

# California Conservation Corps

## 2015 SLAA REPORT

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December 30, 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 California Conservation Corps 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 Dawne Bortolazzo, Admin Chief, at (916) 341-3137, [dawne.bortolazzo@ccc.ca.gov](mailto:dawne.bortolazzo@ccc.ca.gov).

### **BACKGROUND**

The California Conservation Corps is a state department under the Natural Resources Agency, founded by Governor Brown and established by the Legislature in 1976 to provide opportunities for young Californians to conserve and develop California's natural resources and enhance and maintain environmentally important lands and waters while instilling basic skills and a healthy work ethic in California youth -- building their character, self-esteem, and self-discipline, and establishing within them a strong sense of civic responsibility and understanding of the value of a day's work.

Pursuant to Public Resources Code sections 14000 et seq, the CCC is an entrepreneurial and service-based program for young adults that combines full-time work on public service conservation field projects with education, career, personal and leadership development opportunities. Young adults between the ages of 18-25 (and veterans to age 29) enroll for a year of service and are based at one of 25 locations. Seven of these are residential centers and 18 are non-residential. Approximately 1600 young people serve at any one time. Corpsmembers are organized in crews of 10-15 and are supervised by full-time civil service staff. CCC program staff provide training, coordinate projects, ensure safe work practices and organize educational workshops and classes. CCC partners with John Muir Charter High School which provides a high school program for those young adults without a high school diploma.

A significant portion of the CCC's budget is supported by the reimbursement revenue it receives for performing public service conservation projects. This money is placed in the Collins-Dugan Reimbursement Account (established in Public Resources Code section 14312) and then is used to help support the CCC's operations.

### **RISK ASSESSMENT PROCESS**

At the CCC, risk management is an ongoing process and the identification, assessment, monitoring, and correction of risks is an integral component of the regularly scheduled meetings (discussed, *infra*) that are essential to the CCC's operations. Each of the main operational HQ units within the CCC (Accounting, Business Services, Program and Operations, Information Systems, and Human Resources) have regular meetings to discuss their ongoing operations including the risks therein. The results of, and topics raised at these meetings are monitored by the CCC field managers, known as District Directors, who also meet monthly with members of the CCC's Executive Team (the CCC's Executive Team is composed of the CCC's Director, Chief Deputy Director, Chief of Program and Corpsmember Development, Chief of Administrative Services, Chief Counsel, two Region Deputies, Director of Energy Program Development, and Executive Administrative Assistant). Additionally, the CCC's Director, Chief Deputy Director, Director of Corpsmember Development, Chief of Administration, Chief Counsel, and

Executive Administrative Assistant meet weekly to address pressing issues and notify each other of any new risks. As Information Technology (IT) presents special risks, the Director and Chief Counsel hold bi-weekly meetings with the manager of the CCC's Information Systems Branch (ISB). Moreover, the CCC has implemented a special Committee composed of Executive Team members and the HR Branch manager to oversee the revision and constant improvement of the CCC's Policies, Procedures, and Forms. This Committee also meets monthly.

The results of the foregoing meetings are funneled into the monthly meeting of the Executive Team where specific risks are addressed and the means to monitor and correct them are delegated to subunits with an Executive Team sponsor.

In addition to the foregoing, the CCC took special steps to prepare for this round of the SLAA. In the fall of 2015, the CCC's Chief of Administration sent out a survey to all Administration Division Branch managers asking them to review internal control requirements and practices and to identify potential risks. The results of that survey were shared with the Executive Team at a meeting specially called to address the SLAA. During that meeting, the CCC's Executive Team discussed the survey results, reviewed the CCC's most recent FISMA report, and identified five risks as most pressing and in need of monitoring and correction.

## **EVALUATION OF RISKS AND CONTROLS**

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

The CCC's main services -- corpsmember development and public service work projects -- ultimately are delivered by the CCC's residential and non-residential centers (and through special field operations, such as tent camps and the Backcountry Trails Program). District Directors oversee either individual centers or combinations of centers and operations. At this time, the CCC has twelve District Directors, four of which are anticipated to retire within two years and another three of which are likely to retire within 2-3 years. Each such retirement creates a vacancy in a key operations and program delivery position. Filling these positions with internal hires, creates vacancies further down the operations and program delivery chain. Currently, the CCC does not have a formal District Director understudy and leadership mentoring program that would allow for the consistent sharing of institutional knowledge and training of backup or replacement District Directors.

Open and Continual Communication Between District Directors and the Executive Team -- The District Directors meet regularly with members of the Executive Team (in addition to a monthly District Directors meeting, there are quarterly and yearly District reviews as well as near day-to-day interactions between one or more District Directors and a member of the Executive Team). This open and frequent communication provides the Executive Team with advanced notice of potential vacancies and allows the Executive Team to plan for the hiring of replacements in a timely fashion.

Beginner Leadership Training-- Conservationist I is the entry level civil service position in the CCC's field operations. Conservationist I's oversee crews of corpsmembers and work under the leadership of Conservationist II and the supervision of Conservation Supervisors. All of these positions fall under the overall direction of the District Director position. Pursuant to the Memorandum of Understanding with Bargaining Unit 7 (which covers the CCC's Conservationist classification) the CCC provides every Conservationist with a minimum of 80 hours of Initial Entry Training which covers: (1) Orientation to State service, and the job of the Conservationist; (2) Basic Safety and Vehicle Information; (3) Hand Tool Orientation and Usage; (4) Corpsmember Discipline and Grievance Procedures; and, (5) Basic Supervision of corpsmembers. In the second year after their initial hire, Conservationists attend the Conservationist Leadership Academy which helps the CCC groom them as the next generation of organizational leaders.

Advanced Leadership Training -- Over the past year, the CCC has worked on developing (but has not yet launched) a Challenge of Leadership program that should help people interested in leadership roles become better prepared and more willing to take on a District Director position. This internally developed course will be provided through two-day sessions delivered monthly over a six month period. It will allow at least ten current employees to participate in leadership training exercises. In the meantime, the CCC has sent (and intends to continue to send) staff to PIA's "The Leadership Challenge" course. These courses will adequately mitigate the risk to the CCC.

Using internal opportunities to provide leadership experience – The development and implementation of the CCC's new computer system (C-Cubed) will require six individuals to serve full time for several months on an Organizational Change Management (OCM) Team dedicated to the deployment, implementation, and adoption of C-Cubed. While serving on the OCM Team, these individuals will gain intricate knowledge of the full range of CCC operational processes and systems and will work closely with senior management and members of the CCC Executive Team. At the same time, individuals filling behind the OCM Team will get a preview of the experiences and challenges they can expect if they subsequently promote from their normal position.

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

The CCC operates 25 residential and non-residential centers statewide. A CCC inspection of these facilities shows that many are in need of significant deferred maintenance and repairs, all fail to comply with the Governor's Executive Order B-18-12 on energy and water efficiency at state facilities, and that several of them lack adequate facilities maintenance staff. Deferred maintenance creates safety risks and can inhibit the CCC's ability to successfully carry out its operations (including its emergency response obligations). It also creates a cascading risk of a deteriorating facilities that threaten equipment and personnel and which may require expensive emergency repairs. Lack of sustainability measures causes the CCC to use more energy and water than is theoretically necessary and increases the CCC's carbon footprint. Inadequate facilities maintenance staff levels presents safety risks and causes minor repairs (that could and should be facility maintenance mechanics) to either be deferred or carried out by third party contractors.

Utilizing Budget Processes - The CCC has submitted, and will continue to submit over the coming years, Budget Change Proposals (BCPs) to the Department of Finance (DOF) for consideration to fund the required deferred maintenance and repairs as the CCC baseline operating budget cannot continue to absorb these costs. The CCC has also submitted Capital Outlay BCPs to request funding to replace certain Centers' dormitory, bathroom/shower, and/or kitchen/dining facilities. Some portions of these BCPs have been approved and the CCC has worked with DOF and DGS to establish a timeline for the replacement of certain antiquated facilities as well as the search for, acquisition, and/or development of new facilities.

Site Surveys and Sustainability Retrofits -- A portion of the CCC's operations is dedicated to surveying public buildings to determine their energy and water use baselines and to identify and install energy and water efficiency upgrades. The CCC has conducted such surveys and installed some efficiency upgrades at some of its facilities. The CCC can expand these efforts in conjunction with the training of its energy and water efficiency crews. However, the CCC will not be able to bring all of its buildings into compliance with the Governor's Executive Order because (1) some of its facilities are leased from private parties and the CCC's authority to make upgrades thereto is limited; and/or, (2) necessary upgrades are beyond the capacity of the CCC's crews and require DGS involvement and/or budget augmentation.

Seek funding and position authority to support new facility maintenance mechanics -- Many of the CCC facilities are remotely located and contractors and vendor services are not readily

available to our residential centers. In addition, many vendors, especially the smaller businesses and operations, are challenged by the state purchasing requirements and heavily bureaucratic process that it takes to be eligible to take on and participate in the state's procurement system. The CCC is currently budgeted to have two facility maintenance mechanics, and thus can have such staff at only two of the CCC's seven (7) current residential sites. This gap will grow as the CCC brings more residential, and state-owned facilities on line. While seeking funding and position authority to hire and retain maintenance mechanics on staff the CCC will continue to work with approved third party service vendors to provide necessary maintenance work. While this approach is not cost effective or efficient it will help the CCC mitigate the subject risk.

Sustainability and Green Retrofits at CCC Facilities -- All of the CCC's new renovation or rebuilding projects will include the highest level of sustainable and energy efficiency retrofits and strive to meet the highest LEED building standards. In addition to these retrofits, the CCC will explore and look to build alternative energy installations, such as solar or wind generating arrays, at both its residential and non-residential sites. At the same time, the CCC will use its sites as a training ground for its Energy Corps crews to perform and implement energy and water efficiency retrofits and services.

### **Compliance- Internal- Resource Limitations**

Information Technology - infrastructure and support. The CCC operates a statewide program across more than 25 facilities (sometimes including remote relatively temporary tent camp facilities). Each of these facilities must handle, transmit, and receive confidential information (as defined in the California Information Practices Act and in other statutes and management memoranda) to, from, and between a variety of sources. Thus, the CCC must comply with a host of state and federal laws as well as various control agency rules and regulations (e.g., the State Administrative Manual, the State Information Management Manual (SIMM), California Government Code Sections 11019.9 and 11015.5, and the Information Practices Act). During the last round of the FISMA, the CCC identified its legacy IT infrastructure as a major risk and has spent the last few years developing a state-of-art secure, cloud-based software solution. That solution, known as C-Cubed, should be deployed in July, 2016. Thereafter, the CCC will have to perform a full security assessment, the cost of which will be difficult to absorb. Moreover, the foregoing statutes, rules, and regulations require the CCC to perform a number of ongoing risk assessment and monitoring activities (see, e.g., SIMM 05A and 5300 et seq.). These assessments are resource intensive and so are the steps necessary to monitor and correct identified risks. The CCC is a relatively small department and does not have sufficient ISB staff to insure it is compliant and/or remains in compliance with all of the reporting, monitoring, and maintenance obligations required by the relevant control agencies, statutes, and regulations. At the same time, the CCC must continue to offer its full range of programming, including educational resources, and maintain connectivity between its facilities -- connectivity which requires increasingly greater Internet bandwidth which is oftentimes costly to procure and maintain.

Continued Monitoring - The CCC's Security Officer identifies key risks according to SIMM 5300 and enters them, along with associated information, into a SIMM 5305-C Plan of Action and Milestones (POAM), regularly reviews and updates the POAM with the CCC's Chief Counsel (who also serves as the Department's Information Privacy Officer), and submits the POAM to CISO for review and comment. Additionally, the CCC's ISB Manager meets regularly with the CCC's Director and Chief Counsel to discuss IT risks and to identify remedies and the development of additional funding for software and hardware solutions and for the procurement of additional human resources.

Replacement of Legacy System -- The CCC is replacing its legacy Clipper-based system with a

new state-of-the-art, secure, cloud-based software solution. The CCC's Steering Committee is fully committed to this project which is on schedule for a July 1, 2016 deployment.

Secure Additional Funding - The CCC is considering means to secure additional funding to: (1) pay a third party to conduct a formal security assessment; (2) hire a Risk Management Manager who will focus their time exclusively on the CCC's IT security issues; and, (3) enhance resources available to make its IT infrastructure and support services compliant with all state and federal statutes, rules, and regulations.

### **Operations- External- Funding—Sources, Levels**

In line with its operating statutes -- that described the CCC as a "unique," "incentive-based," and "entrepreneurial" program -- a significant portion (approximately 40%) of the CCC's budget is supported by reimbursements it receives for performing work for its sponsors. These reimbursements are deposited in a special Collins-Dugan Reimbursement Account (CD Account) and can be used to support CCC certain aspects of the CCC's operations. However, the CCC is limited in the amount of money it can earn on reimbursement projects as well as the amount of money (and the purposes for which) it can withdraw from the CD Account. Therefore, the CCC's budget can be severely impacted by factors beyond its control; for example:

1. Minimum wage increases -- every dollar increase in the minimum wage (the amount it pays to most corpsmembers) increases the CCC's annual operating budget by at least \$2.5 million; and,
2. Health insurance premiums -- the CCC provides (outside of CalPERS) health insurance to its corpsmembers and special corpsmembers (since neither are civil servants), these premiums have fluxated as much as 30% from year-to-year.

Both of these factors are trending upwards and funding such increases solely through the CD Account limit the CCC's ability to:

1. cover the types of expenses it was designed to cover as well as the additional obligations it has been forced to absorb (i.e., increased corpsmember health care costs, ongoing costs related to the C-Cubed software solution, vehicle replacement, deferred facilities maintenance, specialized equipment needed to complete project work such as chippers);
2. maintain the reimbursement rate it charges its sponsors (a majority of which are other public entities); and,
3. provide corpsmembers with, and access to, valuable training and other non-reimbursable program activities.

Such budgetary uncertainty makes it difficult for the CCC to maintain an adequate funding level and interferes with the CCC's ability to provide a consistent program and to attract and retain corpsmembers, special corpsmembers and civil service staff (the latter are impacted because unstable funding requires the CCC to advertise positions as TAU or limited term).

Increase the CCC's Reimbursement Rate - The CCC has recently raised the maximum amount it can charge sponsors for reimbursable work projects. The CCC is monitoring the impact this has on the amount of work projects sponsors make available.

Request an Increase from the General Fund -- Historically, the CCC received an augmentation to its General Fund allotment to cover minimum wage increases. Though the CCC did not receive such an augmentation to cover the last increase to the minimum wage, it will continue to seek such augmentations going forward.

## Operations- External- FI\$Cal Conversion

The Financial Information System for California (FI\$Cal) is a business transformation project for state government that covers budgeting, accounting, procurement, and cash management. The project will prepare the state systems and workforce to function in an integrated financial management system environment. FI\$Cal is an historic partnership of the Department of Finance (DOF), State Controller's Office (SCO), State Treasurer's Office (STO) and the Department of General Services (DGS). Basically, it replaces the CalSTARS, Bidsync, and CCC Fiscal System, and becomes the point of record for our agency.

FI\$Cal is being implemented (rolled out) in four "waves." The CCC is in wave 4; scheduled for full implementation by July 2017. To prepare for this transition, CCC procurement, budget, and accounting managers have been attending FI\$Cal forums in which DOF and DGS share project update and present training material (also available on FI\$Cal website). The CCC's managers also are attending actual classes on specific functions inside FI\$Cal. Also, to assist in the implementation, Cal. Natural Resources Agency is procuring a consultant to assist the departments under its purview, such as the CCC, document and flow chart their business processes.

Even though the CCC is in wave 4, its budgeting functions are already engaged in the FI\$Cal transition. Documents submitted to DOF to prepare the Governor's Budget proposal are in templates designed for DOF to load into FI\$Cal. This month, CCC's contract and purchase order registration processes have now also been switched from Bidsync to FI\$Cal.

With any new system, there are risks involved, including the following:

- Potential "bugs" in FI\$Cal that impede daily operational needs (i.e., cannot process a contract or purchase order, or pay invoice)
  - If Accounting cannot pay an invoice timely, late penalties may accumulate.
  - Late/no payment may generate ill will with vendors.
- Potential invalid/inaccurate data in FI\$Cal.
- Types of procurement and financial reports available in FI\$Cal to help monitor procurement documents, cash flow, budgets, etc., may not address CCC's needs.
- Staff need to learn a new system, during which they may be more error prone or operate slower.
- Potential staff turnover may prevent smooth transition (i.e., expert/heavy user leaving the department).
- Potential inadequate internal and external IT support to address IT problems.
- Failure to, or complications with, integrate(ing) with C-Cubed.

Training -- The CCC will continue participating in FI\$Cal provided training.

Open Communications -- CCC managers who attend FI\$Cal training will insure there is strong knowledge transfer to their staff and upper management. CCC personnel will be informed of and advised to use the FI\$Cal hotline for questions and to seek clarification. FI\$Cal will be a standing agenda item on the weekly Administrative managers meeting.

Documentation -- To aid in knowledge transfer CCC managers and staff will develop and maintain documentation about all aspects of the systems being replaced by FI\$Cal as well as about the transition thereto and the implementation thereof. This documentation will be made available on the CCC's Intranet.

Maintain Backup Records -- In advance of, during, and immediately after the implementation of the FI\$Cal system, the CCC will, to the extent practicable, maintain manual (i.e., hard copy) records of critical transactions and information.

Coordination with C-Cubed Vendor -- The C-Cubed system was designed to integrate with the FI\$Cal and the C-Cubed Executive Sponsor and the CCC's ISB Manager will continue to monitor the viability of this integration point up to and through implementation of the FI\$Cal system.

## **ONGOING MONITORING**

Through our ongoing monitoring processes, the California Conservation Corps reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

### **Roles and Responsibilities**

As the head of California Conservation Corps, Bruce Saito, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Dawne Bortolazzo, Admin Chief, as our designated agency monitor(s).

### **Frequency of Monitoring Activities**

The CCC's main operational HQ units have regular meetings to discuss their ongoing operations including risks thereto. The results of, and topics raised at these meetings are monitored by the CCC field managers, known as District Directors, who also meet monthly with members of the CCC's Executive Team. The CCC's Director, Chief Deputy Director, Chief of Program and Corpsmember Development, Chief of Administrative Services, and Chief Counsel meet weekly to address pressing issues and notify each other of new risks. The entire CCC Executive Team meets monthly. The CCC Director and the Chief Counsel meet bi-weekly with the Manager of the CCC's Information Systems Branch to discuss IT issues, including security concerns. The CCC's Chief Counsel meets at least quarterly, but typically more often, with the CCC's Information Security Officer (ISO) and will sometimes invite the ISO to the biweekly meetings with the ISB Manager and Director. A special Committee of CCC Executive Team members along with the Manager of the CCC's Human Resources Branch meets monthly to review, revise, discuss and generally oversee the ongoing revision, improvement, and updating of the CCC's Policies, Procedures, and Forms.

### **Reporting and Documenting Monitoring Activities**

Agendas are prepared, and minutes are made, for each of the foregoing meetings and circulated to managers and other responsible parties. In accordance with SIMM 5300 et seq., the Information Security Officer is required to maintain a Plan of Actions and Milestones for security risks. Any changes to Policies, Procedures, or Forms are distributed to all staff and posted on the CCC's Intranet. The CCC's Intranet is the default homepage for anyone accessing the Web and contains a prominent notice about items of interest and new Policies, Procedures, or Forms and upcoming trainings. The CCC's Executive Team encourages all staff to speak with their supervisor if they discover an issue that should be addressed to assist the CCC with fulfilling its mission, goals, and/or objectives.

### **Procedure for Addressing Identified Internal Control Deficiencies**

Starting in January, the SLAA will be added as a standing agenda item for each of the following regular meetings: (1) CCC Executive Team; (2) CCC Programs and Operations; (3) CCC Administration; and, (4) District Directors. Moreover, the Chief Counsel will address the SLAA with all HQ staff during the CCC's bi-monthly all HQ staff meeting. A formal approach to addressing risks (identified program-wide, not just in the SLAA) will be developed by the Committee overseeing the CCC's Policies, Procedures, and Forms and will be instituted by July 1, 2016. At that time, the CCC will formally require that any deficiencies identified in a risk control be targeted for mitigation within sixty days. If implementation of a control

deficiency mitigation measure takes longer than sixty days, the CCC will require that a member of the Executive Team receive regular notices from the assigned mitigation team until the deficiency is adequately addressed and that the control deficiency and related mitigation measure is discussed at the monthly CCC Executive Team meeting.

## **CONCLUSION**

The California Conservation Corps strives to reduce the risks inherent in our work through ongoing monitoring. The California Conservation Corps 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.

Bruce Saito, Director

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