

Department of Fair Employment and Housing 2015 SLAA REPORT

January 5, 2016

Alexis Podesta, Acting Secretary
California Business, Consumer Services and Housing Agency
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

Dear Ms. Podesta,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Fair Employment and Housing submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact DeLesa L. Swanigan, Deputy Director of Administration, at (916) 585-7064, delesaswanigan@dfeh.ca.gov.

BACKGROUND

The mission of the DFEH is to protect Californians from employment, housing and public accommodation discrimination, and hate violence. The Department enforces the Fair Employment and Housing Act (FEHA), Unruh Civil Rights Act, Ralph Civil Rights Act, and the Disabled Persons Act. The DFEH's jurisdiction extends to individuals, private or public entities, housing providers, and business establishments within the State of California. The Department investigates, conciliates, and prosecutes complaints of discrimination, sexual harassment, retaliation, and hate violence.

RISK ASSESSMENT PROCESS

The methodology used to assess the Department's risks included designating a SLAA coordinator and developing risk assessment processes to evaluate the Department's risks. Executive Staff and the management team were presented with SLAA information including a series of questions related to risks in our environment. Each Division Chief and subordinate managers were required to review their individual areas utilizing these questions in order to identify any significant issues that could potentially impact the Department's ability to function and meet its mission. Once all risks were identified, the department used a risk matrix to rank the likelihood of occurrence and the severity of the impact for each. Risk that were ranked highest in severity of impact were included in the report.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Organizational Structure

The Department currently has no Strategic Plan in place. The purpose of the Strategic Plan is to align the Department's mission and vision. The Strategic Plan is an important tool that will be used to set goals and priorities, focus resources, and ensure that employees and stakeholders are working toward common goals.

The Department kicked-off an effort to develop a Strategic Plan in November 2015. During the first phases of the project, input will be gathered from DFEH staff and members of the Fair Employment and Housing Council regarding the future of DFEH. These phases will close in mid-January. Subsequently, the input gathered will be used to develop a 5-year Strategic Plan and the first in a series of annual Action Plans that will guide the Department's efforts to realize the Goals and Objectives in the Strategic Plan each year. The draft Strategic Plan will be vetted through staff and external stakeholders during the spring of 2016. The final plan and FY 2016-17 Action Plan will be in place by June 30, 2016.

Operations- Internal- Resource Management

The Department's Budget is made up of General Fund and Federal Fund Authority. On average, the Department's Federal receipts are significantly lower than the Federal Fund Authority. For example, the Department's Federal Authority per the FY 15-16 Budget Act is \$5.7m; however the anticipated receipts are \$4.5m resulting in an instant budget reduction of \$1.2m creating a negative impact to the Department's budget.

Additionally, due to previous budget reductions, DFEH does not have sufficient staffing to accommodate the current workload.

DFEH is currently working towards filling its current vacancies and going through the process to request additional resources for the Enforcement Division. Additionally, DFEH will work with the Department of Finance to more closely align the Federal Authority and actual receipts.

DFEH will continue its efforts to work with the Department of Finance to appropriately align the federal authority to actual receipts.

Compliance- Internal- Staff Not Adhering to Policies, Procedures, or Standards

The DFEH's policies and procedures have not been updated since 2006 and 2007. Policies and procedures are essential to have in place to ensure operational needs are met and that duties and services are performed in a consistent manner. It is important for employees to understand what is expected of them in terms of following processes, proper behavior, and use of state equipment. Additionally, it is imperative to have emergency plans in place and training so that all staff knows what to do in the event of an emergency. Updated policies and procedures will also minimize the Department's exposure to risk and will assist when an issue arises due to a policy or procedure not being adhered to.

The Department has obtained a Retired Annuitant to work exclusively on updating and creating new policies and procedures for the Department. It is anticipated that all essential policies and procedures, including an emergency plan will be complete by December 31, 2016.

Compliance- Internal- Staff Not Adhering to Policies, Procedures, or Standards

The DFEH's Business Continuity Plan has not been updated since 2013. The purpose of a Business Continuity Plan is to ensure departments are able to continue vital services and operations under all conditions. The lack of an updated plan places the DFEH at risk of meeting this objective in the event of an emergency or catastrophe.

The DFEH is in the process of reviewing and assessing its existing plan to identify outdated information that needs to be updated and critical and new information that need to be included. It is anticipated that an updated plan will be complete by August 30, 2016.

Operations- Internal- New System Implementation (Other Than FI\$Cal)

DFEH implemented a web-based Case Management System (Houdini) in May 2012 to allow online complaint filing by complainants and/or their representatives, along with the ability to submit Public Records Act and Right-to-Sue requests. All of DFEH's case related work is entered into Houdini. However, this system does not have sufficient functionality to meet the needs of the Department. Additionally, the current contract for this system expires on June 30, 2017 and the vendor has notified DFEH that they will only extend the contract for an additional six months, but will not renew the contract beyond that and will terminate all system support at the conclusion of the contract. The Case Management System is a mission critical application for the Department, and losing it will be catastrophic without a replacement system. Lack of a system would require the DFEH to revert to an untenable paper-based process, which would be extremely time consuming, laborious, and ineffective in meeting the needs of DFEH constituents and in fulfilling the Department's statutory mandate.

To address this issue, DFEH plans to implement a Commercial-Off-the-Shelf Software-as-a-Service Case Management System that is fully hosted and maintained by the vendor or at the State data center. All the maintenance, releases, and back-end support for the product and back-end database will be provided by the vendor. The DFEH is currently in the planning stage of the Case Management System (CMS) project. The Business, Consumer Services and Housing Agency approved the Stage 1 Business Analysis and it has been submitted to the Department of Technology for review and approval. The DFEH is almost complete with development of the Stage 2 Alternative Analysis, which will be further developed and refined in collaboration with the Department of Technology's Project Oversight team. The DFEH is also in the process of documenting CMS project plans, and documenting and refining business requirements for all of the program areas to ensure requirements are properly addressed in the new system. The DFEH anticipates that we will conclude the solicitation process by July 2016 and implement a new system by July 2017.

ONGOING MONITORING

Through our ongoing monitoring processes, the Department of Fair Employment and Housing reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Department of Fair Employment and Housing, Kevin Kish, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Joan Keegan, Chief Deputy Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

The systems of internal control are evaluated on an ongoing basis through regular and ongoing monitoring processes and, when detected, weaknesses are promptly corrected. Prioritization, reporting and monitoring of remediation activities is conducted on an ongoing basis at least monthly.

Reporting and Documenting Monitoring Activities

Executive staff are responsible for monitoring the overall corrective action plan. Generally, program managers for areas with deficiencies are responsible for reporting on progress in their area. The corrective action plan is updated to reflect the current status of the deficiencies. The status of deficiencies are reported through email and discussion.

Procedure for Addressing Identified Internal Control Deficiencies

Deficiencies are addressed as soon as possible, remediation activities are limited by resource constraints, and prioritization efforts. All identified deficiencies in the current corrective action plan will be addressed within the year. The expected completion date for individual deficiencies are documented in the corrective action plan. Executive staff are responsible for ensuring that all deficiencies are tracked and reviewed.

CONCLUSION

The Department of Fair Employment and Housing strives to reduce the risks inherent in our work through ongoing monitoring. The Department of Fair Employment and Housing accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Kevin Kish, Director

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations