

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

2018-05-29

2. Department

Transportation

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

Independent Office of Audits and Investigations

4. CEA Position Title

Chief Deputy Inspector General

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

Under the direction of the Inspector General, the Chief Deputy Inspector General is responsible for developing and implementing the policies and procedures for the Independent Office of Audits and Investigations (IOAI) related to risk assessment and audit plan development. Incumbent assists the Inspector General in fulfilling the requirements of Senate Bill 1 as it pertains to operating a full scope, independent and objective audit and investigation program and reporting the results of its operations. This position requires a high degree of integrity, confidentiality, responsibility and sensitivity.

6. Reports to: (Class Title/Level)

Inspector General

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.

SB 1, Ch. 5 (Stats. of 2017), established the Independent Office of Audits and Investigations (A&I) led by the Inspector General. Subsequently, the 2017 Budget Act included funding for the Inspector General's office including the funding for the Chief Deputy Inspector General.

The statutory charge to A&I is, among other things, to ensure the department and external entities that receive transportation funds from the department are spending those funds efficiently, effectively, economically, and in compliance with applicable requirements. To fulfill this duty, the Inspector General is vested with the authority to maintain a full scope, independent and objective audit and investigation program.

Under the direction of the Inspector General, the Chief Deputy is responsible for the development of an independent, risk-based annual audit plan. The plan will be developed after completion of an annual risk assessment of Caltrans and external entities and programs that receive state and federal transportation funds. The completion of a risk assessment requires expert knowledge of audit standards and policies and sensitivity to the concerns of entities affected.

SB 1 requires the Inspector General to report a summary of investigation and audit findings and recommendations to the Governor, Legislature, and the California Transportation Commission at least annually and to make that information available to the public on the office's website. The Chief Deputy is responsible for developing an effective communication plan that includes a publication schedule for the annual report and overseeing the creation of a new Inspector General website.

It is the intent of SB 1 that Caltrans and external entities are functioning in an effective, efficient, and economical manner. Consequently, the Chief Deputy will lead an effort to integrate technology and automation into audit functions. This initiative requires research, policy development, and training staff to automate some financial reviews to reduce risk without adding additional staff. This effort requires substantial technical and auditing skills.

The Chief Deputy Inspector General will be a primary contributor in all policy areas of IOAI annual audit plan. The Chief Deputy will develop policies and procedures for the adoption of an annual audit plan—this includes what key risk factors will be included, who and how input will be provided by external entities such as the Federal Government, Transportation Agency, and the California Transportation Commission, and what program areas will be audited and reviewed each year.

The Inspector General is required to attend meetings with elected officials, testify in legislative hearings, and appear before numerous groups interested in transportation policy. The Chief Deputy will have the authority to act on behalf of the Inspector General as needed.

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: SB 1 created the Inspector General position to ensure the department's management is accomplishing departmental priorities, developing an annual audit plan, administering an effective enterprise risk management program, and is making efficient, effective, and financially responsible transportation decisions. The Chief Deputy Inspector General is critical to developing policies to implement these requirements.

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.

Senate Bill 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. This legislative package invests \$54 billion over the next decade to fix roads, freeways and bridges in communities across California and puts more dollars toward transit and safety. Section 14460 of this legislation required the Governor to appoint an Inspector General to oversee the Independent Office of Audits and Investigations.

To assist the Inspector General in fulfilling this responsibility a Budget Change Proposal was approved that provided 9 additional positions to A&I. The position of Chief Deputy Inspector General was one of the 9 positions approved in the Budget Change Proposal. Section 20 of this request outlines the Chief Deputy Inspector General responsibilities.

The Inspector General is responsible for the content of reports and recommendations that will be submitted to the Governor, Legislature, and California Transportation Commission, for reporting audit and investigative findings to the Caltrans Director and Chief Deputy Director on an ongoing and regular basis, and for keeping the Agency Secretary fully informed. The Inspector General is responsible for the strategic direction of the office and compliance with all reporting requirements under SB 1 and SB 103. The Chief Deputy will act on behalf of the Inspector General when he or she is not available.

SB 1 requires the Independent Office of Audits and Investigation (IOAI) to ensure Caltrans and entities (local agencies, private for profit and nonprofits) who receive funds from Caltrans are spending those funds efficiently, effectively, economically, and in compliance with state and federal requirements.

- The Chief Deputy develops policies and procedures to determine the programs and divisions of Caltrans and the local entities to be audited each year including the timeframe for development, review, and issuance of the annual audit plan.
- The 2018-19 Audit Plan includes audits of Caltrans' internal operations, cost proposals from local governments, and financial documents from private firms providing services to Caltrans. The Chief Deputy creates policies to determine how to ensure efficiency and accomplish oversight in these areas.

SB 1 requires the IOAI to ensure Caltrans is administering an effective enterprise risk management program. The 2018-19 Audit Plan includes assessing the effectiveness of Caltrans' Enterprise Risk Management Program (ERM).

- The Chief Deputy establishes policy to ensure proper coordination between the IOAI and Caltrans' Risk Assessment Officer, including identifying roles and responsibilities for identifying risk and providing guidance. The Chief Deputy is responsible for determining whether the IOAI can rely on the work of ERM to properly assess risk during the development of future audit plans.

The Inspector General is required to review policies, practices, and procedures and conduct audits and investigations of activities involving state transportation funds, in consultation with all affected units and program of the department and external entities.

- The Chief Deputy creates policies and processes for consultation with the department and external entities. The incumbent is expected to regularly interact with local officials, local and regional agency staff, and external stakeholder groups and receive feedback on SB 1 implementation and broader accountability efforts undertaken by the IOAI.

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 Chief Deputy Inspector General has the responsibility to ensure policies and procedures are established to ensure the requirements of Section 14460 of SB1 are met along with other applicable state and federal regulations.

The Chief Deputy will be charged with creating policy for the development of the annual risk assessment and issuance of the annual audit plan. This plan will be used for selecting and conducting audits each calendar year.

The Chief Deputy is responsible for developing and implementing policy to ensure the effective communication of information about audits and recommendations to the public, Governor, Legislature, and CTC.

Senate Bill 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. This legislative package invests \$54 billion over the next decade to fix roads, freeways and bridges in communities across California. SB 1 created the IOAI to ensure Caltrans and external entities use resources efficiently and effectively. The Chief Deputy will develop policy that enhances public trust in the efficient use of state and federal transportation funds. Transportation funds awarded across the state will be subject to audit and review.

The Chief Deputy Inspector General would be responsible for developing the following policies and/or guidelines as they pertain to the Audit Plan:

- Develops risk policy to determine which audits will be prioritized in the audit plan each fiscal year. Potential audits include: Is the department's \$100 million in efficiency savings accurate and supported; Are the selected projects in pavement and Traffic Management Systems going to be effective in achieving performance outcomes in SB 1; Does the department have an effective governance model in place to ensure technology risk is appropriately managed.
- Establishes policy to determine when audit requests from external entities will be accepted so there is consistent approach.
- Creates policy to incorporate appropriate input and comment from external entities on the annual audit plan.

In addition, the Chief Deputy would be responsible for developing the following policies and/or guidelines as they pertain to the development on an annual Audit Plan.

- Methodology used for intake and evaluating external audit requests (from the Legislature, Federal Government, or stakeholders) to the Inspector General. This includes the development of both policies and procedures to ensure external audit requests are received and evaluated on a consistent basis.
- Methodology for incorporating audits mandated by either control agencies or legislation into the overall audit plan to ensure compliance.
- Development of the annual risk assessment to ensure it includes assessing the risks identified by Caltrans' Executive Management, and key external partners, including the Federal Highway Administration, California Transportation Commission, the Legislature and the Administration.
- Documenting the roles and responsibility of the both the investigative and ethic's functions of the Independent Office of Audit and Investigations both with internal and external entities.
- Establishment of policies to ensure the oversight and reporting responsibilities of Senate Bill 1 are met.

C. ROLE IN POLICY INFLUENCE (continued)

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

The Chief Deputy will make decisions about risk and which areas and programs of Caltrans and external entities will be subject to audit. The Chief Deputy will decide which audit functions should be part of an automation project and how data analysis can best be used to inform annual risk assessments. The Chief Deputy will determine effective methods for communicating office reports to the public and others.

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

The duties and responsibilities of the Inspector General and the Independent Office of Audits and Investigations, and therefore the Chief Deputy, are new under SB 1.

The Chief Deputy Inspector General will formulate, develop, and administer communication policies to ensure information dissemination, both internal and external, is accomplished both timely and in a manner consistent with the strategic goals of the IOAI.