

January 16, 2018

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 Commission on Aging 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 Carol Sewell, Legislative Director, at (916) 419-7591, [csewell@cco.ca.gov](mailto:csewell@cco.ca.gov).

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## BACKGROUND

The California Commission on Aging (CCoA) is established in Welfare and Institutions Code 9200 - 9205 to serve as the principal advocate in the state on behalf of older individuals, including, but not limited to, advisory participation in the consideration of all legislation and regulations made by state and federal departments and agencies relating to programs and services that affect older individuals. The Commission is required to:

1. Participate with the California Department on Aging (Department) in training workshops for community, regional and statewide senior advocates, to help older individuals understand legislative, regulatory, and program implementation processes.
  2. Prepare, publish, and disseminate information, findings, and recommendations regarding the well-being of older individuals.
  3. Actively participate and advise the Department in the development and preparation of the State Plan on Aging, conduct public hearings on the State Plan on Aging, review and comment on the state plan, and monitor the progress of the plan's implementation.
  4. Meet at least six times annually in order to study problems of older individuals and present findings and make recommendations.
  5. Hold hearings throughout the state in order to gather information and advise the Governor, Legislature, department, and agencies on all levels of government regarding solutions to problems confronting older individuals and the most effective use of existing resources and available services for individuals.
  6. Hire an executive director and, within budgetary limits, such staff as may be necessary for the commission to fulfill its duties.
  7. Develop, in cooperation with the Department, a method for the selection of delegates to the statewide legislative meeting of senior advocates.
  8. Perform other duties as may be required by statute, regulation, or resolution.
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9. Meet and consult with the area agency on aging advisory councils in order to exchange information, and assist in training, planning, and development of advocacy skills.

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## **ONGOING MONITORING**

As the head of Commission on Aging, Sandra K. Fitzpatrick, Executive Director, 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 Commission on Aging internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to:  
Sandra K. Fitzpatrick, Executive Director.

### **MONITORING ACTIVITIES**

CCoA reviews, evaluates and improves our system of internal controls as concerns occur, identifying areas that impede our normal course of operation or add to non-mission critical responsibilities. Potential risks are identified through observation and staff discussions, and by assessing performance and products.

### **ADDRESSING VULNERABILITIES**

Staff works to identify opportunities to minimize impacts where possible, to shift workloads to share regular responsibilities and to identify strategies to reduce disruption caused by additional responsibilities. CCoA continually works to improve efficiencies and facilitate completion of non-mission critical functions as they arise. As deficiencies are identified, staff meetings are held to identify what led to the situation and to define strategies to mitigate the deficiencies. Responsibility for implementing corrective measures and providing progress updates are assigned to staff as appropriate.

### **COMMUNICATION**

Because CCoA is a small agency with a staff of 3, the Executive Director uses hands-on, direct communications in managing operations. CCoA does not have an internal auditor, however, federal funds are annually audited.

## **ONGOING MONITORING COMPLIANCE**

The Commission on Aging 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 Commission on Aging systems of controls and monitoring.

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## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Commission on Aging risk assessment process: Executive Management, and Staff.

### **RISK IDENTIFICATION**

CCoA's risk assessment is performed through a series of informal but comprehensive reviews of issues that could affect staff's ability to perform core functions. These discussions are ongoing as CCoA encounters new state requirements and other risks associated with administering a state entity. The list of identified risks to CCoA's operations and CCoA's plans for addressing those risks are discussed below.

### **RISK RANKING**

Using the Department of Finance's SLAA Risks and Definitions document, staff was able to identify and rank internal and external risks and work to identify controls to mitigate those risks where possible. Risks were ranked on the following bases: likleyhood/frequency of occurrence; degree of disruption to fulfillment of agency core mission; degree of uncertainty created by the risk.

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## **RISKS AND CONTROLS**

### **RISK: OPERATIONS -EXTERNAL-FI\$CAL IMPLEMENTATION, MAINTENANCE, FUNCTIONALITY, OR SUPPORT**

The impact of learning and implementing Fi\$Cal has been significant, requiring all members of our small staff to take time away from work for repeated trainings and consultation as procedures are updated or we are required to take on new roles in the procedure.

Fi\$Cal has been slow to develop, and even now has system glitches and quirks that are complicated to work through or understand.

Staff has participated in trainings over three distinct implementation "waves" as the Fi\$Cal system was developed. Hours were spent developing our vendor list at Fi\$Cal's direction, only to find the list posted without corrections. Unexpected and time consuming steps are common. For example, Fi\$Cal's lack of standardized reports make financial projections difficult. In addition, a recent one-time payment of an annual membership fee required creation of a formal contract with the association, which took hours to complete.

#### **CONTROL A**

Staff is working with Fi\$Cal advisors and staff at the Department of Aging to understand and work through problems as efficiently as possible as they occur. Consultation and familiarity with the system are helping to reduce the time involved in resolving issues with the system.

#### **CONTROL B**

Staff will continue to participate in Fi\$Cal related trainings.

### **RISK: OPERATIONS -EXTERNAL-OVERSIGHT OF OR PROGRAM COORDINATION WITH OTHERS**

CCoA's lack of resources (staff and funding) necessitate an interagency agreement with another state department to perform activities related to internal controls, including core administrative functions such as accounting, budgets, human resources, and IT.

As staff turnover occurs with within our interagency partner, historical knowledge is eroded about the CCoA, our unique function within state government, our funding streams, and the terms of our cooperative agreement.

CCoA strives to educate new partner staff on CCoA's role, functions, funding, and mission critical functions.

**CONTROL A**

CCoA provides frequent briefings and orientations to new partner agency staff . CCoA staff works with partner replacement staff to understand our funding stream and function.

**RISK: OPERATIONS -EXTERNAL-FUNDING—SOURCES, LEVELS**

CCoA's federal funding could be reduced or eliminated with little warning or recourse.

CCoA is predominately funded by federal Older Americans Act dollars. Congressional threats to cut or de-fund entitlement and discretionary programs place this funding stream at risk.

CCoA would be unable to fulfill its statutory mission with reduced funding, and could potentially face elimination. Cost-cutting and greater efficiency will do little to offset this threat.

**CONTROL A**

CCoA's Executive Director has made significant efforts to reduce operational costs as funding has remained static during times of increasing costs. The Commission holds one of its annual six mandated public meetings via teleconference; promotes Commissioner use of low-cost travel; frequently relies on second-hand equipment rather than purchasing new; minimizes operational expenses and relies on bare-bones staffing.

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

CCoA has only three full time employees who each have highly specialized roles. All three employees have been with the agency a minimum of 10 years. A change in personnel would take away historical knowledge and expertise.

Budgetary reductions and legislative changes have reduced staffing to the level of 3.

Over time staff members have built expertise based on their specific job responsibilities.

**CONTROL A**

To plan for succession and reduce key person dependence, CCoA will review and update existing office manuals and procedures and initiate formal documentation where none exist.

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**CONCLUSION**

The Commission on Aging 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.

**Sandra K. Fitzpatrick, Executive 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