

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

01/18/2018

2. Department

California High-Speed Rail Authority

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

Financial Office/Accounting

4. CEA Position Title

Chief Accounting Officer

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

The Authority proposes to establish a Chief Accounting Officer (CEA A) within its Financial Office. This position will have full operational responsibility of the Accounting Branch and the Authority's accounting system. The incumbent will be the Authority's technical expert on policy and procedure formulation and implementation in regards to all business processes of the organization in order to meet all accounting standards in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards, and other statewide policy standard setting agencies for governmental departments (e.g. State Controller and Department of Finance).

6. Reports to: (Class Title/Level)

Assistant Chief Financial Officer

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): The incumbent will have daily interaction with Executive Leadership, monthly reporting requirements to the Board of Directors, and be a key individual for policy development related to enterprise accounting requirements.

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.

The Chief Accounting Officer will have full operational oversight over the Accounting Branch, including the Accounts Payable Unit, Accounts Receivable Unit, General Ledger Unit, Fixed Assets Unit, Accounting Systems Unit, and Cash Management Unit. The incumbent will also be the technical expert for all requirements from the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), and guidance issued by the American Institute of Certified Public Accountants (AICPA). The incumbent will provide policy direction and oversight over activities performed by staff related to the preparation of the Authority's annual financial statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP), and requirements set forth by the State's Controllers Office and Department of Finance. In addition, the incumbent will ensure the continued compliance with State legislative mandates, such as the Cash Management Improvement Act.

The incumbent will provide leadership and guidance to Accounting Branch managers to incorporate best practices to create more efficient processes to meet monthly (Board of Directors) and quarterly (Federal Railroad Administration) data reporting requirements. Including finding efficiencies in pre-existing manual reconciliation processes, leveraging new enhancements from the FI\$Cal system, and incorporating changes of functionality and business processes with FI\$Cal system design changes. The incumbent will seek to identify weaknesses in all operational aspects of Accounting under a continuous improvement quality plan; assessing effectiveness of current accounting policies and procedures and recommend courses of action to any identified areas of potential efficiencies or weaknesses. The incumbent will, through subordinate managers, ensure the timely completion of all reconciliations of revenue and expenditure appropriations and cash accounts to provide timely information to Executive Leadership for resource allocation decisions. Including the management of 184 appropriations from 6 different fund sources and over \$1.6 billion in annual expenditures. The incumbent will advise Executive Leadership on operational needs as the project enters new phases of delivery, such as staffing levels and capacity to scale operations in the Accounting Branch as the project ramps up.

In addition, with the implementation of the State's new FI\$Cal, there is a new need to have enterprise wide coordination of operational data to properly report assets for financial statement purposes. Furthermore, because of the integration of programmatic areas to operate directly into FI\$Cal, the workload for role mapping has increased significantly and maintaining appropriate separation of duties enterprise wide requires higher level management involvement. The Chief Accounting Officer will maintain responsibility over these requirements and meet regularly with senior program level management to provide guidance and a clear understanding of requirements to ensure compliance with GAAP and other accounting standards for enterprise wide needs/requirements.

The incumbent will serve as the primary contact for external audits in regards to accounting records. Representing the Authority during initial evaluation, on site monitoring and reviews, and exit conferences. Conduct internal program reviews to ensure audit preparedness for both State and Federal audits. Testing internal controls for potential weaknesses and/or threats to processes and data accuracy. Discuss potential issues with Executive Leadership and provide solutions or detailed explanations as needed. The incumbent will respond and/or defend processes, as needed, to potential audit findings. Finally, the incumbent will be responsible to assess, develop, and create recommendations and corrective actions (as needed) in accordance with the State's Leadership Accountability Act.

Other management assignments as directed by the Assistant Chief Financial Officer.

**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: The Chief Accounting Officer is a critical component of the management team at the Authority. The Authority is creating the first ever High-Speed Train System in the nation, and must ensure adherence to all applicable accounting requirements and standards as the intent of the Project is to become a commercially viable business. In addition, as the Project moves into the delivery phase, the Authority will have ownership of major infrastructure (i.e bridges, viaducts) and will have agreements to hand over assets as they are completed. The accounting requirements for major infrastructure is stringent, and requires expert advice and sound decision making to ensure data integrity for future commercial operations. In addition, the Authority has expended just over \$4 billion in Federal and State funds, and with delivery picking up, the Authority will be spending significantly more funding to complete various phases of the Project and sound accounting practices are the most critical part of accounting for all funding.

**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.

Assembly Bill 398 was signed into law by Governor Brown on July 25, 2017, and made numerous changes to the California Global Warming Solutions Act of 2006. One of those changes directly impacts the Authority's funding by extending the market-based Cap and Trade system. This change increased the funding, over the next ten years, to the Authority by a significant amount (billions of additional funding). These additional funds are authorized through statute and not a Budget Act, which requires additional tracking and monitoring of usage.

The legislative change will heighten the responsibilities of accounting for every dollar spent on the Project and increases the need to become more efficient; and because of the implementation of the FI\$Cal system, additional manual workload requirements are now required due to the State Controller's Office not also being on the new system within the Accounting Branch. In addition, the new system requires coordination with senior program management to develop new policies and procedures for reporting requirements as the Authority moves into the delivery phase of the Project.

In addition, the accounting world is ever evolving and the incumbent's expertise and knowledge will be a core function of ensuring the Authority is actively implementing new and revised accounting standards; which is key to reduce risk, prevent errors and fraud, and ensure no material misstatements are included in the Authority's annual financial statements.

### 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 incumbent will develop, update, and maintain all policies and procedures within the Accounting Branch on a regular basis as new requirements and standards are set forth through revisions and updates to State Administrative Manual, legislation, control agency directives (Budget Letters and Management memos), Financial Accounting Standards Board, and the Governmental Accounting Standards Board.

The incumbent will provide policy directives for the enterprise in regards to accounting system data needs from programmatic units throughout the Authority. For example, in the month of December 2017 FI\$Cal notified departments of multiple system changes through e-mails which were significant changes to business processes at the Authority (End of Year 1099 reports and Departments' query manager functionality).

As the project progresses into a delivery phase, data requirements will evolve and accounting records for activities (i.e. Major Assets) will need to be formulated and implemented for ensuring consistency of the data throughout all major projects. Currently the Authority has three major construction projects in the Central Valley: (1) Construction Package 1, (2) Construction Package 2-3, and (3) Construction Package 4. Each with varying degrees of complexity and major asset development and creation (such as viaducts and bridges). In addition, the Authority has other major projects occurring at the same time, the State Route 99 realignment and the CALTRAIN modernization project. Each of these projects build assets, and those assets have varying degrees of accounting requirements. The incumbent's expertise is crucial for the proper reporting of these assets from design to operations. Furthermore, future procurement packages will include even more complex assets with more intense accounting requirements (i.e. rolling stock and tracks and systems).

**C. ROLE IN POLICY INFLUENCE (continued)**

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

As a member of senior leadership, the incumbent will have broad authority to make decisions that impact not only the Financial Office but enterprise wide policies and procedures. This position will interact with senior leaders at control agencies, such as Department of Finance, State Treasurer, and State Controller's Office. These interactions will result in binding decisions that will impact Authority policies, procedures, and operations.

For example, the incumbent will be responsible for: (1) ensuring the growth and development of subordinate managers and staff; (2) developing strategies to enhance the productivity of the Accounting Branch; (3) improving the accuracy and timely reporting of financial information; (4) addressing external audit findings and develop responses as required; (5) planning the quarterly and year-end financial statement processes; (6) ensuring timely monthly reporting to the Board of Director's on cash availability in a constrained program; (7) updating accounting manuals and job aides; and (8) ensuring the recording of all transactions in the FI\$Cal system are complete and accurate. In addition, other duties and tasks as required.

In addition to the Authority's reporting requirements to the State, and because the Authority is developing a system that has to be commercially viable, reporting (which is provided to the Board of Directors on a monthly basis) uses a full accrual method and must be in compliance with GAAP adding an additional layer of complexity to the Authority's operations. The incumbent will have to make technical decisions based on experience, knowledge, and expertise on the varying standards for the appropriate scope of the various reporting the Authority does.

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

The incumbent will formulate, develop, and implement new policies and procedures and update existing policies and procedures as required.

The incumbent will provide the technical expertise to incorporate new requirements, accounting standards, regulatory and law changes into Authority policies and procedures.