Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the State Council on Developmental Disabilities submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Aaron Carruthers, Executive Director, at (916) 322-1284, aaron.carruthers@dss.ca.gov.

BACKGROUND

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 developmental disabilities 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 Intellectual and Developmental Disabilities (AIDD). AIDD 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, their families, federally funded partners and state agencies.

In addition to headquarters in Sacramento, the Council directs 13 regional offices that carry out the State Plan regionally with individuals with developmental disabilities 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. Each regional office participates in the development and implementation of the Council’s goals and objectives.

Councils on Developmental Disabilities are established in each state through the federal Developmental Disabilities Assistance and Bill of Rights Act (DD Act). This Act also creates state protection and advocacy systems, university centers for excellence, and projects of national significance. Each entity has a federally-assigned responsibility designed to improve services for individuals with developmental disabilities and their families, and enhance independence, productivity and inclusion. 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.
SCDD also has two 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.

RISK ASSESSMENT PROCESS

In order to ensure that the missions and functions of State Councils are carried out in accordance with the DD Act, AIDD staff may periodically conduct a site visit to monitor the activities of a Council. This is known as a Monitoring and Technical Assistance Review System Report site visit (MTARS). The AIDD completed an MTARS of the SCDD in 2013, which contained findings of noncompliance.

Since 2013, the SCDD has been actively engaged in a comprehensive Corrective Action Plan (CAP) process with AIDD. As part of the CAP process, the SCDD Executive Team (Executive Director, Chief Deputy Director, Deputy Director of Policy and Planning, Deputy Director of Regional Office Operations, Budget Officer, Personnel Officer, and Legal Counsel) have met monthly to develop and implement necessary organizational improvements and risk mitigation strategies. The full Council has met six times a year monitor the progress of the CAP. The SCDD’s Executive Team has also engaged in quarterly compliance meetings with the AIDD. As of today, the AIDD has certified that the SCDD has effectively addressed the vast majority of the previously-noted noncompliance issues, with the remaining items largely consisting of tasks that must be demonstrated over time.

In addition to the areas of noncompliance addressed in the CAP, SCDD has broadened its organizational review to scan for other areas of risk. Two outstanding issues remain, which expose the organization to risk and must be addressed: 1) A structural budget deficit; and 2) A lack of updated organizational policies and procedures.

EVALUATION OF RISKS AND CONTROLS

Operations- External- Funding—Sources, Levels

The SCDD is primarily funded through a federal Basic State Grant (BSG) from the AIDD. The amount that the AIDD allocates to the SCDD each year is based on a prescribed formula and the amount that they receive from Congress. The AIDD does not adjust our grant when the Governor and Legislature provide raises to State employees (e.g. the 2.5% raise that went into effect July 1, 2015). Therefore, as the years have passed, the funding formula that we receive from the AIDD has not kept pace with our actual personnel costs. The SCDD currently has a total structural BSG deficit of approximately $700,000. If this structural deficit is not addressed, it will eventually interfere with daily organizational operations and erode our ability to achieve our mission.

The SCDD has engaged in a strategic process to identify and implement effective cost-saving actions. The SCDD initiated a survey of all staff to gather cost saving ideas, and developed a workgroup (consisting of a cross-section of staff throughout the organization) to review the cost saving ideas and make recommendations. SCDD’s Administrative Committee and Executive Committee will review the recommendations and provide recommendations to the full State Council. The State Council will vote on the recommendations during the 2015-16 fiscal year.

Operations- Internal- Oversight, Monitoring, Internal Control Systems

The AIDD’s 2013 MTARS report identified several provisions of state law that AIDD concluded conflicted
with the federal DD Act. The SCDD was required to demonstrate that we will come into compliance with the federal law. In order to do so, the SCDD sponsored legislation (AB 1595), which was enacted on January 1, 2015. The legislation resulted in some significant changes to the SCDD’s organizational structure and clarified our authority and scope of work. For example, 13 semi-autonomous “Area Boards” became SCDD Regional Advisory Committees and the 13 Area Board offices became SCDD regional offices. Additionally, our regional office staff shifted from a focus on individual advocacy to systemic advocacy.

SCDD must now develop and implement internal policies and procedures to reflect our recent organizational changes.

The SCDD Executive Team has begun a strategic process of reviewing our existing policies and procedures, identifying those that need to be created or updated.

ONGOING MONITORING

Through our ongoing monitoring processes, the State Council on Developmental Disabilities reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of State Council on Developmental Disabilities, Aaron Carruthers, Executive Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Aaron Carruthers, Executive Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

The SCDD Executive Team meets weekly to discuss internal control issues that need to be addressed, including, but not limited to, SCDD’s structural deficit and policies and procedures. Additionally, the SCDD has formed an MTARS Committee, which has been meeting regularly since 2013, monitoring progress on the SCDD CAP and making recommendations to the full Council for further action.

Reporting and Documenting Monitoring Activities

The SCDD is documenting the process of addressing the structural deficit, including a record of cost saving ideas from the staff survey, a report from the structural deficit workgroup, and formal minutes from the Administrative and Executive Committees, and full State Council. All new and revised policies and procedures will be clearly documented and reported to staff and relevant stakeholders. The SCDD submits a regular (typically quarterly) compliance report to the AIDD, documenting our completed tasks within the MTARS process.

Procedure for Addressing Identified Internal Control Deficiencies

The Executive Team meets weekly to review and address deficiencies. Per guidance from the Executive Team, the Chief Deputy Director assigns task forces as necessary to address specific issues. Task forces report regularly to the Chief Deputy Director until the issue has been resolved.

CONCLUSION

The State Council on Developmental Disabilities strives to reduce the risks inherent in our work through ongoing monitoring. The State Council on Developmental Disabilities accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.
The SCDD strives to reduce risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify that our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Aaron Carruthers, Executive Director

cc: Department of Finance  
Legislature  
State Auditor  
State Library  
State Controller  
Secretary of Government Operations