

December 28, 2023

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

Dear Secretary Stewart Knox,

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, 2023.

Should you have any questions please contact Tara Armstrong, Chief Information Officer / Deputy Director of Technical Branch, at (916) 327-5276, tara.armstrong@etp.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Employment Training Panel (ETP) 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 partner with California businesses to create and retain high-wage jobs while providing workers the opportunity to train for career advancement.

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

- Support California's workforce with sustainable jobs and strong career pathways
- Contribute to California's growth
- Support for small businesses through private-public partnerships
- Communication and engagement in internal operations
- Commitment to innovation in technology and data

In addition to its Goals & Objectives, ETP continues to support California Government Administration initiatives by funding opportunities for career advancements in Healthcare, Agriculture sustainability, and Literacy job training.

Entities under ETP reporting responsibility:
N/A

Control Environment

In support of its mission and vision, ETP leadership frequently emphasizes the importance of ETP's core values and employee standards of conduct. Management demonstrates its

commitment to ethical business practices through modeling professional conduct, acting with integrity, and enforcing accountability equally across the organization. Diversity, equity, and inclusion principles promote an environment supportive of staff engagement, creativity, and innovation. Employees are also advised of their right to confidentially report any legal or ethical concerns without fear of discrimination, harassment, or retaliation. Through open communication and adherence to ethical values, management aids in strengthening the overall commitment to ETP's organizational goals.

ETP is governed by an eight-member panel appointed by the Governor and Legislature that sets policy for the operational side of the program. The panel meets to consider and act on policy issues and to review and approve, deny, or amend training proposals. Under oversight of the Labor and Workforce Development Agency Secretary, the ETP Executive Director administers the program and implements any regulatory or policy changes. The Director provides guidance to the Executive Leadership Team (ELT) who work on the initiatives. Managers and Supervisors assign and monitor daily staff operations to achieve organizational goals.

As an employer-funded program, external stakeholders are encouraged to participate in discussions of policy, process, and training proposals presented and discussed at Policy Committee and Panel Meetings. These discussions and any associated decisions are in compliance with the Bagley Keene Act requirements and Robert's Rules of Order for public-facing meetings.

The internal control environment is documented by organizational policies, procedures, and processes which seek to ensure early identification of risks while carrying out established strategic plan goals and objectives. Management ensures documentation of internal control systems is developed, maintained, reviewed, and updated as business needs evolve. Additionally, the Information Security Officer (ISO) ensures the implementation of controls that minimize risk to confidentiality, integrity, and availability of information assets, in accordance with federal and state information and privacy requirements.

Regular internal and external evaluations of ETP control systems are documented in reports and discussed with executive leadership. The findings in these reports are catalysts for development and improvement of these control systems throughout the organization to ensure efficiency and successful information asset security.

ETP seeks to recruit and retain a highly skilled workforce through its competitive selection process. Committed to equal employment opportunity practices, ETP values and celebrates diversity as it supplies innovation and a unique strength in providing service to the people of California. The organization fosters a collaborative work environment where staff and stakeholders can learn from each other and grow personally and professionally. Allocations for monthly training assignments provide staff the time and resources to pursue upward mobility and professional development goals.

During the onboarding process, managers and supervisors provide staff with a clear overview of their duties and the expectations of their positions. With this standard set, staff are held accountable for performing their duties and complying with policies and procedures. Management regularly evaluates staff performance, providing feedback, and enforcing

accountability by conducting timely and meaningful performance evaluations for all staff. In addition, managers and supervisors frequently monitor workload, obstacles, and excessive pressures, encouraging collaboration and reprioritization as needed to support efficient and productive workflow.

Information and Communication

ETP 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 ETP systems of control and monitoring.

ETP developed a communications team that includes individuals from many areas of the organization to develop clear and concise communications for all customers. This includes internal communication through various tools available to the organization. This also includes Stakeholder communications, via email, website, panel and policy meetings. All communications have a central repository for historical reference.

ETP makes use of modern technology, including an intranet platform and online meeting tools to facilitate communication and file sharing within the organization. These platforms provide a central place where staff and workgroups can store, share, and access information. The intranet platform is a useful tool for distributing updates about policies and program operations and is only accessible for ETP. Online meeting tools enhance communication, collaboration, and productivity among peers and management, especially in remote and hybrid work environments. ETP utilizes email management software for external communications to stakeholders and special populations. ETP has a strategic initiative "Communication Tools and Workflows" to educate and promote available tools to support staff and improve efficiencies.

The ETP website plays a crucial role as a communication platform for the agency's external stakeholders and follows accessibility rules. Within the website are extensive resources for accessing the contracting management system, user guides, process videos, FAQs, system Q&A, help desk hours, and contact information as well as a link to directly share system feedback and recommendations. The website houses guidelines, protocols for eligible entities, Policy Committee and Panel meeting dates as well as other Panel meeting information, and a host of valuable reports and materials.

ETP has an open-door approach to address questions, concerns and make requests. ETP is in compliance with all Equal Employment Opportunity (EEO) requirements and has created a communication pathway for ETP Staff to access forms and resources for confidential EEO reporting.

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.

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The Executive Director is responsible for the overall establishment and maintenance of the risk management and internal control systems; however, collaborative meetings with the Executive Leadership Team (ELT) provide a forum to communicate potential risks and discuss mitigation efforts. ETP utilizes technical systems and tools, defined policies and procedures, and creative workflows to monitor internal control systems and ensure the effective management of risks.

Routine analysis of program performance enables management to identify and address requirements essential for achieving optimal results and ensures the organization operates at its highest level. If expectations are not met or program efficiencies can be implemented, ETP conducts reviews of its systems, procedures, and workflows to identify areas needing enhancement. Additionally, external reviews and audits provide organizational accountability to assist ETP in further identifying risks and implementing program improvements. When organizational risks are identified, an implementation plan and timeline is discussed with ELT who assigns ownership to managers for agreed upon tasks and action items. Throughout the process, the executive monitoring sponsor notifies ELT the progress of mitigation efforts.

In addition to the monitoring of internal operations, ETP conducts monitoring meetings and audits for contractors receiving funds for panel-approved projects. Monitoring meetings allow ETP to enforce contract requirements during an active contract period, whereas audits are detailed assessments of contracts following a contract period. Audit reports determine if contractors complied with ETP contracts, regulations, and policies through objective audit reporting procedures. ETP's Audits Unit performs these audits in compliance with the Generally Accepted Government Auditing Standards and under the oversight of the California State Auditor. Collectively, these monitoring activities allow ETP to identify and address external compliance issues and concerns.

When necessary, formal amendments to the ETP program can be made through policy and regulatory changes in order to further mitigate risks. Internal and external stakeholders can participate in this formal process through Policy Committee Meetings, Panel Meetings, legislative proposals, and stakeholder recommendations. These processes have the potential to significantly impact ETP functionality, focus, and service to the people of California.

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, audit/review results, other/prior risk assessments, consideration of potential fraud, performance metrics, and other.

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.

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RISKS AND CONTROLS

Risk: Funding Levels

Insufficient budget appropriation would prevent ETP from meeting its regulatory obligation of distributing its full collection of the Employment Training Tax fund.

Control: Budget Strategies

Work closely with the Labor and Workforce Development Agency and the Department of Finance to explore strategies to continue to improve the utilization of the Employment Training Fund.

Risk: Information Security

ETP is confronted with the ever-changing digital landscape challenges from an IT security standpoint. ETP maintains information assets classified as confidential, sensitive, and personal information. This information may be generated internally or reported by external parties. ETP performs many security measures to prevent breaches, however if a data security breach were to occur through a cybersecurity attack, the privacy and security of the information assets and data subjects could be compromised. In addition, ETP and its stakeholders could be subject to legal liability and reputational damage.

Control: Security Assessments and Audits

ETP annually participates in independent security assessments and information security program audits, which are performed by objective third parties. ETP uses the findings to implement changes that strengthen its security and privacy posture and reduce information security risk.

Control: Information Technology Policies

ETP has IT policies that specify the rules to protect ETP information assets from threats and vulnerabilities. All ETP personnel acknowledge their understanding and acceptance to comply with these policies and other applicable information security and privacy laws and standards.

Control: Training and Awareness

All ETP personnel complete annual mandatory information security and privacy training. ETP also conducts monthly phishing exercises by circulating mock emails to test employees' identification and reporting capabilities. The ISO stays informed of security and privacy trends to periodically distribute alerts, notifications, and awareness materials as needed.

Control: Strategic Planning

ETP has an Information Security Incident and Event Response Plan and Technology Recovery Plan that describe requirements, expectations, roles, and responsibilities; define processes and procedures; and create channels for effective and timely communication.

ETP is developing an IT Strategic Plan that will establish measures and initiatives aimed at meeting information security goals and objectives and reducing information security risk across the organization.

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.

Jessica Grimes, Executive Director

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency