

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 11, 2018

2. Department

California Department of Corrections and Rehabilitation

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

Division of Internal Oversight & Research, Office of Audits and Court Compliance, Enterprise Risk Management Branch

4. CEA Position Title

Chief Risk Officer

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

The California Department of Corrections and Rehabilitation (CDCR) proposes to allocate the above position to a Career Executive Assignment category Level A within the Office of Audits and Court Compliance, Division of Internal Oversight and Research. The Chief Risk Officer will oversee the Department's Enterprise Risk Management (ERM) program to achieve organizational excellence in its operations and systems. The Chief Risk Officer will gather data and information to communicate relevant risk information including existing policies, procedures, or practices susceptible to waste, fraud, or abuse, and regularly report to key executives as to the potential areas of risk.

6. Reports to: (Class Title/Level)

Deputy Director, Office of Audits and Court Compliance, CEA Level 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): While the Chief Risk Officer will not be a direct member of the Executive Management Team, the Chief Risk Officer will regularly interact with and report to Executive Management staff on significant risks identified throughout CDCR.

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 Chief Risk Officer will be responsible for the creation, management, and oversight of all aspects of an ERM program for CDCR along with other related duties. The incumbent will have significant responsibility for the formulation, development, implementation, evaluation and modification of policies, procedures, projects, and supporting technology as they relate to ERM. The Chief Risk Officer has primary responsibility for the proper interpretation and implementation of risk management across the enterprise.

The Chief Risk Officer will develop and prepare the overall long-term goals and strategies to enable CDCR to become a risk intelligent organization that improves its decision-making by better understanding the consequences of its choices and the associated risk factors.

While serving as the primary consultant responsible for the formulation, approval, and implementation of policies and procedures to develop the risk management framework and to implement ERM, the incumbent will develop training and awareness programs to integrate risk intelligence knowledge, skills, abilities, and behaviors as part of CDCR's organizational culture and oversee ongoing collaboration with Executive Management staff, deputy directors, and their subordinate managers, supervisors, and employees to accomplish embedding of risk intelligence practices enterprise-wide.

The Chief Risk Officer will formulate, implement, and maintain risk assurance policies which will fortify practices for the inclusion of risk intelligence information in action items presented to Executive Management staff. This information will enable them to make informed decisions with an identification of known risks. The purpose of the risk assurance policy is to identify reasonable tolerance levels for known risks and to recommend mitigating actions. The Chief Risk Officer is responsible for monitoring reassurance activities and elevating potential issues to Executive Management staff when it appears tolerance levels may be exceeded.

The Chief Risk Officer will direct CDCR's risk and internal control efforts in coordination with the State Leadership Accountability Act (SLAA) to ensure compliance with SLAA to maintain effective systems of internal control; evaluate and monitor the effectiveness of these controls on an ongoing basis; and to biennially report on the adequacy of CDCR's systems of internal control.

The Chief Risk Officer will oversee the design, development, and maintenance of CDCR's early warning risk identification system. This includes, but is not limited to, collecting, compiling, and analyzing information, evidence, and data from multiple departmental offices, databases, and other tracking tools; determining levels of compliance with departmental policies for CDCR institutions, offices, and units; and identifying, monitoring, and providing CDCR Executive Management staff with reports on institutions, offices, and units to alert them of significant levels of non-compliance and/or potentially inadequate accountability processes.

The Chief Risk Officer will oversee the design, development, and maintenance of automated risk intelligence data gathering systems and analytical tools. This includes, but is not limited to, developing key risk indicators and key performance indicators; creating an effective data management and a strong analytics program to better understand and manage enterprise risks; capturing and managing accurate, timely, and relevant data from across CDCR; and designing, developing, and maintaining automated and centralized reports and dashboards intended to provide Executive Management staff with relevant and timely risk intelligence information to establish risk management into enterprise planning.

The Chief Risk Officer will provide Executive Management staff with reports and information to communicate CDCR's most significant opportunities and risk exposures and whether CDCR has an appropriate and effective risk intelligent enterprise management strategy and structure.

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 purpose of ERM is to provide a comprehensive program to proactively manage what executive leadership collectively believes are the most critical risks to the achievement of CDCR's mission and goals. The ERM will promote an ongoing, risk-aware culture across CDCR to enable decision makers to perform a risk analysis of choices and make decisions with an understanding of implications of such actions while pursuing the mission and goals of CDCR. It is not a one-time process or method of managing individual risks, but rather a tool for executive leadership to use in managing existing and emerging risks within CDCR activities.

The ERM is essential to the Department's mission as it will allow executives to identify and assess risks that could negatively impact the achievement of CDCR's goals and objectives, develop and implement appropriate risk mitigation and monitoring plans, engage statewide leadership to identify and prioritize risks, and provide executives with key information and data to make risk-informed decisions and to effectively allocate resources.

Mission: enhance public safety through safe and secure incarceration of offenders, effective parole supervision, and rehabilitative strategies to successfully reintegrate offenders into our communities.

Organizational Goals

- Workforce Excellence: Ensure a well-trained, quality workforce.
- Technology: Develop an information technology strategy and implement systems capable of managing both current needs and anticipated growth.
- Risk Management/Organizational Effectiveness: Achieve organizational excellence in our operations and systems.
- Legal Compliance: Develop preventive strategies to preclude class action suits and remedy identified violations.

Programmatic Goals

- Crime Prevention and Safety: Develop a comprehensive crime prevention program and establish evidence-based research to determine the impact of offender programs within the institutions and community to reduce criminality and victimization.
- Outreach, Partnerships, and Transparency: Seek out partnerships and develop meaningful programs and processes to promote shared responsibility for community safety.
- Health Care Delivery: Ensure an organization design and accompanying systems to provide efficient delivery of quality health care.

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 CDCR operates California's incarceration system for the State's most serious adult and juvenile offenders. In total, CDCR oversees approximately 131,000 adult offenders and approximately 600 juvenile offenders housed in various locations, along with over 45,000 offenders under community-based parole supervision. Most facilities are located within California, except for a few facilities housing some adult offenders, located in other states. The CDCR accomplishes its mission with over 57,000 employees and a 2018-19 fiscal year budget of approximately \$12 Billion.

Critical business functions are carried out by the Division of Adult Institutions, Division of Adult Parole Operations, Division of Rehabilitative Programs, Division of Juvenile Justice, Board of Parole Hearings, Council on Mentally Ill Offenders, and the California Correctional Health Care Services. In addition, CDCR has various support divisions which provide essential services, such as budgeting, accounting, human resources, facilities management, information technology, research, and legal services.

Currently, CDCR manages individual risks identified in various risk assessments, as a result of litigation or audit findings or proactive management. Individual divisions within CDCR evaluate and assess risks and develop and implement localized or individual risk mitigation plans. However, the Department lacks an enterprise-wide risk management function based upon ongoing analysis of intelligence data and a strong analytics program that measures and assesses the various departmental threats and vulnerabilities, and proactively identifies and mitigates to prevent potential future impacts, including possible litigation.

The ERM will be applied in strategic setting across CDCR, to identify potential events, the probability of positive and negative impact of events, determine and understand correlation between various types of risks, monitor and develop a risk profile over time, initiate activities which align divisions' operations with CDCR's mission, vision, and goals, and provide reasonable assurance CDCR can achieve goals and objectives. The Chief Risk Officer will establish an ERM program for CDCR to develop risk intelligence policies, procedures, training, etc., to promote partnerships and synergy; communicate relevant risk information and results of ERM function efforts to CDCR Executive Management staff and outside stakeholders; gather data and information to identify existing policies, procedures, or practices susceptible to waste, fraud, or abuse; and regularly report to key executives as to the potential enterprise areas of risk based upon the ongoing analysis of intelligence data and information collected.

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 Risk Officer will serve as the Chief ERM policy maker and will formulate, implement, evaluate, modify, and maintain ERM planning and performance policies on a statewide basis. The Chief Risk Officer will be responsible for the oversight and reporting of all risks affecting the internal operations of CDCR. This is an essential policy function because risks facing CDCR endanger CDCR's ability to carry out its core mission, goals, and objectives and adversely affects the Department's programs. In this function, the Chief Risk Officer would be responsible for collecting information and data from all CDCR divisions, offices, units, institutions, and facilities to track and mitigate risks. As such, the Chief Risk Officer and their assigned staff would manage the Enterprise Risk Monitoring system, tracking tools, evaluation criteria, and mitigation status. The Chief Risk Officer will have the responsibility of significant policy areas including:

1. CDCR ERM program to recognize risk management as a critical business discipline.
2. CDCR risk intelligence data gathering system and analytical tools, early warning risk identification system tracking tools, evaluation criteria, and reporting.
3. Statewide training and awareness policies related to risk intelligence practices.
4. Risk assurance policies to identify reasonable tolerance levels for known risks, recommend mitigating actions, and strengthen practices for the inclusion of risk intelligence information in action items presented to Executive Management staff.
5. Risk and internal control efforts in coordination with the SLAA, which was enacted to reduce the waste of resources and strengthen internal control. Policies include those related to statewide compliance with SLAA to maintain effective systems of internal control, to evaluate and monitor the effectiveness of these controls on an ongoing basis, and to biennially report on the adequacy of the Department's systems of internal control.

C. ROLE IN POLICY INFLUENCE (continued)

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

The Chief Risk Officer will be responsible for independent decision-making authority on the creation, management, and oversight of all aspects of CDCR's ERM program and ERM services. The Chief Risk Officer will have significant responsibility for the formulation, implementation, evaluation, and modification of policies, projects, and supporting technology as they relate to CDCR's ERM including an early warning risk identification system and the design and development of automated risk intelligence gathering system and analytical tools. The breadth of the Chief Risk Officer's decision-making authority spans statewide and includes all CDCR institutions, facilities, programs, and information technology systems. The Chief Risk Officer's scope would extend department-wide in relation to risk management, planning, and reporting. The Chief Risk Officer will meet regularly with all members of CDCR's Executive Management staff, all levels of internal staff, external stakeholders, and control agencies to discuss identified risks, potential policy, weaknesses that could lead to risks, and the status of risk mitigation efforts. The Chief Risk Officer will have a significant responsibility to identify which risks require additional executive level attention or additional resources, ensure appropriate reporting of previously unidentified risks or emerging risks that require immediate or executive level attention, evaluate the effectiveness of current mitigation strategies, and other issues related to departmental risks. The Chief Risk Officer will also respond to inquiries from the Governor's Office, the Legislature, various state agencies and departmental executives regarding CDCR's ERM.

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

The Chief Risk Officer will develop and implement new policies as well as interpret and implement existing policies. The Chief Risk Officer will be the recognized expert for all policies regarding CDCR's ERM program. The Chief Risk Officer, in consultation with executive level staff, will propose the development of new risk management policies, formulate new policies, and change existing policy when needed. The Chief Risk Officer will serve as the Chief ERM policy maker and will formulate, implement, evaluate, modify, and maintain ERM planning and performance policies. The Chief Risk Officer will be responsible for the oversight and reporting of all risks affecting the internal operations of CDCR. In this function, the Chief Risk Officer would be responsible for collecting information and data from all CDCR divisions, offices, units, institutions, and facilities to track and mitigate risks. As such, the Chief Risk Officer and their assigned staff would manage the Enterprise Risk Monitoring system, tracking tools, evaluation criteria, and mitigation status.