February 24, 2021

Mark Ghaly, Secretary
California Health and Human Services Agency
1600 9th Street #460
Sacramento, CA 95814

Dear Dr. Mark Ghaly,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of Developmental Services submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Pete Cervinka, Chief Deputy Director, Data & Strategy, at (916) 607-0594, Pete.Cervinka@dds.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Department of Developmental Services (DDS) is committed to providing leadership that results in quality services to the people of California and assures the opportunity for individuals with developmental disabilities to exercise their right to make choices. The Department's overall strategic goals, objectives and initiatives entail the Developmental Services Task Force & Workgroups, DC Closures and Development of State Operated Facilities, Provider Rates and System Reforms, Home and Community Based Services Compliance, Safety Net, Competitive Integrated Employment and Paid Internships, Service Provider Rate Study, Self Determination Program, and Service Access & Equity Programs.

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) to oversee the coordination and provision of services and supports to over 350,000 Californians with developmental disabilities, which include cerebral palsy, intellectual disability, autism, epilepsy and related conditions. DDS' total budget of $7.8 billion, includes $3.2 billion in federal funds and reimbursements. Services and supports are currently offered through a network of 21 contracted, private, non-profit community agencies, known as regional centers (RCs) that develop, purchase, manage and coordinate local services and resources. DDS currently operates three developmental centers (DCs), one community facility, two mobile crisis response teams and two acute crisis homes.

The Lanterman Act, with its inception in the mid-1960s, created a vision and structure for a community-based system of services for some of the most vulnerable Californians. The Lanterman Act stipulates that individuals with developmental disabilities have several rights, including the right to services and supports that will facilitate their ability to live in the least restrictive, most integrated setting possible. Dependence on the DC system and other institutional settings has dramatically declined through a person-centered approach to planning with, and providing services and supports to, individuals with developmental disabilities. The system is designed to meet the needs and choices of individuals at

each stage of their lives; and, to the extent possible, to serve individuals in their home community, providing choices that are reflective of lifestyle, cultural and linguistic backgrounds.

California's developmental services system is now in an important era of change. Over time, the community system has grown and matured, improving the quality of life for hundreds of thousands of Californians. With the closure of the DCs, by the end of 2021, almost all individuals with a developmental disability in California will receive services and be supported in community settings, with the exception of the state-operated Canyon Springs Community Facility and the Porterville Developmental Center Secure Treatment Program that serves individuals who are court-ordered from the criminal justice system. Consistent with these changes, DDS is restructuring its headquarters operations to better support a community-based system.

Control Environment

A recent re-organization and restructuring of the Department has been implemented to address extensive State and Federal changes within California's developmental disabilities services system. The evolution of these changes created a need for reorganization to systematically align resources to achieve system-wide improvements to better serve Californians, and their families, accessing system services. This restructure positions the Department to improve responsiveness to, and accountability for, the changing needs of the developmental disabilities services system and its population. This restructuring provides a variety of increased oversight and monitoring services that will improve services overall, such as increased risk management and quality assurance strategies, increased monitoring of regional centers and providers and efforts focused on compliance with State and federal requirements.

DDS collects, utilizes and reports significant amounts of data and information to support its operations, and ensure accountability and transparency. Data and Information are gathered from a variety of sources, using various tools and systems. DDS uses the data for program planning, policy and decision making, budgeting, fiscal claiming, legislative reporting and to support external research, among many other purposes.

Recently and as part of this SLAA reporting period, the Department has recognized the need to establish a plan that focuses on the organization's strategic direction, critical functions and overall environmental factors that impact the organization's workforce. This will require DDS to complete a comprehensive analysis of the organization's staffing and competency gaps, develop strategies for where the Department should be with the organization's workforce in the next three to five years, development of a coordinated and measurable effort to carry out and support the strategies of the workforce plan, and lastly, an evaluation of the outcomes and effectiveness of the workforce plan and related activities.

The DDS is a department within the Health and Human Services Agency, within the Executive Branch. The Department is led by a Director appointed by the Governor. Through subordinate executives and managers, the Department sets policy, implements programs, provides funding to regional centers and other entities, and conducts oversight and provides technical assistance to enhance the health, safety, and wellbeing of the people we serve and to ensure compliance with state, federal, and other legal requirements. The Department also has several risk mitigation and quality assurance programs. When DDS seeks to implement changes to address issues within the system, it works closely with various individuals, families, advocacy groups, community service

providers, regional centers (RCs), Association of Regional Center Agencies (ARCA), varied organizations and associations, and others impacted, often with competing or conflicting viewpoints.? DDS works collaboratively with these varied interests and ensures their appropriate participation in various public forums.? Additionally, the Department continually works with and involves other governmental entities and the Legislature on policy and program initiatives.?

The Department's organizational structure is illustrated here: https://www.dds.ca.gov/wp-content/uploads/2021/04/DDS_Org_Chart.pdf, and consists of several divisions, including the 2,500 employees operating Porterville Developmental Center. Executives, managers and all employees are subordinate to the Director, and each has assigned areas of responsibility outlined in their duty statements. DDS' executive management sets appropriate steps and timelines and identifies clear assignments of responsibility consistent with their assigned areas.? Specific to the SLAA, employees working on topics designated in the SLAA submit information to reporting tools and dashboards to capture progress against the milestones, for executive management review.

DDS managers hold regular staff/management meetings.? Meeting topics include discussion of current and potential internal control issues that need to be addressed. These meetings allow management to discuss issues they have been made aware of and what steps are needed to mitigate the issues. The management team is encouraged to share experiences to further assist each other in addressing the issues that may arise.??

DDS has identified management of recruitment efforts and staff development as an area of focus for this SLAA reporting period. Efforts are made to fill positions with the most qualified applicants based upon an analysis of current and forecasted business needs. The Department maintains an employee training program and has a dashboard for training compliance in addition to other measures. Several courses, starting with New Employee Orientation, are being updated.

DDS Managers monitors and evaluates staff performance and enforces accountability by measuring staff work product, ability to meet timelines, and overall performance. When issues arise, managers meet with employees to identify needs and provide necessary guidance or offer training opportunities to be successful. When all options have been exhausted, managers follow the progressive discipline process.

Information and Communication

The Department's recent restructuring included establishment of a new public affairs function to improve overall communications, both internally and externally. This includes stakeholder engagement and outreach activities, including working with the media, public advocacy groups, unions and other diverse entities. When DDS seeks to implement changes to address issues within the system, it must work closely with various individuals, families, advocacy groups, community service providers, RCs, Association of Regional Center Agencies (ARCA), varied organizations and associations, and others impacted, often with competing or conflicting viewpoints. DDS must work collaboratively with these varied interests and ensure their appropriate participation in various public forums for effective change. Additionally, the Department continually works with and involves other governmental entities and the Legislature on policy and program initiatives. The stakeholder process is intensive and requires substantial work and continued communication.

DDS managers hold regular staff/management meetings. Meeting topics include discussion of current

and potential internal control issues that need to be addressed. These meetings allow management to discuss issues they have been made aware of and what steps are needed to mitigate the issues. The management team is encouraged to share experiences to further assist each other in addressing the issues that may arise. DDS requires reports from each unit on a quarterly basis. These reports inform management of the monitoring practices being conducted, improvements needed, and the overall monitoring success or weakness within each unit. This information is summarized and reported to the DDS Director. DDS ensures all staff receive information vital to the effectiveness and efficiency of controls by requiring management to update their teams monthly. DDS encourages staff to speak with their supervisor if they discover an issue that should be addressed to better assist DDS with fulfilling its mission, goals, and objectives.

DDS' Executive Management sets appropriate steps and timelines and identify clear assignments of responsibility whenever actions toward mitigation are identified to address a known deficiency. Staff assigned to the SLAA support activities prepare reporting tools and dashboards to capture progress against the milestones for Executive Management review. Quarterly meetings are held to discuss and monitor progress toward resolving the identified deficiencies and modifying actions as needed to achieve success. The quarterly meetings may be supplemented with special meetings to address the more complex program and policy issues as they arise.

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 Department of Developmental Services monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Tamara Rodriguez, Emergency Preparedness and Response Officer.

DDS' executive monitor requires periodic reports from each unit monitor. These reports provide information for monitoring and documenting activities and actions taken towards risk mitigation. This report provides performance measures/key milestones for accurate analysis of progress or not related to DDS' identified risks. Additionally, the report provides identification of key actions completed, actions expected to be achieved, and identification of known barriers. This information then is summarized and reported to DDS' executive leadership team to assess and make changes as indicated.

DDS ensures all staff receive information vital to the effectiveness and efficiency of controls by requiring management to update their teams monthly. DDS leadership encourages staff to speak with their supervisor if they discover an issue that should be addressed to better assist DDS with fulfilling its mission, goals, and objectives.

DDS' Executive Management sets appropriate steps and timelines and identify clear assignments of responsibility whenever actions toward mitigation are identified to address a known deficiency. Staff assigned to the SLAA support activities prepare reporting tools and dashboards to capture progress against the milestones for Executive Management review. Periodic meetings are held to discuss and monitor progress toward resolving the identified deficiencies and modifying actions as needed to achieve success. These meetings may be supplemented with special meetings to address the more complex program and policy issues.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Department of Developmental Services risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, questionnaires, and consideration of potential fraud.

The following criteria were used to rank risks: likelihood of occurrence, and potential impact to mission/goals/objectives.

Informational and overview presentations were held to discuss the overall SLAA process. This overview included the history of SLAA, SLAA changes for 2019, the SLAA process life cycle, SLAA timelines, DDS' previous identified risks under SLAA, provided high level review of DDS' risk assessment process and the ongoing monitoring and reporting requirements.

The organization-wide risk assessment process was performed through an in-depth meeting with the DDS management. The risk assessment meeting was conducted to identify the areas of greatest risk that may cause financial, political, legal and/or negative media exposure to DDS. During the risk assessment meeting, each Division's potential risks were identified and discussed. These identified risks were then ranked on the likelihood of occurrence and potential impact to DDS. The outcome of the risk assessment meetings resulted in four areas of significant risks being identified.

RISKS AND CONTROLS

Risk: Federal Funds Reimbursement

DDS' current process for seeking federal reimbursement is highly dependent on staff expertise and requires a great deal of staff interaction with highly complex data sets and invoices. The current system that supports federal claiming is antiquated and requires expert staff to make updates, fix issues and run specific reports in order to meet the needs when creating invoices to obtain federal funding. This creates a risk of under or overbilling the federal government which in turn causes delays resulting in a loss of federal funding reimbursement. The ability to automate a number of existing processes would cut down on the potential for errors and increases the speed at which DDS can seek reimbursement.

Control: A Cross training and Error Reductions

Cross training, peer review, and documentation so that if a staff member leaves unexpectedly, someone else will be trained and can take over to ensure no interruption in federal funding reimbursement. Staff supporting complex and time sensitive processes will also properly document the steps associated with these processes so that they can be replicated by others as needed and for consistency.

Control: B Automation of Current Invoicing Process

Partial automation of invoices has been completed. Remaining invoices will be automated to reduce manual reporting errors.

Control: C Development of Invoice Companion Reports

Invoice programs are currently routed with companion reports that break down expenditures in a number of ways for quick and high level analysis. For those programs, prior to routing, staff are required to research and analyze any significant changes in the data over the prior month. Additionally, staff are required to use these reports to inform their broader understanding of service utilization, so that they can more fully embrace their roles as subject matter experts over these invoice programs.

Control: D Implementation of a New Reimbursement System Project

The new reimbursement system project will cut down on staff errors and increase the availability of staff to complete more complex analysis of the claims data to address issues as they arise. It will automate a number of manual processes that staff currently have to complete thus reducing the risks of manual errors. Additionally, automation will allow staff time to work with stakeholders to address concerns quicker and ultimately increase enrollments, and finally the new system will allow for a number of new reports that will aid in the analysis of claims data with a quicker turnaround.

Risk: Lack of a Workforce Plan

DDS implements programs that serve individuals who have intellectual and developmental disabilities, and this community has strong and organized advocacy groups and stakeholders that have broad support from the Legislature and the public at large. The Legislature and advocates, along with more than 350,000 consumers and their families, 47,000 community providers, and other stakeholders monitor the activities of DDS closely. Key person dependency and lack of strategic planning by DDS could have statewide impacts. These consequences also could have a negative impact on DDS programs and services by impacting federal and state funding and undermining the confidence that consumers and their families have with DDS and RCs.

Control: A Develop a Workforce and Succession Plan

Develop a Workforce and Succession plan to maintain, diligently recruit and retain a highly skilled and diverse team of professionals with the required skill set that can deliver on the Department's critical mission. Complete a workforce assessment to identify the Department's current needs and areas of focus.

Control: B Training

Ensure that the Human Resources staff developing the workforce plan are trained by CalHR in how to do so.

Control: C Research and Planning

Research available templates, survey other Departments and obtain samples, gather necessary DDS employee demographics and other relevant data and research all workforce plan documents available online. Determine need or process for workforce planning committee or how input from Department divisions will be obtained.

Control: D Identify DDS priorities

Identify DDS priorities for implementation into a workforce plan draft for executive leadership review and approval. Draft plan will include a priority training component and a coaching & mentoring plan or program.

Risk: Porterville Developmental Center Waitlist

Compliance with Stiavetti lawsuit to reduce the waitlist for Incompetent to Stand Trial admissions and treatment. The inability to admit individuals timely is due to multiple factors such as Porterville's Developmental Center bed capacity being capped at 211; the trend of individuals currently at PDC found incompetent to stand trial and are ordered to remain at PDC under a new Section 6500 commitment as they pose a risk to themselves or others, or there are no appropriate community options available.

Control: A Increase bed capacity in the Porterville Developmental Center Secure Treatment Program

The enacted budget for 2020-21 included funding for this increase in bed capacity, which will allow for admissions and reduce the waitlist timeline.

Control: B Assess and monitor individuals under 6500 commitment

Assess and monitor individuals currently residing at Porterville Developmental Center Secure Treatment Program under a 6500 commitment to determine placement readiness, community home needs, and transition progress.

Control: C Increase Residential Options Capacity

Residential options are being developed specifically for STP consumers who can successfully transition to community resources in a way that continues to protect public safety while promoting the development of skills that will support consumers' integration in the community. Three Community Crisis Homes are being developed as step-down homes for consumers transitioning from PDC-STP who need intensive supports and services prior to transitioning to their "forever" home.

Control: D Development of a Forensic Team at Porterville Developmental Center

A Forensic Team continues to be an immediate need at PDC. With these additional positions and a continued focus to develop a fully staffed forensic team, DDS will be able to be more responsive to individual's needs, the courts, as well as other stakeholder requests in the future.

Risk: Capacity to serve children with complex needs

There is a need for increased resources to provide services and supports for children with complex needs, including children with challenging behaviors, medical conditions, and/or multi-system involvement. As a result of this lack of resources, children are being served in residential settings that are not appropriate for them and their needs are not being met, oftentimes leading to crisis, trauma,

and loss of placement. Current residential resources for children with complex needs are in skilled nursing facilities, pediatric sub-acute facilities, temporary care facility shelters, institutions for mental diseases, and out of state placements. These are large residential facilities and due to size and staffing, are not able to provide age appropriate or personal and supportive care to children. In some cases, these residential facilities are highly restrictive and institutional, and located at a great distance from family members, reducing the ability for the child to maintain social connections and supports.

This lack of capacity is due to several factors; including lack of providers willing to serve these children, insufficient knowledge and expertise in providing services to these children, regulatory obstacles to optimally serving children, and shortage of funding that is available for development of these resources. This risk affects the Department's ability to adequately serve and support children with developmental disabilities and complex needs, in accordance with the Lanterman Act.

Control: A Assess residential service capacity for children with complex needs

Collect and analyze data related to residential services for children with complex needs to assess what resources are needed to have adequate capacity to serve this population. Examine the data geographically as well.

The data assessed may include:

- Current capacity (number of homes and beds for children with complex needs)
- Current need (number of referrals for children's residences: SNFs, sub-acute facilities, EBSHs, CCHs, STAR) and geographic location of individuals being referred
- Number of children without placements (number of children residing in temporary care shelter facilities, hotels, out-of-state facilities)
- Regional center requests for residential development for children (CPP/CRDP)
- Caseload information (total number of children, projected growth in caseload, behavioral/ medical characteristics, etc.).

Control: B Assess barriers to service provision for children with complex needs

Develop discussion questions and/or surveys to guide information gathering. Gather information from stakeholders (such as existing service providers, regional centers, organizations, and families) regarding key barriers to providing and developing services for children with complex needs. This information may be gathered through surveys and/or virtual stakeholder meetings.

Control: C Summarize collected information and identify key barriers to service provision

Gather and summarize all the data and information previously collected. Use this information to identify needed resources, prioritize regional areas of highest need, and key barriers to service provision for children with complex needs.

Control: D Develop an organized plan for resource development and explore potential options for regulatory changes

Based on the data analyses and identified barriers, develop a set of recommendations and

organized plan to increase residential service capacity and remove barriers for service providers for children with complex needs. If laws and regulations are identified as a key barrier to residential service capacity, explore potential options for regulatory changes.

CONCLUSION

The Department of Developmental Services 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.

Nancy Bargmann, Director

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