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

<table>
<thead>
<tr>
<th>1. Date</th>
<th>2. Department</th>
</tr>
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<tbody>
<tr>
<td>11/21/2018</td>
<td>California Department of Tax and Fee Administration (CDTFA)</td>
</tr>
</tbody>
</table>

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

Financial Management Division (FMD)/Accounting and Budgeting Branch

4. CEA Position Title

Controller of Accounting and Budgeting Branch

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

The CDTFA proposes to revise the above CEA as part of its realignment of responsibilities currently assigned to the role of Chief, Financial Management Bureau. Under realignment, Controller of the Accounting and Budgeting Branch will have the working title of "Controller." Controller is responsible for the development and administration of the CDTFA annual budget and financial statements, implementing Corrective Action Plans for external audits, and providing analysis and advice on changes to state and department fiscal policies and procedures. The Controller will direct execution of policy, drive efficiencies, monitor internal controls, and effectively partner with control agencies, federal, and local entities.

6. Reports to: *(Class Title/Level)*

Chief Financial Officer (CFO)

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.
- [x] Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

*(Explain):* Reports to CFO and acts as liaison on fiscal matters- providing analysis, advice, and recommendations on changes to state and agency fiscal policies and procedures, CDTFA liaison to control agencies on fiscal policy, accounting systems/procedures and budget structure/changes

8. Organizational Level *(Select one)*

- [ ] 1st
- [ ] 2nd
- [x] 3rd
- [ ] 4th
- [ ] 5th (mega departments only - 17,001+ allocated positions)
9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the general direction of the CFO, the Controller serves as a top fiscal advisor to executive management and is responsible for the overall administration of the Accounting Branch and the Budget Branch. This includes direct and indirect supervision of approximately 80 professional and administrative staff. The Controller is responsible for strategic planning and policy leadership regarding the CDTFA fiscal matters, including analyzing, monitoring, and recommending changes in fiscal policy and operations; implementing Corrective Action Plans for external audits; acts as liaison for CDTFA with other state and local agencies on fiscal issues; provides fiscal information relating to the impact of legislation to elected officials and executive management; responsible for providing fiscal information to control agencies and localities for revenue forecasting and analysis of cash flow; maintains cooperative relations with the Legislature and control agencies relating to CDTFA’s critical programs.

STRATEGIC PLANNING AND ANALYSIS: Responsible for overall strategic planning, policy and operations of a large, complex revenue accounting process related to 37 tax and fee programs that provide approximately $64 billion in revenue to State and Local Government programs. Advises management on fiscal strategic plans and policy; makes recommendations to the Director and executive management regarding agency-wide fiscal strategies and policies, programs, procedures, and operations.

STATEWIDE AND INTERAGENCY ACCOUNTABILITIES: Responsible for the overall development and implementation of fiscal-related accounting policies and procedures for the agency. Responsible for the accountability of fiscal information provided to the Department of Finance (DOF), Legislative Analyst’s Office (LAO), State Controller’s Office (SCO), and State Treasurer’s office (STO) for use in statewide revenue forecasting, cash flow analysis, investment strategies, and retirement of public debt. Responsible for timely, accurate, and complete annual financial statements in accordance with governmental practices and procedures.

ACCOUNTING BRANCH: Through subordinate staff, oversees remittance of tax dollars to proper funds to ensure that the state and local jurisdictions can meet their financial obligations. Maintains the funds’ financial records and prepares quarterly and annual financial statements. Processes taxpayer refunds and offsets to other state agencies, performs allocation and fund transfers, reconciling fund activity with the SCO records, STO and the CDTFA’s revenue and information systems.

Analyzes financial accounting and systems to ensure fiscal operations and procedures are effective, efficient, and meet control agency requirements; paying, monitoring, and analyzing the CDTFA’s financial obligations in comparison with budgeted allotments. Reimburses Travel Expense Reimbursement System (CalATERS) administered by the SCO and the Financial Information System for California (Fi$Cal).

BUDGETING BRANCH: Through subordinate staff, prepares the CDTFA budget and administers the approved spending plan. This includes, but is not limited to, research, development, and/or review of Budget Change Proposals (BCP), Finance Letters, Project Approval Lifecycle (PAL) documents, deficiency requests, budget revisions, and transfer of budget allotment requests as well as fiscal analysis of pending legislation, as appropriate. Provides recommendations to management in addressing fiscal and budgetary issues. Participates in control agency review of administrative cost assessments.
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 Controller plays a key role in influencing CDTFA policies and fiscal decisions including, but not limited to implementing Corrective Action Plans for external audits, advising and providing recommendations to the CFO, Executive management, and a variety of other stakeholders. The Controller develops and maintains an effective working relationship with Department Of Finance, Office of State Audits and Evaluations, State Controller's Office, State Treasurer's Office and may testify before legislative committee meetings as necessary. The Controller is responsible for planning, directing, evaluating, and managing Financial Management Division programs and develops effective staff operations, determining strategies to meet the future needs of the CDTFA. Provides expert fiscal management consultation and technical advice to the CFO and Executive Management. Develops and recommends department-wide policies to achieve the CDTFA's strategic goals.
11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The CDTFA is responsible for the collection and disbursements of approximately $64 billion of tax and fee revenue that fund vital state and local programs and infrastructure, and an operating budget exceeding $600 million.

In July 2017 when the CDTFA was formed and assumed administration of 37 tax and fee programs from the Board of Equalization (BOE), most of its financial management functions were embedded in different parts of its Administration Division. Accounting, Local Revenue, and Tax Revenue Branches were under the Financial Management Bureau; while Budgeting was part of the Business Management Bureau. Statistical factoring was supplied by the Research and Statistics unit – an area outside the Administration Division that reported to the Legislation and Research Section.

In 2017/2018, the CDTFA responded to multiple audit Corrective Action Plans and recommendations from control agencies and outside consulting firms by centralizing all aspects of its financial management under FMD. This realignment of functions (accounting, budgeting, revenue, expenditures and statistical analysis) enables the CDTFA to centralize its oversight of all fiscal responsibilities.

In June 2018, the department’s first CFO was hired to effectively comply with multiple audit findings. The CFO and Executive Management wanted greater focus on accounting controls. Further refinement of the organization’s accounting and budgeting functions under the Controller will facilitate the appropriate staffing levels needed to proactively prepare for and interact with control agencies on a variety of fiscal issues and with the legislature when addressing budget, audit and proposed legislation.

Most importantly, these organizational changes allow the agency to better meet its fiduciary responsibility to California’s citizens, ensuring appropriate fiscal oversight of tax and fee dollars.
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.

An Internal Accounting and Administrative Controls Review conducted by the State Controller's Office and subsequent audits by the Department Of Finance, Office of State Audits and Evaluation reported that the agency lacked adequate financial controls across several fiscal functions:

STATE RETAIL SALES TAX FUND (RSTF): Address inconsistencies and inaccuracies with the RSTF Accounts Receivable balance by revising internal policies. Focus on adherence to Government Code and State Administrative policies for direction on establishing proper supporting documentation. The Controller will oversee improvement plans addressing reports, protocols and audit trail inefficiencies. They will also develop ongoing monitoring activities, including regular reconciliations between cash remittances and data from information system reports, internal reviews and other evaluations. Existing internal policies will be revised to address open communication among reporting areas and supporting procedures will be introduced to mitigate miscommunication and inconsistencies.

REPORTING: Reporting requires accuracy in data management and a consistent process for monitoring and addressing operational activity. CDTFA is currently migrating from its legacy systems: an Automated Compliance Management System (ACMS) and the Integrated Revenue Information System (IRIS) to a new Centralized Revenue Opportunity System (CROS). In addition, the state is implementing a complex new system – the Financial Information System for California (Fi$Cal), to replace decentralized IT financial systems. The installation of Fi$Cal promises to integrate the state’s budgeting, accounting, cash management, and procurement processes. It is a multi-phase process that requires CDTFA to re-evaluate existing work-flows and develop new processes to ensure accuracy in implementation and reporting. New administrative and fiscal policies must be developed to establish consistent guidelines for processes and procedures when meeting control agency and new system requirements.

ACCOUNTS RECEIVABLE: Develop policies and procedures to address ongoing reconciliation issues. Develop verification for write-offs to appropriate source documents and reconcile monthly accounts receivable to program records in accordance to State Administrative Manual requirements. Ensuring reports for accounts receivable balance and aging report are being communicated and developed.
### C. ROLE IN POLICY INFLUENCE (continued)

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

Due to the nature of CDTFA’s responsibility of administering over 37 tax and fee programs generating 64 billion of revenue to state and local budgets, decisions reached by the Controller affects the overall operations of the CDTFA.

Ensures expenditures are in compliance with state requirements governing financial reporting standards. On a statewide level, fiscal information is provided to the Department Of Finance, State Controller’s Office, and State Treasurer's Office for the purpose of forecasting revenues, cash flow analysis, and investment strategies.

Under the direction of the CFO, the Controller is a key fiscal advisor to Executive Management and is responsible for the overall administration of the Accounting and Budget branches of the CDTFA.

The Controller makes decisions on employee recruitment, personnel resource allocation, performance standards, training plans, organizational changes, and various other activities in the area of financial management. Initiates and reviews requests for hiring, procurement, and other expenditures.

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

Under the direction of the CFO, the Controller will set policy in a variety of program functions, including cost analysis, program expenditure/cash flow analysis, revenue reporting, budgeting and tax administration.