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# **State Leadership Accountability Act**

## **Frequently Asked Questions**

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## **Introduction**

This document is a tool to provide state entities with answers to some of the frequently asked questions related to the State Leadership Accountability Act (SLAA). Throughout this document, we will refer to the Department of Finance as Finance and the Office of State Audits and Evaluations as OSAE. If your question is not answered in this document or you would like additional clarification, please contact OSAE at [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov).

## SLAA FREQUENTLY ASKED QUESTIONS (FAQs)

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### GENERAL

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#### **1. I reviewed Finance's website and I am still confused about how to get started and how to comply with SLAA.**

OSAE is committed to ensuring your entity successfully complies with the SLAA requirements. OSAE staff can:

- Discuss ideas and approaches with you via e-mail and/or telephone
- Meet with you in person at your office
- Provide an overview to your entity's management, including discussing the steps Finance takes to meet SLAA requirements
- Facilitate a meeting with entity management to begin the risk assessment/control review process

Please contact us for assistance. Our SLAA hotline e-mail address is [SLAAhotline@dof.ca.gov](mailto:SLAAhotline@dof.ca.gov). Please include the name, title, and telephone number of the person you would like us to contact.

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#### **2. What are the consequences of not complying with SLAA?**

If your entity is not in compliance with Government Code sections 13405 & 13406:

- Your Finance, Program Budget Manager is notified
- Your entity is included on the Non-Compliers List published on Finance's website
- OSAE staff will contact you regarding your noncompliance and will work with you to ensure compliance for future reporting periods

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#### **3. If a state entity does not have an internal audit unit, does the review of internal controls have to be conducted in accordance with audit standards or by auditors to comply with SAM 20060?**

No. It is a common misconception that auditors are responsible for the review of internal control systems. Management is responsible for the design, implementation, communication, monitoring, and modification of internal control systems. It is management's responsibility to continuously monitor internal control system(s).

Auditors or other staff may assist management by:

- Performing tests to ensure significant controls identified by management are functioning as intended
- Facilitating meetings to assess risks and identify controls

- Documenting the assessment and review processes

The review is not required to be conducted in accordance with *internal audit standards*, unless a certified internal auditor assists management in testing controls.

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#### **4. How can I receive communication about SLAA issued by Finance?**

Finance has a subscription service for SLAA related notices. The webpage address to subscribe is:

<http://listserv.dof.ca.gov/dofsignup.html>

Once you have subscribed to this service, you will electronically receive e-mail communication and training notices related to SLAA.

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#### **5. I am having trouble getting management involved in the SLAA process. Can Finance help?**

OSAE staff can meet with management to provide additional information on SLAA requirements and its importance. OSAE staff can also clarify the roles that management, staff, and internal auditors should play in SLAA. You may request a meeting or additional information through the [SLAAhotline@dof.ca.gov](mailto:SLAAhotline@dof.ca.gov).

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#### **6. Am I required to use all of the tools provided on Finance's website?**

No, the tools provided on Finance's website are not required for your entity to be compliant with SLAA. The tools are provided to assist your entity with the SLAA process.

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#### **7. How often is the Non-Complier's List Updated?**

The Non-Complier's List is updated following the due date of each report and CAP.

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#### **8. Can I suggest changes to improve the SLAA process?**

Yes. Finance welcomes your ideas. You can send ideas for improving the web portal, tools provided on Finance's website, or the process in general to [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov). Finance will review all suggestions.

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## SLAA REPORTING

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### 1. How is the report submitted for 2015?

Beginning with the report due December 31, 2015, all reports will be submitted through the SLAA web portal. A *Web Portal User Guide* is available on the Finance website at [www.dof.ca.gov/Programs/OSAE/SLAA/](http://www.dof.ca.gov/Programs/OSAE/SLAA/). OSAE Management and staff are available to assist you in meeting the SLAA requirements.

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### 2. How many risks should be included in my SLAA report?

The number of risks reported is a decision for your management team. The report should include significant risks to the accomplishment of your entity's mission, goals, and objectives.

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### 3. Who receives a copy of my SLAA report?

The SLAA report is addressed to your agency secretary, or the Director of Finance for a state entity without an agency secretary. A copy of the report is distributed to Finance, the Legislature, the California State Auditor, the Controller, the Secretary of Government Operations, and to the State Library. Finance will distribute all of the copies electronically after reviewing the report, with the one exception. Upon acceptance of your report, Finance will provide instructions to mail a hard copy of the report to the Secretary of the Senate.

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### 4. What happens when I submit my report on the web portal?

When you submit your report in the web portal, it is sent to Finance for review. The Finance review process is detailed in the FAQ Reporting Section. After your report is accepted by Finance, an e-mail confirming the report's acceptance is sent to the entity head. Your report must be posted to your entity's public web site within five business days of Finance's acceptance. A hard copy of your report should be mailed to the Secretary of the Senate (the address for mailing is included in the Finance acceptance e-mail). Finance then forwards an electronic copy of your report to each of the entities designated in Government Code section 13405. Your report status is updated in the web portal.

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### 5. Who can submit the report?

Your report can only be submitted by individuals with the role of Agency Head or Primary Contact.

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## **6. What determines the order risks are listed in my entity's report?**

You designate the order in which the risks will appear in your report. Enter the ranking of your risks to put them in the desired order for your report. For additional details, see the *Web Portal User Guide* at [www.dof.ca.gov/Programs/OSAE/SLAA/](http://www.dof.ca.gov/Programs/OSAE/SLAA/).

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## **7. How much detail do I need to provide about my risks?**

The amount of detail provided about your risks is a management decision. The report is a public document. A reader should understand the risk based on the amount of detail provided. However, the amount of detail should not enable a reader to take action that will jeopardize your entity's mission, goals, and objectives.

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## **8. What if a risk fits more than one risk factor from the drop down menu?**

It is likely your entity will have identified specific risks, which can be categorized by multiple risk factors. Management has the option to enter the risk multiple times to emphasize the impact of the risk or to select the single most relevant risk factor.

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## **9. What if my risk does not match any of the risk factors?**

The risk factor definitions are written to fit a broad range of situations. The examples are only some of the possible situations that may fit within a specific risk factor. Use a broad interpretation of the risk factor definitions when categorizing your risks. If your risk does not fit within any of the risk factors, select "other" from the most appropriate category and subcategory. The "other" category is primarily used to capture emerging or unique risks.

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## **10. What does Finance look for in its review?**

Finance reads each report to ensure all of the required components are included and clearly articulated; also that management understands and adequately describes their role in the SLAA processes. Finance may seek clarification about the report content.

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## **11. Our department has risks from a prior SLAA report that have not been mitigated. Do they have to be included in the next SLAA report?**

Not necessarily. As part of your current risk assessment process, management should consider prior risks that were not fully mitigated during the last SLAA cycle. If management determines that these risks are of an ongoing nature, management may choose to include the risk in the current report.

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## **12. I am a small entity and we do not handle cash or have significant programs, what do you want our report to say and how long does it have to be?**

Regardless of the size of your entity, you have objectives and goals to achieve to accomplish the entity mission. Your report needs to describe your entity's risk assessment process, the risks identified, the controls management has put in place to address (mitigate) those risks, and management's ongoing monitoring processes. The length of the report will be determined by the amount of information management reports.

Finance's website at [www.dof.ca.gov/Programs/OSAE/SLAA/](http://www.dof.ca.gov/Programs/OSAE/SLAA/) provides many helpful resources including guidelines, templates, examples, and links to additional resources. OSAE staff is available to assist entities in meeting the SLAA requirements.

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### **13. Where can I find Finance's SLAA Report?**

These reports are posted to Finance's Audit Reports webpage at [www.dof.ca.gov/Programs/OSAE/Audit\\_Reports/California\\_Audits\\_and\\_Accountability\\_Reports/](http://www.dof.ca.gov/Programs/OSAE/Audit_Reports/California_Audits_and_Accountability_Reports/) under the heading Finance's State Leadership Accountability Reports.

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### **14. To whom and where do I send the 2015 SLAA report?**

All reports for 2015 must be submitted through the Finance web portal. Upon Finance's acceptance of your report, Finance forwards an electronic copy of your report to each of the entities designated in Government Code section 13405 except the Secretary of the Senate. A hard copy of your report should be mailed to the Secretary of the Senate (the address for mailing is included in the Finance acceptance e-mail).

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### **15. Are SLAA reports required to be posted?**

Yes. Government Code section 13405 requires you to post your SLAA report on your public website within five business days of Finance accepting your report. Finance notifies the entity head through the SLAAHotline when the report is accepted.

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## CORRECTIVE ACTION PLANS (CAP)

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### **1. Since my CAP is due at the same time as my SLAA report, what do I put for an update?**

If management is in the process of implementing a control, the web portal automatically populates some parts of the CAP for you. The update should include the individual responsible for the control implementation and an anticipated implementation date for the control.

The SLAA report is due any time prior to December 31 of an odd numbered year. If the report is submitted early, the CAP should include an update about implementation progress since report submission. If the report and CAP are submitted close together in time, there may be no additional information to report.

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### **2. Our department has controls that are not fully implemented. What do we do with them after the fourth CAP?**

There is no reporting requirement for controls that have not reached full implementation at the end of a two year reporting cycle. This information should be considered in the risk assessment for the current SLAA reporting cycle and should continue to be tracked in your department's ongoing monitoring process.

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### **3. What are the consequences of not completing the CAPs?**

The same as if the entity did not submit a SLAA report. Corrective Action Plans (CAPs), like the SLAA report, are part of the requirements set forth in Government Code section 13405. See the FAQ General Section for additional information.

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### **4. I'm unclear when the CAPs are due.**

The first CAP is due on the same day the report is due, December 31 of each odd-numbered year. Each subsequent CAP is due in six-month increments from the report date. For the 2015 cycle:

- The first CAP is due December 31, 2015
- The second CAP is due June 30, 2016
- The third CAP is due December 31, 2016
- The fourth Cap is due June 30, 2017

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### **5. Some of our corrective actions have an “ongoing” completion date. Even if all other corrective actions are complete, do I have to continue submitting CAPs?**

Yes. All controls, which are not fully implemented, require corrective action plans. If management has implemented all controls, and is ensuring control effectiveness through “ongoing” monitoring, the entity can mark the control as fully implemented and does not need to submit additional CAPs. Finance expects that ongoing monitoring is an ingrained, standard practice of management with respect to its systems of internal control.

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**6. Part of our entity’s corrective action was contingent upon a Budget Change Proposal. What do we do if it has been denied?**

Submitting BCPs cannot be considered a corrective action for SLAA purposes. Government Code section 13407 states that the provisions of SLAA shall be carried out using existing resources.

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**7. To whom and where do I mail the CAPs?**

Corrective action plans must be submitted to Finance, through the SLAA web portal.

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## Web Portal

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### **1. How do I get a username and password for the web portal?**

Finance will e-mail a username and password to the Agency Head and either the SLAA Administrator or Primary Contact. These users can then establish additional contacts. All additional contacts will then receive an e-mail from the [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov) with their usernames and passwords. If you have not received your username or password, please e-mail the [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov) for additional assistance.

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### **2. I forgot my username and/or password, how do I get help?**

The web portal has a link on the sign-in page that allows you to retrieve your username and reset your password. If this link is not working, please e-mail the [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov) for additional assistance.

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### **3. The web portal is not working, what do I do?**

Contact Finance at the [SLAAHotline@dof.ca.gov](mailto:SLAAHotline@dof.ca.gov).

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### **4. Can I see copies of my entity's prior reports?**

The web portal does not include copies of reports from prior to the launch of the web portal. The 2015 report will be available for viewing while working on the 2017 report.

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### **5. Can I see what other entities have submitted?**

The web portal will only allow users to view their entity's content.

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### **6. Is there a way to see who else is logged into the web portal?**

The web portal does not track users logged into the web portal. Users need to coordinate efforts to ensure that they do not work in the same section of the report simultaneously. Two users working in the same section simultaneously may cause information loss.

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### **7. Is there a way to see what changes have been made to my draft report?**

The web portal does not track changes to the draft report.

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**8. What will the report and corrective action plan generated from the web portal look like?**

See templates and examples of the SLAA report and Corrective Actions Plan at [www.dof.ca.gov/Programs/OSAE/SLAA/](http://www.dof.ca.gov/Programs/OSAE/SLAA/). You can print a draft version of your report any time prior to report submission.

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**9. Can I see a draft of my report?**

A draft version of your report can be printed at any time prior to report submission. Use the print feature to generate a PDF draft. Additional instructions are available in the *Web Portal User's Guide* located at [www.dof.ca.gov/Programs/OSAE/SLAA/](http://www.dof.ca.gov/Programs/OSAE/SLAA/).

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**10. What happens if I submit my report with one or more sections blank?**

The portal will not allow a report to be submitted with blank report sections with one exception. In the Conclusion section there is an optional additional comments section. The optional section can be left blank. Finance will review submitted reports for completeness, and will contact entities that submit a report with insufficient information in any of the required sections.

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## Ongoing Monitoring

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### **1. Does the Designated Agency Monitor need to do all of the monitoring activities?**

No, the Designated Agency Monitor is able to delegate monitoring activities. The Designated Agency Monitor should be facilitating and verifying the monitoring activities and results on an entity-wide, high level basis. Monitoring should be occurring at every level of the entity. The Designated Agency Monitor is responsible for making decisions about the effectiveness of controls and control testing.

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### **2. What is the relationship between the controls identified in the Evaluation of Risks and Controls report section and the Ongoing Monitoring report section?**

The Evaluation of Risks and Controls report section contains risk and control details about the entity-wide, high-level risks, which may threaten your entity's ability to accomplish its mission, goals, and objectives.

The Ongoing Monitoring report section discusses management's ingrained monitoring and oversight processes over all levels of programmatic, operational, and administrative functions.

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### **3. What do I include in the Ongoing Monitoring section of my report?**

The Ongoing Monitoring section needs to include the name(s) and title(s) of the Designated Agency Monitor(s), and an overview of the Ongoing Monitoring structure in your entity. There are three text boxes to indicate: (1) frequency of monitoring activities, (2) internal reporting, and (3) the process for addressing internal control deficiencies. Each text box will allow 1,250 characters or approximately one half page of text.

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### **4. Can there be more than one Designated Agency Monitor?**

Yes, in some instances an entity will have more than one Designated Agency Monitor. Other entities may have the Agency Head as the Designated Agency Monitor. To indicate multiple Designated Agency Monitors in the web portal select the Designated Agency Monitor radial button on the contact page for each individual serving in the role.

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### **5. What happens if my entity does not select a Designated Agency Monitor?**

The Roles and Responsibilities paragraph in your report is automatically populated with the Designated Monitor's name and title. This paragraph will contain incomplete information if there is no selection for your entity's Designated Agency Monitor. In

addition, Finance will contact you for additional information if your report is submitted with no Designated Agency Monitor.

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## **6. How do I determine the Ongoing Monitoring Status?**

In the web portal, there are three options for the Ongoing Monitoring Status. Those are (1) full compliance, (2) partial compliance, and (3) not compliant. The determination of which status to select is management's decision. Each status represents a different level of formalization and documentation of your entity's ongoing monitoring processes. Full compliance indicates the process is formalized and documented. Partial compliance indicates your entity is in the process of formalizing and documenting the process. Not compliant indicates that your entity has not begun formalizing and documenting the process.

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## **7. What role do internal auditors play in ongoing monitoring?**

Internal auditors can assist the Designated Agency Monitor by testing controls through separate evaluations, providing input about risks, and facilitating meetings such as risk assessment meetings. Internal auditors cannot serve as the Designated Agency Monitor or make policy decisions such as which controls to add or remove from the internal control system.

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