

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

10/25/2018

2. Department

Department of Toxic Substances Control

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

Finance Program

4. CEA Position Title

Chief Financial Officer

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

The CEA will act as the Chief Financial Officer (CFO) for the department and will be responsible for development, management, and dissemination of the Department of Toxic Substances Control (DTSC) fiscal policy, as well as policy related to administrative programs such as Accounting, including Cost Recovery, Fiscal Planning, and Procurement. In addition, the CEA will have oversight for the development and administration of program budgets for DTSC's programs. The CEA will also be a key member of the DTSC Executive Management team and is involved in all major decision-making and planning related to the above administrative areas.

6. Reports to: (Class Title/Level)

Chief Deputy Director

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 will act as the Chief Financial Officer (CFO) and be responsible for development, management, and dissemination of the Department of Toxic Substances Control's (DTSC) fiscal and administrative policies for program areas such as Accounting (including Cost Recovery, Federal Reporting and General Ledger, Collections and Resolutions, Accounts Payable and Travel Expense Claims, and Accounts Receivable and Receipts), Financial Planning (including Fiscal Systems, Fees, Budgets, and Collections and Resolution), and Contract Services (Contract Development and Contract Administration). In addition, the CEA will be a key member of the DTSC Executive Management Team and will be involved in all major decision-making and planning related to the above administrative areas.

The CFO will oversee the Accounting Office, which reports to an Accounting Administrator III, Financial Planning, which reports to a Staff Services Manager II, Collection and Resolution, which reports to an Accounting Administrator II, and Fiscal Systems, which reports to a Staff Services Manager I. It will also oversee Contracts Services, which reports to a Staff Services Manager II. As part of the Executive Management Team, the CFO will direct the development and implementation of the department-wide Financial Planning and Accounting policies and programs related to these programs, as well as develop and monitor the implementation of their strategic business plans and develop and implement continuous improvement strategies. The CFO will also identify for the Executive Management Team strategies to manage complex revenue and expenditure plans to ensure adequate funding for DTSC's programs and services. In this capacity, the CFO will report directly to the Chief Deputy Director.

The CFO is responsible for developing and implementing policy formulation and program development and procedures. This position will play a significant role in shaping DTSC fiscal policy by recommending modification of proposed policies for consistency with other DTSC programs and policies, identifying the need for new policy, and representing DTSC at budget hearings by testifying before the Legislature.

**FISCAL POLICY DEVELOPMENT AND IMPLEMENTATION** - The CFO will serve as a member of the DTSC Executive Management Team, will be responsible for fiscal policy, and will formulate, implement, evaluate, and monitor seven program budgets with twenty-two separate revenue accounts. The CFO, under the direction of the Chief Deputy Director, will serve as the Chief Financial Officer and manager of DTSC's approximate \$317,000,000 budget.

The CFO will also serve as advisor to the Director and Chief Deputy Director in matters related to DTSC's Financial Planning and Accounting Offices. The CFO will develop and direct DTSC's annual budget planning and preparation and review processes. The CFO will serve as a liaison regarding overall fiscal strategies with the Executive Management Team, the Department of Finance (DOF), and the Legislative Analyst's Office (LAO). The CFO will consult with and act as an advisor to the DTSC Deputy Directors and Assistant Directors to ensure programs meet specific requirements regarding fiscal policy and accountability for funds and operations. The CFO will identify issues that cross-cut multiple programs and will review all control agency audit reports as well as statutory, budget, accounting, and public reports.

The CFO will manage staff by participating in the formulation, improvement, management, and evaluation of DTSC's programs and policies. The CFO will lead the development of and participate in the review of legislation with fiscal or programmatic impact, will testify before legislative committees, work with the DOF, LAO, and legislative staff, to identify strategies to manage complex revenue challenges and represents and negotiates on behalf of DTSC programs on fiscal matters. The CFO will be responsible for ensuring DTSC's fiscal business processes are streamlined to accommodate the full transition to FISCAL.

The CFO will develop and implement fiscally-related statewide policies and procedures. The CFO will plan, organize, direct, and ensure that the policies and procedures coincide with DTSC's mission and vision while ensuring compliance with state and federal law. The CFO will provide programmatic oversight for the Financial Planning and Accounting Offices, including promulgating and interpreting policies and regulations established by DTSC. The CFO will provide resolution to controversial, complex, and sensitive matters that result from the administration of the Financial Planning and Accounting programs. The CFO will develop policy recommendations necessary to administer the programs and ensure enactment of policies as directed by DTSC.

**ADMINISTRATIVE OVERSIGHT** - the CFO will be the principle administrator and advisor to the Director and Deputy Director for the Financial Planning and Accounting Offices regarding policy and resource allocation. The CFO will review and prepare administrative documents, including Budget Change Proposals, statistical reports, and strategic plans. The CFO will have fully delegated authority over all policy and resource allocations. The CFO will oversee all administrative functions for the Financial Planning and Accounting programs including budget development, contract administration, facilities management, and personnel administration, including developing policies for recruitment, hiring, training and development, evaluation and retention of staff.

The CFO will review and approved responses prepared for signature by the Director and Chief Deputy Director pertaining to correspondence for areas under the CFO's discretion and represent the DTSC in meetings with state, federal, or local governments and other forums.

The CFO will propose legislation and/or regulation changes needed and monitor legislation that may impact DTSC.

**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 Financial Planning and Accounting Offices play an essential role with ensuring DTSC delivers its statutorily-required program and services. The CFO will be the primary liaison between DTSC, the Department of Finance, and the Legislative Analyst's Office and will be responsible for communicating control agency policies to DTSC programs. The CFO, as a member of the Executive Management Team, will also be responsible for fiscal policy, and the formulation, implementation, evaluation, and monitoring of seven program budgets with twenty-two revenue accounts. The CFO will assist the Chief Deputy Director with developing specific goals, objectives, and strategies under DTSC's Strategic Plan that will ensure fiscal transparency and accountability of public funds. The CFO will be responsible for administering and managing DTSC's approximate \$317,000,000 budget.

The CFO will also develop and direct the annual budget planning, preparation, and review processes. The CFO consults with and acts as advisor to the DTSC Deputy Directors and Assistant Directors to ensure programs meet specific requirements regarding fiscal policy and accountability for funds and operations. The CFO will identify issues that cross-cut multiple programs and will review all control agency audit reports, as well as all statutory, budget, and public reports.

**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.

DTSC's increasingly complex fiscal environment has necessitated the creation of a dedicated position with the technical skill and expertise to provide appropriate policy guidance and oversight as the DTSC continues to manage increased legislative mandates against a decrease in spending power.

DTSC's two largest fund accounts are in structural deficit and are on a path to go into negative fund balance within the next few years. Addressing this issue will require more technical and negotiation skills as the Chief Financial Officer will need to work closely with the Department of Finance (DOF) to identify alternative funding sources to gap the structural deficit. Additionally, the Chief Financial Officer will, together with the Chief Deputy Director, coordinate public outreach activities to address DTSC's revenue challenges. This public outreach will include member of industry, environmental activist groups, community activist groups, DOF, the Legislative Analyst's Office, and members of the Legislature.

DTSC has recently increased its cost recovery activities and has been under intense legislative scrutiny for this program. In 2014, the State Auditor issued a report identifying approximately \$194,000,000 in uncollected response costs. While DTSC has been able, through a significant two-year initiative under a limited term exempt position (Special Assistant to the Director), to reduce the backlog of uncollected response costs through a re-engineering of its cost recovery policies and procedures, these changes have significantly increased the workload of the Cost Recovery Billing Unit and Collections and Resolutions Unit in the Administration Program. This increased workload is under a higher level of public and legislative interest, and scrutiny.

Finally, the transition to the statewide financial management system, FI\$CAL, has created the need for additional technical leadership dedicated to fiscal policy.

### 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 CFO will serve as a member of the DTSC Executive Management Team, and will be responsible for development of department-wide fiscal policy for DTSC's program areas to support and facilitate accomplishment of DTSC's primary mission and strategic goals. The CFO will consult with and provide expert fiscal management consultation and technical advice to the Director, Chief Deputy Director, and Executive Staff. The position will be responsible to plan, direct, evaluate, manage, and establish fiscal strategic priorities for the department.

The CFO will develop, update, and maintain all policies and procedures within the Accounting Services Branch on a regular basis as new requirements and standards are set forth through revisions and updates to the State Administrative Manual, legislation, control agency directives (Budget Letters and Management memos), Financial Accounting Standards Board, and the Government Accounting Standards Board.

The CFO will act as the principal policy-maker over DTSC's cost recovery efforts. Specific policy roles include the following:

1. **Maximized Recovery under the "Polluter Pays" Principle:** Recovering past, present, and future costs from polluters shields taxpayers from liability for cleanups. The CFO will oversee efforts to maximize cost recovery, including the search for responsible parties, demand offers, settlements, litigation, liens against real property, and prospective purchaser agreements. Recovering costs at contaminated sites can lead to redevelopment, reducing urban blight and sprawl while generating taxes and jobs in revitalized neighborhoods.
2. **Transparency and Accountability:** The CFO will make strategic decisions to improve DTSC's transparency and accountability by establishing metrics for the recovery of response costs. The Department is accountable to many stakeholders, including media outlets, legislative committees, the State Auditor, environmental community groups, and PRA requesters. The CFO will ensure the Department's cost recovery process is credibly messaged to the Department's scrutinizing stakeholders, supported by comprehensive performance metrics.
3. **Administrative Resolution of the Department's Spending:** The CFO will create policies ensuring past, present, and future costs are thoroughly documented in its Cost Recovery Management System. When spending and revenue are properly managed, thoroughly documented, and properly categorized in DTSC's accounting and billing systems, DTSC can have confidence in its records and will be able to meaningfully respond to stakeholders with accurate information.

The CFO will also act as the principal policy-maker in the Department's fee reform. DTSC's fee structure is very complex, with twenty-two separate funds, some of which include multiple fees impacting different stakeholders. Fee reform is urgently needed because the Department has a structural deficit with its revenues vs expenditures, and will be in a negative fund balance in two of its largest funds in the near future. DTSC has historically faced significant challenges increasing its fees because the lack of legal requirements under Proposition 26 (2010), which requires fee revenues to track with program expenditures associated with those fees. The CFO will spearhead fee reform by closely monitoring and tracking how fee revenue is spent within DTSC's programs, develop strategies to address shortfalls, and reform spending practices when necessary to ensure compliance with Proposition 26. The CFO will act as the face of DTSC when seeking approval from the Department of Finance with implementing fee reform.

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

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

The scope of the CEA decision-making authority will be over the Department's accounting, budgeting, cost recovery, contracts, procurement, and fee reform areas. This will include setting performance metrics, changing and creating administrative and fiscal policies, procedures, aligning resources and staff to meet the Department's objectives, reorganizing outdated team units, and procuring new software and technologies to support DTSC's collection and cost tracking. The CFO will have full decision-making authority in these program areas and will act as an advisor to core and support programs when reforms to those program areas are necessary, via statutory and regulatory changes or process improvement initiatives to increase the level of service and ensure compliance with laws, rules, and regulations.

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

The CFO will formulate, develop, and implement new policies and procedures and update existing policies and procedures as required.

The CFO will provide the technical expertise to incorporate new requirements, accounting standards, regulatory and law changes into DTSC policies and procedures.