



# STATE BAR OF TEXAS

## Internal Audit Services

AN INTERNAL AUDIT OF

### Minimum Continuing Legal Education Program

Report No. 22-002

January 5, 2022



**McConnell Jones**  
Diverse Thinking | Unique Perspectives

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.

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# McConnell Jones

January 5, 2022

Mr. David N. Calvillo  
State Bar of Texas (SBOT) Audit & Finance Committee  
1414 Colorado Street, 3<sup>rd</sup> Floor  
Austin, TX 78701

Dear Mr. David N. Calvillo and Audit & Finance Committee Members:

Attached is Internal Audit Report #22-002 Minimum Legal Continuing Education (MCLE) Program Audit. This audit was performed as part of the approved Annual Internal Audit Plan.

Our review concluded that some improvement is needed for sponsor accreditation renewals, and that the State Bar of Texas' MCLE Department has implemented effective management controls and processes to ensure that the MCLE program fulfills their duties of protecting the public through monitoring member compliance with statutory required continuing education requirements. We identified two findings and four opportunities to enhance existing processes or controls.

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

Sincerely,

*Darlene Brown*

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## Report Highlights

### Minimum Continuing Legal Education Program Audit

#### **Why Was This Review Conducted?**

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

#### **Audit Objectives and Scope**

The purpose of this audit was to assess the State Bar of Texas' Minimum Continuing Legal Education (MCLE) Program to ensure the MCLE program fulfills their duties of protecting the public through monitoring member compliance with statutory required continuing education requirements.

The audit scope period was June 1, 2020 through September 30, 2021.

#### **Audit Focus**

The audit scope included the following functions:

1. Compliance with applicable regulations and policies.
2. Revenue. - Cash handling, including credit cards and checks.
3. Member Accounts. - Recording CLE activity, recording penalties, recording updates.
4. Sponsor Accreditation. - Accreditation review process, fee assessment and collection.
5. Course Accreditation. - CLE material review process.
6. MCLE Website. - MCLE content, updates, and accessibility.
7. Communication and Reporting. - Reports to the MCLE Committee are complete, timely, and accurate.



*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**

Our review concluded that overall, there is some improvement needed regarding the CRM system access rights. MCLE has an effective management control structure and processes to ensure that the MCLE program is fulfilling its duties to protect the public through monitoring member compliance with statutory required continuing education requirements as well as for the assessment and collecting of related fees.

We noted the CRM system access enables all MCLE Department staff to perform the same activities. This creates a potential for individuals to perform tasks that are outside of their job responsibilities without approval.

#### **Internal Control Rating**

Some Improvement Needed.

#### **What Did We recommend?**

- Update MCLE staff access rights to meet the requirements of their respective job roles and responsibilities.

The remaining recommendations included in this report are improvement opportunities for management to achieve or implement best practices.

#### **Number of Findings/Opportunities by Risk Rating**

Category	High	Medium	Low	Total
Findings	0	1	0	1
Improvement Opportunities	0	1	2	3

## INTRODUCTION



*McConnell & Jones LLP (MJ) performed an internal audit of the Minimum Continuing Legal Education (MCLE) Program processes.*

We performed this audit as part of the approved Annual Internal Audit Plan. We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS 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 during the audit 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.

## OBJECTIVES



*The purpose of this audit was to assess the State Bar of Texas' Minimum Continuing Legal Education (MCLE) Program to ensure the MCLE program fulfills their duties of protecting the public through monitoring member compliance with statutory required continuing education requirements.*

The mission of the State Bar of Texas (SBOT) is to support the administration of the legal system, ensure all citizens equal access to justice, foster high standards of ethical conduct for lawyers, enable its members to better serve their clients and the public, educate the public about the rule of law, and promote diversity in the administration of justice and the practice of law.

The purpose of this audit was to assess management's controls and business processes in place to ensure:

1. MCLE processes are compliant with the Texas Gov't code 81.113 Continuing Legal Education and the State Bar Rules Article 12.
2. MCLE revenue processes ensure collections, deposits, and refunds are processed in a complete, timely and accurate manner and reduce theft potential?
3. MCLE processes ensure member accounts reflect accurate information including CLE activity, penalties assessed, and status.
4. MCLE processes ensure all course sponsors meet accreditation requirements (including payment of fees) to receive accredited status and benefits.
5. MCLE course accreditation process is efficient, timely and ensure that sponsors meet accreditation standards set by MCLE Committee. The MCLE website displays current, accurate content and meets accessibility requirements.
6. Reports provided to the MCLE Committee are complete, timely, and accurate.

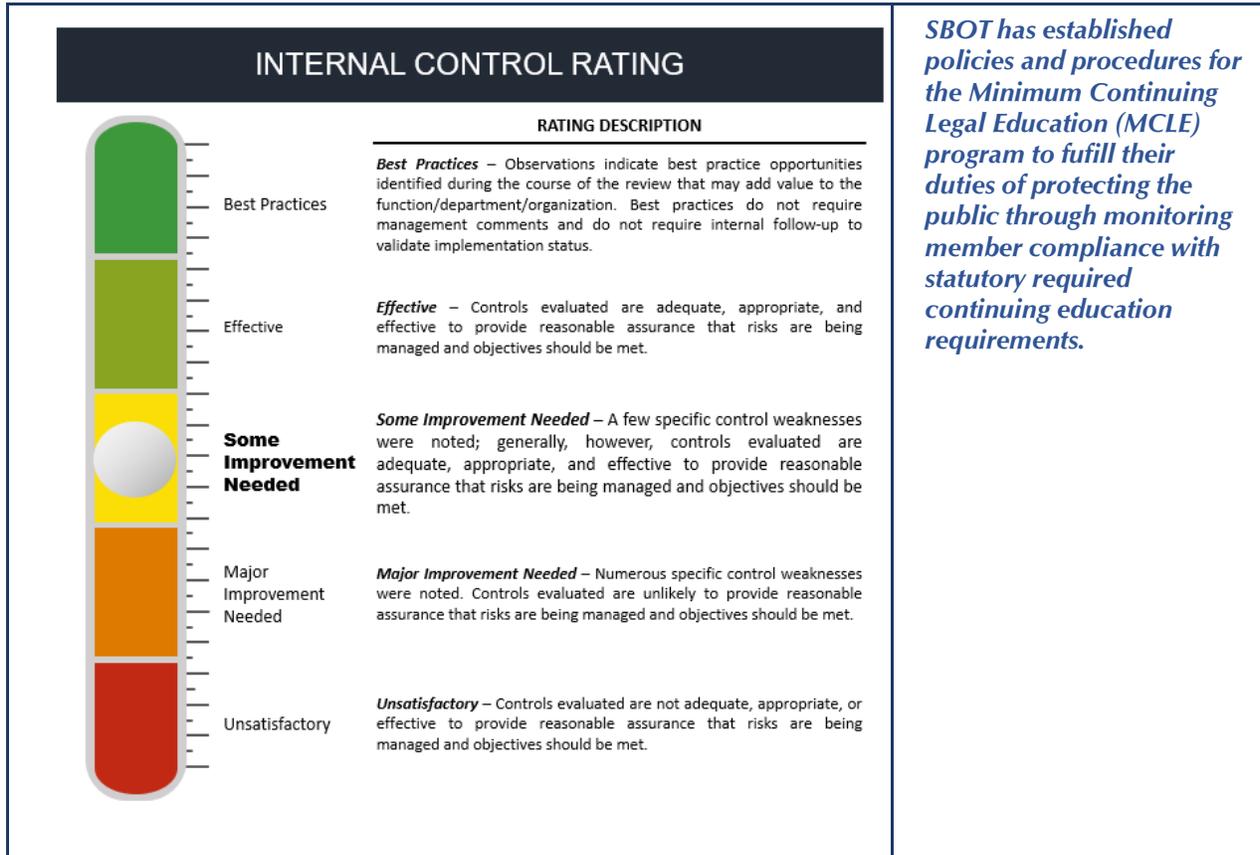
## FINDING VS IMPROVEMENT OPPORTUNITY

We define a finding as an internal control weakness or non-compliance with required policy, law, or regulation. We define an improvement opportunity as an area where the internal control or process is effective as designed but can be enhanced.

## CONCLUSION AND INTERNAL CONTROL RATING



This audit identified findings that resulted in an overall internal control rating of **Some Improvement Needed**. *Exhibit 1* describes the internal control rating.



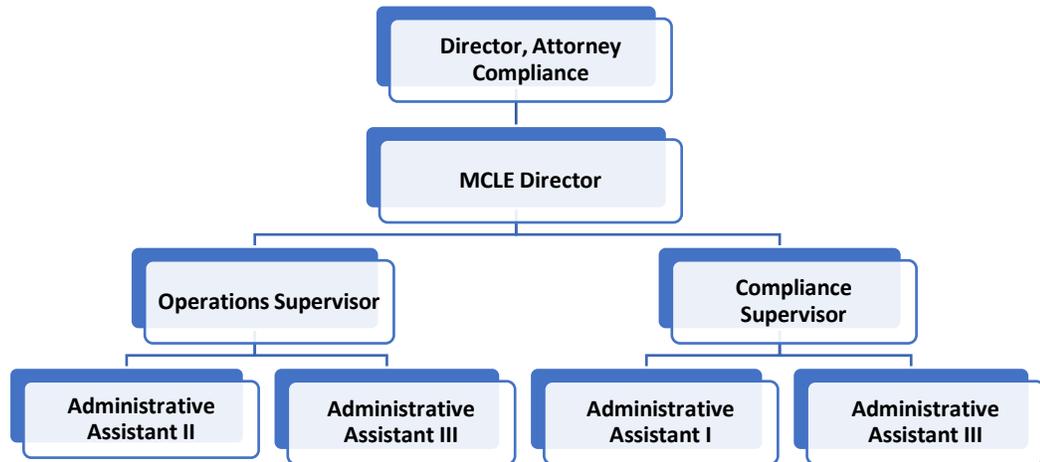
**Exhibit 1: Internal control rating description.**

## BACKGROUND

The MCLE Department’s primary functions are:

- Ensuring members maintain their minimum continuing education requirements;
- Assessing and collecting fees for member non-compliance with the continuing education requirements and reinstatements;
- Accrediting courses submitted by sponsors and members as well as assessing fees for the accreditation;
- Reviewing CLE materials for accreditation requirements; and
- Supporting the Minimum Continuing Legal Education Committee of the State Bar of Texas.

**Exhibit 2** provides the MCLE Department organization.



**Exhibit 2: SBOT MCLE Department Organization.**

The SBOT’s Rules (amended October 2021), Article XII, creates the MCLE Department, delineates the purpose of the MCLE program, and establishes a MCLE Committee and its composition. The MCLE Committee is responsible for developing the accreditation standards of all courses and making final determination of appeals regarding denied course applications.

MCLE is a high-volume department in terms of accrediting sponsors and courses, monitoring attorney CLE status, and collecting revenues. The following is an overview of MCLE activities.

- 1,066** Active sponsors.
- 39,400** Accredited courses.
- 804** Administrative suspensions processed during the audit period.
- 536** member reinstatements processed during the audit period.
- 3,555** Administrative suspension calls placed to attorneys.
- \$4.04 Million** fees collected from members, sponsors, courses, late fees, and non-compliance fees.
- \$2.50 Million** in Sponsor Fees
- \$1.53 Million** in Member Fees
- 87%** of Member Fees are Non-Compliance Fees

MCLE’s website, [texasbarcle.com](http://texasbarcle.com), is a key tool in communicating with SBOT’s members. A review of the website’s accessibility using Microsoft 365 Lighthouse, a tool used to determine whether a page is properly marked up for screen readers and whether the text elements on a page provide sufficient contrast ratios, showed an accessibility score of 69; best practice score is 73. Taking the following actions would increase the MCLE website accessibility best practice score:



**MCLE Website**

MCLE’s website/page rated a 69 of a possible 73 points for the Microsoft 365 Lighthouse score that measures accessibility.

- o Increase background and foreground color contrast.
- o Verify image elements have [alt] attributes.
- o Verify form elements have associated labels.

### OBSERVATION AND RISK RATING SUMMARY



**Exhibit 3** provides a summary of our improvement opportunities noted. See the business objective section of this report for a discussion of all issues identified, recommendations, and management responses.

Our assessment resulted in one (1) control weakness and three (3) opportunities for improvement for management to consider. The table below summarizes these.

Focus Area Statement	Business Risk Ranking	Control Effectiveness	Recommendation
1. Are non-compliance penalties consistently applied to member accounts?	Medium	Generally Effective	None
2. Are processes in place to ensure member and public accounts are accurate, complete, and updated in a timely manner?	High	Generally Effective	None
3. Are processes in place to ensure that member attendance at CLE courses is reported and recorded to member accounts in a complete, accurate and timely manner?	Medium	Generally Effective	None
4. Are course accreditations completed in a timely manner?	High	Generally Effective	None
5. Are adequate internal controls and segregation of duties in place over member accounts, revenue collection, revenue recording and deposits?	High	Some Improvement Needed – All staff have the same access in CRM.	Update staff access rights to limit capabilities to those needed to perform their job roles and responsibilities.

Focus Area Statement	Business Risk Ranking	Control Effectiveness	Recommendation
6. Are controls in place to ensure that CLE materials are reviewed thoroughly for requirements and that reviews are documented and completed in a timely manner?	High	Generally Effective	None
7. Is the course accreditation process effective and efficient?	Medium	Generally Effective	None
8. Are processes in place to ensure the MCLE website is accurate, updated in a timely manner and user friendly?	High	Generally Effective	None
9. Are reports and information generated for the Minimum Continuing Legal Education complete, accurate and timely?	Medium	Generally Effective	None

## DETAILED FINDINGS 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.*

The Texas Government Code Chapter 81 State Bar (State Bar Act), the State Bar Rules, the State Bar of Texas Board of Directors Policy Manual, and the Texas MCLE Regulations describe requirements for the agency to follow regarding the Minimum Continuing Legal Education program.

- 1** Texas Government Code Chapter 81 State Bar requirement.
- 5** State Bar of Texas Board of Directors Policy Manual requirements.
- 10** State Bar Rules, Article XII Minimum Continuing Legal Education Rules requirements.
- 11** Texas MCLE Regulations requirements.
- 3** Accreditation Standards for CLE Activities requirements.

### **Business Objective #1: Monitoring MCLE Compliance with Statutorily Required Continuing Education Requirements.**

**Risk Rating: High**

1. Are non-compliance penalties consistently applied to member accounts?
2. Are processes in place to ensure member and public accounts are accurate, complete, and updated in a timely manner?
3. Are processes in place to ensure that member attendance at CLE courses is recorded to member accounts in a complete, accurate and timely manner?
4. Are adequate internal controls and segregation of duties in place over member accounts, revenue collection, revenue recording and deposits?

Audit procedures applied to determine compliance with these requirements included:

- ✓ Conducted interviews with MCLE staff and Accounting & Finance staff.
- ✓ Reviewed system access and user roles to ensure adequate segregation of duties and audit trails.
- ✓ Reviewed revenue collection, receipting, reporting, deposit, and reconciliation processes for adequate segregation of duties.



**CONCLUSION**

MCLE processes ensure members are in compliance with MCLE reporting requirements.

- ✓ Reviewed process for updating the MCLE website content and monitoring accessibility.
- ✓ Performed sample testing of revenues collected to ensure deposits were made in a complete, accurate and timely manner.
- ✓ Performed sample testing of member records for accuracy and timely updates.

- ✓ Performed sample testing of sponsor and member course accreditations for accuracy, completeness, timeliness, correct updates to accounts and assessment of fees.
- ✓ Performed sample testing of CLE material reviews to ensure reviews were timely and documented.
- ✓ Performed sample testing of reports and information provided to the MCLE Committee for completeness and accuracy.
- ✓ Performed sample testing of MCLE Committee meeting minutes for decision execution.

### *Policies and Procedures*

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

We also reviewed MCLE Committee composition to determine that they were in compliance with requirements. We noted that the composition of the committee adheres to the requirements.

### **Observations**

1. During our review of the MCLE Department employees' access roles in Microsoft CRM, we noted even though each MCLE Department staff has varying responsibilities, all staff has the same access rights. This creates a potential exposure for individuals to perform tasks that are outside of their job responsibilities without approval.
2. Two (2) system admin accounts (MCLE ProdServiceAcct and MCLEServiceAcct) were identified and are accessible by CIO and two System software developers to run scripts. These types of accounts have the ability to perform create, read, update, and delete functions within the system creating a potential exposure.

### **Recommendations**

#### *Finding Recommendation*

1. Update MCLE staff access rights to meet the requirements of the roles and responsibilities. Remove blanket access for employees that do not need the respective access based upon their job requirements. If it is not feasible to remove blanket access, implement the usage of edit reports to review weekly for potential unauthorized changes.

#### *Opportunity for Improvement Recommendation*

Review CRM activity and/or audit logs on a quarterly basis to ensure:

1. Tasks (edit, delete, etc.) performed are authorized and approved
2. Changes to scripts developed have been approved and are limited in their activities.

### **Managements Response**

*Due to the small size of our department, it is necessary to have MCLE staff is cross-trained and to backup each other up. This includes the need to edit certain records such as charges, payment, and attendance when necessary. Staff does not have access to edit key records, e.g., attorney compliance records. To address this risk, management agrees with implementing the usage of CRM edit reports and review on a weekly/bi-weekly basis.*

## Business Objective #2: Sponsor & Course Accreditation Processes Meet Accreditation Requirements.

### Risk Rating: High

1. Are course accreditations completed in a timely manner?
2. Are controls in place to ensure that CLE materials are reviewed thoroughly for requirements and that reviews are documented and completed in a timely manner?
3. Is the course accreditation process effective and efficient?

The MCLE Committee may approve a sponsoring organization (sponsor) to receive accreditation status for all of the CLE activities presented by the sponsor. To be eligible for accredited status, the sponsor must show a history of:

- Consistently providing quality CLE programming for lawyers that meets the requirements of Article XII of the State Bar Rules, the MCLE Regulations and the Accreditation standards for CLE Activities for a period of at least two years, and
- Provide ten (10) or more CLE activities per calendar year.

<b>1,066</b> Active Sponsors for 2022	<b>\$2.50 Million</b> in Sponsor Fees
<b>329</b> Accredited Sponsors for 2022	<b>57%</b> of Sponsor Fees from Course Fees
<b>39,400</b> Accredited courses	<b>40%</b> of Sponsor Fees from Late Fees
	<b>&gt;2%</b> of Sponsor Fees from Accreditation Fees

Audit procedures applied to determine compliance with these requirements included:

- ✓ Tested 100% of non-accredited sponsors that submitted an application to become an accredited sponsor.
- ✓ Verified the accuracy, completeness of application, including signatures.
- ✓ Reviewed course history of sponsors to determine compliance with MCLE Regulation, Sections 10.3.1 and 10.3.2.
- ✓ Obtained evidence of fees assessed and paid by sponsors
- ✓ Obtained evidence of notification letter sent to sponsor once approved for accreditation.
- ✓ Interviewed the MCLE Director, Director- Attorney Compliance, MCLE Operations Manager, and Compliance Supervisor.



**CONCLUSION**

Internal control processes are in place to ensure the MCLE program sponsors meet accredited status requirements. However, some improvement is needed with documenting Sponsor reviews to comply with MCLE Regulations.

### *Accreditation Regulations and Current Practices*

We reviewed MCLE regulations, current practices, as well as conducted interviews and perform sample testing of the Sponsor Accreditation process.

We also reviewed MCLE Committee composition to determine that they were in compliance with requirements. We noted that of the composition of the committee adheres to the requirements.

### ***Observations***

1. There is no evidence of a review and signoff within CRM for courses submitted by accredited sponsors.

### ***Recommendations***

#### *Opportunity for Improvement Recommendation*

- Consider enhancing the current review process for accredited sponsors to update status, person who reviewed, and date completed them in the CRM system.

### ***Managements Response***

*None required.*

### **Business Objective #3: Communications to Members, Sponsors and MCLE Committee, are Complete, Accurate, Relevant and Timely**

#### **Risk Rating: High**

1. Are processes in place to ensure the MCLE website is accurate, updated in a timely manner and user friendly?
2. Are reports and information generated for the Minimum Continuing Legal Education complete, accurate and timely?

The MCLE website, <https://www.texasbarcle.com/CLE/Home.asp> is the agency's primary source of communication to its 113,000 active members and 384 active sponsors on continuing education. The My Bar website provide members a means to self-report their CLE's. The MCLE Director ensures that the website is current with course changes and regulatory changes.

The MCLE Committee administers the program of minimum continuing education established by State Bar Rules. The committee's responsibilities include:

- Propose new regulations and prepare forms pertaining to continuing legal education;
- Submit all proposed changes to continuing legal education, forms, modifications, or amendments to the Board for approval, and upon such approval, shall be published in the *Texas Bar Journal*.
- Develop criteria for the accreditation of continuing legal education activities and designate number of hours to be earned by participation in such activities.
- Review member complaints concerning CLE sponsors and CLE activities
- Approve to a sponsoring organization for all of the CLE activities presented by such organization that conform to Section 10.1.

The MCLE Department provides reports and information to the MCLE Committee to carry out their responsibilities.

Audit procedures applied to determine compliance with these requirements included:

- ✓ Conducted interviews with MCLE staff.
- ✓ Reviewed process for updating the MCLE website content and monitoring accessibility.
- ✓ Performed sample testing of reports and information provided to the MCLE Committee for completeness and accuracy.
- ✓ Performed sample testing of MCLE Committee meeting minutes for decision execution.



### CONCLUSION

Internal control processes are in place to ensure through the MCLE website and to the MCLE Committee are complete, accurate, relevant, and timely are effective.

One opportunity for improvement was identified.

### Communications to Members, Sponsors, and MCLE Committee

We reviewed the MCLE website and the process for changes to the pages for completeness, accuracy, relevancy, and timeliness of its content.

We also reviewed a list of key reports provided to the MCLE Committee determine that they were complete, accurate, and contained information for the committee to evaluate and make decisions based on the issues presented.

### Observations

1. Internal controls over MCLE Website are effective.
2. Internal controls over reports and information to the MCLE committee are effective.
3. A formal change control process for the MCLE Website is not in use.
  - a. Change requests are not formally logged, tracked, or monitored.
  - b. Requests are submitted via email which are retained in email archived folders.

### Recommendations

We had no findings for this area, only an opportunity for improvement which is noted below.

#### Opportunity for Improvement Recommendation

- Implement a formal change management process that logs, tracks, and monitors MCLE website change requests.

### Managements Response

None required.

## 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 SBOT MCLE processes ensure the public is served by individuals that continue to advance their knowledge base through continuing legal education. Each table also includes our assessment of internal controls for the respective business risk, our recommendations to address deficiencies noted, or opportunities to enhance current controls and management’s response.*

<b>1 BUSINESS OBJECTIVE: COMPLIANCE WITH REGULATIONS AND SBOT RULES</b>	
<b>Business Objective</b>	To establish processes and controls that ensure the MCLE program complies with Texas Gov’t code 81.113 Continuing Legal Education and the State Bar Rules Article 12.
<b>Business Risk</b>	MCLE program may not comply with applicable regulations and rules.
<b>Management Controls in Place</b>	<ol style="list-style-type: none"> <li>1. MCLE Committee identifies potential changes /updates to Code 81.113.</li> <li>2. MCLE Committee proposes updated Rules as needed, based on changes to the Code and/or in the social environment.</li> <li>3. SBOT Board of Directors approves any changes to Rules proposed by MCLE Committee.</li> <li>4. State Bar Rules include the required MCLE Committee composition and responsibilities.</li> </ol>
<b>Control Tests</b>	<ol style="list-style-type: none"> <li>1. Compared policies and procedures to Code 81.113.</li> <li>2. Reviewed MCLE Committee proposed updates to rules.</li> <li>3. Compared MCLE Committee recommended amendments to SBOT MCLE regulations to Board of Director Meeting minutes to verify they were approved at the April 16, 2021 meeting.</li> <li>4. Verified MCLE Committee composition complies with policy requirements.</li> <li>5. Reviewed Committee agendas and minutes to identify what was discussed and actions taken.</li> <li>6. Interviewed MCLE Director and team members.</li> </ol>
<b>Control Assessment / Findings</b>	<b>Internal Controls are Effective.</b>
<b>Recommended Actions</b>	None.

2 BUSINESS OBJECTIVE: REVENUE PROCESSES	
<b>Business Objective</b>	To establish controls and revenue processes that ensure collections, deposits, and refunds are processed timely and accurately as well as reduce theft potential.
<b>Business Risk</b>	MCLE revenue may not be processed timely and accurately or reduce potential theft.
<b>Management Controls in Place</b>	<ul style="list-style-type: none"> <li>• SBOT’s Finance Department performs a monthly reconciliation of all transactions with in MCLE system.</li> <li>• SBOT’s Finance Department confirms refund of payments prior to processing.</li> <li>• SBOT’s Finance Department reviews financial information, monthly financial statements, and monitors revenues for variances. The Financial Department works with MCLE staff to investigate variances.</li> <li>• The Director of Attorney Compliance reviews and approves refunds prior submitting to the Finance Department.</li> </ul>
<b>Control Tests</b>	<ul style="list-style-type: none"> <li>• Sampled payments received to verify the deposit and reporting completeness and accuracy on the financial system records and the respective member’s account.</li> <li>• Reviewed Check/Credit Card reconciliations to verify collections equal amounts applied to member accounts.</li> <li>• Sampled refunds issued for validity and authorization, including not refunding more than the initial payment received.</li> <li>• Reviewed system roles and access privileges of Microsoft CRM system.</li> </ul>
<b>Control Assessment / Findings</b>	<p><b>Some Improvement Needed.</b></p> <p>Segregation of duties within the CRM system is not sufficient to prevent unauthorized transactions being processed or changes to the system.</p> <ol style="list-style-type: none"> <li>1. Each MCLE Department staff have varying responsibilities, yet all staff have the same access rights, including processing payments received and initiating refunds. This creates a potential exposure for individuals to perform tasks that are outside of their job responsibilities without approval.</li> <li>2. Two (2) system admin accounts (MCLE ProdServiceAcct and MCLEServiceAcct) were identified and are accessible by CIO and two System software developers to run scripts. These types of accounts have the ability to perform create, read, update, and delete functions within the system creating a potential exposure.</li> </ol>
<b>Recommended Actions</b>	<ul style="list-style-type: none"> <li>• Update MCLE staff access rights to meet the requirements of the roles and responsibilities. If it is not feasible to remove blanket access, implement the usage of edit reports to review weekly for potential unauthorized changes.</li> </ul> <p><b>Opportunity for Improvement:</b></p> <ul style="list-style-type: none"> <li>• Review CRM activity and/or audit logs on a quarterly basis to:             <ol style="list-style-type: none"> <li>a. Ensure that tasks (edit, delete, etc.) performed are authorized and approved</li> <li>b. Changes to scripts developed have been approved and are limited in their activities.</li> </ol> </li> </ul>

3 BUSINESS OBJECTIVE: MEMBER ACCOUNT MAINTENANCE	
<b>Business Objective</b>	To establish controls and processes that ensure member accounts reflect accurate information including CLE activity, penalties assessed, and status.
<b>Business Risk</b>	Member accounts may not accurately reflect their CLE status, payment status, and contact details.
<b>Management Controls in Place</b>	<ol style="list-style-type: none"> <li>1. System configurations are set up to send reporting notifications and reminders to members of their CLE compliance status prior to administrative suspension.</li> <li>2. All attorneys are contacted prior to administrative suspension, a completeness review over the Administrative Suspension List is completed by the MCLE Compliance Supervisor.</li> <li>3. Annual verification reports are sent to members to verify current standing and compliance status.</li> </ol>
<b>Control Tests</b>	<ul style="list-style-type: none"> <li>• Selected a sample of member accounts to verify information and status is correct and updated accurately.</li> <li>• Reviewed non-compliant accounts to verify penalties were appropriately assessed to related attorney's account.</li> <li>• Selected a sample of suspended accounts to determine that the annual verification report was sent, and penalties were assessed in a timely and accurate manner.</li> <li>• Reviewed the Administrative Suspension List to ensure an appropriate segregation of duties was initiated to contact all attorneys prior to final administrative suspension.</li> <li>• Interviewed MCLE Director, MCLE Compliance Supervisor, MCLE Operations Supervisor.</li> </ul>
<b>Control Assessment / Findings</b>	<b>Internal Controls are Effective.</b>
<b>Recommended Actions</b>	None.

4 BUSINESS OBJECTIVE: SPONSOR ACCREDITATION	
<b>Business Objective</b>	To establish controls and processes that ensure sponsors meet accreditation requirements (including payment of fees) to receive accredited status and benefits.
<b>Business Risk</b>	Accredited sponsors may not meet requirements for accreditation status and benefits.
<b>Management Controls in Place</b>	<ul style="list-style-type: none"> <li>• The MCLE Operations Supervisor reviews application requests and history for a sponsor applicant prior to them becoming an accredited sponsor.</li> <li>• Applications for accredited sponsors including profiles are reviewed to ensure they are appropriate including past correspondence and payments.</li> <li>• To receive accreditation, applications must include a course history of two (2) years or more with a minimum of 10 courses approved per year.</li> <li>• Non-accredited sponsors' courses are reviewed once the required fee is received.</li> </ul>

<p><b>Control Tests</b></p>	<ul style="list-style-type: none"> <li>• Tested 100% of non-accredited sponsors that submitted an application to become an accredited sponsor during the audit period.</li> <li>• Verified the accuracy, completeness of application, including signatures.</li> <li>• Reviewed course history of sponsors to determine compliance with MCLE Regulation, Sections 10.3.1 and 10.3.2.</li> <li>• Obtained evidence of fees assessed and paid by sponsors</li> <li>• Obtained evidence of notification letter sent to sponsor once approved for accreditation.</li> <li>• Interviewed the MCLE Director, Director- Attorney Compliance, MCLE Operations Manager, and Compliance Supervisor.</li> </ul>
<p><b>Control Assessment / Findings</b></p>	<p><b>Internal Controls are Effective.</b></p> <p><b>Opportunity for Improvement</b></p> <p>a. Sponsorship renewals are automatically renewed for the new year based on payment received by the anniversary renewal month. We noted that there is no formal process in place to review accredited sponsors to ensure sponsors to ensure they continue to fulfill their responsibilities to remain accredited as required by Section 10.3.5 of the MCLE Regulations.</p>
<p>Recommended Actions</p>	<p><b>Opportunity for Improvement:</b></p> <ul style="list-style-type: none"> <li>• Implement a review process for accredited sponsors, outside of automated annual repayment, to ensure continuous compliance with accredited status requirements.</li> <li>• Require sponsors to meet reporting deadlines regarding course attendance to verify attorneys actually attended training if there are questions or disputes.</li> </ul>
<p><b>Management Response and Action Plan</b></p>	<p>None</p>

<p><b>4 BUSINESS OBJECTIVE: SPONSOR ACCREDITATION</b></p>	
<p><b>Business Objective</b></p>	<p>To establish controls and processes that ensure sponsors meet accreditation requirements (including payment of fees) to receive accredited status and benefits.</p>
<p><b>Business Risk</b></p>	<p>Accredited sponsors may not meet requirements for accreditation status and benefits.</p>
<p><b>Management Controls in Place</b></p>	<ul style="list-style-type: none"> <li>• The MCLE Operations Supervisor reviews application requests and history for a sponsor applicant prior to them becoming an accredited sponsor.</li> <li>• Applications for accredited sponsors including profiles are reviewed to ensure they are appropriate including past correspondence and payments.</li> <li>• To receive accreditation, applications must include a course history of two (2) years or more with a minimum of 10 courses approved per year.</li> <li>• Non-accredited sponsors’ courses are reviewed once the required fee is received.</li> </ul>

4 BUSINESS OBJECTIVE: SPONSOR ACCREDITATION	
<b>Control Tests</b>	<ul style="list-style-type: none"> <li>• Tested 100% of non-accredited sponsors that submitted an application to become an accredited sponsor.</li> <li>• Verified the accuracy, completeness of application, including signatures.</li> <li>• Reviewed course history of sponsors to determine compliance with MCLE Regulation, Sections 10.3.1 and 10.3.2.</li> <li>• Obtained evidence of fees assessed and paid by sponsors</li> <li>• Obtained evidence of notification letter sent to sponsor once approved for accreditation.</li> <li>• Interviewed the MCLE Director, Director- Attorney Compliance, MCLE Operations Manager, and Compliance Supervisor.</li> </ul>
<b>Control Assessment / Findings</b>	<ul style="list-style-type: none"> <li>○ <b>Internal Controls are Effective.</b></li> </ul>
<b>Recommended Actions</b>	<ul style="list-style-type: none"> <li>○ <b>None</b></li> </ul>

5 BUSINESS OBJECTIVE: COURSE ACCREDITATION	
<b>Business Objective</b>	To establish processes and controls that ensure MCLE course accreditation procedures are efficient, effective and comply with accreditation standards set by MCLE Committee.
<b>Business Risk</b>	<ul style="list-style-type: none"> <li>• Courses may receive accreditation without meeting standards.</li> <li>• Course accreditation process may not be efficient or effective.</li> </ul>
<b>Management Controls in Place</b>	<ul style="list-style-type: none"> <li>• The MCLE Committee establishes criteria for course approval and accreditations.</li> <li>• MCLE Department staff performs course reviews by opening the course page and reviewing all content.</li> <li>• The MCLE Committee provides final approval on courses and appeals.</li> <li>• The MCLE Committee provides assistance on educational criteria review and approves all appeals.</li> </ul>
<b>Control Tests</b>	<ul style="list-style-type: none"> <li>• Conducted interviews with the MCLE Director and MCLE Operations Supervisor</li> <li>• Selected a sample of courses to verify that the required standards were met including submission of payment.</li> <li>• Assessed if the MCLE Committee approves courses as required with accreditation standards;</li> </ul>

**5 BUSINESS OBJECTIVE: COURSE ACCREDITATION**

<b>Control Assessment / Findings</b>	<p><b>Internal Controls are Effective.</b>  <b>Opportunity for Improvement.</b></p> <p>1. There is no evidence of a review and signoff within CRM for courses submitted by accredited sponsors.</p>
<b>Recommended Actions</b>	<p><b>Opportunity for Improvement:</b></p> <p>1. Consider enhancing the current review process for accredited sponsors to update status, person who reviewed, and date completed.</p>

**6 BUSINESS OBJECTIVE: MCLE WEBSITE**

<b>Business Objective</b>	To establish processes that ensure MCLE website content is accurate, up to date, and meets accessibility requirements.
<b>Business Risk</b>	MCLE website content may not be accurate, up to date, or meet accessibility requirements.
<b>Management Controls in Place</b>	<ul style="list-style-type: none"> <li>The MCLE Director submits requests to webmaster for content updates and then verifies website content is accurately updated.</li> <li>The MCLE Director submits requests to the IT Senior Software Developer for programmatic updates and verifies website functionality is accurately updated.</li> </ul>
<b>Control Tests</b>	<ul style="list-style-type: none"> <li>Verified that the website accurately reflected a sample of course topic /information.</li> <li>Confirmed the process for accepting, approving, tracking, and logging MCLE website changes and reviews are conducted on an annual basis.</li> <li>Confirmed the approval of changes made to the MCLE Regulations prior to posting to the MCLE website.</li> </ul>
<b>Control Assessment / Findings</b>	<p><b>Internal Controls are Effective.</b>  <b>Opportunities for Improvement</b></p> <p>1. A formal change control process for the MCLE Website is not in use.</p> <ol style="list-style-type: none"> <li>Change requests are not formally logged, tracked, or monitored.</li> <li>Requests are submitted via email which are retained in email archived folders.</li> </ol>
<b>Recommended Actions</b>	<p><b>Opportunities for Improvement:</b></p> <ul style="list-style-type: none"> <li>Implement a formal change management process that logs, tracks, and monitors MCLE website change requests.</li> </ul>

**7 BUSINESS OBJECTIVE: COMMUNICATION AND REPORTING**

<b>Business Objective</b>	To establish processes and controls that ensure reports and information generated for the MCLE Committee are complete, accurate, relevant, and timely.
<b>Business Risk</b>	Reports issued to the MCLE Committee may not be complete, accurate, or timely. This can lead to decision made on incomplete, inaccurate or misleading information.

**7 BUSINESS OBJECTIVE: COMMUNICATION AND REPORTING**

<b>Management Controls in Place</b>	<p>A MCLE Committee report is generated using a standard template which includes the agenda, minutes, appeals, review of suspensions and accreditation issues as needed for committee meetings. Reports include but are not limited to:</p> <ul style="list-style-type: none"> <li>o MCLE Key Report for the MCLE committee including the agenda and supporting documentation for possible appeals, suspensions, and requests for refunds.</li> <li>o Annual Report of the MCLE Committee Final List of MCLE Suspended Attorneys</li> </ul>
<b>Control Tests</b>	<p>1. Verified a list of key reports received or generated by the MCLE Compliance Supervisor and the MCLE Director are complete, accurate, and contained information appropriate for the committee to evaluate and make decisions based upon the issues presented</p>
<b>Control Assessment / Findings</b>	<b>Internal Controls are Effective.</b>
<b>Recommended Actions</b>	None.