

December 14, 2023

Joe Stephenshaw, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Director Joe Stephenshaw,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Office of Emergency Services submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2023.

Should you have any questions please contact Lisa Ann L. Mangat, Chief Deputy Director, at (916) 845-8542, Lisa.Mangat@caloes.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Cal OES's strategic plan presents the ongoing vision of Cal OES, which is to be the leader in emergency management, homeland security, and public service through dedicated service to all, by building a safer, more resilient California, leveraging equitable and inclusive partnerships, developing a diverse and empowered workforce, enhancing our technology to ensure accessibility and inclusivity, and fostering a culture of continuous improvement that values the unique contributions of individuals from all backgrounds.

The mission for Cal OES is to protect lives and property, build capabilities, and support communities for a resilient California. Cal OES achieves its mission by serving the public through effective and culturally responsive collaboration in preparing for, protecting against, responding to, recovering from, and mitigating the impacts of all hazards and threats.

The Cal OES mission is built upon the following seven strategic goals:

1. Anticipate and enhance prevention and detection capabilities to protect our state from all hazards and threats.
2. Strengthen California's ability to plan, prepare for, and provide resources to mitigate the impacts of climate, disasters, emergencies, crimes, and security events.
3. Effectively respond to and recover from both human-caused and natural disasters.
4. Ensure and maintain fiscal and program integrity, through effective and appropriate community-based support and administration of state and federal funding allocated to our programs.
5. Develop an inclusive, united, and innovative workforce that is trained, experienced, knowledgeable, healthful, and ready to adapt and respond.
6. Strengthen capabilities in public safety communication services, technology, and cybersecurity enhancements.

7. Develop trauma-informed, victim/survivor-centered programs and support victim service providers.

Control Environment

Cal OES is committed to providing a professional and supportive work environment, and all employees of Cal OES and those working on Cal OES' behalf are expected to adhere to a values statement. Cal OES relies on integrity and ethics to guide its strategic goals with assistance from the following **essential values**:

- **Integrity:** Cal OES maintains trust by fulfilling its mission with honesty, accountability, and transparency.
- **Equity:** Cal OES promotes equity, fosters community resilience, and protects communities impacted by emergencies, addressing the unique needs of diverse populations.
- **Service:** We are dedicated to carrying our duties and responsibilities with a shared commitment to our mission.
- **Respect:** Cal OES embraces and harnesses the power of diversity within our organization, throughout our communities, and among our partners demonstrating concern, cultural humility, and compassion for all.
- **Resiliency:** Cal OES promotes safe and prepared communities with the strength to withstand or rebound from any event or emergency.

The control environment structure consists of the Director appointed by the Governor, assisted by two Chief Deputy Directors. One Chief Deputy oversees operational activities, and one Chief Deputy oversees policy and administrative activities. Oversight begins here and is communicated by means of a hierarchy of organizational support sections and six directorates of operations, based largely on the National Incident Command System (NICS) - Organizational Structure Model. Responsibility and authority is determined by the need to address the control environment in the same manner as emergency and governance systems consistent with federal, state, and local emergency management systems modeled within the NICS.

Cal OES Organizational Structure:

- Executive Leadership
 - Organizational Support Branches
 - Directorates:
 1. Planning, Prevention, and Preparedness
 2. Response Operations
 3. Recovery Operations
 4. Logistics Management
 5. Finance & Administration
 6. Homeland Security

To evaluate program effectiveness and demonstrate Cal OES's success in meeting its strategic

goals and objectives, Cal OES established the Office of Performance Management (OPM). This office assists programs in developing performance metrics to measure and evaluate progress in achieving its goals and objectives. The Internal Audits Office (IAO) assists these same programs to manage risk associated with their most important strategies, goals, and objectives.

Other structural components in the control environment include:

- Policy and Administration: Maintains standards of conduct, provides oversight of the internal control system, assigns and delegates authority, demonstrates a commitment to competency, recruits and retains talented individuals, and enforces accountability.
- Legal Affairs: Provides sound legal advice, creative solutions, and effective risk management to support and empower internal stakeholders to serve as leaders in emergency management.
- Office of Diversity, Equity, and Inclusion: Committed to a safe environment. One that is free of discrimination for all employees and visitors.
- Office of Access and Functional Needs: Identifies the needs of individuals with disabilities and access or functional needs before, during, and after disasters and integrate them into the State's emergency management systems.

Each branch/program maintains its own sub-system of policies and procedures (internal controls) related to its own objectives and reports key objectives upward through the chain of command and to OPM. Cal OES also maintains a library of agency-wide objectives, directives, policies, procedures, and guidance available to employees on a secure private network.

Other strategic information and internal controls is available to the public on Cal OES's website at <https://www.caloes.ca.gov/>.

Cal OES enforces its policies, procedures, and related controls within a chain of command system. Chain of command starts with the Director and the two Chief Deputy Directors, and flows through to second- and third-line managers, and further, to front line supervisors and process level staff. OPM gathers and analyzes agency-wide data on branch and division objectives, including S.M.A.R.T. [1] objectives. IAO performs risk assessments, and then performs audits of operational areas with significant risks to Cal OES's operations. Audit reports are submitted to the Chief Deputy Director, who enforces recommendations for areas of improvement.

[1] Specific, Measurable, Achievable, Relevant, Time-bound (SMART)

Information and Communication

Cal OES maintains a high-quality and efficient information sharing structure. Policy directives are distributed through memorandums via intra-office mail and email, and also placed in a library on the Cal OES intranet. In addition, teleconferences, virtual meetings, monthly senior management and leadership meetings, and all-staff meetings are used to disseminate a variety of information related to Cal OES objectives, from continuous improvement programs such as daily internet and email job postings, to information sharing meetings among information technology professionals from various agencies, to the "One Team One Site" –

Employee Engagement video series, now reimagined and run by the Office of Crisis Communication and Public Affairs as the "I am Cal OES" video series. Additionally, innovative solutions are disseminated by the Idea Ambassador Corps, who is made up of employee volunteers from within the Agency and across the Directorates. The Ambassadors report gaps in four listed working areas: Working Conditions, Professional Development, Communications, and Personal Enhancement.

As a valuable and established communications process, Cal OES requires each program to provide monthly updates to include program accomplishments, key topics, and issues and challenges uncovered during regular business operations. These updates are gathered within presentation slides and reviewed by the Executive team. Cal OES also encourages senior managers to update their teams on a regular basis on the issues discussed during the leadership and senior management meetings. Each Cal OES program area has developed performance objectives and measures to advance its mission and improve its operational efficiencies throughout the agency. Each performance measure is aligned to one of the seven Cal OES strategic goals and presented to senior leadership using the above process.

Internally, OPM tracks the status of performance objectives and updates them on a quarterly basis, using an online application that depicts each program's progress using charts and other visual metrics. Through this online application, executive leadership can track organizational performance in real time. In this way, risks to these objectives and relevant internal controls can be identified in relation to Cal OES operations, reporting, and compliance objectives, and also across all levels of organizational structure from executive level down through to the functional level.

Cal OES managers and supervisors maintain an open door for the reporting of areas of improvement. Reports are further communicated through regular management meetings and via the chain of command. Deficiencies or violations in controls and/or policy can also be reported through IAO, which also receives whistleblower complaints.

Furthermore, Cal OES also maintains a secure network of file storage and database programs to process entity level and branch level operations, and to facilitate record keeping.

Externally, relevant information intended for the public is posted to the Cal OES website, or through the Office of Crisis Communications and Public Affairs, who disseminates information via traditional and social media. Cal OES also relies on the California Governor's Office of Emergency Services Correspondence Manual that guides all employees when communicating with the public or other agencies.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Office of Emergency Services monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Christina Curry, Chief Deputy Director; Lisa Ann L. Mangat, Chief Deputy Director.

Monitoring Activities:

Cal OES holds monthly meetings with senior leadership and senior management to discuss and share current key topics and objectives, cross-cutting issues, and any current challenges. Additionally, the executive staff meets weekly to discuss current and pending issues and share key information from their respective directorates. As part of the preparation for the monthly senior leadership meetings, senior managers are asked to provide updates of their accomplishments and any current issues or challenges they may be facing, as well as status updates on objectives, risks, and internal controls. This information flows from functional and process level to executive level and back, and cross-sectional, from each program to other programs, and from each divisional group to other divisional groups. Subsequently, a baseline understanding of the effectiveness of Cal OES's internal controls is established as a starting point for monitoring activities. This baseline is the condition of an established control at a point in time, and assessed against the intended state of the control. If a current control does not meet the agency's intended result, the control is modified and/or the design of the control system is remediated, and will continue, modify, or close the agency's effort to bring the baseline to its intended level of operation.

All of the updates are compiled into a presentation slide deck and are presented to senior managers and executive leadership for their review and necessary action. The management team is asked to share the information contained in the slides with Cal OES staff, supervisors, and managers. Additionally, as noted above, the branches and divisions update the status of their objectives on a regular basis, which is provided to and reviewed by Executive Management.

Addressing Vulnerabilities:

Cal OES unit monitors have been identified throughout each program and administrative area. The unit monitors will track and develop controls for the risks identified during the department-wide risk assessment process. Furthermore, any internal control deficiencies identified during routine, ongoing monitoring, will be shared with the unit monitor and respective management team. Once internal control deficiencies are identified, corrective action plans will be developed and monitored by unit monitors on a quarterly basis, until fully corrected.

Ongoing Monitoring Compliance:

Cal OES has incorporated compliance with the requirements of California Government Code sections 13400-13407 into IAO's reporting, compliance, and operations processes, as well as its strategic planning process. These processes include reviews, evaluations, and improvements to Cal OES's systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Office of Emergency Services risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, questionnaires, consideration of potential fraud, performance metrics, and other.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, tolerance level for the type of risk, and other.

Risk Identification:

IAO staff conducted an internal control survey to find potential weaknesses and significant risks. IAO staff also met with all levels of management and staff to discuss significant changes in their operations, key performance indicators, and current efforts to minimize risk exposures. Based on the results of the agency-wide risk assessment process and executive management's evaluation of all known risks, the greatest vulnerabilities that could prevent Cal OES from successfully meeting its mission, goals and strategic objectives, were identified.

Risk Ranking:

Cal OES utilized an internal control self-assessment survey and risk assessment ranking method to conduct its agency wide, strategic risk assessment process. This risk assessment process was completed by the Cal OES management team and facilitated by staff from IAO. Through the self-assessment survey and risk assessment ranking form, all levels of Cal OES management and staff identified department-wide risks or specific threats that could adversely affect the ability to achieve each of their program's mission, goals, and strategic objectives. Management and staff developed and scored risk statements according to likelihood and impact to their respective program functions. They utilized corresponding existing and new controls, creating baselines to provide reasonable assurance that risks would be mitigated, eliminated, or assessed as no longer material.

RISKS AND CONTROLS

Risk: #1 Staff-Training, Knowledge, Competence

CSTI Increases Response to Onboarding and Credentialing Demand

The California Specialized Training Institute (CSTI), within the California Office of Emergency Services (Cal OES), created and maintains an Emergency Operations Center (EOC) Position Credentialing Program that outlines training and experience requirements to fulfill the job responsibilities of EOCs, Department Operations Centers, and the State Operations Center (SOC). There are three levels of credentials: Type III, II & I, with type 1 as the most complex.

The current objective of the program is to meet the growing demand for training and exercises due to disaster responses of increasing scale, complexity, and frequency; the demand includes Cal OES and the 58 county emergency management offices. CSTI is working to expand its staff, establish succession plans, and refine operational procedures. This forward-thinking approach supports the rising need for disaster preparedness and response.

Though progress has been made to enhance the training and readiness of staff, the agency faces risks to the program, one of which is the departure of key instructional personnel. This further creates a risk to operational continuity and to the agency's succession planning.

Due to the Covid-19 pandemic, and while simultaneously preparing for future disasters, CSTI became challenged in meeting the demand in services; for example, many emergency responders retired or pursued other growing opportunities. This intensified the need to train replacements, in addition to training additional personnel to meet the increase in the size, frequency, and complexity of projected disaster events.

Control: A

Onboarding and Credentialing of Cal OES Emergency Personnel:

Cal OES is building and sustaining a larger group of emergency staff, who will be professionally trained and experienced State employees, spanning multiple directorates, and who are readily available to deploy and activate during disaster incidents.

The following steps related to onboarding and credentialing will be implemented:

- Reinforce and prioritize the allotment of 16 hours per month for required, baseline, and emergency management training and exercises to all managers and current and newly hired personnel.
- Develop a position shadowing
- Increase efforts with Cal OES Human Resources Branch to fill vacant instructor staff positions and reduce the time required to screen applicants.
- Continue to onboard instructors as needed to develop the succession process for efficient/effective continuity of operations.

The following improvements will support the increased demand for disaster response:

- Expand membership of the permanent Incident Support Teams (IST) for the
- Develop the Incident Management Assistance Team (IMAT) for deployment to local EOCs across California during times of catastrophic disasters.
- Support the need of the Counties for additional courses/offerings, and increase capacity to meet the demand.

Risk: #2 Staff-Key Person Dependence, Workforce Planning

Cal OES Workforce Continuous Improvement

Cal OES implemented the current 2018-2023 Workforce Plan (WFP). The Plan was developed to align with Cal OES's Strategic Plan, and acts as a guide to help ensure that the agency's talent can support its business needs and goals. To assist in meeting these needs, the Talent Development Division (TDD) works closely with Human Resources, leadership, and staff on maintaining and improving workforce plan activities. The TDD then creates and implements short- and long-term initiatives to achieve the goals of the WFP. As part of this process, each branch of Cal OES is involved in developing and implementing solutions for recruitment, retention, professional development, knowledge transfer, and succession planning to meet

the demands of each branch's unique business need.

Due to the increasingly larger and longer emergency responses and the resulting increase in need for Cal OES services, it is necessary for Cal OES to increase the size, specifications, and expertise of its workforce. However, during a 2018 risk assessment of workforce activities, Cal OES identified a risk to operations where approximately 16 percent of Cal OES's total workforce is within five years of retirement eligibility and 49 percent of the workforce is 50 years or older. The following controls will reduce risk to the strength of the agency's workforce.

Control: A

To achieve the current WFP, TDD and Human Resources established a number of short- and long-term initiatives to improve recruitment, retention, knowledge transfer, and succession planning gaps. Failing to implement these initiatives could have allowed retirements and staff turnover to negatively affect the strength of the workforce and the agency's ability to achieve its mission.

The following recruitment and retention initiatives were implemented to attract talent and strengthen employee engagement activities throughout the department:

- One-Day Hiring Event and One-Day Interview Event
- Daily Internal Job Postings
- Partnership with Association of California State Employees with Disabilities (ACSED)
- Mid-Point Survey
- Cal OES Empowerment Hour monthly series
- One Team One Site – Employee Engagement video series "I am Cal OES"
- Pay Differential 421 – Emergency Response and Recovery
- Pay Differential 445 – Recruitment and Retention – Excluded Employees

Control: B

With the approaching expiration of the 2018 - 2023 WFP, the agency is currently developing the 2024 - 2029 WFP. This new plan will continue with Cal OES's previous initiatives, such as: 1. employee engagement and morale-boosting activities to reduce the agency's staff turnover rate, 2. a quarterly Workforce Planning Report that tracks the improvement of the agency's staff retention rate, and 3. an increase in the size of the Human Resources branch to meet the need for a larger workforce.

Control: C

Cal OES has implemented the Workforce Planning Survey & Development Tool, and will also be utilizing it during the final stages in the development of the new workforce plan for 2024-2029. This tool will help identify each directorate's current and future workforce gaps and opportunities. It will also help identify workforce gaps and opportunities related to internal and external factors, such as legislative changes, disasters, reorganization, and leadership changes that have a major impact on the mission and services of Cal OES.

CONCLUSION

The Office of Emergency Services strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

Nancy Ward, Director

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency