

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

March 20, 2017

2. Department

California Health Benefit Exchange/Covered California

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

Financial Management Division

4. CEA Position Title

Deputy Director, Accounting and Accounting Systems Operations

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

The Deputy Director, Accounting and Accounting Systems Operations is responsible for policy development for the full range of accounting activities in the Financial Management Division related to accounts receivable, cash receipts, reconciliation, accounts payable, payroll, travel, general ledger, etc. The incumbent serves as the technical expert and makes policy decisions involving the development of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and other accounting standards; provides direction over automated accounting systems and resolution activities involving payment problems related to Covered California Small Businesses, accounting and premium reconciliations for the Covered California.

6. Reports to: (Class Title/Level)

Chief Financial Officer/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): The incumbent will make presentations as needed to the Executive Management Team and the Board on financial information and systems.

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.

GAAP Based Financial Statements. Serves as a technical expert of GAAP and other guidance provided by the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Provides policy direction and leadership oversight over activities performed by staff related to the preparation of legal based annual financial statement information and those prepared in accordance to Generally Accepted Accounting Principles (GAAP). Assess and understands the shortcomings of the California State Accounting and Reporting System (CalSTARS) and the financial Information System for California (FI\$CAL) and its impact on the accounting operations and the development of GAAP based financial statements. Makes critical decisions on how ongoing accounting information needs will be addressed in order to be compliant with GAAP and other accounting standards such as FASB, GASB and AICPA. Meets regularly with the CAO and the GAAP technical consultant to discuss ongoing problems encountered in the preparation of the GAAP based financial statements and provide management direction regarding actions to be taken. Directs the exploration of solutions and development of alternatives for information that must be included in the GAAP based financial statements. Makes policy decisions and provides overall direction to ensure the accuracy of the GAAP based financial statements through the application of the matching principle to reconcile expenditures to revenues and accruals, and the proper compilation of the balance sheet, income statement and cash flow statement.

Automated Accounting Systems and Problem Resolution/Covered California Small Businesses (CCSB) activities. Directs the resolution of reconciliation and payment issues and workload backlogs of the CCSB and other programs, through various technology solutions. Provides leadership direction in the exploration and implementation of new technology solutions and manual work around processes to stabilize the CCSB and make improvements for processing CCSB related transactions. Directs staff to resolve accounting deficiencies and establishes policies and new processes related to issues such as: the collection policy for delinquent accounts, credit invoices not recorded in CALSTARS, visibility issues of adjustments made to the Healthcare Pinnacle System, reporting banking activities by the Bank of America, moving from the use of manual spreadsheets as a source for creating invoices for disbursements to carriers, agents, etc. Ensures that all processes conform with the requirement to collect accurate accounting information needed for the annual preparation of the GAAP financial statements and with the requirements for the future implementation of FISCAL.

Accounting Operations. Develops departmental policy regarding the accounting activities of the Exchange; provides leadership and executive direction for the preparation and control of its accounting records and activities of the accounts receivables, reconciliations, accounts payables, general ledger, federal reporting, cash management and financial reporting activities. Assesses overall effectiveness of the accounting operations to identify weaknesses and areas requiring change or improvement. Makes policy decisions to change, improve and/or streamline accounting operations. Provides leadership direction and management oversight to subordinate managers to institute new operational procedures to support new policies that will increase efficiency. Provides guidance to the Chief Accounting Officer and subordinate managers to resolve complex accounting problems in each of the accounting areas.

External Audits. Represents the Financial Management Division in entrance and exit conference meets with external auditors conducting independent external programmatic audits and federal single audits conducted on the Exchange/CC. Meets with external auditors to understand requests for accounting information needed for audit testing as needed. Meets with CAO and GAAP technical consultant to ensure the information requests can be met. Discusses potential audit findings with the principal and other auditors performing the audit. Uses knowledge of GAAP and other accounting standards to understand complexity of audit issues and the principal and other auditors performing the audit. Uses knowledge of GAAP and other accounting standards to understand complexity of audit issues and provides detailed explanations to refute or mitigate the finding. Utilizes broad based knowledge regarding the health care programs, the accounting processes, existing technology/automation projects, ongoing data integrity problems affecting the accounting information, alternative checks and balances in place within the accounting operations, etc., to respond to audit concerns. Provides explanations to the auditors to facilitate their understanding of the Exchange/CC and its mission, the FMD accounting processes and alternative controls in place to curtail, mitigate or eliminate the risk identified by the auditor, etc. Obtains agreement from the auditors on whether the alternative controls in place are satisfactory actions to mitigate the potential finding. Negotiates with the auditors on the final status of the audit finding, showing whether the risk has been mitigated and whether the finding should be included in the final audit report. Performs similar tasks for the Financial Integrity and State Managers Accountability Act audit conducted by Exchange internal control auditors who audit existing internal controls for accounting functions such as accounts payable, accounts receivable financial reporting, cash receipts, contracts, etc. Provides policy direction to institute new or strong internal controls within the accounting operations to reduce accounting risk and/or streamline operations.

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 Deputy Director, Accounting and Accounting Systems Operations is responsible for policy development for the full range of accounting activities in the Financial Management Division and serves as the technical expert and policy maker involving the development of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and other accounting standards. As Covered California's accounting operations are not subject to review by the State Controller's Office, the incumbent's responsibility is heightened. As Covered California is a self-supporting entity, accurate accounting of expenditures and revenue as well as associated reconciliations are essential to ensure ongoing operational funding and the ability to continue to meet its basic mission of providing affordable health care to Californians.

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 incumbent has assumed expanded responsibilities including development of GAAP based financial statements, the implementation and use of the new Financial information system for CA, FI\$CAL and the implementation of associated new business policies and processes. Additionally, the incumbent maintains responsibility for the enhancement of existing financial systems, (which are not completely automated, requiring costly manual work around solutions) as well as development and implementation of new systems designed to mitigate such problems. To enable the Deputy Director to focus on these new responsibilities and to balance the management workload, the financial activities associated with budgets, financial analyses, forecasting, planning, modeling and associated research have been consolidated under the Assistant Director, Financial Planning and Forecasting Operations.

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 work managed by the Deputy Director is not subject to review by the State Controller's Office, so the incumbent is independently responsible for establishing the accounting policies that are unique to Covered California which are described below:

a. Development of long term strategy and underlying structure of GAAP based financial statements that will meet the requirements of GAAP and other relevant accounting standards. This includes policy decisions that relate to the inclusion or exclusion of accounting information in the financial statements; the source of data to be used, how the information will be used in determining actual accruals and matching it to actual revenues and expenditures and how that information will be compiled and displayed in the year-end financial statements; the determination of required accounting information in accordance with GAAP and other accounting standards that must be compiled and maintained; the ability to fulfill the matching principle and making accrual adjustments accordingly; the ability to maintain an ongoing method of compiling the relevant and accurate data and the exploration and implementation of technology solutions to assist in this process.

policy decisions regarding GAAP includes decisions regarding

b. Development of long term accounting strategy and policies to streamline the payment process to various groups of payees, that include navigators and assisters, agents, general agents, health plan carriers, etc.

c. Development of long term automation strategy and the required policies, procedures and fiscal systems to support and monitor the Exchange / CC consumer services, including premium fees revenues, 1099s for partner payments, subsidies, health plan payments, etc. This includes the development of policies to reconcile unanticipated accounting challenges from various technology solutions that have not proven successful thus far.

d. Development of long term strategy and related policies to implement FI\$CAL and other automation technology solutions to provide ongoing accounting information needs to assist in the day-to-day accounting operations, the resolution of ongoing accounting problems (such as payments) and the development of GAAP based financial statements.

e. Development of accounting and other policies related to the collection of premiums for small employers, enrollment and payment plans, the structure of agent payments for sales and distribution of small business Exchange / CC products, cross agency integration teams and programs that may result in operational changes that drive expenditures, management of cash across the Exchange.

f. Development of accounting and other policies related to the day-to-day accounting activities that include accounts receivables, cash receipts, payroll, accounts payables, general ledger, travel, federal reporting, purchasing and contracts, etc.

C. ROLE IN POLICY INFLUENCE (continued)

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

The scope of the Deputy Director's decision-making authority encompasses all of Covered California and impacts internal as well as external stakeholders on a statewide basis. The Deputy Director has statewide management responsibility for the accounting systems and functions which are required to track incoming revenue and outgoing expenditures, and to prepare associated financial reports required at the State and Federal level. As Covered California is a revenue generating entity and must be self-supporting, these policies are essential to ensure the ongoing financial health of Covered California and enable it to meet its basic mission which is to provide affordable health care to Californians.

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

The CEA will do both as it is assuming responsibility for existing functions, and new policy setting is essential to the Covered California's ability to properly account for its incoming revenue and outgoing expenditures and to ensure accurate and timely financial data required for associated financial reports.