**State Independent Living Council**

**2019 Leadership Accountability Report December 23, 2019**

December 23, 2019

Keely Martin Bosler, Director

California Department of Finance

915 L Street

Sacramento, CA 95814

Dear Ms. Keely Martin Bosler,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the State Independent Living Council 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 Carrie England, Executive Director, at (916) 263-7912, Carrie@calsilc.ca.gov.

**GOVERNANCE**

**Mission and Strategic Plan**

The State Independent Living Council’s (SILC) critical mission determines the direction for the Independent Living (IL) Program in the state. The SILC not only identifies the needs of the Independent Living (IL) community, but also, jointly with the centers for independent living, develops a State Plan for Independent Living (SPIL) to respond to those needs. The SILC then monitors the implementation of the three-year plan. The Council holds regular, noticed, public meetings and submits reports as requested to the federal Independent Living Administrator. The Act directs the Council to coordinate activities with other entities in the State that provide services similar to or complementary to independent living services, such as entities that facilitate the provision of or provide long-term community-based services and supports. In July 1996, Governor Pete Wilson signed an executive order which established the SILC as an independent state agency.

**Background on Federal Funding – DOR Interagency Agreement with SILC**

SILC has the unique responsibility of managing federal funds received from the Department of Rehabilitation (DOR) through an interagency agreement as reimbursements. The interagency agreement with SILC is federally funded through DOR’s federal Independent Living State Grant authorized under the Rehabilitation Act of 1973, as amended, Title VII, Chapter 1, Part B. The federal grant funds provide assistance to States for expanding and improving the provision of independent living services to individuals with significant disabilities by promoting and maximizing their full integration and inclusion into the mainstream of American society. SILC is accountable for the federal funds including adherence to federal regulations applicable to the grant funds, federal reporting requirements, use and expenditure of funds, and also the fact that the federal funds are time limited and, unlike state general funds, are not available for use for 3 years. SILC is reimbursed for actual expenditures, as invoiced monthly in arrears, and paid by DOR upon approval and processing of the invoice. DOR advances the SILC 25% of each fiscal year budgeted amount annually at the beginning of each contract year to provide SILC with operating funds necessary for their program activities. Goals for the state Independent Living Program described in the 2017-2019 SPIL are (1) TRANSITION: IL Network members will have access to more youth transition tools, Californians with disabilities move from more restricted settings into the community setting of their choice, conduct resource development activities, (2) SYSTEMS CHANGE: IL Network receives effective and supportive coaching, mentoring, and training around Community Organizing and Systems Change, (3) OUTREACH TO UNDERSERVED: ten regional, ethnic, and disability communities were targeted to increase services and community. The SPIL was amended to include 2019-2020 per the Administration on Community Living (ACL) with no significant changes to funding or priorities. The next SPIL cycle will run from 2021-2024.

**Control Environment**

As the head of State Independent Living Council, Carrie England, Executive Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems. The executive monitoring sponsor responsibilities include facilitating and verifying that the State Independent Living Council internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to Carrie England, Executive Director. Most of SILC’s activities have evaluative tools built in to help the SILC track key performance indicators. In addition to entering all Accounts Payable information into Fi$CAL, SILC staff maintain parallel records within the SILC offices detailing all contracts, purchase orders, and accounts payable activity. These contracts and claims reports support the monthly cash flow spreadsheet. SILC staff maintain internal records of when invoices are submitted to DGS for payment, and when they are actually paid. Also monthly, a Certified Public Accountant reconciles the accounts to the information in Fi$CAL and on the SCO tab run. These supporting documents allow staff to prepare monthly financial status reports for the Board of Directors and DOR, reviewed at public meetings. State procurement roles are followed creating thorough documentation and authorization practices for all encumbrances.

Team meetings (accounting, succession planning) are held bi-monthly with staff, monthly with the executive committee and at least quarterly with external partners. In order to fully segregate financial duties and enable effective accounting control over assets, liabilities, revenues and expenditures, staff work is supplemented by Council members, the Executive Committee, and a contracted CPA. SILC accounting products are reviewed monthly by the accounting department within the DOR. The DOR Audit Unit and IL unit also offer availability for follow-up questions and inquiries.

The Executive Director demonstrates the importance of integrity and ethical values through directives, attitudes and behavior. Standards of conduct have been established to communicate expectations concerning integrity and ethical values. The Executive Director has established processes to evaluate performance against expected standards of conduct and annual evaluates adherence to the standards of conduct. The SILC executive committee provides input to the Executive Director's plans for remediation of deficiencies.

The Executive Director establishes responsibilities and expectations that are clearly defined in writing and communicated as appropriate. The Executive Director is responsible for recruitment, development and retaining of competent personnel to achieve desired objectives. Succession plans are in process to address the need to eventually replace competent personnel over long term as well as contingency plans to address the need to respond to sudden personnel changes. The Executive Director evaluates pressure on personnel and reduces or re-balances workloads when necessary. Training is offered on an on-going basis in areas where deficiencies or learning gaps are identified. Training is a mix of webinar based, book based, and classroom based training.

**Information and Communication**

The Executive Director communicates information throughout the organization using established reporting lines, and ensuring communication flows to all levels of their organization. The Executive Director selects the appropriate method for communicating internally and externally after considering the relevant factors (i.e. audience, nature of the information, etc.). Reliable and relevant information is identified by the Executive Director, SILC staff, SILC Council Members, and ex-officio external partners. Team meetings (accounting, operations, succession planning) are held bi-monthly with staff and at least quarterly with external partners. Monitoring activities are reported internally to staff via summary emails or during team meetings. SILC staff use existing committee work structures to report monitoring activities. The Executive Committee receives financial reports monthly and financial reports monthly and they are provided to the entire board and public quarterly at each in person meeting. The SILC maintains a website, Facebook account, Twitter page, monthly newsletters and constant contact email listserv by which information is communicated to members of the public.

**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 State Independent Living Council monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to Carrie England, Executive Director.

The State Independent Living Council 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 State Independent Living Council systems of controls and monitoring. The SILC Executive Director assesses the current state of the internal controls compared against the intended design, through ongoing monitoring and periodic self assessments and internal audits. The Executive Director and SILC Staff identify control issues and report the issues, document them and determine appropriate corrective actions for deficiencies identified on a timely basis.

**RISK ASSESSMENT PROCESS**

The following personnel were involved in the State Independent Living Council risk assessment process: executive management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, external stakeholders, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, and tolerance level for the type of risk.

The Executive Director used the State Leadership Accountability Act Risk Catalog to review all aspects of the SILC program and operations. Identified risks were published in an internal report distributed to staff and the Council Chairperson. SILC staff used the Risk Aggregation Worksheets to rank the impact the risk poses to the agency and the likelihood that the risk would occur/reoccur. Each staff person gave separate notes on their risk assessment.

**RISKS AND CONTROLS**

**Risk: Operations-External Funding- Sources, Levels**

Increased state operating costs consumer an ever-larger portion of the federal grant until the SILC can no longer afford to meet its' federal mandate.

The federal grant California receives to operate the SILC has not seen significant increases in over fifteen years, and the Workforce Investment and Opportunity Act of 2014 capped the SILC's funding at 30% of the grant. Beginning in 2014 Contract Fiscal Services at the Department of General Services raised their fees from $45,000 per year to $95,000 per year for FY 16-17, and to $116,000 per year for FY 17-18 despite the fact that the SILC has had reduced funding and simple accounting needs. For FY19-20 DGS has only charged $110,000. The budgeting and accounting purchased from DGS equals approximately 15% of the SILC budget.

SILC has reduced its activities including hosting three council meetings per year, rather than 4. Staff continue to seek ways to reduce costs. If California fails to submit a State Plan for Independent Living the state would lose more than $10 million dollars in funding for community based programs throughout the state.

**Control: A**

* SILC internal cash flow monitoring and expense re-balancing help the agency respond dynamically to financial fluctuations such as an unexpected, past-year charge from DGS.
* Monthly updates to the Council leadership afford them the opportunity to re-direct staff work to respond to financial issues.
* quarterly meetings with external partners allow SILC to work collaboratively and explore solutions such as amendments to the Interagency Agreement, requesting additional funding authority, revising the state plan for independent living, or leveraging other programmatic funds.
* staff work actively to reduce operating costs including continuing to apply to DOF to separate from CFS at DGS.
* SILC moved to a less expensive office space in 2019.

**CONCLUSION**

The State Independent Living Council 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.

The SILC is undergoing transition to a new executive director, who started on 12/16/19.

**Carrie England**, **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