



State Bar of Texas
Internal Audit Services
Follow-Up
on
Prior Audit Findings
Report #19-004
March 4, 2019

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.

MJ

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS



March 4, 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 #19-004 Follow-Up on Prior Audit Findings. This audit was performed as part of the approved FY 2018 Annual Internal Audit Plan.

We assessed the State Bar of Texas' (SBOT) implementation status of audit recommendations made to address the finding noted in last year's compliance audit report regarding the database used for advertising review processes. We concluded that SBOT management is in process of fully implementing corrective actions for this finding.

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

Sincerely,

Ira Wayne McConnell, CPA

Partner

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INTRODUCTION



McConnell & Jones LLP (MJ), serving as the outsourced internal audit function (Internal Audit) for the State Bar of Texas (SBOT), applied audit procedures to determine the implementation status of recommendations made in prior year's audit reports.

CONCLUSION



The SBOT Advertising Review team has made progress towards implementing corrective action for the finding noted in the previous year's audit report. However, the recommendation is not yet fully implemented. Details of the open finding is included in the table below.

#1 – Advertising Review	
Original Audit Objectives	To evaluate management controls in place to ensure that the agency's business risks are mitigated where possible and that resources are used efficiently.
Original Observation/ Finding	<p>We noted that the current system used to track advertising review activity is a Microsoft Access Database with limited features. For example, the database does not accommodate electronic submission of advertising review requests and does not retain data to assign a fee to the advertising review application and a field for payment amount received. Therefore, payments are tracked on the Lawyer Advertising and Solicitation Communications Application Form.</p> <p>We noted that the Advertising Review Department staff reconciles the amount of money received for advertising reviews to the amount of money actually deposited in the bank. However, the Advertising Review Department staff do not reconcile the amount of money recorded in the database to the actual amount received. This reconciliation is important to ensure that the Advertising review database is complete and substantiates the money processed in Accounting.</p>
Recommendation	<p>The SBOT is in the process of obtaining a new information system for the advertising review activity. We recommend that the SBOT include the ability to submit advertising review requests electronically and then have a feature to track the review status and decision. Additionally, all information associated with fees and payments, including credit card payments should be tracked in the system. Ideally, the system would have an interface that allows for electronic updates of all electronic payments received.</p>



	<p>Once a new system is in place, the Advertising Review Department should implement processes to reconcile the amount of money received to the advertising review database to ensure that the information in the database is complete. The reconciliation of cash received to the cash deposited should continue being performed.</p>
<p>Management Response</p>	<p>Management agrees with the audit finding. Advertising Review is in the process of implementing a new information system which will allow members to submit payments for advertisements for review online. The new system will interface with the online portal to allow single entry of data. The fee per review will be calculated automatically.</p> <p>Prior to the implementation of the new information system, Advertising Review has worked with the Information Technology Department to develop additional reporting capabilities that allow the capture of credit card payments. All Advertising Review payments as entered in the database are reconciled with the funds collected and deposited.</p>
<p>Internal Audit Follow-Up Conclusion</p>	<p>Audit finding is considered open with the recommendation in process of being implemented.</p> <p>SBOT has contracted with a software development firm and is in the process of developing the new Advertising Review system. SBOT anticipates to go-live with the new Advertising Review system in the Fall of 2019.</p> <p>The new system will be an electronic portal where individuals who file a submission can also pay on-line.</p> <p>Currently, the Advertising Review Department, in conjunction with the SBOT Accounting and Information Technology Departments reconciles payments received on a weekly basis. This remediation action provides the controls that are needed until the new information system can be fully implemented.</p>