

## State Leadership Accountability Act Overview

Under the State Leadership Accountability Act (SLAA), heads of state entities are responsible for establishing and maintaining a system of internal control within their organizations.

Internal control<sup>1</sup> means a process to provide reasonable assurance that the objectives of an entity will be achieved. The following five components of internal control if effectively designed, implemented, and operated in an integrated manner, constitute an effective internal control system:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring

### Management's responsibilities under SLAA include:

1. Establishing and maintaining a system or systems of internal control and ongoing monitoring.<sup>2</sup>
  - a. Documenting the system(s)
  - b. Communicating system(s) requirements
  - c. Ensuring the system(s) are functioning as prescribed and are modified as appropriate for changes in conditions
2. Report on the adequacy of the entity's internal control and monitoring practices by December 31 of each odd numbered year.<sup>3</sup>
3. Provide a plan for correcting identified inadequacies and weaknesses every six months until all weaknesses are corrected.

### History:

SLAA was originally enacted as the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA). FISMA was amended in 2006 to require heads of state entities to conduct an internal review and prepare a report on the adequacy of their system(s) of internal control. FISMA was further amended in 2011 to emphasize management's active oversight of their system(s) of internal control, including ongoing monitoring processes.

The name was changed to State Leadership Accountability Act (SLAA) in 2015 to clarify the Act's applicability to operational and programmatic activities in addition to administrative activities and to reinforce the responsibility of management. The law requires entity management to establish and maintain effective systems of internal controls.

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<sup>1</sup> California Government Code (GC) section 13403(a)

<sup>2</sup> GC section 13402

<sup>3</sup> Reporting requirements are in GC 13405(a) and State Administrative Manual section 20060. Templates and tools are available at <http://www.dof.ca.gov/Programs/Osae/SLAA/>.