Office of Emergency Services
2015 **SLAA REPORT**

December 29, 2015

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Office of Emergency Services 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 Eric Lamoureux, Acting Deputy Director, at (916) 524-0350, eric.lamoureux@caloes.ca.gov.

BACKGROUND

In years past, Cal OES' primary focus was exclusively on emergency management, but over the last decade, our mission has expanded to include responsibilities in criminal justice, victim services, homeland security, and public safety communications. To further government streamlining and efficiency efforts, Cal OES carried out legislative and executive actions to merge with the former Governor's Office of Criminal Justice Planning (2004) and the Governor's Office of Homeland Security (2009) forming the California Emergency Management Agency (Cal EMA). In 2013, Cal EMA was restructured and brought into the Governor's Office, becoming California Governor's Office of Emergency Services (Cal OES). That same year, the Public Safety Communications Office was merged into Cal OES.

During an emergency, Cal OES functions as the Governor's immediate staff to coordinate the state's responsibilities under the Emergency Services Act (Government Code §8550), and other applicable federal statutes. Cal OES also acts as a distribution channel for federal assistance through natural disaster grants and federal agency support. On a day-to-day basis, Cal OES provides leadership, assistance, training and support to state and local agencies in planning and preparing for the most effective use of federal, state, local, and private sector resources in emergencies. This emergency planning is based upon a system of mutual aid in which a jurisdiction relies first on its own resources, and then requests assistance from its neighboring jurisdictions, and the state if needed.

Cal OES also operates the California State Warning Center (CSWC). The CSWC provides emergency communications to other state and local agencies 24 hours a day, seven days a week, 365 days a year. The CSWC provides after hour and off premises contact support to the Governor's Office staff and the senior staff of all agencies. It also serves as a means of communication and a notification system in coping with all disasters.

Today, Cal OES performs its broader mission by administering numerous programs that support our stakeholders, protect our communities, build capabilities, and help create a resilient California.

MISSION, VISION AND GOALS

In 2013, Cal OES began the process of updating its strategic plan, including its vision, mission, values, and strategic goals. In order to evaluate program effectiveness and demonstrate Cal OES' success in meeting our goals and objectives, Cal OES established an Office of Performance Management. This Office assists programs in developing performance metrics to measure and evaluate progress in achieving its goals and objectives.

The new strategic plan for 2014 - 2018 presents the updated mission for Cal OES which is to protect

lives and property, build capabilities, and support our communities for a resilient California. We achieve our mission by serving the public through effective collaboration in preparing for, protecting against, responding to, recovering from, and mitigating the impacts of all hazards and threats.

The new vision for Cal OES is to be the leader in emergency management and homeland security through dedicated service to all. We realize our vision by building towards a safer and more resilient California, leveraging effective partnerships, developing our workforce, enhancing our 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 our 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.

CORE VALUES

The Cal OES strategic plan is also built upon the following four core values:

Integrity:
We maintain trust by fulfilling our mission with honesty, accountability, and transparency.

Service:
We are dedicated to carrying out the duties and responsibilities entrusted to us and upholding a shared and principled commitment to our mission.

Respect:
We recognize and value the diversity that exists within our organization, throughout our communities, and among our partners while demonstrating concern and compassion for all.

Resiliency:
We promote safe and prepared communities with the strength to withstand or rebound from any event or emergency.

RISK ASSESSMENT PROCESS

The Cal OES risk assessment was conducted using a control self-assessment survey and risk assessment ranking process. This risk assessment process was completed by the Cal OES senior leadership and executive management team and facilitated by staff from the Audit Office. Through a self-assessment survey and risk assessment ranking form, Cal OES senior leadership staff was tasked with identifying department-wide risks or threats that could adversely affect the ability to achieve their program's mission, goals and strategic objectives. Risk statements were also identified and scored by executive management according to risk likelihood and risk impact to their respective program functions. Executive management identified corresponding existing controls; that if working as intended, would provide reasonable assurance that the risk would be mitigated.

The Audit Office staff met with executive management to discuss concerning changes in their operations, key projects and current efforts to minimize risk exposures. Based on the results of the current risk assessment and executive management's analysis and input, the following represents the department's greatest vulnerabilities and could prevent Cal OES from successfully meeting its mission, goals and

strategic objectives.

EVALUATION OF RISKS AND CONTROLS

Operations- External- Technology—Data Security

The vulnerability of information, communications, and operations technologies and networks pose a significant threat to the lives, property and economy of California. California's critical infrastructure is constantly and increasingly the target of advanced persistent threats which could compromise the integrity and availability of vital systems and services as well as jeopardize the confidentiality of personal and financial data.

Current resources to address the vulnerability of information include the State Threat Assessment Center's (STAC) cyber threat analysis team and the Cybersecurity Task Force, which was created in 2013, to address growing cyber threats to networks, personal privacy, and critical infrastructure.

>   Cal OES has also been initiating implementation and coordination of Executive Order B-34-15. This Executive Order created the California Cybersecurity Integration Center (Cal-CSIC), which is responsible for strengthening the state's cybersecurity strategy and improving inter-agency, cross-sector coordination to reduce the likelihood and severity of cyber-attacks.

>   Persistent cyber intelligence development in collaboration with statewide executive leaders and cybersecurity subject matter experts will enhance the strategic picture of California's cyber threat landscape allowing cybersecurity personnel to identify trends and implement the proper technical mechanisms to prevent cyberattacks. Additionally, this information can provide state and local law enforcement additional forensic analysis that can augment the prosecution of cyber-related crimes.

>   Cal OES is currently establishing the California Cyber Incident Response Team to mitigate persisting threats and their consequences, and to ensure that California's critical systems and networks recover to a more secure state of operation.

Operations- Internal- Staff—Key Person Dependence, Succession Planning

Over half of Cal OES' employees are age 50 and older. The average age of retirement for Cal OES is 56, accounting for 32 percent of current employees. Cal OES needs to implement and monitor our Workforce Plan to recruit for upcoming vacancies and transfer the institutional knowledge within its ranks before staff retires or transfers, as well as implement recruitment strategies to build our workforce. Failure to do so may result in retirements and staff turnover that negatively impacts key positions through the loss of valuable knowledge and critical work functions, ultimately creating challenges across Cal OES and potentially impacting our mission.

Effective December 2015, Cal OES tracks annual retirement numbers as part of its workforce planning efforts beginning with fiscal year 2014-2015 data. Additionally, using demographic and retirement data, Cal OES monitors and anticipates staff shortages in order to anticipate recruitment needs.

Cal OES also tracks the status of workforce and succession programs initiated as part of the Workforce Plan and will begin an annual review of the Workforce Plan beginning June 2016, which will include evaluating trends and making any necessary updates.

>   Cal OES will ensure all program areas are creating strategic objectives to ensure key processes are documented and new staff have procedures to follow. The Human Resources Branch will create a strategic objective to monitor the progress on a quarterly basis and share the results with executive management.

>   Finally, Cal OES will continue to monitor the Workforce Plan to determine its effectiveness and

whether updates are needed.

Operations- Internal- Staff—Training, Knowledge, Competence

All levels of Cal OES staff are not fully trained and experienced in emergency management and emergency response, impacting the ability for Cal OES to adequately staff the Regional and State Operations Centers during an emergency or disaster. Additionally, Cal OES does not have a comprehensive response doctrine that thoroughly addresses the roles, structure and reporting responsibilities during incident support operations. During large scale activations, Cal OES needs to quickly augment the response personnel, and without trained and experienced staff, it could affect the ability to effectively coordinate statewide emergency response and recovery efforts, thus impacting the department's ability to accomplish its mission.

In February 2013, the Cal OES Director announced a Basic Training Initiative requiring emergency management training for all Cal OES staff. Monthly training opportunities were provided that focused on building a baseline understanding of emergency management concepts and issues. The monthly training continues and has progressed to include both intermediate and advanced topics.

In 2014, Cal OES created three core teams known as Incident Support Teams (ISTs), consisting of 18 members each, which are a sub-set of larger (120+ member) Operational Readiness Teams (ORTs). These ISTs provide the initial oversight, coordination, and situational awareness required for disaster activations and the ORTs provides depth and additional support. However, the lack of response doctrine fundamentally hinders the application of common emergency management concepts.

In December 2015, Cal OES formed a Strategic Incident Management Office to develop response doctrine to build, strengthen and sustain our ability to respond and support local communities during a disaster. The response doctrine will identify core incident management values and key principles as a basis to formalizing procedures and future training and exercises. In addition, Cal OES plans to expand the number of trained and certified IST and ORT members to ensure a greater pool of emergency management personnel that are position-qualified prior to disaster activation/deployment.

Compliance- Internal- Resource Limitations

Only a small percentage of the 1,500 subrecipients are being monitored for compliance to federal and state rules and regulations. The lack of monitoring oversight increases the risk of Cal OES being designated as a high risk grantee, increases the risk of waste and abuse of federal and state funds, and exposes the department to potential loss of federal funding.

Cal OES is developing a monitoring/compliance plan to achieve the monitoring goals and objectives. This plan allows the department to identify and prioritize the high risk subrecipients for a compliance review on a yearly basis. In addition, this plan will assess the A-133 Audits submitted by subrecipients to determine if they are high risk. If deemed high risk, these subrecipients will also be included in the annual compliance review plan.

Cal OES continues to hire qualified staff and provide training on the state and federal regulations to adequately fulfill the monitoring/compliance requirements. Increased training will improve staff's knowledge and skills in order to independently complete these reviews in an effective, efficient and timely manner. Qualified and trained staff will also enable Cal OES to increase the number of subrecipient monitoring/compliance reviews performed, thereby ensuring compliance of federal and state regulations by subrecipients.

Cal OES' Grants Monitoring has adopted standard audit methodology, tools, and work paper formats for conducting subrecipient compliance reviews, which will provide staff guidance and ensure uniformity, consistency, and efficiency. This will allow the auditor to work independently, thus increasing the number of compliance reviews per year.

Lastly, Cal OES will provide technical assistance and training to subrecipients to increase their knowledge of federal and state rules and regulations.

ONGOING MONITORING

Through our ongoing monitoring processes, the Office of Emergency Services reviews, evaluates, and improves our systems of internal controls and monitoring processes. The Office of Emergency Services 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 Office of Emergency Services, Mark Ghilarducci, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Eric Lamoureux, Acting Deputy Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

Cal OES holds monthly meetings with senior leadership and senior management to discuss and share current key topics, 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 senior leadership and senior management meetings, managers are asked to provide updates for their accomplishments, key topics and any current issues or challenges they may be facing. The updates are compiled into a presentation slide and are presented as a brief-out to all senior managers and executive leadership for their review and necessary action. The executive leadership encourages the management team to share the information contained in the slides with Cal OES staff, supervisors and managers.

Reporting and Documenting Monitoring Activities

Cal OES requires each program to provide monthly updates to include program accomplishments, key topics, and issues and challenges uncovered during regular ongoing monitoring. These updates are gathered within the presentation slides, summarized and brought to the Director's and Chief Deputy Director's attention. Cal OES also encourages senior managers to update their teams monthly on the issues discussed during the leadership and senior management meetings.

Each Cal OES program area has developed performance objectives and measures to advance our mission and improve our operational efficiencies throughout the department. Each performance measure is aligned to one of the six Cal OES strategic goals. The status of the performance objectives are tracked and updated on a quarterly basis. Executive reports are then generated with the quarterly results of our performance objectives and provided to executive management for their review, awareness, and action.

Procedure for Addressing Identified Internal Control Deficiencies

Cal OES Unit Monitors have been identified throughout each program and administrative area. The Unit Monitors will be tracking and developing 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 Agency Monitor and respective management team. Once internal control deficiencies are identified, corrective action plans will be developed and monitored by our Agency Monitor on a quarterly basis, until fully corrected.

CONCLUSION

The Office of Emergency Services strives to reduce the risks inherent in our work through ongoing monitoring. The Office of Emergency Services 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.

Mark Ghilarducci, Director

cc: Department of Finance
Legislature
State Auditor
State Library
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Secretary of Government Operations