

December 23, 2025

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, 2025.

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;
- Support small businesses through private-public partnerships;
- Contribute to California's economic growth;
- Promote teamwork, communication, and engagement in internal operations; and
- Foster commitment to innovation 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.

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, inclusion, and accessibility 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 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 Open Meeting 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 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 according to CalHR principles. 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. ETP provides staff with time and resources to be prepared for upward mobility opportunities through mandated and voluntary training. ETP's onboarding process provides staff with a clear overview of their duties and the expectations of their positions. Staff are held accountable for performing their duties and complying with policies and procedures. Management evaluates staff performance, providing feedback, and enforcing accountability by conducting timely and meaningful performance evaluations for all staff. In addition, managers and supervisors encourage collaboration and connectivity 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.

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, including 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 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. (Including the path to help multi-language services on ETP Website)

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: Peter Cooper, Assistant Director; Jessica Grimes, Executive Director.

ETP monitoring practices have been fully implemented. The Executive Monitoring Sponsor plays a key role in ensuring that internal control systems are both established and functioning effectively across the organization. The responsibility as the executive monitoring sponsor has been assigned to the Chief Deputy Director.

The Executive Director is responsible for the overall establishment and maintenance of the risk management and internal control systems. In support of these systems, regular collaborative meetings with executive leadership serve as a platform to identify potential risks and discuss mitigation strategies. To ensure effective risk management, ETP leverages technical systems and tools, well-defined policies and procedures, and innovative workflows to monitor and strengthen its internal control systems.

Regular analysis of program performance allows management to identify and address key requirements necessary for achieving optimal outcomes, ensuring the organization operates at peak efficiency. ETP routinely reviews its systems, procedures, and workflows to pinpoint areas for improvement.

As part of its program operations, ETP staff conduct monitoring and audits of contracts approved by the ETP Panel. Monitoring meetings are held during the active contract period to ensure compliance with contract terms, while audits are comprehensive evaluations conducted after the contract period ends. These audits assess whether contractors adhered to ETP's contractual obligations, regulations, and policies, by using objective and standardized audit procedures.

The Audits Unit at ETP carries out these evaluations in accordance with Generally Accepted Government Auditing Standards under the oversight of the California State Auditor. Together, these monitoring and auditing efforts enable ETP to effectively identify and resolve external compliance issues.

When necessary, changes 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, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, questionnaires, and consideration of potential fraud.

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

RISKS AND CONTROLS

Risk: Key Person Dependency and Succession Planning

Reliance on a single individual for critical functions poses a significant threat to operational continuity and stability. The primary control measures proposed are comprehensive succession planning, cross-training of personnel, and thorough documentation of processes and instructions. Implementing these controls will mitigate the risk by ensuring business continuity and knowledge transfer.

If a key person becomes unavailable without adequate mitigation, the department could face:

- **Operational Delays:** Critical tasks and projects may halt or slow down significantly.
- **Loss of Institutional Knowledge:** Unique expertise and historical context may be lost, leading to inefficiencies and errors.
- **Decreased Productivity:** Other team members may be unable to perform necessary functions, impacting overall output.
- **Increased Workload for Others:** Remaining staff may be overburdened, leading to burnout and decreased morale.

- Financial Implications: Potential for missed deadlines, penalties, or lost opportunities.

Control: Succession Planning

- Identify Successors: For each critical position, identify and designate at least one potential successor within the department.
- Development Paths: Create clear development paths for identified successors, including necessary training, mentorship, and exposure to key responsibilities.

Control: Cross-Training Individuals

- Knowledge Transfer: Implement a structured cross-training program where key individuals systematically transfer their knowledge and skills to designated successors and other relevant team member.
- Hands-on Experience: Provide opportunities for cross-trained individuals to gain practical experience in the critical functions, initially under supervision.
- Regular Rotation: Consider rotating responsibilities periodically to ensure multiple team members are proficient in core tasks.

Control: Proper Documentation

- Process Manuals: Develop and maintain comprehensive, easy-to-understand documentation for all critical processes, procedures, and workflows.
- Instructional Guides: Create detailed step-by-step instructions and "how-to" guides with Artificial intelligence as a tool for performing specific tasks associated with key roles.
- Knowledge Repository: Establish a centralized, accessible repository for all documentation, ensuring it is regularly reviewed and updated and utilize AI

tools to assist in locating information within ETP

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