December 19, 2017

Marybel Batjer, Secretary
California Government Operations Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

Dear Ms. Marybel Batjer,

In accordance with the State Leadership Accountability Act (SLAA), the State Personnel Board 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 Mark Rodriguez, Chief, Administrative Services Division, at (916) 322-6351, Mark.Rodriguez@spb.ca.gov.

BACKGROUND

Established by the State Constitution, the State Personnel Board (SPB) is charged with overseeing the merit-based, job-related recruitment and selection process for the hiring of state employees who provide critical services to the people of California. SPB provides direction to departments through simplifying civil service laws, rules, and policy. In addition, SPB conducts compliance reviews of departments for merit system compliance, and adjudicate employee appeals from disciplinary actions. SPB also investigates and adjudicates alleged violations of civil service law, which are filed by employees, applicants, and members of the public.

ONGOING MONITORING

As the head of State Personnel Board, Suzanne Ambrose, Executive Officer, 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 State Personnel Board internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Suzanne Ambrose, Executive Officer.

MONITORING ACTIVITIES

As a small department, the SPB Division chiefs meet regularly, (at least quarterly), to review their respective programs and determined which current issues could potentially be a risk to SPB over the next two years. The risk assessment criteria identified are:

* Identification of critical business functions
* Determination of risk factors: high, medium, or low
* Description of risks to the department
* Creation of an action plan that resolves or mitigates the risk

**Addressing Vulnerabilities**

Once a risk is identified and validated, by the Executive Officer of the SPB, a lead member of the Executive Staff is assigned to oversee and take the necessary steps to mitigate the risk(s). The lead staff person will monitor and mitigate the risk while updating the Executive officer on a regular basis to keep her informed and to receive additional input/guidance if necessary.

**Communication**

The SPB will provide all staff with information vital to the effectiveness and efficiency of controls by requiring management to update their divisions on a bi-monthly basis. SPB management encourages staff to raise identified and potential risk mitigation strategies to allow SPB to fulfill its mission, goals, and objectives.

**Ongoing Monitoring Compliance**

The State Personnel Board 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 State Personnel Board systems of controls and monitoring.

**Risk Assessment Process**

The following personnel were involved in the State Personnel Board risk assessment process: Executive Management.

**Risk Identification**

SPB executive management were instructed to identify issues they determined a potential risk to the department, mission, vision, or strategic goals. Consideration was based on the following:

- Identification of critical business functions
- Determination of risk factors: high, medium, or low
- Description of risks to the department or to its strategic goals
- Creation of an action plan that resolves or mitigates the risk

**Risk Ranking**

Executive management reviewed identified risks and ultimately submitted to the items listed in this report to the Executive Officer for final review and approval. It was determined the issues outlined in the following pages could potentially pose the most risk to the Department or its strategic goals over the course of the next two years.

**Risks and Controls**

**Risk: Operations - External Staff - Recruitment, Retention, Staffing Levels**

Administrative Law Judges (ALJ’s) continue to be paid a lower salary than the equivalent attorney classification. Recruiting high quality attorneys from within state civil service from the highest job classifications is nearly impossible.
CONTROL A
Currently, there is no control available to the Appeals Division at this time. SPB will strive to continue quality recruitment to the extent possible.

CONCLUSION
The State Personnel Board 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.

Suzanne Ambrose, Executive Officer

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