

December 29, 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 Department of Corrections and Rehabilitation 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  
Matt Espenshade, Deputy Director, Office of Audits and Court Compliance, at (916) 255-2700,  
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## BACKGROUND

The California Department of Corrections and Rehabilitation (CDCR) operates California's incarceration system for the state's most serious adult and juvenile offenders. In total, CDCR oversees approximately 131,000 adult offenders and 600 juvenile offenders housed in various locations, along with over 45,000 offenders under community-based parole supervision. Most facilities are located within California, except for a few facilities housing about 4,300 adult offenders, located in other states. CDCR accomplishes its mission with over 54,000 employees and a 2016-17 fiscal year budget of approximately \$10.9 billion.

The mission of CDCR is to enhance public safety through safe and secure incarceration of offenders, effective parole supervision, and rehabilitative strategies to successfully reintegrate offenders into the community. Critical business functions are carried out by the Division of Adult Institutions, Division of Adult Parole Operations, Division of Rehabilitative Programs, Division of Juvenile Justice, Board of Parole Hearings, Council on Mentally Ill Offenders, and the California Correctional Health Care Services (CCHCS). In addition, CDCR has various support divisions which provide essential services, such as budgeting, accounting, human resources, facilities management, information technology, and legal services.

In partnership with CDCR, the CCHCS operates under the direction of a United States District Court, Northern District of California (court) appointed Receiver. In 2006, the Receiver took control of CDCR's prison medical care and will retain control until the court finds that it can maintain a constitutionally adequate prison medical care system. In January 2008, the Receiver submitted a "Turnaround Plan of Action" (Plan of Action) designed to effectuate the restructuring and development of a constitutionally adequate medical health care delivery system. The Plan of Action was approved by the court.

CCHCS is responsible for developing, implementing, and validating the health care systems within the State's correctional facilities to ensure patients receive constitutional medical care. The mission of CCHCS is to reduce avoidable morbidity and mortality and protect public health by providing patients timely access to safe, effective and efficient medical care, and integrate the delivery of medical care with mental health, dental and disability programs.

In July 2017, CDCR and CCHCS assumed responsibility for the psychiatric programs operated by the

Department of State Hospitals (DSH) at the California Health Care Facility, Stockton; California Medical Facility, Vacaville; and Salinas Valley Psychiatric Program, Salinas. Previously, patients were discharged from CDCR mental health programs and admitted to the DSH Psychiatric Inpatient Program.

Progress towards improving the quality of health care in California's prisons continues for the SLAA reporting period of January 1, 2016, through December 31, 2017, and includes the following:

- Successful implementation of the Electronic Health Records System (EHRS) at all 35 adult institutions in California.
- Delegation of medical operations at 15 of the 35 adult institutions back to CDCR's authority.

The goals of CDCR are twofold and encompass:

#### Organizational Goals

- **Workforce Excellence:** Ensure a well-trained, quality workforce.
- **Technology:** Develop an information technology strategy and implement systems capable of managing both current needs and anticipated growth.
- **Risk Management/Organizational Effectiveness:** Achieve organizational excellence in our operations and systems.
- **Legal Compliance:** Develop preventive strategies to preclude class action suits and remedy identified violations.

#### Programmatic Goals

- **Crime Prevention and Safety:** Develop a comprehensive crime prevention program and establish evidence-based research to determine the impact of offender programs within the institutions and community to reduce criminality and victimization.
- **Outreach, Partnerships, and Transparency:** Seek out partnerships and develop meaningful programs and processes to promote shared responsibility for community safety.
- **Health Care Delivery:** Ensure an organization design and accompanying systems to provide efficient delivery of quality health care.

CDCR's operations are built upon the following core values:

- **Service:** We serve and are responsible to the public. We value their trust and invite their involvement.
  - **Leadership:** We serve as positive role models and foster an environment that supports a balance between professional development, professional job performance, and personal wellness.
  - **Integrity:** We conduct ourselves professionally through fair, honest, and ethical behavior. We have the courage to do what is right, even in the face of adversity.
  - **Accountability:** We accept responsibility for our actions and decisions as well as their consequences.
  - **Respect:** We respect each other's differences and treat others with courtesy, dignity, and consideration.
  - **Trust:** We are people of character. We keep our word and honor our commitments.
  - **Collaboration:** We work with our stakeholders as partners to support mutual understanding of ideas and open exploration of our differences.
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## **ONGOING MONITORING**

As the head of Department of Corrections and Rehabilitation, Scott Kernan, Secretary, 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 Department of Corrections and Rehabilitation internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Scott Kernan, Secretary, Kenneth Pogue, Undersecretary, Administration & Offender Services, Patrick McKinney, General Counsel, Office of Legal Affairs, Brantley Choate, Director, Division of Rehabilitative Programs, Deborah Hysen, Director, Division of Facility Planning, Construction & Management, Russell Nichols, Director, Division of Enterprise Information Services, Kristoffer Applegate, Assistant Secretary, Legislative Affairs, Yulanda Mynhier, Director, Health Care Policy and Administration (CCHCS), Candace Murch, Chief, Office of Labor Relations, Charles Supple, Director, Division of Juvenile Justice, Jerry Powers, Director, Division of Adult Parole Operations, Kathleen Allison, Director, Division of Adult Institutions, Jeffrey Callison, Assistant Secretary, Office of Public and Employee Communication, and Ralph Diaz, Undersecretary, Operations.

### **MONITORING ACTIVITIES**

The executive leadership team, consisting of directors from all of CDCR's program areas, meets weekly and monitors various operational and programmatic areas in an effort to achieve the goals of its strategic plan. CDCR also continuously monitors operational and administrative functions, identifies areas of concern, and uses data-driven decision making to correct deficiencies. In addition, the executive leadership team uses an internal quarterly statistical report to monitor comprehensive operational, demographic, and fiscal information and trends. For CCHCS, the Receiver's Tri-Annual Report is filed three times per year, reflecting the status of compliance with the Plan of Action, remaining gap items, and specific programmatic status. Health care performance is monitored through the Performance Improvement Plan (PIP) process. As a part of the PIP process, health care performance is measured using a performance index. The PIP's specific performance objectives are monitored for the duration of the plan in the monthly CCHCS Dashboard. Each year, CCHCS reviews health care processes and services considered to be high-risk, high-cost, high-volume, or problem-prone, and selects priority areas to be targeted in department-wide improvement initiatives.

### **ADDRESSING VULNERABILITIES**

Internal control deficiencies identified in the SLAA report will be monitored by CDCR's Cabinet. Part of its monitoring responsibilities will include assessing corrective action. Other internal control deficiencies, outside of SLAA-reported areas, will be addressed through separate corrective action plans via existing CDCR processes. CDCR typically receives numerous external and internal reviews each year. These corrective action plans are reviewed by the CDCR Agency Secretary and appropriate program director. For CCHCS, the risk identified in the SLAA report as well as the mitigating controls will be monitored by CCHCS' executive leadership team. Additionally, internal control deficiencies and findings requiring corrective action plans found as a result of internal and external audits will be tracked and monitored by the Internal Audit Program (IAP). IAP also performs follow-up audit activities and test controls to ensure timelines are adhered to, internal controls are improved, and corrective actions are

efficiently implemented and are effective.

### **COMMUNICATION**

CDCR management reviews Comparative Statistics (COMPSTAT) reports on a frequent basis and raises notable questions and concerns. Members of CDCR's cabinet hold ongoing discussions regarding concerns with their respective program areas and identify and assess risk areas. At least twice a year, CDCR's Cabinet will meet to discuss these risks and the corresponding corrective action plans. Their decisions and/or concerns will be communicated in writing to the CDCR Agency Secretary. For CCHCS, the executive leadership team, which consists of Directors, Deputy Directors, and Regional Health Care Executives (RHCE), meets weekly to share information and discuss mission critical issues. Meetings are also held monthly at the headquarters and institution levels to ensure priorities and objectives are communicated to the appropriate levels within CCHCS.

### **ONGOING MONITORING COMPLIANCE**

The Department of Corrections and Rehabilitation has implemented and documented 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 Department of Corrections and Rehabilitation systems of controls and monitoring.

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### **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Department of Corrections and Rehabilitation risk assessment process: Executive Management, Middle Management, and Front Line Management.

#### **RISK IDENTIFICATION**

CDCR is the largest State agency in California, responsible for overseeing one of the largest prison populations in the country. Inherently, with a complex organization of this magnitude, the risks are numerous. However, the first priority for CDCR's leaders and employees is always to enhance public safety through safe and secure incarceration and parole operations. In support of its complex operations are numerous internal controls, such as policies, procedures, and operational practices.

CDCR's risk assessment methodology involved the executive leadership team and senior management in identifying the highest risks that could adversely affect their ability to achieve their mission, goals and objectives. Executive management also identified actions to be taken to mitigate the risks in coming years. The specific methodology included the following steps:

- CDCR's executive leadership and senior management were provided a general overview of the SLAA requirements, and their role in identifying risks and corrective actions.
- Each CDCR division's executive staff and senior management received a separate briefing on the SLAA process, including the risk categories, monitoring framework and previous reported high risk items. Subsequently, executive management identified all material risks within their operating area and scored the risks based on the likelihood of the risk occurring and the impact of the risk, should the risk occur.
- CDCR's executive leadership then consolidated all identified risks and reviewed the risks for priority.

For CCHCS, the Director, Health Care Policy and Administration, initiated the department-wide risk assessment. The IAP facilitated the risk assessment process by developing a Risk Assessment

Questionnaire (questionnaire). The purpose of the risk assessment process is twofold and focused on identifying and managing all foreseeable risks. First, in keeping with the requirements of the SLAA, the questionnaire was designed to acquire information from Directors, Deputy Directors and RHCEs about the risks affecting the reliability and integrity of financial and operational information; effectiveness and efficiency of operations; safeguarding of assets; and compliance with State laws, regulations, and contracts. Second, the questionnaire will be used periodically throughout the year by management as a tool to re-evaluate internal controls.

CCHCS' executive leadership team was fully engaged and committed to the risk assessment process. The questionnaire was administered to each Director, Deputy Director, and RHCE for deployment to each program area or institution in their respective areas of responsibility. All levels of management were involved in the risk assessment process. To complete the questionnaire, management teams in program areas and institutions met to discuss, identify, and prioritize operational risks based on the severity of impact and the likelihood of occurrence. The completed questionnaires were returned to the respective Director, Deputy Director, and RHCE for review and approval and submitted to IAP. IAP then organized, analyzed, ranked, assigned a risk category to each risk identified, summarized the data, and presented the results to the executive leadership team. The executive leadership team met and discussed the department-wide risks and selected the reportable risk.

#### **RISK RANKING**

For CDCR, each division's executive management scored their risk based on the likelihood of the risk occurring and the impact of the risk to their program area, should the risk occur. The scoring scale was 1 through 5, with a score of 1 being the lowest risk and a score of 5 being the highest risk. The scored risk statements were sorted from highest scored risks to lowest scored risks and shared with executive leadership for prioritization and consideration.

For CCHCS, IAP organized, analyzed, ranked, assigned a risk category to each risk identified, summarized the data, and presented the results to the executive leadership team. The executive leadership team met and discussed the department-wide risks and selected the reportable risk.

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## **RISKS AND CONTROLS**

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

CDCR has an aging infrastructure amongst its 35 adult institutions, resulting in numerous facilities with roofing systems that are in disrepair and require significant improvements. Recent wind-driven storms and sustained rainfall battered CDCR's prisons and wreaked havoc within buildings with deteriorated roofing systems. Between January and February 2017, many of the prisons reported significant storm damage from water intrusion. The failure of roofs during the recent years of heavy rain resulted in evacuations of critical inmate housing units due to rain water intrusion into prison cells.

The failure of roofing systems at the institutions could render housing units and program buildings unusable. Such an occurrence could significantly increase the cost and complicate the delivery of basic services such as meals, health care, and rehabilitative programs. Health care costs could get delayed and become backlogged when medical facilities are impacted. Moreover, the cost of delivering health care to the inmate population could increase significantly because of the increased need to transport inmates to receive care from outside providers. Furthermore, delays in finishing rehabilitative programs lead to delays in the inmates receiving credits for completion of such programs, resulting in longer than necessary prison time

for inmates.

Lastly, leaking roofs often cause electrical component damage and total failures of the fire alarm control panels, fire suppression systems, lighting systems, and other critical mechanical systems within these buildings. Loss of lighting in a prison represents a serious safety concern, and loss of lighting and power in a cell renders the cell unusable.

**CONTROL A**

CDCR will continue to identify critical infrastructure needs and request resources via the appropriate process. Additionally, a study of the prisons will be conducted with the oldest infrastructure systems (constructed prior to 1965) to develop the scope and prioritization of repair and replacement projects. The study will also provide budget package level information that can be used to identify future capital outlay and special repair funding needs.

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

CDCR has numerous facilities that require significant infrastructure investments, including fire alarm systems, heating, air conditioning, electrical, water, wastewater, and Americans with Disabilities Act (ADA) improvements. These systems are at risk of failure, which can affect individual buildings or the entire prison. The failure of infrastructure could lead to immediately unusable housing or program buildings and significantly increase the cost and complicate the delivery of basic services, such as meals, health care, and rehabilitative programming. The inability to house inmates in designated beds could impact critical programs and result in additional damage to critical systems. Moreover, such system failures would significantly impact CDCR's ongoing efforts to update its physical infrastructure to make its services and programs more accessible to inmates with disabilities.

Severe shortages of accessible housing units and program space for the increasing and aging populations impact the ability to provide rehabilitative programming and prepare the population for reintegration into society.

**CONTROL A**

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

CDCR maintains a fleet of nearly 7,700 vehicles and other fleet assets. CDCR's fleet includes vehicles for emergency and routine medical transportation, fire protection, monitoring and apprehending parolees, supporting construction activities, providing institution perimeter security, and a variety of other operational needs. CDCR identified 2,209 fleet assets (28.75 percent of total) deemed as being in the "high" priority category for replacement. These assets are found to be old, have high mileage, and are in very poor mechanical or physical condition.

CDCR has made progress in replacing old and inadequate vehicles; however, the lack of dedicated funding causes challenges to properly manage this fleet.

CDCR risks unnecessary costs; potentially unsafe conditions while transporting staff, inmates, and supplies; and missed or delayed medical appointments if it does not have the appropriate number of operational vehicles.

**CONTROL A**

CDCR's Office of Business Services completes an annual inventory of fleet assets and conducts a replacement analysis, based on factors such as mileage, age, condition, function, and type of vehicle. The analysis results in a replacement priority of high, medium, or low. However, CDCR has limited resources available to replace vehicles that have exceeded their life span; therefore, a long-term sustainable solution is required.

**RISK: OPERATIONS -INTERNAL-TECHNOLOGY—COMPATIBILITY**

CDCR's aging public safety radio systems no longer meet operational needs, are not supported by manufacturers, and exceed their operating capacities. CDCR has experienced an increasing number of equipment failures, putting the safety of inmates and staff at risk. Additionally, during emergency situations, the aging public safety radio systems cause communication challenges with other law enforcement agencies.

**CONTROL A**

CDCR is evaluating funding sources to replace CDCR's public safety radio systems.

**RISK: OPERATIONS -INTERNAL-TECHNOLOGY—SUPPORT, TOOLS, DESIGN, OR MAINTENANCE**

Enterprise infrastructure systems (information technology network components, server, storage, core switching infrastructure hardware refresh, and phone systems) across the Department's facilities are 8 to 27 years old. Because of the age of the equipment, these systems are at risk of failure and lack the capacity to implement the increasing number of modern technology solutions to support the additional offender services offered in new areas within CDCR facilities.

By not upgrading the existing infrastructure, failure could affect individual buildings, sites, or the entire Department. These infrastructure components form the backbone upon which CDCR mission-critical functions perform. Failures in institution phone systems place staff and offenders at risk by interrupting communication and eliminating the functionality of "off the hook" alarms. Failure of the Information Technology (IT) infrastructure will leave CDCR staff at institutions, parole, and administrative locations without mission critical systems which contain the information and tools necessary to conduct safe and secure business. If aging servers are not replaced, more than 130 mission-critical applications that support CDCR remain susceptible to disruption, including court-mandated systems designed to monitor inmates.

**CONTROL A**

CDCR's Division of Enterprise Information Services is in the process of planning a proactive maintenance and enhancement program for technology infrastructure. This includes establishing an annual maintenance and refresh budget for enterprise infrastructure systems, planning and designing the network infrastructure necessary to support field locations, and making improvements necessary to support modern technology.

**RISK: OPERATIONS -EXTERNAL-STAFF—RECRUITMENT, RETENTION, STAFFING LEVELS**

CDCR's physical plants are maintained by plant operations personnel comprised of multiple trades, from stationary engineers to plumbers, wastewater operators, electricians, and carpenters. CDCR has increasingly experienced high vacancies in these trades because of outdated job specifications, lower

compensation, and increased competition from other employers. The results of these vacancies include a growing backlog of preventative and corrective maintenance, aiding to the decline of CDCR infrastructure.

The failure to recruit and retain qualified plant operations personnel could lead to critical maintenance and repair being postponed or not implemented at all. This could result in failure of any number of building systems, from roofs to emergency generators, lighting, kitchen, heating, air conditioning, plumbing, electrical, water, and wastewater plants, thus, rendering buildings and equipment unusable.

**CONTROL A**

CDCR has initiated a multi-pronged effort to improve hiring and retention of key plant positions. This includes increased marketing and examination opportunities, revising key job specifications and initiating salary surveys, in coordination with the California Department of Human Resources (CalHR), to identify and implement needed steps to improve vacancies in these areas. A taskforce was created in mid-2017, comprised of the Division of Facility Planning, Construction and Management (FPCM), Division of Adult Institutions (DAI), Office of Human Resources (OHR), and Office of Labor Relations (OLR), to address this Department-wide challenge. Monthly progress meetings are being held to monitor progress. Revised class specifications for key positions will be forwarded to CalHR by December 2017.

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

Because of the passage of Proposition 57, the Division of Adult Parole Operations (DAPO) will have an overall increase in parolee population and parole staff. CDCR is projecting increases in parolee population of 1,567 in fiscal year 2017/18; 4,245 in fiscal year 2018/19; and 5,475 in fiscal year 2019/20. As a result of these increases, DAPO will have insufficient office space and locations to accommodate the increased staff and parolee population, resulting in impacted services to parolees.

**CONTROL A**

DAPO will evaluate alternatives and funding streams for leasing additional facilities to provide improved parolee services and to accommodate the increased staff.

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

Nearly half of CDCR's current employees will be eligible for retirement within 10 years. The lack of a succession management plan and trained staff to prepare future leaders results in the inability to prepare staff to fill key leadership roles, leads to a continual loss of institutional knowledge and skills, and critically impacts our ability to fulfill our mission objective. Additionally, certain classifications, such as mental health clinicians and principals, are more challenging to attract and retain prospective candidates because of private sector salaries and compaction issues.

**CONTROL A**

The Succession Management Planning Unit continues to develop the Succession Management Planning Program. Phase 1 of the project is expected for completion by December 29, 2017. A pilot of the program will launch in Spring 2018.

**RISK: OPERATIONS -EXTERNAL-BUSINESS INTERRUPTION, SAFETY CONCERNS**

Many key applications lack disaster recovery equipment, locations, and processes, placing CDCR at risk for interruptions of critical processes and high financial costs. Severe lapses in the delivery of services that the systems provide could diminish confidence in CDCR and/or impact accomplishment of CDCR's strategic goals. A disruption would cause a significant delay in real-time processing of inmate information. A paper



process would be necessary to bridge the gap until the system could be restored. Furthermore, decision making could be hindered resulting in compromised health and safety of inmates and staff.

**CONTROL A**

Enterprise Information Services (EIS) is in the process of establishing disaster recovery plans across its information technology portfolio. This includes the Strategic Offender Management System (SOMS), Business Information System (BIS), an improved state email solution, redundant storage to shorten recovery times to appropriate levels, and deployment of new telephone and radio systems.

**RISK: OPERATIONS -EXTERNAL-TECHNOLOGY—DATA SECURITY**

The increased use of technology raises the likelihood of abuse by internal and external threats to CDCR's data. As potential cyber threats discover new ways to exploit future technology such as tablets, kiosks, email, and online services, CDCR requires increased investments in cyber security to mitigate modern-day threats and to maintain an acceptable level of safety and security throughout the rehabilitative mission. Consequences of cyber risks include data breaches and accompanying criminal uses of the data and technology.

**CONTROL A**

CDCR is increasing efforts by integrating with other State/federal security operations centers to exchange threat information to quickly identify attacks when any one government entity is attacked. The Agency Information Security Officer's office is also involved with the California Department of Technology's Office of Information Security to develop cyber security maturity metrics to help measure security posture using a consistent framework with federal partners and to identify gaps in security.

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

The liability associated with sizeable leave balances results in lump sum payouts and the need to hold positions vacant to fund the payouts. However, with CDCR's mission-critical positions, a limited opportunity exists to hold positions vacant. Lump sum payouts are, in part, unfunded within CDCR's base budget.

**CONTROL A**

On December 14, 2017, CDCR sent out a memo to all staff with a reminder of the leave credit balance requirements and requiring supervisors and managers to monitor their employees' vacation/annual leave balances for excess time on a regular basis and develop a plan to reduce leave balances which exceed the maximum allowable accruals. Additionally, by June 1 of each calendar year, the Annual Excess Vacation/Annual Leave Balance report will be generated and provided to Executive staff to monitor excess leave balance reduction.

**RISK: OPERATIONS -INTERNAL-STAFF—TRAINING, KNOWLEDGE, COMPETENCE**

CDCR's custody staff do not have sufficient training hours and funding for adequate training, resulting in inadequately trained staff at our adult institutions. Custody staff are budgeted for 40 hours of mandated and nonmandated training, which is not sufficient to address all training needs. Some custody staff in designated positions require approximately eight or more hours, which exceeds the 40 hours allotted for block training. This increase would require additional funding to provide additional hours of training and to pay for backfill positions.

**CONTROL A**

CDCR will evaluate the current training needs for custody staff and determine which training can be eliminated and which training can be taken every other year, in order to have adequately trained staff.

**RISK: OPERATIONS -EXTERNAL-STAFF—RECRUITMENT, RETENTION, STAFFING LEVELS**

Clinicians and health care professionals are critical to maintaining a correctional health care system that provides constitutionally adequate health care to its patients. CCHCS continues to experience challenges in recruiting and retaining qualified Primary Care Providers (predominantly Physicians) and Psychiatrists across the state and, in particular, remote locations. In addition, there are difficulties in recruiting and retaining critical support personnel in various professions which could adversely impact the delivery of health care.

**CONTROL A**

As a part of CCHCS' strategic planning process, CCHCS' Workforce Development Unit has partnered closely with associated health care programs to ensure success in CCHCS' efforts to improve the recruitment and retention of Chief Executive Officers, Primary Care Providers, and Psychiatrists statewide. CCHCS recruitment efforts focus on attracting current health care professionals and students to open or future positions, while retention efforts focus on keeping healthcare professionals employed.

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**CONCLUSION**

The Department of Corrections and Rehabilitation 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.

CDCR constantly monitors itself and takes aggressive corrective actions to resolve internal deficiencies while maximizing compliance in all areas. Through CDCR's executive leadership team, and with the assistance of internal and external oversight, CDCR continually updates processes to mitigate high-risk factors, including those described in this report. As necessary, executives will allocate resources to best evaluate and monitor the goals, objectives, and strategies targeted. Similarly, CCHCS strives to reduce risks inherent in our work environment and accepts the responsibility to continuously address newly recognized risks and improve mitigation strategies.

**Scott Kernan, Secretary**

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