

December 29, 2023

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

Dear Secretary Stewart Knox,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of Industrial Relations 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 Mathew Raute, Chief Auditor, at (916) 860-2219, MRaute@dir.ca.gov .

## **GOVERNANCE**

### **Mission and Strategic Plan**

The Mission of the Department of Industrial Relations (DIR) is to improve working conditions for California's wage earners and advance opportunities for fair and profitable employment, educate workers and employers on their rights and responsibilities, ensure health and safety in the workplace, vigorously enforce labor laws, and safeguard the interests of injured workers and employers.

This is accomplished through the following strategic goals:

- Goal 1: Ensure Workers' Health, Safety and Rights are Safeguarded
- Goal 2: Support Employer Education and Ensure Equitable Enforcement
- Goal 3: Continue Improving Access and Efficiency of Services
- Goal 4: Investing in Our Team

DIR is guided by the following core principles:

- All California workplaces are safe and healthful.
- All workers are paid fair wages and have expanded employment training opportunities.
- All occupational related injuries are resolved equitably and efficiently.
- All businesses in California know their responsibilities and have equitable, clear paths to compliance.
- All workers in California know their rights and have clear and accessible paths to exercise their rights.

The following boards, commissions, and divisions provide the core business functions through which DIR accomplishes its mission:

**OFFICE OF THE DIRECTOR:** The Office of the Director provides support to all entities related to legislation and regulatory affairs, internal audits, strategic enforcement, diversity and inclusion, communications and outreach, research, and legal.

**OFFICE OF ADMINISTRATIVE SERVICES:** The Office of Administrative Services (OAS) provides support to all entities related to human resources, training, policy, special projects, contracts, procurement, and business services.

**OFFICE OF FISCAL SERVICES:** The Office of Fiscal Services (OFS) manages budgets and accounting within DIR. They are responsible for overseeing financial operations, creating budgets, tracking expenditures, and ensuring compliance with financial policies.

**OFFICE OF INFORMATION SERVICES:** The Office of Information Services is responsible for managing and maintaining technology infrastructure. This includes the maintenance, development, and security of computer systems, networks, software, and hardware.

**DIVISION OF WORKERS' COMPENSATION:** The Division of Workers' Compensation's (DWC) mission is to minimize the adverse impact of work-related injuries on employers and employees in California.

DWC monitors the administration of workers' compensation claims, attempts to minimize disputes through outreach to employers and injured workers by providing program information and assistance, and provides administrative and judicial services to resolve disputes that arise in connection with claims for workers' compensation benefits.

DWC conducts audits of workers' compensation claims administrators for compliance with the benefit delivery system required by the Labor Code and authorizes payment of workers' compensation benefits to injured workers from the Uninsured Employers Benefit Trust Fund and the Subsequent Injuries Benefit Trust Fund.

DWC also administers a workers' compensation information system designed to provide information to policymakers regarding the effectiveness and efficiency of the benefit delivery system. DWC also oversees utilization review, the Medical Treatment Utilization Schedule, and the prescription drug formulary to help promote the quality and timeliness of evidence-based medical care for injured workers.

Additionally, the Anti-Fraud Unit in the Office of the Director Legal Unit (ODL) combats workers' compensation fraud in California by identifying providers who are subject to suspension from the workers' compensation system.

**WORKERS' COMPENSATION APPEALS BOARD:** The Workers Compensation Appeals Board reviews petitions for reconsideration of decisions issued by the workers' compensation judges, participates in appellate court proceedings as necessary or when requested by the court, and regulates the workers' compensation adjudication process.

**COMMISSION ON HEALTH AND SAFETY AND WORKERS' COMPENSATION:** The Commission on Health and Safety and Workers' Compensation is responsible for monitoring the states' workers' compensation and health and safety programs. This involves examining the workers' compensation system and the state's activities to prevent industrial injuries and occupational

diseases, which includes making recommendations on program improvements, as well as maintaining the occupational safety and health training and education program and funding an insurance loss control services coordinator.

The Commission conducts specified surveys and evaluations required by law and issues an annual report on the state of the workers' compensation system, including recommendations for administrative or legislative modifications. The Commission also issues, if necessary, a report and recommendations on the improvement and simplification of the notices required to be provided by insurers and self-insured employers.

**SELF-INSURANCE PLANS:** This program regulates workers' compensation self-insurance plans by verifying that each self-insured employer and group of employers that is issued a Certificate of Consent to Self-Insure meets the statutory requirements for self-insuring and is able to provide workers' compensation benefits to employees. The program requires that each self-insured private-sector employer post a security deposit adequate to pay all workers' compensation benefits if the employer defaults on its obligations.

**DIVISION OF OCCUPATIONAL SAFETY AND HEALTH:** The Division of Occupational Safety and Health (Cal/OSHA) protects and improves workplace safety and health conditions for workers in California. Cal/OSHA promotes and enforces the sections of the Labor Code that protect the health and safety of workers on the job and for the benefit of the general public.

Cal/OSHA enforces occupational safety and health standards, investigates the causes of occupational deaths and injuries and helps employers to maintain safe and healthful working conditions.

Cal/OSHA conducts inspections and issues permits for the operation of elevators and other conveyances, amusement rides, aerial passenger tramways and pressure vessels. The inspection and permitting process is the primary method used to enforce standards governing the safe operation of these devices.

Cal/OSHA also obtains and maintains job safety records, reports, and statistics; measures the effectiveness of accident and illness prevention efforts in the workplace; and provides accurate information pertaining to industrial relations to help inform legislative and administrative decisions made by state and local government.

The coordinated efforts of Cal/OSHA, the Occupational Safety and Health Standards Board, and the Occupational Safety and Health Appeals Board, accomplish these objectives.

**OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD:** The Occupational Safety and Health Standards Board is an independent body consisting of seven members appointed by the Governor and is composed as follows: one member from the general public, two members from the field of management, two members from the field of labor, one member from the field of occupational health and one member from the field of occupational safety.

It is the sole agency in the state empowered to adopt, amend, or repeal the occupational safety and health standards and public safety standards enforced by Cal/OSHA.

**OCCUPATIONAL SAFETY AND HEALTH APPEALS BOARD:** The Occupational Safety and Health

Appeals Board is an independent judicial body empowered by state law to resolve employer appeals of citations and accompanying monetary civil penalties issued by Cal/OSHA for occupational safety and health standards violations.

It is comprised of three members appointed by the Governor, consisting of one member from the general public, one member from the field of management and one member from the field of labor.

**DIVISION OF LABOR STANDARDS ENFORCEMENT:** The Division of Labor Standards Enforcement, also known as the Labor Commissioner's Office (LCO), combats wage theft, protects workers from retaliation and educates the public to put earned wages into workers' pockets and help level the playing field for law-abiding employers. California's labor laws protect all workers, regardless of immigration status.

LCO interprets and enforces the sections of the Labor Code which relate to wages, hours of work, and conditions of employment, including anti-retaliation laws addressing employees engaged in protected activities, as well as implementing Industrial Welfare Commission Wage Orders. This work is conducted by providing field enforcement of laws governing public works, workers' compensation insurance, child labor, unlicensed contractors, rules governing meals and rest periods, the payment of overtime and minimum wage; making wage determinations and collecting unpaid wages; the licensing of specific industries; the payment of wages without required deductions; administration of the prevailing wage program and enforcement of apprenticeship related requirements relative to public works projects.

LCO manages the Wage, Claims, and Contingencies program. The objectives of this program are to pay claims, wages, or contingency benefits, and to provide for payment of workers' compensation benefits to employees whose illegally uninsured employers have failed to make the benefit payments required under the Labor Code. The Labor Code establishes special accounts in which the Labor Commissioner deposits a portion of each Farm Labor Contractor's, Garment Manufacturer's, and Car Wash Operator's annual license fee. Funds from these accounts are to be disbursed for any wages to employees which exceed the limits of a licensee's bond or time certificate.

The LCO conducts vigorous and targeted enforcement in partnership with state and federal agencies against unscrupulous businesses participating in the "underground economy".

**DIVISION OF APPRENTICESHIP STANDARDS:** The Division of Apprenticeship Standards (DAS) consults with employers to develop a skilled workforce by establishing apprenticeship programs that offer training to create viable career pathways for Californians.

The goals of DAS are to promote, develop and expand on-the-job training and apprenticeship programs, as well as provide consultation services to program sponsors. DAS matches the needs of workers with those of employers, and strengthens the apprenticeship alliance among industry, labor, education and government for recruiting workers and teaching the skills they and their employers need.

DAS administers the apprenticeship system in California. This includes initial program approval and subsequent oversight activity such as annual reviews and audits as required by the Labor

Code to ensure that apprenticeship programs and employers are in compliance with approved standards and labor laws.

DAS facilitates the following apprenticeship committees:

- California Apprenticeship Council: Oversees traditional apprenticeships in the building and fire trades.
- Women in Construction Advisory Council: Makes recommendations to advance and support women and nonbinary individuals in the construction workforce. The advisory committee is composed of representatives from recognized or certified collective bargaining agents who represent construction workers, construction industry employers or employer associations, labor-management groups in the construction industry, nonprofit organizations that represent women in the construction industry, and other related subject matter experts.
- Interagency Advisory Committee on Apprenticeship: Advises on new and innovative, sometimes referred to as “non-traditional” apprenticeships. It includes sectors such as healthcare, technology, education, advanced manufacturing, and any sector that is not the building and fire trades.
- California Youth Apprenticeship Committee: Tasked specifically with creating clear definitions for youth apprenticeship and high school apprenticeship, developing guiding principles for the Youth Apprenticeship Grant Program and offering insight to the structure of the state’s work to expand youth apprenticeship.

## **Control Environment**

DIR has adopted the following core values as part of its Strategic Plan:

- Accountability – Commitment to willingness to accept responsibility.
- Integrity – Commitment to being open, honest, and ethical.
- Compassion – Commitment to being empathetic and considerate.
- Diversity – Commitment to seeking and respecting diverse perspectives.
- Customer Service – Commitment to providing timely and quality customer service.
- Innovative – Commitment to finding creative solutions to improve service delivery.

DIR is overseen by the Director and Chief Deputy Director. The core executive leadership team is comprised of the Chief of Administration, Chief Financial Officer, Chief Information Officer, Chief Auditor, Chief of Communications, Chief of Legislative and Regulatory Affairs, in addition to the Division Chiefs of all DIR Divisions, Boards, and Commissions. Through their directives, dialogue and behavior, the executive leadership team sets the tone at the top regarding ethical values and integrity. Establishing a strong tone at the top regarding ethical behavior and integrity is fundamental to DIR’s ability to create and sustain an effective internal control system.

The Office of Administration oversees Human Resources (HR) and the Training Unit. HR leads the efforts in establishing and maintaining a competent workforce. The Training Unit provides DIR employees with learning opportunities to develop and apply new skills and embrace professional excellence for continuous self-improvement.

DIR finalized and released the DIR Workforce Plan 2023-2026 to improve recruitment, streamline selection processes and detail hiring objectives. Organizational charts, DIR policies, operational protocols, and desk procedures comprise the framework of the control system's documentation. Components of this framework are reviewed and revised on a periodic basis. DIR implemented procedures to ensure merit-based hiring at all levels of the organization, as well as increased resources to ensure that DIR policies related to bullying, workplace violence, discrimination, sexual harassment, and ethics are upheld.

Lastly, DIR's Audit Committee enforces accountability and assists all levels of DIR operational management with their oversight responsibilities for matters related to legal, ethical, and regulatory compliance.

### **Information and Communication**

DIR strives to communicate quality information both internally and externally to achieve its objectives. DIR issues enterprise-wide emails, memorandums, and individually tailored meetings to address vulnerabilities and resolve issues before they have the potential to advance. Staff receive information vital to the effectiveness and efficiency of established internal controls by routinely scheduling meetings and other communication forums.

Meetings occur weekly between the Office of the Director and the DIR's executive team members. These Executive Team meetings discuss operational and programmatic matters, with a focus on those actions that are specific to the achievement of critical mission objectives. HR and Business Services management hold bi-weekly administration meetings to discuss key administrative processes, process improvements, and provide status updates. Information is then disseminated to employees through group staff meetings, on an individual basis as needed. Additionally, DIR provides monthly newsletters to all team members to share information, provide department updates, and to promote a positive culture.

DIR utilizes various methods of external communication to connect to the stakeholders throughout California, including:

- Listserv (Email Services)
- Social Media (LinkedIn, Facebook, Twitter, YouTube, Instagram)
- Board Meetings and Stakeholder Meetings
- Legislative Communications
- Press releases

In addition, DIR has made efforts to ensure that complaints regarding inappropriate behavior are investigated on a timely basis through the following reporting processes:

- Internal Whistleblower
- Equal Employment Opportunity (EEO) Discrimination Complaints
- Anti-bullying Complaints
- Risk Reporting

### **MONITORING**

The information included here discusses the entity-wide, continuous process to ensure internal

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control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Department of Industrial Relations monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Jasmine Wise, Risk Manager; Anthony Martin, Risk Manager; Mathew Raute, Chief Auditor.

Executive management, together with their program managers and Division Risk Liaisons, are charged with reviewing and analyzing their program areas and business processes to identify potential issues that may impact their ability to carry out the DIR's mission. Identified risks are reported to the DIR Director and Chief Deputy Director via bi-weekly one on one meetings with each executive.

DIR's Enterprise Risk Management (ERM) team promotes the consistent use of risk management tools to build a more risk-aware culture. The ERM team will lead DIR's process, in partnership with the Division Risk Liaisons, to identify, analyze, monitor, and mitigate key risks. The ERM team has compiled the risks identified in the division risk registers and formulated a comprehensive enterprise risk register to identify vulnerabilities. Responsibilities of Division Risk Liaisons have been centralized to streamline the process to assign tasks to the appropriate parties in order to mitigate risks identified.

Additionally, the Internal Audit Unit develops audit reports which assist DIR in developing internal controls. The Chief Auditor also monitors the ongoing status of external audit findings and Corrective Action Plans.

DIR is continually implementing and documenting the ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to DIR's systems of controls and monitoring.

## **RISK ASSESSMENT PROCESS**

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

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, questionnaires, consideration of potential fraud, and other.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and tolerance level for the type of risk.

### **Risk Identification**

DIR established a Division Risk Liaison program to assist with the development of division risk registers to identify current and emerging risks across the enterprise. Results of the division risk registers are documented in the enterprise risk register and are provided to the Division Risk Liaisons for distribution to their division. Division Risk Liaisons update the following division risk register components:

- **Risk Analysis:** A brief assessment of the inherit risk environment and a risk statement that defines the consequence of the risk occurring.
- **Risk Score:** The results of the Division Risk Liaisons scoring exercise in the areas of probability and impact on a five-point scale.
- **Controls and Mitigations:** The identification of key factors that influence the ability of the organization to meet the functional objectives. For each risk, current controls are documented, along with future mitigations and potential recommendations.

In addition to the division and enterprise risk registers, DIR conducted an internal control evaluation based on the United States General Accounting Office's Internal Control Standards. The results of this evaluation will be used to identify risks throughout the enterprise and strengthen internal controls.

The Occupational Safety and Health Appeals Board and the Occupational Safety and Health Standards Board were included in the DIR enterprise risk assessment process.

## **RISKS AND CONTROLS**

### **Risk: Talent Management**

At the end of Fiscal Year 2022-23, DIR experienced an above average vacancy rate in LCO, Cal/OSHA, DAS, ODL and OFS. A historical high vacancy rate in LCO and Cal/OSHA, along with hundreds of new positions, team members transferring to other state departments, leaving state service, and retirements continue to drive this risk, with the loss of institutional knowledge as the primary risk. DIR continues to work through vacancies utilizing a streamlined hiring process and a marketing campaign to reach potential candidates.

The identified risk drivers are:

1. Recruitment, Retention, and Staffing
2. Key Person Dependence and Succession Planning
3. Training and Knowledge

If these risks aren't properly mitigated, DIR's ability to provide benefits and services that improve working conditions for California's wage earners could be compromised.

### **Control: A – Knowledge Transfer and Succession Planning**

The finalized DIR Workforce Plan for 2023-2026 has been disseminated to all staff members, ensuring the department's strategic workforce objectives are communicated and shared.

**Retired Annuitants (RAs):** As part of the workforce plan, the department utilizes retired annuitants (RAs) to provide valuable support. The RAs play a pivotal role in facilitating knowledge transfer, bringing their wealth of experience and expertise to share valuable information with existing and new staff members.

Additionally, utilizing RAs serves to mitigate the impacts of staff shortages and contributes to the reduction of backlogs.



**Mentorship Program Development:** The Recruitment and Outreach Unit (ROU) is developing a mentorship program designed to foster knowledge transfer and promote upward mobility within the organization. This program will offer employees opportunities to acquire new skills, encouraging personal growth and development. By reducing training costs and cultivating a learning culture, the mentorship program is poised to yield substantial benefits for the department.

**Aspiring Leaders Academy:** To further the succession planning efforts, DIR has established a training academy for team members interested in pursuing leadership opportunities. This voluntary program, in close consultation with the divisions, consists of cohort classes designed to foster leadership and organizational excellence. This is an important initiative supporting DIR in improving diversity.

### **Control: B – Develop and Implement Retention Strategies**

**Exit Survey:** DIR has initiated the implementation of exit surveys to gather valuable insights into the reasons behind employee departures from the department. After analyzing the feedback from these surveys, DIR will formulate and execute targeted retention strategies.

**Stay Survey:** The department is actively engaged in the development and implementation of a comprehensive team member satisfaction survey. This survey will be distributed to all employees to elicit feedback concerning the factors influencing their decision to remain with the department. Following a thorough analysis of the survey responses, DIR will pinpoint areas requiring enhancement and formulate and execute retention strategies accordingly.

### **Control: B – Develop and Implement Retention Strategies (cont'd)**

**Employee Recognition:** DIR annually acknowledges employees for their exceptional accomplishments by awarding them with the Superior Accomplishment Awards and Sustained Superior Accomplishment Awards at a dedicated award ceremony. Furthermore, the department is establishing an Employee Recognition Committee (ERC) composed of representatives from each division. The ERC is envisioned to be vital in facilitating employee-to-employee recognition for outstanding performance. The committee will encompass members who bring diverse perspectives and in-depth knowledge of the workforce, collectively contributing to the evolution and management of a robust recognition program. Individually, these representatives will champion employee recognition within their respective divisions and units, thereby fostering a culture of acknowledgment and appreciation. DIR is currently gathering names of volunteers from the various DIR programs to serve on the ERC and plan to establish the ERC in early 2024.

**Service and Retirement Awards:** DIR launched a department wide Service and Retirement Awards program. DIR issued an Administrative Procedures Memorandum (APM) providing guidance for the new program. Any DIR employee who has completed five years or more of qualifying state service at the time of appointment and every five years thereafter, has 25 or more years of qualifying state service, and is retiring from state service with at least 25 years of qualifying state service is eligible for an award. All award winners receive a

certificate to recognize their years of service signed by the Director and Chief Deputy Director. Employees who have completed 25 years of qualifying state service are eligible to receive a gift. Retiring employees who have completed a minimum of 25 years of qualifying state service are eligible to receive a Retirement Award gift.

### **Control: C – Develop and Implement Targeted Recruitment**

DIR is actively addressing recruitment challenges for hard-to-fill positions, such as Hearing Reporter, Industrial Hygienist, and Safety Engineer roles by conducting targeted recruitment campaigns. To broaden the applicant pool, the Recruitment and Outreach Unit is promoting these positions on external career websites like Indeed and LinkedIn, as well as through diversity groups, trade associations, universities, nonprofit employment organizations, and professional associations. Additionally, DIR is establishing candidate "pipelines" in collaboration with colleges, universities, professional groups, community-based organizations, nonprofits, labor associations, and industry partners to attract experienced candidates.

DIR participated in the Work for California campaign to improve the State's hiring and recruitment practices and has attended recruitment events to educate the public about DIR as an employer. We also implemented an Applicant Tracking Survey. This survey is designed to identify where applicants are learning about our jobs, and the jobs applicants are considering. DIR will use this data to develop and modify strategies to better target viable candidates, make hires, and ultimately reduce our vacancy rates.

### **Control: D – Continue to Mature the Training Program**

**Learning Management System:** DIR has recently acquired and deployed a learning management system (LMS) known as DIRLearns. This LMS will serve as the central platform for monitoring all training activities. This system will provide the capability to verify the completion of compliance training and track mandatory job-specific training.

**Training Liaisons:** Training liaisons have been identified and trained on the training process. The role of training liaisons is to mitigate departmental silos and facilitate the effective dissemination of training information throughout the organization. These liaisons will be pivotal in aiding their respective teams in the training request process. They will be responsible for ensuring the accurate submission of training invoices for timely payment.

**Out-Service Training Request:** DIR has redesigned the training request procedure, introducing a new policy for out-service training requests. In conjunction with this policy, a new form has been implemented and integrated with our LMS. This updated process automates the approval procedure, enhancing the ability to monitor and manage training requests more effectively.

**Training Toolkit:** DIR has created a comprehensive Training Toolkit aimed at promoting best practices in performance assessment, defining management expectations, and establishing a standardized schedule for staff meetings intended for managers and supervisors. This Training Toolkit serves as a crucial tool to maintain uniform expectations for all DIR personnel. Furthermore, the performance management training modules have

been incorporated into the LMS, making it readily accessible to staff.

### **Control: D – Continue to Mature the Training Program (cont'd)**

**Department-Wide Training Needs Assessment and Plan:** The OAS Training Unit has successfully secured approval from the Department of General Services (DGS) for a comprehensive master contract with CPS HR Consulting, dedicated to DIR. This master contract encompasses developing a department-wide training needs assessment and an annual training plan. Currently, the OAS Training Unit is formulating a service proposal in collaboration with CPS HR Consulting, focusing on the department-wide training needs assessment. The assessment will encompass a broad spectrum of over 150 job classifications within DIR, ensuring a comprehensive and inclusive evaluation.

**New Employee Orientation:** DIR has designed and executed a new employee orientation training program that delivers a uniform onboarding experience throughout the department. The new orientation session was successfully launched on March 2-3, 2023.

**Training for Trainers:** The OAS Training Unit in collaboration with CPS HR Consulting is implementing a master trainer program comprised of four courses designed to help DIR team members in their role as trainers. This program will help participants further develop the skills and techniques to design and deliver engaging and compelling workshops and training programs. The master trainer program includes courses in curriculum development, classroom facilitation, and presentation skills to help ensure successful transfer of knowledge to training participants.

### **Risk: Governance and Internal Controls**

There is a need to strengthen documentation of DIR's standards, processes, and structures to sustain and maintain a strong control environment while promoting the organization's integrity and ethical culture. While the organization has done much to strengthen the internal control environment and culture, many procedures are not up to date and do not reflect current laws due to the ever-changing environment. DIR continues to mature the recently established internal audit and enterprise risk management functions to strengthen DIR internal controls.

The identified risk drivers are:

1. Oversight and Monitoring of Controls
2. Backlogs
3. Policies and Procedures
4. Processes and Efficiency
5. Legislation and Regulations

If these risks aren't properly mitigated, DIR could experience an increase in non-compliance and litigation risk, operational risks due to inefficiency and improper activity, loss of authority or reputation, and/or incurred penalties.

### **Control: A – Enterprise Risk Assessment**

The Enterprise Risk Management team has formulated the enterprise risk assessment

process, expanding the scope of risks gathered from the various divisions. The divisions have diligently compiled their individual risk registers, which have now been consolidated into an enterprise-wide risk register. The implementation of this comprehensive enterprise risk assessment will empower management to gain a holistic view of risks spanning the DIR, thereby reducing departmental silos and facilitating informed decision-making for the entire department. The Enterprise Risk Management team has formulated the enterprise risk assessment process, expanding the scope of risks gathered from the various divisions. The divisions have diligently compiled their individual risk registers, which have now been consolidated into an enterprise-wide risk register. The implementation of this comprehensive enterprise risk assessment will empower management to gain a holistic view of risks spanning the DIR, thereby reducing departmental silos and facilitating informed decision-making for the entire department.

### **Control: B – Quarter Ahead Reports**

Divisions must submit quarterly reports detailing their achievements for the preceding quarter, offering an update on projects currently in progress and presenting the status of existing backlogs. These reports include a plan outlining how they intend to address these backlogs and the progress made. This reporting mechanism serves the dual purpose of holding divisions accountable for addressing backlogs and supplying management with vital insights into workload management.

### **Control: C – Cal/OSHA Efficiency Improvements**

Cal/OSHA is maximizing their effectiveness and enhancing public confidence. Weekly reports for each district office will be generated to promptly identify inspections that have not been opened. Additionally, a mandatory meeting within the initial 20 days after receiving a complaint, referral, or report of injury/illness assigned for inspection will be instituted between the Senior Safety Engineer or Senior Industrial Hygienist and the assigned Compliance Safety and Health Officer (CSHO). The objective is to review case progress, address challenges faced by individual CSHOs in opening inspections promptly, and efficiently manage the overall caseload. The Division aims to rectify or significantly improve these processes in the upcoming fiscal year with the finalization of changes to the Division's Policy and Procedures.

Furthermore, the Cal/OSHA Elevator Unit will implement a prioritization framework for annual inspections to encompass accident risk, the conveyance's age and design, and the duration since the previous inspection.

### **Control: D – Wage Claim Adjudication Backlog Reduction**

The LCO has made efforts to address the Wage Claim Adjudication (WCA) backlog. First, enhanced training was developed to encourage uniformity to process claims, identify individuals who are liable, and address low-wage industries. The goal is to resolve claims quickly, promote early resolution of claims, and establish uniform application of protocols.

The LCO decentralized their work model to re-direct work from offices with significant

backlogs to achieve a more equal distribution of work. Retired Hearing Officers have been utilized to conduct wage claim hearings while LCO recruits permanent staff. LCO staff are provided with voluntary overtime to assist with reducing the backlog. Alternate hours of operation have been established including weeknights and weekends for remote conferences and hearings.

New Industrial Relations Representatives (IRRs) have been recruited to assist in processing claims submitted. IRRs proactively contact claimants to collect any missing information before assigning the claims to investigators, enabling investigators to utilize their time more efficiently during the investigation process.

Lastly, the LCO is developing an automated program to construct an Order, Decision, Award (ODA). The program would provide a system to reduce the number of days to issue an ODA, promote consistent legal analysis across offices, and increase the number of hearings held.

### **Control: E – Improve Enterprise Public Records Act Requests Process**

DIR receives tens of thousands of Public Records Act (PRA) requests a year. The programs independently process the requests. Each program has their own process of fulfilling the PRA requests. A standardized method of tracking all PRA requests across the department is essential for PRA requests. Led by the ODL, DIR is seeking to implement a centralized PRA tracking system and increased staffing resources to improve and standardize the process. By standardizing the tracking process, it will help reduce backlogs as well as ensure requests are processed efficiently and timely.

### **Control: F – Cal/OSHA Rulemaking Projects**

**Lead and Indoor Heat Regulations:** Cal/OSHA has two rulemaking projects going through the formal rulemaking process via the Occupational Safety and Health Standards Board. These regulations are related to worker exposure to lead and indoor heat in the workplace. Both rulemaking projects are projected to be presented to the Office of Administrative Law in early 2024.

**Silica Regulations:** Cases of silicosis have risen in California and prompted a filer to submit a petition to the Occupational Safety and Health Standards Board requesting an emergency standard to address exposure to silica in the workplace. The Board approved the petition in July 2023. Cal/OSHA and Board staff have been working to develop an emergency rulemaking package for silica exposure. At this time, the proposed emergency rule is to be heard by the Board by the end of the year.

### **Control: G – Workplace Violence Legislation**

During the 2023 Legislative Session, there was legislation introduced to codify a general industry workplace violence standard in the workplace. Cal/OSHA had been working on related rulemaking for several years. Ultimately, this legislation was signed and becomes effective on July 1, 2024 and establishes a general industry workplace violence standard.

Cal/OSHA has abandoned its current rulemaking project, but will consider developing other regulations as needed in order to support the workplace violence standard.

### **Risk: Communication and Outreach**

DIR is responsible for informing, educating, and assisting the California public, workers, and employers in understanding and complying with labor laws while maintaining transparency in their actions. DIR achieves these goals by providing outreach for information related to workers compensation, the California Labor Code, apprenticeship standards, and occupational safety and health. To accomplish this, DIR is strengthening internal communications, as well as external communications with stakeholders and other state agencies.

The identified risk drivers are:

1. External Communications
2. Internal Communications

If these risks aren't properly mitigated, DIR could experience a decrease in stakeholder confidence as a trusted partner in California's workforce.

### **Control: A – Establish Networks**

**Promote Increased Employer and Employee Awareness:** Cal/OSHA Enforcement and Training staff will continue to distribute publications in English and other languages that detail the requirements of Cal/OSHA regulations including worker rights. These publications will be distributed electronically and through printed format depending on the requestor's needs or the type of event. Publication distribution will exceed 20,000 in total. Furthermore, Cal/OSHA staff will participate in training and outreach events for high-risk, vulnerable workers organized by worker and community organizations University programs, state and local government, labor unions, and consulates.

**Developed the Workplace Rights Ambassador Project (WRAP):** WRAP seeks to build a bridge between LCO and underrepresented worker populations that experience access challenges, functional challenges, trauma survivors, and other disenfranchised workers. Disenfranchised workers, especially those engaged in underground economies, encounter significant barriers to understanding their workplace rights, reporting violations, and seeking just resolutions. WRAP's objective is to address workplace violations systematically. This approach involves proactive efforts from the LCO and collaboration with community-based organizations to support affected workers. This includes partnering with community organizations through LCO led "train-the-trainer" sessions on labor protections and LCO's enforcement mechanisms to increase the Division's reach to more workers.

**Cal/OSHA Advisory Committee:** The Cal/OSHA Advisory Committee promotes and improves occupational health and safety conditions and public safety in California. The committee functions by providing information, advice, and assistance regarding programs and activities within DIR, particularly related to Cal/OSHA. Representatives from



labor, management, and occupational safety and health professions participate on the committee.

### **Control: B – Public Awareness Campaigns**

Cal/OSHA is actively enhancing its communication strategies for high-heat events to prevent heat-related illnesses. They issue coordinated public awareness materials on the Heat Illness Prevention Standard when the National Weather Service issues excessive heat watches or warnings. This includes materials targeting outdoor workers through the 99 Calor Campaign, which provides Heat Illness Prevention materials in multiple languages, discussion guides, and external communications. They plan to continue their multifaceted 99 Calor media campaign, employing radio, billboards, vanpools, social media, and caravans to reach vulnerable workers in high-hazard industries.

Cal/OSHA is also involved with providing public awareness related to the dangers of silica dust leading to silicosis. This includes an eTool explaining the hazards of silica in construction, training resources, advisory meetings, and enhanced standards adopted by the Occupational Safety and Health Standards Board.

The Office of External Affairs will issue press releases during high heat periods with preventative measures for workers and employers, coordinating with the Heat Illness Prevention Network. Cal/OSHA will also continue outreach activities to various industries regarding heat illness prevention and conduct targeted communications campaigns.

Bilingual community engagement liaisons (BCEs) will build relationships with community-based organizations, unions, and interfaith groups to communicate information about high heat waves and heat illness prevention requirements. The Alliance Program will expand its outreach efforts with workers and businesses. It will focus on training for employers and workers in outdoor industries, ensuring access to water, shade, rest breaks, and heat risk education.

Additionally, Cal/OSHA has developed educational materials, consultation services, e-tools, and sample procedures for employers to support the Heat Illness Prevention Standard. These resources aim to provide easily accessible information to workers and employers and will be coupled with targeted enforcement before and during high-risk periods.

### **Control: C – Outreach and Education for Domestic Worker Industry and Residential Care Facilities**

DIR has enlisted a contractor to facilitate outreach and education efforts in the domestic worker industry and residential care facilities. The contractor's role is to design and execute an outreach program that enhances awareness and compliance with labor protections, promoting fair and dignified labor standards understood by employees and employers. This program will offer educational content in various languages and formats, covering wage and hour laws, record keeping, retaliation, and the procedures for filing wage claims and retaliation complaints with the LCO. The educational content will be disseminated through community events, clinics, workshops, field outreach, and in-person

engagements.

### **Control: D – Outreach and Education for Agriculture Workers**

Agricultural workers are an especially vulnerable community that too often experience wage theft, retaliation, and risks to their health and safety, especially during heat season. Often, these workers are immigrants or speak indigenous languages, illustrating the vital importance of tailoring our outreach and enforcement activities to meet their unique needs, risks, and hazards in the workplace. DIR commissioned a needs assessment report in 2020 with the UC Berkeley Labor Occupational Health Program to improve outreach and education efforts for California farmworkers.

The department had a special emphasis on the farmworker community during the COVID-19 pandemic, partnering with community organizations to host caravans events across the state to reach workers in the field and in their communities to provide vital information about vaccines and their health and safety protections. DIR has continued to build upon this focus by integrating education and enforcement efforts for farmworkers in strategic enforcement and outreach strategies. LCO hosts regular wage clinics in agricultural communities, inviting DWC and Cal/OSHA to participate. While Cal/OSHA has recently expanded its enforcement footprint in the Central Valley with new offices and a local relationship building program with agriculture stakeholder groups to identify opportunities for improvement and collaboration. The Department and divisions are working to integrate these efforts into a comprehensive strategic plan for protecting and supporting agricultural workers and their communities.

### **Risk: Information Technology**

There is a need to modernize outdated information technology systems. In response to this risk, DIR is actively engaged in the implementation of new systems and the automation of processes where applicable, aiming to enhance overall system efficiency and security.

The identified risk drivers are:

1. Outdated Systems
2. System Implementation

If these risks aren't properly mitigated, DIR could experience inefficiencies, operational disruptions, and the potential compromise of data integrity.

### **Control: A – Redesign External Website**

DIR will enhance the external internet experience, aiming to boost usability and streamline access to up-to-date information. This includes the integration of essential tools to improve accessibility and language access as the primary focuses.

### **Control: B – Electronic Adjudication Management System Modernization**

The DWC's Electronic Adjudication Management System (EAMS) is a computer-based case management system that simplified and improved the DWC case management process. However, the EAMS is nearing the end of its technological life and must be replaced to maintain functionality.

In March 2022, DIR submitted a Budget Change Proposal (BCP) to request funds from the Workers' Compensation Administration Revolving Fund to replace the current system to allow DWC to continue providing quality services to stakeholders. DIR has partnered with the California Department of Technology through the Project Approval Lifecycle (PAL) process.

DWC and the Office of Information Systems have begun a modernization project to improve EAMS. The primary objectives of the modernization project are to facilitate enhanced online accessibility for the workers' compensation community and improve operational efficiency for the workers' compensation team. This modernization project is expected to enhance system security, ensure system stability, and enhance transparency within the workers' compensation system.

### **Control: C – Cal/OSHA Data Management System Automation Project**

Cal/OSHA is developing a Digital Management System (DMS) to replace the Federal OSHA Information System (OIS). The DMS will continue to collect the same information that was originally utilized for OIS, in addition to information that Cal/OSHA tracks.

The DMS provides one streamlined system for communication between Enforcement, Accounting, Legal, Research and Standards, Pressure Vessel, Amusement Rides and Tramway, Elevators, Occupational Safety and Health Appeals Board, and other stakeholders. Currently, each stakeholder utilizes their own system and relies on a paper-oriented process. The DMS will transition from the paper-oriented process to a digital system to assist with efficiency and improve service.

The DMS requirements were developed utilizing a human centered design including user personas, journey maps, and user stories/detailed requirements. The DMS will have the ability for the public to file claims online and check statuses. Employers will be able to report accidents, upload abatement documents and photographs, view the status of abatements, appeals, and make payments through a web portal. External stakeholders will have the ability to submit any requests online and track their status through a web portal.

As of July 2023, DIR was in the procurement management stage of the process and anticipates going live by late 2024.

### **Risk: Diversity, Equity, Inclusion, and Accessibility (DEIA)**

There is a need to continue to develop a culture that embraces diversity, ensures equity, promotes inclusion, and enhances accessibility, in order to create a welcoming and inclusive

environment where all individuals have equal opportunities for growth, development, and participation, in compliance with Executive Order N-16-22. DIR will continue to embed policies and practices in the strategic plan in order to further advance equity and opportunity and address disparities in access and outcomes. Additionally, DIR will continue to incorporate inclusive public engagement to better serve all Californians.

The identified risk drivers are:

1. Development and Implementation of DEIA Initiatives
2. Outreach

A lack of commitment to DEIA could result in systemic inequalities, marginalizing certain groups, hindering innovation and creativity, diminishing employee morale, and negatively impacting organizational reputation and public perception.

### **Control: A – Establish a Diversity & Inclusion Office**

DIR established the Diversity & Inclusion Office (DIO). DIO's primary role is to ensure the implementation of EEO policies, procedures, and practices. DIO is dedicated to actively fostering an inclusive work environment where every team member is treated with respect and appreciation. This approach encourages individuals to fully utilize their distinct talents and skills while also receiving well-deserved recognition for their invaluable contributions to the department.

### **Control: B - Translations and Language Access Services**

DIR has enhanced its ability to provide services and effective communication to stakeholders with diverse language needs. DIR provides culturally competent mediums, including telephonic, virtual, or in-person interpretation methods. DIR shares translated materials through its website and other channels for the most popular documents. These documents are periodically reviewed to ensure they meet the audience's needs, maintain grammatical correctness, and appropriate tone and language. DIR's field team members often interact with employers and workers, and the need for bilingual services can arise unexpectedly. To address this, DIR utilizes a master service contract with multiple levels of vendors to ensure interpretation and translation services are always available when no in-house staff are available to meet these needs promptly. These contracts are solicited on an annual basis so DIR can implement ongoing improvements to the contract scope of work to continuously improve the quality of interpretation.

### **Control: C – Disability Awareness Committee (DAC) and Diversity and Inclusion Committee (DIC)**

DIR established the Disability Advisory Committee (DAC) to provide guidance to DIR's leadership and staff on matters concerning persons with disabilities (PWDs). The Office of the Director is firmly committed to promoting diversity, inclusive workplaces, and processes that empower all DIR employees. The DAC's key roles include enhancing the representation of employees with disabilities, addressing their concerns, ensuring workplace accessibility, and adapting procedures to accommodate staff with disabilities.

The DAC will primarily focus on internal operations and activities to ensure equal employment opportunities and retention for PWDs, fostering respect and dignity in the workplace. Additionally, it will address disability-related issues as they arise and collaborate with organizations working towards equitable representation and utilization of PWDs within the DIR workforce.

DIR established the Diversity & Inclusion Committee (DIC) which serves as an Employee Resource Group with a mission to cultivate an inclusive environment. This environment encourages mutual respect and open dialogue, allowing diverse ideas, experiences, perspectives, and cultures to enhance the professional growth of DIR employees. DIR upholds the principles of diversity and inclusion and ensures compliance with relevant state and federal anti-discrimination laws.

**Control: D – Ensure EEO Complaints and Investigations are Addressed Timely**

DIR is committed to prompt and thorough EEO investigations to address and resolve workplace discrimination and harassment complaints. Early detection and resolution of EEO issues will help prevent the escalation of conflicts and reduce the potential for prolonged disputes. Moreover, prompt investigations help to mitigate the risk of retaliation against complainants or witnesses, fostering a workplace culture that actively discourages such behavior.

**CONCLUSION**

The Department of Industrial Relations 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.

**Katie Hagen, 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