

December 29, 2023

Joe Stephenshaw, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Director Joe Stephenshaw,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Board of Governors of the California Community Colleges 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 Daisy Gonzales, Deputy Chancellor, at (916) 323-7007, dgonzales@cccco.edu.

GOVERNANCE

Mission and Strategic Plan

The mission of the California Community Colleges Board of Governors and the Chancellor's Office is to empower the community colleges through leadership, advocacy, and support. The California Community Colleges is the largest system of higher education in the United States serving approximately 1.9 million students. There are currently 73 districts and 116 colleges within the system. Members of the Board of Governors are appointed by the Governor and in turn the Board of Governors appoints the Chancellor.

Dr. Sonya Christian was appointed Chancellor in June 2023 and previously served as the Chancellor of Kern Community College District. Chancellor Christian champions the mission of the California Community Colleges system through advocacy for all students throughout the state. With Chancellor Christian's leadership, the Board of Governors is collaboratively developing a bold strategic framework, Vision 2030: A Roadmap for California Community Colleges. Vision 2030 calls for thoughtful action for policy reform, fiscal sustainability, systems development, and for process and practice reform in the field – to support our students, our communities, and our planet. Vision 2030 builds upon the foundation set by the 2017 Vision for Success and evolves to meet the needs of today's students and California's future learners. Vision 2030 targets actions in three strategic directions: equitable baccalaureate attainment, equitable workforce and economic development, and the next frontier - implications for the future of learning; with three primary goals: equity in success, equity in access, and equity in support.

The Chancellor's Office is comprised of three main offices that are charged with driving transformational change and three units that provide administrative, communications and legal support. The Chancellor's Office critical areas of responsibility are:

Office of Institutional Supports and Success

The Institutional Supports and Success Office creates the conditions - through advocacy, professional development, external engagement, resource allocations and fiscal resiliency - for California Community Colleges to thrive. This division's work and implementation of statewide policies and programs will ensure all of our institutions truly work for students of all backgrounds, helping them succeed in reaching their educational goals so that as a system we close statewide opportunity gaps. The Institutional Supports and Success Office is comprised of the College Finance and Facilities Planning, Institutional Effectiveness, and Government Relations Divisions.

College Finance and Facilities Planning. Oversees policies that determine the distribution of local assistance and capital outlay funds for the districts that make up the California Community Colleges. Division staff oversee the allocation of state apportionment funds, budgets and accounting, attendance accounting, financial and compliance reporting, contracted district audits, capital outlay plans, affordable student housing, and the construction and remodeling of new buildings and centers.

Institutional Effectiveness. Focused on making sure the California Community Colleges is effectively serving its students largely by overseeing statewide professional development activities and the Institutional Effectiveness Partnership Initiative (IEPI). IEPI seeks to enhance the system's ability to improve student success in measurable ways. An important focus of IEPI is to draw upon the expertise and innovation that exists with the system to advance promising practices.

Governmental Relations. Represents the Chancellor's Office before the Legislature, Congress, and executive branches of the state and federal governments. In addition, it is responsible for formulating and advancing the legislative agenda of the system.

Innovation, Data, Evidence and Analytics Office

Through systemwide data and technology solutions, the Innovation, Data, Evidence and Analytics (IDEA) Office improves experiences and outcomes for students. IDEA ensures secure and reliable technology, access to data and development of the evidence-based reporting throughout the California Community Colleges. IDEA's work helps power innovation and continuous improvement of programs so that all students can succeed in reaching their education and career goals. IDEA coordinates the work of the Digital Innovation and Infrastructure and Research and Data Divisions.

Digital Innovation and Infrastructure. Ensures that the California Community Colleges has access to the technology, research and data needed to enable students from all backgrounds to succeed in reaching their goals.

Research and Data. Responsible for research and evaluation leadership and services to support systemwide decision making and inquiry, the Research and Data unit monitors system, district and college performance to inform strategies that will help the system achieve its goals and commitments. This work helps staff to make better evidence-based decisions and drive

continuous improvement.

Equitable Student Learning, Experience and Impact Office

The Equitable Student Learning, Experience and Impact (ESLEI) Office supports students by creating the enabling conditions for colleges across the system to adapt, learn, and transform policies and practice. Every investment, program and initiative is critical to realizing the development of empowered learners, strengthening career mobility for all students. ESLEI focuses intentionally to organize their work and impact around student outcomes and the student experience. ESLEI coordinates the work of the Educational Services and Support and Workforce and Economic Development Divisions.

Educational Services and Support. Committed to students receiving the high-quality curriculum, support, and instructional services that they deserve, the division is responsible for providing leadership, oversight, and assistance for the bachelor's degree program, basic skills and English as a second language, currently and formerly incarcerated education, curriculum and instruction, distance education, flexible calendaring, guided pathways, library and learning resources, mathematics, engineering and science achievement, middle college high school, noncredit education, open education resources, the Puente Project, and transfer model curriculum.

Workforce and Economic Development. Responsible for supporting instruction, managing grants to community colleges, providing technical assistance, and implementing strategic special programs, the division is composed of three units: Career Education, Workforce and Economic Development, and Nursing and Allied Health. The division staff coordinates jobs and career opportunities for community college students to advance California's economic growth and global competitiveness.

People and Culture Operations Office. Administers the support services needed to help the Chancellor's Office pilot the strategic success of the California Community Colleges and its students. The division is responsible for meeting the significant needs of the Chancellor's Office and community colleges by delivering a broad range of support services in human resources and business services.

Office of Communications and Marketing. Supports system-level institutional transformation by developing communications strategies that drive forward equity-centered student success and inform the public, policymakers, community colleges and Chancellor's Office employees of community college news.

Office of General Counsel. Provides legal counsel to the Board of Governors and the Chancellor's Office to support their leadership in creating more equitable outcomes.

Control Environment

Oversight of the Chancellor's Office is ultimately the responsibility of the Board of Governors, which appoints the Chancellor and has authority to set policy for the Chancellor's Office and the community college system. Although the Chancellor's Office does not have an independent internal audit function, the Chancellor has established an executive monitoring team and a team of accountability leads, composed primarily of supervisors, to promote

accountability throughout the office and oversee risk assessment activities. The accountability leads maintain documentation to identify key internal controls in place to address identified risks. Although the Chancellor's Office does not have all business processes and controls documented, policies and procedures are reviewed and updated on an ongoing basis, so all employees have a consistent understanding and resource for business processes and controls related to hiring, procurement, contract administration, and business services.

The organizational structure of the Chancellor's Office clearly defines areas of responsibility and authority and reporting lines for the office. The organizational structure is reviewed periodically to ensure that it continues to align with the mission and current objectives, and that programs, workload, and resources are balanced to avoid excessive pressures.

Chancellor's Office executive management demonstrates integrity and ethical values both through example and communication of expectations. Staff at all levels are periodically required to acknowledge receipt of an expectations memo which establishes expectations for competency and accountability.

Staff are expected to demonstrate proficiency in statewide core competencies, demonstrate initiative as part of a team, perform all duties assigned in a professional and positive manner, maintain excellent customer service, submit completed work by established deadlines, keep managers informed, and follow established office policies and procedures. Staff are held accountable to these expectations and subject to performance appraisals and disciplinary actions as warranted.

Information and Communication

The California Community Colleges is guided by a process of participatory governance, and the Board of Governors meets publicly every other month to set policy and provide guidance to the system. The Board of Governors is dedicated to ensuring representatives from all levels of the community college system have a voice on policy decisions. This includes a Consultation Council made up of 18 representatives of institutional groups, labor unions, and students to help develop and recommend policy to the Chancellor and the Board of Governors. The Consultation Council meets monthly to review and evaluate policy proposals and related issues.

Chancellor's Office internal channels of communication include regular all staff meetings. Executive and division management teams meet regularly in person to discuss emerging issues and program status. Division leaders hold regular meetings with all staff to communicate information from the executive level. Staff are encouraged to share ideas and provide feedback to all levels of management. The Chancellor's Office also maintains a public facing feedback form available to all employees of the system and members of the public for submission of questions, comments, suggestions, and complaints.

Information received through the feedback form is shared on a regular basis with the Office of General Counsel and executive management to determine if further action is warranted.

To communicate essential information, changes to reporting requirements, and progress toward implementing new policies and procedures, the Chancellor's Office issues memos and

guidance both internally and externally through agency and system-wide emails and the agency Intranet. Through the work of the Institutional Effectiveness Division and other partner organizations, information and guidance for the system is also provided through workshops, webinars, conferences, and social media platforms. The Communications Division maintains the Chancellor's Office website which includes program guidelines and manuals and informational reports to the system, legislature, and public.

The Chancellor's Office is responsible for providing funding and program oversight to the system for state general apportionments and over fifty funding streams and categorical programs. As such, the Chancellor's Office must collect and communicate a large volume of relevant and reliable information for operational, programmatic, and financial decision making. To determine funding levels and program performance, financial data, and other metrics are collected regularly from districts and other sources. Data is collected through numerous stand-alone applications and the DataMart maintained by the Digital Innovation and Infrastructure Division. The Chancellor's Office continues to work to improve data management practices internally and throughout the community college system.

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 Board of Governors of the California Community Colleges monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Wrenna Finche, Vice Chancellor of Fiscal Health and Accounting; Marc LeForestier, General Counsel; Lizette Navarette, Executive Vice Chancellor; Daisy Gonzales, Deputy Chancellor.

The Chancellor's Office has established an executive monitoring team and a team of accountability leads. The mission of the teams is to strengthen and align Chancellor's Office operations to the Vision 2030 through the application of guidelines, best practices, and internal control principles adopted by the State of California. To achieve this mission, the executive monitoring team relies on the regular risk monitoring activities and reports of the accountability leads.

The accountability leads are charged with coordination of ongoing risk assessment activities within their respective divisions. Accountability leads solicit input from staff involved with day-to-day operations, identify activities and internal controls in place or needed to mitigate risks, consider the effectiveness of controls, determine if changes are needed, and communicate risks, mitigating activities, and recommendations for improvements with division leadership and the executive monitoring team.

Accountability leads meet every other month to discuss division and agency issues and provide regular written updates to the executive monitoring team. To support the accountability leads in ongoing risk monitoring efforts, executive vice chancellors and vice chancellors incorporate a recurring discussion regarding internal and external risks to operations, reporting, and compliance into existing monthly division staff meetings and review and approve the accountability lead's ongoing risk updates to the executive monitoring team. The executive monitoring team makes final determinations and assigns responsibility to

address vulnerabilities as warranted.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Board of Governors of the California Community Colleges 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, and consideration of potential fraud.

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

To evaluate and rank the risks identified by the accountability lead team, the executive sponsor team meets regularly to determine the areas that have the highest impact on operations. The highest-level risks identified are those which affect multiple divisions, would require multiple divisions working together to mitigate or resolve, and/or would adversely impact the Chancellor's Office ability to achieve the goals outlined in the Vision 2030.

RISKS AND CONTROLS

Risk: Retention and Reliance on Key Personnel

The Chancellor's Office is staffed with approximately 200 positions to oversee the largest system of higher education in the nation. The agency frequently relies on a specific individual for knowledge and expertise in critical areas such as apportionment calculations, regulatory reporting requirements, information technology, academic reviews, and oversight and administration of contracts and grants. Vision 2030 highlights the importance of establishing a clear focus on student success and providing continuous support to colleges as they strive to achieve these goals. For the Chancellor's Office, this requires additional staffing resources combined with ongoing professional development to develop a workforce with the capacity to address the needs of the system.

The loss of key personnel could result in the loss of technical expertise, loss of institutional knowledge, insufficient program monitoring and oversight, and delayed processing or reporting which could adversely affect funding for California Community Colleges programs. In many program areas, there are new staff hired within the last two years that do not yet possess in-depth program knowledge. The specialized and complex nature of California Community Colleges operations results in a steep learning curve for new staff and could contribute to delays and errors in daily processes. Inadequate staffing could adversely affect the Chancellor's Office ability to serve our 1.9 million students.

The goal of the Chancellor's Office Workforce Plan is to develop and implement initiatives over the next five years that will aid the Chancellor's Office in addressing several identified workforce gaps. To address retention and key person dependency, the Workforce Plan

includes initiatives in the three-to-five-year timeframe for a planned mentoring program, competency identification for each position, job rotation and cross-training, and development of desk manuals and divisional training plans. In addition, the following succession planning and knowledge transfer initiatives are on track to be implemented within the next two years:

Control: Succession Plan

The Chancellor's Office has fully developed a 5-year succession plan that addresses reliance on key personnel. Staff will continue working on several initiatives to ensure they are implemented according to the timelines. The Chancellor's Office is reviewing and renewing the succession plan, which expires December 2023, and will update initiatives and timelines to ensure this control remains fully implemented.

Control: Individual Development Plans and Performance Reviews

The Chancellor's Office offers individual development plans to staff in the first quarter of the year and annual performance appraisals take place during the third quarter. These activities will help identify professional development opportunities and emphasize a culture of learning at the Chancellor's Office. The Chancellor's Office implemented an annual staff survey to receive feedback from staff on the annual performance review process (sent to all staff each November). This continues to follow the goal of creating a culture that supports all staff, encourages continuous improvement, and is dedicated to establishing equitable and efficient processes that better support the goals of the Chancellor's Office.

Control: Employee Recognition Program

The Chancellor's Office has implemented an employee recognition program, based on a CalHR model, to further a culture of recognition. This program will help the Chancellor's Office retain and develop high achieving and innovative employees.

Control: Develop and Maintain Policies and Procedures

Policies and procedures continue to be developed and reviewed on an ongoing basis in order to close knowledge gaps. The Chancellor's Office will continue to update the Administrative Manual so all employees have a consistent understanding and resource for business processes related to hiring, procurement, contract administration, and business services. The policies will be consistent with our diversity, equity and inclusion framework. With the launch of the new CO Central Intranet, the entire Administrative Manual is available to all staff on-line, with a search function and alphabetical layout. The Diversity Equity Inclusion and Access Unit continues to review policies and processes to ensure equity.

Control: Provide Training to Staff

The Chancellor's Office will provide increased training to existing staff, especially at the Specialist level, to ensure that the quality of work is commensurate with expectations. Training will be developed or assigned to staff based on specific duties. Additionally, the

Chancellor's Office Leadership team (supervisors/managers) are participating in a year-long leadership cohort. The cohort focuses on five specific skills that managers across organizations and industries often struggle to master. These skill sets are designed to both establish common language and support leaders in developing the skills that managers need to perform effectively as both leaders of teams and as individual contributors. They are: 1) Creating a culture of trust and confidence within their teams; 2) Balancing responsibility by establishing and maintaining a high bar for quality teamwide; 3) Coaching and developing teams for continuous improvement toward optimal performance; 4) Understanding when and how to have hard conversations; and 5) Communicating effectively within and beyond teams.

Risk: Remote Work

The Chancellor's Office has permanently switched to a hybrid telework model, which could result in important information not being communicated timely. The Chancellor's Office will need to continue to support staff growth and make new members a part of the team remotely, implement a new way of performance management and managing staff, and ensure that systems and processes are in place to ensure student information and confidential information are protected while working remotely. Staff are adapting to new remote technologies (e.g. Teams, Zoom, email, One-Drive, Sharepoint, Google Drive, Adobe Sign, SimpliGov) and will need ongoing training and professional development on how to efficiently use various platforms.

Control: Training for Supervisors

The Chancellor's Office provides training to supervisors on how to apply performance management effectively while working remotely. Trainings may include topics related to culture, staff interactions, communication, remote work, one-on-ones with staff, local control, and maintaining work-life harmony.

Control: Training for Staff

The Chancellor's Office provides training to staff on how to successfully work remotely. Training topics may include: time management, culture, work-life harmony, effective communications, leading Zoom meetings and webinars, team communications, project management.

Control: Information Security Policy and Enhancements

The Chancellor's Office develops, reviews and implements policies related to information security and data access while in a remote environment. The Chancellor's Office's Policy Review Board maintains an information security policy tracker to manage the timeline and progress for such policies and collaborates to ensure the policies pass review of information technology, legal, and human resources concerns. As part of the pandemic response, the Chancellor's Office expanded or implemented technologies such as Virtual Private Network (VPN), e-signatures, and malware protection. In October 2021, the Chancellor's Office underwent its third biennial Information Security Assessment and

continues to work on identified remediation to improve security of web sites and applications and improve to a higher level of cyber security. The Chancellor's Office is also working on alignment with the recently announced Cal-Secure framework. A current area of focus will be to establish anti-phishing and response protocols and optimize Anti-Malware Protection.

Control: Access to Communication

The Chancellor's Office will ensure that employees have access to all communication regarding telework. Information is communicated through various platforms, including through the Chancellor's Office Intranet, Teams, Zoom, and Outlook.

Risk: Additional Resources are Needed

To adequately develop, implement, and oversee programs that support Vision 2030 and the Governors Roadmap for the Future, the Chancellor's Office requires additional resources. The Governor's Roadmap for the Future is intended to advance equity, student success, and the system's ability to prepare students for California's future. The Roadmap is part of the Administration's agenda to help the state reach a goal of having 70% of working-age Californians possess a degree or credential by 2030. Recent budget investments across higher education aim to support students to improve educational outcomes, close equity gaps, address basic needs, and increase affordability.

The Chancellor's Office plays a critical role ensuring the colleges achieve the goals enumerated in the Vision 2030 and the Governor's Roadmap for the Future, which in turn will contribute to preparing California's population for the changing environment of the workforce, especially as climate change continues to shape future workforce needs. Without sufficient resources for the Chancellor's Office, there is increased risk that the Vision 2030 and the Governor's Roadmap for the Future goals and commitments will not be met.

The Chancellor's Office oversees the allocation of over \$9.5 billion in funds and compliance with numerous laws and regulations for the largest system of higher education in the nation. This is done with a relatively small state general fund allocation of \$25.7 million that supports approximately 190 active employees. The Chancellor's Office functions include leadership to advance equitable student outcomes, support and guidance to nearly 90,000 system faculty and staff, oversight of over 100 categorical programs and funding streams, and accountability for state and federal laws and regulations. A properly resourced Chancellor's Office is essential to ensuring local community colleges meet the multiple missions assigned to it.

Control: Advocacy for Expansion of State Supports to Serve System Needs

The Chancellor's Office engages in ongoing advocacy to expand state supports to serve system needs. The 2024-25 Budget and Legislative Request includes a request for additional funding and position authority for three positions:

1. Vice Chancellor of Information Security and Digital Transformations who would be responsible for the agency's information security and operations infrastructure.
2. Assistant Vice Chancellor of Workforce Development to lead apprenticeship

program expansion and other career education programs.

3. Director of Operations and Special Initiatives to support implementation of Vision 2030 and support the system's preparation to address the impacts of artificial intelligence.

Control: Development of Comprehensive Cost Analyses for Legislative Proposals

The Chancellor's Office has established a process and set of tools and resources to develop comprehensive cost analyses for legislative proposals with the goal of providing thorough and accurate information for decision making to state legislators. The cost analysis process and tools are designed to provide analysis that adequately reflect the true costs of establishing new programs or enacting new legislation including but not limited to costs to implement new initiatives and provide technical assistance and guidance to colleges.

CONCLUSION

The Board of Governors of the California Community Colleges 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.

Sonya Christian, Chancellor

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