Department of State Hospitals
2015 **SLAA REPORT**

January 8, 2016

Diana Dooley, Secretary
California Health and Human Services Agency
1600 9th Street #460
Sacramento, CA 95814

Dear Ms. Dooley,

In accordance with the State Leadership Accountability Act (SLAA), the Department of State Hospitals 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 Stephanie Clendenin, Chief Deputy Director, at (916) 654-2309, stephanie.clendenin@dsh.ca.gov.

BACKGROUND

The DSH manages the nation's largest inpatient forensic mental health hospital system. Its mission is to provide evaluation and treatment in a safe and responsible manner, seeking innovation and excellence in state hospital operations, across a continuum of care and settings. The DSH is responsible for the daily care and provision of mental health treatment of its patients. In FY 2014-15, the DSH served approximately 13,000 patients and on average the inpatient census was approximately 6,700 in a 24-hours-a-day, seven-days-a-week hospital system and approximately 600 outpatient census in its conditional release program. The DSH oversees five state hospitals and three inpatient psychiatric programs located in state prisons. Additionally, the DSH provides services in jail-based competency treatment programs and conditional release programs throughout the 58 counties. It employs approximately 12,334 staff. The DSH's five state hospitals are Atascadero, Coalinga, Metropolitan – Los Angeles, Napa and Patton. The three psychiatric programs provide inpatient treatment for inmates at prisons in Vacaville, Salinas Valley and Stockton through an interagency agreement with the California Department of Corrections and Rehabilitation (CDCR), treating inmates at prisons in Vacaville, Salinas Valley and Stockton.

RISK ASSESSMENT PROCESS

The DSH's executive managers met with the Director and Chief Deputy Director in November 2015. An Internal Audit Committee was created at DSH and is responsible for overall audit and review activities, including compliance with the SLAA. The Internal Audit Committee is comprised of the DSH Director, Chief Deputy Director, Deputy Directors, and Executive Directors of the eight hospitals and psychiatric programs.

The Internal Audit Committee had an interactive discussion to identify the most critical risks to be included in the SLAA report. The discussion included newly identified risks and some of those in the prior FISMA report.

Three primary risks were selected; Physical Resources, FI$CAL Conversion and Recruitment, Retention, and Staffing Levels. A lead person and a team were assigned to each risk category to refine the risk factors and identify existing controls and potential expansions or new controls to be identified in the corrective action plans. The Internal Audit Committee met on December 22, 2015 and agreed to the refined risks and controls that would be included in the SLAA report. Further, the Committee approved Chief Operating Officer Rob Cook as the executive monitor of DSH's internal controls.

The controls will be further evaluated and tested with the assistance of the Office of Audits and

participation of the four teams.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- FI$Cal Conversion

The DSH is at risk of ineffective planning and change management for successful conversion; and limited staff availability to complete FI$Cal training modules within the required timeframes (or, staff availability to support core workload is reduced by time spent training for FI$Cal conversion).

The DSH has redirected a staff services manager to serve as the dedicated project coordinator to oversee the planning and implementation to cutover to the new FI$Cal system. To minimize core workload impact, two super-users at each DSH location have been identified to focus on a limited number of training modules. The goal of this model is to have super-users become the expert in their assigned module so cross-training across the enterprise is manageable.

- Complete and have executive team adopt project charter to define goals, participant roles and responsibilities
- Develop sub-charters for specific projects
- Develop business implementation plan for projects
- Super-users complete required FI$Cal Training

Operations- Internal- Physical Resources—Maintenance, Upgrades, Replacements, Security

The overall capacity, infrastructure and architectural design of the DSH facilities play a vital role in the daily operations of the hospitals and safety of our staff and patients. Insufficient facility capacity impacts the DSH's ability to meet current demand. The aging infrastructure and current facility design are not equipped to care for the current patient population and poses a security and safety risk to the DSH's patients and staff.

The DSH has identified and prioritized short-term and long-term Capital Outlay and Special Repair projects that address some of the most critical risks such as capacity, aging facilities, seismic safety, and fire and life safety. The DSH identifies projects that can be done within existing resources and partners with Department of Finance to secure funding for Capital Outlay projects and large special repair projects through the annual budget process. To ensure a statewide strategic approach to future capital investments, DSH, with the assistance of an architectural and engineering firm, is developing an Infrastructure Master Plan.

- Manage existing capital outlay projects to ensure projects are completed within scope, schedule, and budget.
- Finalize the Infrastructure Master Plan
- Develop implementation plan to address timing, resources, funding for projects identified in the Infrastructure Master Plan.

Operations- External- Staff—Recruitment, Retention, Staffing Levels

The DSH has historically experienced high staff vacancy rates. It employs more than 12,000 employees in approximately 332 classifications represented by 18 bargaining units. Department vacancy rates have ranged from 12-14%, or approximately 1,200 to 1,400 vacant positions, over the past three years.

The DSH currently employs various strategies such as developing a Recruitment Unit in 2015, investing in an external and internal staff registry and offering overtime to maximize hiring of qualified personnel and ensure ongoing operations of its facilities. Additionally, the DSH is currently performing a staffing study to determine the clinical, medical and administrative services positions necessary to safely and efficiently operate a state hospital. This study will assist the department in identifying the additional positions needed to provide optimal patient care.

· Complete the staffing study to identify a realignment of positions so that the DSH may more effectively meets its mission of providing effective treatment in a safe and responsible manner.

· Develop a Workforce Development and Succession Plan that will include key components regarding recruitment and retention as well as succession planning. By developing this plan, the DSH will have a standardized, enterprise approach to addressing vacancies and ensuring that the DSH hospitals are adequately staffed.

ONGOING MONITORING

Through our ongoing monitoring processes, the Department of State Hospitals 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 State Hospitals, Pamela Ahlin, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Rob Cook, Chief Operating Officer, Dennis Mehl, Assistant Monitor, as our designated agency monitor(s).

Frequency of Monitoring Activities

The Department has a consistent and ongoing system of monitoring risks and corrective actions.

The DSH Executive Team, comprised of the directorate, deputy directors, and executive directors, meets weekly to discuss departmental strategic direction, establish departmental policy and monitor operations. The DSH Governing Body, comprised of the directorate, deputy directors, and executive directors, convenes monthly to establish system-wide clinical operations and semi-annually to review the overall operations of each hospital.

The following management groups also convene weekly to discuss pressing risks and other operational issues:

· Hospital Administrators – consisting of the hospital administrators, the deputy for administration, the chief operating officer, the chief financial officer, and support staff.
· Clinical Administrators
· Clinical Operations Advisory Council
· Medical Directors

The following discipline leadership groups meet weekly as well:
· Rehabilitation Therapy
· Social Work
· Psychology

- Psychiatry
- Dietitians

Nursing Leadership meets twice monthly and Pharmacy Leadership meets monthly.
The Internal Audit Committee meets quarterly.

Reporting and Documenting Monitoring Activities

Each of the above monitoring meetings produces an agenda and meeting minutes to document monitoring activities.

We will develop a universal listing of DSH reports and monitor those reports which are most relevant to our high risk areas. We will then perform analytical reviews and trend analysis on key metrics from these reports. Examples of key metrics are rates of violence and vacant positions. This analysis will be performed on a monthly basis, and reports provided to appropriate managers and executive management.

Daily media articles are reviewed for awareness of public perception of state hospital programs such as the community placement of sexually violent offenders.

Procedure for Addressing Identified Internal Control Deficiencies

Four of the DSH Hospitals and one psychiatric program are accredited by The Joint Commission. Unannounced inspections occur during a three-year cycle. After a survey, the DSH receives a "TJC Statement of Conditions," and must produce a Plan for Improvement (PFI). More severe deficiencies must be resolved within 45 days; less severe deficiencies must be corrected within six months.

Additionally, the Executive Team maintains a task log to ensure that issues and deficiencies are addressed.

Evaluation of selected critical controls, including those at headquarters, may be performed by the DSH office of Audits if the effectiveness of these controls is in question.

CONCLUSION

The Department of State Hospitals strives to reduce the risks inherent in our work through ongoing monitoring. The Department of State Hospitals 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.

Pamela Ahlin, Director

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