December 22, 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 Commission on Peace Officer Standards and Training 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
Maria Sandoval, Assistant Executive Director - Field and Administrative Services, at (916) 227-2808, maria.sandoval@post.ca.gov.

BACKGROUND

The Commission on Peace Officer Standards and Training (POST), established by the Legislature in 1959, sets the minimum selection and training standards for California law enforcement and functions under the direction of the Executive Director (Penal Code Sections 13500-13508 and 13510-13519.15). The Commission is Governor-appointed. The Commission appoints an Executive Director who is responsible for carrying out the organization's mission and goals with an emphasis on leading by example.

The mission of POST is to continually enhance the professionalism of California law enforcement in serving its communities. POST’s goals are:
- Maintain Leadership in Emerging Issues in Law Enforcement
  - Increase Efficiency in POST Systems and Operations
  - Increase Awareness and Access to POST Services and Products
  - Enhance Law Enforcement’s Ability to Serve their Communities

Recognizing that effective law enforcement is the cornerstone of a free and safe society, POST is committed to a vision of the future that ensures quality, integrity, accountability, and cooperation; encourages new ideas; explores and uses appropriate technologies; and delivers relevant, client-based programs and services. Core values such as service and respect, cooperation and teamwork, pride and contribution, learning and accountability, innovation and diversity, and communication and decision making, guide the actions of POST employees and help contribute to the quality of programs and services that POST provides. Management leads by example, conducting day-to-day operations with the highest integrity and professionalism. Roles and responsibilities are well defined. Strong lines of authority, control, collaboration, and communication are maintained throughout eight bureaus within POST.

POST fulfills its mission and goals by providing mandated training, services, and benefits to more than 600 participating agencies, including job-related assessment tools, research on improved officer selection standards, management counseling services, development of new training courses, leadership training programs, and training reimbursement. POST cooperates and advocates with more than 800 educational partners and law enforcement training presenters in the development and delivery of POST-certified training.
to advance the professionalism of law enforcement.

Previously, POST’s primary funding source came from the Peace Officers’ Training Fund (POTF) (Penal Code Sections 13500-13553) which was one of the funds that received monies through the State Penalty Fund (SPF) (Penal Code Section 1464 and Government Code Section 13332.18). Now, POST receives funding directly from the SPF. Monies from fines and fees levied on individuals convicted of criminal offenses are distributed to various state and local funds such as the SPF. Revenue into the SPF peaked in 2008-09 and has since steadily declined. In recent years, both the POTF and SPF have experienced persistent revenue shortfalls which negatively affected POST’s spending authority and contributed to some of the risks identified in this report.

ONGOING MONITORING

As the head of Commission on Peace Officer Standards and Training, Manny Alvarez, Executive 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 Commission on Peace Officer Standards and Training internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Maria Sandoval, Assistant Executive Director - Field and Administrative Services.

Monitoring Activities

POST’s Management Team is comprised of POST’s Executive Director, two Assistant Executive Directors, and eight Bureau Chiefs. The POST Management Team meets twice per month. Meeting topics include discussion of current and potential internal control issues that need to be addressed. These meetings allow management to discuss issues they have been made aware of and what steps are needed to mitigate the issues. The Management Team is encouraged to share experiences to further assist each other in addressing the issues that arise.

The Executive Monitoring Sponsor routinely surveys Bureau Chiefs and staff so she may become immediately aware of a potential situation that may occur, or an evolving risk that needs immediate attention. Reviewers tend to be from internal sources, unless a serious risk arises and attention from external sources would serve a greater purpose to provide an assessment from a non-POST employee point-of-view.

Addressing Vulnerabilities

Management is responsible for addressing vulnerabilities and meets twice per month to review any deficiencies noted in the monthly bureau reports, the tri-annual strategic plan updates, and any deficiencies that have been recently identified. The Executive Team meets to ensure that all aspects of the risk have been vetted, assesses if appropriate controls have been implemented, and determines if they are functioning appropriately to mitigate the risk. The Executive Monitoring Sponsor is responsible for facilitating the process and oversees the monitoring of the controls implemented to reduce the identified vulnerabilities.

The minutes from Management Team meetings are shared with POST staff. POST requires all deficiencies to be mitigated as soon as reasonably or feasibly possible. Deficiencies that cannot be mitigated immediately continue to be discussed and evaluated at the bi-monthly Management Team meetings until the deficiency is adequately addressed. A report or email announcement is provided to
all staff to inform them of policy or procedure changes to assist in the mitigation of the deficiencies discovered.

**Communication**

Since POST is a small department, the same teams (Executive Team, Executive Monitoring Sponsor, and Management Team) are responsible for monitoring, addressing vulnerabilities, and communicating action taken throughout the communication chain. POST ensures that all staff receive information vital to the effectiveness and efficiency of controls by requiring management to update their staff monthly. This is accomplished by holding regular bureau and quarterly all-staff meetings, through the Management Team meeting minutes and the monthly POST report, via detailed reports on vulnerabilities to the Commission three times per year, and by creating, updating, and distributing internal policies and procedures, all of which are provided on the POST Website and are emailed to staff. POST encourages staff to speak with their supervisor if they discover an issue that should be addressed to better assist POST with fulfilling its mission, goals, and objectives and to minimize possible risk.

**ONGOING MONITORING COMPLIANCE**

The Commission on Peace Officer Standards and Training has implemented and documented 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 Commission on Peace Officer Standards and Training systems of controls and monitoring.

**RISK ASSESSMENT PROCESS**

The following personnel were involved in the Commission on Peace Officer Standards and Training risk assessment process: Executive Management, Middle Management, Front Line Management, and Staff.

**Risk Identification**

The Management Team meets twice per month to identify and discuss significant department-wide issues, risks, and controls. The methods and procedures used to identify the risks affecting POST’s objectives included interviewing Unit Monitors (Bureau Chiefs), holding brainstorming sessions between the Executive Director, Assistant Executive Directors, and Mid-Level Management Team/Unit Monitors, and meetings. As risks were identified, they were vetted and documented by management, and controls were implemented to mitigate the risk.

The Executive Director fully reviewed the 2015 SLAA Report and discussed the risks which had been previously documented with the executive and mid-level managers. Controls for those risks were reviewed and tested. New risks which had been documented during the two-year cycle were discussed and added to the list of risks to be vetted. Minor risks are being managed, root causes identified, and solutions documented while managers communicate and monitor the situation. Procedures have been documented to mitigate some risks, and others will be flowed into formal department-wide policies.

In addition to the risk assessment process defined above, management and staff also reviewed and/or used objectives from the 2015 Strategic Plan and the companion 2015 Implementation Plan as part of the overall risk assessment process. As a result of the 2015 Strategic Plan process, the Implementation Plan Team (IPT) was formed to ensure that the actions and tasks assigned to the goals and objectives defined in the Strategic Plan continue to move forward and are completed. The IPT
consists of twelve POST staff, including: Assistant Executive Directors, Bureau Chiefs, Law Enforcement Consultants, and other staff from various classifications and bureaus. The IPT meets three times per year, two months prior to each Commission meeting, and provides a progress report to all staff and the Commission. While the IPT is responsible for tracking and reporting progress, management is responsible for monitoring and, when appropriate, updating the processes and controls used by staff to complete their assignments.

Lastly, the Executive Director attended the 2017 SLAA training and is prepared to accept responsibility for, and submit, the 2017 SLAA Report.

**Risk Ranking**
Risks were added to a matrix in the order they occurred. The risks identified in the 2015 SLAA Report were also added to the matrix. Each risk was reviewed, criticality was determined, level of mitigation was noted, and controls were checked to ensure the mitigation strategy was still working properly. The risks were then ranked by order of criticality, the velocity in which they would negatively affect our external clients, and the likelihood the risk could create significant risk to POST and possibly impact POST clients. Risks which could significantly affect POST’s mission, goals, and objectives in a negative manner are identified and ranked highest so that they may be addressed and mitigated quickly.

The documented risks were reviewed and management determined which risk category each fit into, whether the risk was influenced internally or externally, and then they selected which factor the risk fit the best. The top three risks were identified as needing to implement additional mitigation strategies since the risks were recently noted. Controls will need to be monitored over the next few months to ensure the risk is appropriately mitigated.

**RISKS AND CONTROLS**

**Risk: Operations - External-Funding — Sources, Levels**
POST is backlogged 18 months paying Training Reimbursement Request (TRR) claims.

This is due to the fund receiving lower than anticipated cash revenues which was below the authorized spending authority.

The result was a delay in sending reimbursement checks to clients. A law enforcement agency participating in the POST Program may submit a TRR for reimbursement of travel costs for employees that attend a POST-certified training course. Since the claims for reimbursement were not paid by POST in a timely manner, this delay could cause the following risks to occur: clients and vendors may refuse to work with POST; it could diminish POST’s reputation; and small businesses and individuals may be severely affected financially as they may not be able to pay their own expenses.

**Control A**
Implement bureau budgets so Bureau Chiefs have guidelines to approve meetings and contract cost requests depending on fund availability. Risk is mitigated as specific funds are encumbered in advance for payment of claims.

**Control B**
Ensure the appropriate Assistant Executive Director receives written meeting and contract cost requests and provides signature approval in advance of scheduling the meeting. This reduces the risk by ensuring that funds are available prior to holding a meeting so that reimbursement claims may be
paid in a timely manner.

**Control C**
Hire additional Retired Annuitants to input TRR data for payment. The backlog will be reduced quickly and clients will be mailed their reimbursement checks. Once the backlog is mitigated, clients will receive their reimbursement checks in a timely manner.

**Risk: Operations - External - FI$Cal Implementation, Maintenance, Functionality, or Support**
Implementing the FI$Cal system at POST was cumbersome and time-consuming.

Current staff was not fully experienced in the previous CalSTARS accounting system.

This hindered the transition to the FI$Cal system.

**Control A**
Work with FI$CAL to update role mapping and other functionality which will reduce risk when business processes are working appropriately so data may be entered and carried through the approval chain.

**Control B**
Prioritize staff workload to assist POST staff in learning the new system by providing training and detailed instructions. This will mitigate risk by utilizing the full system functionality so that accounts payable data may be entered which will reduce the backlog.

**Risk: Operations - External - Staff—Recruitment, Retention, Staffing Levels**
POST has been unable to hire and retain viable Law Enforcement Consultants (LEC).

This is due to advanced minimum qualifications, low pay scale, safety retirement versus miscellaneous retirement, and CalPERS retirement restrictions, which eliminates most of CA law enforcement candidates from eligibility.

This issue has prohibited POST from hiring Law Enforcement Consultant staff who represent the majority of POST’s stakeholder agencies, and has resulted in positions remaining vacant and workload not being completed. The restrictions on CalPERS retirement could continue to expose POST to severe vulnerability as it is unlikely that the retirement structure in California will change, and POST is unable to implement a control which will mitigate this factor.

**Control A**
Review Law Enforcement Consultant classifications and discuss reclassification and adjustment of minimum qualifications with CalHR. Update the LEC series to change the minimum qualifications will allow for new applicants to apply who were not previously eligible. Risk will be reduced as there will be a larger applicant pool consisting of applicants who are well-qualified for the updated classification and will be eligible to fill vacant positions.

**Control B**
Realign Law Enforcement Consultant pay scales to more closely reflect sister compliance agencies and law enforcement candidate current salaries. Increasing the pay scale will attract a larger applicant pool for vacant positions if applicants do not have to take a salary decrease, and will facilitate the retention of current employees as they will be more apt to stay at POST if their salary needs are met.
CONCLUSION

The Commission on Peace Officer Standards and Training 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.

Manny Alvarez, Executive 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