

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

July 25, 2018

2. Department

State Compensation Insurance Fund

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

Financial Reporting & Systems

4. CEA Position Title

Controller

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

The Controller is responsible for the accuracy of all financial statements and the timely filings with regulatory agencies. They manage the financial reporting systems and processes and monitors the internal controls to ensure the business is operating effectively. Our Controller is the one to interpret the application of new accounting rules/ regulations and coordinates with the external auditors and make sure the company is in compliance with the most current accounting principles and practices. To fulfill State Fund's role in California Workers Compensation insurance market, their oversight on the company's financial health is highly important.

6. Reports to: (Class Title/Level)

Executive Vice President of Finance, C.E.A. Range C

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 Controller is required to interact with the California Department of Insurance regularly for auditing issues; They also present to Executive Committee and Board of Directors on financial and compliance issues on a regular basis.

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.

1. Initiate and implement strategic changes impacting the program and the organization in response to legislative, regulatory and industry changes to meet competitive demands and corporate objectives and values.
2. Manage financial reporting systems and process and monitor the internal controls to ensure the business is operating effectively.
3. Interpret the application of new accounting rules to make sure the company is in compliance with the most current accounting principles and practices
4. Participate in critical enterprise projects and evaluate the potential impacts on financial reporting.
5. Provide leadership and direction in the development of program objectives and measurements based on the corporate mission, objectives, values, policies, procedures and guidelines.
6. Makes sure all financial statements are correct and precise and are filed timely with regulatory agencies such as California Department of Insurance (CDI) and National Association of Insurance Commissioners (NAIC)
7. Maintain regular communication with State Controllers' Office for budgetary and assessment information
8. Send quarterly letters on United States Longshore and Harbor Workers' Compensation financial information to Assembly Speaker and State Fund's financial information to the Governor
9. Coordinate with the external auditors on financial and operational requests.
0. Update Board of Directors and the Executive Committee on the company's overall financial health and the effectiveness of internal controls.

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: State Fund's vision is to "To become California's workers' compensation carrier of choice.", and our mission or purpose is to "provide fairly priced worker's compensation insurance, make workplaces safe, and restore injured workers".

To fulfill State Fund's role in California's workers compensation insurance market, State Fund needs to be financially independent and strong. The oversight on accurately reporting the company's financial information is critical to maintain its financial health. The Controller makes sure all financial statements are correct and precise and are filed timely with regulatory agencies. They manage financial reporting systems and process and monitor the internal controls to ensure the business is operating effectively. The Controller will interpret the application of new accounting rules, coordinate with the external auditors and make sure the company is in compliance with the most current accounting principles and practices.

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.

1. State Fund is on the information technology road map of replacing outdated mainframe systems with new insurance and financial systems. Finance team just implemented new General Ledger system in 2017 and will continue to participate in insurance system upgrade projects to monitor the downstream financial impact. This newly added responsibility on system monitoring and synchronization contributes to the complexity of the Controller's position.

2. To remain competitive and financially strong in California Workers Compensation Insurance market and fulfill our mission, Finance needs to provide accurate and intelligent financial reports to the Board and the Executive team. Data governance is critical to ensure the data consistency and integrity in these reports. Financial data is key in this process. This newly added responsibility requires broader communications to all levels within the company.

3. By providing financial and credit reviews, the Controller will also get directly involved in underwriting selected accounts and key vendor selections. This newly added responsibility requires new training and establishing a small team which will increase the Controller's span of control.

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.

Plans, directs and implements the Financial Reporting and Systems functions in setting forth the policies and procedures that ensure State Fund complies with all regulatory bodies and authorities, and all, laws, rules and regulations to effectively conduct business. The Controller will:

1. Interpret and determine the application of new accounting rules to make sure the company is in compliance with the most current accounting principles and practices to make sure all financial statements are correct and precise and are filed timely. Develop new or revise policies, should current business practices not be compliant. The controller needs to keep up to date with accounting principles [Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), Statutory Accounting Practices (SAP), and etc] and is the single point person for interpretations on how those would apply to State Fund.

2. Ensure State Fund meets all State and government audit requirements.

3. Establish internal controls in managing financial reporting systems and processes throughout State Fund.

4. Manage financial reporting systems and process and monitor the internal controls to ensure the business is operating effectively. Decide on system design and configurations and corresponding internal controls and stay current with The Committee of Sponsoring Organizations (COSO) framework and the International Organization for Standardization (ISO) standards for designing, implementing and conducting internal control and assessing its effectiveness.

5. Be directly involved in underwriting selected accounts and key vendor selections. Review the relevant party's financial statements and audited statements and perform credit review to determine the party's financial strength. Make liability decision and decide if an account or key vendor is financially sound and viable.

C. ROLE IN POLICY INFLUENCE (continued)

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

To fulfill State Fund's role in California Workers Compensation insurance market, State Fund needs to be financially independent and strong. The oversight on accurately reporting the company's financial information is critical to maintain its financial health. The Controller makes sure all financial statements are correct and precise and are filed timely with regulatory agencies. They manage financial reporting systems and process and monitor the internal controls to ensure the business is operating effectively. The Controller ensures the accuracy of all financial reporting and provides it to the Board of Directors, who in turn will use this information to make decisions for State Fund.

The Controller will interpret the application of new accounting rules, coordinate with the external auditors and make sure the company is in compliance with the most current accounting principles and practices. It is critical that the Controller is current with accounting principles as they are the single point person for interpretations on how those would apply to State Fund. The Controller will decide on system design and configurations and corresponding internal controls, using current COSO framework and ISO standards for designing, implementing and conducting internal control and assessing its effectiveness. The Controller will be directly involved in underwriting selected accounts as well as vendor selections.

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

This CEA position will do both as accounting codification (FASB, GASB, SAP and etc) and COSO framework and ISO standards for internal controls are subject to changes and improvements on a continuous basis.