

December 19, 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 California Children and Families Commission 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 Frank Furtek, Chief Deputy Director and Counsel, at (916) 263-1313, ffurtek@ccfc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

First 5 California's mission: First 5 California will convene, partner in, and help lead the movement to create and implement a comprehensive, integrated, and coordinated system for California's children prenatal through age 5 and their families. It will promote, support, and optimize early childhood development.

Priority Area I: CHILD HEALTH

GOAL: All children thrive by achieving optimal health prenatal through age 5.

State Commission Guidelines from the Act specific to **Child Health** describe the following key areas of work:

The provisions of child health care services that emphasize prevention, diagnostic screenings, and treatment not covered by other programs; and the provisions of prenatal and postnatal maternal health care services that emphasize prevention, immunizations, nutrition, treatment of tobacco and other substance abuses, general health screenings, and treatment services not covered by other programs

In alignment with the Commission Guidelines, and in coordination with the First 5 Network, state agencies, and other key stakeholders, the work of First 5 California over the next five years will be driven by a comprehensive focus on child health. First 5 California is working strategically to realize its vision of a future in which all young children have access to the full spectrum of health care services, receive timely developmental screenings, and are referred to appropriate developmental services when services are necessary. These efforts will support targeted policy, programs, and systems based on needs to improve the health and well-being of children prenatal through age 5, with the goal of ensuring they are healthy and ready to succeed in school and life.

Supportive Strategies: Child Health

I.A. Children and Families

- Support children prenatal through age 5 and their families through culturally and linguistically appropriate investments to ensure adequate healthcare resources and preventive services, along with the dissemination of information about available state and local programs designed to optimize and sustain the health and well-being of young children.
- Support resources, programs, and systems for developmental monitoring, screenings, and assessments with appropriate follow-up services.

I.B. Community Partners

- Collaborate in and support efforts to improve access to the full spectrum of health care services (developmental, mental health, behavioral, oral, vision, and physical) for all young children.
- Collaborate to ensure children from birth through age 5 with special developmental, mental health, behavioral, and health care needs receive all essential services.
- Collaborate in public education and outreach efforts to parents and families regarding access to a range of health resources and programs, including trauma-informed services, for young children.

I.C. Policy and Systems

- **Communication:** Build public engagement in, invest in, and support the optimal health, well-being, and development of young children using research to ensure equitable outcomes for all. Key work in this area includes statewide campaigns to inform the public about early brain development and the critical role parents and other caregivers of young children play in that development through regular, caring verbal engagement with children from the moment they are born.
- **Advocacy and Legislation:** Develop and implement a policy platform to advocate for and influence positive change for the health of children prenatal through age 5 using research and best practices, which include, but are not limited to:
 - Protecting access to health care for children and families, while supporting coordination across health care systems to ensure affordable and comprehensive health insurance coverage and services for all children from birth through age 5 and their mothers.
 - Supporting and promoting universal developmental screenings, assessments, referrals, and treatments.
- **Research and Evaluation:** Support research, evaluation, and data collection capacity. Communicate findings to support policy, practice, and equitable access to the appropriate services, programs, and resources necessary to improve the health and well-being children prenatal through age 5 and their mothers.

Priority Area II: CHILD DEVELOPMENT

GOAL: All children birth through age 5 have high-quality, nurturing environments that ensure their learning readiness.

State Commission Guidelines from the Act specific to **Child Development** describe the following key areas of work:

The availability and provisions of high-quality, accessible, and affordable child care, both in-home and at child care facilities, that emphasizes education, training and qualifications of care providers, increased availability and access to child care facilities, resource and referral services, technical assistance for caregivers, and financial and other assistance to ensure appropriate child care for all households

In alignment with the Commission Guidelines, and in coordination with the First 5 Network and other key stakeholders, the work of First 5 California over the next five years will continue to embrace a comprehensive focus on child development efforts to ensure all children have equitable access to quality early learning settings and enter kindergarten learning-ready. The vision is for the work of First 5 California to address the whole child, informing and supporting families on all they need to know and do for their young children to ensure their optimal health and well-being. Additionally, First 5 California's efforts will support the development and sustainment of a well-trained and sufficiently prepared workforce, striving to ensure young children have access to high-quality early learning settings that prepare them to enter school well-prepared and able to succeed.

Supportive Strategies: Child Development

II.A. Children and Families

- Support children prenatal through age 5 and their families by providing culturally and linguistically effective resources, knowledge, and opportunities for young children to develop the skills necessary to achieve their optimal potential in school and life.
- Support workforce quality in all early learning settings with the dissemination of evidence-based professional development resources and standards-based coaching and training to promote optimal outcomes for children birth through age 5.

II.B. Community Partners

- Lead, support, and collaborate with partner groups on statewide efforts to create and align goals and priorities for early learning and systems building, including higher education and other state partners.
- Strengthen the capacity of First 5 county commissions and other local partners to accomplish specific goals and address collaborative early childhood systems building.
- Strategically fund and co-fund, align resources, facilitate the exchange of information and best practices using research and evaluation, and seek new opportunities to maximize positive impacts for children and families.

II.C. Policy and Systems

- Communication: Increase public awareness through education and outreach to inform parents and the public about the importance of investments during a child's earliest years (prenatal through age 5) and available child development information and services. Through public education and outreach campaigns, First 5 California will disseminate specifics regarding programs, resources, and other efforts supported by the agency and available to children and families across the state.

- Advocacy and Legislation: Develop and implement a policy platform to advocate for and influence positive change for children birth through age 5, including, but not limited to, the following:
 - Expand access to quality early care and education programs for children from birth through age 3.
 - Support the implementation of high-quality universal preschool access for all low-income four-year-olds, and high-quality kindergarten and transitional kindergarten statewide.
 - Support a process to define, measure, and achieve learning readiness for all California children prior to kindergarten.
 - Support and advocate for the needs of dual language learners and their families.
 - Support a high-quality early learning workforce through strengthened qualifications, compensation, stability, diversity, and robust professional development systems.
 - Promote statewide access to and participation in quality improvement systems.
- Research and Evaluation: Support research, evaluation, and data collection capacity. Communicate findings to support policy, practice, and equitable access to the appropriate services, programs, and resources necessary to improve the health and well-being of mothers and their children prenatal through age 5.

Priority Area III: FAMILY FUNCTIONING

GOAL: All families have the knowledge, skills, and resources to support their children’s optimal development.

State Commission Guidelines from the Act specific to **Family Functioning** describe the following key areas of work:

Parental education and support services in all areas required for, and relevant to, informed and healthy parenting

In alignment with the Commission Guidelines, and in coordination with the First 5 Network and other key stakeholders, the vision for the work of First 5 California over the next five years will highlight a focus on family support and engagement. In tandem with the Network and other partner agencies, First 5 California will continue to prioritize its strategic and comprehensive efforts to ensure all families have equitable access to information, resources, services, and programs designed to optimize their children’s learning, health, and overall well-being.

Supportive Strategies: Family Functioning

III.A. Children and Families

- Support, engage, and strengthen families and communities through family-friendly and culturally appropriate information, resources, and opportunities designed to educate and assist in the nurturing, caring, and providing for children’s optimal health, success, and well-being.

III.B. Community Partners

- Provide statewide leadership within the First 5 Network in the development of a support system to serve children from birth through age 5 and their families, along with communities around the state, resulting in collective and sustainable impacts. Key statewide collaborators include, but are not limited to, transitional kindergarten through grade 12, child welfare, public health, and community-based organizations.
- Collaborate to promote a statewide infrastructure in community settings to engage families living in poverty and who have risk factors with innovative, culturally sensitive, and linguistically appropriate ways to enhance their children's safe and healthy development.

III.C. Policy and Systems

- Communication: Increase public awareness about the importance of investments in young children and families, highlighting that parents are their children's first and most important teachers. The dissemination of information on early brain development and the importance of investments to support children and their families during the earliest months and years of a child's life are primary in this effort.
- Advocacy and Legislation: Develop and implement a policy platform to advocate for and influence positive change for children prenatal through age 5, such as:
 - Supporting effective parent education and engagement in a variety of areas, including parent awareness about early brain development, through strategic statewide efforts, such as the *Talk.Read.Sing.*© campaign.
 - Supporting the sustainability of family resource centers and other comprehensive community hubs for integrated services for children and families, which may include trauma-informed care and mental health services.
 - Increasing supports for breastfeeding, paid family leave, and baby-friendly policies for all families in all settings.
 - Expanding voluntary home visiting programs.
- Research and Evaluation: Support research, evaluation, and data collection capacity. Communicate findings to support policy, practice, and equitable access to the appropriate services, programs, and resources necessary to improve the health and well-being of mothers and children prenatal through age 5.

Control Environment

First 5 California management establishes an effective control environment through various means. First, management is provided oversight by its seven-member Commission and various advisory committees. First 5 California holds frequent meetings with these entities to receive direction and advice on issues relating to First 5 California. Further, the Commission adopts a 5-year strategic plan, which provides a roadmap for management on Commission core values. First 5 California's organizational structure ensures appropriate levels of responsibility and authority, with an Executive Director, Chief Deputy, and Directors of each of its offices. Internally, First 5 California holds frequent leadership meetings, as well as periodic all-staff meetings, with open agendas to discuss on-going

matters. First 5 California recruits, develops, and maintains a competent workforce as well as evaluates the performance of its staff. Management is required to provide yearly appraisals of their staff, and allows the staff to identify growth opportunities through Individual Development Plans. First 5 California is constantly evaluating and adjusting its organizational chart to meet the current needs of the agency, and managers are asked to review and update duty statements on a yearly basis to assure the work being done is consistent with delineated duties. First 5 California provides robust training opportunities to all of its staff, and vigorously complies with requirements for minimum hours of supervisory training.

Information and Communication

First 5 California is a small agency, with most offices working together on any given project. Information and communication sharing is a must, and is done in a variety of ways. First 5 California's primary means of information sharing and communication is through face-to-face meetings, email exchanges, and a formal content review process. Many meetings are scheduled on a weekly basis to assure relevant and reliable information is shared for operational, programmatic, and financial decision making. Documents are prepared and reviewed by all necessary management and staff to assure the highest level of quality. First 5 California has established a Content Review Tracking System, which requires all relevant staff, up, down, and across the entity, to read, review, and sign off on all documents. First 5 California engages and seeks input external stakeholders on a regular basis, thus ensuring quality information is shared.

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 California Children and Families Commission monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Frank Furtek, Chief Deputy Director and Counsel.

First 5 California has established agency-wide processes to ensure the effectiveness of internal control systems respond to vulnerabilities as they are identified. First 5 California management engages the management team through periodic team meetings to review and discuss agency vulnerabilities. First 5 California uses the SLAA reporting process as one resource to monitor activities, document potential vulnerabilities, and measure against identified problems. Our Director of the Administrative Services Office oversees the SLAA process, assuring all managers with identified vulnerabilities provide a full report of the issue, as well as track progress toward resolution or mitigation of the vulnerability. Through this process, First 5 California is able to monitor progress to reduce identified issues.

RISK ASSESSMENT PROCESS

The following personnel were involved in the California Children and Families Commission risk assessment process: executive management, middle management, and front line management.

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

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

RISKS AND CONTROLS

Risk: Decreased Funding due to Reduced Tobacco Sales

Assuming tobacco tax revenue continues to decrease, the number of programs offered to enhance optimal early childhood development and to ensure children are ready to enter school will diminish.

First 5 California is solely funded by the taxes imposed by Proposition 10 on cigarettes and tobacco products. On average, cigarette and tobacco product sales have decreased three to four percent annually, thus reducing the funding available for First 5 California to implement programs in accordance with the Act. First 5 California will not be able to accomplish its mission and goals.

Control: A

First 5 California accepts this risk as it is not within its control and is mitigating the risk to the extent of the agency's ability. Staff is aware of the decreasing revenue trend and continually assesses alternate funding sources. These sources included, but are not limited to, partnerships with other governmental or private entities with similar goals, applying for grants that would further First 5 California's mission, and actively promoting First 5 California at the legislative level. Staff will continue to monitor its appropriations and provide revenue and expenditure forecasts to management and the Commission to ensure deficits are not experienced in any of the accounts. As expected, this control has had minimal financial impact on the risk.

Risk: Recruitment, Retention, and Staffing Levels

First 5 California experiences staffing capacity issues related to its ability to recruit, retain, and increase staffing levels, as needed, to meet the goals of the agency's new Strategic Plan.

Due to previous risks involving our staffing restrictions due to the one percent allocation cap in the Administration Account, and in conjunction with declining revenues, this has caused issues related to staff retention, thus restricting the agency's ability to implement and support multi-million dollar statewide programs. Additionally, there is a need to train and support current staff so they have the necessary skills to meet the goals of our new Strategic Plan.

As a small agency, First 5 California struggles with staff retention due to limited promotional opportunities for staff.

Control: A

With the adoption of the new Strategic Plan, an internal implementation strategy (matrix) has been designed to address current staff capacity issues that take into account current work, along with what staffing levels and abilities future identified work would require.

Control: B

First 5 California instituted an internal Workplace Culture and Development Workgroup, comprised

of staff from all offices in the agency, which will address interpersonal dynamics and practices that guide day-to-day operations and internal considerations. These practices foster the creation and maintenance of a positive and productive work environment, including business processes, training, and organizational decision-making.

Control: C

In an effort to recruit and retain staff, First 5 California continues to create ways to improve the workplace environment and provide flexibility for staff. First 5 California recently granted staff the ability to telework one day a week in order to provide scheduling flexibility.

Risk: Accounting Transaction Delays

There are delays in processing accounting transactions as a result of implementing the FI\$Cal system in California.

Inefficiencies may result from user errors or the lack of familiarity with the FI\$Cal system, and staff turnover and knowledge.

- Staff resources are further reduced by time spent on necessary training for the system and interacting with FI\$Cal and SCO staff to resolve system issues.
- Month-end and year-end closing processes are delayed due to a lack of training and staff resources.
- Some of the current staff are not from specialized accounting classifications and lack formal training in state accounting systems and procedures.

The risk can potentially affect the integrity of First 5 California financial records and timely disbursements if the agency has difficulty tracking cash balances or if it cannot certify the accounts and funds are properly reconciled with SCO records. The risk would affect the agency and counties' programs if there is insufficient cash in a fund to make timely disbursements to counties and vendors.

Control: A

The best control over financial records is to record all transactions in the accounting system in a timely manner and perform monthly reconciliations to SCO's accounts. Monthly reconciliations are important to identify differences in the agency's accounts and resolve them with the SCO as soon as possible. This control is an existing function of the accounting system which is performed by First 5 California staff.

Control: B

First 5 California is in the process of hiring an Accounting Administrator I. The work done by this position will directly impact the processing monthly reconciliations and create greater efficiencies. Additionally, the incumbent will contribute to the Fiscal Services Office's overall accounting

knowledge and abilities.

Control: C

First 5 California has signed up staff for a month-end course at the Department of Finance so they can understand the overall process of month-end closing. Staff also will be signed up for a year-end course.

CONCLUSION

The California Children and Families Commission 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.

Camille Maben, 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