December 06, 2017

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

Dear Mr. Michael Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the California State Summer School for the Arts submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2017.

Should you have any questions please contact Katrina Dolenga, Deputy Director, at (916) 229-5171, kdolenga@csssa.org.

BACKGROUND

The California State Summer School for the Arts was established by a bill authored by then State Senator John Garamendi and signed by Governor Deukmejian in 1985 (Education Code section 8950).

The major objectives stated by the Legislature in establishing the program:

- To ensure artistically gifted and talented students, broadly representative of the socioeconomic and ethnic diversity of the state, to receive intensive training in the arts through a multidisciplinary program;
- To provide a training ground for future artists who may wish to study and practice the arts or to pursue careers in the major performing arts companies and the commercial and fine arts institutions in the State of California;
- To establish a model for partnership between the public and private sectors

The California State Summer School for the Arts is the result of unique public and private sector planning and funding. Approaching its 32nd annual summer of operation, the school has trained more than 16,000 highly talented students in the arts.

The California State Summer School for the Arts is governed by a 15 member board of trustees. Appointments to this board are made by the following: four members appointed by the Governor; one member appointed by the Speaker of the Assembly; one member appointed by the Senate Committee on Rules; two members appointed by the State Board of Education; one member appointed by the California Arts Council; one member appointed by the Trustees of the California State University; one member appointed by the Regents of the University of California; four members appointed by the governing board of the California State Summer School for the Arts’ nonprofit foundation.

As the California State Summer School for the Arts only employs four full-time employees, interdepartmental contracts are utilized for accounting and personnel services. The Department of General Services provides accounting services and reports separately regarding internal audit and accounting procedures and controls. The California Department of Education provides all personnel services to the California State Summer School for the Arts.
ONGOING MONITORING

As the head of California State Summer School for the Arts, Michael Fields, Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

Executive Monitoring Sponsor(s)

The executive monitoring sponsor responsibilities include facilitating and verifying that the California State Summer School for the Arts internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Michael Fields, Director, and Katrina Dolenga, Deputy Director.

Monitoring Activities

The California State Summer School for the Arts staff of four conducts biweekly meetings to monitor ongoing issues. These meetings enable the California State Summer School for the Arts to closely monitor current and potential issues and take action when appropriate and necessary. Staff routinely communicates between meetings. For each of the biweekly meetings, there is an agenda of ongoing or new issues to be reviewed and reported on. The issues are tracked and remain on the biweekly agenda until satisfactorily mitigated or resolved.

Addressing Vulnerabilities

All staff are encouraged to identify and add vulnerabilities to the department agenda. At the biweekly meeting, staff members are assigned to monitor the vulnerability and report back to the group.

Communication

The California State Summer School for the Arts has four full-time staff members: Director, Deputy Director, AGPA and SSA. All four staff are actively involved in the communication and monitoring of vulnerabilities. Information is shared with staff and management at the biweekly meetings. We communicate by email and meetings. If the vulnerability resides with staff, management oversees the progress. If the vulnerability is management related, staff is directly involved with the oversight.

Ongoing Monitoring Compliance

The California State Summer School for the Arts is in the process of implementing and documenting the ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to the California State Summer School for the Arts systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the California State Summer School for the Arts risk assessment process: Executive Management, Middle Management, and Staff.
Risk Identification
The California State Summer School for the Arts’ staff, including Director and Deputy Director, regularly discuss possible intradepartmental vulnerabilities and risks as a result of reliance on other State departments for accounting and personnel services in addition to other vulnerabilities. Staff meets biweekly to discuss the problems and brainstorm for solutions. Each staff member has a copy of the State Leadership Accountability Act’s Ongoing Monitoring General Framework and Guidelines. Each staff member has reviewed this guideline as well as Government Code section 13400 et seq.

Risk Ranking
Each staff member was surveyed on what they believed to be vulnerabilities to the department. Staff was then asked to consider the potential negative impacts, how the department would be affected, how the department could mitigate the negative impact. Staff was also asked to rank the vulnerabilities based on the probability and severity of negative impact.

Risks and Controls

Risk: Operations - Internal - Staff — Key Person Dependence, Workforce Planning
The California State Summer School for the Arts has only 4 full-time permanent employees resulting in each staff member being key to the operation.

With only 4 full-time employees, the California State Summer School for the Arts cannot avoid key personnel dependence.

When one of the key personnel with specific knowledge is unavailable, the department’s functionality may be temporarily compromised.

Control A
To avert disruption, staff meet regularly to discuss projects and share status. Files are routinely updated physically or electronically to safeguard against interruption or disruption. Regular and frequent communication is shared regarding the status of projects so that another staff member could continue with the project in the event of absence or illness of that project’s lead person.

Conclusion
The California State Summer School for the Arts strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising controls to prevent those risks from happening. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.
Michael Fields, 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