

December 20, 2023

Amy Tong, Secretary
California Government Operations Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

Dear Secretary Amy Tong,

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, 2023.

Should you have any questions please contact Andy Won, Chief Auditor, at (916) 376-5058, 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 3,690 employees and a budget of over \$2 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; professional printing, design and web services; administrative hearings; legal services; building standards; oversight of structural safety, fire/life safety and accessibility for the design and construction of K-12 public schools and community colleges; funding for school construction; and disability access.

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

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

MISSION

DGS serves as the State's 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:

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

STRATEGIC PLAN

Since 2022, DGS transitioned to a two-year strategic planning cycle which has deepened the department's ability to think and act strategically to allow for more complex goals to be completed within the strategic plan timeline and cycle. This two-year cycle also enabled IT-dependent goals to be reviewed and approved accordingly, ensuring these goals have the support required. All goals are tracked, monitored, and reported internally and externally, with a report written on an annual basis to communicate progress.

DIVERSITY, EQUITY, AND INCLUSION

DGS is committed to fostering an inclusive workplace culture that embraces and supports our diverse workforce, contractors, customers, and the community we serve. DGS acknowledges the role of diversity and inclusion in not only enhancing the morale and productivity of employees but also in boosting innovation, financial performance, and overall effectiveness of the organization. As a part of the diversity and inclusion efforts, DGS strives to recruit, train, engage, and retain a diverse pool of talent that will contribute to DGS' mission and vision. In 2023, DGS created the Enterprise Planning & InClusiveness Division to centralize efforts such as the Department's strategic plan, upward mobility program, organizational health, Equal Employment Opportunity, and oversight of the Department's Diversity, Equity, Inclusion, and Access (DEI&A) initiatives.

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 administrative services including budget, accounting, contracts, procurement, and human resources; risk and insurance management expertise; information technology support; policy oversight; employee training services; and administration of the Statewide Telework Program. The Administration Division houses the following offices:

- **Office of Human Resources** - provides human resources services which include: position classification, recruitment, examining, salary administration, payroll processing, grievance handling, labor relations, benefits, workers compensation, reasonable accommodation requests, and performance management.
- **Office of Policy, Training, and FI\$Cal Services** - administers the departments form 700 Program, employee training, internal and external policy program, records management program, statewide forms program, and internal FI\$Cal services.
- **Office of Fiscal Services** - plans, coordinates, and directs all accounting, budgeting, and fiscal reporting activities.
- **Enterprise Technology Solutions** - provides technology services critical to DGS and customer operations. This includes systems and enterprise tools development; network connectivity; desktop support; information security and privacy; technology implementation and strategic planning; and compliance with state information technology policies.
- **Office of Business Acquisition Services** - provides support and consultation within DGS for the procurement of goods and services while advocating for small businesses and disabled veteran business enterprise suppliers.
- **Telework Program** - facilitates both the Statewide Telework Program and internal DGS telework program.

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.
- **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. The Procurement Division also houses the Office of Small Business and DVBE Services.

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.

Enterprise Planning and InClusiveness Division - oversees DGS efforts relating to many internal processes available to the DGS workforce through an equity lens. The EPIC division has oversight of administering the department's upward mobility program, EPIC division provides oversight of the department's DEI&A efforts.

Office of Public Affairs - is responsible for news media relations, managing DGS social media channels, guidance on writing according to DGS style, providing photography resources and video production, and website management oversight.

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 DGS, Ana M. 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 two chief deputy directors
- Executive team - director, two chief deputy directors, 12 deputy directors, the Chief Information Officer, and the state architect.
- Leadership 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 bi-weekly executive team meetings and yearly leadership team retreats. 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. There are bimonthly engagement meetings to obtain updates regarding the progression of initiatives identified in the strategic plan.

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 enhance DGS' recruitment capabilities, the Office of Human Resources (OHR) Hiring Support Branch (HSB) implemented a new vision and recruitment strategy in 2023 to focus on DGS' hard to fill classifications and positions requiring specific background and skills. DGS' new strategic approach centers on creative sourcing avenues to find qualified candidates, help the workforce evolve, and set DGS apart as an employer of choice.

An annual departmental recruitment plan guides the operations based on the most critical recruitment needs of the department. The Recruitment and Exam Services 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 to identify areas of concern and enable proactive action for future succession planning.

As a department, DGS is committed to fostering an inclusive workplace culture and diverse workforce, and as a part of the DEI&A efforts, DGS strives to recruit a diverse pool of talent that will contribute to DGS' mission and vision. DEI&A is an intrinsic part of all-recruitment strategies. The recruitment team seeks out opportunities for DEI&A through affinity groups, job sites like DiversityJobs.com, and career fairs, like Department of Rehabilitation (DOR) career fair for persons with disabilities (PWD).

The Biennial 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 biennial survey, and associated improvement actions, have a positive impact on DGS' ability to retain staff. The Organizational Health Survey is now housed in the Enterprise Planning and InClusiveness Division (EPIC), which was established in 2023. EPIC has oversight of administering the department's upward mobility program, ensuring the program is accessible to all DGS eligible employees and promotes advancement opportunities for staff. Establishment of the EPIC division is representative of DGS' substantial commitment to organizational health, wellness, and culture through the lens of equity.

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 and chief deputy directors hold 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 leadership team meets yearly for the annual Leadership Team Retreat. Each year the team comes together to discuss any internal control issues, strategic planning topics and discussions, and dynamic leadership approaches to effectively lead staff.
- 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 regularly to ensure it is delivering efficient and effective results and being more collaborative and consultative.
- DGS produces a bi-monthly news magazine-style show called Hello DGS. Hello DGS is an opportunity for employees to hear straight from the director about important items and what's going on at the department.

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 (FMD). 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 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.
- **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.
- **Statewide Print Services 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.

- **Sustainability Task Force:** 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. 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 as needed.

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: Ana Lasso, Director, Jennifer Osborn, Chief Deputy Director, and Jason Kenney, Chief Deputy Director.

PROCESS

Through our ongoing monitoring processes, DGS reviews, evaluates, and improves our organizations 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.

In 2021, DGS began 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 strategic 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 division of Enterprise Planning and Inclusiveness (EPIC). In the event of delays, reasons for delays and revised completion targets are documented. EPIC compiles and posts the status of all goals, and the deputy directors actively monitor the progress toward the goals. Program executive staff are directly responsible and accountable for completion of strategic goals and communication of

progress. December 2023 will mark the end of the two-year strategic planning cycle. The EPIC division will evaluate the best practices from the two-year cycle and use those to inform the launch of the new cycle.

ADDRESSING VULNERABILITIES

As part of the DGS strategic planning process, EPIC maintains a planning calendar which aligns 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 2021 SLAA report DGS identified cybersecurity 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 risk could result in any of the following:

- Loss of employee access to data
- Impeding DGS' ability to deliver services
- Exposure of sensitive information and the associated liability

DGS has taken actions to enhance its security posture and effectively respond to cybersecurity risks. DGS has hired talented resources and implemented new tools and procedures to carry out essential security functions and align with the Governor's strategic multi-year information security maturity roadmap, CAL-SECURE. With DGS adoption of hybrid telework, as well as its rapid adoption to the cloud, DGS has made significant progress in its overall cybersecurity maturity. For instance, DGS has implemented: Continuous vulnerability management across its enterprise to address identification and response to zero day technology vulnerabilities across the enterprise in rapid response timeframes; Enterprise wide anti-malware protection that meets or exceeds State of California's standards; Mobile device protection and mobile patch management across the enterprise; Application security for a host of diverse and complex applications; Mature log management strategies and capabilities. DGS has also introduced a next generation security information and event management (SIEM) tool that is monitored 24/7.

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.

In 2023, the DGS leadership team participated in an internal survey, with indirect participation by middle managers and their staff, 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 forefront during governance meetings and internal discussions. 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: Internal Staff Capacity and Key Person Dependency

The DGS serves as the business manager for the State and has over 4,500 positions and currently administers a budget of over \$2 billion to carry out its mission to deliver results by providing timely, cost-effective services and products that support our customers while protecting the interests of the state of California.

DGS offers one of the most diverse sets of services in all of California state government. Our employees manage construction projects, procure vital equipment, and oversee a statewide vehicle fleet. There is a significant risk to DGS due to a variety of factors including the number of entry-level, specialized, and highly professional classifications, the difficulty in recruiting for some of these positions, the Department's current operational needs, and a heavy reliance on individuals with significant knowledge and expertise in key areas. DGS is dependent on subject matter experts in the organization who may have retired within the last few years or are planning to retire causing the key person dependency risk.

Without adequate controls planned to mitigate this risk, DGS could experience workflow delays or inefficiencies, diversion of resources from critical programs, a lack of knowledge of program requirements, potential policy options may not be identified, and historical knowledge may be lost, which could cause a disruption to DGS services. DGS could also experience a delay in delivery of services, or an impact in the quality of services delivered.

Control: Workforce Development Plan and Succession Plan

DGS has implemented the Workforce Development Plan (WDP) and Succession Plan to improve DGS' recruitment, development, and retention of an experienced, highly technical, and commendable workforce.

The WDP and Succession Plan provides the Department's infrastructure for recruiting, developing, and retaining an engaged, diverse, competent, and productive workforce to meet current and future Department needs. The Department's OHR will be creating initiatives and activities under the WDP and Succession Plan to gather critical information on workforce and succession management gaps to inform discussions on strategies to address these. The initiatives, activities and trainings administered under the WDP and Succession Plans will support the reduction of the risk by providing additional growth and advancement opportunities to DGS employees and support DGS managers/supervisors to develop and implement strategies to effectively manage redirections, reduce key person dependencies, fill vacancies in key positions, and establish controls to address ongoing challenges that may impact DGS' ability to sustain a competent workforce.

Control: Professional Development Opportunities

The DGS University is revamping the training offered to DGS employees and creating a leadership development training. DGS University has recently partnered with Udemy for Business to offer over 9,000 different trainings that allow employees to gain the skills and knowledge they need to work in their current positions, but it also gives DGS employees an opportunity to take courses that will help in their professional growth within the Department. The Department is committed to expanding the capacity of individuals to promote and perform in leadership positions throughout DGS. Through various programs, initiatives, trainings and collaboration with external partners such as CalHR, the Department continues to provide professional growth opportunities to managers, supervisors and staff to develop competencies that can enhance individual and organizational performance and support understanding on how to apply new skills to manage staff better, promote to higher level positions, track current and new skills gained through redirections, and support identification of strategies and opportunities to promote a diverse workforce.

In addition to DGS-specific trainings, employees are encouraged to attend academies offered by CalHR and other proven providers to enhance their value to DGS and position themselves for career advancement.

Many of the courses are available online, and others are available virtually. This allows employees to complete the trainings within a schedule that works for them and from a convenient location, as DGS has employees working across the state.

Control: Mentorship and Apprenticeship Program

Through the EPIC division, DGS is developing an internal mentorship program to foster professional growth among our varying levels of workforce. The mentorship program will focus on preparing rising talent within the organization through exposure to experienced

executives to promote leadership succession and equity. The program will seek to operate as a retention tool while ensuring executive knowledge has a mechanism to be passed on. It will be revisited on a yearly basis to ensure the program is providing adequate and equitable opportunities for DGS employees.

Using data analytics from the OHR, DGS will develop a priority list of classifications based on vacancy rate and anticipated retirement age. The classification list will be used to determine the order in which apprenticeship programs shall occur to ensure efficient application based on business needs. The program will target trade classifications within DGS and will serve as a catalyst for entry level classifications to advance their careers within DGS. As conditions such as vacancies or budget change proposals occur, DGS will reevaluate the priority list to provide meaningful and equitable opportunities are available within DGS.

Risk: Information Security

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 along with the rapid growth of the cyber threat landscape have prompted DGS to take actions to enhance its security posture and effectively respond to cybersecurity risks.

Control: Information Security Office (ISO)

DGS has hired talented resources and implemented new tools and procedures to carry out essential security functions and align with the Governor's strategic multi-year information security maturity roadmap, CAL-SECURE. With DGS adoption of hybrid telework, as well as its rapid adoption to the cloud, DGS has strengthened its overall cybersecurity. For instance, DGS has implemented: Continuous vulnerability management across its enterprise to address identification and response to zero day technology vulnerabilities across the enterprise in rapid response timeframes; Enterprise wide anti-malware protection that meets or exceeds State of California's standards; Mobile device protection and mobile patch management across the enterprise; Application security for a host of diverse and complex applications; Mature log management strategies and capabilities. DGS has also introduced a next generation security information and event management (SIEM) tool that is monitored 24/7.

Control: Zero Trust Architecture Adoption

With the onset of the pandemic and DGS adoption of cloud technologies, classic methods of trust-based architecture models have become dated. To combat this, DGS has adopted stronger systems of internal control. Specifically, DGS adopted the Cybersecurity and Infrastructure Security Agency's (CISA) Zero Trust Maturity Model (ZTMM). DGS has further strengthened its internal controls in areas such as: Policy

Enforcement, Resource Access, Visibility and Analytics, Governance Capability, Network Segmentation and Automation and Orchestration. DGS continues to strengthen its internal controls and has moved towards an optimal maturity in all Zero Trust Architecture adoption, while simultaneously building in Zero Trust Architecture to all current and future technologies.

Control: Policies, Procedures, and Training to Promote Information Security

The Information Security Office (ISO) develops policies that meet federal and state compliance requirements while enabling the business to meet their needs and objectives. The 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. Additionally, the ISO provides annual and specific training to ensure enterprise awareness of policies and procedures to achieve optimal compliance with security and privacy requirements by the DGS user community.

Risk: Deferred Maintenance on State Owned Buildings

The DGS through its Facilities Management Division (FMD), serves as caretaker of state-owned office environments. Tasked with maintaining a safe and comfortable environment in 70 structures totaling approximately 27 million square feet, FMD personnel perform ongoing custodial and maintenance, sustain safe and effective building systems, and oversee a timely schedule of improvement and restorative projects to preserve these physical assets far into the future.

For many years DGS had little option but to delay important maintenance to conform with financial uncertainties; however, as the portfolio of project backlog has grown, so too has the cost for completion. The best available cost is the one available now. As we have seen, flood, wildfire, and global pandemic, for example, could derail the entire shipping and distribution system, reduce access to critical raw materials, or instantly eliminate half the available contracted services, resulting in the temporary or long-term removal of the state's much needed assets from operation.

Control: Properly Fund Deferred Maintenance

As DGS has focused its attention on deferred maintenance as a critical risk, the need to define and activate consistent funding to support the planning and completion of these projects has also become more apparent. DGS has labored to achieve its objectives under the burden of rental rates incompatible with facility requirements for nearly two decades. To those ends, FMD has defined a 10-year plan to address deferred maintenance and a strategy for establishing adequate rental rates to maintain each building's needs going forward. Further, with the addition of any new building, proper allocations for staff and maintenance will be determined and rates set early on to support

prevention services and to reduce or eliminate deferred maintenance altogether.

Control: Prioritize and Schedule Projects

DGS is now several years into its revised facility improvement planning and a comprehensive list of outstanding deferred maintenance projects is developed. Over these years, contractors have sometimes considered the priorities of projects differently from one another, resulting in FMD developing its own standardized criteria from which to determine project importance and timing. The development of a clean, clearly articulated project list with resources and cost estimates identified well in advance provides the opportunity for FMD to close out projects from its deferred backlog and possibly improve facility aesthetics to the delight of tenants and the state at large.

Control: FMD Workflow Transition

FMD recently concluded a long-term contract with Kitchell Corporation, a close partner in its integrated service strategy. Along with a reduction to available manpower, termination of this contract has produced an immediate loss for the FMD knowledge base as well as access to needed skillsets. As a result, FMD is beginning the process of developing new staffing plans to ensure its service team is sufficient for the workflow at hand. A few of the challenges facing DGS include a mismatch between state compensation and private sector salaries and the compelling allure of short-term projects in rebuilding communities. To those ends, FMD has developed an upward mobility plan for workers, implemented apprenticeship opportunities, and buttressed other aspects of the division, including the utilization of casual labor and full-time employees to commence work on some of the less complicated projects. FMD also continues to support training opportunities so staff working within their level of expertise this year could move to another in the next.

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, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency