

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

October 24, 2016

2. Department

Industrial Relations

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

Division of Administration

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 Chief Accounting Officer (CAO) has full responsibility to develop accounting policies, and decision making authority in the support of the overall mission, objectives, organizational plan and strategic direction of the organization. Establishes and maintains ongoing contacts with all levels of management within the department; program managers; the Budget Section; EDP staff; field offices; control agencies; CPA firms; grantee organizations; banks; bonding companies; financial consultants; attorneys; vendors; cities; counties; and the Federal Government. The position will ensure current and future legislative enactments pertaining to the Department of Industrial Relations (DIR) will be addressed by Policy and Procedures. The DIR mission is to improve working conditions for California's wage earners and to advance opportunities for profitable employment in California. DIR administers and enforces laws governing wages, hours and breaks, overtime, retaliation, workplace safety and health, apprenticeship training programs, and medical care and other benefits for injured workers. DIR also publishes materials and holds workshops and seminars to promote healthy employment relations, conducts research to improve its programs, and coordinates with other agencies to target egregious violators of labor laws and tax laws in the underground economy.

6. Reports to: (Class Title/Level)

Chief of Administration C.E.A. B

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.

Under the general direction of the Chief, Division of Administration (C.E.A. Level B), the C.E.A performs as the Chief Accounting Officer for the Department of Industrial Relations (DIR). In this capacity, has charge of DIR's large (50 professional staff) and complex accounting functions (multi-dimensional, fully automated systems, supporting 27 funds) requiring subordinate Administrators and Supervisors. More specifically:

Responsible for reporting the financial condition of all programs and to the nine appointing powers (including the Director of DIR), State Controllers Office, the Department of Finance (Year-End Reports and Financial Statements) and DIR's Budget Office.

Creates and directs the development and administration of statewide accounting plans, policies, procedures, and standards. The Accounting Units that will be effected are the Accounts Receivable and Cashiering Units that are responsible for recording and maintaining billed Accounts Receivable and processing and remitting (billed and un-billed) payments to the State Controller's Office (SCO); Accounts Payable and Travel Service Units that processes SCO direct charges and division's invoices timely to avoid late payment penalties and audit and reimbursement of employee travel claims; Reconciliation and Systems Units to maintain the statewide accounting system (CALSTAR) and Reconcile DIR's records (Appropriations, Revenue and cash) to the SCO and SCO's monthly reports; Federal Grants Unit that accounts for four Federal Grants awarded to DIR; Collections Unit that is responsible for the collection of complex CAL-OSHA delinquent accounts by maintaining considerable contact with various entities, such as the many California superior courts, CAL-OSHA, Legal Counsels, CAL-OSHA district managers and staff, Employment Development Department (EDD), Contractors State Licensing Board (CSLB), Division of Labor Standards Enforcement (DLSE), other units in Accounting, and the contracted outside collection agency,

Through subordinate Accounting Administrators, is responsible and accountable for the entire DIR accounting activities. In this capacity, organizes the offices including: planning, budgeting, staff training, contract management, personnel management, and equipment acquisitions. Develops policies relevant to accounting issues and procedures which have department wide impact.

Establishes and maintains ongoing contacts with all levels of management within the department; program managers; the Budget Section; EDP staff; field offices; control agencies; CPA firms; grantee organizations; banks; bonding companies; financial consultants; attorneys; vendors; cities; counties; and the Federal Government.

Develops, implements, and enforces internal controls in order to detect, correct, and prevent errors which could cause: a decline in the State's fiscal credibility; expenditures to be erroneously or inappropriately made; revenue to be uncollected or lost; Federal reimbursements to be minimized or delayed; etc.

Oversees the processing of more than \$517 million in payments annually. DIR operating programs generate, and Accounting collects and remits, \$569 million annually into 58 revenue accounts.

Oversees the processing and collection of more than \$58 million each year in Fraud Assessments on behalf of the Department of Insurance.

Oversees subsidiary field office (18 offices) accounts receivables and cash accounting activities. Accounting reports from field offices and for specific programs must be incorporated into the department's overall accounting reports. The accounting reports from the field offices and for specific programs must be verified by the department's central accounting office, which has the ultimate responsibility for the accuracy of the reports. Furthermore, the reports from the field offices and for specific programs must be compatible with each other and with the reports issued by the department's central accounting office. In this role, the Chief Accounting Officer, C.E.A. A sets standards and develops policies and procedures so field offices perform in a consistent manner.

Other management assignments as directed by the Chief, Division of Administration.

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: Established in 1927, the Department of Industrial Relation's (DIR) mission is to protect and improve working conditions for California's wage earners and to advance opportunities for profitable employment in California. The DIR administers and enforces laws governing wages, hours and breaks, overtime, retaliation, workplace safety and health, apprenticeship training programs, medical care and other benefits for injured workers. The DIR also publishes material and holds workshops and seminars to promote healthy employment relations, conducts research to improve its programs, and coordinate with other agencies to target egregious violators of labor laws and tax laws in the underground economy. Aligned with the mission of the Department and the objectives of the Director, the Accounting Section serves as a vital partner to the Director, the divisions and program managers, to provide critical support.

The Accounting Section of the Department of Industrial Relations (DIR) accounts for the financial support to it's various programs. The Division's revenue must be recorded timely and accurately to each Fund/Program so operating costs can be paid. The Accounting Section currently sets up billed (Accounts Receivable) revenue in the amount of \$240 million for it's programs that include the Division of Occupational Safety and Health (Cal-OSHA, Elevators and Pressure Vessels) programs, Division of Labor Standards and Enforcement (Bureau of Field Enforcement) and Division of Workers' Compensation (DWC).

Accounting also records un-billed revenue in the amount of \$382 million for the same and additional programs. The DIR is in the process of centralizing it's Accounts Receivables functions into a single database known as Centralized Accounts Receivable System (CARS) to record and track all of the Department's receivables.

Policy and procedures are required to address billed and un-billed revenue that DIR's various divisions generate to ensure that it's programs can meet the Department's mission. The Accounting Section must record the correct revenue and remit cash to the each Division for expenditures to be paid by the State Controller's Office.

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.

Legislative mandates and corresponding budget change proposals have necessitated an expansion of the existing DIR workforce and as a result demands for Accounting support and services have increased. The approved California Legislative changes for DIR that have increased staffing for Divisions, and creating additional workload in the Accounting Section are in accordance with the California Governor's Budget Summary per Fiscal Year. The Department of Industrial Relations budget has increased as follows. In Fiscal Year 2014-15, Chapter 25, the budget includes \$597.7 million from non-General Fund sources to support DIR, which reflects an increase of \$14 million in comparison to the 2013 Budget, expanding the Division of Occupational Safety and Health (DOSH) program by 26 positions, and the Division of Labor Standards Enforcement (DLSE) by 20 positions. In Fiscal Year 2015-16, Chapter 10, the enacted Budget includes \$619.7 million from various special funds to support the department, which reflects an increase of \$22 million compared to the 2014 Budget Act, expanding the DOSH Elevator Safety Account by \$4.4 million and authorized 27.5 positions, increased the CAL-OSHA Occupational Safety and Health Inspections by \$4.6 million and approved 44 positions. In addition, the Fiscal Year 2016-17 Governor's Proposed Budget includes an increase of \$1.4 million for the Private Attorney General Act Resources, and 9 additional positions; \$3.2 million for the Labor Enforcement and Compliance Fund plus 19.5 positions to address a significant difference in case load, as well as \$1.8 million in Wage Claim Adjudication Hearings, and 9 positions to address the growing backlog of hearings. Approximately 193 additional positions in FY17/18 are expected to be allocated. The DIR has the following within its purview:

- I. Division of Workers' Compensation (DWC), Workers' Compensation Appeals Board (WCAB), and Commission on Health and Safety and Workers' Compensation (CHSWC)
- II. Division of Occupational Safety and Health (Cal/OSHA), Occupational Safety and Health Standards Board (OSHSB), Occupational Safety and Health Appeals Board (OSHAB)
- III. Division of Labor Standards Enforcement (DLSE), and Industrial Welfare Commission (IWC)
- IV. Division of Apprenticeship Standards (DAS), California Apprenticeship Council
- V. Office of the Director:
 - Office of Policy, Research, and Legislation
 - Labor Enforcement Task Force
 - Press Room
 - Self Insurance Plans (SIP)

The DIR Administration is in the process of reorganizing its Accounting Section to modernize its Accounts Receivable, Collections and Cashiering functions with new technology. The work load in Accounting has increased due to increased staffing in DIR divisions that are performing more inspections, and to meet this demand, automated processes are being implemented. Because of increased Departmental staffing, additional workload has been created for processing travel reimbursement claims, recording revenue, reconciling appropriations, tracking Federal Grant activity and remitting cash to the SCO. The new automated Accounting Subsystems allows for the tracking of an Accounts Receivable and provides the status of the account from set-up to paid-in-full or written-off. The DIR addressed prior audit finding on the lack of collections efforts by working with the Employment Development Department (EDD), a sister agency. The DIR contracted with EDD to participate in their automated collections service titled: Automated Collections Enhancement System (ACES). The ACES automated system was configured to accept delinquent Accounts Receivable sent electronically from DIR to EDD without manually keying data. Currently, procedures are in place for the Cal-OSHA delinquent Accounts Receivable referred to EDD, and when other DIR Accounts Receivable are configured to be accepted by EDD, policies and procedures must be expanded department wide.

For Fiscal Year 2015/16 the DIR recorded \$569 million in revenue for all its programs. The DIR is addressing the cashiering of checks outside of Accounting, and has implemented new processes such as a Lock Box service (5 boxes), acceptance of Credit Cards and Electronic Funds Transfers (EFT) and check scanning to the bank. Electronic cash receipts files are uploaded daily to various accounting databases to record payment information for billed and un-billed revenue. The Department of Industrial Relations funding structure has changed from mostly a General Fund to now all Special Funds that requires continued vigilance in ensuring DIR's fiscal solvency for each Fund/Program.

The Accounting Section in coordination with DIR's programmers have created an automated centralized Accounts Receivable database titled: Centralized Accounts Receivable System (CARS) to address prior Audit findings. Currently, the Cal-OSHA and Pressure Vessels Accounts Receivable Accounting Subsystems are connected to CARS and by July 1, 2017 the Elevator program of Division of Occupational Safety and Health (DOSH) will be connected too. The CARS is designed to push an Accounts Receivable transactions from a subsystems into CALSTARS and then on July 1, 2018 into FISCAL.

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 Policy areas over which the C.E.A. A position will be the principle policy maker are:

The centralization of collections on delinquent Accounts Receivable for the Department of Industrial Relations (DIR): Policies and procedures need to be continuously written and updated to conform to the State Controllers Office (Accounts Receivable Toolkit), State Administrative Manual (SAM), various Labor Code Sections concerning the type of delinquent account and the Code of Civil Procedures in close collaboration with DIR's program offices. The policies written, implemented and monitored will address the need to centralize the collection efforts for all the Department's delinquent Accounts Receivable. The Director must sign yearly and submit the report titled State Department Accounts Receivable Management Representation and Certification to the State Controller's Office (SCO) affirming that DIR is in compliance with then State Administrative Manual (SAM) section 8776. By signing the report, the Director acknowledges the responsibility of adopting sound accounting and collection processes to ensure that revenues or money owing to the state for any reason are collected to the fullest extent possible. Ensures that DIR conforms to all legal (GC 13292.5) and regulatory requirements and adheres to the accounting and collection procedures stated in the SAM. Non compliance can lead to an audit of DIR by the SCO.

The centralization of the Department's Accounts Receivable: Policies and procedures need to be continuously written and updated in conjunction with the DIR programs offices for their billed Accounts Receivable, and tracked until paid-in-full or written off. Compliance to policies will be monitored so cash receipts and Accounts Receivable are correctly reported on the Department's Year-End Financial Reports. Government Code (GC) section 12461.2 authorizes the SCO to withhold any or all operating funds from a department that fails to submit complete and accurate financial reports to the SCO within 20 days from the required due dates. Also, GC section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the Budgetary/Legal Basis Annual Report described in GC section 12460, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. The Accounting Section must annually complete DOF's required Single Audit Management Representation Letter based on the prior Year-End Financial Reports that the Director of DIR must sign and then be submitted to DOF. Non compliance can lead to an audit of DIR by the DOF.

Legislation and Regulations: that have a financial impact to the Department's Appropriation and Revenue accounts such as SB863 that mandates activation of Liens by electronic payment only. Policies written will ensure that the proper intent of the Legislation and Regulations are adhered to by the Department's Program Offices and the Accounting Section. Department wide policies will help to avoid audit findings of not being in compliance with any new Legislation and Regulations pertaining to DIR.

The modernization and automation of Accounting processes: The Accounting Section had relied heavily on paper intensive manual processes and outdated databases. In order to enhance Accounting's productivity, keep up with technological advances in the field of data automation, and in consultation with the Department's Office of Information Systems (OIS) executive management team. New and improved Accounting Subsystems have been provided by DIR's OIS Programmers to ensure data integrity while electronically receiving and sending automated files between systems. The changes occurring allows for the accurate tracking of records in the various Accounting Subsystems. The Department of Industrial Relations is a FISCAL Wave 4 department that is scheduled to be on FISCAL beginning July 1, 2018. The realigning of CALSTARS to FISCAL policies and procedures must be written, implemented and monitored to help avoid audit findings.

C. ROLE IN POLICY INFLUENCE (continued)

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

The Chief Accounting Officer, C.E.A. A will be responsible for making strategic, financial resources management decisions that impact the department statewide in delivering and improving critical services that relate to the enforcement of labor laws, benefits for injured workers, apprenticeship programs. The automated Accounting processes that have been implemented have gained higher visibility under the umbrella of the Labor and Workforce Development and the Director of the Department of Industrial Relations. The CAO will have a collaborative and consultative role as an advisor to the Director and executive management team and will decisively render advice and sound recommendations to develop action plans for aligning the divisions goals with resources, and the Department's overall mission to the public. The Chief Accounting Officer will make independent decisions related to audit findings by CPA firms, the DOF or the SCO and report decisions to the Chief of Administration.

The CAO, C.E.A. A will make high-level decisions to re-engineer and restructure the Accounting Office which provides a major service to the department's program offices. And to ensure competent staffing to meet the changing demands of the department and the automation of Accounting processes. The CAO will write, revise, expand, implement and monitor the Accounting Section's polices and procedures to ensure the department's Accounting practices conform to the Legislature, DOF, SCO, STO, DGS and Cal-HR requirements. As the top level manager over the Accounting Office, the decisions made and implemented by the CAO can have the potential to affect the department's ability to enforce the labor code and meet its mission.

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

The Chief Accounting Officer, C.E.A. will develop and implement new policies and review, interpret and revise existing policies concerning Cashiering, Collections, Accounts Receivable, Accounts Payable, Federal Grants, Office Revolving Funds, Reconciliations, Systems and FI\$CAL. The Chief Accounting Officer will have full responsibility for developing policies in executing the strategy to support the overall mission, objectives, organizational plan, operational needs and the strategic financial direction of the organization. The Chief Accounting Officer will oversee all aspects of fiscal management policies in order to meet the department's needs while ensuring adherence and compliance to the State of California's Laws and Regulations. The CAO will disseminate to all affected DIR employees all policies specific to current and new legislation and the modernization and automation of the Accounting Section. Also, the Department of Industrial Relations is a FI\$CAL Wave 4 department that is scheduled to be on FI\$CAL beginning July 1, 2018. The realigning of CALSTARS to FI\$CAL policies and procedures must be written, implemented and monitored to help avoid audit findings.