

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

2018-12-24

2. Department

Food and Agriculture

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

Executive Office/Audit Office

4. CEA Position Title

Audit Chief

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

The California Department of Food and Agriculture (CDFA) requests the establishment of a Career Executive Assignment (CEA) A within the Audit Office of the Executive Office. The mission of the Audit Office is to be an integral part of the governance of CDFA by providing independent and objective assurance that is designed to add value and improve CDFA's oversight responsibilities. The proposed CEA A will serve as the Audit Chief and have oversight of internal and external audit policies, provide policy input and recommendations to the Department's General Counsel and Executive Office, and ensure accountability and transparency over various CDFA programs entrusted with public funds.

6. Reports to: (Class Title/Level)

General Counsel, CEA 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): The CEA A will be required to work closely with the Executive Office.

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 Audit Office provides expert guidance accountability and transparency over CDFA programs entrusted with public funds. Given the public scrutiny and challenges facing governments and their programs, the oversight provided through auditing is more critical than ever. Government auditing provides independent, objective analysis and information needed to make informed decisions to best serve the public.

The CEA A will serve as the Audit Chief and develop auditing policies in accordance with Government Auditing Standards requirements to ensure a framework for performing high-quality audit work with competence, integrity, objectivity, and independence exists in improving government operations and services. The CEA A will play a pivotal role in the development and implementation of the policies designed to safeguard CDFA's resources.

Internal and External Audits - Policies and Guidelines:

The CEA A will oversee the development and implementation of internal and external audit policies and procedures of a comprehensive audit program, this includes policies and guidelines for the 52 District Agricultural Associations (DAAs) and Marketing Boards; serve as the Chief Financial Expert and Policy Advisor to the General Counsel and Executive Office; prioritize high risk expenditures and make sound recommendations; and ensure CDFA, DAAs, and Marketing Boards follow annual audit requirements and State laws, rules, and regulations.

Legislation and Regulations:

The CEA A will review proposed legislation and regulations affecting internal and external audit processes and procedures and make recommendations to the General Counsel and Executive Office; develop innovative approaches and solutions to financial challenges affecting CDFA, DAAs, and Marketing Boards; review correspondence related to CDFA's position when there are diverse opinions concerning proposed legislation and regulations; and keep the Executive Office informed of new and proposed changes in Federal and State financial and audit requirements.

Program Administration/Department Representative:

The CEA A will establish clear direction and strategies of internal and external audit activities; delegate responsibilities to subordinate managers to ensure objectives and goals are implemented and achieved; review sensitive and complex internal and external audit reports; represent CDFA at meetings and conferences with control agencies (i.e. Department of Finance, California State Auditor, etc.) and other State departments; testify as an subject matter expert during investigative hearings and in court; and represent the Executive Office as a liaison between the DAAs and Marketing Boards.

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 CDFA's mission is to serve the citizens of California by promoting and protecting a safe, healthy food supply, and enhancing local and global agricultural trade through efficient management, innovation and sound science, with a commitment to environmental stewardship. The Audit Office provides expert guidance and consultative services to the eight Divisions in CDFA, 52 District Agricultural Associations (DAAs), and Marketing Boards to ensure accountability and transparency over entrusted public funds. The Audit Office provides independent, objective analysis and information essential to make informed decisions to best serve the public. The Audit Office ensures CDFA's obligations of collecting, disbursing, and reporting of funds is proper and in compliance with State laws, rules, and regulations and departmental policies and procedures.

Goal 1 Accountability and Transparency: The CEA A will oversee, develop, and implement internal and external audit policies and ensure audits are conducted with competence, integrity, and objectivity. Oversight from the CEA A will prevent unintended consequences that may result is loss or reduction of funding due to waste, fraud, or abuse.

Goal 2 Program Administration: The CEA A will provide expert direction and assurance to the Executive Office to ensure a comprehensive audit program continues to be successful.

Goal 3 Cash Collections: The CEA A will develop and implement policies and guidelines to ensure audits conducted for the CalCannabis Cultivation Licensing Division (CalCannabis) are in compliance with the General Accepted Governmental Auditing Standards and Government Code Section 13400, The State Leadership Accountability Act.

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 Audit Office has expanded its role and responsibilities, specifically, with CalCannabis, 52 District Agricultural Associations (DAAs), Marketing Boards, and new Cap-and-Trade programs in CDFA such as Dairy Digester Research and Development Program (DDRDP). CDFA programs have received additional funds that require oversight by the Audit Chief.

Specifically, CDFA has been awarded \$69.9 million in grant funding to 40 dairy digester projects across the state. These projects, part of DDRDP, will reduce greenhouse gas emissions from manure on California dairy farms. Financial assistance for the installation of dairy digesters comes from California Climate Investments, a statewide initiative that uses Cap-and-Trade program funds to support the state's climate goals. CDFA and other state agencies are investing these proceeds in projects that reduce greenhouse gas emissions and provide additional benefits to California communities. Dairy digester grant recipients will provide an estimated \$95.5 million in matching funds for the development of their projects.

As a result, the Audit Office will be performing audits of these dairy digester grant recipients to ensure the funds are being accounted for as intended by CDFA. A new audit program may be developed as these dairy farms are complex entities. The Audit Office will work closely with the Office of Grants Administration (OGA) to ensure performance audits of the awarded projects are conducted.

In addition, the network of California Fairs received general fund allocation support, part of which will be used to fund additional compliance auditor positions to ensure the 52 DAA are adhering to state rules, laws, regulations, directives, policies, and inter-control procedures. The compliance audit is part of the CDFA's oversight function per Business and Professions Code 19620. The compliance audits will focus on the previous operating year; however, the time-frame may expand depending if there are any significant findings during the audit. The Audit Office will be performing performance audits on behalf of the Fairs and Expositions Branch to ensure the funds are being accounted for as intended.

CalCannabis, a new division within CDFA, ensures public safety and environmental protection by licensing and regulating commercial cannabis cultivators in California. The Audit Office will be required to develop and implement audit policies related to the cash collection processes for CalCannabis licensees.

The expanded responsibilities as outlined above justify the reclassification of the Supervising Management Auditor position to a CEA A.

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.

State Funds Oversight:

CDFA was awarded \$69.9 million in grant funding to 40 dairy digester projects across the state. Financial assistance for the installation of dairy digesters comes from California Climate Investments, a statewide initiative that uses Cap-and-Trade program funds to support the state's climate goals. CDFA and other state agencies are investing these proceeds in projects that reduce greenhouse gas emissions and provide additional benefits to California communities. Dairy digester grant recipients will provide an estimated \$95.5 million in matching funds for the development of their projects. The CEA A will develop the policy and guidelines needed to properly safeguard the public money. The CEA A will also ensure audits are performed that will result in a written report with recommendations to improve the oversight of these funds. In addition, the Fairs and Expositions Branch has requested the same oversight for the general funds allocated the 52 District Agricultural Associations.

Federal Funds Oversight:

The CEA A will develop and implement policies essential to properly safeguard the public money entrusted to CDFA. While federal grant funding has been increasing, long-standing concerns remain about the federal government's grants management and the lack of effective oversight tools to reasonably assure that grants are used for their intended purposes and that risks of fraud, waste, and abuse are minimized. Organizations, such as CDFA, that award and receive grants need effective internal control over the processes and funds involved. These controls are fundamental in assuring the proper and effective use of federal funds to achieve program goals and to ensure that funds are used for their intended purposes. The CEA A will ensure audits are performed that will result in a written report with recommendations to improve the oversight of these federal funds.

Cash Collection Audits:

The CEA A will develop auditing policies related to the cash transaction processes involving CalCannabis licensees. The challenge in auditing a marijuana-related office is the unusual banking practices for marijuana businesses. The marijuana industry is largely cash-based due to federal banking restrictions. Federal banking regulators could threaten or limit a bank or credit union's deposit insurance if they work with a business selling federally illegal drugs. Some banks will refuse to work with marijuana-related businesses. Therefore, policy development is critical for the cash controls and proper oversight needed.

C. ROLE IN POLICY INFLUENCE (continued)

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

The CEA A will have full responsibility and independent decision-making authority to directly manage the most sensitive and complex issues that come before the CDFA as it relates to fiscal compliance and is responsible for both the development and implementation of various policies for the Executive Office and departmental programs. Furthermore, the CEA A will directly work with outside control agencies and offers guidance and recommendations pertaining to external investigations and inquiries and carries that information back to the CDFA which leads to stricter policy and guidelines.

The CEA A will ensure internal and external audit processes and procedures align with the operational and strategic goals of CDFA; provide expert guidance and direction to CDFA managers and supervisors; and act as the Chief Financial Expert and Policy Advisor to the General Counsel and Executive Office.

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

The CEA A will develop, interpret, and implement new or existing policies. The CEA A is responsible for the routine updating of the Audit Office Policy Manual to ensure the Audit Office is operating in compliance with Generally Accepted Government Accounting Standards and .