

Department of Demonstrations and Examples

2015 SLAA REPORT

December 20, 2015

John Smith, Secretary
Agency
1111 One Way
Sacramento, CA 95814

Dear Mr. John Smith,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Demonstrations and Examples (DDE) submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Jane Jackson, Chief Deputy Director, at (916) 555-5555 ext. 5555, Jane.Jackson@examples.ca.gov.

BACKGROUND

The DDE goal is to serve as the state's source of demonstrations and examples to aide state entities with the knowledge of compliance requirements for state laws, rules, and regulations. The DDE Director is responsible for carrying out the organization's mission and goals with an emphasis on leading by example. The Director is appointed by the Governor and sits on numerous boards which impact a broad array of state activities.

Core values guide the actions of DDE employees. Management leads by example, conducting day-to-day operations with the highest integrity and professionalism. Roles and responsibilities are well defined. Strong lines of authority, control, collaboration, and communication are maintained throughout fifteen major units and numerous sub-units within DDE.

RISK ASSESSMENT PROCESS

DDE's Director, Chief Operating Officer, and Operations Managers (management) meet regularly to identify and discuss significant department-wide risks. DDE started the risk assessment process by identifying risks and then ranking each risk based on the severity and likelihood of occurrence. Once the risks were identified and ranked, the management team identified the controls which serve to mitigate the risks. Some controls are in place and other controls are in the process of being implemented. Management discussed the effectiveness of the controls in place. These conversations about controls allow DDE to determine if new controls are needed or if improvements are needed to existing controls.

The management team appointed a subcommittee of selected supervisors and managers that further examined the risk and control details and proposed the controls to be tested. DDE's testing of controls involved a combination of interviews, document and process reviews, staff surveys, and anonymous customer satisfaction surveys. Testing results were reviewed by management. The management team implemented control updates based on testing results.

EVALUATION OF RISKS AND CONTROLS

Operations—Internal—Staff—Key person Dependence, Succession Planning

Each unit within DDE has a staff member that is considered the demonstrator in a specialized area. DDE has a total of 15 units, each with one demonstrator. When one of these demonstrators retires or leaves the department, DDE loses a key person in operations. Currently, DDE does not have a demonstrator understudy program which would allow for the sharing of institutional knowledge and training of a backup demonstrator.

DDE is developing an understudy program to assist the demonstrator in their specialized areas. By developing an understudy program, the demonstrator will have the ability to share their knowledge and help to ensure continuity of the demonstrator program, allowing DDE to operate more effectively and efficiently.

Reporting—External —Distribution Limitations

DDE uses a system called Demonstrations, Examples, Presentations, and Templates (DEPT). This system has been used as a database to generate examples for all projects DDE has created or collaborated on. The DEPT database allows state organizations to receive these examples through access to the database. The DEPT database creates a risk for DDE because it is considered a legacy system. As a legacy system, DEPT is no longer compatible with many other state systems creating limitations to disseminate examples.

DDE has met with the Information Technology and Systems team and is in the beginning phases of researching updated systems that will be compatible with all state systems allowing state organizations to receive timely examples.

Compliance—External—Complexity or Dynamic Nature of Laws or Regulations

DDE creates projects based on state needs for compliance with laws, rules and regulations. Because laws, rules and regulations change frequently, it is difficult to stay current with requirements. Dependence on information from other departments could result in inaccurate projects being created such as sample presentations, templates, and demonstrations. Inaccurate information regarding an outside organization's need can also result in development of weak examples which may hinder DDE from fulfilling its mission, goals, and objectives.

DDE is in the process of recruiting one or more employees with strong legal backgrounds to fill a permanent position on DDE's legal committee. Currently this committee is made of volunteer staff whose main duties are working on other projects which does not allow for time to stay current on changing laws, etc. The new position(s) will be in charge of staying current on legislative activity regarding requirement changes and interpreting any laws, rules, or regulations needed for DDE to efficiently assist state organizations.

ONGOING MONITORING

Through our ongoing monitoring processes, the DDE reviews, evaluates, and improves our systems of internal controls and monitoring processes. The DDE is in the process of formalizing and documenting our ongoing monitoring and as such, we have determined we partially comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of DDE, John Doe, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Mary Campbell, Chief Example Officer, as our designated agency monitor(s).

Frequency of Monitoring Activities

DDE holds weekly management meetings. Meeting topics include discussion of current and potential internal control issues that need to be addressed. These meetings allow management to discuss issues they have been made aware of and what steps are needed to mitigate the issues. The management team is encouraged to share experiences to further assist each other in addressing the issues that may arise.

Reporting and Documenting Monitoring Activities

DDE requires reports from each unit on a quarterly basis. These reports inform management of the monitoring practices being conducted, improvements needed, and the overall monitoring success or weakness within each unit. This information is summarized and reported to the DDE Director.

DDE ensures all staff receives information vital to the effectiveness and efficiency of controls by requiring management to update their teams monthly. DDE encourages staff to speak with their supervisor if they discover an issue that should be addressed to better assist DDE with fulfilling its mission, goals, and objectives.

Procedures for Addressing Identified Internal Control Deficiencies

Management holds bimonthly meetings to review any deficiencies noted in either the quarterly reports or deficiencies that have been recently identified. DDE has an internal committee that designs and tests the control procedures that have been developed and implemented. The internal committee conducts separate evaluations on any deficiency noted if the deficiency relates to strategic initiatives or the entity-wide risk assessment. The internal committee reports to the entire DDE management team and Director.

DDE has a policy that all deficiencies will be mitigated within sixty days. If a mitigation procedure takes longer than sixty days, DDE requires executive management receive biweekly notices until the deficiency is adequately addressed.

Finally, DDE sends an internal "Press Release" to all staff to inform them of policy or procedure changes to assist in the mitigation of the deficiencies discovered.

CONCLUSION

DDE strives to reduce risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

John Doe, Director
Department of Demonstrations and Examples

CC: Legislature

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Legislature
State Auditor
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SAMPLE