

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

2018-09-28

2. Department

State Controller's Office

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

Division of Audits

4. CEA Position Title

Chief, Division of Audits

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

In an effort to support the initiative of the Governor and the California Department of Human Resources in its objective to facilitate Civil Service Reform and to specifically reduce the number of classifications currently existing in State Government, the State Controller's Office respectfully requests the establishment of a Career Executive Assignment category, level B, in lieu of the use of its agency specific classification; Chief, Division of Audits, SCO; class code 4054.

With general direction provided by the Chief Deputy State Controller, Operations, CEA Level C, this position will plan, organize, direct, establish policies, procedures, and set program initiatives within the Division of Audits on behalf of the State Controller for its statewide audit programs. According to the directions set by the Controller/Chief of Staff/Chief Operations Officer/, this CEA category is expected to oversee the evaluation of expenditures of state and federal funds to ensure its use is within legal guidelines. The Chief, DOA will conduct statutorily mandated audit conferences to communicate the direction of state and federal changes to laws governing the use of public funds, and serve as the source of audit information for programs administered by the SCO.

6. Reports to: (Class Title/Level)

Chief Deputy State Controller, Operations, CEA Level 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):

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 CEA Level B, Chief, Division of Audits (Chief, DOA), will be responsible for providing leadership and oversight, through subordinate assistant chiefs, for the State Controller's Office Audit function as it evaluate the appropriateness of the expenditure of both federal and state funds. It will be responsible for developing, amending, and implementing all audit policies; formulate and implement long and short range goals, plans, and develop strategies related to enhance program productivity and enforcing the requirements of the law and regulations governing the use of public dollars. To do so, it will require oversight in, and the verification of, a business' willingness to accept accountability for the use of state and federal dollars, funded in part or in whole, to perform services consistent and in line with the intended use of funds allocated. Additionally, this position will act as a member of the SCO's senior management structure and, at times, have direct access to the Controller as she oversees public policies and the administration of her Office. Still, and as part of the senior management team, the Chief, DOA will provide consultative services to the Executive Office/Chief of Staff, or the Controller, regarding potential audit assignments and make program decisions consistent with the mission, goals, and objective of the State Controller. It will provide objective assurance, and serve in a consulting role to all operating divisions, and/or projects, for the purposes of adding value and improvements to program areas under the jurisdiction of the State Controller.

In the role of Chief, DOA, this position will interact with the leadership of banks, corporations, and/or private businesses to represent the State Controller and the authority as established by law for the purposes of evaluating the legal expenditure of public funds utilized by these institutions. Then too, the Chief, DOA will be required to negotiate with leadership of auditees in the discharge of responsibilities relevant to compliance, performance, information systems, local education, local government, and nonprofits to name a few. It will establish business relationships to foster trust, professionalism, integrity, and cooperation to effectively achieve the mission, goals, and objectives of the Office. In forming these relationships, the Chief, DOA will represent the State Controller's Office at conferences, and form relationships with professional audit associations in an effort to track audit trends and tools to increase efficiency and integrity of services provided.

Through its subordinate leadership, the Chief, DOA will encourage and require continual training and the professional development of all audit staff members. It will champion efforts to establish a functional succession management strategy, and promote effective leadership skills necessary to expand each members' capacity to accept the challenge of future leadership roles within the division. The Chief, DOA will challenge subordinate staff members' efforts, and assign increasingly complex audit assignments consistent with individual skill sets to promote development and growth in service to the State Controller's Office.

The Chief, DOA may be required to provide presentations to impacted stakeholders, the legislature, or other control authorities regarding the efforts of the Division of Audits. The position will represent audit findings as a result of legal proceedings or challenges resulting from the efforts of the division. This will require the Chief, DOA to be knowledgeable of all audit program activities and proficient in professional audit standards and the auditing authority of the State Controller. The Chief, DOA will promote the assignment of audit work relevant to licensing requirements for Certified Public Accountant (CPA) licensing, which will ensure the established level of professionalism and consistent performance of all audit services provided.

The Chief, DOA will oversee and participate in the development of the department's audit plans. It will consider risk-based methodologies, and identify control issues associated with the type of audit scheduled for evaluation. It will also lead the division to ensure all work is performed independent of bias, with due diligence, adequate support for findings, and all audits conducted in a timely manner. The chief will ensure all audit reports are completed professionally, are thorough, and in accordance with the expectations of established professional audit standards and within the parameters as established by the State Controller. It will promote an independent and nonpartisan prospective in the application of its approach to evaluating data, promoting fact-based assessments or findings, advocate and develop audit strategies and policies to promote.

**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 Audit program is primary to the mission of the State Controller. As the Chief Fiscal Officer for the State of California, the Controller is responsible for the accountability and disbursement of the state's financial resources. Additionally, the State Controller is deemed responsible for safeguarding the rights and interests and tax dollars of the people of California. This is the basis for the program; attesting to the proper use of State and Federal dollars for services rendered in accordance with the intent of monies distributed to various entities, both local and private, and ensuring the appropriate expenditures as intended by law. In short, the State Controller is responsible for the accountability and disbursement of California's financial resources. Independent of the Governor, the State Controller audits government agencies that spend state funds, rendering decisions based upon practices and/or activities covered by law. Furthermore, and to be more specific, this program is responsible for auditing all funds dispersed by the State of California, as well as all claims presented for payment to the State Controller's Office.

The Division of Audits assures the accuracy of local government claims and financial statements submitted to the state and federal government by annually reviewing and revising audit guidelines, reviewing audits performed by independent local auditors under these guidelines, and performing field audits of state and federal programs. Assists and advises local government officials in effective and uniform tax collecting procedures and internal fiscal controls. Audits highway users' tax funds at local levels, and the allocation and apportionment of local property taxes. Therefore, and as sighted above, this program is a primary component of the the department.

**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.

On the agenda for the April 12, 2016, State Personnel Board meeting, the State Controller's Office was included in the Board item to transition from department specific high-level classification by use of foot note 24 and replacing those classifications with the C.E.A. category. This decision is consistent with the Governor's overall goal of reducing the number of civil service classifications in State service. Additionally, this agency specific classification was established as a Career Executive Assignment several years ago, along with other comparable division chief positions within the SCO. Proposals were submitted to the California State Personnel Board, and to the Department of Personnel Administration justifying the basis for our request and was subsequently adopted by the Board. It was not until the SCO's administration changed, when a new Controller initiated instructions to pursue the conversion of these specific C.E.A. level position to be converted to high-level civil service classifications. It took some time to complete the process, but we were successful, with the help of the Department of Personnel Administration, in establishing our new division chief classifications.

As time progressed, and the Governor's initiative to reform civil service, in part, to reduce the number of civil service classifications within State service, the decision to pursue this conversion was opportunistic. The fact that the CalHR was pursuing consolidation, coupled with the Controller's desire to revisit the management structure of her organization was viewed as serendipitous. The Governor's interest in efficiency and the Controller's interest in more flexibility, was a combination for which pursuit of this request made good management sense. It was viewed as being beneficial for both. More importantly, the approval of this request will be consistent with the intent of the Career Executive Assignment, and provide for better flexibility in the SCO's efforts to recruit as a result of a vacancy.

## 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, Division of Audits, as a principle policy maker for the Division of Audits, will be responsible for modifying and establishing policies related to the operation of the the division. The following are examples of policies that will be addressed:

- I. Standards for conducting external audits
  - A. Audit Engagement
    - 1. Case studies
    - 2. Sampling
    - 3. Billable hours
    - 4. Supporting documentation
  - B. Compliance
  - C. Report structure
  - D. Escalation Protocol
  - E. Performance Evaluation for Division
  - F. Annual Work Policy
  - G. Decision-Making Protocol
  - H. Business Continuity Plan/Policy
  - I. Internal Control Mechanisms
  - J. Travel Requirements
  - L. Continued Education/Training
- II. Legal Support
  - A. Assigned representatives
  - B. Referral Decisions
  - C. Type of Business
  - E. Legislative Opportunities
- III. Contract Audit Services
  - A. Scope
  - B. Audit Report Format
  - C. Focused Areas of Review
  - D. New Contract Agreements
  - E. Staff Allocations
- IV. CPA Licensing
  - A. Qualifying Assignments
    - 1. Hours of work
    - 2. Degree of complexity
  - B. Letters of support/certification
- V. Legislative Mandates
  - A. Cannabis Audit Requirements
  - B. R.D.A.'s (Redevelopment Agencies phase out)
  - C. Proposing New and Modified Legislative concepts
  - D. Implementation

Each of the above-cited policy areas will have a statewide impact because of the jurisdiction of the Controller and her influence in various local governments and special districts. These policies will mean the difference in having an effective tool to evaluate use of public funds and/or to gage the appropriateness of said use. Each policy is expected to be developed using background information and action steps, all considered essential in the development of an effective and efficient audit program in assisting the Controller in meeting the constitutional requirements of the office.

As mentioned earlier in this document, as the Chief Fiscal Officer for the State of California, the Controller is responsible for the accountability and disbursement of the state's financial resources. By virtue of the California State Constitution, she is deemed responsible for safeguarding the rights, interests, and tax dollars of the people of California. Therefore, the Chief, Division of Audits has a direct impact to achieving the mission, goals, and objectives of the Controller, which is attesting to the proper use of State and Federal dollars for services rendered in accordance with the intent of monies distributed to various entities, both local and private, and ensuring the appropriate expenditures as intended by law.

**C. ROLE IN POLICY INFLUENCE (continued)**

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

As a key member of the Executive Management Team, this position will have decision-making authority as it relates to overseeing the division's responsibility for the audit functions of the State Controller. It will be involved in the formulation of departmental objectives, policies, and long and short range goals. The CEA Level B will have the independent authority to make decision that may impact the general public and individual payment claims against the state. It will make decisions on staffing levels, applied technologies, program changes, and organizational change management and restructuring. Decision-making authority will also require a dependence upon experience, knowledge, and expertise in the matter of audit standards and GASB expectations.

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

This proposed C.E.A. will develop and implement new policies, as well as modify and implement existing policies. This will be done as program changes occur through legislation and/or court challenges, or as technology usage improves productivity. Moreover, this proposed C.E.A. will be involved in identifying new opportunities that will have a direct correlation to changes in program processes and procedures resulting the accumulation of individual technical expertise and oversight of the SCO's audit authority. It will come with the need to establish and/or interpret existing policies with the intent to fulfill the mission, goals, and objectives of the State Controller.

The incumbent will accomplish this effort, through program evolution, consultation with Senior Executive Officers within the SCO, and by requirements set in legislation, and/or the State Controller's mandates. This position will be act as a member of the Senior Executive Team, rendering input to public policies set by the Controller, and providing programmatic operating capacity information that will help identify priorities and capabilities needed in targeting issues of public interest.