December 20, 2019

Keely Martin Bosler, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Ms. Keely Martin Bosler,

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, 2019.

Should you have any questions please contact Christina Curry, Acting Chief Deputy Director, at (916) 845-8533, Christina.Curry@CalOES.ca.gov.

GOVERNANCE

Mission and Strategic Plan

In 2018, Cal OES began the process of updating its five-year strategic plan key performance indicators, related to the existing Cal OES vision, mission, values, and strategic goals, which are to be included in the new 2020 - 2024 strategic plan.

Cal OES's updated strategic plan presents the ongoing mission for Cal OES, which is to protect lives and property, build capabilities, and support its communities for a resilient California. Cal OES achieves its mission by serving the public through effective collaboration in preparing for, responding to, recovering from, and mitigating the impacts of all hazards and threats. Its strategic plan includes a workforce plan recently developed and issued for fiscal years 2018 - 2023.

The current vision for Cal OES is to be the leader in emergency management and homeland security through dedicated service to all. Cal OES realizes its vision by building towards a safer and more resilient California, leveraging effective partnerships, developing its workforce, enhancing its technology, and maintaining a culture of continuous improvement.

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

1. Anticipate and enhance prevention and detection capabilities to protect the state from all hazards and threats.
2. Strengthen California's ability to plan, prepare for, and provide resources to mitigate the impacts of disasters, emergencies, crimes and terrorist events.
3. Effectively respond to and recover from both human-caused and natural disasters.
4. Enhance the administration and delivery of all state and federal funding, and maintain fiscal and program integrity.
5. Develop a united and innovative workforce that is trained, experienced, knowledgeable and ready to adapt and respond.
6. Strengthen capabilities in public safety communication services and technology enhancements.

Control Environment

Cal OES relies on integrity and ethics to guide its strategic goals with assistance from a **Values Statement:**

- Integrity: Cal OES maintains trust by fulfilling its mission with honesty, accountability, and transparency.
- Service: Cal OES is dedicated to carrying out the duties and responsibilities entrusted to it and upholding a shared and principled commitment to its mission.
- Respect: Cal OES recognizes and values the diversity that exists within its organization, throughout its communities, and among its partners while demonstrating concern and compassion for all.
- Resiliency: Cal OES promotes safe and prepared communities with the strength to withstand or rebound from any event or emergency.

Cal OES also guides its strategic operations with a code of conduct statement titled, "Commitment to a Professional Work Environment," which provides a strong foundation in support of a unified workforce.

The control environment structure consists of the Director appointed by the Governor, assisted by the Chief Deputy Director. 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 and Organizational Support Branches

  - Directorates:

    - 1. Planning, Prevention, and Preparedness
    - 2. Response Operations
    - 3. Recovery Operations
    - 4. Logistics Management
    - 5. Finance & Administration
    - 6. Homeland Security

In order to evaluate program effectiveness and demonstrate Cal OES's success in meeting its 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 goals and objectives.

Each branch/program maintains its own 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 has implemented the 2018-2023 Workforce Plan ("the Plan"). The Plan was developed to closely align with Cal OES's Strategic Plan, and is a guide to help ensure that the organization's talent can support its business needs and goals. Over the next five years, and beyond, the Talent Development Division will continue to engage and work closely with Human Resources, leadership, and staff on workforce planning activities. Each branch of the organization will be involved in developing and realizing solutions for recruitment, retention, professional development, knowledge transfer, and succession planning to meet the demands of each branch's unique business need.

The Workforce Plan includes the following initiatives:

Recruitment Initiatives

1. Enhance and Improve Recruitment Strategies
2. Strategies for Compensation Challenges
3. Classification Specification Revisions

Retention Initiatives

1. Improve and Enhance Employee Engagement Activities
2. Create a Mid-Point Survey
3. Create a Clear Career Path

Knowledge Transfer Initiatives

1. Develop and Implement Formal Job Rotation Program
2. Provide Cross Training and Job Shadowing Opportunities

Succession Planning Initiatives

1. Competencies and Leadership Development

Cal OES enforces its policies, procedures, and related controls within a chain of command system, together with organizational support from OPM and IAO. Chain of command starts with the Director and Chief Deputy Director, and flows through second and third line managers, 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

Policy directives are distributed using memorandums via email, and also placed in a library on the Cal OES intranet. In addition, teleconferences, weekly senior staff meetings, monthly senior management and leadership meetings, and all-staff meetings are used to disseminate a variety of information about Cal OES objectives, from improvement incentive programs such as the Idea Ambassador Corps, an

initiative intended to increase engagement and morale-boosting innovation by rank-and-file employees, to information sharing meetings among information technology professionals from various agencies.

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 department. Each performance measure is aligned to one of the six Cal OES strategic goals.

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 goals and relevant internal controls are 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.

Relevant information intended for the public is posted to the Cal OES website, or through the Office of Crisis Communications and Public Affairs, which 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 externally.

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 also via the chain of command. Deficiencies or violations in controls and/or policy can also be reported through IAO, which also receives whistleblower complaints.

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

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, Acting 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 for their accomplishments and any current issues or challenges they may be facing, as well as status updates on objectives, risks, and internal controls. A

baseline understanding of the effectiveness of Cal OES's internal controls is established as a starting point for monitoring activities. Current risks and internal controls are measured against future controls to be implemented, if any, and an action plan is developed to continue, modify, or close the effort to implement the improved internal controls.

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 branch 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. Additionally, any internal control deficiencies identified during the 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 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, external stakeholders, questionnaires, consideration of potential fraud, and performance metrics.

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.

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

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 projects, 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 in an effort to provide reasonable assurance that risks would be mitigated.

RISKS AND CONTROLS

Risk: #1 Key Person Dependence, Workforce Planning

The Cal OES Workforce Plan (WFP) Fiscal Years 2018 – 2023, identified that 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 WFP includes a number of short- and long-term initiatives to help improve recruitment, retention, knowledge transfer, and succession planning gaps and risks. Failure to implement these initiatives may result in retirements and staff turnover that negatively affects the workforce and the ability to achieve the mission.

Since 2017, Cal OES has made significant progress in preparing for these challenges in workforce planning. Effective January 17, 2019, Cal OES implemented a quarterly Workforce Planning Report that tracks the number of its employees and the separation rate. The report also provides recommendations on how to improve the turnover rate. Data from the report assists to anticipate staff shortages and project recruitment needs. In addition, Cal OES has sought to increase the size of its Human Resources branch while implementing innovative hiring and retention solutions. These include a series of one-day hiring events intended to attract a candidate pool comprised of individuals who are not reached by traditional recruitment methods. Further, Cal OES has focused on employee engagement initiatives and morale-raising activities to reduce its separation rate.

The California Department of Human Resources (CalHR) requires all state organizations to maintain their current workforce and succession plans and report annually on the status of those plans. Because the Cal OES 2018-2023 WFP identified succession planning as a risk on July 1, 2019, the department announced its Succession Plan for Fiscal Years 2019-2023.

Control: A

Cal OES will ensure the implementation of its workforce and succession plans through tracking the progress of the one-to-two and three-to-five year initiatives on a quarterly basis to decrease risks to the workforce. To sustain its personnel, Cal OES will build a leadership pipeline with the capability to support operational and strategic objectives, and fulfill its mission now and in the future.

Cal OES anticipates the implementation of the one-to-two year initiatives identified in its 2018-2023 WFP to mitigate retention and recruitment gaps by October 31, 2019. Additionally, a plan to develop and implement a cross-training and job rotation program will address the knowledge transfer gaps associated with key person dependence by October 30, 2020.

Finally, Cal OES will create a new Succession Program – Executive Leadership Preparation Program (ELPP) by January 31, 2020 to help prepare individuals for executive-level leadership responsibilities. Cal OES anticipates implementation of its ELPP by March 31, 2020. The initial focus of the ELPP will prepare Cal OES's Program Manager/Staff Services Manager III and equivalent levels for its key leadership positions critical towards achieving mission-critical goals.

Control: B

The Human Resources branch is leading a marketing workgroup to give program areas an opportunity to provide input into Cal OES marketing efforts. These efforts include working to enhance Cal OES presence on social media by developing a robust LinkedIn page, and posting recruitments on its social media outlets such as Twitter, Instagram, Facebook, and LinkedIn. By September 30, 2020, Cal OES expects the above controls to be fully operational.

The Human Resources branch is also working with Cal HR to change the exam rankings for hard-to-recruit classifications such as the Disaster Assistance Program Specialist Series from a 6-rank to a 3-rank. In addition, the Human Resources branch is working with Cal HR to revise the job specifications for hard-to-recruit positions, including the telecommunications technician positions within Cal OES's Public Safety Communications branch. Further, Cal OES is working to transition its department-specific exams from in-person to online to allow candidates the ability to take the exam 24 hours 7 days a week. Cal OES is planning to have fully launched all online exams by June 30, 2020. Finally, Cal OES is continually increasing the size and enhancing the capabilities of its Human Resources branch.

Risk: #2 Staff—Training, Knowledge, Competence

Cal OES requires personnel to deploy and activate in the State Operations Center (SOC) and Regional Emergency Operations Centers (REOC) in response to disaster incidents. Cal OES Response Operations leads the Operational Readiness Program with approximately 550 staff members assigned to one of three Operational Readiness Teams (ORT). Each of the three ORTs is comprised of approximately 180 staff who have various levels of emergency management training and professional experience. Within each ORT, a smaller, highly trained and experienced 18-person Incident Support Team (IST) for each ORT have been developed. These three small, rapid response teams (total of 54 members) comprise the initial deployment and reserves to the SOC, and can help supplement REOC staffing or deploy to support local government Emergency Operations Centers.

Although much progress has been made to enhance the training and readiness of Cal OES staff, the increasing scale, complexity and frequency of disasters necessitates that the department continually build its core competency in emergency management and disaster response and recovery. As a further consequence of disasters' increasing scale and complexity, Cal OES must establish a nimble staff capable of pivoting rapidly from disaster response to the lengthy process of recovery. This staff must continually improve its ability to manage the hazard mitigation projects that Cal OES undertakes in the wake of disasters, as part of broad, long-term effort to create a more resilient California.

Control: A

Creating a Sufficient Pool of Staff for Activations:

As noted, Cal OES relies on steady-state staff to serve as its surge capacity. To maintain a surge capacity with the training and experience adequate to respond to disasters of increasing scale, complexity and frequency, Cal OES must first, as a precondition, establish a sufficiently large pool of steady-state staff to serve in that surge capacity. Further, Cal OES must develop a workforce large enough, and sufficiently experienced, to pivot rapidly from disaster response to the complex, long-term work of disaster recovery and mitigation. Cal OES has submitted a department support BCP which, if approved, would assist Cal OES in developing and maintaining a sufficiently large pool of steady-state staff. In addition, this BCP would assist Cal OES in developing a workforce adequate to address California's increasingly complex recovery and mitigation needs.

Control: B

Staff Availability During Disaster Incidents:

Cal OES currently maintains policies and procedures for the California State Warning Center (CSWC) to update employee contact information for dialogic/activation notices, and staff's responses to those notices. By June 30, 2020, Cal OES will ensure that all employees are aware of, and follow, the policy requirements of availability to deploy and activate during disaster incidents. Furthermore, all leadership/management will be required to release staff for activations, or at minimum, reduce manager override of requests for activation. In addition, by June 30, 2020, Cal OES will create a policy and related procedures to ensure backfill for staff who are retiring, promoting, or transferring out of the ORT/IST programs.

Control: C

Professional Emergency Management Training and Experience:

Cal OES will develop a larger group of emergency staff, who are professionally trained and experienced State employees spanning multiple departments, and who are readily available to deploy and activate during disaster incidents. All Cal OES employees are currently required to complete baseline training, utilizing an allotment of 16 hours per month for emergency management courses and exercises. To build and sustain a large group of available staff, the following steps will be taken:

By March 31, 2020, notify new managers and other personnel of the priority for baseline and advanced emergency management training, and reinforce baseline training with shadowing,

especially for new managers. In addition, during new staff onboarding and orientation, clarify and emphasize training and position requirements.

For ongoing reference, by September 30, 2020, promote emergency management training requirements, certifications, and credentialing on the Cal OES intranet, "Inside Cal OES."

Finally, by March 31, 2020, collect baseline training data and analyze the workforce to more precisely report and address baseline training surpluses/deficits for staff completing the baseline courses.

Control: D

Funding of Training Plans:

By December 31, 2020, Cal OES will seek additional training and exercise funding to host core emergency management courses more often and increase a wider variety of training and exercise course offerings. Cal OES will also identify proposed IST/ORT three-year training plan to outline courses that will achieve credentialing at the Type III level. This will also provide data to estimate the necessary funding levels in support of a three-year training effort. This includes specifications for mandatory credential training. Finally, Cal OES will develop a detailed long term training and exercise plan that identifies specific time requirements necessary, and present it to Senior Management for consideration.

Risk: #3 Compliance—Internal—Resource Limitations

Cal OES is the lead state agency responsible for protecting California against cyberattacks. Accordingly, Cal OES established the California Cybersecurity Integration Center (Cal-CSIC), which serves as the central organizing hub of state government's cybersecurity activities (in compliance with California Government Code, Section 8586.5). Through the Cal-CSIC, Cal OES is charged with breaking down silos across state agencies and unlocking the synergies that can effectively protect California against cyber threats. Consistent with this interdepartmental approach, the Cal-CSIC is designed to draw on computer crime investigators and cybersecurity experts from other agencies, including the California Military Department (CMD), California Highway Patrol (CHP), and the California Department of Technology (CDT). Cal-CSIC responsibilities include promulgating the state's overarching cybersecurity strategy, performing intelligence analysis, collection and sharing cyber threat information, and incident response.

Since 2017, Cal OES has made progress in refining the Cal-CSIC's internal process and procedures and enhancing its collaboration with state, local, and federal partners and stakeholders. Further, Cal OES has reorganized the Cal-CSIC under a new Homeland Security directorate, headed by an appointed Deputy Director of Homeland Security, to raise the Cal-CSIC's profile and enhance its support. However, the Cal-CSIC's current staffing levels remain inadequate to fulfill this statutory mission. The frequency, complexity, and scalability of cyberattacks continue to increase, but the Cal-CSIC staff has remained at 2017 staffing levels. As a result, Cal-CSIC staff continue to work on a triage basis and in a reactive mode.

Control: A

Cal OES has submitted a joint Budget Change Proposal (BCP) with the CMD, CHP, and CDT. If approved, this proposal will significantly increase the staffing and funding levels for the Cal-CSIC.

By July 31, 2020, solidify baseline funding for cybersecurity operations and staff adequate to meet the current demand for cyber incident response needs; initiate advertising and hiring activities.

By October 31, 2020, adequately staff the Cal-CSIC to meet the current demand for cyber incident response capability.

By April 30, 2021, complete formal classroom training for new staff with a focus on their respective assigned tasks, skills, and hardware and software tools; compliment with in-house and on-the- job training.

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.

Mark Ghilarducci, Director

CC: California Legislature [Senate (2), Assembly (1)]
      California State Auditor
      California State Library
      California State Controller
      Director of California Department of Finance
      Secretary of California Government Operations Agency