

3.1 Presentation of Audit of Legal Services Trust Fund Commission Grant Awards Pursuant to Business and Professions Code Section 6210.5 (g)



The State Bar of California

OPEN SESSION AGENDA ITEM 3.1 MAY 2025 BOARD OF TRUSTEES

DATE: May 22, 2025

TO: Members, Board of Trustees

FROM: Heidi Slater, Program Manager, Office of Access & Inclusion

SUBJECT: Presentation of Audit of Legal Services Trust Fund Commission Grant Awards Pursuant to Business and Professions Code Section 6210.5 (g)

EXECUTIVE SUMMARY

Effective January 2023, Business and Professions Code¹ section 6210.5 subsection (g) was amended to require the State Bar to develop a program to audit a representative sample of grant awards the Legal Services Trust Fund Commission (LSTFC) makes each year. The State Bar engaged Ernst & Young US LLP to conduct a review of the 2022 grants. For the 2023 and 2024 grant years, the State Bar engaged Macias Gini & O'Connell LLP (MGO) to conduct the review. The State Bar has determined that the LSTFC grant awards made from 2022 to 2024 were consistent with statute, rules, and other governing authorities.

RECOMMENDED ACTION

None

DISCUSSION

Effective January 2023, section 6210.5 subsection (g) was amended “[t]o ensure that awards made by the Legal Services Trust Fund Commission are consistent with statute, rules, and other governing authority, the State Bar shall develop a program to audit a representative sample of grant awards each year. The results of the most recent audit shall be included with the report of receipt of funds described in this subdivision.” The State Bar engaged Ernst & Young US LLP to conduct a review of the 2022 grants. For the 2023 and 2024 grant years, the State Bar engaged Macias Gini & O'Connell LLP (MGO) to conduct the review. The State Bar has determined that the LSTFC grant awards made from 2022 to 2024 were consistent with statute,

¹ All further references to section(s) are to the Business and Professions Code unless otherwise stated.

rules, and other governing authorities. The audit reports were presented to the Audit Committee at the February 5, 2025, meeting. Because section 6210.5 subsection (g) is a new requirement, Chair Toney requested that the audit reports also be presented to the Board of Trustees for informational purposes. The LSTFC grant award audits for 2022 to 2024 are attached to item 4.2 Approval of Legal Services Trust Fund Committee Audit, which was presented to the Audit Committee on February 5, 2025.

PREVIOUS ACTION

[4.2 Approval of Legal Services Trust Fund Commission Grants Audit \(February 5, 2025, Audit Committee\)](#)

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RESOLUTIONS

None

ATTACHMENTS

None



AGREED UPON PROCEDURES ON

Legal Services Trust Fund Commission 2023 and 2024 Grant Awards

Board of Trustees Presentation
May 22, 2025

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AGREED UPON PROCEDURES ON

Legal Services Trust Fund Commission 2023 and 2024 Grant Awards

What and Why of AUPs

What

- Specific procedures
- Performed by an independent practitioner
- Scope is agreed upon by the engaging party and the practitioner
- Practitioner reports factual findings without expressing an opinion or conclusion

Why

- Specific stakeholder needs
- Targeted focus

Examples:

- Compliance requirements
- Investigative purposes
- Inventory counts
- Verification of balances
- Cost effective

Potential Benefits

- Provide focused information for specific needs
- Enhance credibility with stakeholders on specific matters
- Support management's assertions on specific items
- Offer flexibility in addressing unique situation

Scope of LSTF AUP

| <p>Subject matter</p> <p>Legal Services Trust Fund</p> <ul style="list-style-type: none">• Regular allocations of Interest on Lawyers' Trust Accounts (IOLTA) grants and IOLTA-Formula Equal Access Fund (EAF)• Pro bono allocation of IOLTA grants and IOLTA-Formula EAF grants• Competitive grants | <p>Specific procedures</p> <p>Review grant applications</p> <p>Evaluate eligibility of grant applicants</p> <p>Recalculate allocation of grant awards</p> | <p>Reporting criteria</p> <p>California Business and Profession Code §6210.5</p> <p>LSTF Eligibility Guidelines – projects & support centers</p> <p>Grants' Request for Proposals</p> | <p>Time period</p> <p>2023 and 2024 awards</p> |
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Results

Our role in the AUP is to perform the procedures professionally, document findings, and report facts objectively (no opinion/assurance).

No exceptions were found as a result of applying the procedures.



Independent Accountant's Report

To the Board of Trustees
State Bar of California

We have performed the procedures enumerated below on the 2023 and 2024 grant awards made by the Legal Services Trust Fund Commission ("Commission") of the State Bar of California ("State Bar"). The Commission is responsible for compliance with California Business and Professions Code §6210.5.

The State Bar has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of verifying compliance with California Business and Professions Code §6210.5 for the 2023 and 2024 grant awards. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are included in attachment A.

We were engaged by the State Bar to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Commission's compliance with California Business and Professions Code §6210.5 for the 2023 and 2024 grant awards. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the State Bar and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the State Bar, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, professional style.

Walnut Creek, California
January 9, 2025

mGO. + State Bar of
California

mgocpa.com