

December 18, 2023

Toks Omishakin, Secretary
California State Transportation Agency
915 Capitol Mall, Suite 350-B
Sacramento, CA 95814

Dear Secretary Toks Omishakin,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of Transportation 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 Michael Keever, Chief Deputy Director, at (916) 654-6490, mike.keever@dot.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The State of California, Department of Transportation (Caltrans) through its strategic plan fulfills its mission, vision, goals, strategies, objectives, and key results by focusing in the areas of leadership, accountability, core values and workforce. The focus on leadership and accountability is especially critical to the success of meeting Caltrans' strategic performance objectives and program priorities while ensuring that all internal controls are functioning as intended. Objectives and key results assist in tracking progress that is in alignment with Caltrans' strategic goals, and the priorities of the California State Transportation Agency and Governor's Office.

Strategic Plan

Caltrans is operating under the 2020-2024 Strategic Plan, which is available on the Caltrans external website home page.

Vision

A brighter future for all through a world-class transportation network.

Mission

Provide a safe and reliable transportation network that serves all people and respects the environment.

Values

- Engagement — We inspire and motivate one another through effective communication, collaboration, teamwork, and partnership.
- Equity — We strive to eliminate disparities while improving outcomes for
- Innovation — We are empowered to seek creative solutions and take informed

- Integrity — We promote trust and accountability through our consistent and ethical
- Pride — As one Caltrans family, we are proud of our work and strive for excellence in public

To achieve our Vision and Mission, Caltrans has established the following Strategic Imperatives, Goals, and Strategic Objectives:

Strategic Imperatives: Cross-cutting principles that guide our decision making for all Goals.

- STRATEGIC IMPERATIVE 1: Improve and expand community partnerships, especially in underserved communities.
- STRATEGIC IMPERATIVE 2: To the maximum extent feasible, align financial investments to deliver on State goals and Caltrans' strategic outcomes while maintaining a fix-it-first approach and staying within existing funding frameworks.
- STRATEGIC IMPERATIVE 3: Commit to equity-focused actions that make advancements in the areas of People, Programs and Projects, Partnerships, and Planet, as referenced in Caltrans' Equity Statement.

Goals and associated Strategies

- Safety First:
 - Leverage proven
 - Accelerate advanced
 - Lead safety culture
 - Partner to reduce speeding-related fatalities and serious
 - Increase collaboration with external organizations to identify and implement best practices, technology, and lessons learned.
 - Advance delivery of safety enhancements in, and that are responsive to, the priorities of underserved communities.
- Cultivate Excellence:
 - Foster a work environment that welcomes everyone and resembles the communities we
 - Support career progression through professional and leadership
 - Inspire a values-based culture through an innovative performance-driven
 - Clearly communicate and align expectations at all
 - Improve internal and external relationships to create beneficial solutions aligned with Statewide Goals and Objectives.
 - Improve, update, or adopt new strategies to advance equity in recruitment, hiring, and
- Enhance and Connect the Multimodal Transportation Network:
 - Use operational strategies and incentives to reduce vehicle miles traveled (VMT) through increased high occupancy modes, active transportation, and other Transportation Demand Management (TDM) methods.
 - Improve network operations and invest in networks for walking, cycling, transit,

- and multimodal
- Better utilize technology and data to create a seamless multimodal travel experience and improve travel demand management.
- Optimize and expand equitable
- Strengthen Stewardship and Drive Efficiency:
 - Standardize and modernize our equipment, facilities, technology, and supporting work
 - Enhance asset management and decision support
 - Develop and implement a methodology to allocate resources to support strategic
 - Promote and implement innovative and creative
 - Enhance diversity, equity, and inclusion for contracting and
- Lead Climate Action:
 - Develop and start implementing a Caltrans Climate Action Plan that incorporates the CalSTA Climate Action Plan for Transportation Investments.
 - Accelerate sustainable freight sector
 - Establish a robust Climate Action program of education, training, and
 - Partner and collaborate to lead on climate
 - Establish a vehicle mile traveled (VMT) monitoring and reduction
 - Engage with communities most vulnerable to climate change impacts to inform development and implementation of Climate Action activities.
- Advance Equity and Livability in All Communities:
 - Avoid, and work to address, transportation related disparities in underserved communities on all new projects.
 - Plan and design transportation facilities to support vibrant livable places, with a focus on addressing the needs and concerns of underserved communities.
 - Collaborate with partner agencies to make equity and inclusion central in funding

Equity Statement Acknowledgement *Published: Dec 10, 2020*

The California Department of Transportation (Caltrans) acknowledges that communities of color and under-served communities experienced fewer benefits and a greater share of negative impacts associated with our state's transportation system. Some of these disparities reflect a history of transportation decision-making, policy, processes, planning, design, and construction that "quite literally put-up barriers, divided communities, and amplified racial inequities, particularly in our Black and Brown neighborhoods."¹

Caltrans recognizes our leadership role and unique responsibility in State government to eliminate barriers to provide more equitable transportation for all Californians. This understanding is the foundation for intentional decision-making that recognizes past, stops current, and prevents future harms from our actions.

Statement of Commitment

We will achieve equity when everyone has access to what they need to thrive — starting with our most vulnerable— no matter their race, socioeconomic status, identity, where they live, or how they travel. To create a brighter future for all Californians, Caltrans will implement concrete actions as outlined in our Race & Equity Action Plan, regularly update our Action Plan, and establish clear metrics for accountability to achieve the following commitments:

People — We will create a workforce at all levels that is representative of the communities we serve by improving our recruitment, hiring, contracting, and leadership development policies and practices.

Programs & Projects — We will meaningfully engage communities most impacted by structural racism in the creation and implementation of the programs and projects that impact their daily lives by creating more transparent, inclusive, and ongoing consultation and collaboration processes. We will achieve our equity commitments through an engagement process where everyone is treated with dignity and justice. We will reform our programs, policies, and procedures based on this engagement to avoid harm to frontline and vulnerable communities. We will prioritize projects that improve access for and provide meaningful benefits to underserved communities.

Partnerships — By leveraging our transportation investments, we also commit to increasing pathways to opportunity for minority-owned and disadvantaged business enterprises, and for individuals who face systemic barriers to employment.

Planet — We commit to combating the climate crisis and its disproportionate impact on frontline and vulnerable communities — such as Black and Indigenous peoples, communities of color, the people experiencing homelessness, people with disabilities, and youth. We will change how we plan, design, build, and maintain our transportation investments to create a more resilient system that more equitably distributes the benefits and burdens to the current and future generations of Californians.

1 California State Transportation Agency Secretary David Kim's Statement on Racial Equity, Justice and Inclusion in Transportation.

Districts and Programs

In accordance with Government Code section 14007, Caltrans is organized into twelve geographic districts and fifteen Budgetary programs.

District 1: Eureka, District 2: Redding, District 3: Marysville, District 4: Oakland, District 5: San Luis Obispo, District 6: Fresno, District 7: Los Angeles, District 8: San Bernardino, District 9: Bishop, District 10: Stockton, District 11: San Diego, District 12: Santa Ana

Budgetary Programs: Aeronautics, Capital Outlay Support, Capital Outlay Projects, Local Assistance, Program Development, Legal, Operations, Maintenance, State and Federal Mass Transit, Intercity Rail Passenger, Statewide Planning, Regional Planning, Equipment Services, Office of the Inspector General, and Administration.

Control Environment

Integrity and Ethical Values

Integrity is one of the core values that guides Caltrans management: "We promote trust and accountability through our consistent and honest actions." All managers and supervisors are required to take the Attorney General's online ethics course every two years. In addition, the Caltrans Leadership Training Series includes sections on ethical behavior.

The Independent Office of Audits and Investigations maintains a Hotline where employees and members of the public can anonymously report unethical or questionable behavior by Caltrans employees. The Ethics Hotline is open 24 hours a day, 365 days a year for employees and the public to report any of the following:

- Possible violations of any law, regulation, or rule, including safety or privacy violations, theft, or other criminal conduct
- Possible fraud, financial misconduct, questionable practices, bribery, falsification of records or reports, and/or misuse or waste of state resources

The Director, Chief Deputy Director and Deputy Directors are responsible for the overall establishment and maintenance of internal control and monitoring systems. To discuss on-going investigations statewide, the Chief Deputy Director meets monthly with members of the Independent Office of Audits and Investigations, the Chief Legal Counsel, Deputy for Administration, Chief of the Division of Equal Employment Opportunity, Chief for the Division of Safety and Management Services, Chief of the Division of Risk and Strategic Management, and the Audit Chief for the Caltrans Internal Audits Office.

Oversight Design

The Caltrans Executive Board, whose members include the Director, Chief Deputy Director, Deputy Directors, and District Directors, maintains responsibility for the department's strategic direction and general oversight. The Executive Board meets on a weekly basis as well as monthly to share and discuss timely updates. In addition, Caltrans has critical governance committees that exercise oversight over departmental policies and procedures.

Responsibility and Authority

Each program has a Deputy Director, and each District has a District Director who have responsibility and authority over the program or District. Policy is developed by the Director, and Deputy Directives are issued by the Chief Deputy Director. The Department implements all Policies and Deputy Directives. Deputy Directors are supported by a management structure that goes from Division Chief, Office Chiefs, Managers, to Supervisors; each with the responsibility for ensuring their employees have the proper tools and training to accomplish their workload and assigned responsibilities.

The Department provides resources to assist managers and supervisors to assess and respond to employee performance. Performance review is also used at the executive level through Executive Annual Performance Plans that are agreed to and evaluated by the Director and Chief Deputy Director annually.

Commitment to Excellence

Since Caltrans is committed to establishing and maintaining a skilled and competent

workforce, there is a dedicated workforce and succession planning function in the Division of Human Resources. In addition, there are units throughout the organization that work closely with the Division of Human Resources on workforce and succession planning matters. Caltrans has a large, diverse, and multi-disciplinary workforce. Workforce planning provides a strategic approach and set of procedures to assist in managing Caltrans talent pool of employees. The workforce plan was officially updated with CalHR in June of 2019. DHR is currently working on finalizing the new workforce plan.

In addition, Caltrans has a Recruitment Program which provides leadership to the Recruitment Liaisons in the District offices and Headquarters Divisions by identifying, developing, and coordinating recruitment strategies designed specifically to recruit qualified candidates and a diverse workforce.

The Division of Human Resources (DHR) developed a comprehensive onboarding website that offers transparency to all employees. The website provides resources that guide new hires through their first year, helps supervisors navigate the onboarding process, and offers resources specifically for onboarding CEAs. With this onboarding website, Caltrans DHR provides all employees with the support they need to succeed from day one.

To ensure competence and accountability, Supervisors' annual employee performance evaluations provide feedback and coaching related to an employees' performance according to their duty statement in alignment with Caltrans' values. Management is responsible to ensure that each program area delivers on their commitments and maintains a competent workforce. The hierarchy of management listed above use duty statements and expectations memorandums to ensure staff members understand the expectations that come with their job and annual performance reviews are conducted to ensure these expectations are being met.

The Caltrans Transportation Asset Management Plan (TAMP) was finalized in March of 2022. California was the first TAMP in the nation certified by the Federal Highway Administration meeting all requirements. The TAMP defines asset inventory, conditions, fiscal estimates, risks, climate resiliency and funding scenarios for the National Highway System (NHS). The NHS is jointly owned/operated by the State of California and hundreds of cities and county agencies in California. The TAMP requires considerable coordination with transportation partner agencies to produce a State of California plan. The TAMP satisfies several federal and state regulations.

Information and Communication

Caltrans employees and management are responsible for collecting and communicating relevant and reliable information needed for decision making across organizational lines and with external stakeholders. This process is accomplished primarily through research, regular reports, and other informational material and meetings, especially Executive Board, Executive Staff, and various Executive committee and council meetings.

Relevant and Reliable Information

The responsibility for the quality and reliability of Caltrans' information is shared between the business area(s) responsible for the creation and maintenance of the underlying data assets

and the business area conducting the analysis. Creation and maintenance of data assets is addressed through implementation of an enterprise data governance program that considers the people (data stewards and custodians), processes (practices, standards, and guidance), and technology (data governance, data management, and data analytics tools). Analytical capabilities are managed, in part, through implementation of a data literacy and analytics training program.

Internal Communication

Caltrans has a wide set of both Director's Policies and Deputy Directives to communicate controls and explain roles of responsibility in implementing and monitoring those controls. Deputy Directives further interpret and explain policies and communicate a deeper level of guidance. Caltrans also has a robust training program for new supervisors that includes units on risk management, monitoring internal controls, process improvement, and the policies and internal controls for which all supervisors share responsibility. There are also training programs available to all staff and supervisors that standardize the communication of proper internal controls, facilitate, and encourage compliance with them, and promote an ethical culture that is aware of its risks. Caltrans' Leadership Competencies were updated in June 2020; LinkedIn Learning training courses covering all 9-leadership competencies are identified and promoted to staff regularly.

These Leadership Competencies are:

- Change Commitment
- Risk Appetite
- Self-Development/Growth
- Conflict Management
- Relationship Building
- Organizational Awareness
- Communication
- Strategic Perspective
- Results Driven

External Communication

Many of our stakeholders are local governmental organizations (such as cities, counties, and metropolitan planning organizations) and federal agencies and transportation associations. The Division of Local Assistance coordinates funding, projects, and oversight with local organizations. At the national level, Caltrans has a Federal Liaison that acts as a primary point of contact between us and the federal government, and representatives from both CalSTA and the Federal Highway Administration usually attend Caltrans Executive Board meetings. The Federal Liaison developed and published the 2022 Caltrans' Infrastructure Investment and Jobs Act (IIJA) Policy Narrative. This policy lays out Caltrans' year-one implementation efforts, including action items that will be taken in 2023. Moreover, an IIJA Report was developed and prepared on a bi-weekly basis to communicate "all things IIJA-related," which is shared with Caltrans' Executive Board, the California State Transportation Agency (CalSTA), Governor Gavin Newsom's office, and distributed to our 450+ stakeholder list. These efforts improve internal and external relationships to help create beneficial solutions aligned with our

statewide goals and objectives. Caltrans is a frequent participant in national transportation conferences, councils, and discussions.

The Division of Transportation Planning funded 12 new Community Engagement Coordinator positions — one in each of the Caltrans districts. These coordinators will monitor district engagement activities, identify improvements, and assist district staff with implementing best practices in public engagement. The coordinators will improve community engagement consistency from planning through project delivery and serve as the point of contact for tools, training, and guidance in public engagement across the district.

The Clean CA program is one of Caltrans' greatest opportunities to improve and expand community partnerships, especially in underserved communities. As part of that effort, Caltrans seeks to increase and invest in outreach to local communities, partners, and stakeholders. Doing so builds trust, create efficiencies, and improve collaboration, which assists Caltrans and partners with achieving statewide goals and objectives.

The *Mile Marker* is an online performance magazine that is one of the tools Caltrans uses to highlight how it is improving the state travel network for the public and serves as a source of performance measurement and reporting. The *Mile Marker* is posted quarterly on Caltrans' website and distributed to employees, external partners, lawmakers and staff, and stakeholders.

Caltrans also uses other methods to communicate successes and challenges both internally and externally, including an enterprise-wide employee newsletter, regular updates to Caltrans' social media accounts, the Caltrans Annual Accomplishment Report, Caltrans Newsflash videos on the Department's YouTube channel, and Director's Video Messages and Town Halls.

There are also many different channels through which Caltrans reports progress on many things—including addressing control vulnerabilities—to California's State Transportation Agency (CalSTA), the California Transportation Commission, the Governor's Office, California's legislature, and the federal government.

Employee Reporting

Caltrans employees have many avenues to communicate vulnerabilities and control inefficiencies through the various internal units that monitor compliance with controls, such as the Independent Office of Audits and Investigations, the Office of Disciplinary Services, Equal Employment Opportunity, Enterprise Risk Management, Ethics, and the Discrimination Complaints Investigation Unit. Most of these functions serve both as a place to report vulnerability or violation concerns as well as to ask questions and clarify confusion.

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 Transportation monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Michael Keever, Chief Deputy Director.

The Division of Risk and Strategic Management launched a new Goals Worksheet application management system to automate and streamline the submittal process. The purpose of the Goals Worksheet is to report, track, and align fiscal year priorities with the goals of the Caltrans Strategic Plan. By outlining the priorities of each Program and District through the Goals Worksheet, Caltrans has a more comprehensive understanding into the efforts being completed throughout Caltrans to support our Goals. The Goals Worksheet also supports the communication of priorities at all levels of the organization.

In addition, the Division of Risk and Strategic Management works with management throughout Caltrans to monitor progress made in implementing the strategies outlined in Caltrans' Strategic Plan in pursuit of the goals and objectives that have been set.

Through ongoing monitoring processes, Caltrans reviews, evaluates, and improves its systems of internal controls. As a standard business practice, Caltrans develops, implements, and monitors internal controls through a variety of methods—including but not limited to management review, audits done by the Independent Office of Audits and Investigations, audits by Caltrans' Internal Audits Office, risk assessment, and the work of units focused on specific areas of internal controls.

Various routine monitoring activities and tools are used by the management of the programs and Districts, including regular meetings, performance progress tracking, and regular internal reports. Regular reporting and documentation of monitoring activities outside of expectations set by management in their respective business areas occurs through committees. The Caltrans Executive Board maintains oversight of broad operational policy and the department's strategic direction in monthly meetings.

Weekly Executive Staff meetings are used to share information; providing the opportunity to compare results with expectations and discuss control failures and other issues. The Inspector General in the Independent Office of Audits and Investigations ensures Caltrans, and external entities that receive state and federal transportation funds, are spending those funds efficiently, effectively, and in compliance with applicable state and federal requirements.

The Inspector General is required to report a summary of investigation and audit findings and recommendations annually to the Governor, the Legislature, California's State Transportation Agency, and the California Transportation Commission (CTC). In addition, the California Transportation Commission oversees Caltrans' project programming and allocations.

Caltrans management analyzes the design of a control and its intended purpose to ensure that they are implemented and functioning as intended. If not, management adjusts and/or takes the issue with the internal control before the appropriate committee or council, who in turn may refer it to the Executive Board for further response. Management may also be aware of a need for control that was not highlighted at the board level and—depending on scope—can either introduce or propose a control in their immediate scope or propose a wider-scale control to their management. If a control vulnerability or proposed control is enterprise in scope, it can be brought to the weekly Executive Staff meetings or monthly Executive Board meetings for discussion.

Each Director's Policy and Deputy Directive is to be reviewed periodically for accuracy and relevance by the responsible Program.

Audit findings and legislative actions may trigger a review and adjustment by the responsible program. These reviews allow for the opportunity to edit policies and directives, in addition to the normal process for adding them. Caltrans' Chief Deputy Director meets regularly with the units primarily purposed with internal controls to review controls, processes, and trends. These internal control units include but are not limited to the Office of Disciplinary Services, the Equal Employment Opportunity Program's Discrimination Complaints Investigation Unit, the Caltrans Internal Audits Office, the Independent Office of Audits and Investigations, and the Ethics Helpline Unit. The Director gets information regarding controls through briefings from the responsible program leads.

The Innovation Branch in the Division of Research, Innovation, and System Information (DRISI) conducted a preliminary investigation about the efficiencies programs of other State Departments of Transportation and will assess implementation at Caltrans. The Branch is also developing performance measures to track innovative projects across the Department. The Office of Enterprise Risk Management is responsible for both the biennial Organizational Risk Assessment which supports the State Leadership Accountability Act, as well as smaller risk assessments as requested by Programs, Districts, and branches within the Department.

The processes of assigning ownership for addressing identified control vulnerabilities depends on whether the vulnerability was revealed through regular management review, audit, Executive Board discussion, or otherwise. Ownership for addressing the vulnerability often resides with the program, district, or other functional unit whose controls were found insufficient. Sometimes an enterprise-wide control—such as a new policy, program, or piece of equipment—is adopted.

All formal audits have review periods during which progress to reduce identified vulnerabilities are monitored. Many efforts to address vulnerabilities that were presented to the Executive Board have regular reporting cycles.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Department of Transportation risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, other/prior risk assessments, and consideration of potential fraud.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and timing of potential event.

As part of the 2023 Organizational Risk Assessment, the Office of Enterprise Risk Management (ERM) facilitated separate Risk Assessment (RA) sessions to identify, assess, classify, and rank opportunities and threats (risks) to Caltrans. Attendees included Executive Board members and their designated leadership teams.

During the risk assessments, the ERM facilitator guided the group in an analytical risk-based

framework discussion of their submitted risk registers. The objective was to ensure common understanding in a clear and concise manner, and to add relevant content to the context, scoring, controls, risk response ideas, and risk ownership. After each session, groups were given four weeks to complete and return their final risk register.

Upon the completion of all RA sessions, ERM combined the final risk registers into a single risk register containing all risk statements. ERM staff individually and then collectively conducted analysis and achieved consensus on all risk statements and their relation to transportation risk categories, Caltrans 2020-2024 Strategic Plan's Goals, and Strategies in support of performance measures.

After further priority analysis ERM submitted to the Caltrans Administrative Governance Council (AGC) enterprise risk statements for review and asked to select risk statements to nominate for inclusion in the 2023 State Leadership Accountability Act (SLAA) Report. AGC members were also provided the opportunity to write in a separate risk statement if they deemed it necessary. Using SurveyMonkey, the AGC was able to select risks. The AGC's selected risks were presented to the Caltrans Executive Board for approval in August of 2023, and ultimately seven risks were approved for inclusion in the 2023 SLAA Report.

The Enterprise Risk Management program also created an Enterprise Risk Assessment Report to the Executive Board to describe trends identified in the risk assessment and facilitate enterprise decision making. This Report was shared with Executive Board members and their direct reports, who had formed most of the Organizational Risk Assessment leadership participant teams.

RISKS AND CONTROLS

Risk: Office Facilities

If we do not adequately invest in proactive planning and management of Caltrans' office buildings, we may incur significant liabilities, both legal and financial, along with compliance challenges, operational inefficiencies, reduced morale, and increased harm to the environment.

Control: 5-year Building Maintenance Project Plan and Annual Facilities Infrastructure Plan (FIP)

Caltrans Division of Business Operations (DBO) has utilized the Office Buildings 5-year Building Maintenance Project List as a tool to help assess the condition of building infrastructure and equipment to plan for future repairs or replacement projects. Each year, District Office Building Managers statewide conduct a survey of building equipment in the following categories: heating ventilation air conditioning (HVAC), electrical distribution, plumbing, fire system, elevators, and structural components, including addressing Americans with Disability Act (ADA) findings.

The Caltrans Facilities Infrastructure Plan (FIP) is prepared and submitted annually in accordance with an annual Governor's Office Budget Letter and Government Code 13100-13104. The FIP provides important information about Caltrans' long-range growth,

goals, development, and vision of Caltrans' buildings and infrastructure. Having a Building Maintenance Plan and Facilities Infrastructure Plan helps DBO identify, prioritize, and address critical buildings' operational needs.

Control: Facilities Conditioning Assessments (FCAs)

Infrastructure studies and Facility Condition Assessments (FCAs) have been conducted over the last several years to gather data on the condition of Caltrans' office buildings and found that many of these buildings are functionally obsolete, energy inefficient, and expensive to maintain. FCAs and other infrastructure studies will continue to be used to evaluate the overall condition of each location to establish building infrastructure priorities and develop an overall strategy on needed repairs and costs.

The primary goal of the FCAs is to obtain a baseline for current building conditions and to identify building needs for upcoming years. The data gathered from the FCAs is used to establish priorities for major building repairs and replacements. Caltrans investing in proactive planning will prevent office buildings from suffering further deterioration and avoid the risk of incurring significant liabilities.

Control: Maintain Ongoing Collaboration/Coordination with Districts, Internal and External Partners

DBO fosters strong partnerships and works closely with its district office building managers, the Department of General Services (DGS), and outside vendors to maintain and manage office buildings. Partnerships have been established with internal and external customers which are essential to identify, plan, and coordinate Caltrans' current and future office building needs.

DBO is dedicated to maintaining current and develop new partnerships by establishing frequent meetings to plan, collaborate, discuss requests, and track status of Caltrans' office building needs. This collaboration will greatly assist with understanding the risks and timelines involved to enable the Division to strategically plan for and leverage resources, allocate funding, and enhance building operations and maintenance. This will also increase timely project delivery through regular communication with all stakeholders involved. Caltrans, in collaboration with internal and external partners, can proactively work towards mitigating the risks with its aging office buildings infrastructure.

Risk: Climate Adaptation

If the Department does not develop and implement a coordinated cross-cutting climate change adaptation and resilience strategy, then we may experience sudden and premature failure of portions of the State Highway System, which may result in severing of lifeline services, major disruptions to the public, and increased emergency damage, support costs, and schedule delays.

Control: Update and Implementation of Caltrans Sea Level Rise Guidance

Caltrans' Division of Environmental Analysis (DEA) in partnership with Caltrans Division of

Transportation Planning

(DOTP), Caltrans Division of Design, California Coastal Commission, and an internal Sea Level Rise Workgroup developed Draft Guidance on Incorporating Sea-Level Rise. This soon-to-be released guidance will expand considerations beyond the Project Initiation Document phase and inform best practices and considerations of the implications of projected sea level rise in all phases of project development (from early corridor planning through construction and maintenance and operations). The updated guidance has been structured to be consistent with current Ocean Protection Council Guidance, while allowing flexibility to maintain relevance as updated, best-available science become available from state and federal agencies such as the National Oceanic and Atmospheric Administration and the Draft 2023 Ocean Protection Council Guidance.

This control will reduce the risk by providing a process by which Caltrans can develop plans and implementation strategies that involve multiple divisions across the agency to reduce the risk of sea level rise impacts to the transportation system. This methodology could then be used as a model to evaluate other climate stressors.

Control: Advanced-Needs-Identification and Prioritization of Climate Adaptation Projects

To clearly understand the funding needs for increasing the resilience of the State's multimodal transportation system, it is critical for Caltrans to identify risk and quantify climate adaptation options for all climate change stressors. Caltrans DOTP has initiated updates to the statewide Caltrans Climate Change Vulnerability and Risk Assessments (VRAs) which will be completed in 2025. The VRAs will include information, such as social and ecosystem vulnerability, to identify climate change hazards and evaluate risks on the statewide multimodal transportation system.

For identifying the State's adaptation needs, Caltrans DOTP initiated the District Adaptation Project Investment Strategy (DAPIS) effort in Fall 2023, which will leverage the best available climate change data to identify and compile climate change adaptation needs into a prioritized district project list. Internal coordination between multiple district divisions is necessary to identify and prioritize each district's adaptation needs. The DAPIS prioritized project list will be crucial for quantifying the State's near-, mid-, and long-term adaptation solutions. Upon completion of the initial DAPIS prioritized project list in Spring 2024, Caltrans DOTP will coordinate with districts to develop cost estimates for their adaptation needs. In addition, Caltrans DOTP will be developing a benefit-cost analysis tool to help districts evaluate appropriate costs for their adaptation needs.

This control will reduce risk by continuing and expanding internal coordination between the Department's divisions and districts to advance climate adaptation strategies and resilience principles in planning and project delivery. The VRAs and DAPIS will require extensive coordination between internal groups to identify climate risks and quantify adaptation solutions; both components will determine the statewide adaptation funding needs. The funding need will support the Department in seeking adequate funding for increasing resilience of the State's multimodal transportation system.

Control: State Highway System Management Plan Climate Adaptation and Resiliency Program

The 2023 State Highway System Management Plan (SHSMP) expanded the sea level rise objective included in previous versions of the SHSMP to the *Climate Adaptation and Resilience objective* and included improvements to the sea level rise exposure analysis for roadways and bridges, completed a 2023 Sea Level Rise Inventory, identified a sea level rise adaptation performance objective, and for the first time proposed within the investment plan \$1.7 billion specifically for sea level rise adaptation projects for the 2033 SHOPP Ten-Year Project Book.

In support of this change, the 2023 SHOPP Sea Level Rise Adaptation Guidelines have been developed to support Districts in understanding the types of improvements, treatments, and adaptation measures that meet the requirements for the performance target. Districts with performance targets in the 2023 SHSMP include Districts 1, 4, 5, 7, 11, and 12. The Headquarters Climate Adaptation and Resilience program seeks to align Caltrans projects with the State's commitment to advancing multi-benefit, nature-based solutions to ensure that California's communities and natural systems continue to thrive together in the face of climate change.

The results of this control will assist in prioritization of District nominated projects for the 2023 SHSMP Climate Adaptation and Resilience objective and the development of the exposure analysis for other climate stressors (e.g., changes in temperature, precipitation, and wildfires) and associated deficiency units to be included in future SHSMPs.

Control: Coordinated Climate Action Investments Strategy

As more funding for climate adaptation becomes available from federal, State, regional, and local sources, having a standing list of current adaptation needs will provide an effective method for identifying eligible projects and will simplify the process for selecting prospective projects to apply limited adaptation funding. The DAPIS effort noted above will incorporate analysis of existing and projected climate vulnerability into a prioritized project list which will allow Caltrans to apply adaptation funding more efficiently as these future opportunities become available.

In response to an optional component in the federal PROTECT Program, Caltrans DOTP will be submitting the State Climate Resilience Improvement Plan for Transportation (SCRIPT) to Federal Highway Administration (FHWA) for their approval in December 2023. The SCRIPT summarizes the breadth of existing climate adaptation policies, tools, guidance, and activities that have positioned Caltrans and its partners to take a systemic approach to making immediate and long-range investments to improve the resilience of the multi-modal transportation system. Caltrans DOTP is developing this plan to reduce the state and local cost-share of identified PROTECT projects from 20% to 10%, which has the potential to save the state, regional, and local partners a significant amount in PROTECT matching funds.

This control will reduce risk by coordinating the Department's statewide funding priorities for the most vulnerable assets to all climate stressors. Through statewide coordination,

there will be an improvement in the overall safety and reliability of the state highway system thereby increasing our infrastructure's resilience to the impacts of climate change. In addition, this control will ensure that the Department has updated climate adaptation project needs and costs, which will help demonstrate the importance of climate adaptation to the public.

Risk: Data Governance

If Caltrans does not have adequate resources and focus directed to improving data quality and compatibility, then this will undermine the usefulness of data, which may hinder decision-making, project timelines, and reporting at Caltrans.

Control: Data Quality Management

The Caltrans Enterprise Data and Geospatial Governance Program, CTDATA, adopted a practice, data quality management plan template, and provided a tool for assessing, correcting, and reporting data quality conformance to defined business rules. Caltrans enterprise data governance program staff will begin working with business data stewards and data custodians to implement these data quality management practices and tracking compliance with the adopted practice. Compliance tracking includes number of plans in development, in implementation, and in maintenance. Actively managing data quality will result in usable data that maximizes its value in informing decision making. Quality data reduces the time it takes to perform analysis by having complete and correct entries in a usable form that minimizes the generation of misinformation or poor-quality data and maximizes the impact of informed decision making.

Control: Authoritative and Standardized Data

The identification of authoritative data sources and implementing data standards enables consistency, improves data sharing, and sets expectations for how data is provided. Adopting data standards and identifying data sources that everyone must use will result in consistent analysis and reporting, greater credibility, and minimizing of impacts that occur when data formats change.

Risk: Contracting and Procurement Processes

Inefficient contracting and procurement processes, and poor contract management, negatively impact the Department's workflow efficiency, jeopardize delegations of authority, ultimately cost more money, incur contract award protests, and limit the pool of companies and experts willing to work with Caltrans, all of which can limit our procurement options and efficiency.

Control: Tracking accountability throughout Contract/Procurement process

Caltrans Division of Procurement and Contracts (DPAC) will continue to train procurement personnel statewide as to their roles and responsibilities affiliated with contract submittals. If incomplete requests continue to be submitted, DPAC will reject them and work with requestors to correct items as needed. DPAC will also continue to look for process

improvements internally to assure training, processes and roles are clearly identified. By receiving complete requests/packages, DPAC can work contracts much more efficiently requiring less back and forth with contract managers.

Control: Create a robust tracking tool for all contract/procurements

DPAC is creating a robust tracking tool for all contracts/procurements. By having a comprehensive tracking tool, customers can pull up contract information for themselves, identify where the contract is in the process, and identify pinch points on their specific item. This tool will also identify common delays in the contracting process, allowing customers, partners and DPAC to address them as needed.

Control: Process Discovery

DPAC has teamed with Information Technology (IT) to help identify contract processes to lean, avoid duplication, and perhaps re-engineer as needed. This process will include IT and Non-IT contracts, purchasing, and Architectural and Engineering (A&E) contracts. By working through process improvements with all the relevant participants, the goal is to lean processes where feasible. This effort will begin with IT Contracts, and A&E will then be initiated and reworked simultaneously.

Risk: Hiring Process, Recruitment and Retention

If Caltrans does not improve recruitment, hiring, and retention processes, and collaborate more effectively with our internal and external stakeholders, then we will continue to have small candidate pools, lose high caliber prospects, and have positions unfilled longer than necessary, as well as staff shortages and overturn, which may cause us to be less effective in delivering on our critical mandates and promises to California.

Control: Statewide Strategic Recruitment

Departmental recruitment efforts have historically been initiated based on an identified need, either because of an increase in workload requirements, in order to combat attrition, or to address hard to fill classification vacancies. This has established recruitment as a reactionary mechanism, impacting delivery goals while recruitment efforts are planned, developed, and executed. The Statewide Strategic Recruitment effort is designed as a proactive approach to outreach, with the goal of creating qualified applicant lists that can be leveraged by districts/divisions for the duration a Job Control is valid. The Division of Human Resources (DHR) Recruitment team will work with districts/divisions twice a year to compile listings of all classification needs; recruitment will then be facilitated with a two-pronged approach by conducting in-state/national outreach combined with a file in-person event at district offices.

Statewide Strategic Recruitment is intended to reduce risk by standardizing recruitment efforts, addressing all identified needs simultaneously and continuously twice a year, and by generating a larger candidate pool of qualified applicants competing for vacant jobs at Caltrans.

Control: Adopt-a-School Statewide Launch

With the goal of community engagement and the promotion of student interest in future careers at Caltrans, DHR is relaunching the Adopt-a-School program. Designed as a self-service online resource for districts/divisions, the Adopt-a-School program will provide guidelines and tools to assist in the establishment and development of partnerships with participating high school and K-12 institutions. The Adopt-a-School program reduces risk by:

- Fostering the development of a future workforce.
- Providing information on current career opportunities for newly graduating seniors.
- Supporting departmental workforce diversity, equity, and inclusion initiatives.

Control: Diversity, Equity, and Inclusion (DEI) in Recruitment

DEI recruitment methodologies have been consistently employed by DHR for a number of years, illustrated by our facilitation of out-of-state recruitment events, prison to employment (P2E) hiring efforts, and partnerships with veterans' groups, community organizations, and non-profits. However, with the department's enhanced strategic focus on DEI coupled with the escalation in hiring needs related to the Governor's Clean CA initiative and the recent passing of the Federal Infrastructure Investment and Jobs Act of 2021 (IIJA), HR will institute the following:

- Facilitation of community-based career fairs/hiring events, including, providing directed job opportunities to historically underrepresented demographics and on-site application and examination assistance.
- In-state and national outreach to demographically diverse educational institutions, including Historically Black Colleges and Universities (HBCUs).
- Procure memberships and conduct outreach to diverse alumni and professional organizations.
- Establish partnerships and conduct outreach to organizations designed to reduce barriers to employment for historically underserved communities.

Control: Career Development Center (pilot)

To augment the capacity of the workforce and broaden the reach of potential candidates, DHR will create a pilot Career Development Center within its new training facility. This center will serve as a nexus for current employees, the public, and employment-services groups, providing tailored guidance and resources on various facets of starting a career and career advancement within the State of California. The center will delve into crucial areas, including the application process, recommended best practices, sharpening interview techniques, and specialized training for groups that have a focus on employment services--. Additionally, it will host comprehensive courses covering the four pivotal stages of career development.

The Career Development Center is poised to enhance several departmental goals and initiatives:

- **Enhancing DEI Efforts:** By offering targeted resources and guidance, we aim to ensure a diverse, equitable, and inclusive recruitment and retention process.
- **Boosting Retention:** Employees can envision a long-term career trajectory within the organization through continuous learning and development opportunities.
- **Succession/Workforce Planning:** Equip current employees with the skills and knowledge required to climb the career ladder, ensuring a seamless transition and filling of leadership and specialized roles.
- **Broadening Community Presence:** With the center acting as a bridge between DHR and the community, we anticipate a strengthened rapport and a higher degree of mutual engagement.
- **Tapping into New Talent Pools:** We can identify and draw from previously untapped talent reservoirs by reaching out and educating the public and community providers.
- **Elevating Recruitment:** With clearer guidelines, resources, and training, potential candidates can be better prepared, increasing the caliber and number of applicants for vacancies.

Risk: Intelligent Transportation Systems (ITS)

As Intelligent Transportation Systems (ITS) become the eyes and brains of our transportation network, we need to design and deploy, maintain, upgrade, and replace infrastructure in an efficient manner that aligned with our goals. Failure to do this expeditiously degrades the transportation network, potentially introduces conflict points, software security breach, and necessitates more incident management.

Control: ITS Asset Management

The Office of Systems Management has developed several databases and tools to manage the ITS inventory. Transportation Management System (TMS) Inventory Database is linked to the Asset Management Tool, TMS Geographical Information System (GIS) Map, Integrated Maintenance Management System (IMMS) Database, Trac Ticketing System and houses data for Field Elements, Communication, Central Applications, and Information Delivery Systems statewide. These systems will provide accurate data to create a solid foundation to base decisions on information and getting performance and cost-effective results.

Control: ITS Network Security

Cyber defense requires greater speed and agility to mitigate cyber threats and limit impacts on the Traffic Operations Network (TOSNET). The Office of Transformational Mobility is working with IT to implement a network access control (NAC) solution. The NAC tool will provide visibility of all the OT (Operational Technology) or field device that is communicating with the transportation management center (TMC) and can isolate a certain unknown and dangerous device if needed.

Control: ITS Design and Development

The Division of Traffic Operations is implementing nationally accepted best practices in Transportation System Management and Operations (TSMO) to coordination across multiple jurisdictions, agencies, and modes to restore or improve the performance of the existing transportation system in lieu of constructing additional lanes and to increase the safety of the traveling public. The design and deployment of a robust ITS framework and infrastructure allows for the implementation of TSMO strategies that will enable identification of system improvements, instituting data-driven decision-making, and developing performance measures to manage progress and evaluate if actions are beneficial.

Risk: Stakeholders and External Partnerships

If Caltrans increases and invests in outreach to local communities, partners, and stakeholders then we may build trust, create efficiencies, and improve collaboration, which may assist Caltrans and partners with achieving statewide goals and objectives; including those related to equity, climate action, safety, and economic prosperity.

Control: Compensation Coordination

Caltrans Director's Office of Equity, Sustainability, and Tribal Affairs will convene key Caltrans staff and staff from partner state agencies to identify and/or develop processes to enhance the ability of Caltrans to contract with non-profit community-based organizations and compensate community members that participate on advisory committees. Improving processes to contract with non-profit community-based organizations will assist with community engagement on projects and plans; and compensating community members that serve on advisory committees will improve collaboration with stakeholders and external partners and can help build trust with community.

Control: Expand Communication About How Caltrans is Delivering on Its Vision

Where applicable, Caltrans Division of Public Affairs will add language to public communications (press releases, social media, etc.) on how the activity ties into the Department's Vision. By providing pre-approved boilerplate language to the districts and other public facing parties, Public Affairs can ensure that messaging remains consistent and appropriate.

Control: Engage Communities Through Public Outreach Activities at Local Events

Through existing and future public education campaigns, Caltrans Division of Public Affairs will host informational booths at local events and encourage district public information offices to participate in community activities as appropriate. By having an active presence in the local communities, Caltrans' relationship with the public will improve and create a positive outcome.

Control: Agency Risk Assessment Program

The Agency Risk Assessment Program (ARAP) will assess project delivery risk for each customer/agency, such as Local Public Agencies and tribes, to allow Caltrans Division of Local Assistance (DLA) to proactively mitigate for potential project failure modes and effects. Currently, DLA does not have a mechanism to assess customer/agency project delivery risks and uses a reactive approach as delivery failures arise.

DLA will leverage the ARAP to proactively identify risk, then work with the customer/agency to eliminate and/or minimize risk. This is accomplished through agency training and technical guidance on creating policies and procedures.

Control: Right of Way (ROW) District Pilot

DLA's Local Right of Way (ROW) Office will conduct a Lean Six Sigma project on processing times for customers/agencies that are delivering local projects involving Right of Way acquisition. These customers/agencies must complete Form 13-A, and because of excessive processing times for Form 13-A, loss of project funding has been identified as a risk. This Lean Six Sigma project will identify root causes of the processing delays and then develop and implement solutions to significantly reduce processing times and enable project funding to be allocated before it is at risk of being lost.

Control: Caltrans Public Engagement System (CPES)

Caltrans Division of Public Affairs and Caltrans Division of Transportation Planning (DOTP) will work together to acquire and deploy an online public engagement platform (software application) that will allow the public and interested parties to comment and provide input on Caltrans plans and projects from early planning to project development and construction. CPES will collect, store, categorize, track, and measure public comments across divisions, which has not been accurately captured before. The application will increase engagement overall and improve consistency, continuity, and transparency for conducting community engagement with stakeholders, external partners, and communities.

Control: District Community Engagement Coordinators

Coordinating with Caltrans Division of Public Affairs, Caltrans Division of Transportation Planning (DOTP) funded twelve new Community Engagement Coordinator positions — one in each Caltrans district. These positions serve as subject matter experts and district-level coordinators among all staff working with stakeholders, external partners, and communities, and will work with the district Public Information Officers. The district Community Engagement Coordinators will monitor district engagement activities, identify improvements, and assist district staff with implementing best practices in public engagement, which will be compiled in district-level Community Engagement Playbooks. The coordinators will improve community engagement consistency from planning through project delivery and serve as the point of contact for tools, training, and guidance in public engagement across the district.

Control: Transportation Planning Contacts Database

Caltrans Division of Transportation Planning (DOTP) is compiling a comprehensive database of stakeholders, external partners, and other interested parties based on multiple existing lists in Planning and Modal Programs. The database will allow queries to create customized lists for outreach and engagement activities. The list owners in each contributing unit will participate in keeping the database updated. The Contacts Database will serve as a central hub for managing stakeholder and external agency contact lists, providing an efficient, consistent, and up-to-date source of accurate information for various planning efforts, projects, and initiatives.

Control: Expand Legislative Partnerships and Relationships to garner support for Caltrans' activities, projects, and policies

Caltrans Division of Legislative Affairs (Legislative Affairs) will leverage legislative partnerships and established relationships to identify areas where trust can be established or fostered, equity increased, and collaboration made more efficient to serve communities statewide. With positions focused on outreach and particular initiatives, Legislative Affairs will continue to increase these efforts that have been revamped and increased since August 2023.

Control: Increase collaboration and coordination with Caltrans districts to standardize processes and messaging with the Legislature and local partners

Caltrans Division of Legislative Affairs will utilize its new resources to support Caltrans districts to more efficiently communicate what Caltrans is doing to benefit Californians. Legislative Affairs is increasing outreach to be more proactive in our connections with Legislators through effective guidance and support to district staff. Legislative Affairs is now able to match increased demand and need due to a new position currently being filled and positions focused on particular initiatives.

Control: Increase engagement of the Legislature to advise on legislation that advance state goals efficiently and equitably

Caltrans Division of Legislative Affairs will work with programs and districts to present productive and complete analyses that represent Caltrans' vision to the California State Transportation Agency and Governor's office and lead to increased engagement of the Legislature on priority legislation. New positions are being filled to analyze legislation; collaborate with the Legislature and partner agencies; conduct productive and timely negotiations; and to train and assist programs, divisions, and districts on analyzing and estimating impacts of legislation to Caltrans and transportation as a whole and providing technical assistance on legislation.

CONCLUSION

The Department of Transportation 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.

Tony Tavares, 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