

December 22, 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 Office of the Inspector General 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 Sara Merwin, AGPA, at (916) 255-1193, merwins@oig.ca.gov.

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## BACKGROUND

The Office of the Inspector General (OIG) was established by the Legislature in 1994 to review the policies and procedures of the Youth and Adult Correctional Agency, now the California Department of Corrections and Rehabilitation (CDCR). In 1998, following legislative hearings that revealed widespread abuse in the State's correctional system, the Legislature expanded the OIG's duties and transformed the OIG into an independent agency. In 2011, a series of legislative actions refined the statutory mandates; the OIG's legal authority can be found in Penal Code sections 2641 and 6125-6141.

The OIG's mission is to safeguard the integrity of the State's correctional system by providing oversight and transparency through monitoring, reporting, and recommending improvements on policy and practices of CDCR. The OIG accomplishes that mission by conducting ongoing system monitoring, and select reviews of policies, practices, and procedures of the CDCR when requested by the Governor, the Senate Committee on Rules, or the Assembly. The OIG's primary responsibilities include the following:

- Provide contemporaneous oversight of internal affairs investigations and the disciplinary process of the CDCR.
- Monitor use-of-force reviews conducted by CDCR and response to critical incidents within the institutions.
- Review the qualifications and backgrounds of the Governor's candidates for appointment to serve as wardens in the state's prisons and as superintendents for the state's juvenile facilities, and provide the Governor with a recommendation as to the qualifications of the candidate.
- Conduct an objective, clinically appropriate, and metric-oriented medical inspection program to periodically review delivery and quality of medical care at each state prison.
- Maintain a statewide intake function to receive communications from any individual regarding allegations of improper activity within the CDCR, and initiate a review of improper activity.
- Assess retaliation and whistleblower complaints submitted by CDCR employees against a member of CDCR management.
- Chair and direct the California Rehabilitation Oversight Board (C-ROB). Conduct biannual C-ROB meetings to examine CDCR's various mental health, substance abuse, educational, and employment programs for inmates and parolees.
- Review the mishandling of sexual abuse incidents within correctional institutions, maintain the confidentiality of sexual abuse victims, and ensure impartial resolution of inmate and ward sexual

abuse complaints.

Through its various monitoring functions, the OIG continues to provide value to the state and transparency to the functioning of the CDCR. Office of the Inspector General staff continue to maintain a daily presence within the state's prisons and juvenile facilities, conducting real-time monitoring and recommendations to improve correctional operations while protecting the interests of the taxpayers.

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## **ONGOING MONITORING**

As the head of Office of the Inspector General, Roy W. Wesley, Inspector General, 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 Office of the Inspector General internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Roy W. Wesley, Inspector General, and Sara Merwin, AGPA.

### **MONITORING ACTIVITIES**

Managers and supervisors collect ongoing comparative statistics and performance metrics that are shared at bi-monthly leadership team meetings. The leadership team may then discuss and address any emerging risks at these leadership team meetings. The executive monitoring sponsor will conduct detailed monitoring evaluations on a semi-annual basis. The executive monitoring sponsor is also responsible for updating the risk assessment matrix to track and record the results of ongoing monitoring activities and determine if change is needed to ensure results meet expectations.

### **ADDRESSING VULNERABILITIES**

The executive monitoring sponsor will report any deficiencies directly to the OIG's executive team by email. The OIG's executive team will address the deficiencies immediately or as soon as possible depending on the nature of the deficiency. Upon notice of the deficiency, the Inspector General will assign an action officer to investigate, recommend corrective action, and follow up after correction.

### **COMMUNICATION**

The executive monitoring sponsor will communicate monitoring vulnerabilities and results to the management team as a standing agenda item during the OIG's bi-monthly leadership team meetings. Monitoring vulnerabilities and results will be captured and documented in the meeting minutes and distributed to management following the meeting.

## **ONGOING MONITORING COMPLIANCE**

The Office of the Inspector General 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 Office of the Inspector General systems of controls and monitoring.

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## RISK ASSESSMENT PROCESS

The following personnel were involved in the Office of the Inspector General risk assessment process: Executive Management, Middle Management, and Staff.

### RISK IDENTIFICATION

The OIG performed the risk assessment using a control self-assessment process. The Inspector General initially discussed the SLAA reporting requirements and the risk assessment process with members of the OIG leadership team (managers and supervisors) and asked that the leadership team reflect on the risks inherent within the business objectives for which they are responsible. The OIG then asked the manager(s) or supervisor(s) of each unit to identify existing conditions presenting potential risks that could prohibit the OIG from meeting its current business objectives and responsibilities using the risk aggregation worksheets provided by the Department of Finance. The executive leadership team then worked with the various units to define the existing mitigating controls, or planned implementation, that mitigates the risk. Changes in policy and other factors affecting the agency also lead the executive leadership team to reevaluate previously reported risks to determine if they are still risks to the agency today.

### RISK RANKING

The leadership team identified four significant risk factors and corresponding controls, which were documented on a risk assessment matrix tool for further assessment by executive management. The risks were analyzed, giving special consideration to ongoing changes both within the OIG and outside of the organization, and their likelihood of occurrence and level of impact to the agency.

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## RISKS AND CONTROLS

### RISK: OPERATIONS -INTERNAL-STAFF—KEY PERSON DEPENDENCE, WORKFORCE PLANNING

The OIG could potentially lose institutional knowledge and experience.

There will be a significant number of staff who are eligible for retirement in the coming year.

Workloads may increase and productivity will be affected while new employees are hired and trained.

#### CONTROL A

The OIG has a cross-training program and staff are regularly rotated throughout the agency's units, which works to ensure that each employee is capable of performing multiple assignments within the organization.

#### CONTROL B

The OIG is developing a workforce plan to document strategies addressing recruitment, retention, and succession.

### RISK: OPERATIONS -INTERNAL-RESOURCE MANAGEMENT—ALLOCATION, LEAVE BALANCE

Employees with excessively high leave balances may retire.

The OIG has a significant number of employees who carry excessively high leave balances.

The OIG may have to delay filling retirees' positions due to budgetary constraints.

**CONTROL A**

Employees who are carrying leave balance in excess of 640 hours are required to have leave reduction plans on file. Supervisors are required to monitor and enforce leave reduction plans, which are then reviewed on a quarterly basis by the executive team.

**RISK: OPERATIONS -INTERNAL-PHYSICAL RESOURCES—MAINTENANCE, UPGRADES, REPLACEMENTS, SECURITY**

The majority of the OIG's fleet vehicles may soon exceed the high mileage cap.

The OIG maintains a vehicle fleet to facilitate staff's real-time monitoring of CDCR's institutions, camps, and juvenile facilities. Many CDCR locations are hundreds of miles away from the regional offices. Until this year, the high mileage cap for state vehicles was 120,000 miles. This year the cap drops to 65,000 miles. This will significantly impact the OIG's fleet management.

When fleet vehicles reach high mileage, there is an increased risk of mechanical failure, which has the ability to seriously impact the OIG's ability to carry out its mission.

**CONTROL A**

The OIG evaluates its vehicle utilization and monitors vehicle usage and maintenance costs to ensure maximum utilization.

**CONTROL B**

The OIG is managing the fleet to ensure that replacement vehicles can be purchased as needed.

**RISK: OPERATIONS -INTERNAL-NEW SYSTEM IMPLEMENTATION (OTHER THAN FI\$CAL)**

Staff may be resistant to adapt to a new computer operating system. There may be compatibility issues between the new and old operating system. Some of the new software may not be sufficient for existing data analysis procedures.

The OIG is transitioning to the Mac operating system.

Productivity will be affected while the transition to the new computer operating system takes place.

**CONTROL A**

Gradually transition staff to the new computer operating system so they can report issues the Information Technology Unit for rectification.

**CONTROL B**

Provide a variety of training resources on the new computer operating system.

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**CONCLUSION**

The Office of the Inspector General 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.

The OIG maintains an effective system of internal controls and monitoring processes. The OIG has already taken corrective actions to address areas assessed as a high-risk priority and has implemented mitigating

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controls to address other areas of risk where we identified control weaknesses. I will ensure that all levels of OIG management routinely monitor, evaluate, and improve our systems of internal control.

**Roy W. Wesley, Inspector General**

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