINESS OBJECTIVE: *Compliance with Applicable Regulations and Policies.*

Business Objective	To implement controls and processes that ensure complaints and grievances are handled in a consistent manner and in compliance with applicable SBOT policies and state regulations.
Business Risk	<ul style="list-style-type: none"> ➤ The District Grievance Committee composition may not comply with Texas Government Code requirements. ➤ SBOT may not follow Supreme Court’s minimum standards and procedures for the attorney disciplinary and disability system.
Management Controls in Place	<ul style="list-style-type: none"> ➤ All District Grievance Committees are duly organized and carry out the duties of office in accordance with the Texas Rules of Disciplinary Procedure and this Policy Manual. ➤ The Chief Disciplinary Counsel reviews and investigates each grievance classified as a complaint to determine whether there is just cause, as defined by the Texas Rules of Disciplinary Procedure.
Control Tests	<ul style="list-style-type: none"> ➤ Compared Grievance Committee Panel Roster to composition requirements. ➤ Interviewed key process owners. ➤ Reviewed current policies to determine if CDC complies with the current grievance procedures.
Control Assessment / Findings	Internal Controls are Effective.
Recommended Actions	No Recommendations are Made.
Management Response and Action Plan	None Required.

5 BUSINESS OBJECTIVE: *Ethics Helpline Monitoring and Reporting*

Business Objective	To establish controls and processes that ensure the Ethics Helpline is being monitored on a regular basis and processes and criteria are in place to ensure that all Ethics Helpline reports are reviewed, recorded, assigned and monitored from receipt to disposition.
Business Risk	<ul style="list-style-type: none"> ➤ The agency’s Ethics Helpline may not be monitored and/or reports may not be reviewed and followed up on.
Management Controls in Place	<ul style="list-style-type: none"> ➤ Calls are monitored and recorded. ➤ CDC strives to respond to calls within 24 hours. We noted that 98 percent of the calls received were returned within three days or less. ➤ CDC and SBOT have designated trial attorneys and the regional counsel as their backups to monitor the Ethics Helpline if they are out of the office.
Control Tests	<ul style="list-style-type: none"> ➤ Interviewed key process owners. ➤ Reviewed analytics of Ethics Helpline inquiries to determine timeliness of resolving questions.

5 BUSINESS OBJECTIVE: *Ethics Helpline Monitoring and Reporting*

Control Assessment / Findings	Internal Controls are Effective.
Recommended Actions	No Recommendations are Made.
Management Response and Action Plan	None Required.

6 BUSINESS OBJECTIVE: *Communications and Reports to Commission for Lawyer Discipline*

Business Objective	To implement controls and processes that ensure the Chief Disciplinary Counsel provides required reports in a complete, accurate and timely manner.
Business Risk	<ul style="list-style-type: none"> ➤ SBOT may not follow Supreme Court’s minimum standards and procedures for the attorney disciplinary and disability system.
Management Controls in Place	<ul style="list-style-type: none"> ➤ The CDC meets with regional counsel each quarter and checks staffing levels to ensure caseloads are addressed. ➤ The CDC reviews case status in JustWare before commission meetings. ➤ The CDC distributes multiple reports each quarter and reports are also presented to the Board of Directors at its quarterly meeting. ➤ At each meeting, the CDC presents budgets and case updates to the Commission for Lawyer Discipline.
Control Tests	<ul style="list-style-type: none"> ➤ Interviewed key process owners. ➤ Reviewed Commission for Lawyers Discipline Annual Report for accuracy by comparing the figures to other supporting documentation. ➤ Reviewed CDC talking points for board and executive committee meetings. ➤ Reviewed Quarterly Board reports and memorandums.
Control Assessment / Findings	Internal Controls are Effective.
Recommended Actions	No Recommendations are Made.
Management Response and Action Plan	None Required.

DETAILED OPPORTUNITIES AND RECOMMENDATIONS



This section of the report provides a detailed discussion of opportunities we noted during the audit along with recommendations to improve internal controls or the business process.

Business Objective #1: Disciplinary Review Process and File Management

- *Are complaints and grievances handled in a consistent manner and in compliance with applicable SBOT policies and regulations?*
- *Are processes in place to ensure that complaints and grievances are appropriately classified in accordance with policies and regulations?*
- *Are all complaints and grievances recorded and tracked from receipt to disposition, including monitoring of judgements?*
- *Are investigations completed in a timely manner, on a consistent basis and in compliance with policies and regulations?*
- *Are information and reports provided to the Commission for Lawyer Discipline and local grievance committee panels complete, accurate and timely?*
- *Is SBOT's Ethics Helpline being monitored on a regular basis?*
- *Are there processes and criteria in place to ensure that all Ethics Helpline reports are reviewed, recorded, assigned and monitored from receipt to disposition?*

The Texas Government Code Chapter 81 State Bar (State Bar Act), the Texas Rules of Disciplinary Procedure and the State Bar of Texas Board of Directors Policy Manual describes disciplinary review requirements for the agency to follow.

15 State Bar Act requirements.

0 State Bar Rules requirements (Not Applicable).

10 Texas Rules of Disciplinary Procedure requirements.

5 State Bar of Texas Board of Directors Policy Manual requirements.

Audit procedures applied to determine compliance with these requirements included:

- ✓ Conducted interviews and walkthroughs.
- ✓ Reviewed written procedures.
- ✓ Reviewed process flowcharts.
- ✓ Reviewed database entries.
- ✓ Compared Grievance Committee Panel roster to composition requirements.



Conclusion

Internal controls and processes are effective and working as intended to ensure compliance with requirements, track, investigate and report on grievances received.

Internal controls and processes are effective and working as intended to ensure compliance with requirements to track, investigate and report on grievances received.

We completed a walkthrough and applied audit procedures to the CDC's processes from grievance receipt to investigation, tracking, reporting, and communicating with the Commission for Lawyer Discipline and local grievance committee panels.

In 2013, the CDC implemented an electronic case management system, JustWare, to facilitate the processes and retain data. We observed 344 grievances in the JustWare system from all Texas regions (Austin 38, Dallas 132, Houston 77, San Antonio 97) to determine completeness and timeliness. We determined that no classifications

were past due. In fact, the classifications were being completed two weeks ahead of scheduled due dates for the respective classification.

We reviewed written policies and procedures for completeness. We noted that the CDC written policies and procedures are updated, comprehensive, and complete. The CDC policies and procedures provide guidance to staff and cover the main areas of the grievance process.

We also reviewed Grievance Panel composition to determine that they were in compliance with requirements. We noted that of the 73 district panels reviewed five (5) panels did not have the correct number of public members. However, there was no compliance violations because cases were not assigned and voted on for these five panels.

Observations

We have no reportable observations or findings related to the disciplinary review process and file maintenance.

Recommendations

Managements Response

Business Objective #2: Client Security Fund Administration and Disbursement Activities

- *Are all documents fully reviewed and received by appropriate individuals before checks are disbursed?*
- *Are there adequate segregation of duties over the Client Security fund and disbursement activities?*

The internal controls and processes in place to manage the Client Security Fund are effective and working as intended.

The State Bar of Texas Board of Directors Policy Manual describes the Client Security Fund requirements. The State Bar Act and the State Bar Rules are silent on Client Security Fund administration requirements.

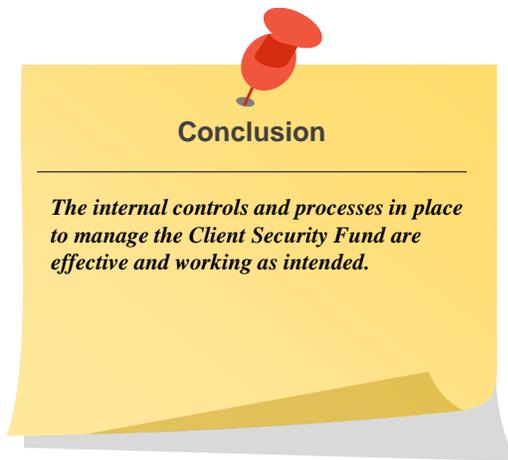
O State Bar Act requirements (Not Applicable).

0 State Bar Rules requirements (Not Applicable).

5 State Bar of Texas Board of Directors Policy Manual requirements.

Audit procedures applied to determine compliance with the State Bar of Texas Board of Directors Policy Manual requirements included:

- ✓ Conducted interviews and walkthroughs.



- ✓ Reviewed client security fund subcommittee summaries and voting outcomes.
- ✓ Reviewed client security fund Chief Disciplinary Counsel’s approval for disbursements.
- ✓ Reviewed client security fund reconciliations.

The SBOT Directors Policy Manual requires \$300,000 to be appropriated to the general fund annually. During FY 2020 \$700,000 was paid into the Client Security Fund. As of May 31, 2020, SBOT’s investment account balance for Client Security Fund totaled \$3,220,651.77. Between June 2019 and May 2020, 140 grant applications were approved totaling \$872,283. Immigration practice attorneys experienced the highest number of grant applications yet Personal Injury practice attorneys experienced higher grant

applicant award amounts. **Exhibit 3** provides a comparison of Client Security Fund approved payments to grant applicants between June 2019 and May 2020 by legal specialization.

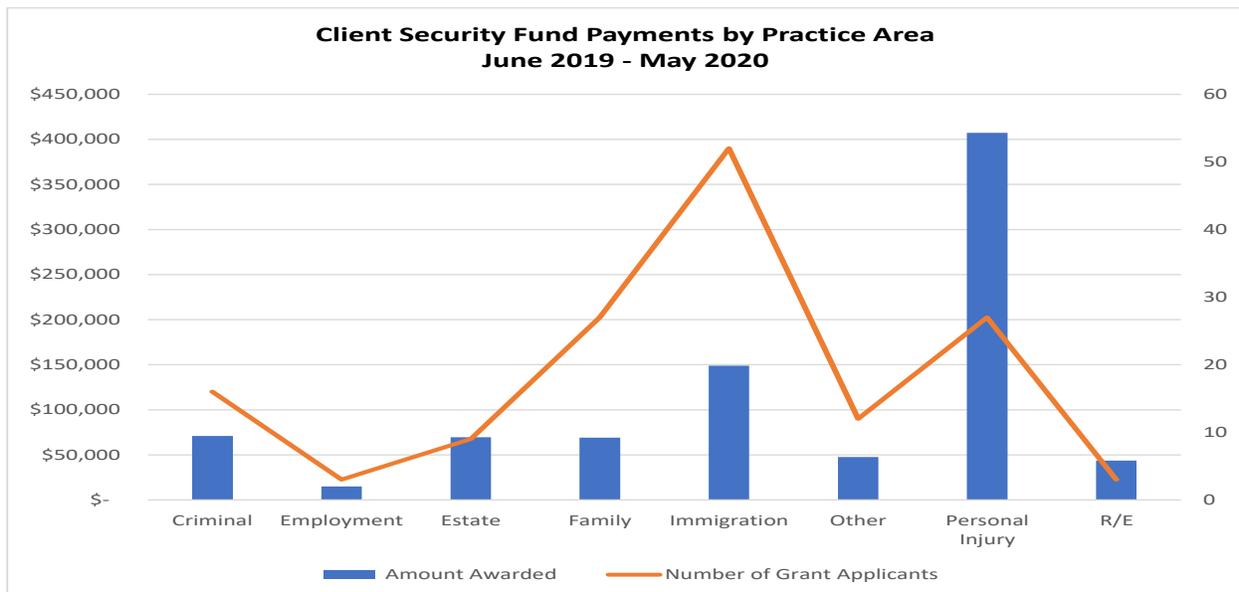


Figure 3: Client Security Fund Grant Application Approved Payment June 2019 – May 2020.

The Client Security Fund grant process is as follows:

1. Application requests received are entered into JustWare by the CDC legal assistant or public affairs counsel.
2. The CDC legal assistant creates a JustWare entry file and uploads the application and supporting documents.
3. The application is in queue for the public affairs counsel's investigation.
4. After the review, the public affairs counsel prepares her recommendations for the subcommittee.
5. The subcommittee will either accept or reject the recommendations or ask for additional information.
6. The public affairs counsel will upload a coversheet that is signed and dated by committee chair into Board Effect.
7. The CDC legal assistant then notifies applicants if they have been rejected or approved.
8. For approved applications, the CDC legal assistant attempts to retrieve the signed affidavit and other subrogation documents.
9. The CDC reviews all file documents (from the application to the completed payment voucher) and signs the cover memorandum to approve presented payment requests.
10. The CDC legal assistant sends an email to the SBOT Finance Department with all required documents attached.
11. SBOT's Finance Department staff verify with CDC that the subrogation form has been received and signed by the grant applicant prior to issuing a check for the authorized amount.

Observations

We have no reportable observations or findings related to Client Security Fund Administration and Disbursements. We did note that internal controls could be enhanced if CDC would include an attest statement that they have received the completed subrogation form with documents provided to the Finance Department instead of relying on email communications.

We reviewed written policies and procedures for completeness. Because JustWare was recently implemented for the Client Security Fund, these procedures were in draft form and being finalized. However, we noted that the draft procedures were comprehensive.

Recommendations

The CDC should include an attest statement that they have received the completed subrogation form with documents provided to the Finance Department.

The CDC should strive to finalize the written procedures as soon as feasibly possible.

Managements Response

Our recommendation is an improvement opportunity and not an internal control weakness or non-compliance observation. Therefore, management response is not required.

APPENDIX A – CDC COMPLIANCE REQUIREMENTS



This section of the report provides an overview of the compliance requirements for CDC.

Texas Government Code Chapter 81 State Bar

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
81.036 Information on Certain Complaints	<p>(a) The state bar shall maintain a file on each written complaint, other than a grievance against an attorney, filed with the state bar. The file must include:</p> <ol style="list-style-type: none"> (1) The name of the person who filed the complaint. (2) The date the complaint is received by the state bar (3) The subject matter of the complaint; (4) The name of each person contacted in relation to the complaint; (5) A summary of the results of the review or investigation of the complaint; and (6) An explanation of the reason the file was closed, if the state bar closed the file without taking action other than to investigate the complaint. <p>(b) The state bar shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the state bar's policies and procedures relating to complaint investigation and resolution.</p> <p>(c) The state bar, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation.</p>	
81.072 General Disciplinary and Disability Procedures	<p>(a) In furtherance of the Supreme Court's powers to supervise the conduct of attorneys, the court shall establish powers to supervise the conduct of attorneys, the court shall establish disciplinary and disability procedures in addition to the procedures provided by this subchapter.</p> <p>(b) The Supreme Court shall establish minimum standards and procedures for the attorney disciplinary and disability system. The standards and procedures for processing grievances against attorneys must provide for:</p> <ol style="list-style-type: none"> (1) Classification of all grievances and investigation of all complaints; (2) A full explanation to each complainant on dismissal of an inquiry or a complaint; (3) Periodic preparation of abstracts of inquiries and complaints filed that, even if true, do or do not constitute misconduct; (4) An information file for each grievance filed; (5) A grievance tracking system to monitor processing of grievances by category, method of resolution, and length of time required for resolution; (6) Notice by the state bar to the parties of a written grievance filed with the state bar that the state bar has the authority to resolve of the status of the grievance, at 	

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
	<p>least quarterly and until final disposition, unless the notice would jeopardize an undercover investigation;</p> <p>(7) An option for a trial in a district court on a complaint and an administrative system for attorney disciplinary and disability findings in lieu of trials in district court, including an appeal procedure to the Board of Disciplinary Appeals and the supreme court under the substantial evidence rule;</p> <p>(8) An administrative system for reciprocal and compulsory discipline;</p> <p>(9) Interim suspension of an attorney posing a threat of immediate irreparable harm to a client;</p> <p>(10) Authorizing all parties to an attorney disciplinary hearing, including the complainant, to be present at all hearings at which testimony is taken and requiring notice of those hearings to be given to the complainant not later than the seventh day before the date of the hearing;</p> <p>(11) The commission adopting rules that govern the use of private reprimands by grievance committees and that prohibit a committee:</p> <p>(A) Giving an attorney more than one private reprimand within a five-year period for a violation of the same disciplinary rule; or</p> <p>(B) Giving a private reprimand for a violation:</p> <p>(i) That involves a failure to return an unearned fee, a theft, or a misapplication of fiduciary property; or</p> <p>(ii) Of a disciplinary rule that requires a prosecutor to disclose to the defense all evidence or information known to the prosecutor that tends to negate the guilt of the accused or mitigates the offense, including Rule 3.09(d), Texas Disciplinary Rules of Professional Conduct; and</p> <p>(12) Distribution of a voluntary survey to all complainants urging views on grievance system experiences.</p>	
81.072 General Disciplinary and Disability Procedures	(d) Each attorney is subject to the Texas Rules of Disciplinary Procedure and the Texas Disciplinary Rules of Professional Conduct.	

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
81.072 General Disciplinary and Disability Procedures	(f) Responses to the survey provided for in Subsection (b) (12) may not identify either the complaint or attorney and shall be open to the public. The topics must include: (1) treatment by the grievance system staff and volunteers; (2) the fairness of grievance procedures; (3) the length of time for grievance processing; (4) disposition of the grievance; and (5) suggestions for improvement of the grievance system.	
81.072 General Disciplinary and Disability Procedures	(i) A panel of a district grievance committee of the state bar the votes on a grievance matter shall disclose to the complainant and the respondent in the matter the number of members of the panel: (1) voting for a finding of just cause; (2) voting against a finding of just cause; and (3) abstaining from voting on the matter.	
81.072 General Disciplinary and Disability Procedures	(j) A quorum of a panel of a district grievance committee of the state bar must include one public member for each two attorney members. *Note: Districts without quorum do not meet	
81.073 Classification of Grievances	(a) The chief disciplinary counsel's office shall classify each grievance on receipt as: (1) a complaint, if the grievance alleges conduct that, if true, constitutes professional misconduct or disability cognizable under the Texas Disciplinary Rules of Professional Conduct; or (2) an inquiry, if: (A) the grievance alleges conduct that, even if true, does Not constitute professional misconduct or disability cognizable under the Texas Disciplinary Rules of Professional Conduct; or (B) the respondent attorney is deceased, has relinquished the attorney's license to practice law in the state to avoid disciplinary action, or is not licensed to practice law in the state (b) A complainant may appeal the classification of a grievance as an inquiry to the Board of Disciplinary Appeals, or the complainant may amend and resubmit the grievance. An attorney against whom a grievance is filed may not appeal the classification of the grievance.	
81.074 Disposition of Inquiries	The chief disciplinary counsel shall: (1) dismiss a grievance classified as an inquiry; and (2) refer each inquiry classified under Section 81.073(a) (2)(A) and dismissed under this section to the voluntary mediation and dispute resolution procedure established under Section 81.072(e).	

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
81.075 Disposition of Complaints	<p>(a) The chief disciplinary counsel shall review and investigate each grievance classified as a complaint to determine whether there is just cause, as defined by the Texas Rules of Disciplinary Procedure.</p> <p>(b) After the chief disciplinary counsel reviews and investigates a complaint:</p> <ul style="list-style-type: none"> (1) if the counsel finds there is no just cause, the counsel shall place the complaint on a dismissal docket; or (2) if the counsel finds just cause: <ul style="list-style-type: none"> (A) the respondent attorney may request a trial in a district court on the complaint in accordance with the procedures adopted by the supreme court; or (B) the counsel shall place the complaint on a hearing docket if the respondent attorney does not request a trial in a district court. <p>(c) A panel of a district grievance committee shall consider each complaint placed on the dismissal docket at a closed hearing without the complainant or the respondent attorney present. The panel may:</p> <ul style="list-style-type: none"> (1) Approve the dismissal of the complaint and refer the complaint to the voluntary mediation and dispute resolution procedure established under Section 81.072 (e); or (2) Deny the dismissal of the complaint and place the complaint on a hearing docket. <p>(d) A panel of a district grievance committee shall conduct a hearing on each complaint placed on the hearing docket. The commission and the respondent attorney are parties to the hearing, and the chief disciplinary counsel presents the complainant's case at the hearing. Each party may seek and the panel may issue a subpoena to compel attendance and production of records before the panel. Each party may conduct limited discovery in general accordance with the Texas Rules of Civil Procedure as prescribed by rules of the supreme court.</p> <p>(e) After conducting a hearing under Subsection (d), the panel of district grievance committee may:</p> <ul style="list-style-type: none"> (1) Dismiss the complaint and refer to the voluntary mediation and dispute resolution procedure established under Section 81.072 (e); (2) Find that the respondent attorney suffers from a disability and forward that finding to the Board of Disciplinary Appeals for referral to a district disability committee; or (3) Find that professional misconduct occurred and impose sanctions. 	
81.0751 Appeals	<p>(a) The commission or a respondent attorney may appeal:</p> <ul style="list-style-type: none"> (1) a finding of a panel of a district grievance committee under Section 81.075 (e) only to the Board of Disciplinary Appeals; 	

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
	<p>(2) a finding of the Board of Disciplinary Appeals to the supreme court; and</p> <p>(3) a judgement of a district court as in civil cases generally.</p>	
81.0752 Confidentiality	<p>(a) All types of information, proceedings, hearing transcripts, and statements presented to a panel of a district grievance committee are confidential and may not be disclosed to any person other than the chief disciplinary counsel unless:</p> <p>(1) disclosure is ordered by a court; or</p> <p>(2) the panel finds that professional misconduct occurred and a sanction other than a private reprimand is imposed against the respondent attorney.</p>	
81.076 Commission for Lawyer Discipline	<p>(a) The Commission for Lawyer Discipline shall review the structure, function, and effectiveness of the disciplinary and disability procedures implemented pursuant to this chapter and supreme court rules.</p> <p>(b) The commission is a standing committee of the state bar. The commission is composed of 12 persons. Six members must be attorneys, and six members must not be attorneys. The president of the state bar appoints the attorney members. The supreme court appoints the public members. The public members may not have, other than as consumers, an interest, direct or indirect, in the practice of law or the professional of law. The supreme court may remove any member for good cause.</p> <p>(c) Members serve staggered three-year terms with one-third of the members' terms expiring each year.</p>	
81.078 Disciplinary Proceedings	<p>(a) Except as provided by Subsection (b), until an attorney has been convicted of the charges for disbarment pending against the attorney may be suspended from the practice of law only if the attorney concurs in an order of suspension entered by the grievance committee.</p>	
81.079 Public Notification and Information	<p>(a) To provide information to the public relating to the attorney grievance process, the state bar shall:</p> <p>(1) develop a brochure written in Spanish and English describing the bar's grievance process;</p> <p>(2) establish a toll-free "800" telephone number for public access to the chief disciplinary counsel's office in Austin and list the number in telephone directories statewide;</p> <p>(3) describe the bar's grievance process in the bar's telephone directory listings statewide; and</p> <p>(4) make grievance forms written in Spanish and English available in each county courthouse.</p>	
Sec. 81.084 Grievance Tracking System	<p>(a)The chief disciplinary counsel shall create and maintain a grievance tracking system for grievances filed and disciplinary decisions issued under this subchapter.</p> <p>(b)The grievance tracking system must:</p> <p>(1) associate each rule violation or instance of ethical misconduct with the sanction imposed or final action taken for the violation or misconduct in a diversionary procedure adopted under state bar rules;</p>	

Section	Texas Government Code Chapter 81 State Bar Requirement	SBOT Process(es) Meets Requirement
	<p>(2) address whether a sanction decision aligns with the sanction guidelines adopted under Section 81.083 (Sanction Guidelines);</p> <p>(3) specify the district grievance committee or district judge that imposed the sanction to evaluate sanction patterns within the disciplinary districts and facilitate training for district grievance committee members; and</p> <p>(4) include sufficient information to evaluate and track disciplinary trends over time.</p> <p>(c)The chief disciplinary counsel shall:</p> <p>(1) periodically evaluate and report information gathered in the grievance tracking system to the commission and district grievance committee members; and</p> <p>(2) post the information reported under Subdivision (1) on the state bar’s Internet website.</p>	

Texas Rules of Disciplinary Conduct

Section	Texas Rules of Disciplinary Procedure	SBOT Process(es) Meets Requirement
2.02 Composition of Members	<p>All Committee panels must be composed of two-thirds attorneys and one-third public members. Each member of the Committee shall reside within or maintain his or her principal place of employment or practice within the District for which appointed. Public members may not have, other than as consumers, any financial interest, direct or indirect, in the practice of law.</p> <p>*Note: Districts without quorum do not meet</p>	
2.07 Duties of Committees	<p>No panel may consist of more than one-half of all members of the Committee or fewer than three members. If a member of a panel is disqualified, recused or otherwise unable to serve, the chair shall appoint a replacement. Panels must be composed of two attorney members for each public member. A quorum must include at least one public member for every two attorney members present and consists of a majority of the membership of the panel, and business shall be conducted upon majority vote of those members present, a quorum being had.</p> <p>*Note: Districts without quorum do not meet</p>	
2.10 Classification of Grievances	<p>The Chief Disciplinary Counsel shall within thirty days examine each Grievance received to determine whether it constitutes an Inquiry, a Complaint, or a Discretionary Referral.</p>	
2.11 Venue	<p>Venue of District Grievance Committee proceedings shall be in accordance with the following:</p> <p>A. Investigatory Panel Proceedings. Proceedings of an Investigatory Panel shall be conducted by a Panel for the county where the alleged Professional Misconduct occurred, in whole or in part. If the acts or omissions complained of occurred wholly outside the State of Texas, proceedings shall be conducted by a Panel for the county of Respondent’s residence and, if Respondent has</p>	

Section	Texas Rules of Disciplinary Procedure	SBOT Process(es) Meets Requirement
	<p>no residence in Texas, by a Panel for Travis County, Texas.</p> <p>B. Summary Disposition Panel Proceedings. Proceedings of a Summary Disposition Panel shall be conducted by a Panel for the county where alleged Professional Misconduct occurred, in whole or in part. If the acts or omissions complained of occurred wholly outside the State of Texas, proceedings shall be conducted by a Panel for the country of Respondent’s residence and, if Respondent has no residence in Texas, by a Panel for Travis County, Texas.</p> <p>C. Evidentiary Panel Proceedings. Proceedings of an Evidentiary Panel shall be conducted by a Panel for the county where Respondent’s principal place of practice is maintained; or if the Respondent maintains neither a residence nor a place of practice within the State of Texas, then in the county where the alleged Professional Misconduct occurred, in whole or in part. In all other instances, venue is in Travis County, Texas.</p>	
<p>2.12 Investigation and Determination of Just Cause</p>	<p>A. The Chief Disciplinary Counsel will investigate a Complaint to determine whether Just Cause exists.</p> <ol style="list-style-type: none"> 1. General Rule: The Chief Disciplinary Counsel must make a Just Cause determination within 60 days of the date that the Respondent’s response to the Complaint is due. 2. Exceptions: The Just Cause determination date is extended to 60 days after the latest of: <ol style="list-style-type: none"> a. The date of compliance specified in any investigatory subpoena issued by the Chief Disciplinary Counsel; b. The date of any enforcement order issued by a district court under (E); or c. The date that an investigatory hearing is completed. 	
<p>2.15 Election</p>	<p>A Respondent given written notice of the allegations and rule violations complained of, in accordance with Rule 2.14, shall notify the Chief Disciplinary Counsel whether the Respondent seeks to have the Complaint heard in a district court of proper venue, with or without a jury, r by an Evidentiary Panel of the Committee. The election must be in writing and served upon the Chief Disciplinary Counsel no later than twenty days after the Respondent’s receipt of written notification pursuant to Rule 2.14. If the Respondent timely elects to have the Complaint heard in a district court, the matter will proceed in accordance with Part III hereof. If the Respondent timely elects to have the Complaint heard by an Evidentiary Panel, the matter will proceed in accordance with Rules 2.17 and 2.18. A Respondent’s failure to timely file an election shall conclusively be deemed as an affirmative election to proceed in accordance with Rules 2.17 and 2.18.</p>	

Section	Texas Rules of Disciplinary Procedure	SBOT Process(es) Meets Requirement
2.17 Evidentiary Hearings	Within fifteen days of the earlier of the date of Chief Disciplinary Counsel's receipt of Respondent's election or the day following the expiration of Respondent's right to elect, the chair of a Committee having proper venue shall appoint an Evidentiary Panel to hear the Complaint. The Evidentiary Panel may not include any person who served on a Summary Disposition or an Investigatory Panel that heard the Complaint and must have at least three members but no more than one-half as many members as on the Committee. Each Evidentiary Panel must have a ratio of two attorney member for every public member.	
2.20 Notice of Decision	The Complainant, the Respondent, and the Commission must be notified in writing of the judgement of the Evidentiary Panel. The notice sent to the Respondent and the Commission must clearly state that any appeal of the judgement must be filed with the Board of Disciplinary Appeals within thirty days of the date of the notice. If the Evidentiary Panel finds that the Respondent committed professional misconduct, a copy of the Evidentiary Petition and the judgement shall be transmitted by the Office of the Chief Disciplinary Counsel to the Clerk of the Supreme Court. The Clerk of the Supreme Court shall make an appropriate notation on the Respondent's permanent record.	
2.25 Disposition on Appeal	The Board of Disciplinary Appeals may, in any appeal of the judgement of an Evidentiary Panel within its jurisdiction: <ul style="list-style-type: none"> A. Affirm the decision of the Evidentiary Panel, in whole or in part; B. Modify the Evidentiary Panel's judgement and affirm it as modified; C. Reverse the decision of the Evidentiary Panel, in whole or in part, and render the judgement that the Evidentiary Panel should have rendered; D. Reverse the Evidentiary Panel's judgement and remand the Disciplinary Proceeding for further proceeding by either the Evidentiary Panel or a statewide grievance committee panel composed of members selected from state bar districts other than the district from which the appeal was taken. E. Vacate the Evidentiary Panel's judgement ad dismiss the case; or F. Dismiss the appeal. 	
2.26 Remand to Statewide Grievance Committee Panel	In determining whether a remand is heard by a statewide grievance committee panel, the Board of Disciplinary Appeals must find that good cause was show in the record on appeal. The Board of Disciplinary Appeals shall randomly select the members of the statewide grievance committee panel from grievance committees other than the district from which the appeal was taken. Six such members shall be selected, four of whom are attorneys and two of whom are public members. The statewide grievance committee panel, once selected, shall have all duties and responsibilities of the Evidentiary Panel for purposes of the remand.	

State Bar of Texas Board of Directors Policy Manual (Client Security Fund)

Section	SBOT Policy Requirement	SBOT Process(es) Meets Requirement
6.03.02 Administration of Disciplinary System	The Office of the Chief Disciplinary Counsel shall administer the attorney discipline and disability system in accordance with the Texas Rules of Disciplinary Procedure and as directed by the Commission.	
6.03.03 Filing of Complaints	Allegations of professional misconduct against any member of the State Bar shall be filed with the Office of the Chief Disciplinary Counsel.	
6.03.04 Ethics Opinions	The Chief Disciplinary Counsel shall maintain as a service to the members of the Bar, a toll-free Attorney Ethics Helpline, operated from 8:00 a.m. to 5:00 p.m., Monday through Friday. The Ethics Helpline is designated to assist members of the State Bar who have questions about their ethical obligations to clients, courts, and public under the Texas Disciplinary Rules of Professional Conduct. The advice shall be given orally to members of the State Bar, but such advice shall not be binding on grievance committees or the State Bar. No advice may be given to a member of the State Bar if the advice relates to a matter that is pending in the disciplinary system. No options on ethical or unauthorized practice of law matters shall be given to non-members of the State Bar of Texas.	
6.03.05 Grievance Committee Training	The Office of Chief Disciplinary Counsel shall conduct annual training sessions for all grievance committee members. The training shall include, among other topics, structure of the attorney discipline system, grievance procedure, and committee organization, duties and authority with appropriate references to the Texas Disciplinary Rules of Professional Conduct and the Texas Rules of Disciplinary Procedure. In addition, members shall be provided with a procedural guide on conducting evidentiary hearings.	
6.04.01 General	All grievance committees shall be duly organized and shall carry out the duties of office in accordance with the Texas Rules of Disciplinary Procedure and this Policy Manual.	

State Bar of Texas Board of Directors Policy Manual (Client Security Fund)

Section	SBOT Policy Requirement	SBOT Process(es) Meets Requirement
3.08.02 (B) Administration of the Fund	The Client Security Fund shall be administered through the Office of the Chief Disciplinary Counsel and the Client Security Fund Subcommittee (“the Subcommittee”). The Client Security Fund Subcommittee operates as a standing subcommittee of the Discipline and Client Attorney Assistance Committee.	
3.08.02 (D) Funding of the Client Security Fund	(1) Corpus. The Client Security Fund corpus shall be maintained at an amount of not less than \$2,000,000. Any amount exceeding 2,000,000 in the corpus may be withdrawn to fund grants. (2) Investment Portfolio. The Executive Director shall establish a separate portfolio of investments to constitute the assets of the Client Security Fund. (3) Funding for Grants. Funding sources include: (a) An appropriation of not less than \$300,000 made annually from the State Bar’s general fund; (b) Interest earned on the corpus during the fiscal year; (c) Restitution and/or reimbursements to the Fund during the fiscal year; (d) Any funds deposited into the corpus through funds collected from outside sources; and (e) Any funds deposited into the corpus from unused money available for grants.	
3.08.02 (E) Application Forms	(1) The Subcommittee shall prepare a form of application for grant. (2) The application shall be sworn and executed by the applicant under penalty of perjury and shall require, as minimum information, the following: (a) The name and address of the lawyer; (b) The amount of alleged loss; (c) The date or period of time during which the alleged loss was incurred; (d) The date on which the alleged loss was discovered; (e) The name and address of the applicant; (f) A general statement of facts relative to the application; (g) A statement that the applicant has read these rules and agrees to be bound by them; (h) A statement that the loss was not covered by any insurance, indemnity, or bond or, if so covered, the name and address of the insurance or bonding company, if known, and the extent of the coverage and the amount of payment, if any, made; and (i) A statement that the applicant agrees that the result of the investigation together with all evidence in connection with it shall remain confidential.	
3.08.02 RULE 6 Eligibility for	Eligibility for Application—Grievance Process (A) Unless paragraph (B) applies, the applicant must first file a grievance against the lawyer and cooperate in all grievance proceedings by	

Section	SBOT Policy Requirement	SBOT Process(es) Meets Requirement
<p>Application—Grievance Process RULE 7 Eligibility for Application—Timely Filing of Application</p>	<p>the Bar against the lawyer as a prerequisite to the application for grant. (B) An applicant is not required to file a grievance against the lawyer as a condition precedent to filing an application if the lawyer: (1) is deceased, (2) has already been disbarred by the State Bar of Texas, (3) has been adjudicated as mentally incompetent, or (4) has resigned in lieu of discipline.</p> <p>Eligibility for Application—Timely Filing of Application (A) All applicants must file a timely application for grant with the Office of the Chief Disciplinary Counsel in Austin, Texas. (B) When an applicant is required to file a grievance against the lawyer as set forth in Rule 6(A), an application is considered timely if it is filed within 18 months after the final disciplinary judgment is rendered on that grievance. (C) When an applicant is not required to file a grievance as set forth in Rule 6(A), in no case shall a grant from the Fund be approved when it is filed longer than four years from the time the loss was discovered or should have been discovered. (D) Failure to file a timely application for grant shall result in dismissal and rejection of the application unless the Subcommittee finds good cause for the late filing. The Subcommittee has the sole and final discretion to consider whether good cause exists for an applicant filing a late application for grant</p>	
<p>3.08.02 Rule 13 Maximum Reimbursement Limits</p>	<p>Regardless of the amount of the loss proven in the application for grant, no application shall be approved for a grant in excess of \$40,000 for losses to any one applicant arising out of the dishonest conduct. Multiple applicants having losses arising out of the same transaction may be considered by the Subcommittee to constitute one loss subject to the \$30,000 cap on grants.</p>	