

Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW

Susan Talamantes Eggman, Chair

AB 1658 (Frazier) – As Amended March 21, 2017

SUBJECT: State agencies: accountability

SUMMARY: Requires each Secretary of the eight agencies in the executive branch of state government (Secretary) to annually review all programs under his or her jurisdiction by January 1, 2019, and to establish program metrics and ongoing evaluation requirements, as specified. Specifically, **this bill:**

- 1) Directs agency Secretaries, by January 1, 2019, and annually thereafter, to review all programs under their jurisdiction that were created or expanded either by statute or regulation in the prior year.
- 2) Requires each Secretary to collaborate with his or her respective department, office, or other unit to establish metrics to determine the success of the program under review, and establish requirements to continuously evaluate the performance of that program.
- 3) Requires each Secretary to post an accountability report containing specified information on his or her Internet Web site, and on the Internet Web site of the department, office, or other unit responsible for administering the program under review.

EXISTING LAW:

- 1) Establishes the following eight agencies in state government: Business, Consumer Services, and Housing; Transportation; California Environmental Protection; California Health and Human Services; Labor and Workforce Development; Natural Resources; Government Operations (GovOps); and Corrections and Rehabilitation.
- 2) Provides that each agency is under the supervision of an executive officer known as the Secretary, who is appointed by the Governor.
- 3) Makes the Secretary of each agency generally responsible for the sound fiscal management of each department, office, or other unit within the agency and specifies that such responsibility includes the following:
 - a) Review and approve the proposed budget of each department, office, or other unit within the agency;
 - b) Hold the head of each department, office, or other unit within the agency responsible for management control over the administrative, fiscal, and program performance of that department, office, or other unit; and,
 - c) Review the operations and evaluate the performance at appropriate intervals of each department, office, or other unit within the agency.
- 4) Establishes the State Leadership Accountability Act (SLAA), which, among other things, requires state agencies to report to the Legislature on the adequacy of the agency's systems of

internal accounting, administrative control, and monitoring practices using guidance prepared by the Department of Finance (DOF).

FISCAL EFFECT: Unknown

COMMENTS: The author states that this bill will "provide state agencies with clear, objective and quantifiable performance metrics to use to evaluate their programs and be more successful going forward. Establishment of clearly identifiable objectives and performance metrics capable of measuring a program's success will give the public better access to transparent information and create more accountability for state agencies."

According to the State Administrative Manual, a reference resource for statewide management policy published by DOF and the Department of General Services, California state government employs a variety of audit resources to assist management in ensuring that state assets are protected; laws and regulations are followed; financial and management information is reliable; and, organizations and programs are operating effectively and efficiently. These resources include central audit organizations with statewide responsibilities such as DOF's Office of State Audits and Evaluations, the California State Auditor (CSA) and the State Controller's Office (SCO), as well as internal auditors located within many state agencies.

DOF is also responsible for monitoring and coordinating implementation of the SLAA. The SLAA directs all levels of state management to provide active, ongoing oversight and monitoring processes for the prevention and early detection of fraud and errors in program administration, and to routinely monitor, evaluate, and improve internal controls when necessary.

State agencies are required to submit SLAA reports to the Legislature, CSA, SCO, DOF, and the Secretary of GovOps every other year. These reports provide a review of each agency's system of internal controls, identify inadequacies or weaknesses, and include corrective action plans.

Additionally, GovOps recently launched the Eureka Institute to make California state government processes more efficient. The Institute provides a statewide venue to learn about innovation, train state employees and integrate continuous improvement initiatives throughout state government. To date, the Institute has provided process improvement training to over 2,000 personnel from a variety of state departments.

This bill seeks to ensure Agency Secretaries develop additional oversight, monitoring and reporting tools to evaluate the effectiveness of their statutory and regulatory programs on an ongoing basis.

REGISTERED SUPPORT / OPPOSITION:

Support

California Manufacturers & Technology Association

Opposition

None on file.

Analysis Prepared by: Cassie Royce / A. & A.R. /