

December 29, 2017

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Michael Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Justice 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 Chris Ryan, Deputy Chief, at (916) 210-7008, chris.ryan@doj.ca.gov.

BACKGROUND

The Office of the Attorney General was created in 1850 to provide structure and foresight to legal affairs and law enforcement in California. Its mission and duties have been shaped by the California Constitution and state government codes, legislative decree altering the duties of the Attorney General in response to specific state needs, and the personalities and ambitions of those who have served as Attorney General. Fundamentally, the Attorney General is responsible for safeguarding the public from violent criminals, preserving California's spectacular natural resources, enforcing civil rights laws, and helping victims of identity theft, mortgage-related fraud, illegal business practices, and other consumer crimes.

On January 24, 2017, Xavier Becerra was sworn in as the 33rd Attorney General of the State of California. The Attorney General manages and directs the Department of Justice (Department/DOJ) and its law enforcement work, serves as legal counsel to state agencies, represents the state before the California and U.S. appellate and Supreme Courts, and issues formal opinions on the meaning of state law. The DOJ is the legal, administrative and law enforcement arm of the Attorney General. The department consists of five divisions including Legal Affairs, Law Enforcement, California Justice Information Services (CJIS), Executive, and Operations. Over 4,500 employees – lawyers, peace officers, computer programmers, accounting and administrative professionals, security personnel - engage in a variety of law enforcement, legal, and criminal justice information services. In addition to field offices Statewide, the Department's main offices are in Sacramento, Los Angeles, San Francisco, San Diego, Oakland and Fresno.

MISSION/GOALS

The Attorney General and Department employees provide leadership, information and education in partnership with state and local governments and the People of California to:

- Enforce and apply all our laws fairly and impartially.
- Ensure justice, safety, and liberty for everyone.
- Encourage economic prosperity, equal opportunity and tolerance.
- Safeguard California's human, natural, and financial resources for this and future generations.

ONGOING MONITORING

As the head of Department of Justice, Xavier Becerra, Attorney General, 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 Department of Justice internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Chris Ryan, Deputy Chief, Sean McCluskie, Chief Deputy to the Attorney General, Antonette Cordero, Chief of Legal Affairs, Kevin Gardner, Chief, Division of Law Enforcement, Amanda Renteria, Chief, Division of Operations, and Joe Dominic, Chief, Division of California Justice Information Services.

MONITORING ACTIVITIES

The DOJ has recently undergone a leadership transition and overhauled its organizational structure, resulting in the consolidation of various bureaus and units. The Attorney General has created an Executive Team of five Chiefs that lead each distinct Division: Law Enforcement, Legal Services, Criminal Justice Information Services, Operations, and Executive Programs.

The current process for ongoing monitoring is below. As new information is surfaced, DOJ executive management will revisit and revise these processes accordingly.

On a regular basis (daily, weekly, or monthly):

- DOJ executive management meet to discuss existing and potential risks.
- Management staff throughout DOJ meet to discuss how to address potential and existing risks.
- Executive Sponsor Monitor (ESM) meets with Executive Team and DOJ management to discuss policies and procedures to address outstanding risks.

Semi-Annually (six months to one year):

- ESM and Office of Program Oversight and Accountability (OPOA) staff update the SLAA Implementation Plan regarding status on controls implementation as required by the Department of Finance.
- OPOA assists each division chief with measuring and tracking progress on internal controls development, implementation, and evaluation.
- DOJ Operations division monitors overall agency progress on risk management and continues to track and identify emerging risks.

Biennially (every two years):

- Via OPOA, the Department conducts risk assessments and additional organizational surveys to assist each division with identifying risks and internal controls at the division and enterprise level.
- DOJ Executive team reviews strategic initiatives, organizational and environmental challenges, risk assessment results, and other factors to identify enterprise risks and develop controls.

As-Needed:

- ESM, Executive management, and DOJ management evaluate risks and threats to DOJ's

ability to achieve its mission as identified in the risk assessments and identify steps to implement controls and program changes to address risks.

- OPOA conducts program and internal control reviews to assess the effectiveness of controls.
- Appropriate DOJ staff and management attend audit entrance and exit conferences to understand and address findings identified by internal and external auditors.

ADDRESSING VULNERABILITIES

DOJ is reviewing and adapting its ongoing monitoring processes to reflect a new organizational structure and management regime. The Department does not have a formalized process for collecting information regarding risks or for prioritizing actions to mitigate risks and implement controls. In 2018-19, OPOA will develop protocols for prioritizing risk as well as tracking and managing how well DOJ addresses those risks.

COMMUNICATION

The Executives and Division leaders – Chiefs and Directors - sets forth DOJ's guiding values and ethical climate. They establish the tone to promote individuality, leadership and commitment towards openness, honesty, integrity, and proper behavior in all managers, supervisors, and employees throughout the organization. Program managers and supervisors focus on communicating DOJ's mission, values, and vision through written policies and ensure that program functions and activities are performed in accordance with the DOJ Administrative Manual (DOJAM), which contains policy and procedure guidance for DOJ activities. The DOJAM is maintained on the Department's intranet.

ONGOING MONITORING COMPLIANCE

The Department of Justice is in the process of implementing and documenting 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 Department of Justice systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Department of Justice risk assessment process: Executive Management, Middle Management, Front Line Management, and Staff.

RISK IDENTIFICATION

The Office of Program Oversight and Accountability (OPOA) within DOJ facilitated the risk identification and ranking process in concert with the ESM and DOJ Executive management as follows:

- In April 2017, OPOA distributed a risk assessment template to each division chief. This assessment template directed division directors and program managers within each DOJ division to identify their essential organizational activities, business processes and practices, and information and data that are critical to their mission, goals and objectives, to identify risks to these activities, processes, and systems, and to describe the actions being taken to mitigate against each risk. DOJ management were also asked to rank the likelihood of these risk and describe the severity of their impacts.
- OPOA collected these assessments and reviewed them to determine the highest ranked challenges, risks, and obstacles as reported by each division and consolidated these risks into enterprise-level risks based on level of severity and impact and/or whether addressing the risk

- requires additional collaboration among divisions.
- OPOA then classified each enterprise-level risk by category (operations, reporting, compliance) and aligned with DOJ's risk catalog to identify common themes among risks and presented these statements to division chiefs for review and comment.
 - OPOA incorporated feedback from the division chiefs and presented a summary of risks to the ESM and DOJ Executive management.
 - DOJ Executive management reviewed OPOA findings and provided additional perspective regarding DOJ enterprise risks.
 - OPOA in consultation with the ESM, consolidated risk themes and causes into enterprise-level risk statements in accordance with the structure provided in the SLAA online reporting system.
 - OPOA presented all risks identified by division management through the risk assessment tool, including the high risk issues identified by OPOA, were presented to the ESM for consideration, evaluation and monitoring. Issues of lesser risk will continue to be monitored by division management and corrective actions will be taken in order to mitigate those risks.

RISK RANKING

see above

RISKS AND CONTROLS

RISK: OPERATIONS -EXTERNAL-FUNDING—SOURCES, LEVELS

The Attorney General, as the state's top lawyer and law enforcement officer, has a broad mandate to safeguard public safety, preserve natural resources, enforce civil rights laws, and protect consumers. This manifests in numerous ways; the agency is often the subject of new mandates imposed as a result of emerging societal issues and public outcry. The Department ably performs the duties for which it is currently structured and funded, however, new demands on existing staff pose resource allocation challenges that cannot be fully accommodated by operational creativity. Without adequate budgetary resources to accomplish the goals set forth in new legislation, the Department risks being unable to perform its current duties well, and to appropriately implement new mandates. Specifically, the Department cannot recruit, train, and retain highly qualified staff or quickly develop necessary technology systems to support the implementation of new laws. Given the urgency of several current and prior initiatives mandated by the Legislature, the restoration of adequate resources is critical to protecting public safety and the state's resources.

See above.

See above.

CONTROL A

Internally, the DOJ's Legal, Law Enforcement, and Information Technology divisions continue to communicate with one another regarding implementation of new statutes, and to monitor and identify mandates that remain unfulfilled due to budget and statutory constraints. This helps ensure that the Department is focused on the highest priority programs and activities.

RISK: OPERATIONS -EXTERNAL-TECHNOLOGY—DATA SECURITY

The DOJ collects and maintains data that includes public, confidential, personal and sensitive information that are important DOJ information assets. As part of protecting its information assets, which to a certain

extent could be modernized to accommodate the changing demands of a modern environment in public safety and justice, the DOJ strives to manage data security and privacy by implementing appropriate security technologies, as well as develop and implement security policies, standards, guidelines, processes, and procedures. Although DOJ has appropriate safeguards in place, DOJ consistently experiences improper attempts to access its systems and data from outside entities via online networks. DOJ must continue its vigilance to maintain data security across all of its databases, otherwise it risks a serious breach of critical, often confidential, essential data in its purview.

See above.

See above.

CONTROL A

To mitigate the risk associated with unauthorized use, access, modification, loss, destruction, or disclosure of information assets, the DOJ Information Security Office will work closely, on an ongoing basis, with the DOJ's Network Information Security Unit to maintain and update security policies, standards, guidelines, processes, procedures and best practices to further strength DOJ's security program to protect information assets.

CONTROL B

As resources permit, DOJ will consider alternatives to modernize its information assets, an important consideration and upgrade will depend on and consider the confidentiality and security concerns.

RISK: COMPLIANCE-EXTERNAL-CYBER CRIME

Cyber crime is a fast-growing area of crime. More and more criminals are exploiting commerce on the internet to commit a diverse range of criminal activities. Serious financial crimes, human trafficking rings, and drug sales can originate from an encrypted segment of the web known as the "dark web." Even as these types of crimes have proliferated, the citizens of California lack avenues for reporting and prosecuting these crimes at the local and state level. Since DOJ lacks sufficient resources, the majority of law enforcement agencies direct cyber crime complaints to the FBI. As a result, there is a gap in protection for cyber crime as it relates to regional or state-wide activity. Additionally, recent executive orders and federal initiatives threaten funding for law enforcement programs in California. In order to continue to protect the public from violent crime and uphold the state's laws governing data and financial protections, the DOJ requires additional funding to adequately combat cyber crime by modernizing cyber-security tools and improving our digital technology.

See above.

See above.

CONTROL A

Increased monitoring of cyber crime and communication with cyber crime experts in California to identify and strengthen expertise, training, skills, tools and technology to assist local law enforcement with cyber crime prevention, detection, and prosecution.

CONTROL B

Advocate for increased budgetary and internal department resources to facilitate the development of cyber crime expertise.

RISK: OPERATIONS -EXTERNAL-OVERSIGHT OF OR PROGRAM COORDINATION WITH OTHERS

The new federal administration has taken a substantially different approach to coordination and oversight with respect to enforcing federal laws, often in ways inconsistent with California's laws and practices. This has created significant additional workload for DOJ. Of particular concern to DOJ in the wake of changing federal prerogatives are:

- Ensuring immigrant rights and local government independence in the context of the current administration's travel ban and sanctuary city policies.
- Defending women's access to reproductive healthcare.
- Safeguarding civil rights protections for all people in the State of California.
- Upholding environmental laws that maintain California's standards for Clean Air and Clean Water, and to protect all of California's natural resources.
- Maintaining consumer product energy efficiency standards.
- Defending student loan borrowers from predatory lenders.
- Protecting retirement savings.
- Strengthening public safety by increasing trust between law enforcement and communities.

The volatile regulatory changes from this Administration creates additional burdens for the DOJ as it is difficult to anticipate resources needed to combat unconventional means of changing laws and regulations. In addition, federal policy has also disproportionately affected California's most vulnerable populations; including, but not limited to:

- Immigrant communities who are affected by the uncertainty of DACA actions.
- Children who are impacted by the loss of the federal program, Children's Health Insurance Program.
- Modest income families who rely on Covered California.
- Students who are preyed on by financial and for-profit educational institutions.

These disruptions make it imperative that DOJ maintain and increase vigilance during this time of uncertainty.

See above.

See above.

CONTROL A

In coordination with the local law enforcement agencies, DOJ has reached out to local communities to reassure them of their protections as Californians.

CONTROL B

Internally, the DOJ's Legal, Law Enforcement, and Information Technology Divisions continue to communicate, monitor, and identify implications of these executive orders on the people of California and the DOJ.

CONTROL C

Externally, the DOJ will discuss budget constraints and solutions with appropriate stakeholders and control agencies – Governor's Office, the Legislature, Courts, and the DOF. DOJ continues to monitor and understand the Federal efforts. DOJ has spearheaded or joined multi-state efforts to reassert state sovereignty with respect to these proposed and enacted changes in law enforcement, immigration, and fiscal policy.

RISK: COMPLIANCE-EXTERNAL-COMPLEXITY OR DYNAMIC NATURE OF LAWS OR REGULATIONS

Over the next several years, DOJ must quickly implement several new practice areas based on specific needs within California's legal system, including oversight and enforcement of issues related to cannabis legalization, additional firearms access management programs, and improved tracking and oversight of sex offenders. DOJ needs to quickly hire staff and establish new policies, procedures, and practices related to these and other initiatives to ensure they are successfully implemented. The complexity associated with implementing multiple programs and initiatives requires significant coordination, collaboration, technology, and program management to ensure that new regulatory regimes are appropriately and effectively implemented. Without this attention to detail and implementation, these functions may impede Californians' access to these markets, resources, and services provided by DOJ.

See above.

See above.

CONTROL A

Internally, the DOJ's Legal, Law Enforcement, and Information Technology Divisions continue work collaboratively to communicate, monitor, and identify staff, technology, and program needs and surface important issues as they work to implement new programs.

CONTROL B

In order to ensure that DOJ management have sufficient data and resources to quickly implement and address program needs, DOJ is developing a set of metrics that will allow it to assess the pace and effectiveness of its implementation efforts and make adjustments as necessary.

RISK: OPERATIONS -EXTERNAL-STAFF—RECRUITMENT, RETENTION, STAFFING LEVELS

In addition to the increased and unfunded mandates and unexpected federal executive orders (Risk 1 and Risk 4), the DOJ's services are often subject to interpretation and expansion based on demands and requests from outside jurisdictions, the legislature, and the public, often in response to external factors. While DOJ staff are hardworking, highly trained, and very qualified, they possess specialized, critical skill sets that are difficult to realign based on new workload and duties. In addition, DOJ staff salaries are not commensurate with market rate wages for similar work. Finally, there are emerging needs within programs that necessitate improved technology acumen to fulfill the agency's mandate, creating challenges with key person dependencies and succession planning needs. Without sufficient, adequately trained staff, DOJ risks being unable to effectively implement its programs and carry out its mission, which can affect Californians' access to their rights and protections as set forth in state and federal laws.

See above.

See above.

CONTROL A

To alleviate key person dependency, DOJ will implement its workforce planning process to identify staffing and succession planning needs. To further enhance recruitment and retain adequate staffing levels, DOJ collects industry and internal data- knowledge, skills, ability, compensation, etc., to align classifications and tasks, and take steps to modernize the agency's hiring and recruitment processes.

CONCLUSION

The Department of Justice 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.

DOJ will continue to provide indispensable public service and openly communicate about our ability to protect and defend the people and laws of the State. We look forward to the ongoing dialogue to do the best service possible for all people of California.

Xavier Becerra, Attorney General

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