January 10, 2018

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 Health and Human Services 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 Sonia Herrera, Chief of Administration, at (916) 654-3459, sonia.herrera@chhs.ca.gov.

BACKGROUND

The California Health and Human Services Agency (CHHS) oversees twelve departments and three offices that provide a range of health care services, social services, mental health services, alcohol and drug services, income assistance, and public health services to Californians from all walks of life. More than 33,000 people work for departments in CHHS at state headquarters in Sacramento, regional offices throughout the state, state institutions and residential facilities serving the mentally ill and people with developmental disabilities. CHHS Agency Secretary Diana S. Dooley oversees directors in the departments and also directly manages a team of fiscal and program experts who advise the departments on budget, policy, legal and external affairs issues. CHHS officials are responsible for coordinating with other state agencies, the California Legislature and the Office of the Governor. In 1961, Government Code section 12800 established the Human Relations Agency, which became the Health and Welfare Agency in 1972. Assembly Bill 2352 (Woods, Chapter 817, Statutes of 1998) changed the name of the Health and Welfare Agency to the Health and Human Services Agency.

As part of CHHS, the California Office of Health Information Integrity (CalOHII) serves as the organization that supports and facilitates the Health Information Exchange and the standards development process in California. Adoption of privacy and security standards for health information exchange will ensure that a person's critical health information can move safely and securely to the point of care.

The Office of the Patient Advocate's (OPA) statutory charge is to coordinate, provide assistance to, and collect data from state health care consumer assistance call centers. The goal of these efforts is to better enable health care consumers to access the health care services for which they are eligible.

Additionally, CHHS recently established the Office of Law Enforcement Support (OLES) with the mission to create a critical monitoring and oversight team of law enforcement and support employees to improve the quality of investigations, enhance the ability to prosecute cases, and provide legal representation for the State in cases involving employee misconduct at the Department of State Hospitals (DSH) and the Department of Developmental Services (DDS). The OLES conducts independent investigations of serious incidents which occur at the state hospitals and developmental centers, such as suicides, deaths, sexual assaults, etc. In addition, as part of each investigation, the OLES team will thoroughly review DSH and DDS internal administrative investigations, identify and correct errors and gaps in policy and procedures, and
assign independent legal staff to engage in the entire investigative and/or employee disciplinary processes through appeal.

**ONGOING MONITORING**

As the head of Health and Human Services, Diana S. Dooley, Secretary, 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 Health and Human Services internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Nathaniel Mitchell, Special Projects Manager, and Sonia Herrera, Chief of Administration.

**Monitoring Activities**

In terms of monitoring, each office within CHHS operates effectively on its own (Administration, External Affairs, Legislative Affairs, etc.) but each office is uniquely positioned to share solutions to address issues that affect the office at-large. Through staff meetings between offices, to executive briefings with the Secretary and Undersecretary, CHHS staff are constantly assessing risks and possible deficiencies during open-ended discussions. As this office adds additional initiatives garnered from the Governor’s Office, of Secretary Dooley, it is incumbent upon the Administration Unit to routinely assess what could potentially be a risk and what might affect the Office of the Secretary. The Administration Unit has been effective in pivoting from challenge to challenge and adding requisite staff time to figuring out and solving any risks identified. Because of the relative small size of the office and cohesion between staff, CHHS is adept at solving issues quickly with fast implementation time. Notably, OPA, OLES and OHII conduct similar monitoring activities by first identifying any potential issue during senior staff meetings and then assigning the implementation of the control to staff with regular check-ins that follow.

**Addressing Vulnerabilities**

Vulnerabilities or potential risks are identified and resolved internally, which requires initial senior staff advisement and direction to analytical staff to develop timelines for resolution. Through staff meetings between offices, to executive briefings with the Secretary and Undersecretary, CHHS staff are constantly assessing risks and possible deficiencies during open-ended discussions. The Administration Unit has been effective in pivoting from challenge to challenge and adding requisite staff time to figuring out and solving any risks identified. Because of the relative small size of the office and cohesion between staff, CHHS is adept at solving issues quickly with fast implementation time. As an example, when an Assistant Secretary identifies an issue within a department, it is incumbent upon both CHHS and departmental leadership to quickly collaborate and develop a strategic plan to address and rectify. This process can include participation from analytical staff within the Administration Unit (under the charge of the Special Projects Manager), or defer the issue to the Legislative or Public Affairs offices when issues become specific to the functionality of each respective office. Further, at monthly senior staff meetings, CHHS leadership and the heads of OPA, OHII and OLES discuss vulnerabilities from a high level and direct analytical staff to set timelines for completion and benchmarks as needed.

**Communication**

While identifying risks or vulnerabilities within any of the CHHS’ respective offices, communication of
any issue starts with senior staff. The Chief of Administration, who leads the CHHS Administration Unit (responsible for budget oversight, personnel, workforce development, human resources, employee onboarding, audits and special projects) reports any issue to senior staff (comprised of the Agency Secretary, Undersecretary and Deputy Secretaries during weekly meetings. Senior staff make the determination and set a priority for any potential risk and Administration Unit analysts, who work with the Special Projects Manager, develop a strategy for addressing any such risk with applicable deadlines and regular report-outs to management. The OHII, OPA and OLES offices follow the same format of communicating risks with the initial identification followed by the cross-communication with CHHS senior staff to keep all staff apprised and aware.

**ONGOING MONITORING COMPLIANCE**

The Health and Human Services is in the process of 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 the Health and Human Services systems of controls and monitoring.

**RISK ASSESSMENT PROCESS**

The following personnel were involved in the Health and Human Services risk assessment process:

Executive Management, Middle Management, Front Line Management, and Staff.

**Risk Identification**

CHHS management considers risk assessment as part of its ongoing administrative and program decision-making activities, and specifically places this responsibility on the CHHS Administration Unit. As internal and external risk factors that could potentially impact the achievement of CHHS objectives are identified, decisions are made on how best to mitigate and manage the risks. The CHHS management team recognizes the need for assignment of authority and responsibility and supports an environment where employees at the appropriate level are empowered to implement improvements. All CHHS employees are held accountable for implementing program and administrative control requirements.

In reviewing the CHHS system of internal control, certain matters were considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls in certain areas. CHHS believes that none of the reportable conditions identified in this report are a material weakness, and are solvable. If an isolated risk or set of risks is determined to be viable, it is incumbent for the Admin Unit Special Project Manager, through direction from the Admin Chief, to begin a plan to rectify or identify solutions/controls.

**Risk Ranking**

CHHS management assess risks in two different ways. With internal risks, it is incumbent upon the Administration Unit to identify the risk and develop a strategic plan to address it. Internal risks (budget deficiency, information technology issues, personnel problems, etc.) are ranked by the Chief of Administration who regularly interfaces with other senior leadership and typically ranks risks based on potential impact and the identified need at the time. With external risks (compliance with budget or personnel drills from Departments of Finance and Human Resources, adhering to legislative mandates, involving stakeholders in high-level policy discussions, media attention/exposure on impactful issues,
etc.) all of senior staff are involved in the preparation for and mitigation of all risks usually discussed at both internal meetings of CHHS senior staff and regular meetings between CHHS executives and departmental leadership.

RISKS AND CONTROLS

RISK: Reporting - External Information Collected— Adequacy, Accuracy, Interpretation, Timeliness

This problem is being specifically reported for the California Health and Human Services Agency.

The California Records and Information Management (CalRIM) has not approved the California Health and Human Services (CHHS) Records Retention Schedule because the Schedule has been disagreed upon at senior staff levels and a clear policy has not been defined. In some cases, the documents that support the CHHS Records Retention Program are outdated. The potential risk associated with this issue is the possibility of a record being unavailable for disclosure depending on the nature of the request. Management has, however, assessed this risk as very small.

While the California Health and Human Services Agency (CHHS) was initially developing a Records Retention Schedule, the executive buy-in at the time illustrated that no schedule for confidential destruction of records was to take place within Secretary’s Dooley’s tenure which meant that records would be retained internally to fully responsive to media, industry or public requests for Public Records Act (PRA) information.

While the California Health and Human Services Agency (CHHS) does not retain a current Records Retention Schedule, senior staff has not indicated that this a top priority for the office as the majority of the information that is publicly proffered is within CHHS access already. This administration retains much of the confidential and non-confidential material/records and the present office situation allows for an easily accessible library of public information (budget, legislative affairs, some constituent inquiries and some communication affairs-related items that are not subject to the statutory mandate for disclosure of non-exempt information).

Control A

While there was a risk of not having applicable or relevant information for public records requests, this issue has since been rectified as all correspondence and government-related work has been moved and stored in the newly created CHHS Office Library and internal cloud storage. Most records are digital, but if they are in paper format, they are stored in the office library. The internal cloud storage, which also includes every email sent and received by all CHHS staff, maintains a comprehensive archive of all records pertaining to the administration (primarily present, but with a comprehensive selection of former administration items as well). Further, CHHS has an interagency agreement established with the Department of Health Care Services (DHCS) for information technology support. The technical support from DHCS is readily available to CHHS staff and DHCS IT can search and produce any digital correspondence sent or received by this office.

RISK: Operations - External Business Interruption, Safety Concerns

This risk is being specifically reported for the California Health and Human Services Agency.

The California Health and Human Services Agency (CHHS) has required an update to its respective Continuity of Operations/Continuity of Government plan (COOP-COG). The ultimate goal of Continuity Planning is to ensure that the State of California is able to continue its vital governmental services and operations under all conditions. For this to take place, state agencies must have plans in place to carry out
their departmental essential functions without interruption.

The California Health and Human Services Agency (CHHS), as well as other state entities, must adhere to Executive Order S-04-06 which requires Executive Branch agencies and departments to perform specified tasks to ensure they are ready to respond and recover from natural and man-made incidents. Based on the Executive Order’s reference to “update COOP-COG Plans,” the ongoing expectation is that State agencies/departments will continue to maintain their plans.

To date, the COOP-COG Plan has evaded final approval because of repeated edits and revisions, the long length of the plan itself, and because much of its content is outdated, ineffectual and uniformly unhelpful in its current form. Senior staff, during their review, have concluded that the plan needs to be dramatically reduced to include only pertinent information for staff and clear steps for emergency preparedness personnel to outline.

The risk is clear in that in the chance of an emergency disaster/event, CHHS would be delayed as some of the contact information has not been updated. Further, the plan is too lengthy in its current form to be utilized as a guideline for emergency situations/events and it includes outdated references in authority (i.e. based on previous Executive Orders from previous administrations).

In 2017, during both the Sonoma/Napa County Fires and Thomas Fires in Los Angeles County, senior staff relied on the Department of Public Health’s California Health Alert Network (CAHAN) to dispatch relevant updates on the emergency event. The COOP-COG Plan in its current form was unable to be of any use because of the quick response time needed during those fires and the inapplicable content within the Plan is too longwinded to be used as a direction tool for staff. CHHS must also update and completely revise its COOP-COG plan in order to ensure the plan is of use to staff in the event of an emergency.

**Control A**

CHHS’s Special Projects Manager is responsible for the roll-out of emergency preparedness procedures/strategies. While the plan itself has experienced several revisions it must be edited for usefulness and applicability to modern emergency situations. The Special Project Manager has completed relevant edits/revisions to the 100+ paged document and is submitting the final draft to the Chief of Administration for concurrence and then to the Undersecretary for final CHHS approval. Approval and next steps will be determined at the conclusion of February 2018. While edits to the COOP-COG plan were taking place, all emergency contact information for CHHS Executive Leadership (in departments as well) has been uploaded to the State’s CAHAN Emergency Alert Program (administered by the Department of Public Health). In the Fall of 2017, the Special Projects Manager conducted a series of test alerts during a 1-week period and made to executive and non-executive personnel to ensure all staff were being properly notified of an event, with instructions on what to do in the event of an actual emergency. An all-staff training, slated for March 2018, to bring all staff members up-to-speed with what is expected of them during an emergency event.

**Risk: Operations - Internal-Organizational Structure**

This risk is being reported specifically for the Office of the Patient Advocate.

The Office of the Patient Advocate (OPA) has a Strategic Plan that is not fully developed and is currently based upon a previous legislative mandate which was amended in 2014. The risk inherent here is that with executive/line staff turnover for this small office, incoming and newly hired staff will not have a clear understanding or adherence with the organization’s mission statement because the Strategic Plan is based upon obsolete legislative language.
This risk arose from OPA staff turnover and a various reshuffling of workload priorities amongst very few staff. Because of the small staff size of this office, OPA prioritizes work based upon statutorily required deadlines such as the annual Medical Care Quality Report Cards.

If at such time executive/line staff turnover occurs for OPA, incoming and newly hired staff will not have a clear understanding or adherence with the organization’s mission statement because the Strategic Plan is based upon obsolete legislative language.

**Control A**

The Office of the Patient Advocate is currently in the process of revising the Strategic Plan for 2018 to better align with the revised legislative mandate which occurred in 2014. Analytical staff have been assigned to bring the Strategic Plan up to date with current statute and have a tentative deadline to submit a draft before Summer 2018.

**Risk: Operations - Internal Staff — Key Person Dependence, Workforce Planning**

These risks are being reported specifically for the Office of the Patient Advocate.

Currently, only one administrative staff in a blanket position is responsible for the day-to-day functioning of the office including personnel needs, clerical duties, incoming calls, travel and scheduling, purchasing, etc. Should the office lose the blanket position with a position reallocation, there is no other staff available to take on the duties without working outside their classification or beyond their required work hours. Additionally, because each of the seven OPA staff have distinct job classifications and assignments they would need to stop work on their primary program responsibilities in order to cover administrative duties.

Further, most OPA staff must use a Statistical Analysis Software (SAS) program provided by its IT support contractor, DHCS. This issue here is that DHCS staff have little familiarity with the SAS program as a whole and are often unable to advise or provide technical support when issues arise. This office is statutorily required to annually complete a legislative report developed using data that will be captured and analyzed by the SAS program.

The cause of the risks reported here are largely associated with the limited staff resources available to OPA.

What can result from these identified risks is that existing or future OPA staff will be required to work either out-of-class or beyond their required work hours in order to fulfill the myriad of administrative challenges faced each day. Further, with limited on-hand expertise available at DHCS with specific regard to the Statistical Analysis Software (SAS) program, current and future OPA staff lack the technical know-how to fill-in during program outages or challenging deadlines for legislatively mandated deliverables.

**Control A**

The Office of the Patient Advocate currently has an Office Technician (OT) in a blanket position. The OT provides and maintains necessary day-to-day operation and staff support for the office. To mitigate this risk, OPA intends to submit an administrative Budget Change Proposal (BCP) for Agency’s and the Department of Finances’ consideration. This BCP will be requested to ensure the OT position is made permanent using existing funding in the OPA annual budget.

Additionally, the Office of the Patient Advocate has contracted with a private vendor to regularly train staff on the utilization of the Statistical Analysis Software (SAS) program. Support staff will be on-hand to assist with any technical issues that arise with the SAS program and will train new and incoming OPA personnel on the system to remove reliance on the Department of Health Care Services’
Information Technology staff.

**RISK: Compliance-Internal-Staff Adherence to Policies, Procedures, or Standards**

This risk is being specifically reported for the Office of Law Enforcement Support.

The Office of Law Enforcement Support (OLES) is tasked with providing independent and contemporaneous oversight of investigations conducted by the Department of State Hospitals (DSH) and the Department of Developmental Services (DDS) that involve State personnel. In so doing, OLES must constantly interface with the investigative staff at DSH and DDS. Because OLES was established long after both departments it oversees, OLES staff needed to ensure that policies and procedures were centralized and not fragmented. The risk of incoherent policies and procedures that do not align with OLES could detrimentally affect and hinder ongoing investigations of abuses.

The Office of Law Enforcement Support (OLES) was established well after the creation of both the Department of State Hospitals (DSH) and Department of Developmental Services (DDS). OLES policies and procedures for conducting investigations were developed after DSH and DDS and needed to, in some cases, supercede the rules of both departments. This created a conflict of unclear policies to follow as existing investigations would need to align with new or revised policies.

The Office of Law Enforcement Support (OLES) will have difficulty in assessing and reviewing the validity of an ongoing investigation if the policies and procedures that govern investigative activities is not congruent across CHHS departments.

**CONTROL A**

The Office of Law Enforcement Support (OLES) has since been working to align and centralize all policies and procedures that govern investigative activities at both the Department of State Hospitals and Department of Developmental Services. OLES leadership has established regular meetings with the senior management in charge of investigative/protective services at all state hospitals and developmental centers. These discussions precede the work of researchers and investigators working to align and revise policies and procedures to ensure consistent application throughout all entities under OLES oversight.

**RISK: Operations-Internal-Technology—Support, Tools, Design, or Maintenance**

This risk is being specifically reported for the Office of Law Enforcement Support.

The Office of Law Enforcement Support (OLES) utilizes information technology programs that include the medical and personal files of patients/consumers within state hospitals/developmental centers. These programs are not current and, in some cases, they do not interact with the databases used at the Departments of State Hospitals and Developmental Centers (DSH and DDS respectively). Because of the incompatibility of programs and databases utilized by staff at OLES and investigators at DSH or DDS, there is a risk of a privacy breach and individual case work is slowed due to technology issues.

The Office of Law Enforcement Support (OLES) is an office that was established through a Budget Change Proposal which initially called for a smaller workforce with fewer resources needed. When the Legislature revised their legislative mandate, OLES grew with additional PYs added for more responsibilities, the addition of new information technology and system updates lagged due to budget constraints.

To ensure that no security breaches occur, staff must work slower to review and distribute information which reduces the speed at which all parties reach an outcome on a patient or consumer. Further, because of older database technology, OLES staff can pull certain data for patients/consumers, but are unable to...
cross-reference case details for possible duplication of effort with DSH and DDS investigative/protective personnel.

**Control A**

The Office of Law Enforcement Support (OLES) submitted a Budget Change Proposal for the addition of an IT position that would be specifically responsible for shoring up the lags in technology at OLES, provide technical support to OLES staff and interface with IT staff at the Department of State Hospitals and Department of Developmental Services. As the Budget Change Proposal for this IT position was denied, OLES staff have begun the contracting process to hire a private vendor with the intention of providing technical expertise, system upgrades and cross-training to OLES staff. Additional work will be done to ensure that confidential information is uploaded onto secure and updated servers.

**Risk: Operations - Internal Staff — Key Person Dependence, Workforce Planning**

This risk is being specifically reported for the Office of Law Enforcement Support.

The Office of Law Enforcement Support (OLES), while it has permanent full-time staff, it relies on non-permanent staff to accomplish many of its mission statement initiatives. The office is comprised of mainly sworn law enforcement personnel, a small group of attorneys and very few clerical/support staff. Additional mission critical assignments are completed by retired annuitants, many of whom have investigatory and law enforcement experience who were brought into OLES to assist with its creation and maintenance. In the event that a key staff member leaves/retires from OLES, existing staff will be backlogged with work and might not have the proper training and understanding to accomplish the work of former employee. Additionally, OLES does not have an established workforce to handle administration issues (personnel, classification/pay, reasonable accomodations, training, etc.) which slows their process time and inundates the CHHS Administration Unit that must lean-in to assist OLES with adminstrative functions.

The Office of Law Enforcement Support (OLES) was originally brought into existence under CHHS by an approved Budget Change Proposal. In order to receive the backing of the Department of Finance, OLES amended their BCP to include one-time contract dollars that would hire special consultants to prop up the office. When those special consultants reached the end of their contracts, work responsibilities needed to be performed by full-time staff that OLES did not have the budget allocation for.

As a result, the Office of Law Enforcement Support (OLES) needed to rely on retired annuitants and non-state staff to accomplish large portions of their organization objective until additional PYs could be funded and supported by the office. OLES supported temporary contracts and MOUs with entities like the California Highway Patrol and the Office of the Inspector General which assisted with the management of a growing invetigation workload. Further, because of a lack of administration personnel, OLES must rely on the small Administration Unit within the Office of the Secretary at the California Health and Human Services Agency.

**Control A**

Leadership at the Office of Law Enforcement Support (OLES) have since interfaced with CHHS Administration on the development of a Budget Change Proposal which would seek to add a small number of PYs to support additional OLES work activities and phase-out the work needed from existing retired annuitants. The reduction of contract dollars needed to support special consultants and other outside entities will serve as a partial justification for additional state staff resources.

Further, the CHHS Administration team has assisted OLES with their hiring, onboarding, classification/pay issues and other staff support requirements that OLES is presently limited with doing. Until such
time as additional PYs can be hired, the CHHS Administration Unit is continuing to provide OLES with ongoing staff support as needed.

CONCLUSION

The Health and Human Services 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.

Diana S. Dooley, Secretary

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