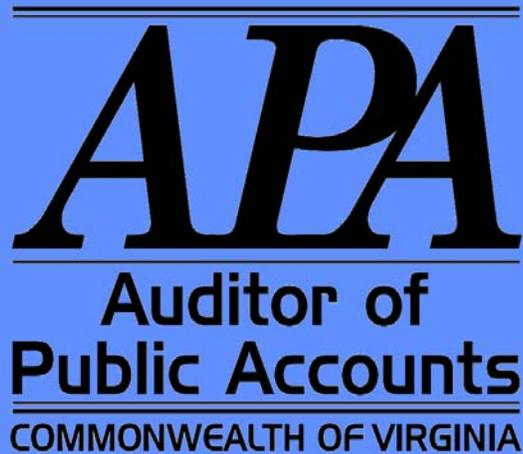


VIRGINIA BOARD OF BAR EXAMINERS

**REPORT ON AUDIT
FOR THE PERIOD
JULY 1, 2006 THROUGH JUNE 30, 2007**



AUDIT SUMMARY

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2006, through June 30, 2007, found:

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

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AUDIT FINDINGS AND RECOMMENDATIONS

Ensure Compliance with the Commonwealth's Security Standard

The Virginia Board of Bar Examiners (Bar Examiners) does not have an information systems security program, and therefore, has not minimized the risk of poor data integrity, potential data breach, and the lack of availability of its sensitive and mission critical information. We recommend that the Bar Examiners address the following information security areas to comply with Commonwealth's security standards.

- Establish a Security Awareness Training Program
- Perform a Risk Assessment
- Complete a Business Impact Analysis
- Prepare Continuity of Operations and Disaster Recovery Plans
- Develop formally approved security policies and procedures as required by the Commonwealth's security standard

The Bar Examiners does not have the staff or the available resources to achieve an adequate information security program. Therefore, management should work with either the Executive Secretary of the Supreme Court of Virginia or the Department of Accounts (DOA). DOA has two staff positions for State-Wide Information Security Officers. The Executive Secretary of the Supreme Court of Virginia has other operations which may accommodate the Bar Examiner's security.

Properly Complete Employment Eligibility Verification Forms

The Bar Examiners is not properly completing Employment Eligibility Verification forms (I-9) in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security in its Handbook for Employers. This guidance requires the employee to complete, sign, and date Section 1 of the I-9 form on or before the first day of employment. Additionally, the employer or designated representative must complete, sign, and date Section 2 of the I-9 form within three days of employment to show that they verified the employee's identity and employment eligibility at the point of hiring. During our review of two employees, we found the following exceptions.

- One employee did not complete Section 1 prior to or on the first date of employment
- The Bar Examiners did not complete Section 2 of the form within the designated time frame for either employee

Therefore, we recommend that the Bar Examiners review the I-9 process, develop procedures, and develop a process for continuously reviewing the I-9 process to ensure compliance with federal regulations.

AGENCY HIGHLIGHTS

The Bar Examiners is part of the judicial branch of government and administers the bar examination twice every year. The Bar Examiners evaluates the character and fitness of applicants and certifies individuals as eligible to practice law in Virginia. The 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, the 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, the 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.

The 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 2007 were approximately \$1.28 million.

The following table shows the Bar Examiners original budget, final budget, and actual expenses for fiscal year 2007. The Bar Examiners received total resources of approximately \$1.2 million in fiscal year 2007. The increase from original to final budget for 2007 relates to the Bar Examiners office relocation cost and costs associated with salary increases.

Analysis of Budgeted and Actual Expenses for Fiscal Year Ended June 30, 2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
\$1,110,489	\$1,210,715	\$1,193,495

The table below summarizes the Bar Examiners expenses by major object for fiscal year 2007. Personal and Contractual Services represent approximately 70 percent and 21 percent of total expenses, respectively. Personal Services comprise of seven full-time staff, two part-time salaried staff, and three part-time wage staff that work as needed. Contractual Services include costs associated with the relocation of the office and the administration of the exam.

Analysis of Actual Expenses by Major Object for Fiscal Year Ended June 30, 2007

	<u>2007</u>
Personal services	\$ 836,985
Contractual services	250,287
Supplies and materials	12,306
Continuous charges	77,661
Equipment	13,224
Plant and improvements	<u>3,032</u>
Total	<u>\$1,193,495</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**

May 15, 2008

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the financial records and operations of the **Virginia Board of Bar Examiners** (Bar Examiners) for the year ended June 30, 2007. We conducted this performance audit in accordance with generally accepted Government Auditing Standards, issued by the Comptroller General of the United States. 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 on the Commonwealth Accounting and Reporting System, review the adequacy of the Bar Examiner's internal controls, and test compliance with applicable laws and regulations.

Audit Scope and Methodology

The 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 materiality and control 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.

Revenue
Expenditures

We performed audit tests to determine whether the 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 observation of the Bar Examiner's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Bar Examiners properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The 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 certain matters involving internal control and its operation and compliance with applicable laws and regulations that requires management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

Exit Conference and Report Distribution

We discussed this report with management on May 28, 2008. Management's response has been included at the end of 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

SLJ:clj



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COMMONWEALTH of VIRGINIA
Virginia Board of Bar Examiners

May 28, 2008

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RE: Agency Response to Management Points

Dear Sir:

In response to the recommendations contained in the advance copy of your audit report dated May 15, 2008, we submit the following for each management point so listed:

- o Properly Complete Employment Eligibility Verification Forms

We have reviewed our I-9 process and will strive to comport with the federal government's I-9 procedures. Further, we will place a copy of your finding in our I-9 file to ensure that similar mistakes are not made in the future. To that end, we have prepared the following condensed instructions to be reviewed prior to a hiring a new employee. A copy of same will also be placed in our I-9 file and our new hire information file. Although exceptions were found in the audit findings, we have confirmed that all current Board employees are U.S. citizens and authorized to work in the United States.

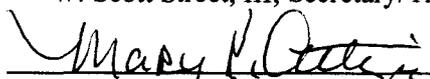
- o Ensure Compliance with the Commonwealth's Security Standard

In accordance with the recommendations contained in the advance copy of your audit report dated May 15, 2008, we will begin to develop an Information Systems Security Program with the assistance of the Supreme Court of Virginia or the Department of Accounts (DOA). Last week we contacted Ron Necessary of the DOA and have been placed on a list of agencies who need assistance and guidance in this endeavor and will be contacted when DOA's support bureau hires and trains the needed information security officers.

Sincerely,



 W. Scott Street, III, Secretary/Treasurer



 Mary K. Altizer, Fiscal Officer

AGENCY OFFICIALS

VIRGINIA BOARD OF BAR EXAMINERS
Richmond, VA

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W. Scott Street, Secretary and Treasurer

Mary K. Altizer, Office Manager

Grady K. Carlson

Brian K. Jackson

Anita O. Poston

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