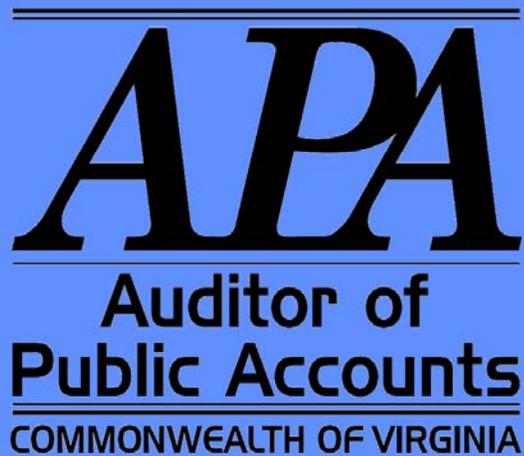


VIRGINIA BOARD OF BAR EXAMINERS

**REPORT ON AUDIT
FOR THE PERIOD**

JULY 1, 2008 THROUGH JUNE 30, 2009



AUDIT SUMMARY

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2008 through June 30, 2009, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- a matter involving internal control and its operations necessary to bring to management's attention; and
- an instance of noncompliance with applicable laws and regulations or other matters that is required to be reported.

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AUDIT FINDING AND RECOMMENDATION

Continue the Development of an Information Systems Security Program

The Virginia Board of Bar Examiners (Bar Examiners) does not have a completed Information System Security Program and, therefore, has not minimized the risk of poor integrity, potential data breach, and lack of availability of its sensitive and mission critical information. While Bar Examiners has completed a Business Impact Analysis with the assistance of the Department of Accounts, we recommend that Bar Examiners address the following information security areas to comply with the Commonwealth's security standards:

- Establish a Security Awareness Training Program
- Perform a Risk Assessment
- Prepare Continuity of Operation and Disaster Recovery Plans
- Develop formally approved security policies and proceeds as required by the Commonwealth's security standard, SEC501

We acknowledge that the Department of Accounts has recently made assistance available to Bar Examiners in implementing an Information System Security Program, and we encourage management to continue to work with Accounts to develop and implement this program.

AGENCY HIGHLIGHTS

Bar Examiners is part of the judicial branch of government and administers the bar examination twice every year. Bar Examiners evaluates the character and fitness of applicants and certifies individuals as eligible to practice law in Virginia. Bar Examiners also administers the Law Reader Program that allows approved individuals to study law under an experienced general practice attorney to become eligible to sit for the examination.

In addition, Bar Examiners reviews qualifications of persons applying for admission to the Virginia Bar without taking the examination. Under Section 54.1-3931 of the Code of Virginia, Bar Examiners certifies to the Supreme Court of Virginia those applicants who have satisfied the reciprocity provisions and the Supreme Court's rules for admission on motion.

Bar Examiners operates through a Special Revenue Fund and administers all activities under the Regulation of Professions and Occupation program. Revenues come from the collection of application fees for the examination and character and fitness fees from each examinee. Revenue collections for fiscal year 2009 were approximately \$1.21 million.

The following table shows Bar Examiners original budget, final budget, and actual expenses for fiscal year 2009. Bar Examiners received total resources of approximately \$1.4 million in fiscal year 2009.

Analysis of Budgeted and Actual Expenses for Fiscal Year Ended June 30, 2009

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
\$1,382,237	\$1,382,237	\$1,326,771

The table below summarizes the Bar Examiners expenses by major object code for fiscal year 2009. Personal and Contractual Services represent approximately 74 percent and 17 percent of total expenses, respectively. Personal Services is comprised of seven full-time staff (including the Secretary), one part-time salaried staff, and two part-time wage staff that work as needed. Contractual Services includes costs to administer the exam.

	<u>2009</u>
Personal Services	\$ 984,020
Contractual Services	227,517
Supplies and Materials	8,627
Continuous Charges	88,889
Equipment	<u>17,719</u>
Total	<u>\$1,326,771</u>

Source: Commonwealth Accounting and Reporting System



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

December 10, 2009

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Virginia Board of Bar Examiners** (Bar Examiners) for the year ended June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of Bar Examiner's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

Bar Examiner's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Cash receipting and collection of exam fees
- Travel expenses
- Payroll expenses

We performed audit tests to determine whether Bar Examiner's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents,

records, and contracts, and observation of Bar Examiner's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that Bar Examiners properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. Bar Examiners records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted a certain matter involving internal control and its operation and compliance with applicable laws and regulations that requires management's attention and corrective action. This matter is described in the section entitled "Audit Finding and Recommendation."

Bar Examiners has not completed adequate corrective action with respect to the audit finding reported in the prior year and accordingly it is included in this report.

Exit Conference and Report Distribution

We discussed this report with management on December 10, 2009. Management agrees with the finding but chose not to provide a response for inclusion in this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/alh

VIRGINIA BOARD OF BAR EXAMINERS
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