

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

February 6, 2017

2. Department

California Department of Insurance

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

Enterprise Planning, Risk, and Compliance

4. CEA Position Title

Enterprise Planning, Risk, and Compliance Chief

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

The California Department of Insurance (CDI) is requesting the establishment of a new CEA to serve as CDI's Enterprise Planning, Risk, and Compliance Chief. This position will report directly to the Chief Deputy Commissioner, lead critical business functions, and develop and implement policies enabling the CDI to better achieve its strategic objectives, manage risk, and ensure organizational compliance.

6. Reports to: (Class Title/Level)

Chief Deputy Commissioner/Exempt

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.

The CDI is requesting approval to establish a CEA to serve as CDI's Enterprise Planning, Risk, and Compliance Chief within the proposed Enterprise Planning, Risk, and Compliance function. Under the management of the proposed CEA, the function will provide heightened policy oversight, leadership and improve coordination of the CDI's planning, risk, and compliance functions. This will further improve CDI's ability to manage and control risks associated with, but not limited to, regulatory changes, control failures, breaches in physical and data security, internal audits, and disaster recovery. The creation of the Enterprise Planning, Risk, and Compliance function will be achieved through the reorganization of the three existing offices into one function resulting in enhanced collaboration within these critical program areas. The three offices planned for consolidation are the Office of Strategic Planning (OSP), the Organizational Accountability Office (OAO), and the Information Security Office (ISO).

The proposed CEA will advise the Insurance Commissioner and Chief Deputy Commissioner on policy and legislative matters pertaining to planning, risk, disaster recovery and response, and various other pertinent compliance activities. The CEA will also provide professional review of strategic planning, organizational performance management, ethics, internal audits, and various technical reports to ensure compliance with CDI policies, existing laws, and overall quality control requirements.

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: CDI's mission is to ensure that California offers vibrant markets where insurers keep their promises and the health and economic security of individuals, families and businesses are protected. CDI licenses over 1,500 insurance companies and more than 400,000 insurance individuals and business entities in the state of California. CDI serves public stakeholders and consumers by regulating how insurance companies market and administer their policies, and is charged with the responsibility of ensuring that insurance business transacted in the state is conducted in an honest, open, and fair manner.

The following three (3) offices and related functions are proposed for consolidation into the Enterprise Planning, Risk, and Compliance:

The Office of Strategic Planning (OSP) oversees the implementation of methodologies that measure progress toward SMART (Specific, Measurable, Achievable, Relevant, Time-Oriented) objectives aligned with the goals of the Department's strategic plan. OSP also plays a vital role in leading CDI's workforce planning and development initiatives to promote innovation and professional growth within CDI's workforce and ensure development strategies align with CDI's objectives and priorities.

The Organizational Accountability Office (OAO) provides Department management with independent, objective, accurate and timely information necessary to make policy decisions. The Office assists CDI executive management in its efforts to increase operational and organizational efficiency and effectiveness by providing them with analysis, appraisals, recommendations and technical assistance. OAO also provides CDI management with information on the adequacy and effectiveness of the Department's system of internal controls. The OAO includes Ethics (including mandatory, biennial training for Form 700 filers) and Internal Audit functions as well as oversight of the State Leadership Accountability Act (formerly Financial Integrity and State Manager's Accountability Act of 1983), Incompatible Activities, Conflict of Interest, Whistleblower Complaints and Risk Management.

The Information Security Office (ISO) is responsible for investigating breaches in physical and data security, filing incident reports with the California Department of Technology and California Highway Patrol, as well as reviewing data recovery procedures. The ISO is also responsible for working jointly with the OAO to undertake a Risk Analysis Management Program (RAMP) survey of all critical/sensitive information assets to determine which are at greater risk and to develop a plan for greater security. Additionally, the ISO coordinates with technology and program staff to prepare the Department's Operational Recovery Plan and examines the RAMP for the Department. The ISO also administers the mandatory annual information security and privacy training for over 1,400 employees within the CDI.

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.

State departments are increasingly placing more emphasis on strategic and continuity planning, risk management, information privacy and security and compliance issues. Heightened leadership, policy coordination and communication are essential to the effective and efficient performance of these critical functions. Currently, these functions are performed by multiple programs within CDI and are led by mid-level managers reporting directly to the Chief Deputy Commissioner. Establishing a single point of policy leadership over planning, risk and compliance functions will provide a more appropriate, executive-level review for these enterprise-wide, critical areas than is currently possible.

In order to meet the demands of a dynamic operational landscape, CDI proposes to consolidate the above-mentioned functions to strengthen the planning, risk and compliance activities currently in place and enhance the culture of compliance. The objective of the proposed consolidation is to realign the functions under one executive-level position who will lead all aspects of compliance, business strategy, and risk management. Elevating and centralizing these functions into one program will allow the Department to better achieve its strategic objectives and allow for comprehensive oversight to ensure compliance issues are thoroughly addressed and liability to the Department and its stakeholders is minimized.

In addition, by realigning current functions in a more strategic manner, CDI forecasts greater operational efficiency and enhanced policy coordination and oversight.

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 proposed CEA will serve as a member of the executive management team helping to shape departmental policy in the area of Enterprise Planning, Risk and Compliance. It will be the proposed CEA's role to collaborate with the executive team, program staff, subject matter experts and internal and external stakeholders, and other state departments and jurisdictions, to determine how to maximize resources and most effectively perform the functions associated with risk management, physical and data security, internal audits, and compliance.

Specifically, the proposed CEA will oversee the development and implementation of policies relating to the following programs/initiatives:

Organizational Accountability:

- Ethics Training to ensure a culture centered on proper business ethics.
- Incompatible Activities related to activities that CDI determines to be inconsistent, incompatible, or in conflict with the duties of CDI employees per Section 19990 of the Government Code.
- Political Reform Act which requires public officials to disclose assets and income which may be materially affected by their official actions. Also, policies related to Government Code Section §81000, et seq. adopting and promulgating conflict of interest codes.
- State Leadership Accountability Act (SLAA), Government Code Sections 13400 through 13407, enacted to reduce the waste of resources and strengthen internal control. The CEA will develop and implement policies related to SLAA's requirement that each state agency maintain effective systems of internal control, evaluate and monitor the effectiveness of these controls on an ongoing basis, and biennially report on the adequacy of the agency's systems of internal control.
- Biennial internal control reviews required by SLAA and Section 2000 et seq. of the State Administrative Manual (SAM).
- Investigation and reporting of improper activities under the California Whistleblower Protection Act, including CDI's complaint reporting process pertaining to improper acts that are economically wasteful, or involve gross misconduct, incompetency, or inefficiency.
- On-going auditing and analysis of the CDI's reliability in financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. This includes the five major components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring.

Information Security:

- CDI Enterprise IT system, business operations, and departmental IT infrastructure to guard against security breaches and vulnerability issues.
- CDI's implementation of information security practices and procedures required by the California Technology Agency's Office of Information Security (OIS), National Institute of Standards and Technology (NIST), and System Administration Networking and Security (SANS) to ensure that all deployments, enhancements, operations, and maintenance of CDI's network systems are in compliance with control agency security standards.
- Risk assessments/management plans to ensure consistency with the SAM, Chapter 5300.
- Disaster recovery plans and incident reporting required by the California Technology Agency and the California Highway Patrol, including both annual reporting and breach of security incidents.
- Mandatory Annual Information Security and Privacy Awareness Training. Pursuant to the Privacy Act of 1974 and Government Code Section 11019.9, CDI must enact and maintain a permanent privacy policy in accordance with the Information Practices Act of 1977. Additionally, pursuant to the SAM, Sections 5320 et seq., CDI must establish policies and processes to ensure annual training with respect to individual, departmental, and statewide security responsibilities and mandates.
- Risk Analysis Management Program (RAMP) survey of all critical/sensitive information assets to determine which are at greater risk and to develop policies and procedures to enhance and maintain greater security.

Strategic/Succession Planning:

- Implementation of action plans to support the vision, mission, values, and goals of the CDI.
- Program research, analysis, policy development, and reporting pertaining to CDI's statewide workforce planning and development initiatives (e.g. attrition trends, projected retirements, recruitment and retention, career development and training needs).
- Organizational performance management and improvement programs and projects.
- Insurance industry, governmental, and legislative factors and practices impacting CDI's operations to ensure effective development and maintenance of CDI's strategic planning program, workforce planning, and succession planning.
- Annual Employee Satisfaction Survey to further CDI's goal of attracting the most highly qualified employees, and ensuring CDI is an "employer of choice" to strengthen retention efforts.

C. ROLE IN POLICY INFLUENCE (continued)

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

The proposed CEA will have authority delegated by the Insurance Commissioner and Chief Deputy Commissioner to establish and implement short and long term strategic plans, policies, goals, objectives, and operating procedures related to regulatory changes, risk assessment, control failures, breaches in physical and data security, compliance activities, internal audits, privacy, ethics, and operational recovery. Reporting directly to the Chief Deputy Commissioner, the CEA will provide regular updates to both the Insurance Commissioner and Chief Deputy Commissioner regarding decisions, strategies, and development/implementation of applicable policies, and improve coordination of planning, risk and compliance for the Department.

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

The proposed CEA position will develop and implement new policy as well as interpret/implement existing policy. One of the primary responsibilities of the CEA will be to review and assess the existing policies within the areas of strategic planning, organizational accountability, ethics, internal audits, information security, and operational recovery and determine their effectiveness or need for change. The proposed CEA will also formulate and develop new policies based on their analysis of the existing policies. Additionally, as new laws and regulations are implemented, it will be the responsibility of the CEA to review and interpret how they will affect existing, new, and developing programs and/or policies within the CDI.