

December 31, 2021

Natalie Palugyai, Secretary
California Labor and Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Dear Secretary Natalie Palugyai,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Employment Training Panel submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Jaime L. Gutierrez, Chief Deputy Director, at (916) 600-5741, Jaime.Gutierrez@etp.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Employment Training Panel will support future-oriented, sustainable economic development and job training in California that is equitable and inclusive through strategic partnerships with business, labor, and government.

ETP's mission is to provide financial assistance to California businesses to support customized worker training to:

- Attract and retain businesses contributing to a healthy California economy.
- Provide workers secure jobs paying good wages and provide opportunities for advancement.
- Assist employers to successfully compete in the global economy.
- Promote benefits and ongoing investment of employee training among employers.
- Support-high-wage, career track workforce training efforts for disproportionately affected communities.

ETP Goals and Objectives are approved by Panel members based on recommendation by ETP Staff:

- Enhance Economic Development coordination
- Target Industries that are vital to California's recovery and growth
- Support for small businesses
- Support Governor's initiatives
- Increase efficiency and effectiveness

Entities under ETP reporting responsibility:
N/A

Control Environment

The Employment Training Panel (ETP) works to provide funding to employers to assist in upgrading the skills of California workers through training that leads to good paying, long term jobs. ETP upholds a level of integrity while attaining ethical business practices. Management values staff opinions by attentively listening and valuing their contributions. Management is generous and compassionate while considering opposing viewpoints. No employee has any reason to fear biased treatment on their basis of gender, ethnicity, nationality or any other factor. Management sets the tone to maintain its organizational purpose by regularly communicating and discussing the department's objectives, and ensuring that there is consistent understanding across the organization. While teleworking, Management continues to provide open lines of communication that builds culture through a virtual environment. Management recognizes genuine efforts of staff which strengthens the overall commitment to the organizational goals.

ETP is governed by an eight-member panel appointed by the Governor and Legislature that sets policy for the operation of the program. The panel meets monthly to consider and act on policy issues and approval of training proposals. Staff is led by the Executive Director, which has the overall authority of administering the program. The Executive Director provides oversight to the division Chiefs while the Chiefs provide oversight and support to the Staff Service Managers, and the Staff Service Managers provide direct supervision over staff.

Monthly virtual meetings are open to the public for stakeholders to discuss policy, process and involvement. Recommendations to policy changes are heard in policy committee meetings, and recommendations are presented to the Panel for discussion. Internally, ETP conducts weekly and monthly meetings with all management and staff to ensure transparency across the department, especially through teleworking. Executive staff presents any policy changes or new information regarding the department. Front line managers discuss any action items or information from their units that may impact other units or the department. Front line managers conduct regular meetings with staff to provide updates from the managers meetings, and discuss any action items, duties or procedural changes. These meetings provide consistency and transparency throughout the department.

ETP preserves written and obtained documentation to maintain an orderly workplace. With high regard for confidentiality, the Employment Training Panel practices its cybersecurity awareness and has procedures in place to document and protect its data. Further evolving security measures, ETP's Information Technology unit established a Virtual Private Network (VPN) which allows staff to work remotely while retaining all of the security measures implemented on its internal network. Respective managers have a responsibility of safeguarding sensitive material, authorizing access on a need basis only. ETP securely stores documentation and properly destroys of it after its specified time to prevent the possibility of breaches.

Goals for staff are to not only have the essential skills and knowledge needed for their roles and responsibilities within the department, but to also represent the department in a positive and accurate light to provide the best service possible. ETP's goal is to recruit, train, mentor and retain staff. To ensure ETP accomplishes its goal, ETP recruits individuals who possess the work ethic and attitude that meets its core values. To train and retain staff, ETP provides adequate training to ensure staff responsibilities within the department. Other structured training is also allowed to upskill all employees. In-house and interdepartmental training is also available for staff to allow upward mobility within the department and to build its future leaders of the organization.

As outlined in its strategic plan, ETP follows guidelines to ensure it maintains a high level of accountability to achieve these goals. ETP conducts internal evaluations and assessment of program and contracting processes to increase efficiencies. It also monitors pending legislation and conducts bill analysis in order to determine any impacts to ETP or its funding. In support of its mission to provide successful workforce training, ETP monitors its Employment Training Fund (ETF) to ensure financial assistance is available to California businesses. Management conducts regular meetings to ensure staff are completing projects on time. To address excessive pressures when workflow increases, management fosters interdepartmental collaboration for support, keeping pace with workflow.

Information and Communication

The Employment Training Panel 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 Employment Training Panel systems of controls and monitoring.

Staff has the ability to communicate with the highest level of management with an open-door policy. However, it is recommended that staff should begin communication with their immediate manager, or with Human Resources, should individuals feel more comfortable discussing potential issues with them. There is a systematic chain of command to approach executive staff as needed. If an individual's immediate manager cannot provide a resolution, the immediate manager should consult with the next level manager until the results are adequately addressed. ETP is in compliance with all Equal Employment Opportunity (EEO) requirements.

ETP utilizes resources such as SharePoint to allow units and work groups the ability to store and share information in a controlled environment. This application enhances communication within its organization by providing a centralized location for program information. Management effectively distributes departmental clarification notices to inform staff of policy and program changes that affect business and program processes.

ETP effectively communicates with external stakeholders to gain inputs and recommendations suitable for their business needs. External stakeholders are offered many accessible resources such as direct access to ETP staff, through ETP's website, and by public forum at policy and panel meetings to provide transparency between stakeholders and ETP personnel.

In Fiscal Year 2019-20, The Employment Training Panel began teleworking due to the COVID-19 Pandemic. With mandated orders to restrict in-person meetings with internal staff and external stakeholders, the Employment Training Panel began utilizing Zoom for external communications to conduct virtual policy and panel meetings in place of the in-person meetings; and Microsoft Teams for internal communications. The ETP has been able remain in compliance with legislative requirements to conduct business as usual in utilizing these products.

ETP maintains a work environment in which employees' voices are treated with value and respect. Employees are informed of policies and procedures for handling workplace incidents. Staff report inefficiencies and/or inappropriate actions to their immediate management or to Human Resources. Departmental management handles all reports submitted and review under its policy, make a determination and advise the appropriate action.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Employment Training Panel monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Jaime L. Gutierrez, Chief Deputy Director.

As head of Employment Training Panel, the Executive Director, is responsible for the overall establishment and maintenance of the risk management and internal control systems.

Employment Training Panel Executive staff and the Technical Operations Branch, an organizational branch that embodies Senior Management Business/Program staff, Mid-level Management Business/Program staff, and Senior Management IT staff, actively monitor the control activities for risks. The controls, as well as the criticality, likelihood of occurrence, and impact of each risk contribute to the frequency of monitoring activities.

Resources are strategically placed and monitored to ensure proper allocation that align with program goals. Monitoring of the program performances allows management to address needs that determine the best results to ensure the department is performing at the highest level of expectation. When expectations are not met, ETP reviews its procedures to determine where enhancements are needed.

The ETP project teams conduct frequent meetings to research required documentation, identify the various types of projects that will be funded, obtain and record required data in the annual report for the alternative funding sources, and monitor allocation of staff resources to ensure its projects are progressing. Its technical team was formed to develop a grant management system, designed to support the projects' requirements while providing internal and external technical assistance related to the system. During daily status meetings, these teams discuss components that may impact the overall projects, and devise a plan to alleviate any issues.

ETP's Executive staff, and Technical Operations Branch are engaged in addressing the business problems/opportunities identified in ETP's risk management processes. In each departmental unit under the Technical Operations Branch, managers are assigned the task of identifying risks and evaluating their impact. Once the risks have been identified and evaluated by departmental managers under the Technical Operations Branch, the risks are then elevated to Executive staff. ETP's Executive staff then determines the best method and course of action to mitigate the impact these identified risks impose on the department.

When an internal control vulnerability is identified, the executive monitoring sponsor evaluates and addresses the control's weakness within a timeframe adequate to mitigate the risk. During this time, the executive monitoring sponsor notifies ETP executive management of the progress of mitigation efforts. Notifications are provided as frequently as necessary and are provided until the deficiency is adequately addressed.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Employment Training Panel risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, and potential impact of remediation efforts.

RISKS AND CONTROLS

Risk: Staff Resource Constraints

The Employment Training Panel is confronted with staffing resource constraints that will support its new alternative funding. ETP staff is susceptible to an increased workload as new business processes are being developed, while existing processes are being reviewed and aligned.

In FY 2021-22, ETP was appropriated \$86M to expand high-demand sectors that will bridge education and workforce gaps. While this funding did not accompany additional staffing positions, the ETP will utilize innovative strategies to manage new projects and partnerships through the California Community College Funds, Expansion Funds, Paid Family Leave Small Business Grants, and the Social Entrepreneurs for Economic Development Grants that will accelerate skill development, employment, and reemployment for California job seekers.

The ETP began its project planning by defining two core project teams - an Operations team and a Technical team which establish and maintain a timeline of events. These teams are made up of ETP staff who carry a pre-existing workload, and also responsible to support the overall system development and management of the new alternative funding sources.

Monitoring its new alternative funding streams, the ETP evaluates the need to assess and streamline any existing processes to determine the best approach for efficiently achieving its mission. Following its core program processes have enabled project leads to identify staff strengths, proposing upward mobility opportunities that further develop staff in new project management skills that will increase the overall development of its programs.

Operating with an increased workload, calls for a shift in resources among staff to address positional gaps in slow moving but important projects to ensure staff is not overworked and attrition does not occur. This strategy is a short term solution for ETP as the effects of shifting resources could degrade the organization's ability to meet deadlines reliably. Looking ahead, the ETP considers a Budget Change Proposal (BCP) to increase staff capacity as a long-term plausible solution for the organization.

Control: Prioritization of Time

To anticipate the foreseen increased workload, ETP has preemptively offered overtime to staff across the organization to decrease the existing workload from the core program. Reducing existing work allows ETP the availability to allocate resources to its alternative funding sources without leaving aging assignments.

Control: Leadership Participation

ETP's Executive staff, Senior & Mid-level Management Business/Program staff, and Senior Management IT personnel are engaged in addressing the business problems/opportunity's identified in the implementation of the alternative funded projects and mitigate any issues as they arise.

Control: Technical Support

ETP has an internal technical team that is responsible for the overall development of the Cal-E-Grants system that was built to support the alternative funding source requirements. With existing data analytical skills, these system administrators have retained system knowledge through Salesforce training and developed a team of subject matter experts to provide additional resources such as a help desk and online support staff.

Control: Training/Reallocation of Resources

Identifying that additional resources are needed, the ETP has started to reallocate staff resources to address positional gaps. This reallocation not only supports other units' increased workloads, but cross-training provided by supporting units, increases staffs overall program knowledge to provide future assistance when needed.

Control: Tracking of time

ETP was allotted administrative dollars to support the facilitation of the alternative funding sources. The ETP has established a time tracking process to allocate time spent for managing each of these projects. Individually tracking these hours separately ensures that it appropriately utilizes all of its administrative expenditures associated to each of the alternative funding sources.

Control: Filling of existing vacancies

ETP is in the process of advertising and filling all of its existing vacancies. However, ETP is extending its advertisement timeline to obtain a wider classification pool. Filling these positional gaps will allow ETP the flexibility to distribute the increased workload, alleviating lower productivity associated to a limited staff.

Control: Budget Change Proposal (BCP)

With increase in funding, ETP did not receive additional positions to support the increased workload. However, the ETP is confident that additional positions will provide the adequate amount of staffing capacity to streamline and efficiently manage alternative funding. The ETP considers a Budget Change Proposal (BCP) to increase staff capacity to address the ongoing increase in workload.

Control: Streamline Processes

The ETP is evaluating where processes can be reviewed and implemented to increase efficiency. Streamlining procedures will not only allow availability to assist with the increased workloads, but will also ensure that processes are efficient and purposeful.

CONCLUSION

The Employment Training Panel strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

Reg Javier, 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