California Public Utilities Commission Committee on Finance and Administration

Report on Strategic Directive 11 — Administration

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Candace Hyatt, Deputy Executive Director, Human Resources

Ellen Moratti, Director, Administrative Services

Fred Gomez, Chief Information Officer

Strategic Directive 11
Administration

The CPUC responsibly administers the human, financial, and information resources entrusted to it. Within its jurisdictional authority, the CPUC will:

1. Perform comprehensive workforce and succession planning.
2. Advance agency-wide recruiting, hiring, and performance management in an efficient and timely manner.
3. Provide relevant and practical training and mentoring to staff that supports the CPUC's core values and staff's job duties.
4. Maximize efficiency and effectiveness of the agency where possible.
5. Protect confidential, sensitive, or personally identifiable information.
6. Use modern technology to help CPUC employees perform their jobs effectively.
7. Establish, maintain, and test business continuity plans for operational interruptions or emergencies.
8. Ensure timely and effective contracting for outside services.
9. Be a prudent steward of public funds.

Strategic Directive 11 Administration

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1) Comprehensive Work Force and Succession Planning

- The CPUC has a draft plan that meets state requirements that is being finalized for review and adoption that include elements for training and mentorship; knowledge transfer; and recruitment (including career counseling).

- The draft plan was completed through formalized input from executive level management and former Executive Director Sullivan. The plan is being refined using input from current Executive Director Stebbins. The plan addresses mission and identified competencies.

- The global adoption of this has been delayed while HRD addressed the urgent matter of hiring and filling vacancies.

1) Comprehensive Work Force and Succession Planning (continued)

- **The next phase is to incorporate realignment and decentralization components as those plans near completion; and revisit mentorship and leadership development.**

- **Many elements of the draft plan are in place and include the following:**
  - **Target recruitment and outreach initiatives**
  - **Career counseling/development at the classification and individual staff level**
  - **Formal and informal job rotation opportunities**
  - **Published Training Catalog to identify learning opportunities with links to identified competencies**
  - **High internal staff conversion to promotional opportunities**

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2) Agency-wide Recruiting, Hiring, and Performance Management

- **Recruiting & Hiring (pre/hire)**
  - **Continue to hire!**
  - **Reporting tools have been deployed to identify and track positions and phase of hiring to strategize short and long term planning strategies**
  - **Reviewing/correcting allocations and classification schemes**
  - **Process re-engineer complete. Training continues to maximize effectiveness. (Ex. Specialized trainings for all involved in hiring process, regular reoccurring meetings to aid with training and improvements)**
  - **Outcome: vacancy rate conversation is approximately 10% (considering blanket perm hires)**

2) Agency-wide Recruiting, Hiring, and Performance Management (continued)

- **Performance Management (post hire)**
  - **Create Accountability**
    - **Define roles and responsibilities**
      - **Executive Management**
      - **Management**
      - **Supervisor**
      - **Staff**
      - **Administrative functions**
    - **Establish Expectations and define scope of work**
    - **Training**
    - **Follow through**

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3) Relevant and Practical Training and Mentoring

- **HRD oversees and coordinates the delivery of commission-wide training initiatives to ensure compliance, and a competent workforce (present and future)**
  - **Statutorily mandated trainings**
  - **Commission-specific trainings that support the CPUC mission**
    - **Onboarding**
    - **New Employee Orientation**
    - **Skill specific trainings requested by divisions**

- **Coordinate a commission-wide mentorship program**
  - **This was placed on hold to focus on hiring. With the hiring of new staff due to resources granted this fiscal year, as well as the adoption of new hiring process and closing the gap on vacancy rate, mentorship program will become a priority.**

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4) Maximize Efficiency and Effectiveness of the Agency

- Improve Performance Management through training and periodic assessment of managers and supervisors. Set clear expectations, establish performance measures, and determine how well subordinate staff are managed.

- Integrate customer service culture and continuous improvement into the ASD culture. Measure progress by conducting (1) periodic surveys of ASD clients—the program divisions and (2) independent evaluations (e.g., by Internal Audits).

- Develop, post, and regularly update an Administrative Procedures Manual (APM) and Desk Manuals for all administrative functions.

4) Maximize Efficiency and Effectiveness of the Agency (continued)

- Develop, maintain, and update IT systems to support administrative functions and promote efficiencies (e.g., contract and solicitation development and tracking, position control, space assignments and planning).

- Educate and share information with Division Liaisons on administrative processes and seek feedback through monthly Joint Liaison meetings.

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5) Protect Confidential, Sensitive, or Personally Identifiable Information

- CPUC adopted the Records Management Policy, Process, and Procedures in November 2017, which was approved by the Secretary of State. Each Division is responsible for protecting confidential, sensitive, and personally identifiable information and identifying such information in its Records Retention Schedule. Some Divisions are in full compliance, while others are in partial compliance or non-compliant. ASD tracks progress every two weeks and communicates with Divisions.

- CPUC works to maintain physical separation between advocacy and advisory functions.

- CPUC has developed Systems and Communications Protection, Data Security, and Encryption policies to protect confidential, sensitive, or personally identifiable information. These policies direct CPUC staff on how to store transmit and handle confidential information.

- All CPUC issued laptop computers, mobile devices are encrypted by default prior to deployment with Symantec Endpoint Protections, additionally IT is in the process of rolling out encryption on Windows 10 desktop computers/laptops.

5) Protect Confidential, Sensitive, or Personally Identifiable Information (continued)

- IT requires the use Accellion Kiteworks secure FTP to transmit sensitive information and is in the process of implementing Data Loss Prevention (DLP) solution.

- CPUC IT has deployed Pretty Good Privacy (PGP) an industry standard popular file share encryption with restricted access. This technology provides whole disk encryption and file share encryption. This will ensure that confidential data at rest is protected.

- CPUC IT is evaluating other innovative and emerging technologies that overlap with our existing platforms, such Advanced Threat Protection (ATP) that works with O365 and Cloud Access Security Broker (CASB) for security in the Cloud.

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6) Use Modern Technology to Help Employees Perform Effectively

- Develop, maintain, and update IT systems to support all CPUC program areas and promote operational efficiencies.

- Enhancing and modernizing CPUC Auditorium and Hearing Rooms audio/visual to gain greater functionality, operability and stability. (HD Camera's & Video recorders, touch screen control panels, seamless scheduling, premium sound, quality streaming over the internet)

- Working with control entities such CDT, DOF and DGG to assess IT risks.

- Redesigning CPUC public and private websites. (Internet and Intranet with the latest technologies – Sharepoint, Drupal, WordPress)

- Developing an IT Governance structure and involving all program areas to assist with and identify IT needs, requirements, project portfolio, resources, and priorities.

- ITSD/CIO is working with Commissioners and Executive Directors to determine commission wide internal priorities.

- Implement an automated customer satisfaction program on measuring IT's quality of service. How is IT doing? What can we do better? What would CPUC like to see IT innovate to bring emerging technologies to the forefront.

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7) Business Continuity Plans for Operational Interruptions, Emergencies

- The CPUC has active plans for Technology Recovery and Business Continuity, both current in 2017

- IT is working to update them with new templates provided by California's control agencies this year.

- Update requires a separate plan for each critical control system. IT is active in this process

- For health and safety, we are completing an assessment of existing protocols for gap analysis and determining what needs to be addressed

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8) Timely and Effective Contracting for Outside Services

Qualitative Improvements:

- Promote a customer service culture within the IT and non-IT Contracts Offices (e.g., be assistive, engage personally with Divisions).

- Improve communication between Contracts Offices and Divisions on contract request status, next steps, priorities, and roles/responsibilities.

- Improve Contracts Office expertise by ensuring contracts staff receive all necessary internal and external training. Improve Program employee expertise by providing training and Toolkits.

- Be attentive to recent audit findings and minimize/eliminate the risk of future adverse audit findings and state contracting requirements.

- Enhance transparency. Make contract processing and prioritization system transparent to internal stakeholders. Generally process contract requests on a "First-In, First-Out" (FIFO) basis while coordinating priorities based on urgent enterprise-wide contract needs.

8) Timely and Effective Contracting for Outside Services (continued)

- A new IT system is needed to track "timeliness" for the multiple parties responsible for contract solicitation and development .

- A Non-IT Procedures Manual, Toolkits, and training sessions are being developed by Andrew Chang & Co., LLC to improve both timeliness and effectiveness.

- Almost 1,000 transactions valued at more than $15.5 million were completed by the IT and Non-IT Contracts and Procurement Units in 2017-18.

- AB 1651 reports are posted online.

	2017-18		
	Completed Transactions	Value	
IT Goods and Services			
	508	$9,528,122	IT Goods
	52	$4,126,056	IT Services
	-----	-----------------	
	560	$13,654,178	
Non-IT Goods and Services			
	267	$1,633,449	Non-IT Goods
	167	$244,414	Non-IT Services
	-----	-----------------	
	434	$1,877,863	
	994	$15,532,041	TOTAL

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9) Prudent Steward of Public Funds

Internal Practices

- Promote a culture of mindfulness for all employees in using ratepayer funds.

- Assist Divisions with achieving program mandates within budget allocations, allowed fund uses, and consistent with state rules. Communicate regularly.

- Communicate regularly with Divisions and BCOs regarding changes in rules and requirements.

- Adhere to leave requirements (e.g., 640-hour cap, charging leave time).

- Provide regular, ongoing contract management training. Contract and Project Managers require an understanding of how to manage contracts/vendors so that projects remain within the "Iron Triangle" of scope, schedule, and cost.

9) Prudent Steward of Public Funds (continued)

<u>Maintain Financial Controls</u>

- Monitor and report expenditures monthly to ensure Division spending is within the allotted budget and total appropriations are not on a path that would exceed the appropriation (e.g., Finance & Administration Committee reports).

- The Budget Office developed a process last spring to improve internal budget planning. To that end, Divisions are developing internal spending plans annually based on projected budget allocations, including prioritizing discretionary spending.

- Ensure that financial practices align with statute, regulations, Budget Letters, and Executive Orders.

- Recently awarded contract for evaluation of accounting functions.

- Metric—Minimal, if any, adverse audit findings.

9) Prudent Steward of Public Funds (continued)

Prudent Stewardship of Ratepayer Funds

- CPUC has administrative authority to set fees. Therefore, it is important to demonstrate that we are using this authority judiciously and set rates at levels needed to maintain and not exceed a prudent reserve level (see metric on next page).

- Ensure PUCURA and PUCTRA fees for each industry group align with regulatory expenditures for the respective industry group. This analysis is included in the annual fee resolutions.

9) Prudent Steward of Public Funds (continued)

Assessing prudent reserves. A 25-percent reserve is a reasonable standard for most funds.

	Authorized Expenditures as of July 1, 2018		Ending Fund Balance (Estimated)		Reserves as % of Expenditures	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
PUCTRA	17,887	19,915	24,908	29,624	139.3%	148.8%
PUCURA	129,691	137,051	30,295	18,854	23.4%	13.8%
High Cost A	49,247	49,256	23,663	11,695	48.0%	23.7%
High Cost B	22,330	22,333	37,436	76,598	167.6%	343.0%
CA LifeLine	381,485	389,956	411,879	511,244	108.0%	131.1%
DDTF	64,428	64,402	32,362	18,577	50.2%	28.8%
CA Teleconnect	153,001	128,040	54,057	41,982	35.3%	32.8%
Gas Consumption	562,057	562,057	119,174	147,789	21.2%	26.3%
Public Advocates	33,263	33,957	7,279	7,772	21.9%	22.9%
CASF	77,100	81,022	55,271	34,572	71.7%	42.7%

Compliance with
Strategic Directive-11

- CPUC staff believe the organization is working towards compliance with SD-11.

Questions?