

A photograph of the California State Capitol building, showing its iconic dome and classical architecture. The building is white with a dark dome and is set against a clear blue sky. The image is partially obscured by a large, curved white graphic element that sweeps across the page from the top right towards the bottom left.

# **2017 STATE LEADERSHIP ACCOUNTABILITY ACT (SLAA) REPORT**

**DECEMBER 31, 2017**



December 31, 2017

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

Dear Mr. Michael Cohen,

In accordance with the State Leadership Accountability Act (SLAA), 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, 2017.

Should you have any questions please contact Thomas Carter, Chief of Administration, at (916) 324-4210, [Thomas.Carter@bscc.ca.gov](mailto:Thomas.Carter@bscc.ca.gov).

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## BACKGROUND

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.

Public Safety Realignment (AB 109, Ch. 15, Stats. 2011) is the 2011 Governor-initiated legislation that keeps non-violent, non-serious, non-sexual offenders in local jails and on probation or in treatment programs instead of sending them to state prisons. The overarching goals of realignment are to protect public safety, reduce recidivism, and improve outcomes for offenders. Studies have shown that offenders kept closer to families and support systems have a better chance of rehabilitation.

The BSCC is charged with developing and maintaining data and information on Realignment programs and practices so that local entities can access information about promising practices and innovative approaches. In addition, the data clearinghouse will allow researchers to assess the success of the programs as they develop over time.

The BSCC also 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 to rehabilitate offenders.

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 fight gangs, 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.

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## **ONGOING MONITORING**

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

### **EXECUTIVE MONITORING SPONSOR(S)**

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

### **MONITORING ACTIVITIES**

The Management Team consists of the BSCC Chair, Executive Director, General Counsel, Director of Communications, and four (4) Deputy Directors, and 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 BSCC Management Team discusses potential solutions or mitigation strategies to such issues as they arise.

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

### **ADDRESSING VULNERABILITIES**

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 reports on the progress of reducing the identified vulnerability to the Management Team during their meetings.

### **COMMUNICATION**

The BSCC communicates roles, activities, issues, and results 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.

## ONGOING MONITORING COMPLIANCE

The Board of State and Community Corrections has implemented and documented 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 the Board of State and Community Corrections systems of controls and monitoring.

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## RISK ASSESSMENT PROCESS

The following personnel were involved in the Board of State and Community Corrections risk assessment process: Executive Management.

### RISK IDENTIFICATION

The BSCC relies upon staff and Management Team meetings to identify risks. The Management Team regularly discusses prior and emerging risks, and discusses proposed legislation to prepare for the possibility of changing factors. In addition, the Management Team has reviewed the Control Environment Questions provided by the Department of Finance to assist in risk identification.

### RISK RANKING

The Management Team ranks risks by factoring in the likelihood that harm will occur, as well as the potential gravity of the harm should it occur. The Management Team utilizes the Risk Assessment and Risk Aggregation worksheets provided by the Department of Finance to assist in ranking risks.

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## RISKS AND CONTROLS

### RISK: OPERATIONS -INTERNAL-FI\$CAL IMPLEMENTATION, MAINTENANCE, OR FUNCTIONALITY

The BSCC is a Wave 2 FI\$Cal department, and transitioned all budget, accounting, and procurement functions to FI\$Cal in FY 15/16. Budget and accounting functions were performed by DGS-CFS through interagency agreement, and procurement functions were performed by BSCC-Staff. Budget functions transferred to BSCC staff in FY 16/17, and accounting functions were transferred in FY 17/18.

FI\$Cal implementation and maintenance presents a high risk to internal operations. Operating inefficiencies will impact accounts payable, accounts receivable, and general ledger functions as accounting staff learn how to use the software. In addition, the BSCC could fail to meet its month-end and year-end close deadlines, which occurred in FY 15/16 and FY 16/17. As staff make use of the workshops and trainings provided by the Department of Finance and FI\$Cal, they could become less available to troubleshoot specific issues that arise.

BSCC staff may also encounter difficulties in receiving assistance from FI\$Cal. Departments continue to transition to FI\$Cal every fiscal year. Moreover, FI\$Cal has started onboarding new departments earlier. As a result, FI\$Cal Subject Matter Experts may become less available, and tickets may take the FI\$Cal Service Center longer to resolve.

These issues have several causes. Staff require training and experience to perform their tasks in FI\$Cal. Accounting staff proficient in FI\$Cal are in high demand, and have been difficult to recruit. The FI\$Cal system's design and user interface has also posed challenges to user proficiency.

The potential impact is high. BSCC has experienced delays in month-end and year-end close in previous fiscal years, and this holds true for FY 17/18 as well. This could potentially prevent the BSCC from providing

prior year actual expenditures for the Governor's Budget, which occurred in the proposed FY 16/17 budget. Additionally, delays in processing cost allocations could result in the BSCC temporarily exceeding its budget authority for its main item of appropriation, as occurred in FY 16/17, which in turn would jeopardize prompt payment of invoices.

**CONTROL A**

The BSCC mitigates the risk by meeting regularly with its assigned Department of Finance – Fiscal Systems and Consulting Unit analyst, attending FI\$Cal User Support Labs, and enrolling in all FI\$Cal training courses provided by the Department of Finance. By working closely with the Department of Finance 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: OPERATIONS -INTERNAL-STAFF—KEY PERSON DEPENDENCE, WORKFORCE PLANNING**

The BSCC provides technical assistance on community corrections issues through its Field Representatives. A significant portion of the Field Representatives are of retirement age, and the BSCC has faced challenges in filling empty positions. If there is an increased level of retirements, the BSCC would be hard-pressed to fill multiple Field Representative vacancies.

In addition, the BSCC relies heavily on a limited number of employees for its administrative functions, specifically accounting, budgets, and procurement functions. Each employee serves as the subject matter expert and FI\$Cal super user in their area, and there have been limited opportunities for cross-training due to workload issues. Additionally, the BSCC is a small Department with 89.8 positions. As such, there are a limited number of higher level positions available to promote key persons.

If a key person leaves the BSCC, staff who must assume key functions would have little knowledge in how to complete these tasks. This would result in significant slowdowns and would increase the likelihood of mistakes.

The challenges to filling Field Representative positions are caused by the specialized nature of the work, and competition from local governments for strong candidates. The challenges to reliance upon key administrative staff stem from limited position authority.

If the BSCC is understaffed in Field Representatives, it could not provide the complex technical assistance at the level that local governments have come to rely upon. This could place local governments out of compliance with the complex regulatory framework that governs community corrections issues, and would reduce the efficacy of various programs implemented by local governments.

If the BSCC loses key staff in budgets, accounting, and procurement, it could fail to meet important deadlines, and the resultant increase in workload for the remaining staff would have a negative impact on morale.

**CONTROL A**

The BSCC mitigates the risk by regularly updating its desktop manuals and hiring retired annuitants. The BSCC has also made modifications to the Field Representative examination and recruitment process to broaden the candidate pool and allow for more flexible hiring practices to respond to planned and unplanned vacancies in an effective and efficient manner.

**RISK: OPERATIONS -INTERNAL-TECHNOLOGY—SUPPORT, TOOLS, DESIGN, OR MAINTENANCE**

The BSCC has undergone two major transitions over the past year: it has migrated to Microsoft Office 365, and has transitioned a number of services previously provided by the California Department of Technology –

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Office of Technology Services to internal BSCC staff. The transition and increased levels of responsibilities could result in system backup issues, as well as disruptions or slowdowns for operations. Any issues with Microsoft's cloud services could also cause slowdowns.

The causes of the potential risk include hardware past its useful life, the procurement and configuration of new hardware and software to create the BSCC's network infrastructure, and increased reliance upon Microsoft.

The results of the potential harm include the potential for project delays, loss of data, and loss of access to email systems.

**CONTROL A**

In order to mitigate the risk, the BSCC has increased the size of its IT unit, and has focused on implementing the requirements, standards, and best practices found in the State Administrative Manual, the Statewide Information Management Manual, and the National Institute of Standards and Technology.

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**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 controls to prevent those risks from happening. 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