

## 2007-2009 FINANCIAL INTEGRITY AND STATE MANAGER'S ACCOUNTABILITY REPORT

**AGENCY NAME: LABOR AND WORKFORCE DEVELOPMENT AGENCY**  
**DEPARTMENT NAME: EMPLOYMENT DEVELOPMENT DEPARTMENT**  
**ORGANIZATION CODE: 280**

### **INTRODUCTION:**

In accordance with the Financial Integrity and State Manager's Accountability (FISMA) Act of 1983, the Employment Development Department (EDD) submits this report on the review of our systems of internal control for the biennial period ended December 31, 2009.

If you have any questions, please contact Ed Murray, Acting Audit and Evaluation Division Chief, (916) 653-5639, or at his email address of [ed.murray@edd.ca.gov](mailto:ed.murray@edd.ca.gov).

### **BACKGROUND:**

The EDD promotes California's economic growth by providing services to keep employers, employees, and job seekers competitive. Following federal and State laws with fairness and equity, and ensuring fiscal integrity, we:

- Operate the State's employment service – connecting employers with job seekers.
- Act as an economic stabilizer through the administration of the Unemployment Insurance program.
- Provide prompt and accurate services that enable taxpayers to easily report data and meet their tax responsibilities.
- Minimize the financial impact of non-occupational disabilities through the administration of the Disability Insurance program.
- Provide partial wage replacement when workers must care for a seriously ill family member or bond with a new minor child.
- Encourage self-sufficiency in the current and future workforce.
- Serve as the central source for information on California's labor market.
- Plan, deploy, and manage technology to improve our business processes and access to our services.

The EDD has developed a set of values to ensure the people of California are served with fairness, honesty, and integrity. These values include: Service,

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People, Caring and Respect, Communication, Leadership, Teamwork, Accountability, and Citizenship. Recently, EDD surveyed all employees about these values in the Tone at the Top employee and leadership surveys, and Branch Deputy Director interviews. The A&ED is in the process of compiling individual branch and departmentwide results.

### **VACANT POSITIONS:**

I certify that EDD is in compliance with Government Code Section 12439. Our compliance includes working with the Department of Finance to eliminate unneeded vacant positions from the EDD budget. In addition, EDD has established new guidelines for managing vacant positions consistent with Assembly Bill 3000 (Chapter 1124, Statutes of 2002) that amended Government Code, Section 12439.

### **RISK ASSESSMENT:**

The EDD is in the process of completing risk assessments for each branch. The A&ED is providing a framework to guide the branches in completing their risk assessments. The A&ED is an active facilitator throughout each branch's risk assessment. When the final branch risk assessment is completed, the A&ED will compile results to develop the departmentwide risk assessment. To date, no risks have been identified for a risk-based audit.

On a biennial basis, the branches complete a self-assessment checklist. The "Financial Integrity and State Manager's Accountability EDD Internal Control Checklist" includes questions on internal controls: EDD policies and procedures; State regulations including that State Administrative Manual, Department of General Services management memos, Department of Finance audit memos, Government codes; and Federal regulations (e.g., Health Insurance Portability and Accountability Act Privacy Rules, and the Americans with Disabilities Act). In addition, the branches complete a Corrective Action Plan for any "No" responses to the internal control questions. The branches' results are rolled up into a departmentwide summary.

### **CONCLUSION:**

I am responsible for the establishment and maintenance of a system of internal accounting and administrative control within my agency. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified as appropriate, for changes in conditions. I certify that our system of internal accounting and administrative controls includes:

- An organization plan that provides segregation of duties appropriate to safeguard State assets.

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- A plan that limits access to State agency assets to authorized personnel who require these assets in the performance of their assigned duties.
- A system of authorization and recordkeeping, procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures.
- An established system of practices to be followed in performance of duties and functions.
- Personnel of a quality commensurate with their responsibilities.
- An effective internal review system.