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.
February 27, 2019

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

Dear Mr. Foerster and Audit & Finance Committee Members:

Attached is internal audit report #19-003 State Bar Financial Controls Audit. This audit was performed as part of the approved FY 2018 Annual Internal Audit Plan.

We assessed the State Bar of Texas’ (SBOT) internal control effectiveness; compliance with internal policies and procedures; and compliance with Texas Government Code, State Bar of Texas Rules and State Bar of Texas Board of Directors Policy Manual. Our audit scope was focused on the following areas:

- ✔ Payment processing and approvals  
- ✔ Payment monitoring  
- ✔ Vendor File Maintenance  
- ✔ Bank accounts  
- ✔ Bank reconciliations  
- ✔ Revenue collection and reporting  
- ✔ Payroll  
- ✔ Payroll deduction submissions

We determined that the agency’s internal control environment for revenues and disbursements is generally effective. We did identify some opportunities to enhance specific processes; therefore this audit resulted in a rating of some improvement needed. These improvement opportunities are described in the attached report. We discussed these reportable opportunities to enhance internal controls and improve process efficiencies with management.

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

Sincerely,

[Signature]
Ira Wayne McConnell, CPA  
Partner
AUDIT AT A GLANCE

**Purpose**
- To assess SBOT’s internal control effectiveness over revenue collection and disbursement processes.

**Scope**
- June 1, 2017 – May 31, 2018

**Focus**
- Payment processing and approvals
- Payment monitoring
- Vendor File Maintenance
- Bank accounts
- Bank reconciliations
- Revenue collection and reporting
- Payroll
- Payroll deduction submissions

**Internal Control Rating**
- Some improvement needed

**Recommendations**
- Ensure a closer review of the assigned user roles is conducted when performing the annual vendor master file user access reviews.
- Establish a Client Security Funds Subcommittee grant decision summary form.
- Update SBOT Board of Directors Policy Manual Rule #19 to reflect current processes.

### Number of Finds by Risk Rating

<table>
<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

**Acknowledgement**

We wish to thank all staff involved in the audit for their time and efforts. Without their assistance, we would not have been able to complete this audit.
INTRODUCTION

McConnell & Jones LLP (MJ), serving as the outsourced internal audit function (Internal Audit) for the State Bar of Texas (SBOT), performed an internal audit of SBOT’s internal controls and compliance with SBOT’s board policy and internal policies and procedures for certain financial processes.

We performed this audit as part of the approved FY 2018 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 purpose of this audit was to evaluate SBOT’s internal control effectiveness, assess compliance with internal policies and procedures, and identify potential process improvement opportunities. In doing so, we also evaluated management controls in place to ensure that the organization’s business risks are mitigated where possible and that resources are used efficiently.

We designed audit procedures to:

1. Determine whether internal controls over disbursements exist, are effective and are in accordance with State Bar of Texas requirements. These include, but are not limited to:
   ✓ Vendor additions/ modifications
   ✓ Payment processing
   ✓ Payment approval
   ✓ Payment monitoring
   ✓ Disbursement controls will be assessed for the following areas:
     ✓ Chief Disciplinary Counsel Client Security Funds
     ✓ Legal Access Division, including program compliance for key programs
     ✓ Sections

2. To determine whether internal controls over bank account transactions and reconciliations related to the processing of attorney membership dues and legal service fees (membership and clerk’s accounts) are effective and in accordance with State Bar of Texas policies.
3. To determine whether internal controls over payroll payments and deductions are effective and in accordance with IRS requirements and State Bar of Texas policies.

4. To determine whether revenue collection procedures for the Texas Bar CLE provide reasonable assurance that all revenues collected are accurately reported, recorded and reported.

5. To determine whether revenue collection procedures for the MCLE Department provide reasonable assurance that all revenues collected are accurately reported, recorded and reported.

6. To determine whether revenue collection procedures for the Texas Bar Journal provide reasonable assurance that all revenues collected are accurately reported, recorded and reported.

SCOPE

The audit period was June 1, 2017 through May 31, 2018. Some test procedures were performed as of the fieldwork date. This work product was at a point in time evaluation that cannot address the inherent dynamic nature of subsequent changes to the process and procedures reviewed.

PROCEDURES PERFORMED

We conducted interviews, business process walkthroughs, reviews of written policies and procedures and sample testing of supporting documentation.

CONCLUSION AND INTERNAL CONTROL RATING

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

We discussed reportable opportunities to enhance internal controls and improve process efficiencies with management. Those observations are summarized in Figure 2. During the audit there were other non-reportable matters that we also discussed with management.
INTERNAL CONTROL RATING

RATING DESCRIPTION

**Best Practices** – Observations indicate best practice opportunities identified during the course of the review that may add value to the function/department/organization. Best practices do not require management comments and do not require internal follow-up to validate implementation status.

**Effective** – Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

**Some Improvement Needed** – A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

**Major Improvement Needed** – Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

**Unsatisfactory** – Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.
## OBSERVATION AND RISK RATING SUMMARY

*Figure 2 is a summary of our audit observations. See the detailed observation section of this report for a discussion of all issues identified, recommendations and management implementation plans.*

<table>
<thead>
<tr>
<th>Number</th>
<th>Observation</th>
<th>Risk Rating</th>
</tr>
</thead>
</table>
| 1      | Although the annual vendor master file user access reviews include reviewing assigned system roles that define what the user can do, we noted one individual with access that should not have had the access privileges that were assigned.  

**Recommendation:** Ensure a closer review of the assigned user roles is conducted when performing the annual vendor master file user access reviews. |
| 2      | The State Bar of Texas Board of Directors Policy Manual Rule #19 does not allow applicants to collect from the Client Security Fund after a six-month period. However, SBOT does allow applicants to collect grants after the six-month period.  

**Recommendation:** Update State Bar of Texas Board of Directors Policy Manual Rule #19 based on current processes. |
| 3      | Client Security Fund subcommittee grant decisions are not captured in a summary document and signed by the subcommittee members.  

**Recommendation:** Create a Client Security Fund subcommittee grant application summary sheet for the subcommittee chair to sign at each subcommittee meeting where grant applications are reviewed and approved or denied. |

**FIGURE 2 Observation and Recommendation Summary**

Risk Rating and Suggested Corrective Action Timing Legend:
## FINANCIAL CONTROLS PROGRAM OVERVIEW

This section of the report provides an overview of the revenue collections and disbursements which flow through SBOT’s Finance Division.

Figure 3 summarizes the revenue and expense types of each department/function included in this audit.

<table>
<thead>
<tr>
<th>Department Purpose</th>
<th>Continuing Legal Education (CLE)</th>
<th>Client Security Funds (CSF)</th>
<th>HR/Payroll</th>
<th>Legal Access Division</th>
<th>Minimum Continuing Legal Education (MCLE)</th>
<th>SBOT Sections</th>
<th>Texas Bar Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional Development</td>
<td>Risk Protection Fund</td>
<td>SBOT Staff Services</td>
<td>Support and Training for Pro Bono Volunteers and Legal Service Programs</td>
<td>Professional Development Requirements Monitoring</td>
<td>Legal Specialization Associations</td>
<td>Scholarly Legal Journal and Association Magazine</td>
</tr>
<tr>
<td>Revenue Source</td>
<td>Course Registration Fees</td>
<td>SBOT General Fund</td>
<td>SBOT General Fund</td>
<td>SBOT General Fund Donations from State Bar Sections</td>
<td>Accreditation Fees</td>
<td>Donations</td>
<td>Section Dues</td>
</tr>
<tr>
<td></td>
<td>Bar Journal Advertisements CLE Course</td>
<td>Attorney Fees</td>
<td>Staff Salaries</td>
<td>Conferences</td>
<td>Credit Card Fees</td>
<td>Meetings</td>
<td>Scholarships</td>
</tr>
<tr>
<td></td>
<td>Interdepartmental Transfer Payment Voucher</td>
<td>Purchasing Card</td>
<td>Interdepartmental Transfer</td>
<td>Payment Voucher</td>
<td>Purchasing Card</td>
<td>Sections Direct Pay through their Checking Account</td>
<td>Payment Voucher</td>
</tr>
</tbody>
</table>

| 2017-2018 Statistics | SBOT offered 1,216 CLE activities with a total of 121,556 participants | 222 grant applications were received of which 148 were approved for a total of $90,719 | 291 employees with over 99% of employees receiving direct deposit | A total of 415 individuals attended three events | $2,901,769 was collected for sponsor accreditation fees, non-accreditation fees, member penalties and late fees | 44,442 members | $657,985 was collected for advertising, royalties, online advertisement, subscriptions and publications |

Figure 3: Summary of Departments/Functions Reviewed
Source:
+State Bar of Texas Annual Report 2017-2018
*based on sampled payroll 5/16/18-5/31/18
++Information obtained from SBOT Trial Balance
This section of the report provides a summary of the financial controls business objectives, primary business risks, SBOT’s internal controls in place and the respective internal control assessment. SBOT established internal controls in the form of policies, procedures/memos, management review and monitoring processes. These internal controls are effective and working as intended; however, improvement opportunities have been identified.

**BUSINESS OBJECTIVE 1**

**Internal Policies and Procedures**

**Business Objective**

To ensure that SBOT’s internal operating processes are documented by well-written policies and procedures.

**Business Risk if Management Controls Are not in Place and Working**

- SBOT’s financial processes may not be documented which could result in inconsistent processes and/or key internal control activities not being performed.

**Management Controls in Place**

- Each SBOT department creates its own internal operating procedures.

**Control Tests**

- Reviewed internal operating policies and procedures
- Conducted interviews and walk throughs

**Control Assessment**

- Internal controls are effective
- SBOT does have detailed internal operating procedures. However, SBOT does not have a standard template for internal written policies and procedures that includes a version of the procedure and a date of implementation. Instead each department/function uses their own format.

**Recommended Actions**

Implement the recommendation made in the FY 2018 compliance audit to develop an agency-wide procedure template.

**Management Action Plan**

None required as this is being addressed through the FY 2018 compliance audit.

**BUSINESS OBJECTIVE 2**

**Financial Disbursements: Client Security Funds, Legal Access Division, Sections**

**Business Objective**

To establish strong internal controls over disbursements and ensure that they are in accordance with State Bar of Texas requirements. These include, but are not limited to:

1. Vendor master file additions/modification restrictions
2. Payment processing requirements
3. Payment approval requirements
4. Payment monitoring
## Business Risk if Management Controls Are not in Place and Working

- Unauthorized changes to the vendor master file could be made.
- Payments could be disbursed to incorrect individuals, vendors or sections.
- Disbursements could be made without department approval.

## Management Controls In Place

- Access to the vendor master file is restricted to authorized users.
- Annual reviews of users authorized to access the vendor master file is performed.
- Department heads review payment memos prior to finance department processing.
- The Client Security Fund subcommittee reviews and recommends Client Security Fund grant awards.
- The SBOT Board authorizes Client Security Fund grant awards.
- Client Security Fund grantees are required to submit proof of identity prior to receiving their grant.
- Client Security Fund grant award payments are distributed through certified mail.

## Control Tests

- Conducted interviews and process walk throughs
- Analyzed applicable documentation
- Performed audit testing
- Reviewed activity report of vendor maintenance for October 2017 through May 2018

## Control Assessment

**Internal controls over vendor file maintenance are generally effective**

- We noted that the annual review of individuals authorized to access the vendor master file does include what actions they are allowed to perform (roles). We noted that one individual had access to make changes to the vendor files who did not need access as part of their regular job duties. No inappropriate modifications were made by this user to the vendor files for the time-period reviewed by auditors.

**Internal controls over the supporting documentation used for processing Client Security Fund Disbursement are not effective.**

- Documentation to support Client Security Fund subcommittee decisions on grant awards could be strengthened.

### Client Security Funds do not follow Board Policy Section 3.08.02, Rule 19.

- SBOT Board of Directors Policy Manual Rule Section 3.08.02, Rule 19 does not reflect the current processes in place for applicants that fail to collect grants within six-month grace period. During audit testing, there were two instances in which a grant was paid after the six-month grace period. Extenuating circumstances existed for those occurrences; however, the subcommittee did not formally approve these exceptions.

## Recommended Actions

**Vendor File Maintenance**

- Review the authorized user access roles more closely when performing the annual user access review.

**Client Security Funds**

- Prepare a Client Security Fund subcommittee grant decision summary document that is signed by the subcommittee for each meeting.
- Update SBOT Board of Directors Policy Manual Section 3.08.02, Rule 19 to account for exceptional circumstances when paying claims after the six-month period has expired.
### BUSINESS OBJECTIVE 3
**Bank Account Transaction Controls: Attorney Membership Dues and Legal Service Fees**

<table>
<thead>
<tr>
<th>Business Objective</th>
<th>Management Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>To establish internal controls over bank account transactions and reconciliations related to the processing of attorney membership dues and legal service fees (membership and clerk’s accounts) in accordance with State Bar of Texas policies.</td>
<td>Management will perform a more comprehensive annual review of user access to the Accounting software, including reviewing user roles and necessity of access.</td>
</tr>
</tbody>
</table>

### Business Risk if Management Controls Are not in Place and Working

- Information provided to the Supreme Court Clerk for reviews and sign off could be incomplete or inaccurate.

### Management Controls In Place

- SBOT’s Finance department reconciles attorney membership dues and legal service fees on a monthly basis.

### Control Tests

- Conducted interviews
- Reviewed recent account reconciliations
- Performed audit testing

### Control Assessment

- Internal controls are effective

### Recommended Actions

- None

### Management Action Plan

- None Required

### BUSINESS OBJECTIVE 4
**Payroll Controls**

<table>
<thead>
<tr>
<th>Business Objective</th>
<th>Management Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>To establish internal controls over payroll disbursements and deductions in accordance with IRS requirements and State Bar of Texas policies.</td>
<td></td>
</tr>
</tbody>
</table>

### Business Risk if Management Controls Are not in Place and Working

- Fictitious employees may be added to the payroll and go undetected.
- Unauthorized salary amount may be entered into the payroll system and go undetected.
- SBOT may not correctly enter an employee’s deductions.
- SBOT may not distribute employee deductions in a timely manner.

### Management Controls In Place

- Payroll reports are reviewed prior to each payroll distribution.
- All changes to pay are reviewed by SBOT’s Controller.
- Detailed policies exit for payroll calculation and processing.
- Employees enter their own elections directly into the Business Portal system during their new hire on-boarding process and the annual open-enrollment period.
Control Tests
- Conducted interviews and walk throughs
- Performed audit testing
- Reviewed Business Portal employee data
- Performed physical verification of employee payroll output

Control Assessment
Internal controls are effective

Recommended Actions
None

Management Action Plan
None Required

BUSINESS OBJECTIVE 5
Continuing Legal Education (CLE) Revenue Collection

Business Objective
To establish internal controls over CLE revenue collection procedures to provide reasonable assurance that all revenues collected are accurately reported and recorded.

Business Risk if Management Controls Are not in Place and Working
- CLE revenues may be inaccurately recorded.
- CLE revenues could be misappropriated.

Management Controls In Place
- Registrants pay for CLE courses at the time of enrollment. Most payments are received on-line.
- Registrants are counted on checklist prepared by Planning Specialists.
- CLE Finance Manager reconciles revenues prior to course date.
- Profit and loss statements are generated for each CLE course.

Control Tests
- Conducted interviews and walk throughs
- Performed audit testing

Control Assessment
Internal controls are effective

Recommended Actions
None

Management Action Plan
None Required
### BUSINESS OBJECTIVE 6
**Minimum Continuing Legal Education (MCLE) Revenue Collection**

<table>
<thead>
<tr>
<th>Business Objective</th>
<th>To establish internal controls to ensure revenue collection procedures for the MCLE Department provide reasonable assurance that all revenues collected are accurately reported and recorded.</th>
</tr>
</thead>
</table>
| Business Risk if Management Controls Are not in Place and Working | - MCLE non-compliance penalties may not be correctly assessed and recorded.  
- MCLE sponsor fees may not be correctly charged and recorded.  
- MCLE revenues could be misappropriated. |
| Management Controls In Place | - Membership profile information is used to create attorney’s Dynamics Customer Relationship Management (CRM) profile.  
- MCLE non-compliance penalties are automatically assessed in the Dynamics CRM Database, which are driven by date of birth according to policy requirements.  
- MCLE non-accreditation sponsors are assessed fees at the time the CLE course application is completed.  
- MCLE accredited sponsors are assessed fees annually. |
| Control Tests | - Conducted interviews and walk throughs  
- Performed audit testing  
- Performed physical verification of Dynamics CRM Database where MCLE activity is tracked |
| Control Assessment | Internal controls are effective |
| Recommended Actions | None |
| Management Action Plan | None Required |

### BUSINESS OBJECTIVE 7
**Texas Bar Journal Revenue Collections**

<table>
<thead>
<tr>
<th>Business Objective</th>
<th>To establish internal controls to ensure revenue collection procedures for the Texas Bar Journal provide reasonable assurance that all revenues collected are accurately reported and recorded.</th>
</tr>
</thead>
</table>
| Business Risk if Management Controls Are not in Place and Working | - Texas Bar Journal may not collect all revenue for classified advertisements, subscriptions, and monthly billing publications.  
- Texas Bar Journal revenues could be misappropriated. |
| Management Controls In Place | - Monthly reconciliation is performed to determine outstanding receivables and subscribers are notified and/or services are terminated. |
| Control Tests | Conducted interviews and walk throughs  
|              | Performed audit testing  
|              | Reviewed Texas Bar Journal revenue reconciliations. |
| Control Assessment | Internal controls are effective |
| Recommended Actions | None |
| Management Action Plan | None Required |
DETAIL 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: SBOT’s internal controls over disbursements exist, are effective and are in accordance with State Bar of Texas requirements. (Risk = Low)**

*Does SBOT have established processes to ensure disbursements are authorized?*

*Does SBOT have established processes in place to ensure disbursements are for valid business purposes?*

*Does SBOT have internal controls over user access to vendor file maintenance?*

*Are all individuals who updated the vendor master file authorized to perform functions?*

**Audit Conclusion #1**

SBOT does have processes and controls in place to provide reasonable assurance that disbursements are authorized and for valid business purposes. However, there was one instance of user access to the vendor maintenance file that was not appropriate, and the annual review of user access did not identify this access.

Inappropriate access to the vendor master file creates the following risks:

- Authorized users may have more privileges than what their job duties require. For example, most employees should only have access to read and not update the information. While employees in procurement functions should be able to add new vendors and a limited number of employees in finance should be able to change vendor addresses or bank account information, a review and approval process should occur.

- Increased levels of risk that authorized users could make changes to the vendor master file for fraudulent purposes which could go undetected.

**Audit Recommendation #1**

Review the authorized user access and roles more closely when performing the annual user access review.

**Management Response Recommendation #1**

Management concurs with the audit recommendation. Management will perform a more comprehensive annual review of user access to the Accounting software, including reviewing user roles and necessity of access.
Business Objective #2: Internal controls over Client Security Fund disbursements are in accordance with SBOT requirements (Risk = Medium)

Are Client Security Fund disbursements in processed in accordance with SBOT Board of Directors policy manual?
Does SBOT Chief Disciplinary Counsel staff that administers Client Security Funds present grant applicant’s applications to Subcommittee as required by SBOT Board of Directors policy manual?

Audit Conclusion #2

Client Security Fund grant disbursement requests are presented to the Client Security Fund (CSF) Subcommittee for authorization as required by the State Bar of Texas Board of Directors Policy Manual. However, we noted two exceptions that did not comply with the State Bar of Texas Board of Directors Policy Manual Section 3.08.02, Rule 19 (Rule 19) that requires applicants to collect grants within a six-month grace period.

Prior to each CSF Subcommittee meetings the CSF Administrator creates memorandums for each applicant that provides adequate information regarding the claim being made. The memorandum states the claim and the applicants’ interaction with the attorney being referenced. Based on the lead schedule that CSF provided internal audit, a reconciliation was performed and two payments were claimed after the Board Policy’s Rule 19. The lead schedule stated that the Client Security Fund administrator approved the payments to be made for the two grants totaling $6,200 that were paid after the six-month grace period; due to extenuating circumstances such as a death and active duty deployment; however, the policy rules does not allow exceptions. Figure 2a shows Section 3.08.02, Rule 19 of the SBOT Board of Directors Policy Manual.

**RULE 19. Applicant’s Failure to Claim Grant**

(A) Should the applicant not claim the grant within six months of the date of the approval by the Subcommittee of the grant, the grant shall revert to the Client Security Fund.

(B) In the event the grant reverts to the Fund as set forth in paragraph (A) above, the applicant may reapply to the Office of Chief Disciplinary Counsel. The applicant must show good cause for failing to claim the award. The Subcommittee has sole and final discretion to approve the grant or reject the grant at that time.

Figure 2a Section 3.08.02, Rule 19 of SBOT Board of Directors Policy Manual

Issuing Client Security Fund grant payments after the six-month period creates the following risks:

✓ Non-compliance with Board of Directors policies related to the Client Security Fund.

Audit Recommendation #2

Update SBOT Board of Directors Policy Manual Section 3.08.02, Rule 19 to account for exceptional circumstances.
Management Response Recommendation #2

Management concurs with the audit recommendation. We will request the Client Security Fund Subcommittee to advise on revisions to the Board Policy Manual, as needed, to account for exceptional circumstances when paying claims after the six-month period has expired.

Business Objective #3: Internal controls over Client Security Fund disbursements exist, are effective and are in accordance with SBOT requirements. (Risk – Medium)

Are Client Security Fund Disbursements authorized?
Does Accounts Payable receive adequate supporting documentation to process Client Security Fund grants?
Does Chief Disciplinary Counsel have sufficient policies and procedures to support their functions?

Audit Conclusion #3

Processes are in place to obtain authorization for Client Security Fund grant disbursements and provide reasonable assurance that the approved grant amount is distributed to the authorized individual. However, we noted that there is no summary document that is signed by the Client Security Fund subcommittee that lists the grant decisions made; the individual’s name, whether or not the grant application was approved, and approved grant amount. During FY18, the Client Security Fund subcommittee reviewed 222 eligible applications, of which 148 were approved and paid totaling $901,718.68.

Currently the payment vouchers to be processed are accompanied by a cover letter from the Chief Disciplinary Counsel which acts as the approval for the payments to be processed by accounts payable staff. We noted the following internal controls in place:

- The Client Security Fund subcommittee reviews and recommends grant awards.
- Department heads review payment memos prior to finance department processing.
- Grantees are required to submit proof of identity prior to receiving their grant.
- Grant award payments are distributed through certified mail.

Figure 3a provides the processes performed for Client Security Fund grant disbursements.
Figure 3a: Client Security Fund process from application receipt to mailing payments

Not obtaining a summary list of the Client Security Fund subcommittee grant decisions with documented approval creates the following risks:

- The name or amount on the payment voucher request that is submitted to accounts payable could be improperly changed.
- Payment voucher requests could be submitted to accounts payable although the Client Fund Subcommittee denied the applicant’s request.

Audit Recommendation #3

Create a Client Security Fund subcommittee grant application summary sheet for the subcommittee chair to sign at each subcommittee meeting where grant applications are reviewed and approved or denied. This summary sheet should include the applicant name, attorney being referenced regarding claim, date application was received, date application was submitted to subcommittee, amount applicant paid to attorney and the subcommittee’s decision (whether the application was approved or denied). This summary sheet should then accompany all payment voucher requests.

Management Response Recommendation #3

Management concurs with the audit recommendation. The liaison to the Client Security Fund Subcommittee will obtain the Chair of the Subcommittee, or designee’s, signature on a summarized list of Client Security Fund claims for which a decision was made during the committee meeting. This signed summary sheet of approved, denied, or reduced claims will be required as supporting documentation in order to process a payment voucher request.