

December 15, 2023

Amy Tong, Secretary
California Government Operations Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

Dear Secretary Amy Tong,

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, 2023.

Should you have any questions please contact Shawn Ramirez, Deputy Executive Officer, at (916) 491-3505, Shawn.Ramirez@Victims.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The California Victim Compensation Board (CalVCB) defines its mission as being a reliable partner in delivering restorative financial assistance to victims of crime. CalVCB envisions itself as a crucial force in aiding crime victims in reclaiming and rebuilding their lives. CalVCB is guided by a set of core values which include integrity, respect, compassion, dedication, collaboration, and innovation. Integrity is maintained through honesty and ethical behavior, while respect is demonstrated by treating everyone with courtesy and decency. Compassion underscores CalVCB's concern for victims and their well-being, and dedication is evident in the committed and professional services provided. Collaboration fosters a teamwork atmosphere, and innovation drives creative problem-solving and support.

CalVCB is committed to fostering a culture of Diversity, Equity, Inclusion, and Accessibility (DEIA) in all aspects of its operations. CalVCB recognizes the strength derived from the unique perspectives, backgrounds, and experiences of its team members, stakeholders, and partners. The commitment to DEIA is a fundamental value influencing decision-making and shaping CalVCB's organizational identity.

CalVCB's executive staff proactively assesses the organization's strengths and weaknesses. In early 2023, CalVCB engaged an external vendor to conduct a comprehensive staff opinion survey. The results of this survey facilitated the refinement and revision of the 2021-24 Strategic Plan, aligning it more effectively with the organization's three overarching goals: promoting access and equity to CalVCB services, enhancing the overall CalVCB experience, and developing and engaging staff to better serve victims.

The organization remains dedicated to utilizing the Strategic Framework 2021-2024 as a roadmap for pursuing its values and goals, thus fulfilling its mission. Executive Officer Lynda Gledhill has emphasized the organization's commitment to assisting violent crime victims with

financial support and access to resources.

CalVCB recognizes the importance of strategic planning to guide its mission and objectives. As the current strategic plan is set to expire in 2024, CalVCB is working towards the development of its next strategic plan. This ongoing effort reflects the organization's commitment to adapt and evolve to ensure that future objectives align with the mission and values. CalVCB remains dedicated to promoting access and equity to its services, enhancing the overall CalVCB experience, and developing and engaging staff to better serve victims. The forthcoming strategic plan will continue to guide CalVCB in ensuring its pursuit of excellence and commitment to making a meaningful difference in the lives of crime victims and their families.

Control Environment

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

CalVCB has a well-defined organizational structure that ensures the appropriate delegation of responsibility and authority. The structure is designed to promote efficiency, accountability, and the execution of the organization's mission. Clear lines of communication and well-defined roles and responsibilities contribute to a controlled and organized working environment. CalVCB maintains documentation of the organizational structures through organizational charts and duty statements, which outline the duties and responsibilities of all staff. CalVCB also conducts risk management meetings to identify, discuss, and address potential organizational risks.

As part of maintaining documents of the controlled system, CalVCB adopted a Workforce Strategic Plan in 2021, which runs from 2021-2025; the CalVCB 2021-2024 Strategic Plan; and documented Annual Reports. CalVCB is committed to maintaining documentation of the control system by capturing processes, procedures, and controls in place. The documentation serves as a reference point for internal and external stakeholders, facilitating transparency, accountability, and continuous improvement.

CalVCB's management is committed to upholding a controlled environment that is rooted in integrity and ethical values. The commitment is reflected in the organization's core values, including honest and ethical behavior. Employees are encouraged and empowered to report ethical concerns through established channels, fostering a culture of accountability and transparency.

Information and Communication

CalVCB promotes a workplace of collaboration and teamwork at all levels of the organization. Throughout the organization, CalVCB ensures up, down, and across-entity engagement to ensure relevant information is shared between staff and management. This open communication ensures collaboration and aids in decision-making efficiency.

In response to the evolving work landscape, CalVCB has embraced a hybrid work model. As part of this model, the organization utilized collaboration tools such as Microsoft Teams to allow staff and management to connect in a virtual environment, creating a digital collaboration space where employees regardless of location can collaborate on work products, projects, and engage in discussion. This aids in the promotion of real-time collaboration and information exchange.

Communication across organizational lines is also facilitated throughout the organization between different units and sections. CalVCB has established cross-functional teams that include members of different divisions or areas that work together on projects and initiatives. The Administration Division's Training Unit develops an annual training plan that involves input from all levels of CalVCB to identify specific development needs. This plan serves as our roadmap for training initiatives that cut across organizational lines and ensures that employees receive targeted development opportunities.

CalVCB also participates in external stakeholder engagement through the Public Affairs and Outreach Team of the External Affairs and Compliance Division. This is done through press releases, fact sheets, opinion pieces, and media relations activities. In the past year, the Public Affairs and Outreach Team has increased CalVCB exposure by attending outreach events to connect with external stakeholders. Beyond the physical outreach activities, CalVCB produces internal communications such as our Executive Newsletter and Connections articles. All our communication efforts support the CalVCB Strategic Framework and aid in encouraging a culture of transparency and accountability as well as our commitment to share information with internal and external stakeholders.

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 monitoring practices within CalVCB constitute an integral and continuous process overseen by our executive monitoring sponsor, Natalie Mack, Chief Deputy Executive Officer. Their role involves facilitating and verifying the effective implementation of monitoring practices throughout the organization. CalVCB utilizes a multifaceted approach to ensure the effectiveness of risk management and internal control systems. This includes:

Managers at all levels employ regular activities such as tracking key performance indicators, conducting meetings, and performing reconciliation of our daily operations to identify potential problems on a prompt basis. Managers carry the responsibility of the routine and day-to-day activities of the planning and ongoing monitoring of their programmatic areas.

When any issues or risks arise, they are raised to their next level manager and through the chain of command to their Deputy Executive Office. If the level of risk arises, it may also be escalated to the Chief Deputy Executive Officer and Executive Officer should a discussion or resolution need to occur.

To actively monitor the risks and identified vulnerabilities, CalVCB ensures monitoring efforts that include corrective actions are implemented. This contributes to the continuous improvement of our risk management and control systems in place. CalVCB management or staff who serve as subject matter experts conduct detailed reviews of work to ensure compliance and minimize potential risks. There are various internal review mechanisms that take place throughout the organization including the following:

Our Information Technology Division dedicates an Information Security Officer (ISO) and Privacy Officer to the responsibility of managing the CalVCB Information Security Program and Privacy Programs. The ISO is responsible for monitoring and ensuring the effectiveness of information security measures within the organization. This includes surveillance of cybersecurity protocols, threat detection, and implementing security measures. In addition, the Privacy Officer maintains the Privacy Program to ensure CalVCB follows privacy-related legal requirements. These programs promote staff awareness, train staff, monitor compliance, and respond to security and privacy incidents.

Our Compliance Section ensures a system of internal controls and assesses the risk associated with internal systems; identifies statutory, regulatory, and CalVCB policy mandates; and audits fraudulent activities. By regularly evaluating procedures and controls, the Compliance Section contributes to the ongoing improvement of internal governance, risk management, and compliance.

Our Victim Compensation Division utilizes 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 conduct quality control reviews of invoices before payments are released. If issues are identified, the issue is documented within the system and returned to staff for correction. Program management will follow up to ensure that processes and procedures are in place and are being followed to ensure the error is not repeated. In addition, a post-quality review is randomly performed by a separate section on each function, all transactions, and the system controls. Once the post-quality review is completed, a report is generated 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 program managers use both quality review functions to monitor and improve staff performance.

Through the processing of bills, discrepancies may also present fraudulent activity. If fraudulent activity is noted, the information is elevated through the chain of command to the Deputy

Executive Officer for an internal review of the potential issue(s). Upon review of the fraudulent issue by the Deputy Executive Officer, they will refer the issue to the Provider Evaluation Team (PET) for investigation. The PET will investigate and submit a written report with

recommendations to the Executive Officer. After review by the Executive Officer and

discussion 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.

During the risk assessment process, CalVCB engaged with executive management, middle management, front-line management, and staff. Multiple methods were used to identify risk, fostering a thorough understanding of the potential challenges and opportunities. The risk identification process included the following: brainstorming sessions, employee engagement meetings, 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.

In 2023, CalVCB engaged an external vendor to conduct a comprehensive staff opinion survey. The results of this survey facilitated the refinement and revision of the 2021-24 Strategic Plan, aligning it more effectively with the organization's three overarching goals: promoting access and equity to CalVCB services, enhancing the overall CalVCB experience, and developing and engaging staff to better serve victims. The current strategic plan is set to expire in 2024 and CalVCB is working towards the development of its next strategic plan to identify and include strengths, weaknesses, opportunities, and threats.

The Executive Team conducted a comprehensive risk assessment, identifying potential risks with a high likelihood of occurrence. Through a thorough analysis, the team recognized key vulnerabilities and uncertainties that could have an impact on the organization's mission, goals, and objectives. In tandem with risk identification, the Executive Team has also identified and established control mechanisms. These control measures are strategically designed to mitigate, manage, or eliminate the identified risk, demonstrating a proactive and strategic approach to ensure the success of the organization.

RISKS AND CONTROLS

Risk: Asset Management

The absence of a thoroughly established asset management policy and program poses a significant concern for our organization. The risk is characterized by the organization's failure to have a structured and comprehensive framework in place for managing its physical assets. The root cause contributing to the risk includes a lack of dedicated policies and procedures outlining the acquisition, utilization, maintenance, and disposal of assets. The absence of a formalized asset management program stems from inadequate awareness and resource constraints. The occurrence of this risk could lead to several adverse consequences, including inefficient allocation of resources, increased risk of asset loss, compromised data security, and challenges in meeting requirements from the Department of General Services' State Administrative Manual.

Control: Asset Management Policy and Program Implementation

To mitigate the risk associated with the lack of established policies and procedures, CalVCB is implementing an Asset Management Policy and Program. This initiative involves the development and implementation of clear policies, procedures, and guidelines for the acquisition, utilization, maintenance, and disposal of all assets. By clearly defining processes for asset management, this control activity ensures that assets are utilized efficiently, reducing the risk of resource misallocation. The Asset Management Program also enhances accountability and transparency in asset management, reducing the risk of loss or misappropriation.

Risk: Recruitment and Retention

CalVCB faces a substantial risk due to difficulties in recruitment and retention, evident by a 20% vacancy rate and challenges in retaining staff. The risk stems from CalVCB's struggle to attract and maintain a qualified workforce. Despite the implementation of the 2021-2025 Workforce Strategic Plan, the smaller department size, limited upward mobility, and the difficulties recruiting in a competitive job market have presented ongoing challenges in the recruitment and retention of staff. The root cause contributing to the risk includes limited opportunities for career advancement with the smaller department size, making it challenging to attract and retain qualified professionals. In addition, external factors such as industry competition for skilled talent and evolving workforce expectations may be contributing to the recruitment and retention challenges. This risk poses several adverse impacts, including compromised operational efficiency, increased workload for existing staff, potential delays in projects or work products, and hindered organizational growth.

Control: Increased Workforce Recruitment and Retention Strategy

To mitigate the risk associated with the identified risk of recruitment and retention challenges, CalVCB is implementing a comprehensive workforce recruitment and retention strategy to include an enhanced recruitment outreach program. This approach focuses on

increasing recruitment efforts through strategic channels, including participation in job fairs and leveraging an online presence for recruitment via platforms such as LinkedIn and Handshake. CalVCB will actively engage in targeted job fairs, industry-specific events, and career expos to broaden its reach and attract potential candidates. A dedicated effort will also be made to strengthen CalVCB's online presence involving the utilization of LinkedIn to regularly update on job openings and proactively engage with potential candidates. These control mechanisms will allow CalVCB to expand the visibility and accessibility to potential candidates while attracting a diverse and qualified candidate pool. To further address promotional advancement, CalVCB is auditing the staffing classification structure to determine and ensure appropriate state classifications are utilized for the scope of work and complexity of functions they perform. This effort is to right-size the organization to be consistent and competitive with other state departments.

Risk: Non-Compliance with Required Information Technology (IT) Policies

CalVCB faces a risk due to delays in updating the required IT policies mandated by the California Department of Technology (CDT). CDT embraces the American National Standards Institute (ANSI) management information standards, the National Institute of Standards and Technology (NIST) standards, and the Federal Information Processing Standards (FIPS). State agencies are required to use the ANSI, NIST, and FIPS standards in their information management planning and operations as specified in State Administrative Manual section 5100. In addition to the standards required to be implemented, state agencies are subject to the requirements of Government Code section 11549.3 by which the California Military Department performs Independent Security Assessments.

This risk is characterized by the organization's delayed effort in updates to information technology policies and procedures required by CDT. The root cause of this risk is insufficient resources allocated to policy development and the lack of awareness of specific IT policy requirements. This risk could lead to severe consequences, including CalVCB's failure to meet regulatory compliance standards and potential legal implications. The delay with updating policies and the risk of non-compliance with information that may be contained in the IT policies updates may expose CalVCB to inadequate procedures, uninformed staff, and potential audit findings from CDT's Office of Information Security (OIS) and the California Military Department.

Control: Implementation of Required IT Policies

To address the risk associated with non-compliance with required CDT policies, CalVCB is implementing a robust IT Governance Framework. The initiative involves the development, documentation, and enforcement of necessary IT policies and procedures mandated by CDT, audited by the CDT's Office of Information Security (OIS) as well as assessed by California Military Department. The framework includes policies related to data security, access control, network management, incident response, and other critical aspects of information technology. The implementation of the IT Governance Framework ensures that CalVCB complies with the required IT policies. By establishing clear and documented policies, CalVCB will be able to implement a structured approach to IT management, reducing the risk of non-compliance and potential legal implications. This control activity

establishes a solid foundation for effective IT governance, further enhancing data security, and promoting a culture of adherence to the industry's best practices by using ANSI, NIST, and FIPS standards.

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, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency