

DRAFT

California Coastal Commission Draft Corrective Action Plan (CAP)

March 1, 2017

Addressing December 30, 2016

Office of State Audits and Evaluations (OSAE) Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

The California Coastal Commission management staff provided a detailed response (dated December 19, 2016) to the December 2016 report: *California Coastal Commission Fiscal Management and Related Internal Controls, July 1, 2015 through June 30, 2016, prepared by: Office of State Audits and Evaluations (OSAE) Department of Finance*. This information is posted on the Commission's website.

This Corrective Action Plan (CAP) is a summary of the actions to be taken in response to the OSAE Recommendations and is to be submitted to OSAE within 60 days of the issuance of the December 30, 2016, report. As recommended by OSAE, this Corrective Action Plan is presented in a chart format with the exact wording of the OSAE recommendations and the Coastal Commission management staff's planned actions and time tables for implementation. The chart also includes room for required future six month updates, which is designed so that all the information is accessible in a clear summary format.

The Coastal Commission management staff intends to fully implement all the recommendations in the December 2016 OSAE Report as soon as feasible. Many of the recommendations are already being implemented. Commission management has identified addressing the OSAE recommendations as a very high priority for staff work while integrating these Corrective Action Plan tasks and efforts into the Commission's Coastal Act mandated regulatory, planning, legal, enforcement, fiscal and management workload. Management is committed to devoting attention and commitment to department-wide staff tasks and responsibilities, and notes that for some of the tasks, phasing will be required to accomplish all the Corrective Action Plan tasks, as reflected on the chart. Commission management will also integrate the Corrective Action Plan tasks into the implementation of related goals and tasks in the Commission's Strategic Plan.

Commission management staff met with the Commission sub-committee (Commissioner Groom and Commissioner McClure) on January 13, 2017 to discuss Commission input on the Corrective Action Plan. The draft Corrective Action Plan was provided to the Commission sub-committee for review and comment on February 3, 2017. The full Commission will also have the opportunity to provide comments on the Plan at the February 8, 2017 Commission meeting before Commission management staff addresses the feedback and finalizes the Corrective Action Plan for submittal to OSAE by March 1, 2017. Commission management staff will report back to the Commission on progress on the Corrective Action Plan and provide a written update by September 2017.

DRAFT

California Coastal Commission
Corrective Action Plan (CAP)
March 1, 2017
Addressing December 30, 2016
Office of State Audits and Evaluations (OSAE)
Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

OSAE Recommendation from 12/30/2016 Report	Coastal Commission Management Staff Planned Actions as of February 2017	Milestone Progress Points for Recommendations	Target Dates to Address OSAE Recommendations	First Six Month Progress Update due September 1, 2017	Second Six Month Progress Update due March 1, 2018
1. Centralize the billing and collection procedures within the Accounting Unit. While some information and data is required from other units to develop the billing information, the final invoices and collection activities should be performed by the Accounting Unit.	<ul style="list-style-type: none">• Implementation of this recommendation is underway.• Contract managers and Accounting Unit staff are working closely with the Chief Accounting Officer to develop invoices and carry out any needed collections activities promptly.• Will fully centralize all billing and collection in Accounting Unit as soon as there is adequate staff capacity in the Accounting Unit.• Management is taking proactive steps to increase capacity of Accounting Unit.• Review contract billing and collection schedule status with Chief Accounting Officer at weekly Budget Team meetings.	<ul style="list-style-type: none">• July 1, 2017 Enacted Budget will determine staffing levels for FY 17-18.• Develop procedural check-list/work flow guidance for contract managers and Accounting Unit staff to carry-out centralized billing and collection procedures (see also 2. below).• Train Accounting Unit staff and contract managers on how to carry-out centralized billing and collection procedures.	<ul style="list-style-type: none">• Goal to have additional Accounting Unit capacity by 9/1/2017 and complete centralization of billing and collection procedures in Accounting Unit and training of relevant staff.		
2. Develop written billing and collection procedures that ensure billing and collections are prepared in accordance with State policies.	<ul style="list-style-type: none">• New written billing and collection procedures are being developed as a part of FISCAL conversion that will occur on July 1, 2017.• All current billing and collections procedures are carried out in compliance with the State Administrative Manual (SAM).• New written billing and collection procedures that are in compliance with the July 1, 2017 FISCAL procedures will also include checklists and references to specific applicable SAM Manual policies and reflect new centralized billing and collection procedures (see 1. above) to provide staff members clear written direction on proper process.	<ul style="list-style-type: none">• May/June 2017 draft updated procedures to comply with FISCAL procedures.• July 2017 FISCAL roll-out of working procedures and processes.	<ul style="list-style-type: none">• September 2017 after full implementation of FISCAL working procedures and processes will be adjusted and finalized as needed.		

DRAFT

California Coastal Commission
Corrective Action Plan (CAP)
March 1, 2017
Addressing December 30, 2016
Office of State Audits and Evaluations (OSAE)
Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

OSAE Recommendation from 12/30/2016 Report	Coastal Commission Management Staff Planned Actions as of February 2017	Milestone Progress Points for Recommendations	Target Dates to Address OSAE Recommendations	First Six Month Progress Update due September 1, 2017	Second Six Month Progress Update due March 1, 2018
3. Establish a formal invoice schedule that includes deadlines for accounting, timesheet submittal, and project manager review.	<ul style="list-style-type: none">• Currently developing a written schedule for each specific contract to be invoiced with deadlines for accounting timesheet procedures submittal, and project manager review because each contract has different requirements for invoicing.• New automated timesheet program being developed by Information Technology (IT) staff to match FISCAL requirements expected to be operational by July 1, 2017.• Timesheets are required to be submitted within two days of pay period close every month. Alerts are sent to all staff to remind staff of monthly deadlines.• Accounting Unit to send reminder/alerts to contract managers regarding invoice schedule deadlines.	<ul style="list-style-type: none">• Implementation of this recommendations is underway.• Develop invoicing schedule specific to reimbursement contracts by April 15, 2017.	<ul style="list-style-type: none">• Complete process after FISCAL conversion on July 1, 2017 and FISCAL fully operational December 2017 or sooner.		
4. Increase the frequency of billing to the maximum allowed in the agreements to enhance cash flows.	<ul style="list-style-type: none">• All billing will be done to enhance cash flows in some cases monthly, every two months, and no less than quarterly. Because work on contracts is not evenly spaced through the year, monthly billing is not always the most efficient use of time to submit invoices with little to no billing in return.	<ul style="list-style-type: none">• Implementation of this recommendation is underway.• April 30, 2017 all billing to be current for third quarter of FY 16-17 (through March 2017).• Review of all contracts to determine if any amendments are needed to enhance end of fiscal year cash flow.			
5. Implement more aggressive collection procedures for amounts outstanding more than 60 days in accordance with the State Administrative Manual.	<ul style="list-style-type: none">• Commission management will ensure that all invoices outstanding after 60 days are handled per collection procedures in SAM. The recommendation has been implemented. The Chief Accounting Officer will notify the Chief Deputy Director when invoices are outstanding after 60 days. From there, action will be taken per SAM collection procedures.	<ul style="list-style-type: none">• Commission management will work with project managers and Accounting staff to actively pursue collections for all receivables over 60 days.	<ul style="list-style-type: none">• This recommendation has been implemented.		

DRAFT

California Coastal Commission
Corrective Action Plan (CAP)
March 1, 2017
Addressing December 30, 2016
Office of State Audits and Evaluations (OSAE)
Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

OSAE Recommendation from 12/30/2016 Report	Coastal Commission Management Staff Planned Actions as of February 2017	Milestone Progress Points for Recommendations	Target Dates to Address OSAE Recommendations	First Six Month Progress Update due September 1, 2017	Second Six Month Progress Update due March 1, 2018
6. Develop and obtain federal approval of an Indirect Cost Rate Plan (ICRP) to support and claim indirect costs.	<ul style="list-style-type: none"> • Commission management staff has assigned the Federal Program Manager to lead this effort with other relevant staff members from the Accounting and Business Services Units. • Initiated request for assistance in preparing the ICRP with cognizant federal agency (National Oceanic and Atmospheric Administration). • Develop work program and determine tasks and appropriate staff members needed to complete the ICRP process. 	<ul style="list-style-type: none"> • Project Manager will meet with federal agency staff in late February 2017 to review steps and information needed to submit a LCRP. • Project Manager will develop work plan by April 2017 to develop indirect cost plan by September 1, 2017. • Project Manager will attend ICRP training offered by Dept of Finance in spring 2017 (exact date yet TBD). 	<ul style="list-style-type: none"> • Meetings with federal agencies in late February 2017. • Work plan in April 2017. • If adequate staff resources can be made available, complete ICRP to submit in September 2017 for federal agency review. 		
7. Ensure all checks are sent directly to the Accounting Unit. If other units require the payment information, copies of checks should be forwarded to the applicable units instead of the original check.	<ul style="list-style-type: none"> • This recommendation has been implemented. • All invoices issued by the Commission have been revised to direct that payment checks are sent directly to the Accounting Unit. 	<ul style="list-style-type: none"> • All new contracts and Interagency Agreements will include clause that directs payment checks to be sent directly to the Accounting Unit. 	<ul style="list-style-type: none"> • This recommendation has been implemented. 		
8. Finance and the Commission should consider other budgeting approaches to fund the resources necessary for the Commission to perform required work activities that eliminate any appearance of a conflict of interest.	<ul style="list-style-type: none"> • Coastal Commission management staff met with California Natural Resources Agency and Department of Finance staff on Thursday, January 19, 2017 to discuss options to address this recommendation. • Commission management will be working with Department of Finance to develop alternatives for FY 17-18 and future fiscal years. 	<ul style="list-style-type: none"> • Discussions with Department of Finance and the California Natural Resources Agency will continue. 	<ul style="list-style-type: none"> • July 1, 2017 start of FY 17-18 		

DRAFT

California Coastal Commission
Corrective Action Plan (CAP)
March 1, 2017
Addressing December 30, 2016
Office of State Audits and Evaluations (OSAE)
Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

OSAE Recommendation from 12/30/2016 Report	Coastal Commission Management Staff Planned Actions as of February 2017	Milestone Progress Points for Recommendations	Target Dates to Address OSAE Recommendations	First Six Month Progress Update due September 1, 2017	Second Six Month Progress Update due March 1, 2018
9. The Commissioners should collaborate with the Executive Director to ensure a consistent vision and understanding of the expected roles and responsibilities of the Commissioners, the Executive Director, and Commission staff. Agreements reached should be consistent with the Coastal Act and documented in written policies and procedures.	<ul style="list-style-type: none">• The Commission currently has an Acting Executive Director and expects to hire an Executive Director by March 2017.• Once Executive Director is selected, the Commission and the Executive Director and staff will address this recommendation during update of Strategic Plan in late 2017.• Commission staff are currently completing a comprehensive update of the very detailed Coastal Commissioner Handbook that includes a description of roles, responsibilities, policies and procedures consistent with the Coastal Act.• Pre-Commission meeting monthly briefings occur every month with Chair and Vice Chair, and with Acting Executive Director and Chief Deputy Director to discuss monthly Commission meeting agenda items and any current issues.• Explore increased use of Commission sub-committees to improve communication and collaboration between Commission and Commission staff.• Continue to schedule periodic Commission trainings/workshops on important Coastal Act issues.	<ul style="list-style-type: none">• Updated Commissioner Handbook to be completed February 2017.• Strategic Plan update late 2017 through early 2018.			

DRAFT

California Coastal Commission
Corrective Action Plan (CAP)
March 1, 2017
Addressing December 30, 2016
Office of State Audits and Evaluations (OSAE)
Evaluation of Coastal Commission Fiscal Management and other Related Internal Controls

OSAE Recommendation from 12/30/2016 Report	Coastal Commission Management Staff Planned Actions as of February 2017	Milestone Progress Points for Recommendations	Target Dates to Address OSAE Recommendations	First Six Month Progress Update due September 1, 2017	Second Six Month Progress Update due March 1, 2018
10. Develop written policies and procedures to communicate management’s expectations, ensure critical institutional knowledge of staff is retained, and assist in the training and development of staff.	<ul style="list-style-type: none">• Implementation of this recommendation is underway.• The Commission management staff has numerous written policies and procedures regarding regulatory and planning work and administrative tasks. Commission management staff will compile and review staff guidance memos and procedural memos to determine any gaps that need to be filled.• Commission management will focus initially on working with Accounting Unit staff and Business Services to develop succinct checklists and desk manuals for each position to supplement individual duty statements. These desk manuals for Fiscal and Business Services staff will be developed as a part of the transition to FISCAL on July 1, 2017.	<ul style="list-style-type: none">• July 2017 conversion to FISCAL will include updated procedures all Accounting and Business Services staff.	<ul style="list-style-type: none">• July 2017 for Accounting staff desk manuals.• Updates desk manuals for various job types to be updated by December 2017.		
11. Consistently provide annual written performance evaluations to enhance staff’s professional development.	<ul style="list-style-type: none">• Human Resources and Commission management staff are currently developing protocols and an in-house training program for written performance evaluations so that supervisors have needed information and can consistently and efficiently prepare written performance evaluations for all staff.• Human Resources and management staff will carry out a series of in-house trainings on state standards for performance reviews. Refresher trainings will be conducted every other year or as needed for new staff in the supervisory and management level positions.	<ul style="list-style-type: none">• Protocols, in-house training will be developed in February and March 2017.• In-house trainings on Commission and state standards for written performance reports will be delivered to all supervisors and managers in March, April and May 2017.• Supervisors and managers will prepare a schedule for how they will prepare all written performance reports for staff they supervise. The schedule will include phasing so that all employees have written performance reports by December 31, 2017.	<ul style="list-style-type: none">• This recommendation will be fully implemented by December 31, 2017.		