

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

10/26/2017

2. Department

California Department of Tax and Fee Administration (CDTFA)

3. Organizational Placement (Division/Branch/Office Name)

Financial Management Division

4. CEA Position Title

Chief Financial Officer (CFO)

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The CDTFA proposes to establish the above CEA. The Chief Financial Officer (CFO) will be the fiscal advisor to executive management and will be responsible for the overall administration of the Financial Management Division, Accounting, Research, Statistics and Data Analysis Branch, Tax Revenue Branches and Local Revenue Allocation Unit. Responsible for strategic planning and policy leadership regarding the CDTFA fiscal matters, including analyzing, monitoring, and recommending changes in fiscal policy and operations.

6. Reports to: (Class Title/Level)

Director and Chief Deputy Director, California Department of Tax and Fee Administration

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Responsible for overall strategic planning, policy and operations of a large, complex revenue accounting and fund allocation and distribution process related to over 30 tax and fee programs that provide approximately \$60 billion in revenue to State and Local Government programs. Advises management on fiscal strategic plans and policy; makes recommendations to the Director/Chief Deputy Director and executive management regarding agency wide fiscal strategies and policies, programs, procedures, and operations.

Responsible for the overall development and implementation of fiscal-related accounting policies and procedures for the agency. Responsible for the accountability of fiscal information provided to the Department of Finance, Legislative Analyst's Office, State Controller's Office, and State Treasurer's Office for use in Statewide revenue forecasting, cash flow analysis, investment strategies, and retirement of public debt. Responsible for timely, accurate, and complete annual financial statements in accordance with governmental practices and procedures.

Responsible for overall management and efficiency of CDTFA's tax return processing and headquarters cashing operations.

Responsible for the allocation and distribution of local and district taxes including validating and assigning tax area codes to new localities, maintaining custodial tax agreements with localities, administering payments to jurisdictions, representing CDTFA as a liaison with local governments, processing returns and payments, preparing billings and adjustments and performing registration and security maintenance functions. Responsible for allocating the distribution of revenue to localities including the application of Bradley-Burns local revenue and Special Taxing Jurisdictions.

Responsible for overall strategic planning, policy and operations of a large, complex budget (\$600 million) including the General Fund and over 20 special funds. Advises management on fiscal strategic plans and policy; interprets and applies Budget Act control language, Department of Finance budget instructions and policies, consults with, advises, and makes recommendations to the Director/Chief Deputy Director and executive management regarding agency wide budget strategies and policies, programs, procedures, and operations. Works closely with Department of Finance, the Legislative Analyst's Office, executive management, program managers and staff on budget matters concerning staffing and allocation of resources, the review and analysis of program and departmental budget requests, and management of CDTFA's various funds; development, analysis and justification of budget policy and related costs for consolidation into the CDTFA's budget; presents the CDTFA's budget to the Department of Finance and the Legislature.

Evaluates, formulates, recommends and implements policies and procedures, in support of the CDTFA mission, core values, and vision. Interprets and applies applicable rules and regulations to ensure Administrative Support and Budget programs are in compliance. Evaluates changing trends for possible impact on CDTFA and division operations, and makes recommendations on future CDTFA needs.

Responsible for overall preparation and maintenance of cost analysis reports, including Budget Change Proposals (BCP's), personnel allocation reports, tax program records for use by executive management and program managers in the determination of tax program budget and policy direction and makes recommendations to State control agencies and legislative representatives regarding proposed changes in such policies. Meets regularly with Legislative Division to provide expert advice/analysis on costs for new or amended legislation and proposed tax/fee programs.

Plans, directs, manages, and evaluates the activities of staff performing a variety of research and statistical work including, preparing revenue and economic impacts estimates for bills being considered by the Legislature, public initiatives, informal tax change proposals from the Legislature, and issues being discussed in the CDTFA Business Taxes and Property Taxes Committee meetings; preparing, maintaining, and publishing the breakdown of taxable sales activity by type of business and jurisdiction. In addition, researching and determining the Timber Yield Tax Rate, the rate for the pre-collection of sales tax on gasoline and diesel fuels, the Public Transportation Account rate for diesel fuel; estimating the decreases in cigarette and tobacco products consumption caused by Proposition 10 & Proposition 56, which increased cigarette taxes by \$0.50 and \$2.00 per pack respectively. In addition, calculating the statewide average tax rate, and preparing the statistical funding factors used for the distribution of funding, and various economic reporting, such as, the quarterly Economic Perspective.

Responsible for risk assessment which will be accomplished by discussing and developing strategies to prevent potential for failure that results in loss or harm, or diminished opportunity for gain. The incumbent's responsibilities include risk management framework, reviewing and assessing CDTFA's risk exposure, reporting and making recommendations on risk associated with policy and programmatic and operational decisions, and reviewing CDTFA's risk profile, including financial risk, compliance risk, legal and fiduciary risk, security risk, reputation and political risk, and strategic risk.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: Financial Management Division (FMD) is responsible for ensuring all revenue collected by the CDTFA for over 36 tax and fee programs is captured, processed, and allocated to the appropriate funds, managing a division budget of approximately \$524 thousand, and overseeing the budget provisions for the entire department of approximately \$600 million.

FMD ensures assets are appropriately managed and accounted for and controls are in place to mitigate loss. Ensuring vendors are paid timely and that appropriations are appropriately managed.

FMD works closely with control agencies, supporting California State Government Operations in meeting their strategic goals and ensuring local governments timely and accurately receive the sales and use tax funding to support their financial infrastructure. In addition, the division ensures contracts are in place to provide valuable services to the numerous localities and oversees the financial services to the Board of Equalization through a Memorandum of Understanding.

FMD is responsible for ongoing financial reporting, including revenue and budget forecasting and analyzing the cost effectiveness of program areas and making recommendations to management on fiscal issues.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The California Department of Tax and Fee Administration is responsible for the collection and disbursements of over \$60 billion of tax and fee revenue each year that fund vital State and Local programs and infrastructure and a budget of approximately \$600 million. Recent audits by external agencies found a lack of appropriate controls that resulted in the misallocation of Sales and Use Tax revenue along with issues in managing the Office of Revolving Fund. These issues along with an outside consulting firms recommendation through the Revenue Cycle Management Analysis Report, substantiates the need for a Chief Financial Officer to provide better oversight of fiscal responsibilities.

Embedding the financial management role into the Administration department is not consistent with a department that has a fiduciary responsibility to the citizens of California to ensure appropriate and strong fiscal oversight of their tax and fee dollars. The current organizational structure does not include all aspects of financial management; revenue, expenditures and budgeting. The proposed organizational structure provides the appropriate level of oversight of all aspects of financial management and supports the direct reporting relationship needed with the Director of the department. In addition, the proposed structure provides the appropriate staffing level needed to interact with control agencies on a variety of fiscal issues, and with the legislature when addressing budget, audit and proposed legislation.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The CFO formulates, recommends, and administers CDTFA policies in relation to the Division's functions. Develops effective staff operations, and determines strategies to meet the future needs of CDTFA in these program areas. The position is responsible to plan, direct, evaluate, manage, and establish priorities for the Division programs.

Consults with and provides expert fiscal management consultation and technical advice to the Director/ Chief Deputy Director and Executive Staff. Develops and recommends department-wide policy for the Division's program areas to support and facilitate accomplishment of the CDTFA's primary mission and strategic goals.

Responsible for establishing policies relative to the capture, processing and allocation of revenue for over 36+ tax and fee programs as well as policy relative to day to day accounting work including the office of revolving fund. Specific policy examples are as follows:

Application of Generally Accepted Accounting Principles including Governmental Accounting Standards Board and the State Administrative Manual to CDTFA operations. Such policy includes the up keep of the CDTFA Travel Guide, keeping employees informed of Office of Revolving Fund provisions and developing policy on appropriate methodologies to use in the capture, processing and reporting of revenue for over 36 tax and fee programs. Without appropriate policies in place revenue allocations used to support vital programs and infrastructure could be impacted as well as inefficiencies in managing fund distributions and budgeted resources.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CFO is the fiscal advisor to executive management and is responsible for the overall administration of the Financial Management Division, comprised of the Business Management Branch, Accounting Branch, Tax Revenue Branch and the Local Revenue Allocation Unit. This includes direct and indirect supervision of approximately 311 professional and administrative staff. The CFO is responsible for strategic planning and policy leadership regarding the CDTFA fiscal matters, including analyzing, monitoring, and recommending changes in fiscal policy and operations; acts as liaison for CDTFA with other state and local agencies on fiscal issues; provides fiscal information relating to the impact of legislation to elected officials and executive management; responsible for providing fiscal information to control agencies and localities for revenue forecasting and analysis of cash flow; maintains cooperative relations with the Legislature and control agencies relating to CDTFA's critical programs.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The position is responsible for setting policy in a variety of program functions, including cost analysis, program expenditure/cash flow analysis, and financial analysis, revenue reporting, budgeting and tax administration.