

Secretary of State

2015 SLAA REPORT

December 24, 2015

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Secretary of State submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Kimberly L. Gauthier, Deputy Secretary of State, Operations, at (916) 653-7244, kim.gauthier@sos.ca.gov.

BACKGROUND

The Secretary of State, a constitutionally established office, is the chief elections officer of the state and is responsible for the administration and enforcement of election laws. The Secretary of State is also responsible for administering and enforcing laws pertaining to filing documents associated with California businesses, and is responsible for commissioning notaries public and enforcing the notary laws. The Secretary of State's office is home of the State Archives, preserving documents and records that have historical significance. The Secretary of State is the filing office for lobbying and campaign registration and disclosure documents filed under the Political Reform Act. The Secretary of State also operates the Safe at Home program, maintains the Domestic Partners and Advanced Health Care Directives registries, provides support functions for the Voting Modernization Board, and is home to the California Museum for History, Women and the Arts.

VISION AND VALUES

The vision of the California Secretary of State's Office is to be a recognized leader in ensuring fair and secure elections, making it easier to do business in California, and protecting individual rights and state treasures. We are committed to: service, ethics, teamwork, openness, innovation, and consistency.

MISSION

The mission of the California Secretary of State's Office is to:

- Support California business by registering and authenticating business entities and trademarks, enabling secured creditors to protect their financial interests, and regulating notaries public.

- Strengthen democracy by overseeing fair and accurate statewide elections, building confidence and participation, and providing public access to campaign and lobbying financial information.

- Protect individual rights by registering domestic partners and advance health care directives, and providing confidential mail forwarding services.

- Preserve California's history by acquiring, safeguarding, and sharing the state's historical treasures.

Policy associated with the administration of the Secretary of State is accomplished through the divisions of: Executive Office, State Archives, Business Programs, Elections, Information Technology, Management Services, and Political Reform.

Executive Office - The Executive Office is responsible for the Secretary of State's overall policy development and implementation and handles legislative, constituency, communications, and international relations issues. The office attests to the Governor's signature on executive orders, proclamations, resolutions, extradition papers and appointments. In addition, it chapters all bills passed

by the Legislature.

Archives – The Secretary of State is responsible for safeguarding California’s history in the State Archives. The Archives’ staff collect, organize, and preserve the state’s permanent government records and other historical material such as maps, architectural drawings, photographs, video and audio tapes, and artifacts.

Business Programs – The Business Programs Division supports California businesses by registering and authenticating business entities and trademarks and enabling secured creditors to protect their financial interests. The division is responsible for filing documents associated with California corporations, limited liability companies, partnerships, limited partnerships and unincorporated associations, and pertaining to filing bonds and perfecting security agreements. The Business Programs Division processes millions of business filings and information requests each year.

Elections - The Elections Division oversees all federal and state elections within California. In every statewide election, California prepares voter information pamphlets in 10 languages for nearly 18 million registered voters. The Elections Division is focused on strengthening democracy by increasing voter turnout in California.

Information Technology – The Information Technology Division develops, delivers, and maintains information services and ensures data integrity by providing technical guidance to implement automated business solutions.

Management Services – The Management Services Division provides administrative and operational support necessary to effectively administer the Secretary of State’s programs and includes the following functions: Fiscal and Budget Services, Purchasing, Contracts, Human Resources and Training, Information Security, and the Safe at Home program.

Political Reform –The Political Reform Division, under the statutory mandates of the Political Reform Act regulatory requirements and guidance issued by the Fair Political Practices Commission, helps make the political process more transparent by helping people monitor financing of state political campaigns and lobbying activities. Most candidates for state office, ballot measure committees, and anyone who lobbies the State Legislature and/or state agencies, must file detailed financial disclosure statements with the Secretary of State.

RISK ASSESSMENT PROCESS

The Secretary of State’s Risk Assessment was completed in accordance with Government Code sections 13400 through 13407. The Risk Assessment process included the highest levels of Agency leadership, and Program Managers (Division Chiefs), who are closely familiar with the functions, technology, processes, and risks in their respective areas.

The Secretary of State’s office held a 2015 State Leadership Accountability Act report commencement meeting, attended by Agency Executive Leadership and Program Leaders, to address the work plan and timeline for completing the report. The work plan included five phases: 1) Risk Identification and Description, 2) Leadership Evaluation, 2) Controls Identification and Description, 3) Leadership Review, and 4) Report Submission.

1. During the Risk Identification and Description phase, each Program Leader completed a matrix to identify and describe risks based on impact to the their program area, and the agency as a whole (high/medium/low), likelihood of occurrence (high/medium/low), what is affected (Operations, Reporting and Compliance), and risk origination (Internal/External). Meetings were held to address questions.
2. The Leadership Evaluation phase included discussion, examination, and determination of risks that could be identified for future monitoring.
3. During the Controls Identification phase, each Program Leader was asked to describe the control(s) already underway, and recommend new controls, to mitigate the risks in his or her areas.

4. The Leadership Review included discussion and consideration of controls that are partially in place and whether or not current technology can be leveraged for better management of risk. Leadership determined if new controls are needed, or if enhancements are needed to existing controls.
5. Report Submission involved consolidating the Risks and Controls from each program area and preparing the report, within the guidelines provided by the Department of Finance.

The risk assessment process was carried out to ensure all levels of management were involved in the 2015 SLAA review. Risks were compiled, examined, and discussed to determine the risks that should be identified for future monitoring.

Along with the required corrective action planning documentation submitted to the Department of Finance, Agency leadership has given the responsibility of following up during the Ongoing Monitoring process to the Secretary of State's Assistant Chief Deputy and Counsel.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Technology—Inadequate Support, Tools, Design, or Maintenance

The State Archives lacks a viable system for preservation of electronic records. The current system does not ensure preservation of historical resources existing solely in an electronic format. Historically important electronic records require a long-term records management and preservation strategy. The State Archives currently has a bare-bones system to accession, process, and intake electronic records of long-term historical value and has nearly exhausted available server storage space for electronic records with much in the collection remaining inaccessible. Storing records on CDs, DVDs, and the like, is not a viable long-term preservation strategy. These forms of media deteriorate rapidly. The State Archives houses approximately 22 terabytes of data with most transferred since 2000. The records come from state agencies, the Legislature, the executive branch, and the courts. The Secretary of State anticipates receiving eight additional terabytes, per annum. The rate and volume is expected to increase with the move to a paperless environment, online open government initiatives, and the arrival of the disposition stage for newer ("born digital") records.

A robust information technology infrastructure based upon the international standard Open Archival Information System (OAIS) model is needed. An OAIS allows for the ingestion management of, and access to, electronic public records far into the future. Included in the system should be a means for reading obsolete software and hardware, capabilities to read and append metadata, policies for migration and emulation, redundant secure storage, and interfaces for public and staff access to records that maintain proper security for statutorily-restricted records. Without this robust infrastructure, the State Archives will not be able to fulfill its statutory mandate, public records will be lost, and public access to records will not be possible.

Until identified risks are addressed, the State Archives will not be able to read or access all the formats that constitute government records; read, append, or preserve all the records' required metadata; ensure authenticity of electronic public records or meet legal requirements for their legal admissibility or accessibility; provide adequate security for statutorily-restricted records; provide adequate access to public records in electronic form; preserve all historically valuable or vital electronic records; or respond to e-discovery requests in a timely manner.

The State Archives will adopt ISO 14721:2003, the international standard Open Archival Information System (OAIS) model, and identify and obtain or create an OAIS-compliant digital preservation, storage, and access system. The OAIS will become part of the State Archives' infrastructure for adequate control over electronic records and will include migration strategies for those records at greatest risk due to age and obsolescence.

The State Archives, in coordination with other state agencies, will work towards creating or

updating statewide electronic records guidelines and policies to ensure that government electronic records are created, maintained, disseminated, and transferred to the State Archives or destroyed in a manner consistent with the transparency and accountability requirements of the State Records Management Act, California Public Records Act, State Administrative Manual, and other applicable laws and regulations. While all state records, regardless of format, should be managed throughout their entire life cycle, there are practical requirements surrounding the management and preservation of electronic records. Special attention and guidance is necessary to ensure their long-term viability and accessibility.

In order to ensure that the infrastructure for electronic records preservation and access is adequate, the State Archives will seek more server storage space, or cloud storage, with redundancy built into the system.

Operations- Internal- Physical Resources—Maintenance, Upgrades, Replacements, Security

The State Archives division has insufficient facilities to ensure permanent preservation of historic resources and will soon run out of suitable space. The State Archives storage facility is currently at 78% of capacity.

The Secretary of State is the custodian of the public archives of the State (Government Code section 12221). The State Archives has a State Records Appraisal Program to identify state agency records with permanent retention value. The records are maintained and made available for public inspection and research (California Public Records Act, Government Code sections 6250, et seq. and the California Information Practices Act, Civil Code sections 1798, et seq.).

The State Archives receives records from the executive, legislative, and judicial branches. Over the past five years, the State Archives has, on average, accessioned 3,713 cubic feet of archival material per year. At this rate, plus one-time additions from closing Department of Developmental Services facilities and end-of-term Governor's records, as well as pending large transfers from several other agencies, the State Archives could add almost 30,000 cubic feet to its holdings by fiscal year 2019-2020, exceeding the capacity of the current facility.

Once the State Archives building is full, agencies will have to retain records, thus increasing the risk that essential records of government could be damaged or lost. The State Archives might have to decline taking records that document important programs and activities of state government. The records received by the State Archives are, in many cases, vital to the overall health of state government operations. The State might have to seek more expensive, less accessible commercial storage if the State Archives does not have adequate space.

The State Archives will continue to process collections to help reduce the volume of records permanently retained. A project is underway to reduce the State Archives' accumulation of unprocessed collections.

The State Archives will ensure that only records with historic value are received and permanently retained. The State Archives has begun eliminating records that have been identified as having no historic value. Nearly 1,000 cubic feet of records have been identified for deaccessioning. Second, an amendment to Government Code section 6268, effective January 2015, permits the State Archives to appraise Governors' records to identify those records having no historic value. The State Archives, through its California Records and Information Management (CalRIM) unit, is working with state agencies to ensure that only those records that have enduring value for preservation are being transferred to the State Archives.

The State Archives will continue to pursue the complete conversion of fixed shelving to mobile compact shelving as the most economical and efficient solution to meeting the State Archives' short-term space needs. The present building was designed and equipped for the conversion of fixed shelving to more space-efficient (mobile) shelving, which offers the highest possible density for storage of files and other media. The State Archives will develop a plan for converting an existing structure for off-site storage to meet the State Archives' long-term space needs.

Operations- External- Business Interruption, Safety Concerns

A natural disaster would disrupt operational objectives and threaten destruction of historical resources in the State Archives. The emergency generator for the State Archives building is located below street level. Failure of the generator due to flooding could result in extreme temperature and humidity conditions that would damage historical resources.

Archival standards require that records be maintained at a constant temperature of 68 degrees +/- 2 degrees and constant humidity of 45% +/- 2%. If a power outage were to occur, under normal conditions, the emergency generator would provide backup power. Extreme temperature and humidity fluctuations caused by a generator failure would result in damage to unique and irreplaceable historical resources.

Furthermore, generator failure would prevent evacuation of historical resources. In the event of a complete energy failure, the freight elevators servicing the six stacks floors, where records are held, would be unusable. It would then be very difficult to evacuate heavy materials down the stairwells as neither carts nor pallets could be used and individual boxes would have to be hand carried by staff members -- a process which would be an extreme safety hazard and not recommended.

The State Archives will consult with the Department of General Services on how to mitigate the risk of generator failure following a disaster that interrupts power to the State Archives building. The State Archives will consult with the Department of General Services and the Governor's Office of Emergency Services to plan for the appropriate response in the event of a disaster that causes power interruption and/or generator failure.

The State Archives will maintain an Emergency Response Plan, including a priority listing of records, to be used to identify high value records to be evacuated in advance if there is sufficient time to evacuate those records prior to a disaster. Similarly, the State Archives will identify high value records to be evacuated without reliance on elevators if power is interrupted.

Operations- Internal- Technology—Outdated, Incompatible

The Secretary of State serves as the filing office for various statutorily authorized business related documents. The Business Programs Division is operating in a paper environment and using multiple antiquated computer systems, creating processing delays and weakened internal controls in processing over two million paper documents and requests for information per year. The current systems and processes expose vital records to many risks. The foremost risk is the inability of the Secretary of State to process these documents proficiently and promptly for California's business community. At least 23 separate information technology (IT) systems are in use. The Business Programs Division is developing a plan to consolidate these disparate systems into one automated system, California Business Connect, that will process these various business filings. The Agency has received temporary funding (three years; currently slated to end in FY 2015/16) to add limited term positions and to provide for temporary help and overtime to assist in reducing and maintaining an average turnaround time for business filings of five business days. With the additional funding and positions this goal has been achieved and turnaround times are at historical lows. Without this continued funding until California Business Connect is implemented, turnaround times will increase again. Even with the additional temporary funding, the

Secretary of State is not able to fully comply with the following legislative and regulatory mandates: posting public information to the Internet (California Corporations Code sections 1502 and 2117); processing fees by State Administrative Manual (SAM) deadlines (SAM 8032.1); and readily sharing vital information with government agencies for taxing, licensing, and regulatory purposes. The current systems and paper processes create the following service deficits: prevent effective delivery of services; make the Agency more vulnerable to having backlogs without the additional temporary funding and resources provided in the Budget Act of 2013 (Chapter 20, Statutes of 2013); prevent other State agencies from having immediate access to the Secretary of State data and filings needed to assist them in their taxing, licensing, regulatory, and enforcement responsibilities; increase the time it takes the Agency to locate and retrieve records; increase length and types of staff training; and require numerous manual work-arounds to perform statutory functions.

The Secretary of State plans to implement the California Business Connect information technology project. The California Business Connect project will automate Business Entities, Uniform Commercial Code, and Trademarks, which encompasses approximately 100 different types of filing documents. The internal work processing efficiencies gained will be measured against baseline metrics already established for existing manual processing times and will be submitted to the Legislature after the first year of project completion. The California Business Connect system will reduce unnecessary delays, provide a centralized and integrated single point of service for businesses, ensure a more secure processing of payments, provide online help in completing forms, and make services available 24 hours a day, seven days a week.

The Secretary of State currently receives temporary funding for limited term staff and overtime to assist in reducing and maintaining the turnaround times for business filings with a goal of processing this work in an average of five business days. The additional funding and resources granted in FYs 2013/14, 2014/15 and 2015/16, have allowed the Business Programs Division to reduce its processing times for business filings (including Statements of Information) from a high of 74 business days in FY 2012/13 to an average of five business days in November 2013 and maintain processing times at the historic low rate of five business days since that time.

Operations- External- Funding—Sources, Levels

The Secretary of State administers the Victims of Corporate Fraud Compensation Fund (VCFCF). The VCFCF may not have enough funds to pay valid claims. The VCFCF provides limited restitution to victims of corporate fraud who have otherwise been unable to collect on their judgment. The statutes and regulations governing applications for payment from the VCFCF are California Corporations Code sections 2280 through 2296 and California Code of Regulations, title 2, division 7, chapter 12, sections 22500 through 22507. 2012 Legislation restructured how payments are made by the VCFCF, which has resulted in more and higher payouts. Per statute, once the fund is depleted, the valid claims are entitled to accrued interest from the VCFCF until the funds are available to pay the approved claims. Each corporate annual statement of information includes a \$2.50 payment to the fund, which equates to approximately \$1.6 million per year.

In the event of fund depletion, the following practices are planned:

- Develop a means for educating stakeholders via agency website as well as through correspondence; and
- Develop a process for tracking both available funds and outstanding claims to ensure accurate calculation of interest and timely payment of claims as money becomes available.

To alleviate the likelihood of fund depletion, the Secretary of State may pursue legislation to return to previous safeguards including developing a mechanism for the proration of claims in times of insufficient funds, thereby eliminating the need for the state to pay interest.

Operations- Internal- Technology—Outdated, Incompatible

The CalVoter voter registration database is built on old, outdated technology with software over 10 years old and for which the Secretary of State does not own the source code. CalVoter has failed multiple times in recent years, including a two-month period in 2011/12. If CalVoter fails before VoteCal becomes the system of record in June 2016, the Secretary of State would be unable to verify a voter's eligibility in violation of state elections law as well as the federal Help America Vote Act and would be in breach of the state's Memorandum of Agreement with the United States Department of Justice. Section 303 of the Help America Vote Act of 2002 (HAVA) (Public Law 107-22, 107th Congress) mandates that each state implement a single, uniform, centralized, interactive, computerized voter registration database that is defined, maintained, and administered at the state level. This database must contain the name and registration information of every legally registered active or inactive voter in the state. This system will constitute the official record of all registered voters. Unlike CalVoter, the state database must serve as the single system for storing and managing the official list of registered voters in the state. Additionally, HAVA mandates the voter registration system coordinate electronically with the Department of Motor Vehicles (DMV), California Department of Public Health (CDPH), and California Department of Corrections and Rehabilitation (CDCR) for identification and list maintenance purposes.

VoteCal is the State of California's proposed solution for complying with HAVA; however, it will not be fully functional as the system of record until June of 2016. Until the implementation of VoteCal, a Memorandum of Agreement (MOA) was entered into between the California Secretary of State and the United States Department of Justice (USDOD) identifying the CalVoter registration database, with certain upgrades, as the interim solution for complying with HAVA.

The implementation of VoteCal, which is planned to be fully deployed by June 2016, is the current proposed solution that will eliminate the risks identified above. Until then, the Secretary of State will continue to maintain, support, and monitor the CalVoter system to ensure it remains operational and continues to be compliant with the California Secretary of State and United States Department of Justice's Memorandum of Agreement for complying with the requirements of the Help America Vote Act.

Compliance- External- Technology: Outdated , Incompatible

Aging voting systems throughout the state utilize obsolete technology. If these voting systems are not replaced, the equipment in use will eventually break down to a state of non-repair, which will put the accuracy and reliability of California elections in jeopardy. Furthermore, as California is the most populous, complex, and diverse state in the nation, the repercussions of a voting system failure in California would be catastrophic, not only for state and local elections, but on a national level as well.

The Secretary of State is developing a plan to fund new voting systems and technology throughout the state. This will include contracting with counties to allow them to develop a plan for replacing their current voting systems with new technology, employing methods that best meet the needs of their residents, as well as meet federal and state requirements. Funding will be allocated to each county based on a formula that will give equal weight to the number of persons eligible to vote, the number of registered voters, the average number of persons who voted in the last four statewide elections, and the number of polling places (all numbers will be based upon the June 7, 2016, Presidential Primary Election data).

Operations- Internal- Technology—Outdated, Incompatible

Antiquated technology within the Secretary of State's office is increasingly difficult to maintain. CAL-

ACCESS, CalVoter, the Corporations and LP/LLC mainframe systems all run on antiquated technology that is difficult to maintain due to the age of the application language in which it is developed, or the system platform on which it runs. Manufacturers have stopped producing security patches for some of the operating systems. It is difficult to recruit staff with knowledge of the application programming language and nearly impossible to find training available for existing staff. Disparate technical disciplines within the division are performed by only one person, or the discipline is not staffed at all; contracted staff or retired annuitants must be relied upon to fulfill the role.

Antiquated legacy systems risks will be addressed as follows:

CAL-ACCESS: The Secretary of State's Office intends to replace the CAL-ACCESS system. The Stage 1 Business Analysis (S1BA) is being developed as the first step in seeking approval;

CalVoter I: The VoteCal Project is currently underway and will replace CalVoter I. 38 of the 58 counties have already migrated to the new VoteCal system;

CalVoter II: This version is built with an antiquated version of JAVA and will be rebuilt using a .NET framework;

Business Programs Division Mainframe (Corporations and LP/LLC Mainframe, ADABAS, Mainframe Development): Presently, an Information Technology programmer along with a retired annuitant and a consultant maintain this system. The Information Technology Division is working with the Business Programs Division on the California Business Connect (CBC) project to replace the ADABAS System. However, until CBC is implemented, programmers continue to attend state offered ADABAS training and also utilize OCIO Data Center contract services for ADABAS access administration.

Insufficient support for critical systems risks will be addressed as follows:

Web Administration: The Information Technology Division plans to cross-train the Windows and Linux sub-units to support the Secretary of State Internal and External websites (IIS and Apache web administration);

Oracle Database Administration: The Information Technology Division will provide cross-training opportunities to the SQL Administrator enabling him or her to support the Oracle databases;

Linux Administration: The Information Technology Division currently contracts for additional support and provides cross-training of staff;

PHP Development: Contractors are hired to support PHP programs. The agency is also in the process of hiring permanent staff with PHP to support the PHP programs including Election Night, CMS, and two applications built by an external entity.

Operations- Internal- Oversight, Monitoring, Internal Control Systems

The current decentralized system for processing cash receipts is inefficient causing delayed deposits and identification of revenue. This also increases the risk for misidentification of funds, refunds made in error, and theft or embezzlement of cash.

The Secretary of State's office is planning a performance audit to ensure the agency is achieving economy, efficiency, and effectiveness in the employment of available resources; and to ensure the Secretary of State has an effective system of internal controls in place to deter and detect errors, fraud, and/or theft.

Operations- Internal- Staff—Key Person Dependence, Succession Planning

Without a comprehensive succession plan in place, the impact of employee retirements on operations will be significant due to the loss of experienced personnel. Currently, 47% of the Secretary of State's

workforce is eligible for retirement, of which 28% are aged 55 years or older. Many retirement-age employees are in key leadership roles, or in positions that are difficult to recruit. Retirement levels of this magnitude will likely adversely impact on-going operations as it will leave gaps in institutional knowledge as well as loss of specialized skills.

The Secretary of State is developing strategies to ensure smooth operations as employees in key positions retire from the workforce. This will include a Workforce Planning Task Force with members from the Executive Office, as well as each Division, to perform an in-depth analysis of the current workforce and organizational structure. This analysis will be the basis for the preparation of a comprehensive Succession Plan.

Operations- Internal- Technology—Outdated, Incompatible

The California Automated Lobbying and Campaign Contribution and Expenditure Search System (CAL-ACCESS) has become obsolete over its 15 (fifteen) year span. It employs an amalgamation of software, firmware and hardware, all of which is past end-of-life, resulting in difficulties supporting and maintaining the system. The system also inhibits reporting of accurate and consistent data, impeding the ability to respond to a dynamic legislative and regulatory environment, and poses a risk of failure with no assured path to timely recovery.

The Secretary of State intends to replace CAL-ACCESS. As the risk description states, the system components are beyond end-of-life and unsupported. Therefore, it is becoming increasingly difficult to support and maintain the system. Furthermore, modifications and upgrades to accommodate statutory or regulatory changes present cost and risk factors that cannot be supported on a cost/benefit basis. A Stage One Business Analysis is being developed as the first step in seeking approval to undertake a CAL-ACCESS replacement project.

ONGOING MONITORING

Through our ongoing monitoring processes, the Secretary of State reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Secretary of State, Alex Padilla, Secretary of State, is responsible for the overall establishment and maintenance of the internal control system. We have identified Kimberly L. Gauthier, Deputy Secretary of State, Operations, as our designated agency monitor(s).

Frequency of Monitoring Activities

The Secretary of State utilizes weekly Division Chiefs' meetings as a time for senior and Executive management to discuss items of significant impact to the agency, including current and potential internal control issues. In addition, Division Chiefs and Project Managers meet individually with the Deputy Secretary of State, Operations to discuss in greater detail, significant issues affecting each area of operations. The Deputy Secretary of State, Operations meets weekly with the Chief Deputy Secretary of State to elevate concerns and determine an appropriate plan of action. At this series of weekly meetings, continued monitoring and ongoing assessment of effectiveness of established controls are discussed.

Reporting and Documenting Monitoring Activities

Reports detailing the control activities associated with mitigating identified risks and their effectiveness will be reported by each Division on a quarterly basis. These reports will then be summarized and reported to the Chief Deputy Secretary of State and the Assistant Chief Deputy and Counsel. The summarized reports will also be provided and discussed with the Deputy Secretary of State, Operations as well as Division Chiefs and their management teams.

Procedure for Addressing Identified Internal Control Deficiencies

The Chief Deputy Secretary of State, Assistant Chief Deputy, and the Deputy Secretary of State, Operations will meet quarterly to discuss the reports. This information will also be provided to the Internal Auditor who will in turn develop an audit plan for testing controls. The auditor will address deficiencies found, with the appropriate senior level manager, via an audit report and will require a response, including that a Corrective Action Plan be developed within thirty days. The Corrective Action Plan will include measures to address the deficiency and the timeframe for implementation. The audit report, including the management response and Corrective Action Plan, will be provided to the Chief Deputy Secretary of State. The Internal Auditor will perform follow up testing and/or reviews to ensure corrective measures are in place based on time frames provided in the Corrective Action Plan and report back to the Chief Deputy Secretary of State.

CONCLUSION

The Secretary of State strives to reduce the risks inherent in our work through ongoing monitoring. The Secretary of State accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

This report certifies that adequate risk identification measures are in place to minimize threats and mitigation strategies have been identified and are currently being pursued to ensure successful achievement of the Secretary of State's constitutional duties.

Alex Padilla, Secretary of State

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations