

December 31, 2021

Natalie Palugyai, Secretary
California Labor and Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Dear Secretary Natalie Palugyai,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the California Unemployment Insurance Appeals Board 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 Gregory Crettol, Assistant Executive Director, at (916) 263-6750, gregory.crettol@cuiab.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Mission

The California Unemployment Insurance Appeals Board (CUIAB), established in 1943, is dedicated to protecting the rights of California's employers and unemployed or disabled workers. As an independent administrative quasi-judicial agency, the CUIAB provides due process to all California employers and workers seeking to challenge their benefit and payroll tax determinations made by the Employment Development Department (EDD). As part of that due process, CUIAB provides two levels of appeal at no cost to the appeal parties. The first level is an appeal to an Administrative Law Judge (ALJ) with CUIAB's Field Operations. The second level is an appeal of the ALJ's decision to Board Members. Further recourse beyond a decision issued by the Board may be pursued through the Superior Court. The CUIAB is committed to providing fair, fast, and friendly appeal services and improving access to those services for all employers and workers.

Strategic Goals

The CUIAB's strategic goals, objectives, and initiatives include:

1. Appeal Decisions – Fast, Fair, & Friendly

Provide the best service possible – fast, fair, and friendly hearings and timely decisions. Those who appeal to the CUIAB are often under extreme financial hardship and need a decision as soon as possible.

- Modernize the CUIAB appeals system, processes, and services to better respond to the needs of California's employers and workers.

2. Accessibility to Justice for All

Provide the CUIAB's constituents with quick and easy access to appeal services over the Internet.

- Modernize the CUIAB appeals system and program to provide access to appeals information for appeal parties through a web portal.
- Provide staff with tools to respond to appeal parties quickly, conduct hearings, and manage appeal files more efficiently.
- Conduct public outreach regarding the CUIAB appeal programs and services.

3. Fiscal Stewardship

Manage resources responsibly, effectively, and efficiently.

- Use Lean Six Sigma to make the CUIAB processes more efficient.
- Invest in innovative technology that will allow the CUIAB to utilize resources more effectively, efficiently, and be able to respond to appeal workload fluctuations throughout periods of economic change.

4. Commitment to a Skilled Workforce

Develop a well-trained workforce that delivers fast, high-quality services to the public and adapts well to change.

- Recruit, develop, and retain a quality workforce, and plan for succession.
- Provide leadership training for managers and supervisors.
- Provide Lean Six Sigma training to improve staff's ability to identify potential process improvements.
- Offer training to reinforce existing skills and teach new skills. As the CUIAB modernizes, staff and judges can transition successfully to new technology.

Control Environment

The CUIAB's governing body is a five-member Board. Three members are appointed by the Governor, one member is appointed by the Senate President Pro Tempore, and one member is appointed by the Assembly Speaker. In addition to fulfilling its statutory responsibility of reviewing and deciding second level appeals, the Board provides oversight of the California Unemployment Insurance (UI) appeals program. This includes approving major policies that govern the entire organization and monitoring performance during monthly public board meetings, where Board Members review, consider, and make decisions on operational matters presented by senior management. Program accountability is also enforced by the CUIAB Board Members during monthly board meetings.

At the program and Field Operation levels, the CUIAB has established two internal governing leadership groups; senior management and Presiding Judges. Members of these leadership groups, which are comprised of key positions within the department, possess the knowledge and expertise necessary to oversee and evaluate CUIAB's various operations. Furthermore, these key members possess capabilities and characteristics including integrity, ethical standards, leadership, critical thinking, problem-solving abilities, and programmatic and operational expertise necessary for the overall development, establishment, and maintenance of internal controls, monitoring systems, and risk assessment processes to protect the integrity of the UI appeals program. With the intent to carry out CUIAB's mission to provide employers and workers access to fair, fast, friendly, and independent

administrative appeals and review services, using a top-down approach, these two leadership groups exemplify CUIAB's core values, ensure the successful operation of the UI appeals program, and effectively maintain a sustainable and controlled environment.

Senior management, which is comprised of the Executive Director/Chief Administrative Law Judge (Executive Director), the Assistant Executive Director, Chief Counsel, Chief of Information Technology, and the Chief of Administrative Services, oversees and monitors the appeals program statewide, including policies, procedural manuals, workload and performance indicators, the budget, and staffing levels. By meeting regularly to discuss external issues that impact the UI appeals program and internal administrative issues, senior management ensures the successful administration of the California UI appeals program by the CUIAB. Senior management also reviews and monitors regulatory changes at the state and federal levels to adequately address potential impacts to the CUIAB's workload, the operating budget, and staffing. To the extent regulatory changes are made, findings and recommendations from senior management are escalated to the Board for further consideration.

The second leadership group is comprised of the Executive Director, Assistant Chief of Field Operations, Assistant Chief of Training and Development, the Presiding Judge from Appellate Operations, and Presiding Judges from each of CUIAB's respective eleven Field Offices, which are located in Sacramento, Fresno, Inglewood, Inland, Los Angeles, Bay Area, Orange County, Oxnard, Pasadena, San Diego, and San Jose. The Presiding Judges meet regularly to address top-down policies and operational directives from Board members and senior management. Additionally, given their operational knowledge and expertise, this leadership group discusses and develops implementation plans necessary to convey directives to Field Office judicial and non-judicial staff. This includes providing oversight of operational activities to ensure all controls set in-place are functioning as intended at the Field Office level. When operational issues arise, Presiding Judges meet to discuss, devise solutions, and escalate matters to senior management for further consideration.

To ensure ethical values and integrity throughout the CUIAB, senior management creates and demonstrates integrity and ethical values by adhering to the California Conflict of Interest Code with timely filings of the Form 700 (Statement of Economic Interest form). This not only provides transparency and accountability for Board members and employees who make or influence governmental decisions, but also ensures those decisions are in the best interest of the public. The CUIAB audits employees' Form 700s on a biennial basis. Reporting of ethical concerns may be pursued through an employees' chain-of-command or via the complaint process through the California Whistleblower's Act managed by the California State Auditor.

In addition, to maintain core ethical values and workforce competency, the CUIAB requires ALJs to comply with the California Canons of Judicial Ethics. Any complaints from the public or CUIAB employees may be directed to the Office of the Chief Administrative Law Judge, where staff are assigned to investigate complaints. Additionally, concerns regarding the code of conduct or ethics of an ALJ or CUIAB employee may be directed through the proper chain-of-command or via the complaint process through the California Whistleblower's Act managed by the California State Auditor.

CUIAB also maintains comprehensive written policies, operating procedures, and process flow maps, which have been established, published, and made accessible to all CUIAB staff on "The Bench," an internal SharePoint site. These agency-wide controls, operating procedures, and policies address employee responsibilities, internal and external communication protocols, and approval channels for

staff at all levels. Changes in these operational procedures or announcements are subject to the CUIAB approval process. Depending on the scope of each project, the approval process may include various tiers of management approval, ranging from Legal Support Supervisors in a Field Office up to the Executive Director. Dissemination of all communication is subject to similar approval processes and activities are documented and enforced via email.

Finally, UI is a joint state-federal program that provides cash benefits to eligible workers. Each state administers a separate UI program, however, all states are required to follow the same guidelines established by federal law. The US Department of Labor (DOL) annually reviews and measures states' performance of the UI program (benefit claims and appeals). To ensure compliance and meet performance standards set by DOL, case management processes and procedures have been established to address record keeping and retention, data integrity, forms, and appeal processing timelines. To monitor and mitigate risks within the CUIAB UI appeals operating framework, Key Performance Indicator (KPI) reports have been established and are monitored regularly for all levels of CUIAB's operations, which includes first level and second level (Board) appeals. Additionally, findings within the KPI reports are reported monthly to the Board and both internal governing leadership groups (senior management and Presiding Judges) to review, assess potential operational risks, and implement solutions accordingly. Furthermore, CUIAB's eleven field office supervisor(s) and staff are also cognizant of these indicators and actively work towards meeting DOL timeliness standards.

Commitment to a Robust and Skilled Workforce

Due to the COVID-19 pandemic, CUIAB experienced a historic increase in UI appeals. To address the pandemic-related workload increases, since the onset of the pandemic through December 2021, the CUIAB has hired 65 ALJs and over 80 support staff. Furthermore, in light of the continued workload surge, CUIAB is pursuing efforts to hire additional ALJs and a complement of support staff to address workload and staffing needs. To retain existing institutional knowledge, the CUIAB has aggressively pursued all opportunities to hire experienced retired annuitant judges and ALJs from re-employment lists. However, due to the counter-cyclical nature of CUIAB's workload and funding, CUIAB's judicial recruitment efforts require consideration of funding reductions and judicial layoffs, which took place post the Great Recession, as staffing and funding were greatly impacted by the recovery of California's economy. As workload projections are updated every six months within that context and the State Budget revision process, the CUIAB regularly evaluates staffing and funding levels to address the workload projection.

To ensure workforce competency, prior to the COVID-19 pandemic, the CUIAB invested heavily in leadership development and ALJ continuing education to foster upward mobility, retain institutional knowledge of judicial appeal proceedings, adequately develop potential candidates to fill key roles as part of succession planning, and to successfully implement a modernized appeals system. To achieve these competencies, the CUIAB invested in the California State University (CSU) Leadership for the Government Manager/Executive programs and California Government Operations Agency's Lean Six Sigma Academy. The CSU's Leadership program includes an intensive 10-day program over five months that focuses on program transformation and building cross-functional relationships. Other concepts include, but are not limited to, determining how to set program metrics and deliver program results, understanding the state legislative and budget processes, and developing strategies necessary to lead change in an organization.

The CUIAB also invested in the Lean Six Sigma Academy, which is a three-tiered curriculum: Lean White, Yellow, and Green Belts, that focuses on achieving efficiency within operating procedures by eliminating redundancy and wasteful activities and utilizing and enhancing existing staff skills. The goal is to foster a work environment that enables staff to be forward-thinking and to identify opportunities within the existing appeals process to improve. Ultimately, prioritizing these and other training opportunities provides staff tools necessary to not only modernize current appeal procedures, it also prepares CUIAB leadership for the upcoming technology transformations.

Prior to the COVID-19 pandemic and in preparation for modernizing an antiquated case management system, the CUIAB's objective included the completion of both Lean White and Yellow Belts by all managers and supervisors by June 2020. Furthermore, plans were in-place to expand the Lean Six Sigma Academy to all staff. Unfortunately, due to the unexpected COVID-19 pandemic and a reprioritization of staff resources to serve the public and carry out CUIAB's mission, training plans have been set aside. However, as California's economy recovers and CUIAB's workload requirements return to pre-pandemic levels, CUIAB will recommit and reinvest in these leadership development and continuing education programs.

To foster workforce competency and retain judicial knowledge, the CUIAB designated a Chief Presiding ALJ to regularly develop, provide oversight, and communicate changes to new and existing regulations and policies that impact UI benefits and programs. As a result, existing ALJ hearing curriculum was refreshed and onboarding training for new ALJs was developed and implemented. The updated curriculum is more comprehensive and includes online and in-person training on labor workforce law, appeal and hearing procedures, unemployment insurance and benefit policies, and various statutory and regulatory provisions that governs the California UI appeals program. It also includes a mock trial, which provides ALJs an opportunity to practice identifying UI appeal issues and fraud. Paper and electronic copies of training materials are made accessible to all ALJs. Upon successful completion of training, new ALJs transition to traditional hearing workloads, where they are partnered with experienced ALJs who provide mentorship within their assigned offices. Continuing education for ALJs is also delivered annually through regional training events.

In response to the COVID-19 pandemic and the various extensions to federal programs created during that time, to ensure ALJs are equipped with the appropriate and up-to-date regulatory knowledge, the CUIAB also established pandemic-specific training curriculum.

Information and Communication

The CUIAB is legislatively mandated to provide employers and workers access to an independent administrative appeal and review process and to meet performance standards set by DOL. As a service-based agency, the CUIAB relies heavily on reliable data and comprehensive communication statewide. The CUIAB recognizes that effective and streamlined communication is crucial in achieving its mission. For this reason, the CUIAB has implemented and documented communication standards and procedures to address staff at all levels, which includes making those materials available via an internal SharePoint site, in CUIAB duty statements, structured in organizational charts, and explained during project assignments.

Communications that impact the entire agency generally have a top-down approach, starting from Board members, who have oversight over the entire organization, which is then dispersed internally and externally. Regularly scheduled meetings for both internal governing leadership groups (senior

management and Presiding Judges) are also platforms that are used to align communications and disseminate directives throughout CUIAB to ensure effective administration of the California UI appeals program. The Executive Director is also responsible for reporting and communicating high priority items to the Board Chair and/or to the full Board during regularly and publicly held Board meetings. CUIAB Presiding Judges also provide oversight, monitor, convey, and implement directives to their assigned field offices accordingly.

Methods for communicating and monitoring agency-wide activities may include oral presentations, regular report circulations, email messages, memos, and updates on CUIAB's internal SharePoint sites. In response to the COVID-19 pandemic, traditional in-person meetings and trainings have transitioned to virtual forums such as Microsoft Teams video conferencing and webinar trainings. Communication methods vary and are dependent on the type of issue/control, recipient, and whether the issue/control is of agency-wide importance. As previously mentioned, internal communications regarding guidelines and standards that impact CUIAB's operation, programs, regulations, and budget are vetted through the proper chain-of-command. Additionally, all activities and timelines are logged and archived appropriately.

The CUIAB also develops and publishes reliable and relevant data-driven reports as methods to communicate pertinent information relating to performance measures, appeals program and operations, funding, and staffing. These reports are used by the Board, senior management, and Presiding Judges to regularly monitor operational performance and are analyzed to make informed decisions in the best interest of CUIAB and the public it serves. Additionally, the CUIAB publishes appeal related data reports on the CUIAB public website, which includes monthly statistics, labor market information, historical trend data, and judicial appeal outcomes. The entire appeals program and funding framework depends heavily on the accuracy and detailed information gathered and reported on.

Employees of the CUIAB are provided with several methods to access information pertaining to internal operating policies, procedures, and employee rights. This includes the ability to elevate and communicate inefficiencies and inappropriate actions to management or other decisionmakers. Employees are encouraged to proactively elevate issues directly to managers via email, as it is an effective recordkeeping method. Employees are also provided with access to the CUIAB intranet site for procedural and technological support and updates. Additionally, employees are provided web-based trainings to access current information pertaining to employee rights and policies.

For the public, the CUIAB public website provides access to appeal hearing information. The website includes information regarding appeals procedures, crucial timelines, access to forms, regulations and codes, frequently asked questions, public Board meeting information, production statistics, and contact information for all appeals office locations. To further expand public access to appeal hearing information and services, the CUIAB is in the process of developing and implementing a modernized appeal system, which will include an online portal that will provide access to real time case information.

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 California Unemployment Insurance Appeals Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Michael Cutri , Executive Director/CALJ ; and Gregory Crettol, Assistant Executive Director.

The CUIAB's leadership groups meet regularly to discuss operational matters, activities, events, issues, and risks that could impact the organization. This includes regularly monitoring the various controls set in-place to ensure effectiveness and adjust as necessary. These groups are senior management, Presiding Judges, the Governance Committee (senior management and Information Technology Team), and subject matter experts (expert field office staff). When an issue or potential risk arises within the agency, the appropriate group discusses steps to address the matter, obtain approval as needed, and establish and/or provide regular updates on actions implemented to manage the issue and potential risk. This includes monitoring how well those actions and controls are working and whether further action is required. With eleven field offices operating statewide, the controls set-in place provides the CUIAB's leadership groups the ability to hone-in and monitor performance statewide and by each individual field office.

During Congressional Budget negotiations and economic shifts, changes to existing or proposals for new UI benefits and programs are likely to occur, impacting the CUIAB. It is pivotal that the CUIAB leadership groups remain apprised of and current with legislative and regulatory changes. At the start of the COVID-19 pandemic, Congress passed several iterations of new laws that resulted in several new UI benefit programs, which impacted the CUIAB's operations. The CUIAB, unlike other state agencies, is directly impacted during economic downturns and must make swift and comprehensive decisions regarding staffing, resources, and operational processes to counter and manage instances when new and/or existing UI appeals workload surges. In anticipation of these unexpected surges of UI appeals, the CUIAB leadership groups and field office staff regularly monitor various workload variables to observe statewide workload movements, evaluate workload and resource capacity, funding, innovative technology, and cost savings efforts to ensure the maximum number of appeal cases are processed and closed timely. This highlights how pivotal it is for the CUIAB leadership group to monitor changes to legislative laws and regulations.

As mandated, the CUIAB regularly monitors and reports on performance standards set by DOL. As part of that process, the US DOL and the CUIAB monitors the appeal hearing quality by randomly reviewing 100 appeal hearings quarterly against US DOL's quality standards. Every three years, a state peer review is completed on 100 appeal hearings from each state. To ensure standards are being met, the CUIAB has control variables set in-place to monitor its administration of the UI appeal hearing process. Specifically, to ensure efficacy, integrity, and that DOL's standards are being met, the CUIAB's electronic case management system tracks the entire life cycle of each appeal case, from appeal date to when a decision has been issued. Furthermore, to monitor and mitigate risks within the UI appeals operating framework, KPIs and metrics are reported on and reviewed monthly by the Board and senior management to monitor the agencies performance. To further control the administration of the UI appeals program and to meet performance standards set by DOL, case management procedures and standards have been established to address record keeping and retention, data integrity, forms, and appeals processing time. Findings within the KPI report are also provided to Presiding Judges.

Prior to the COVID-19 pandemic, the CUIAB remained in compliance with all federal UI quality appeal standards for the past 9 years. Due to the historic level of pandemic-related appeal workload, the CUIAB did not meet US DOL mandated appeal timeliness standards on March 31, 2021, which resulted in CUIAB's non-compliance. However, there was only one small state that met all federal appeal timeliness standards for the evaluation year – Montana. Furthermore, there were 27 states and territories that performed below California for the evaluation year, including Florida and Texas. US DOL's practice has been to place states on corrective action for non-compliance with program

performance standards in any year, without regard for the underlying reason.

In the wake of the COVID-19 Pandemic, the CUIAB leadership groups have had to make expedited decisions that were technology driven to provide teleworking opportunities where applicable. There is an ongoing need for the CUIAB leadership groups to actively monitor and coordinate with the in-house Information Technology group and provide staff access to practical technology resources to sustain production levels.

RISK ASSESSMENT PROCESS

The following personnel were involved in the California Unemployment Insurance Appeals Board 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, audit/review results, other/prior risk assessments, questionnaires, consideration of potential fraud, performance metrics, and other.

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.

RISKS AND CONTROLS

Risk: Managers with Knowledge at Executive Level

As a state agency, the CUIAB is at risk of not having enough experienced managers with the knowledge and/or experience at the executive level so that they may either succeed current leadership or support future leadership.

Experienced senior managers have retired in recent years, and more are planning to retire in the coming years.

Many of the remaining managers lack enterprise-wide experience in organizational oversight, policy development, management, and planning.

Control: A - Leadership Development

Identify and send managers to participate in leadership training offered by CSU, Sacramento's Leadership for the Government Manager/Executive Program.

Control: B - Leadership Cross-Training

Provide cross-training for managers in critical areas including the Governor's Budget process, enterprise level continuous improvement of processes, operations, access to performance statistics and analysis, technology modernization planning, and the policy development process.

Risk: Judges Familiar with Internal Procedures

The CUIAB is at risk of not having enough judges familiar with internal procedures necessary to promptly respond to potential unforeseen increases in workload when the next economic downturn occurs.

When California's economy recovered after the 2008 Recession, the demand for UI benefit appeals declined significantly and so did federal funding for administration of the UI program. As a result, the CUIAB had to downsize its staffing through attrition and layoffs as workload levels and funding decreased. Due to the layoffs, the CUIAB lost experienced judges who otherwise would have stayed at CUIAB for many years. Additionally, because the nature of a layoff impacts the least senior staff, CUIAB's judicial staffing was vulnerable, creating a gap between retiring senior staff with experience and newer staff.

In response to the current COVID-19 pandemic and the influx of federal funding associated with new UI appeal programs and cases, the CUIAB onboarded new and retired annuitant judges and support staff to manage the large workload. Like the situation the CUIAB faced after the Great Recession, as the economy recovers and appeal workload and funding recede back to pre-pandemic levels, the CUIAB will face similar staffing and funding challenges.

Control: A - New ALJ Hire Lists

With the ultimate goal of forging long-term workforce competency and retention of judicial knowledge, the CUIAB has established hiring lists for ALJ I and II classifications. Additionally, the CUIAB utilizes other state agency lists to increase permanent or intermittent full-time judicial staff level. This plan will address current and future workload increases that are projected to last long enough to warrant an increase in permanent staffing or when significant judge attrition occurs.

Furthermore, leadership groups are continuing to actively monitor and project workload and staff capacity in conjunction with future budgetary constraints to ensure necessary and appropriate actions to downsize are taken without mortgaging institutional knowledge.

Control: B - ALJ Reemployment Lists

When future workload increase is projected to last long enough to warrant an increase in permanent staffing or significant ALJ attrition occurs, whether full-time or limited term, the CUIAB will increase staffing by first hiring experienced judges from reemployment lists.

Control: C - ALJ Staffing Level

To manage and address the fluctuating levels of workload, which is directly impacted by the state of the economy, the CUIAB leadership group actively monitors workload trends, judicial staffing levels, and funding through established KPIs. Based on workload trends and projections, the CUIAB leadership makes decision regarding hiring permanent versus temporary staff.

Control: D - Temporary Workforce

In instances when there is an influx of new UI appeal cases, the CUIAB leadership groups defaults to rehiring retired annuitant ALJs or limited term judicial positions to address temporary increases in workload.

Control: E - ALJ Training – New and Existing

To ensure workforce competency and retain judicial knowledge, new and existing ALJs within the CUIAB are provided with comprehensive on-the-job training upon initially being hired as well as on an ongoing basis. The CUIAB appeals hearing curriculum covers new and existing labor workforce laws, appeals and hearing procedures, UI policies, and benefits and changes to regulations. This helps mitigate loss of institutional knowledge in these areas as experienced judges retire.

Control: F - ALJ Cross-Training

The CUIAB provides ALJ cross-training in specialized areas of laws, such as complex benefit appeals, employer payroll tax audit and liabilities, and appeals. This helps align and retain institutional knowledge in these areas as experienced judges separate or retire.

Risk: Federal UI Administrative Grant

The CUIAB is at risk of not receiving enough federal UI administrative grant funding to support the staffing levels necessary to process a higher volume of UI appeals as we reach the end of the COVID-19 pandemic and associated economic downturn.

In contrast to many other state agencies, the CUIAB is considered an essential government agency based on its mission, which is dedicated to protecting the rights of California's employers and unemployed or disabled worker and resolving disputed unemployment, disability, and tax determinations promptly and efficiently. However, federal funding does not cover all costs to administer the UI program and the CUIAB is at risk of a funding reduction at the national level during Congressional Budget negotiations, depending on the political climate in Washington, DC. Such reductions would be passed to the states, and specifically to the EDD and CUIAB. The CUIAB does not receive state funds for administering UI appeals.

Had Congress not passed and signed into law the CARES Act in March 2020, which provided bridge funding for new and expanded UI programs, the CUIAB would not have had the necessary funding to increase staffing to address the unprecedented increase in appeals workload during the COVID-19 pandemic.

Not having adequate funding would reduce services and increase employers' and workers' wait times for appeal decisions.

Control: A - Balance Workload, Staffing, & Funding

The CUIAB must continue to balance workload, staffing, funding, and sustain cost savings efforts to ensure it is processing the maximum number of appeals with available funding. To do so, the CUIAB will continue to monitor regulatory changes, funding, workload, and staffing capacity.

Control: B - Pursue Alternative Funding Sources

The CUIAB will work with EDD to identify other possible sources of funding to support the UI program as federal funding for the new and expanded UI programs are winding down or are cut during Congressional Budget negotiations.

Risk: Appeals System Modernization

The CUIAB is embarking on a major change to its programs, services, and systems. Presently, the CUIAB uses seven aged and disparate appeals systems for all levels of its appeal process. The entire appeals process requires handling, managing, shipping, and copying of physical files. The CUIAB is working towards a paperless, comprehensive, web-based case management system to more efficiently process appeals and address future workload increases. The CUIAB anticipates implementation in 2022. As with any technology project, there is inherent risk in implementing a new technology system.

Control: A - Technology Project Governance

The CUIAB has established a Governance Committee to oversee multiple aspects of this project, including identification of subject matter experts, an Information Technology Team, vendor acquisition, and statewide communication. Additionally, the Governance Committee identifies project risks, develops policies, recommends solutions, and ensures communication is aligned throughout the agency to promote transparency to staff and the public for pre- and post-implementation activities of the new appeals system.

Control: B - Development of Business Requirements

To successfully implement a modernized appeals system, the CUIAB identified essential business operational requirements as part of the planning of the project. Development of these essential business requirements or controls required in-depth knowledge and assistance from subject matter experts (SMEs), which are individuals with institutional knowledge of the UI appeals program. Together with the CUIAB Information Technology team, SMEs work with the contracted vendor to develop the modernized appeal system and are crucial risk-mitigating contributors in the evaluation and construction of the CUIAB's modernized appeal system. The project team works collaboratively to identify risks in various junctures of the current appeals process and can envision and develop enhanced requirements to reduce risk when implementing the future appeals system. Additionally, the project team ensures the new system meets essential business requirements, notes operational and technological risks, and assures efficient and effective solutions to mitigate inherent risks associated with the implementation of a new appeals system.

Control: C - Implementation

Similar to most other major technology projects, the CUIAB expects to encounter challenges during implementation of the new appeals system. To prepare, the Governance Committee meets regularly to discuss pre- and post- implementation activities, identifies areas of operational risk, and makes decisions on crucial control variables. This includes actively planning for and monitoring the potential impacts of data migration, cutover activities, organizational change management, communication plans, resource needs, and the rollout of training and staff support.

CONCLUSION

The California Unemployment Insurance Appeals Board 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.

Michael Cutri , Executive Director/CALJ

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