

May 16, 2023

Dear Co-Chairs Evans and Sollman and members of the committee:

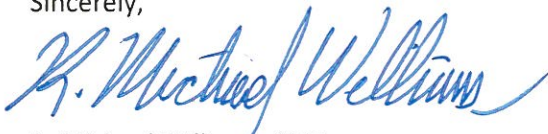
Recently a discussion regarding the controls and tracking of programs that have restricted funds at the Oregon State Bar (OSB) was brought up through our Public Affairs Department. The OSB has had several programs that utilize a fund accounting approach.

The Oregon State Bar's Loan Repayment Assistance Program (LRAP) and Client Security Fund (CSF) are programs where the funds are restricted for those specific purposes. Other programs for which the bar is responsible, and that receive pass-through funding through the Oregon Judicial Department, such as Civil and Immigration Legal Services and Oregon Law Help (aka Oregon Law+Connect), are also programs where the funds are restricted for those specific purposes. A fund accounting methodology is used to track all expenses and revenue. Separate account reconciliations are performed monthly to balance the fund cash accounts. Reports for each program are generated and distributed to the program managers and a summary of all activity is given to the Board of Governors Budget & Finance Committee monthly.

The restricted funds are deposited in an LGIP (Local Government Investment Pool) account to maximize earned interest and then transferred into the OSB's operating bank account to cover expenses and/or payroll on a weekly or as needed basis. A separate reconciliation is maintained for each LGIP account, which is then balanced against the general ledger as a form of internal control.

The OSB is audited annually by an external auditor, Moss Adams, LLP, and has not had any material misstatements or internal control issues during the last three-year's financial statement audits (2019, 2020 and 2021). The OSB is currently undergoing its 2022 financial audit and those results will be available in late July.

Sincerely,



R. Michael Williams, CFO
Oregon State Bar