



# STATE BAR OF TEXAS

## INTERNAL AUDIT OF SECTIONS

Scope Period: June 1, 2019 – August 31, 2020

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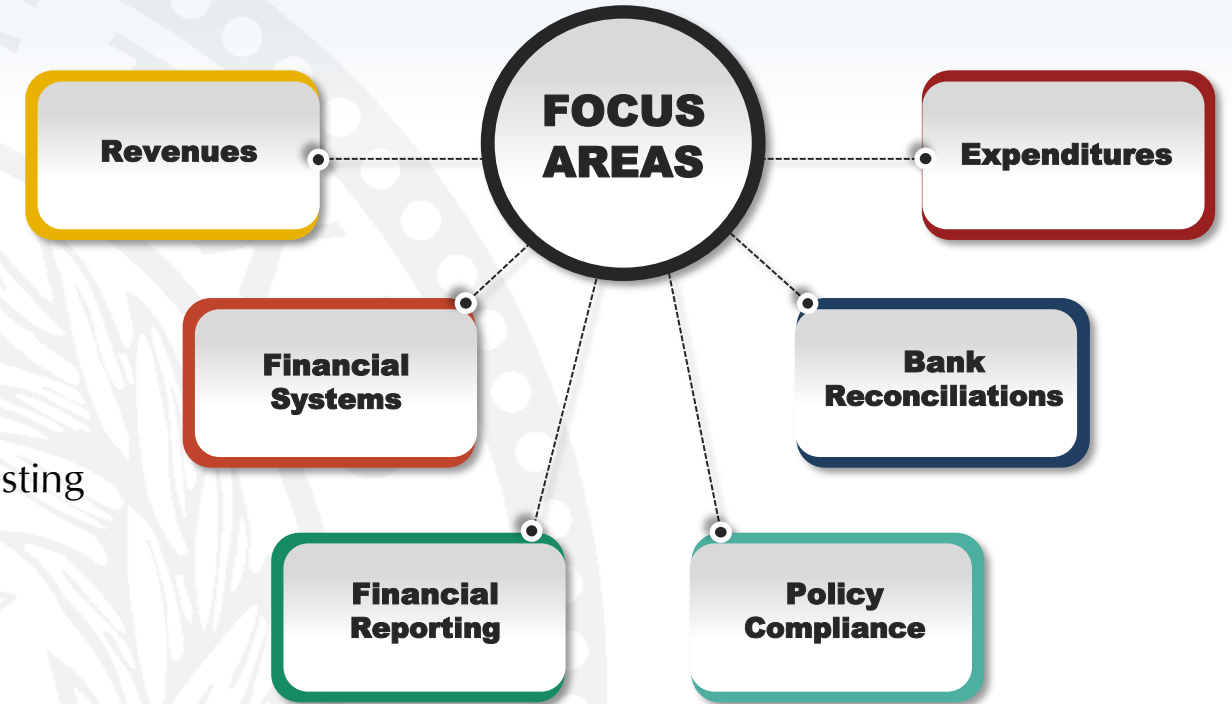


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### Agenda

- Introductions
- Focus Areas
- Audit Purpose
- Audit Timeline
- Audit Review and Testing
- Reporting
- Q&A



### Audit Purpose

- Evaluate internal controls you use to protect your money: segregation of duties, revenues, disbursements, bank accounts and accounting systems.
- Determine if your accounts are reconciled in an accurate and timely manner with outstanding items followed up on.
- Distinguish differences before and after you adopted your policies and procedures.
- Establishing a baseline for future audits
- Providing guidance on ways you can improve your internal controls and/or close gaps in your financial management systems.



- “We Gottcha”
- “One size fits all”
- Judging how you are spending your money
- Evaluating how you conduct business to achieve your mission





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### Timeline

1

**October 21 – 27, 2020**

- Deploy electronic surveys
- Schedule interviews and walkthroughs
- Gather data
- Select samples

2

**October 28 – November 3, 2020**

- Conduct virtual interviews and walkthroughs
- Review data collected
- Sample testing and audit procedures

3

**November 4 – November 9, 2020**

- Complete audit testing
- “Vetting”
- Issue draft report



### Audit Review and Testing

- Section Bylaws, Internal Policies & Procedures
- Bank and Investment Statements
- Bank and Investment Account Reconciliations
- Bank Signatory Lists
- Financial Reports
- Revenue Generating Activities
- Expense Approvals
- Budgeting Process and Approval
- Documentation of Financial Oversight in Meeting Minutes

### Audit Reporting

#### Finding is:

- Non-compliance
- Internal Control Weakness

#### Improvement is:

- Enhancement to existing controls
- Process efficiency

1. *One report will be issued. We will discuss findings identified for specific section(s) with the respective section’s Chair and Treasurer.*
2. *All sections will have opportunity to provide feedback on any findings and recommendations that apply across the general population.*
3. *Draft report will be provided to section officers.*
4. *Audit results will be presented at the Council of Chairs meeting. (Feb. 26, 2021)*
5. *Final report will be presented to Board of Directors at the April 2021 meeting.*