

December 15, 2021

Yolanda Richardson, Secretary
California Government Operations Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

Dear Secretary Yolanda Richardson,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the California Victim Compensation Board 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 Sarah Keck, Deputy Executive Officer, Administration, at (916) 491-3505, Sarah.Keck@Victims.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The California Victim Compensation Board (CalVCB) administers the Victim Compensation Program, which provides reimbursement for crime-related expenses to victims who suffer physical injury, or the threat of physical injury, as a result of a violent crime. CalVCB also administers the Restitution Recovery Program and the Good Samaritan Program.

This year CalVCB updated both our Strategic Plan and Workforce Strategic Plan. The CalVCB 2021-2024 Strategic Framework is posted on both the public and internal websites. The 2021-2025 Workforce Strategic Plan is on the internal website.

The strategic plan reaffirms CalVCB's commitment to helping victims of crime. CalVCB's mission and values are focused on this basic service: providing compensation and support to people who are recovering from the pain and injuries caused by violent crime. CalVCB is driven by this important and meaningful calling that each year helps tens of thousands of Californians to recover and move on with their lives. This strategic plan is a statement of CalVCB's values and goals and provides a roadmap for how to pursue them and fulfill our mission.

Mission: CalVCB is a trusted partner in providing restorative financial assistance to victims of crime.

Vision: CalVCB helps victims of crime restore their lives.

As part of the strategic planning process, CalVCB assessed strengths and weaknesses. The assessment included doing an in-depth survey of employees and using other tools to identify the organization's opportunities and challenges. Based on the assessment, the following goals were adopted:

Goal 1: PROMOTE ACCESS TO CALVCB SERVICE

- Inform Californians about CalVCB.

- Pursue opportunities to partner with stakeholders.
- Expand outreach to under-served populations.

GOAL 2: IMPROVE THE CALVCB EXPERIENCE

- Use technology to enhance service delivery.
- Identify and maximize efficiencies.
- Communicate clearly and concisely.

GOAL 3: DEVELOP AND ENGAGE STAFF TO BEST SERVE VICTIMS

- Recruit and invest in a skilled workforce.
- Encourage a shared vision and strategy through teamwork.
- Foster a high-performing and diverse workforce.

Control Environment

As part of the 2021-2024 Strategic Framework updates, all were encouraged to provide input into updating the CalVCB Values. Based on the input, Compassion was added to reinforce our commitment to those we serve. Below are the CalVCB Values:

- Integrity: We are honest and ethical.
- Respect: We treat everyone with courtesy and decency.
- Compassion: We care about victims and their well-being.
- Dedication: We serve with devotion and professionalism.
- Collaboration: We create atmosphere of teamwork.
- Innovation: We find creative ways to solve problems and provide support.

CalVCB is governed by a three-member Board dedicated to assisting victims of violent crimes. Board members include the Secretary of the Government Operations Agency who serves as the Board's chair, the State Controller and a public member appointed by the Governor. Board members set policy for the organization and make decisions on matters, including appeals for victim compensation and claims of persons erroneously convicted of felonies.

CalVCB is a small department with 259 permanent positions. The organization is comprised of five (5) primary divisions: Legal, Appeals, and Probate; Victim Compensation; Administration; Information Technology; and External Affairs. Within these divisions are individual branches with different business objectives to support the CalVCB mission.

CalVCB has a formal organizational chart that outlines the lines of authority and how responsibility is delegated. Communication occurs up and down through the organizational structure. CalVCB is engaging in an ongoing effort to document core processes to reduce key person dependency. In addition, CalVCB has duty statements for employees and annual reviews occur to monitor performance. CalVCB has a biweekly risk management meeting to identify, discuss, and address potential organizational risks.

Earlier this year, CalVCB adopted its 2021-2025 Workforce Strategic Plan. The CalVCB Workforce Strategic Plan aligns with the CalVCB 2021-2024 Strategic Plan's vision, mission, values, goals, and objectives. The five-year plan outlines short-term and long-term goals to ensure a highly skilled,

competent workforce in support of CalVCB mission to be a trusted partner in providing restorative financial assistance to victims of crime.

Information and Communication

As part of the CalVCB Strategic Plan objectives and core values, the Board implemented an internal infrastructure to promote collaboration and teamwork across organizational lines. CalVCB utilizes this structure to provide timely, appropriate, and accurate information to all levels of staff.

As the workforce was dispersed to work from home during the pandemic, the Executive Officer implemented online meetings to continue regularly scheduled leadership and all staff meetings. Collaboration tools were immediately implemented to support online communication amongst teams and individuals. Information was communicated timely through email to ensure all employees were fully informed of changing workplace policies, priorities, and relevant business information.

The Executive Team continues the practice of weekly meetings to discuss high-level policy and administrative issues. Identified internal control issues are addressed regularly in these meetings and appropriate follow-up occurs either within subsequent Executive and/or Leadership Team meetings, or with specific managers and staff, or at the all staff meetings depending on the nature of the risk.

CalVCB's Public Affairs and Outreach team informs the public, stakeholders and media of the activities and objectives of CalVCB. The Public Information Officer acts as a spokesperson and assists with media relations activities, including drafting press releases, fact sheets, opinion pieces, and responding to media requests. In addition to the public website, CalVCB leverages Twitter, Facebook, and LinkedIn to provide timely and accurate information to the public. Additionally, the Public Affairs and Outreach team implemented monthly internal communications to connect staff with relevant activities such as employee changes, fun interviews to "get to know" new employees, and timely sharing of information. Public affairs also implemented regular email updates to share policy updates and changes. These communication methods support CalVCB's Strategic Framework.

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 California Victim Compensation Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Natalie Mack, Chief Deputy Executive Officer.

The ongoing monitoring within CalVCB starts at the line manager level. Each manager is responsible for the day-to-day planning and ongoing monitoring of his/her program area(s). Any significant issues identified during the daily ongoing monitoring is raised to the appropriate Deputy Executive Officer, Chief Deputy Executive Officer, and potentially to the Executive Officer for discussion and resolution.

The Information Security Officer (ISO) and Privacy Officer are responsible for managing CalVCB's Information Security Program and Privacy Programs respectively. The ISO oversees the Information Security Program to ensure protection of CalVCB's information assets and compliance with applicable information security requirements. The Privacy Officer maintains an ongoing privacy program and ensures CalVCB complies with privacy-related legal requirements. Both programs include promoting

staff awareness, training staff, monitoring compliance, and responding to security and privacy incidents.

Within CalVCB's California Compensation and Restitution System (CARES) system, which is the internal system used to process applications and issue payments to victims, program managers can select transactions for quality control review before the invoices are released for payment. If an issue is identified, it is documented within the system and returned to staff for correction. Additionally, management will follow up to ensure that processes and procedures are in place and are being followed to ensure the error is not repeated. A post quality review is randomly performed by a separate section on each function, all transactions, and the system controls. A report is prepared and provided to the Victim Compensation Division Deputy Executive Officer identifying the level of accuracy and any issues with staff performance.

The Deputy Executive Officer and the managers use both of these quality review functions to monitor and improve staff performance.

If discrepancies are identified during the bill processing that may potentially be fraudulent activity, the service provider information is elevated through the chain of command to the Deputy Executive Officer for an internal review of the potential issue(s). If the Deputy Executive Officer concurs with the potential fraudulent issue identified by staff, the matter is referred to the Provider Evaluation Team (PET) for investigation. The PET will investigate and submit a written report with recommendations to the Executive Officer. After the Executive Officer reviews the report and discusses the findings with the Chief Counsel, the Executive Officer makes the final determination regarding disqualifying the service provider, referring the service provider to the Department of Justice for criminal action, and/or referring the service provider to the appropriate licensing board for administrative action.

RISK ASSESSMENT PROCESS

The following personnel were involved in the California Victim Compensation Board 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, and performance metrics.

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.

For the 2021-2024 Strategic Plan process, all employees were encouraged to participate in sessions to identify CalVCB's strengths, weaknesses, opportunities, and threats. Additionally, the 2021-2025 Workforce Strategic Plan process identified workforce-related risks that were incorporated into the five-year plan.

The Executive Team determined which risks were most likely to materialize and the potential threat to CalVCB. Some risk factors identified in a prior SLAA Report appear again in this report because they continue to be an ongoing concern to CalVCB. The Executive Team ranked the risks based on the potential impacts to the Strategic and Workforce Strategic plans. Consideration was not given to minor risks that do not have a significant impact to operations, mission, or fiscal stability.

RISKS AND CONTROLS

Risk: Recruitment and Retention of Top Talent

The inability to find and/or retain viable candidates in specific classifications due to pay, location, experience and/or promotional advancement has been challenging and affects CalVCB's ability to carry out its mission. The 2021-2025 Workforce Strategic Plan (WSP) was adopted in July 2021. The WSP builds upon its talented workforce, culture, and values. The COVID-19 pandemic highlighted and accelerated the need to decentralize the workforce and digitize the work to ensure the workforce's health and safety, all while keeping everyone connected and supported.

CalVCB is a small department and has limited upward mobility opportunities for journey-level analyst and technical staff seeking leadership roles. The WSP identifies a number of recruitment and retention initiatives of which several have been accomplished. The adopted initiatives are identified for years 1-2 and 3-5 to ensure success based on the identified priorities.

CalVCB's vacancy rate hovers around 13 percent, which is considered high. Data indicate CalVCB's average retirement age is around 63. Factored in with the levels of staff and those at or near retirement eligibility, the risk is minimal. However, retention of high-performing employees is an ongoing challenge due to lack of promotional opportunities in a small department.

Control: Workforce Strategic Plan Implementation

To address turnover, CalVCB launched several initiatives to improve recruitment, growth, and retention of skilled workers. CalVCB has used social media to market job openings to a wider audience, and it has provided hiring managers with more resources and training. In addition, CalVCB has provided more support for employees by increasing online training options, creating a wellness program, and expanding the employee recognition program. The long-term initiatives such as knowledge capture and identification of key personnel are to be completed over the next two-three years.

To monitor the progress, CalVCB routinely collects, analyzes, and report vacancies. The five-year plan initiatives are tracked, and progress is monitored to ensure milestones and timelines are met. The initiatives are evaluated and updated as needed to ensure they continue to meet the changing workforce needs. This ongoing process ensures CalVCB has the top talent to support our mission and goals.

Risk: Stakeholder Communication and Outreach

The CalVCB Strategic Framework 2021-2024 identified a lack of awareness of CalVCB and its positive role in assisting victims, and isolation and difficulties created by the pandemic and economic downturn as challenges. CalVCB currently uses social media, CalVCB's website and email blasts to reach stakeholders, victims, and advocates.

Control: Strategic Plan Goals and Initiatives

The California Victim Compensation Board's (CalVCB) strategic plan reaffirms the commitment to helping the state's victims of crime. CalVCB's mission and values are focused on this basic

service, providing compensation and support to people who are recovering from the pain and injuries caused by violent crime. The 2021-2023 CalVCB Strategic Framework was adopted. The following goals were identified to enhance and reinforce stakeholder communication and outreach:

Goal 1: Promote Access to CalVCB Services

- Inform Californians about CalVCB.
- Pursue opportunities to partner with stakeholders.
- Expand outreach to under-served populations.

Goal 2: Improve the CalVCB Experience

- Use technology to enhance service delivery.
- Identify and maximize efficiencies.
- Communicate clearly and concisely.

These organizational goals are initiatives assigned to the responsible business unit and are tracked, monitored, and reported to all Stakeholders to ensure implementation and accountability.

Risk: Business Continuity

CalVCB's business operations could be significantly disrupted or shut down entirely due to an emergency or threat beyond CalVCB's control. This may include a power outage at its primary business location, and civil unrest activities preventing access to its primary business location. Since the COVID-19 pandemic hit in March 2020, most staff operate under remote work arrangements. However, interruptions at CalVCB's primary business location could still impact business operations significantly. If CalVCB becomes non-operational, it would be unable to meet the needs of claimants who have already been victimized by a violent crime.

Control: Business Continuity Plan

CalVCB has implemented a process to annually review and revise the Business Continuity Plan (BCP) to meet the changing needs of the organization. Managers and supervisors are informed on protocols in the event of a disaster to ensure essential operations are maintained.

In addition, staff attends BCP meetings sponsored by CalOES and the Federal Emergency Management Agency (FEMA). These meetings provide a forum to discuss issues, how other State departments are approaching solutions, and available technology to assist with emergency management.

Control: Virtual Desktop Infrastructure Evaluation

In 2021, a Virtual Desktop Infrastructure (VDI) pilot was initiated with the goal of evaluating the viability of using VDI as a workaround when desktop computers at the primary business locations become unavailable. CalVCB team has a head start on delivering computing capabilities over VDI if needed.

Implementation of the VDI will provide connectivity and system access in the event of a disaster to ensure CalVCB's core business functions are maintained.

Risk: Data Security

To support its mission, CalVCB staff must access information systems containing large amounts of data. CalVCB continues to build on existing security controls to prevent unauthorized access to its systems.

Control: Information Security and Privacy Programs Revamp

In August 2021, CalVCB started revamping its Information Security and Privacy Programs. One of the most significant change is the creation of a five-year program plans that outline activities to address data security and privacy risks on a continual basis. Activities include formal quarterly risk executive governance reporting, periodic risk assessments, on-going compliance monitoring, control, and remediation, as well as incident response. The plan also addresses mandates as identified in the Cal-SECURE cyber security roadmap announced by the Governor's Office in October 2021.

Control: Information Security Staff Increase

In November 2021, CalVCB expanded the Information Security Office and increased staff allocation to support its Information Security Program. The Information Security Office will continually mature the Information Security Program as required and prescribed by the State Administrative Manual and Statewide Information Management Manual, and actively manages and reduces data security risks to a level acceptable by CalVCB.

Control: New Security Tools and Configurations

In 2021, CalVCB launched a new vulnerability management program following implementation of a new supporting tool. In September 2021, CalVCB expanded its Multi-Factor Authentication (MFA) implementation to its main application, CARES, providing an additional layer of security. During the same year, CalVCB also replaced its security awareness and training platform. Mandatory training will be deployed, tracked, and monitored in CalVCB's Learning Management System. Periodic reports will be provided to management to ensure compliance with identified timelines and training requirements.

Control: Telework Policy

CalVCB renews its telework policy annually, and updates the policy, agreement, and safety checklist based on directives set forth by CalHR and DGS under the Statewide Telework Program. Under the policy, CalVCB supervisors to assess the appropriateness of telework and consider numerous factors, including information security implications, before approving Telework agreements; additionally, teleworkers are expected to adhere to all applicable laws, regulations and policies regarding information security for both electronic and paper information.

All employees sign new telework agreements and complete safety checklists annually.

Risk: Insufficient Resources

CalVCB performs its mandated duties as outlined in the 2021-2024 Strategic Framework. CalVCB is often unable to meet new legislative mandates based on the authorized funding and staff resources without compromising the current mandated workload.

CalVCB has difficulty recruiting, training, and retaining highly qualified staff or quickly developing necessary technology systems to support the implementation of new laws. In addition, due to CalVCB's telework program and technology upgrades, the rate of unanticipated expenses continues to increase, and the current spending authority will not be sufficient for CalVCB to fulfill its statutory obligations in the near future.

Control: Monitor Workload and Funding Impacts

CalVCB's divisions collaborate with the Board to implement new statutes and monitor and identify mandates that remain unfulfilled due to budget and statutory constraints. This helps ensure that CalVCB is focused on the highest priority programs and activities.

CalVCB monitors its current expenditures relative to current spending authority to ensure that sufficient resources are available for unanticipated expenses as well as planned work. CalVCB will monitor workload and identify necessary resources and work with the Administration and the Legislature to obtain needed resources and ensure funds remain solvent.

CONCLUSION

The California Victim Compensation Board 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.

Lynda Gledhill , Executive Officer

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