



2019 STATE LEADERSHIP ACCOUNTABILITY ACT (SLAA) REPORT

DECEMBER 31, 2019



December 19, 2019

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

Dear Ms. Keely Martin Bosler,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Board of State and Community Corrections submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Anita Butler, Chief, Administrative Services, at (916) 327-4210, Anita.Butler@bscc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Established in 2012, the California Board of State and Community Corrections (BSCC) is an independent statutory agency that provides leadership to the adult and juvenile criminal justice systems, expertise on Public Safety Realignment issues, a data and information clearinghouse, and technical assistance on a wide range of community corrections issues (Penal Code sec. 6024-6025). In addition, the BSCC promulgates regulations for adult and juvenile detention facilities, conducts regular inspections of those facilities, develops standards for the selection and training of local corrections and probation officers, and administers significant public safety-related grant funding.

The BSCC inspects for compliance of standards and directs funding for construction of local adult and juvenile detention facilities and ensures that the local jail projects meet recent Legislative mandates to provide program space for rehabilitative services.

The BSCC's work involves extensive collaboration with stakeholders, including local probation departments, sheriffs, county administrative offices, justice system partners, community-based organizations, and others. The BSCC sets standards and provides training for local adult and juvenile corrections and probation officers. It is also the administering agency for a host of federal and state public safety grants, including evidence-based practices to reduce violence, and it works to address the overrepresentation of youth of color in the juvenile justice system.

Policy for the agency is set by the 13-member Board of State and Community Corrections, whose members are prescribed by statute, appointed by the Governor and the Legislature, and subject to approval by the state Senate. The Board Chair reports directly to the Governor.

Below are the goals and objectives identified in the BSCC's Strategic Plan.

Goal 1: Decision Making – Make decisions fairly, inclusively and transparently.

Objectives:

1. Improve regular and open communication with BSCC partners and stakeholders.
2. Ensure a fair, inclusive and transparent decision-making process.

Goal 2: Programs, Training, and Technical Assistance – Support practices and policies shown to reduce recidivism and improve justice system outcomes for individuals and families.

Objectives:

1. Facilitate the effective use of evidence-based principles within the criminal justice system.
2. Provide comprehensive technical assistance and training to support improved justice system outcomes.
3. Support local efforts that reduce recidivism and improve justice system outcomes.

Goal 3: Facilities and Alternatives to Incarceration – Maximize successful re-entry and public safety by promoting the effective use of alternatives to incarceration and local adult and juvenile detention facilities.

Objectives:

1. Provide training, technical assistance, and resources to support the use of effective programs and practices, including but not limited to in-custody programs, medical and mental health treatment, and alternatives to incarceration.
2. Support the use of effective policies and regulations to support healthy and safe in custody environments and successful re-entry.

Goal 4: Data Collection and Reporting – Analyze and provide justice system data that inform effective policy and practice decisions.

Objectives:

1. Develop a comprehensive data collection and research plan that includes desired outcomes.
2. Collect and share data, research projects, and reports to inform decision and policy makers.

Goal 5: Internal – Streamline and improve internal and administrative processes.

Objectives:

1. Improve BSCC's technology infrastructure to effectively support daily operations.
2. Clarify and focus BSCC's services.
3. Develop an internal communication plan.

Control Environment

The management team consists of the Board of State and Community Corrections Chair, Executive Director, General Counsel, Director of Communications, and four (4) Deputy Directors.

The management team sets the foundation, standards, and tone for the organization and its employees by modeling competence, ethical behavior, integrity, morale, and transparency.

The management team ensures there is clear assignment of authority and duties throughout the Department; ensures appropriate levels of responsibility through the organizational structure, supports a positive and productive business environment, and maintains documentation of internal control systems.

The BSCC is comprised of approximately 95 employees in varying classifications (e.g., Board Chair, Executive Director, Deputy Directors, Field Representatives, managers, supervisors, analysts, and support staff).

The BSCC recruits, develops, and retains a competent workforce by hiring qualified staff, providing mentoring and training, completing employee performance reviews, ensuring supervisors and employees meet individually and in group/team settings, and hosting all staff meetings.

Each BSCC employee receives a job specific duty statement. The employee's supervisor revises duty statements as needed if/when an employee's duties change. The BSCC obtains formal approval of all duty statements from human resources.

The BSCC also develops guidance documents, policies, and procedures and shares them with all staff via e-mail. We give staff an opportunity to ask questions, respond quickly, and revise and redistribute the guidance as needed.

The BSCC addresses accountability and considers varying goals, objectives, and challenges throughout the performance review process; and as issues arise.

Information and Communication

The BSCC communicates roles, activities, issues, and results internally through its chain of command. Roles are defined through duty statements, and the organizational chart displays the chain of command, and is made available to every employee. The BSCC Deputy Directors hold regular all-staff meetings to communicate issues to their staff. If certain issues affect multiple divisions, division all-staff meetings are supplemented with BSCC all-staff meetings and agency-wide emails.

BSCC staff report inefficiencies, issues, and recommendations to management and other decision makers during one-on-one meetings, in team meetings, and/or via e-mail.

The BSCC communicates important information to external stakeholders through e-mails, the BSCC website, and various meetings including Board Meetings, Executive Steering Committee Meetings, Regional Meetings, etc.

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 Board of State and Community Corrections monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Kathleen Howard, Executive Director.

As the head of Board of State and Community Corrections, Kathleen Howard, Executive Director, is responsible for the overall establishment, maintenance, and revisions of the internal control and monitoring systems.

The management team has the primary responsibility for maintaining effective systems of internal controls. The management team meets weekly, and each meeting includes a discussion of risks, internal controls, and resource management. The Deputy Directors report on key performance indicators for their respective divisions to the Executive Director. In addition, the Deputy Directors update the management team on internal control issues that need to be discussed and addressed. As a group, the management team discusses potential solutions or mitigation strategies to such issues as they arise.

The Deputy Director has the primary responsibility of monitoring internal control systems within their divisions. This is accomplished through one-on-one meetings with direct reports, subject matter experts, and monthly all-staff meetings, as well as tracking key performance indicators for the division.

The management team discusses vulnerabilities in weekly meetings. The vulnerabilities are assessed for the level of risk posed to the organization, as well as the efficacy of the current internal controls that address the risk.

If the internal controls do not adequately mitigate the risk, responsibility for addressing the deficiency is assigned to the Deputy Director who oversees the impacted function. The Deputy Director generates solutions with the advice of the BSCC management team and is responsible for implementing those solutions. The Deputy Director then monitors and reports on the progress of reducing the identified vulnerability to the management team during their meetings.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Board of State and Community Corrections 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, questionnaires, consideration of potential fraud, performance metrics, and other.

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

RISKS AND CONTROLS

Risk: #1 - FI\$CAL IMPLEMENTATION

The BSCC was a Wave 2 FI\$Cal department, and transitioned all budget, accounting, and procurement functions to FI\$Cal in State Fiscal Year (SFY) 15/16. Budget and accounting functions were performed by the Department of General Services – Contracted Fiscal Services through interagency agreement, and procurement functions were performed by BSCC staff. Budget functions transferred to BSCC staff in SFY 16/17, and accounting functions were transferred in SFY 17/18.

As BSCC reported in the last reporting period, FI\$Cal implementation and maintenance continues to present a high risk to internal operations. Operating inefficiencies have impacted accounts payable, accounts receivable, and general ledger functions as accounting staff continue to learn the software.

As FI\$Cal continues to implement the State Controller's Office (SCO) and State Treasurer's Office (STO) integrated solution milestone releases, accounting staff must re-learn the software to conform to the new release requirements. In addition, the BSCC could continue to fail at meeting its month-end and year-end close deadlines, which have occurred in each fiscal year the BSCC has been transacting in FI\$Cal, beginning in SFY 15/16 and continuing through SFY 18/19. As staff continue to make use of the workshops and trainings provided by the Department of Finance (DOF) and FI\$Cal, they could become less available to troubleshoot specific issues that arise.

These issues have several causes. Staff require training and experience to perform their tasks in FI\$Cal. Accounting staff proficient in FI\$Cal continue to be in high demand, have been difficult to recruit, and a challenge to retain. The continued SCO/STO integrated solution milestone releases have also posed challenges to user proficiency. Each new release comes with a new set of processing conditions requiring staff to re-learn processes.

The potential impact is high. BSCC continues to experience delays in month-end and year-end close. This could potentially prevent the BSCC from providing prior year actual expenditures for the Governor's Budget, which occurred in the proposed SFY 16/17 and SFY 17/18 budgets. Additionally, delays in processing cost allocations could result in the BSCC temporarily exceeding its budget authority for its main item of appropriations, as occurred in SFY 16/17, SFY 17/18 and SFY 18/19, which in turn could jeopardize prompt payment of invoices.

Control: Control A

The BSCC mitigates the risk by meeting regularly with its assigned DOF – Fiscal Systems and Consulting Unit analyst, attending FI\$Cal User Support Labs, and enrolling in all FI\$Cal training courses provided by the DOF. By working closely with the DOF and FI\$Cal, the BSCC gains access to a wider network of subject matter experts who can assist BSCC staff in resolving issues as they arise.

Risk: # 2 - KEY STAFF PERSON DEPENDENCE

The BSCC relies heavily on a limited number of employees for its accounting functions. Each employee serves as a subject matter expert and FI\$Cal super user in their respective area, and there have been limited opportunities for cross-training due to workload and vacancy issues. Additionally, the BSCC is a small Department with 93.8 positions. As such, there are a limited number of higher-level promotional opportunities. Although BSCC has increased accounting staff by two positions beginning in SFY 18/19 to address workload issues, BSCC has had a difficult time recruiting and filling one of the vacancies; and other vacancies left behind from accounting staff promoting to positions outside of the Department.

The challenges to filling Accounting positions are caused by the specialized nature of the work (accounts payables, accounts receivables, general ledger, etc.).

If a key person leaves the BSCC Accounting Team, staff who must assume key functions would have

little knowledge in how to complete these tasks. This would result in significant slowdowns, increase the likelihood of mistakes, and failure to meet important financial reporting deadlines. The resultant increase in workload for the remaining staff would have a negative impact on morale.

Control: Control A

The BSCC mitigates the risk by working quickly to recruit and fill vacancies; and acclimate and train staff on Fi\$Cal and BSCC internal operations. The BSCC also developed or improved internal processes to promptly identify and correct potential errors, including implementing a two-step verification process. The BSCC Accounting Team meets frequently to discuss solutions to ensure accuracy and maximize production, while being short staffed. The BSCC plans to cross train Accounting staff, once the priority workload is complete and the team is fully staffed.

Risk: #3 - TECHNOLOGY SUPPORT

Since the submission of the previous SLAA report, the BSCC continues to transition Information Technology services and functionality previously provided by the California Department of Technology to BSCC internal staff control and management. Of significance is the migration of Network Services and infrastructure to BSCC control. This includes the purchase and assumed management of the BSCC Firewalls and Network Switches.

Potential risks include hardware and networking failures due to incorrect system configuration, patching and upgrades. Older network equipment may be approaching end-of-life and limited vendor support. Security issues could arise from incorrectly configured network equipment.

Control: Control A

Procedures, standards, and management practices have been established and implemented to mitigate any possible security, reliability and availability concerns. Backup/failover systems have put in place to ensure redundancy of critical network equipment. Third party network configuration evaluation and validation will continue to be performed by the California Department of Technology and California Military Department. Network monitoring systems and Log Retention/monitoring systems have been procured to enhance security effectiveness and provide means to proactively identify and address security concerns. Networking Switches are being updated with current models which support enhanced security capabilities. The BSCC continues to implement and follow best practices found in the State Administrative Manual, the Statewide Information Management Manual, and National Institute of Standards and Technology.

CONCLUSION

The Board of State and Community Corrections 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.

Kathleen Howard, 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