

November 30, 2021

Yolanda Richardson, Secretary  
California Government Operations Agency  
915 Capitol Mall, Suite 200  
Sacramento, CA 95814

Dear Secretary Yolanda Richardson,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of General Services submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Andy Won, Chief Auditor, at (916) 376-5058, [Andy.Won@dgs.ca.gov](mailto:Andy.Won@dgs.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The Department of General Services (DGS) serves as business manager for the state of California, with approximately 3,919 employees and a budget of \$2.4 billion. DGS helps California state government better serve the public by providing a variety of services to state agencies through innovative procurement and acquisition solutions; creative real estate management and design; environmentally friendly transportation; and funding for the construction of safe schools.

The California State Legislature created the Department of General Services in 1963. California Government Code Section 14600 states that the Legislature's intention was to centralize business management functions into one entity that could:

- Take advantage of specialized techniques and skills;
- Provide uniform management; and
- Ensure a high level of efficiency and economy.

### **MISSION**

DGS serves the state as its business manager. Our mission is to: Deliver results by providing timely, cost-effective services and products that support our customers, while protecting the interests of the state of California.

### **VISION**

At DGS, our vision is: Excellence in the business of government.

We strive to achieve excellence by providing our customers with the products and services they need in a professional, value-added way.

## STRATEGIC DIRECTION

DGS has established five strategic themes which guide development of our strategic plan goals. The themes clarify the direction in which we want to move the organization. The strategic direction themes are:

- Collaborative: We solicit input from our partners to collectively improve our outcomes.
- Consultative: We offer counsel and advice so our customers can maximize benefit and mitigate risk.
- Sustainable: We serve as good stewards of state resources and help “green” government.
- Data-Informed: We use and share data to make better decisions for ourselves and our customers.
- Effective: We continuously develop ourselves so we can better serve our customers.

## STRATEGIC PLAN

Since 2016, DGS has developed and published an annual strategic plan that identifies annual goals for each of our internal divisions. Since its inception, the annual strategic planning process has yielded over 185 completed strategic plan goals, advancing our capabilities and benefiting our customers. These goals impel DGS to grow, enhancing our ability to deliver on our mission and be prepared for both anticipated and unanticipated circumstances. Annual goals are developed through inclusive top-down and bottom-up information gathering and assessment, with review and input from the DGS director, ensuring that published goals are significant, outcome-focused, and aligned with the overall strategic direction established for DGS. Annual goals are published in a formal plan that is posted on our public website. Available to all our stakeholder organizations and the public, the plan keeps us accountable for making continuous progress toward our long-term vision. We also publish an annual Year in Review report on our public website, describing the strategic goals accomplished during the year and further highlighting our accountability to the strategic plan.

As of 2022, DGS will transition to a two-year strategic planning cycle which will deepen the department's ability to think and act strategically and allow for more complex goals to be completed within the strategic plan timeline and cycle. This two year cycle will also enable IT-dependent goals to be reviewed and approved accordingly ensuring these goals have the support required. While the cycle will move from a one year to a two year cycle, all other elements will remain the same. All goals will be tracked, monitored and reported internally and externally, with a report written on an annual basis to communicate progress.

## ORGANIZATIONAL STRUCTURE

DGS includes the following organizations listed below, which are all encompassed in this State Leadership Accountability Act Report.

**Administration Division** - provides services to internal and external clients. Support services include budgetary resources; uniform and consistent financial and human resources support; risk and insurance management expertise; information technology support; policy coordination; survey development, data collection, data analysis, and data reporting; organizational development services; DGS University training services; and business functions needed by the department.

**Division of the State Architect** - provides design and construction oversight for K-12 schools and community colleges. It develops accessibility, structural safety, and historical building codes and standards utilized in various public and private buildings throughout California.

**Interagency Support Division** - provides a wide range of support services through several independent offices:

- **The Office of Fleet and Asset Management**, which oversees the state fleet, providing transportation services and managing state and federal surplus property;
- **The Office of Public School Construction**, which serves as staff to the State Allocation Board, facilitates the processing of school district applications and makes funding available to qualifying school districts;
- **The Office of State Publishing**, which provides printing and communication solutions;
- **The Building Standards Commission**, which reviews, approves, codifies, and publishes state building standards; and
- **The California Commission on Disability Access** (acquired Fall 2017 and included in our overall risk approach since that time), which promotes disability access in California with the disability and business communities and all levels of government.

**Office of Administrative Hearings** - consists of two divisions and five regional offices statewide. The General Jurisdiction Division provides independent adjudicatory and alternative dispute resolutions services to more than 1,400 state, local and county agencies, while the Special Education Division provides independent adjudicatory and mediation services throughout the state to school districts and parents of children with special needs.

**Office of Legal Services** - provides leadership and guidance to state departments and agencies and to internal divisions and offices on the state's contracting and procurement laws and policies. This includes establishing the state's services contracting standards; providing contract pre-review and approval; and procurement training.

**Procurement Division** - oversees state procurement policies and provides purchasing services to help departments achieve their missions.

**Real Estate Services Division** - provides comprehensive real estate services to all state agencies.

**Facilities Management Division** - manages, maintains, and operates state buildings and grounds.

**Office of Sustainability** - develops and implements climate change mitigation and adaptation strategies and programs for state buildings.

**Office of Audit Services** - provides the director of DGS with an independent, objective assurance and consulting activity designed to improve DGS' operations and ensure the department's oversight responsibilities are carried out.

**Equal Employment Opportunity Office** - oversees DGS' compliance with various federal and state civil rights laws and implementation regulations and executive orders pertaining to employment services by DGS.

## **Control Environment**

### **VALUES**

DGS has established a set of core values that provide an important foundation for how we conduct ourselves and our business. These values are:

- Integrity: We do the right things for the right reasons.
- Accountability: We hold ourselves and each other responsible for all that we do.
- Communication: We listen and share information openly, honestly and respectfully with the goal of mutual understanding and transparency.
- Excellence: We strive for the best for each other and our customers.
- Innovation: We cultivate ideas and implement improvements throughout our organization.
- Teamwork: We value and respect our organizational diversity and work together to achieve great results.

## **LEADERSHIP**

As the head of Department of General Services, Ana Lasso, Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems. DGS' management structure is comprised of three tiers:

- Executive management - director and chief deputy director
- Executive team - director, chief deputy director, 11 deputy directors, one office chief, the state architect, and the EEO officer
- Management team - assistant deputy directors, office chiefs, branch chiefs

The DGS organization structure is based on programs that deliver specified services to their customers. All levels of the management structure in each program area have a role in the risk assessment process, from risk identification and prioritization to monitoring and controlling activities. Additionally, each DGS leader contributes to the other programs, and DGS overall, through the monthly management team meetings and bi-weekly executive team meetings. Three governance committees (information technology, human resources, and contracting), attended by senior managers and leaders, ensure that risks and issues are raised and understood across the enterprise.

## **STRATEGIC PLAN**

The annual strategic planning process was implemented to educate, train, and ease DGS into a formal strategic planning program. It will continue to be structured and documented to ensure it is understood and consistently applied across all DGS divisions. As goals are executed, progress against each goal's plan is monitored on a monthly basis and performance metrics are shared publicly. Up through 2021, the annual cycle (based on the calendar year) required planning for the next year's goals to begin in May or June. This overlap, while significantly work-intensive, supported our approach of continual evaluation and reevaluation of risks and priorities. Twice each year, the director held strategic plan meetings with each division, where it was emphasized that 100 percent completion of all goals is not required or expected – the goals are understood to be significant challenges – and this clarity helps alleviate unreasonable or excessive pressure on staff.

As stated above, as of 2022, DGS will transition from a one year strategic planning cycle to a two year cycle. The one year structure allowed DGS to embed a culture of strategic planning that is understood and embraced. Thus, DGS is now moving to the next step in its strategic thinking evolution, moving to a two year cycle allowing for more depth in goal development and time to support and achieve them. As goals are executed, progress against each goal's plan will continue to be monitored on a monthly basis and performance metrics will be shared publicly.

## **WORKFORCE**

DGS' Human Resources Governance Council (HR Governance Council) ensures all divisions and

programs within DGS have input in department wide human resources policy and planning. The HR Governance Council meets monthly and follows a structured meeting and decision-making process to assure quality, consistency and communication.

To further DGS' recruitment capabilities, a dedicated Recruitment Unit was formed in 2017 and has put into action strategies to focus on DGS' hard to fill classifications and positions requiring specific background and skills. A departmental recruitment plan guides the unit's operations based on the most critical recruitment needs of the department. The Recruitment Unit is comprised of journey-level analysts with professional recruiting background, and uses modern techniques and channels such as LinkedIn, Indeed and specific sourcing avenues to reach qualified candidates in both the public and private sectors. DGS creates an annual exam plan each fiscal year based on needs identified by divisions. As part of DGS' strategic approach to recruitment, our workforce planning efforts provide demographic and historical vacancy data for DGS divisions and programs in order to identify areas of concern and enable proactive action for future succession planning.

To develop our workforce, DGS continues to employ a variety of training, engagement, and retention strategies. The 2021 Strategic Plan for DGS included a multi-year goal to refine and improve our new hire onboarding program. This helped establish a more cohesive organizational culture and yield benefits in both employee productivity and longevity. DGS University is dedicated to developing staff through a dual focus on excellence in current job duties and expansion of capabilities to support career advancement. Training programs cover the spectrum from specific, task-related skills to broad interpersonal and leadership knowledge. Employees are encouraged to work with their supervisors to develop Individual Development Plans, which can be supported by training from DGS University, CalHR, or other providers. DGS implemented the new Pathways Learning Management System through Cornerstone and DGSU is using the system to develop, schedule, and track mandatory and on-demand trainings.

The annual Organizational Health Survey is a crucial input for understanding employee engagement and addressing concerns about the work environment. The data collected is analyzed and the information gleaned is used to direct conversations with staff and develop action plans that address the key issues raised. Staff input shows that many people feel this approach has been instrumental in improving staff opinions about many aspects of work at DGS. The survey data and anecdotal evidence show that the annual survey, and associated improvement actions, have a positive impact on DGS' ability to retain staff.

## **Information and Communication**

To achieve its objectives, DGS communicates frequently with its employees and external stakeholders regarding its monitoring roles, activities and results.

### **INTERNAL COMMUNICATION**

- The director holds regular one-on-one meetings with each deputy director to ensure continued two-way conversations.
- Executive management holds meetings twice each month with the executive team. Agenda items include discussions of potential internal control issues that have been brought to executive management's attention and the mitigation steps needed to address them.
- The DGS management team meets monthly and is encouraged to candidly discuss any internal control issues that have been brought to its members' attention. The team then brings its concerns and

solutions to the executive team.

- The executive team and management team meet together annually for a full-day session that provides opportunity for deep discussion on topics that impact our ability to identify and act on risks at the division level and DGS-wide.
- DGS has three governance committees, attended by senior managers and leaders, to ensure that risks and issues are surfaced and understood across the enterprise, and that the enterprise perspective is communicated back to the programs that could be impacted. The three governance committees oversee information technology, human resources, and contracting.
- DGS surveys its customers and employees to ensure it is delivering efficient and effective results and being more collaborative and consultative.
- Town hall meetings are conducted to share information pertinent to the entire DGS community and provide opportunities for DGS staff to get to know executive staff.

### **EXTERNAL COMMUNICATION**

DGS has established external stakeholder groups to support clear two-way communication that provides external parties with important guidance and enables DGS to understand the needs of its customers. Stakeholder groups include:

- **General Services Workgroup (GSW):** A strategic advisory body of representatives from a wide cross-section of state departments, agencies, and DGS executives, chaired by DGS' director. The workgroup provides feedback on DGS policies and strategic goals prior to and upon their implementation; reviews and recommends changes to DGS policies, procedures and practices; and identifies key challenges or issues facing state departments with respect to DGS-related services or functions.
- **Statewide Tenant Workgroup (STW):** A strategic advisory body comprised of representatives from a wide cross-section of state departments and agencies and DGS executives, chaired by the deputy director of DGS' Facilities Management Division. The workgroup provides consultative input on statewide priorities, policies, practices and strategic goals related to the operation of facilities managed by DGS and provides tenant perspective on operational aspects of DGS-managed facilities.
- **State Contracting Advisory Network (SCAN):** A quarterly meeting where DGS' Office of Legal Services provides information, training, and legal updates focused on non-IT service contracts to contract officers from state departments.
- **DGS Small Business Advisory Council (SBAC):** A quarterly forum for representatives of the California small business community to provide input on policies and practices. The SBAC assists DGS with the development of solutions to the state's procurement and contracting concerns, helps communicate information regarding DGS projects and programs of interest to the small business community, and provides a forum for interactive discussions.
- **California Pharmaceutical Collaborative (CPC):** A working group led by DGS' Procurement Division and focused on coordinating efforts of state and local governmental entities to reduce pharmaceutical expenditures. The CPC facilitates information sharing; identifying and addressing obstacles and issues; leveraging data; communicating findings; and identifying, prioritizing, and implementing strategies for cost saving. Participants include state departments and other public entities that spend large sums to procure pharmaceuticals.

- **Purchasing Authority Roundtable (PART):** A consortium of appointed state purchasing authority contacts (aka PART members) that meet on a quarterly basis to promote open and transparent communication with the DGS Procurement Division (PD). The PART members cooperate and collaborate with PD to explore recommendations to streamline and improve procurement policies and processes, resulting in more effective and efficient purchasing authority program management.
- **Small Business/Disabled Veteran Business Enterprise (SB/DVBE) Advocate Steering Committee:** A quarterly meeting that brings together all the state's SB/DVBE advocates to facilitate training and information sharing regarding their roles and responsibilities.
- **Office of State Publishing (OSP) Customer Working Group:** A collaborative platform where all state printing operations and customers are represented and able to share knowledge and information, as well as raise issues or concerns related to printing operations. The Customer Working Group supports OSP's goal to make printing in California state government more efficient, transparent and cost-effective. The workgroup meets quarterly and is primarily attended by managers of departmental printing operations.
- **Control Agency Partnership Working Group (Travel):** A quarterly meeting of departments that manage the state's travel process (from booking, to policy and billing, to expensing and reporting). The focus is travel industry best practices and how to use them to the state's advantage. The state spends over \$200 million annually on travel related services, and this work group helps the state receive the highest possible value at the lowest possible cost. Members include DGS, State Controller's Office, CalATERS, Department of Finance, FI\$Cal and CalHR.
- **Partnership Advisory Group (PAG):** The PAG meets quarterly to facilitate open communication and enhance partnership opportunities between the State of California, the travel industry, and state travel program participants. The PAG brings together travel industry representatives and partners, state agencies, cities/counties, K-12 public schools, community colleges and the CSUs.
- **Statewide Equipment Council (SEC):** A collaborative workgroup led by DGS' Office of Fleet and Asset Management (OFAM) that meets quarterly. Its purpose is to engage state fleet stakeholders in the development and implementation of statewide fleet policies/initiatives, communicate changes in fleet oversight processes, share best practices in fleet management, coordinate supporting fleet related services, and introduce new fleet related technologies to fleet managers and coordinators. Participants include OFAM, department fleet managers/coordinators, the DGS Procurement Division, vendors, and other interested parties, such as representatives from local utilities and the DGS Office of Sustainability.
- **Sustainable Building Working Group (SBWG):** An oversight and implementation group of representatives from over 35 state agencies as well as utilities, who meet monthly to oversee, implement, and report on state sustainability policies. Focuses include reducing energy and water use, greenhouse gas emissions, green transportation and operations, and environmentally preferable purchasing. The formation of this group was called for in EO B-18-12 and the Green Building Action Plan. Meetings are led by the DGS Office of Sustainability.
- **Intellectual Property (IP) Advisory Group:** An advisory group that assists the state in managing and protecting its IP resources and provides input on how DGS' IP Program can better serve other state agencies. The IP Advisory Group meets four times each year.

## **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 Department of General Services monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Jennifer Osborn, Chief Deputy Director; and Ana Lasso, Director.

## **PROCESS**

Through our ongoing monitoring processes, DGS reviews, evaluates, and improves our systems of internal controls and monitoring processes. The department has formalized and continues to refine and document our ongoing monitoring. As such, we fully comply with California Government Code sections 13400-13407.

As part of our department-wide ongoing monitoring process, each year since 2016, DGS has executed annual strategic plans that identify specific, measurable strategic goals within 19 program areas organized around 5 themes: Collaborative, Consultative, Sustainable, Data-Informed and Effective. This year, DGS is transitioning to a two-year strategic planning cycle with these 5 themes present to guide goal development. These goals represent the highest priorities for DGS to address operational and strategic needs. As part of the plan, DGS implemented a robust monitoring program to track and publish progress. Each program documents their goals in the form of a critical path that outlines the major milestones and target dates for completion. Each program has a designated liaison who provides updates to the Office of Enterprise Development (OED). In the event of delays, reasons for delays and revised completion targets are documented. The OED compiles the status of all goals and posts the deputy director actively monitors the progress toward goals. Program executive staff are directly responsible and accountable for completion of strategic goals and communication of progress. DGS will transition from a one year strategic planning cycle to a two year cycle starting in 2022 and monitoring, tracking, and reporting practices will remain the same.

## **ADDRESSING VULNERABILITIES**

As part of the DGS strategic planning process, OED has established a planning calendar designed to synchronize with the Budget Change Proposal (BCP) cycle and the SLAA cycle, ensuring that the department is identifying risks and resources needed and incorporating those in the annual strategic plans to keep the plans relevant. Programs conduct self-assessments via analysis of business strengths, weaknesses, opportunities and threats (SWOT) and political, economic, social, technological, environmental and legal influences (PEST(EL)). Program deputies, in their regular meetings with the director and/or chief deputy director, discuss priorities, needs and proposed future direction as part of developing their goals. DGS' strategic planning process ensures that the highest priorities for the department are addressed, measured and monitored at the program level using a centralized reporting system.

## **RESULTS**

DGS' risk management approach has proven successful. For example, in the 2019 SLAA report DGS identified technology-data security as a significant risk. DGS recognized the importance of the security of its information systems and the information it owns or has in its custody. DGS recognized this risks could result in:

- Loss of employee access to data,



- Impeding DGS' ability to deliver services, or
- Exposure of sensitive information and the associated liability.

DGS has taken actions to enhance its security posture and effectively respond to cybersecurity risks. To overcome the risk, DGS hired talented resources and implemented new tools to carry out essential security functions and thwart cyber-attacks. For instance, DGS implemented Multi-Factor Authentication (MFA) throughout the organization and the entities it supports (Government Operations Agency, Office of Administrative Law, California Commission on the Status of Women and Girls). This effort stopped attackers from using stolen credentials to access, disclose, or alter confidential information. Also, DGS implemented the State Information Management Manual (SIMM) 5355-A Endpoint Protection Standard to further detect, monitor and respond effectively to malware attacks that threaten state information assets. DGS executive management is committed to building and maintaining a robust information security posture. The State ISO commended DGS for its aggressive push on all cybersecurity fronts (implementing MFA, CrowdStrike endpoint protections, etc.).

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Department of General Services 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, other/prior risk assessments, questionnaires, consideration of potential fraud, and performance metrics.

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.

Executives were directly involved in the Department of General Services risk assessment process and were encouraged to engage their middle managers and their front line staff in the risk assessment process.

The following methods were used to identify risks:

- brainstorming
- risk assessment surveys
- ongoing monitoring activities
- prior risk assessments
- consideration of potential fraud
- performance metrics
- other

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 criteria were used to rank risks.

## **RISK SURVEY**

In 2021, the DGS executive team participated in an internal survey, with indirect participation by middle managers and their staffs, to solicit input on the top risks faced by DGS. By virtue of DGS' governance

structure, executives and their staff considered risk factors brought to the fore during governance meetings. The survey provided respondents pre-validated choices (i.e., items that the director and key deputy directors identified as significant for DGS) and the ability to identify any other risks they deemed significant. For each risk captured in the survey, respondents entered their estimation of likelihood of occurrence, potential impact, and a narrative of considerations for DGS. The survey results were compiled and used for discussion among the executive team to utilize the vast and varied expertise of our executives, narrowing the focus for the SLAA report to those risks that present the highest potential impact to DGS' ability to deliver its mission.

## **RISKS AND CONTROLS**

### **Risk: Deferred Maintenance**

DGS manages over 70 state office facilities totaling approximately 27 million gross square feet. The maintenance needed for each facility increases as it ages, and many of the facilities in the DGS portfolio are several decades old. The cost of annual maintenance projects exceeds DGS' maintenance budget, leading to an increasing backlog of deferred maintenance waiting to be performed. As the list of deferred projects grows, the ability to effectively use a facility faces increased risk. If risks are realized (e.g., equipment breakdowns, deteriorating floors, or leaking roofs), workers in the impacted facility may have limited ability to carry out their department's duties, regulatory requirements may impact building availability, not to mention implied safety risks associated with unrepaired critical operating systems (elevators, fire/life & safety, building envelope, grounds-homeless housing impacts etc.). DGS has increased its focus on prioritizing deferred maintenance work.

#### **Control: Control A - Prioritization of Maintenance Projects**

DGS convenes the monthly Statewide Tenant Workgroup (STW), representing tenants in DGS-managed facilities. The STW provides a forum for customers to interact directly with DGS' Facilities Management Division (FMD) to express their maintenance priorities. FMD has also formed the Division Collaboration Meeting (DCM) comprised of DGS teams from: FMD, the Office of Sustainability, Real Estate Services Division, and Office of Fleet and Asset Management. The DCM identifies, prioritizes, and coordinates interdepartmental projects in DGS-managed buildings and parking structures. FMD has worked with DGS' Fiscal and Agency to receive the Department of Finance approval of Budget Change Proposals providing funding for critical repairs (e.g., elevators, fire/life & safety systems etc.). Additionally, FMD continues to streamline building operations to better track and promote project completions through its recently updated building management application, and formally coordinating repair efforts within its Direct Construction Unit (DCU), Central Shop and Central Utility Plant maintenance staff.

#### **Control: Control B - Resources for Maintenance Projects**

DGS added resources to address the priorities established with the input of the STW and the Division Collaboration Meeting (DCM). In 2019, FMD gained additional budget authorization for general deferred maintenance via the state's budget change proposal (BCP) process. To improve project management, FMD implemented automated maintenance request tracking and reporting with its project management tool. Additionally, FMD established internal review and improvement of project management processes (including repairs and complex projects). FMD is currently

finalizing contracts for a series of statewide technical trainings for building managers, engineers, and maintenance mechanics.

### **Control: Control C - Strategic Real Estate Actions**

DGS' Real Estate Services Division (RESA) has undertaken a series of strategic actions that help reduce the risks associated with deferred maintenance. In 2018, the State Property Inventory system was enhanced to improve data captured and ease of use so that property details more clearly reflect projects done and work still needed. Software for construction project quality assurance was implemented in 2018. RESA established a Ten-Year Sequencing Plan that provides a roadmap for the renovation or replacement of state office buildings in Sacramento. This plan, taken together with the department's Portfolio Plan, provides a statewide, strategic, and long-term asset management strategy for DGS' portfolio of office buildings, ensuring that maintenance funds are expended with knowledge of which buildings will remain in the portfolio. To date, DGS has executed approximately half of the Sequencing Plan and is currently in the process of divesting of 5 of the 9 state buildings in the Portfolio Plan.

### **Risk: Cybersecurity**

DGS recognizes the importance of the security of its information systems and the information it owns or has in its custody. All organizations are exposed to risk due to the potential for improper access to and possible corruption or loss of data. The risks could result in loss of employee access to data, impeding DGS' ability to deliver services, or exposure of sensitive information and the associated liability. Technological advancements, changing business models, new business processes, and increasing customer demand largely due to distributed workforce throughout both public and private sectors have caused an unprecedented and rapid growth of the cyber threat landscape, which prompted DGS to take swift actions to enhance its security posture and effectively respond to cybersecurity risks.

### **Control: Control A - Information Security Office (ISO)**

DGS has taken an innovative cutting-edge approach and has invested heavily in technology tools that are fully compliant with the Statewide Information Management Manual (SIMM) security standards enabling us to meet current environment's security challenges and control agency compliance requirements. DGS has added people and resources and continues to implement new tools to carry out essential security functions and thwart cyber-attacks. For instance, DGS has implemented Multi-Factor Authentication (MFA) throughout the organization and the entities it supports. These efforts have stopped attackers from using stolen credentials to access, disclose, or alter confidential information. DGS has also implemented the State Information Management Manual (SIMM) 5355-A Endpoint Protection Standard to further detect, monitor and respond effectively to malware attacks that threaten state information assets. DGS employed state of the art network and cloud security tools and techniques that enable employees to receive technical support and work securely from anywhere in the state and when traveling.

### **Control: Control B - Cloud-first Policy and Migration**

DGS has earned the reputation of pioneering compliance with the state's "Cloud First Policy." The "Cloud First" policy directs state entities to shift toward cloud computing solutions for all new

reportable and non-reportable IT projects in accordance with SAM 4983 and 4983.1. DGS is building and evaluating cloud solutions to meet business needs whenever feasible. The department's rapid migration is efficient in terms of administrative overhead and ensures better recovery and higher availability. Without availability, any security posture would collapse as it is one of three tenets that make up security.

### **Control: Control C - Policies, Procedures, and Training to Promote Information Security**

The Information Security Office (ISO) has and continues to develop policies that meet federal and state compliance requirements while enabling the business to meet their needs and objectives. Policies are developed in collaboration with IT leadership, Labor Relations and Office of Legal Services, then vetted through the DGS IT Governance Council comprised of deputy directors representing the interests of DGS business programs. Final approval for policies comes from the Deputy Director, Office of Administrative Services. Approved policies are communicated to all DGS staff and posted on DGS' intranet. The ISO collaborates extensively in developing processes to ensure that policies are implemented and adhered to by all DGS staff, contractors, and business associates. The Information Security Office provides annually updated role-based training to ensure enterprise awareness of policies and procedures to achieve optimal compliance with security and privacy requirements by the user community. The state of the art training tool also enhances the user community's awareness of the latest sophisticated scams and enables them to easily report them for real time response.

### **Risk: Workforce & Succession Planning**

DGS maintains a Workforce Plan and Succession Plan which detail the initiatives intended to ensure a workforce that meets the current and future needs of the organization. To date, the following tasks and projects have been completed from the 2017-2022 plan fulfilling various recruitment and retention gaps identified from the current plan. DGS continues to coordinate with department stakeholders to assess new risks and establish initiatives to attract, engage, hire, and retain a viable workforce.

### **Control: Control A - Recruitment Initiatives**

Due to the nature of DGS' varied lines of business, the Department utilizes more than 260 classifications, many of which have unique candidate profiles and potential recruitment challenges. DGS has implemented several strategies to address recruitment gaps. We have modernized the hiring process reducing it from an average of 173 days to 45 days and standardized procedures for the Recruitment Unit resulting in a centralized resource for hard-to-fill recruitments. To fill mission-critical positions, DGS increased the number and type of sourcing to include Diversity, Equity, and Inclusion and occupational sourcing streams reaching a wider talent pool and developed a Diversity, Equity, and Inclusion Recruitment Plan to increase diversity in applicant pools and to ensure equal opportunity practices. DGS developed strategic partnerships with military and community organizations, attended service member events, posted career opportunities on job boards, and created a social media presence resulting in increased engagement with candidates. Additionally, DGS prioritized DGS-specific exams through the annual Exam Plan and placed exams in a central location resulting in easier access for managers, and state employees.

### **Control: Control B - Retention Initiatives**

To address retention gaps DGS created a Career Development SharePoint site containing tools and resources to help facilitate the career exploration process for employees. DGS Human Resources has redesigned and enhanced the department-wide Upward Mobility Program to include expanded eligible and technical, professional, and administrative (TPA) classifications, dedicated resources, financial assistance, and approved time off to pursue college level coursework to meet the minimum qualifications of a TPA. An Onboarding Toolkit was launched to standardize onboarding creating a more cohesive culture and positive onboarding experience for new hires. We have completed the onboarding retention initiative by creating a New Hire Orientation e-learning module to introduce and familiarize new employees with DGS operations and culture and modernized and standardized various tools, methods, concepts, and processes for best practices such as the DGS SharePoint page. Additionally, DGS developed and launched the DGS Connect Mentorship Program to bring together individuals within the organization, promote a culture of learning, build positive and meaningful professional connections, and create opportunities for professional development.

### **Control: Control C - FMD Infrastructure and Apprenticeship Program**

The Facilities Management Division represents approximately 50% of the DGS workforce. The Facilities Management Division conducted a recent Workforce Plan study in an effort to identify internal turnover and retirement rates and assess skill and organizational culture gaps. This Plan has allowed FMD to better determine strategic goals which will align FMD with current industry practices and trends; and better inform our decision-making process with reference to providing the necessary infrastructure that can support long-term organizational change. FMD is exploring options to build upon and expand apprenticeship programs to help increase recruitment and retention rates.

### **Risk: Beyond the Pandemic**

In March of 2020, the coronavirus resulted in an unprecedented departure from physically working at state offices. Any non-essential employee was asked to work from home for an unknown length of time. Currently, DGS is committed to teleworking to the greatest extent possible without compromising our operational mission, values and customer services. As a result, a great majority of managers have either a full-time remote staff or a hybrid of remote and office-centered staff. DGS managers have had to pivot to manage remote or hybrid staff and have had little to no experience in doing so. This has the potential to put morale, production and accountability at risk for both managers and employees. This could lead to a loss of key people without adequate preparation of backup resources and cause a disruption to DGS services, a delay in delivery of services, or an impact in the quality of services delivered.

### **Control: Control A - Beyond the Pandemic Leadership Application Training**

DGS' training unit, DGS University, has developed a leadership application training framework to extend the learning ascertained in Cal HR's Beyond the Pandemic training launched in 2021. DGS' approach centers around four content areas mirroring that of Cal HR with a focus application-rich learning. Learning application module 1 includes Leading Change, Effectively

Communicating with the Remote Worker and Building Cohesiveness in a Virtual World. Module 2 includes Leading Remotely. Module 3 includes Results Oriented Management and Key Performance Indicators. Module 4 includes Emotional Well-Being Awareness. All courses are virtual instructor led and all managers will be expected to complete in September 2022. DGS University implemented a new learning management system in July 2021. This new system will allow DGS to track, assign and add courses that will enhance skills for employees and managers and will house the Beyond the Pandemic trainings. This tool increased employee engagement, training accountability and is designed to promote dialogue between manager and employee for education.

### **Control: Control B - DGS Manager Forum**

The DGS Managers Forum provides a venue for managers and supervisors to meet bimonthly for a 90 minute interactive hosted session. Since the pandemic, the forum content has been centered around supporting and training managers in their roles and helping them to be as effective and efficient as possible in the hybrid work environment. The forum allows participants to enhance their professional skills by participating in interactive forums covering a multitude of topics such as managing distributed teams, psychological safety (a critical element when working with distributed teams), organizational change management, stages of team development, strategic planning, and constructive dissent (developing a culture of openness where employees feel safe to share new ideas and constructively disagree with an approach with the goal of mitigating risk and enhancing outcomes), presentations from guest speakers on how to develop your state career, etc. The Office of Enterprise Development, who hosts the sessions, make a point of modeling the use of technology to engage learners/participants using MS Teams. The forum also helps fulfill portions of the 20 hour training required by Government Code Section 19995.4 for managers and supervisors.

## **CONCLUSION**

The Department of General Services 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.

**Ana Lasso, Director**

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