December 14, 2021

Keely Martin Bosler, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Director Keely Martin Bosler,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the State Council on Developmental Disabilities submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Ken DaRosa, Chief Deputy Director, at (916) 263-8114, ken.darosa@scdd.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The State Council on Developmental Disabilities (SCDD) is established by federal law (Developmental Disabilities Assistance and Bill of Rights Act) and state law (Lanterman Act at Welfare and Institutions Code, section 4520 et. seq.). SCDD is to ensure that individuals with intellectual and/or developmental disabilities (I/DD) and their families participate in the planning, design and receipt of the services and supports they need which promote increased independence, productivity, inclusion and self-determination. SCDD does this through advocacy, systems change, and capacity building. Federal law requires SCDD to identify methods to improve and increase services for individuals and their families and to submit these to the federal government in the form of a State Plan. The State Plan is approved by the federal Administration on Community Living (ACL). ACL is the funding source for SCDD and its State Plan Activities. SCDD's primary work is achieving the State Plan goals, objectives, and strategies. The Council is comprised of 31 members appointed by the Governor, including individuals with disabilities, family members of people with I/DD, federally funded partners and state agencies.

In addition to headquarters in Sacramento, the Council directs 12 regional offices that carry out the State Plan regionally with individuals with I/DD and their families. These activities include, but are not limited to, advocacy assistance, training, monitoring, and public information. By providing these services, regional offices ensure that appropriate laws, regulations and policies pertaining to the rights of individuals are observed and protected. Also, each SCDD office identifies and removes barriers that keep people with I/DD from living integrated lives in the community.

The mission and vision of SCDD are as follows:

Mission: The Council advocates, promotes and implements policies and practices that achieve self-determination, independence, productivity, and inclusion in all aspects of community life for Californians with developmental disabilities and their families.

Vision: Californians with developmental disabilities are guaranteed the same full and equal opportunities for life, liberty, and the pursuit of happiness as all Americans.

Additionally, SCDD has three Interagency Agreements with the Department of Developmental Services (DDS). One requires that SCDD deliver clients' rights and volunteer advocacy services (CRA/VAS) to residents of the state's developmental centers and a state operated facility. In order to carry out these responsibilities, SCDD staff members are housed at the facilities so as to be accessible to residents, staff and family members. The second Interagency Agreement requires SCDD to conduct assessments of individuals with developmental disabilities and their families who live in community-based settings to determine their satisfaction of their services and supports. The third requires SCDD
to provide orientation and training to all consumers and families who are interested in participating in the Self-Determination Program.

Control Environment

SCDD is a very small department with 70 employees statewide. SCDD management consists of the Executive Director, Chief Deputy Director and two Deputy Directors all in the Sacramento headquarters office. The Executive Director reports to the 31 member Governor-appointed State Council. The State Council provides oversight of the Executive Director, who oversees the SCDD as a whole. The Chief Deputy and two Deputy Directors all report to the Executive Director. There are 12 Regional Managers in charge of each regional office and a State Plan Manager. These managers report to the Deputy Director of Planning and Regional Office Operations. There is a Communications Manager that reports to the Deputy Director of Policy and Public Affairs. There is a SSM II Budget Officer, a SSM II Personnel Officer, two CPS IV Program Managers and administrative support analysts reporting to the Chief Deputy Director.

SCDD management is committed to integrity and ethical values. The Executive Director, Chief Deputy and Deputy Directors set the tone for the organization by leading by example given the small size of the organization. Management reinforces the commitment to doing what is right, not just maintaining a minimum level of performance necessary to comply with applicable laws and regulations, so that these priorities are understood by all stakeholders, such as regulators, employees, and the general public. SCDD has established a code and standards of conduct policy that is provided to all employees annually. This includes multiple avenues for employees to report ethical concerns (to their respective manager in staff meetings, the Executive Director through regular staff meetings, the State Council, and the Whistleblower Hotline). Annual performance reviews of all managers include adherence to the conduct policy. SCDD has a zero-tolerance policy for deviations from expected standards of conduct.

The SCDD oversight structure consists of the State Council Administration and Executive Committees, the Executive Director, Chief Deputy Director and Legal Counsel. The State Council is ultimately responsible for oversight of the SCDD and through regularly scheduled committee meetings and Council meetings, are provided with information by management. The State Council delegates to the Executive Director the responsibility for creating an oversight body responsible for establishing the system of internal control related to the administration of the organization and compliance with federal and state laws and regulations. The oversight body consists of the Executive Director, the Chief Deputy Director (CDD) using the chief's programmatic, financial, and technological expertise, and the Legal Counsel using counsel's legal and regulatory expertise. Through weekly executive team meetings, the oversight body scrutinizes and questions management's activities, presents alternative views, acts

when faced with obvious or suspected wrongdoing and reports to the Administration and Executive Committees.

The oversight body is responsible for SCDD's Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring activities. The Administration team led by the Chief Deputy and Legal Counsel are the appropriate entities within SCDD's organizational structure to achieve these objectives and identify related risks as the Administration team contains the appropriate subunits (Personnel, Budgets, Contracts and Procurement, Audits) with established reporting lines within the organizational structure so that units can communicate the quality information necessary for each unit to fulfill its overall responsibilities. Reporting lines are defined at all levels of the organization and provide methods of communication that can flow down, across, up, and around the organization.

Documentation of SCDD's internal control system is maintained in the Administrative Policies Manual, which is updated annually. SCDD is committed to recruiting, training, mentoring and retaining competent individuals. This is done by our Personnel Office through the development of accurate duty statements, utilization of performance expectation documents, use of new employee onboarding materials, timely completion of probation reports and annual performance reviews and the provision of necessary training. Holding staff accountable at all levels is also a key component.

Information and Communication

The oversight body is responsible for verifying that the SCDD internal control monitoring practices are implemented and functioning as intended. Since SCDD is a federally funded state department, the oversight body utilizes relevant information from the following reliable federal and state sources:

- The Federal Health & Human Services Agency Office of Inspector General monitoring reports of federal social services agencies such as SCDD.
- SCDD's federal funding agency - The Administration for Community Living Inspector General reports and guidance on the appropriate use of federal funds for state grant recipients and subrecipients.
- Guidance provided by SCDD's federal technical assistance provider for all State Councils - Information and Technical Assistance Center for Councils on Developmental Disabilities (ITACC).
- The California State Auditor (CSA) *Assessment of High-Risk Issues Faced by the State and Select State Agencies* reports.
- The CSA *Investigations of Improper Activities by State Agencies and Employees* reports.
- All relevant CSA reports.
- State Control Agency reports and guidance such as:

  ◦ California Department of Technology reports and guidance for security of state information security assets and appropriate use of state information technology resources and equipment.
  ◦ Department of General Services audit reports for purchasing, travel., etc.
  ◦ Governor's Office of Emergency Services (CalOES) Continuity of Government operations guidance.
  ◦ State Controller's Office compliance review reports.
  ◦ State Personnel Board compliance review reports.

- ◦ Department of Finance reports.
- ◦ Fair Political Practices Commission (FPPC) reports and guidance on incompatible activities.

The Chief Deputy receives all of the above reports and guidance and is responsible for distributing the relevant information to appropriate staff. The CDD is responsible for leading teams of appropriate staff to address risks and deficiencies in the designated program areas. The head of Personnel, Budgets, and the Deputy Directors use this reliable and relevant information in fulfilling their responsibility for monitoring their respective part of the organization. They communicate the expectations to Regional Managers and line staff, who each have a role in monitoring for risks and reporting them through their supervisor. Each role is documented through duty statements and organization charts. Communication of monitoring activities, including progress and results, happens verbally, through email, and through assignments.

Internal control information is communicated externally to relevant control agencies such as DOF (SLAA reporting), SPB (HR compliance reviews), CSA, the federal Administration for Community Living (compliance with federal grant requirements) CDSS (audits for accounting, contracts and procurement), SCO (audits for travel).

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 State Council on Developmental Disabilities monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Aaron Carruthers, Executive Director; and Ken DaRosa, Chief Deputy Director.

As the head of the State Council on Developmental Disabilities, Aaron Carruthers, Executive Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

Executive Monitoring Sponsor

The executive monitoring sponsor responsibilities include facilitating and verifying that the State Council on Developmental Disabilities internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to Aaron Carruthers, Executive Director and Ken DaRosa, Chief Deputy Director.

Monitoring Activities

Monitoring is a continuous, ongoing process. It starts at the top and includes regular meetings with the Executive Team (chief deputy, deputy directors and legal counsel) led by the Executive Director. The meetings include a review of financial, information technology, personnel, and programmatic operations risks and deficiencies. With an organization of 70 employees, the Executive Team meetings are able to assess the entire entity. The results of monitoring and corrections have achieved the expected results.

Addressing Vulnerabilities

The Executive Team meets weekly to review and address deficiencies. Risks are prioritized based on

the likelihood of occurring and the impact to the organization and its mission if the risk occurs. Per guidance from the Executive Team, the Executive Director assigns individual staff or task forces as necessary to address specific issues. Task forces report regularly to the Chief Deputy Director until the issue has been resolved.

RISK ASSESSMENT PROCESS

The following personnel were involved in the State Council on Developmental Disabilities risk assessment process: executive management, middle management, front line management, and staff.

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

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

Risk Identification
SCDD utilized Department of Finance tools to identify risks, including the "GAO Standards for Internal Control in the
Federal Government," "SLAA Risk Categories Overview" and "Developing a Risk Statement." These tools
were used to provide framework and structure to the identification of risks.

Risk Ranking
Risks were ranked on two scales: 1) how likely the risk was to occur and 2) the impact to SCDD's mission if the risk occurred. Those risks with a medium or high likelihood of occurring and a medium or high impact to the mission are addressed in this report unless they are medium likelihood in both scales.

RISKS AND CONTROLS

Risk: Succession Planning

A large percentage of SCDD leadership is nearing or at retirement age without suitable replacements, especially the Regional Managers. In July 2021 Personnel conducted a review of all SCDD managers SSM II and above and found that over half are expected to retire in the next 5 years. SCDD is very small with only 70 total staff and the qualifications for management positions are very specialized and difficult to recruit. The pandemic has accelerated the departure of staff.

Control: A Implement the Succession Plan

SCDD Personnel completed SCDD's Workforce Succession Plan in 2021. SCDD converted the vacant deputy director of administration back to chief deputy director to address organizational change and workload issues. The Chief Deputy was hired in October, 2021.

Risk: Recruitment & Retention of Staff

SCDD is seeing an increase in staff departures and increased difficulty in recruiting new staff due to the pandemic and associated health and safety concerns. Since March 2020, several staff have retired earlier than anticipated and/or have left SCDD for other state government promotional job opportunities with more flexible telework arrangements, which are plentiful. This increased departure rate at all levels of the organization effects workload as assignments and responsibilities must be absorbed by other staff and managers as assignments and responsibilities must be absorbed by other staff and managers. Several job recruitments are advertised multiple times because of few candidates who are willing to telework only part-time as opposed to full-time and/or candidates fail to meet the minimum qualifications.

Control: A Change to recruiting, hiring, onboarding, and ongoing staff training

SCDD HR and hiring managers at all levels are continuing to work on standardizing duty statements and performance expectation guidelines for each job classification used by SCDD. SCDD HR has also streamlined its recruitment processes and hired a retired annuitant recruitment analyst to keep up with the record high volume of staff recruitments and examinations. SCDD HR has also worked with hiring managers at all levels to develop standardized new employee onboarding processes to engage new employees and to mentor and train them in a remote-telework environment.

Risk: Changes in Work Environment

The pandemic has significantly altered SCDD's work environment. Since March 2020 all SCDD staff telework to the greatest extent allowed to maintain critical functions. This has resulted in underutilized office space, staff concerns about their health and safety when they have to work in the office and compliance issues with the mandatory weekly testing and reporting of unvaccinated employees. If telework continues at this rate, SCDD must review and analyze its long-term office space needs.

Control: A Implement the Hybrid Workforce Model

SCDD management is closely monitoring the policy direction coming from the Administration related to mandatory telework programs and new DGS office space analysis and requirements for all lease renewals and extensions that consider hoteling and minimizing office space square footage needed post-pandemic in a hybrid workforce environment. Currently, all SCDD offices are in firm-term lease agreements or are in the process of being renewed at the existing square footage. SCDD programs require a physical office presence in all 12 regions and the department is committed to maintaining that physical presence through 2023. However, SCDD will work closely with DGS and with CDSS to identify any office co-location/hoteling opportunities that would maintain SCDD's physical presence in the regions while lowering the cost of leased space.

Risk: Consumer and Employee Health and Safety

SCDD severely curtailed in-person trainings and in-person meetings with I/DD consumers, their families, and community supports due to pandemic-related health and safety concerns. SCDD must design and implement alternative methods to provide its self-advocacy and training services so that I/DD consumers and their families are not isolated from critical services and supports.

Control: A Technology and Personal Protective Equipment

SCDD purchased Zoom videoconference licenses to provide trainings and advocacy sessions online. SCDD also established relations with CalOES to distribute personal protective equipment to I/DD consumers and their families statewide. This videoconferencing technology enabled SCDD to provide self-advocacy and training services to more I/DD consumers and their families remotely. SCDD's PPE distribution efforts with CalOES provided I/DD consumers and their support networks more freedom to go out of their homes with reduced risk of contracting the coronavirus.

CONCLUSION

The State Council on Developmental Disabilities 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.

Aaron Carruthers, Executive Director

CC: California Legislature [Senate (2), Assembly (1)]
    California State Auditor
    California State Library
    California State Controller
    Director of California Department of Finance
    Secretary of California Government Operations Agency