

Department of Forestry and Fire Protection

2015 SLAA REPORT

December 31, 2015

John Laird, Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Mr. Laird,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Forestry and Fire Protection 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 Windy C. Bouldin, Chief, Office of Program Accountability, at (916) 327-3993, windy.bouldin@fire.ca.gov.

BACKGROUND

The California Department of Forestry and Fire Protection's (CAL FIRE's) mission is to serve and safeguard the people and protect the property and resources of California.

The more than 7,100 men and women of CAL FIRE, along with thousands of volunteers, are dedicated to the fire protection and stewardship of over 31 million acres of California's privately-owned wildlands. The Department has 21 operational units located throughout California, regional operation centers in Redding and Riverside, regional offices in Santa Rosa and Fresno, and its headquarters offices in Sacramento.

CAL FIRE provides varied emergency services in 35 of the State's 58 counties via contracts with local governments. The Department's firefighters, fire engines, and aircraft respond to an average of more than 6,700 wildland fires that burn more than 195,000 acres each year. Beyond this wildland fire fighting role, CAL FIRE answers the call more than 400,000 times each year for other emergencies, including structure fires, automobile accidents, medical aids, hazardous material spills, swift water rescues, search and rescue, civil disturbances, train wrecks, floods, and earthquakes. Because of CAL FIRE's size and major incident command experience, the Department is often asked to assist or take the lead in disasters.

The Department also protects and preserves timberlands, wildlands, and urban forests. CAL FIRE's mission emphasizes the management and protection of California's natural resources. The goal is accomplished through ongoing assessment and study of the State's natural resources and a variety of programs. The CAL FIRE Resource Management Program is an integral part of this responsibility. The Greenhouse Gas Reduction Fund is used to support activities promoting greenhouse gas emissions reductions in the forest sector. Funds will support the expansion of Urban and Community Forestry, Demonstration State Forests and Cooperative Wildland Research, Fuel Reduction, Reforestation Services, Forest Legacy Program, Forest Practice Program, and Forest Pest Control existing programs to achieve further greenhouse gas emission reduction programs through urban forestry, fuel reduction, and wildland restoration and reforestation.

CAL FIRE oversees enforcement of California's forest practice regulations which guide timber harvesting on State and private lands. On average, the Department's foresters review 332 Timber Harvesting Plans (THPs) and conduct over 4,600 site inspections each year. THPs are submitted by timber landowners who want to harvest trees. The reviews and inspections ensure protection of watershed and wildlife as well as renewal of timber resources. Department foresters and fire personnel work closely to encourage and implement fuels management projects to reduce the threat of uncontrolled wildfires. Vegetation management projects such as "controlled burns" take teamwork between foresters, firefighters, landowners, and local communities. CAL FIRE manages eight Demonstration State Forests that provide

commercial timber production, public recreation, forest research, and demonstration of good forest management practices. CAL FIRE forests can be found in urban areas working to increase the number of tree planted or preventing the spread of disease by identifying and removing infected trees.

Additionally, the Office of the State Fire Marshal (OSFM) supports the CAL FIRE mission by focusing on fire prevention and risk mitigation. The OSFM provides support through a wide variety of fire safety responsibilities including, but not limited to, regulating buildings in which people live, congregate, or are confined; by controlling substances and products which may, in and of themselves, or by their misuse, cause injuries, death and destruction by fire; by providing statewide direction for fire prevention within wildland areas; by regulating hazardous liquid pipelines; by developing and reviewing regulations and building standards; and by providing training and education in fire protection methods and responsibilities.

CAL FIRE's diverse programs work together using ongoing assessments of the condition of natural resources and the challenges of an increasing population to plan protection strategies for California.

RISK ASSESSMENT PROCESS

CAL FIRE's Executive Team (E-Team) is comprised of the Director, Chief Deputy Director, the State Fire Marshal, and other positions reporting directly to the Director and Chief Deputy Director (e.g., Deputy Directors, Region Chiefs, etc.). It is more critical than ever for CAL FIRE's E-Team to assure that the Department is operating as efficiently as possible without impeding its responsibility to fulfill its mission.

CAL FIRE's E-Team assessed risks within the Department during the 2015 biennial period through the completion of online surveys, discussions, and monthly E-Team meetings. The Office of Program Accountability, CAL FIRE's internal audit office, facilitates the compilation and gathering of risk assessment data and presents to CAL FIRE's E-Team for ongoing discussion. CAL FIRE started the risk assessment process by rating each risk defined in the *State Leadership Accountability Act Risks and Definitions* published by the Department of Finance (DOF) based on the severity and likelihood of occurrence. In addition to the risks that were already defined in the publication, management had an opportunity to add and rate any risk(s) not mentioned. Once the risks were rated and ranked, management identified the controls which serve to mitigate the high risks items. Some controls are in place and other controls are in the process of being implemented.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- FI\$Cal Conversion

Internal implementation of FI\$Cal may cause limitations of staff availability, information accuracy, security, or compatibility. FI\$Cal conversion affects CAL FIRE's operations internally because operating inefficiencies may occur as a result of system or user error from implementation of FI\$Cal, staff availability may be reduced by the time spent on training for the conversion, the FI\$Cal system may be incompatible with CAL FIRE's internal information systems, and the timing of FI\$Cal updates may not align with user expectations thereby creating data entry errors.

CAL FIRE's E-Team is actively and fully engaged. CAL FIRE has selected a representative from the Department to act as a primary liaison between CAL FIRE and the DOF FI\$CAL team.

CAL FIRE is in the process of collaborating with other California Natural Resources Agency (CNRA) Departments to contract with a vendor to conduct a gap analysis and fully assess the impacts and challenges of FI\$CAL implementation across the entire CNRA. The Department will continue to manage to the issue as new information becomes available.

CAL FIRE staff is currently fully engaged in meetings and training as they are provided by the DOF FI\$CAL team.

CAL FIRE staff will participate with other CNRA Departments as FI\$CAL is implemented in

those Departments to gather information and document lessons learned in order to ensure a smooth implementation within CAL FIRE.

Operations- Internal- Physical Resources—Maintenance, Upgrades, Replacements, Security

Inadequate administration of physical resources may lead to inability to ensure proper functionality and security. CAL FIRE's internal operation will be affected due to the lack of long-term plans for asset maintenance and competing priorities delaying the allocations of resources for maintenance or upgrades. Unsecured work areas may allow unauthorized access to dangerous conditions or confidential records. Code violations may be resulted by inadequate building maintenance.

A policy package is pending approval for regular State property inventory control.

CAL FIRE is in the process of strengthening its information technology asset management by implementing policies and procedures.

The Department has instituted a card pass locking system on its buildings. CAL FIRE's Departmental Accounting Office has also implemented stronger confidential document destruction processes. Cabinets with financial tools are regularly checked by management to ensure that they are locked.

CAL FIRE's Information Technology Services is in the process of hiring a compliance officer to proactively ensure that policy, procedures, and guidelines are followed by the Department.

In response to a previous internal audit, Emergency Command Centers have tightened up their security and server access to reduce unidentified access risks.

CAL FIRE has initiated and is currently engaged in an assessment of its compliance with the National Institute of Standards and Technology, which will proactively test and apply vulnerability assessments on operational areas.

Operations- Internal- Resource Management

Limitations or mismanagement of fiscal resources creates inefficiencies or prevents completion of objectives. CAL FIRE's internal operation is affected due to leave balance liabilities and insufficient financial resources to achieve an objective.

CAL FIRE has made multiple efforts to reduce leave balances, but growing and new critical priorities have continued to offset such progress. Recent examples include drought activity, higher than normal fire season operations, and new program efforts in Greenhouse Gas Reduction and State Responsibility Area.

CAL FIRE's Human Resources Office currently conducts an annual review of leave balances statewide.

The Department continues to submit budget change proposals to seek and secure resources and reduce identified risks.

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

Institutional knowledge is lost due to heavy reliance on staff who may become temporarily or permanently unavailable. CAL FIRE's internal operation is affected because limited positions creates challenges with cross-training backups, large percentage of workforce nearing retirement age without suitable replacements, and staff experts are relied upon exclusively without any backup to assist in their absence.

CAL FIRE has created a specific working group to study the issue of succession planning. CAL

FIRE has also created three separate working groups that are working on reiterating the importance of desk manuals and/or operating procedures as tools for incoming and existing staff.

CAL FIRE annually provides deeper layers of supervision and management training through its Supervision 4 and 5 classes. Supervision 4 is offered twice a year, and Supervision 5 is offered once.

Operations- Internal- Technology—Outdated, Incompatible

Existing systems do not meet current needs of the Department. CAL FIRE's internal operation is affected because the legacy systems do not work with other software within the Department, and updates and support are no longer available.

CAL FIRE is actually well positioned from a technology standpoint. The Department is currently beta testing Windows 10 to ensure compatibility with other systems and plans to implement in 2016.

CAL FIRE also continuously evaluates current applications to seek opportunities to consolidate or streamline operations and apply new technologies.

CAL FIRE will continue to address staffing and/or funding shortfalls through the budget change proposal process.

Operations- External- FI\$Cal Conversion

The design or implementation of FI\$Cal may cause limitations of information availability, security, or access. CAL FIRE's external operation may be affected due to the loss of information, lack of availability, service down time, slow responses, or information security breaches on the FI\$Cal servers.

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CAL FIRE staff is currently fully engaged in meetings and training as they are provided by the DOF FI\$CAL team.

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Operations- External- New System Implementation (Other Than FI\$Cal)

Limitations of information availability, security, or access may be caused by design or implementation of the new system managed by another entity. The upcoming changes from the State Controller's Office may affect CAL FIRE's external operation due to the loss of information, lack of availability, service down time, slow responses, or information security breaches on the other entity's servers.

To the extent that external systems are identified to be implemented, CAL FIRE will be fully engaged in conducting gap analyses to identify deficiencies and training staff to mitigate deficiencies and ensure smooth implementation. At this time, no new systems are identified to be implemented.

CAL FIRE will continue to address staffing and/or funding shortfalls through the budget change proposal process.

Operations- External- Staff—Recruitment, Retention, Staffing Levels

Staffing limitations create inefficiencies or prevent achievement of the Department's mission or objectives. CAL FIRE's external operation is affected by the lengthy hiring process, inability to find or retain viable candidates due to pay, location, experience, promotional advancement, or worker fatigue from overtime, and backlog or reduced quality of work due to inadequate staff levels.

CAL FIRE added additional hiring staff through an approved budget change proposal in the 2015-16 fiscal year and is in the process of filling positions at the unit level. These positions will assist with unit level hiring, which in turn will help streamline the statewide process.

In 2015, CAL FIRE established the Hiring Review Unit, which is involved with reviewing all hires in the Department to streamline processes to ensure consistency and communication and to ensure consistent compliance and interpretation with civil service laws, rules, and regulations.

In addition, the Hiring Review Unit has conducted six training sessions on "Navigating the Recruitment and Selection Process" to 85 supervisors and managers in the Department, with additional classes planned.

CAL FIRE is addressing delays in the background check portion of the hiring process through the budget change proposal process.

CAL FIRE is looking at class consolidation wherever possible.

CAL FIRE continuously reviews its examinations to determine the most efficient and effective means of testing, and identifies opportunities to change testing modalities to attract and test higher quality candidates and streamline the hiring process by refining the examination process.

Reporting- Internal- Distribution Limitations

Inadequate or outdated systems/methods exist to disseminate information within the Department. This creates distribution limitation within CAL FIRE's internal reporting due to inadequate process to update and maintain distribution lists, and to inform employees of new policies.

In 2015, CAL FIRE held a Statewide Managers Meeting and created multiple working groups to study this issue for improvement.

In 2015, CAL FIRE's Business Services Office created and implemented a statewide email notification process for broadcasting new or revised policies or other critical messages.

CAL FIRE continues to address staffing shortfalls through the budget change proposal process. Potential new Information Technology Services staff will help enable the Department support and make possible cloud-based policy issuance systems.

Reporting- Internal- FI\$Cal Conversion

Internal FI\$Cal reports may be inadequate, inaccurate, misinterpreted, or untimely to meet internal user needs. Information may not be available or structured in a way that is useful for management decision making. Staff may be not aware of FI\$Cal reporting capabilities, causing inefficient methods to gather or present needed information. FI\$Cal update frequency may not match user expectations or understanding, resulting in misinterpretation of available information.

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Reporting- External- FI\$Cal Conversion

FI\$Cal conversion affects CAL FIRE external reporting because reports may be inadequate, inaccurate, misinterpreted, or untimely to convey the intended message due to the implementation or design of FI\$Cal.

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Compliance- Internal- Resource Limitations

The ability to comply with laws or regulations is jeopardized by limited resources such as staff, facilities, or funds. CAL FIRE's internal compliance is affected due to inadequate staff time to produce reports required by new legislation.

CAL FIRE will continue to address staffing shortfalls through the budget change proposal process.

Compliance- External- Funding—Sources, Levels

Resources needed to comply with law being reduced, discontinued, or difficult to obtain. CAL FIRE's external compliance is affected due to insufficient funding which limits full program implementation required by the law.

CAL FIRE will continue to address staffing shortfalls through the budget change proposal process.

ONGOING MONITORING

Through our ongoing monitoring processes, the Department of Forestry and Fire Protection reviews, evaluates, and improves our systems of internal controls and monitoring processes. The Department of Forestry and Fire Protection 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 Department of Forestry and Fire Protection, Ken Pimlott, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Windy C. Bouldin, Chief, Office of Program Accountability, as our designated agency monitor(s).

Frequency of Monitoring Activities

The Department's 3-Star Committee, comprised of management from the Deputy Director and Region Chief level, will be responsible for performing monitoring functions for their respective programs. The 3-Star Committee holds monthly meetings. Meeting topics include discussion of current and potential issues for the Department that need to be addressed. Internal control may be added to the meeting agendas as a topic to discuss. These meetings allow management to discuss issues they have been made aware of and what steps are needed to mitigate the issues. The 3-Star Committee will share experiences to further assist each other in addressing the issues that may arise.

Reporting and Documenting Monitoring Activities

The Agency Monitor will meet with the 3-Star Committee on, at minimum, a quarterly basis. The Agency Monitor will only facilitate the process, summarize the information gathered from the 3-Star Committee, and report to E-Team. These reports inform management of the monitoring practices being conducted, improvements needed, and the overall monitoring success or weakness within each area.

Procedure for Addressing Identified Internal Control Deficiencies

CAL FIRE is in the process of determining the procedures for addressing identified internal control deficiencies through the ongoing monitoring process.

CONCLUSION

The Department of Forestry and Fire Protection strives to reduce the risks inherent in our work through ongoing monitoring. The Department of Forestry and Fire Protection 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.

Ken Pimlott, Director

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