

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

2019-12-19

2. Department

California Public Utilities Commission

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

Utility Audits, Risk and Compliance Division

4. CEA Position Title

Assistant Director, Utility Audits Branch

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

Under the direction of the Utility Audits, Risk and Compliance Director, the Assistant Director is responsible for planning, directing, managing, and coordinating all external audit activities for the multidisciplinary professional audit staff in the Utility Audits Branch (UAB) and ensuring work products' conformity to professional auditing standards. The Assistant Director acts as the principle policy maker as it relates to program and audit activities, procedures, and contract services for the UAB. The incumbent also represents the branch and division when designated in the absence of the Director.

6. Reports to: (Class Title/Level)

Director, Utility Audits, Risk and Compliance Division

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.

Under the direction of the Utility Audits, Risk and Compliance Director, the duties and responsibilities of the Assistant Director are as follows:

Program Oversight and Administration:

In coordination with the Director, plan, lead, direct, and coordinate specialized industry audits of the UAB, including water and sewer utility audits, balancing accounts audits, telecommunications audits, energy efficiency program audits, energy procurement audits, and others. Oversee the development, implementation, and direction of the assigned audit programs within the UAB to ensure standards, processes, and performance goals are achieved. Ensure resources are being properly allocated, deadlines are being met, and outcomes are being achieved and measured.

Advise the Director on strategic planning and implementation of the Division's vision and mission by developing objectives and action plans for the various programs within the UAB. Provide input in development of the succession plan and strategies. Formulate and implement short and long-term goals, and develop strategies related to enhancing program productivity and enforcing requirements of the laws and regulations governing public utilities. Establish an annual audit plan consistent with, and within budgeted dollars projected for the Division, and within the scope of established audit authority.

Policy Development and Implementation:

Develop, modify, and implement branch policies that cover topic areas such as governance, contracts, communications, and audit work products. Oversee the establishment of expectations; establish or modify existing policies related to professional development; establish or modify workflow processes. Direct the development and implementation of the audit policy manual.

Establish, implement, and monitor a quality assurance policy related to audit standards and audit work product expectations. Develop and implement a program policy that sets standards for audit procedures to ensure that all audit assignments are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Review and approve the work products of the UAB. Ensure that all final audit reports are properly supported, well analyzed, and prepared in compliance with standards.

Develop and implement policies and procedures to ensure all program, fiscal, compliance, and reporting responsibilities are met. Review and provide input on legislative positions and develop Legislative Bill Analyses to ensure the Division and CPUC's mission are met. Advise the Director on any legislative changes and the corresponding fiscal and budgetary impact for the Division and develop Budget Change Proposals as needed. Develop a Continued Professional Education (CPE) plan to meet the succession planning objectives and to ensure compliance with GAGAS requirements. Oversee the establishment and implementation of CPE policies and procedures and ensure adequate resources are assigned to provide the required CPE courses to all applicable staff levels.

Outreach and Technical Expertise:

Participate when required at legislative hearings, industry meetings, California Public Utilities Commission (CPUC) and Committee meetings, conferences, audit forums, budget hearings, etc. Review and approve high-level reports; prepare and deliver high-level presentations to Executive Management, various CPUC stakeholders, and Legislature as requested by the Director or as needed.

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 California Public Utilities Commission (CPUC) serves the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates, with a commitment to environmental enhancement and a healthy California economy. CPUC regulates various utility industries, including but not limited to:

- investor-owned electric and natural gas utilities
- telecommunications industry
- investor-owned water and sewer utilities
- rail and passenger transportation

CPUC's Utility Audit, Finance and Compliance Branch (UAFCB) carries out audit responsibilities on behalf of the CPUC to ensure regulated utilities implement various programs in compliance with applicable laws, regulations, and CPUC's directives. The UAFCB performs its audit services under the general authority of the Public Utilities (PU) Code Sections 314, 314.5, and 314.6 on regulated energy, telecommunications, and water utilities. Aside from monitoring utilities' compliance with applicable laws and regulations, the UAFCB also performs research, analysis, and various assessments and communicates its results to the Commission and its staff, the regulated utilities, and the public.

The UAFCB and its audit program is a direct reflection of the regulatory responsibility of the CPUC. The UAFCB's audit services is the recognized vehicle for conducting a systematic and independent examination of books, accounts, records, documents of regulated utilities, pursuant to PUC Code Sections 314, 314.5, and 314.6, to ascertain a present and true representation of the usage of ratepayers' dollars. The UAFCB's audit program has a direct bearing in enhancing CPUC's regulatory and policy-setting responsibility.

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.

In the last couple of years, the CPUC has been facing challenges in fulfilling its statutory obligations in the amount of accounting records examined and compliance audits conducted of various utilities as prescribed in the applicable PU Code sections. Consistent with the recommendations of the California State Auditor's audit reports 2013-109 and 2018-118, the CPUC focused its attention on the expansion of the division's audit program and staff level. The expansion of the audit efforts precipitated the demand to expand, reorganize, and categorize the efforts of the audits branch. Therefore, the division has filled positions and re-organized the workload into two branches, one of them being UAFCB. The UAFCB's focus at the moment is bringing the branch to comply with all statutory requirements in performing the required audit services. In doing so, the branch is adding additional workload and expanding its scope of coverage with the number of utilities, accounts, and financial records being examined on a regular basis. The expansion in staffing and re-organization of the branch are necessary stepping stones toward statutory compliance. Subsequently, the increased scope of the UAFCB's audit services created a need to establish policies, procedures, and internal codes of conduct to establish framework of operation for the newly restructured audit section.

In addition, the need for governance and coordination of program effort is yet another factor supporting the need for more of a high level expert, with decision-making authority and well-rounded understanding of the statutory obligations of the CPUC and the UAFCB. There is a need for programmatic insight and decision-making authority relative to expanded scope of audit services. This higher level position would be instrumental in meeting the audit branch's statutory obligations, assessing staff levels, creating new audit methodologies, setting policy, creating manuals, and leading the expansion of the audit group.

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 Assistant Director of Utility Audits Branch (UAB) will be responsible for developing, implementing, or modifying the key policies and procedures related to all operational areas of the UAB. The following is examples of policy areas over which the proposed Assistant Director will be the principle policy maker:

A. Audit Program Policy

- Audit Report Structure
- Work Paper Protocols
- Audit Procedures Standards

B. Quality Assurance

- Audit Professional Standards
- Audit Manual
- Monitoring / Review Protocols

C. Professional Development

- Continued Professional Education
- Annual Training Plan

D. Succession Planning

E. Workflow / Workplan Policy

F. Governance

G. Contract Management

H. Communications

As part of the Utility Audit, Risk and Compliance Division, the UAB plays an integral role in assisting the mission of the California Public Utilities Commission (CPUC). The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians have access to safe and reliable utility infrastructure and services. The UAB carries out compliance audits of all main utilities throughout the State and verifies the industry's adherence to set standards and compliance with regulatory requirements. The audit function of the UAB facilitates the CPUC's ability to make sound decision and regulatory changes to benefit all Californians.

The Assistant Director's role in setting the framework of operation of the UAB will be imperative to setting key policies to ensure CPUC's and Divisions' mission is met. The policies listed above establish a principle in conduct, responsibility in discharging an obligation, and standards for performance of a duty. Because it is the regulatory responsibility of CPUC to oversee utilities, protect consumers, and safeguard the environment, the UAB must operate within boundaries of established rules of engagement for which scheduled activities are conducted in compliance with applicable laws and regulations. The above-mentioned policies are critical in providing a fair and balanced assessment of business practices, safeguards, or internal controls by which Californians are made assured of the proper regulation of the utility industry.

C. ROLE IN POLICY INFLUENCE (continued)

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

The Assistant Director will report to the Director of Utility Audits, Risk and Compliance Division and will be an administrative advisor regarding key areas of operation and audit programs of the UAB. Under the authorization of the Director, the Assistant Director will have independent decision-making authority and responsibilities overseeing audit work products, establishing workflow protocols, implementing audit program policies, developing monitoring mechanisms.

In addition, the Assistant Director will have independent decision-making authority in assisting the Director with planning, developing, and organizing all specialized industry audits. In doing so, this position will establish operating principles, develop audit strategies, and implement performance expectations and policies. He/she will be involved in the formulation of division's objectives and short and long-range goals.

Moreover, the Assistant Director will be responsible for developing and implementing new quality assurance policies and procedures to enhance the existing audit work products and ensure compliance with applicable laws, regulations, and professional auditing standards.

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

The Assistant Director will be developing new policy that spans multiple operation areas of the UAB. The Assistant Director will also be reviewing existing policy to ensure it supports the Division's short and long-range goals and objectives. The Assistant Director will also be responsible for implementing newly created internal policies and implementing any policies created by other areas of CPUC

Failure to properly establish and implement these policies could result in flawed business decisions; inaccuracies in reporting audit results for the utility industry; Division's non-compliance with applicable laws, regulations, and standards; or damage to the Commission's reputation and overall negative impact to the Commission's ability to make sound regulatory decisions on behalf of the ratepayers in the State of California.