

December 27, 2023

Melinda Grant, Undersecretary
California Business, Consumer Services and Housing Agency
500 Capitol Mall, Suite 1850
Sacramento, CA 95814

Dear Undersecretary Melinda Grant,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Civil Rights Department submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2023.

Should you have any questions please contact Arlyn Kihara, Deputy Director of Administration, at (916) 404-9735, arlyn.kihara@calcivilrights.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Civil Rights Department (CRD) is the institutional centerpiece of California's broad anti-discrimination and hate violence policy. Born out of a decades-long struggle to prohibit discrimination in employment, housing, and business establishments, the CRD has been at the forefront of protecting civil rights in California since its inception.

The mission of the CRD is to protect the people of California from unlawful discrimination in employment, housing and public accommodations (businesses) and from hate violence and human trafficking. To accomplish this mission, the Department receives, investigates, conciliates, mediates, and prosecutes complaints of alleged violations of the Fair Employment and Housing Act (FEHA), Unruh Civil Rights Act, Disabled Persons Act, Ralph Civil Rights Act, the California Trafficking Victims Protection Act, and other laws. CRD receives approximately 28,000 complaints annually from members of the public who allege that they have been the victim of discrimination or hate violence.

In addition to investigating, prosecuting and mediating complaints, the CRD engages in public outreach and provides training and technical assistance to employers, business establishments, and housing providers regarding their responsibilities under the law. The employment anti-discrimination provisions of the FEHA apply to public and private employers, labor organizations and employment agencies. "Housing providers" include public and private owners, real estate agents and brokers, banks, mortgage companies, and financial institutions. The Department also partners with law schools and universities in California to provide students with hands-on experience in investigating, mediating and prosecuting FEHA cases. Since 2013, the Department has housed the Civil Rights Council, a body that issues regulations to ensure that the FEHA is interpreted and implemented in a way that is fair and that protects the public to the full extent of the law. Since 2022, the Department has housed the Commission on the State of Hate, a body that monitors trends in hate activity in the state,

engages in research on hate activity, increases awareness of the state of hate through public forums and collaborations, and makes recommendations about how to prevent and respond to hate activity.

STRATEGIC GOALS

Goal 1: Increase access to information about rights and responsibilities

Objective #1: Improve the resources we make available and address specific identified areas of need

Objective #2: Improve outreach to people with limited English proficiency

Objective #3: Improve outreach to people with disabilities

Objective #4: Aim for the greatest impact for every dollar we spend

Goal 2: Prevent and combat discrimination and hate violence through proactive and strategic efforts

Objective #1: Integrate a sophisticated understanding of discrimination into our work and pursue cases and strategies that will have the greatest impact

Objective #2: Help to foster best practices within California state and local government

Objective #3: Model the way for best practices in civil rights

Goal 3: Provide excellent service to the individuals and entities who interact with us

Objective #1: Ensure our services are user-friendly, accessible and consistent across all platforms

Objective #2: Decrease complexity and improve timeliness of services by streamlining processes

Objective #3: Improve the services we provide to persons with disabilities

Objective #4: Improve our ability to serve people with limited English proficiency

Goal 4: Ensure that our internal processes and systems effectively and efficiently meet our business needs

Objective #1: Improve how we gather and manage information

Objective #2: Ensure that all of our policies and procedures are up-to-date and that we know where to find them and how to use them

Objective #3: Develop standards and tools for measuring our performance

Objective #4: Continually evaluate and improve our internal processes and systems

Goal 5: Give our employees the information, tools and support they need to thrive

Objective #1: Improve our ability to communicate clear expectations, provide actionable feedback and recognize excellence

Objective #2: Provide everyone with the training they need to be effective in their jobs

Objective #3: Improve information, tools and resources provided to staff *Objective #4:* Provide staff with more professional development resources

Control Environment

CRD management has instituted integrity, accountability and fairness among its core values. The CRD Director and Chief Deputy preside over an Executive Committee with oversight of each aspect of the organizational structure in order to ensure appropriate levels of responsibility and authority.

CRD has established clear policies and procedures to maintain documentation of its control systems, including its departmental Equal Employment Opportunity policy, which prohibits discrimination, harassment and retaliation and encourages all personnel to report ethical issues. CRD establishes and maintains a competent workforce through fair and objective hiring practices, a dedicated training unit, an Upward Mobility plan and merit-based promotional opportunities.

CRD documents its processes for internal controls in multiple forms, including the SLAA, Business Continuity and Disaster Recovery Plans, the IT Security Manual, safety/security emergency evacuation plans, and multiple other policies and procedures, including Workplace Violence Prevention, Injury and Illness Prevention and more. All policies are shared with labor organizations and posted on the department's intranet with department-wide announcements to staff members.

Managers evaluate staff performance during probationary periods after hire, and then complete annual performance appraisal summaries and individual development plans, as well as upward mobility plans for those in specified lower-paying classifications. Deficiencies are corrected through performance improvement plans, training or re-training, and preventive measures prior to resorting to progressive discipline.

VALUES

Our values shape us as an organization. We look to these values to drive our decisions and actions every day and to define how we behave toward each other and the people we serve. Because our values are so integral to who we want to be as an organization, everyone at CRD had opportunities to help define and select them. Our values are:

Accountability

Individuals, businesses, nonprofit organizations, other government entities and California taxpayers count on us to do our work accurately, thoroughly and timely. We hold ourselves responsible for meeting these expectations every day.

Commitment to Justice

We are entrusted with enforcing the laws that oppose discrimination and hate violence in California. We honor that trust and are committed to advancing the public interest and ensuring a just outcome for all parties in every case we handle.

Customer Service

We recognize that everyone with whom we interact is a person worthy of our compassion and respect. We are professional, responsive, and inclusive in our dealings with external and internal customers.

Excellence

We have the opportunity to make a difference in people's lives and in the life of our state. Our impact depends on our wise use of resources, ensuring our workforce has adequate training, and continually evaluating our processes to ensure the highest level of excellence in everything we do.

Fairness

We recognize the importance of being fair and objective in our investigations, mediations, and prosecutions, and in all of our interactions with the public and with each other. We provide everyone with equal access and opportunities.

Integrity

We honor ourselves, each other and the public we serve when we are honest with our words and ethical in our actions. We strive for transparency in everything we do.

Teamwork

We bring together our diverse experiences, knowledge and skills to better serve the public and to make the CRD the best it can be. We help each other and work together to advance our goals and improve outcomes across the entire organization.

Information and Communication

CRD uses multiple channels to communicate across the entity, including weekly executive staff meetings comprised of all divisional leaders to discuss operational, programmatic and financial issues, weigh risks and responses and make critical decisions. Executive Staff report

activities toward monitoring and addressing corrective action items and results to the Director and Chief Deputy Director via monthly written reports. Units hold weekly staff meetings and one-on-ones with employees to disseminate important information. CRD utilizes SharePoint and Microsoft 365 in addition to the department's intranet to store and distribute policies, procedures, directories, forms and other resources. In addition, the department distributes daily, weekly and monthly updates of media accounts either directly mentioning or relevant to the department or its mission and holds quarterly and annual

all-staff meetings which are video broadcast to all offices.

Employees are empowered to report inefficiencies or inappropriate actions to any manager or to the department's EEO officer. In addition, an Employee Action Committee was formed to give employees an ongoing forum for providing input to Executive Management regarding ideas for improvements to our work environment, and to facilitate cross-divisional communication. This team is led by employees and the team consists solely of employees, with at least one representative from each CRD worksite.

CRD has a dedicated education and outreach unit which specializes in communication to outside entities regarding the department's mission and goals, including educational materials, seminars and public relations campaigns. The Civil Rights Council holds quarterly public meetings which are live-streamed, as well as occasional hearings regarding relevant civil rights topics. CRD produces an annual report for the Governor and Legislature detailing the volume, bases, demographics and locations of complaints filed, and cases mediated or litigated. CRD also works closely in tandem with federal partners, the Equal Employment Opportunity Commission (EEOC) and Housing and Urban Development (HUD).

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 Civil Rights Department monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Arlyn Kihara, Deputy Director of Administration.

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Executive management, together with their program managers, are charged with reviewing and analyzing their program areas and business processes to identify potential issues that may impact their ability to carry out the department's mission. Identified risks are reported to the CRD Director and Chief Deputy Director via monthly reporting or sooner depending on the severity of the issue. Division Chiefs are responsible for developing, implementing, and monitoring corrective action plans to address the risks. Additionally, identified vulnerabilities, risks, and/or threats are discussed with executive team members at weekly meetings. CRD's executive team consists of the Director, Chief Deputy Director, and seven Division Chiefs who

oversee the department's Administration, Communications, Dispute Resolution, Enforcement, Executive Programs, Information Technology, and Legal divisions. The Director, Chief Deputy Director and, in some cases the executive team, review, discuss, and monitor the corrective action plans to ensure progress is being made toward eliminating the risks.

Corrective action items identified in the current SLAA report are reviewed, discussed, and monitored by the CRD executive team. All items in the plan will be addressed by December 31, 2025.

Other identified vulnerabilities are discussed regularly among Executive Staff during weekly meetings. Upon identification of a deficiency, the Division Chief in the area in which the deficiency has been identified is responsible for developing, implementing, and monitoring a corrective action plan. The Director and Chief Deputy Director monitor the plan to ensure progress is being made toward correcting the deficiency.

The Department of Fair Employment and Housing continues to implement and document ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to CRD systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Civil Rights Department risk assessment process: executive management, middle management, front line management, and staff.

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

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

RISKS AND CONTROLS

Risk: Strategic Plan

Since the release of the 2017-2018 Strategic Plan, CRD has experienced significant organizational and societal changes. For example, in July 2022, the department changed its name from the Department of Fair Employment and Housing (DFEH) to the Civil Rights Department (CRD) to more accurately reflect the department's broadening duties, which include enforcement of laws prohibiting hate violence, human trafficking, discrimination in business establishments, and discrimination in government-funded programs and activities, among others.

Despite the numerous changes the organization has faced in recent years, the mission of CRD to safeguard the Civil Rights of all Californians remains unchanged. With all the changes the organization has faced, it has become increasingly essential to reevaluate the strategic plan

of CRD. Notably, our agency, Business, Consumer, and Housing Agency (BCSH) identified Goal 4 in their 2023-2026 Strategic Plan as: "safeguarding civil rights and advancing equity." Reevaluation will enable the organization to concentrate on supporting the growing workforce and equipping staff with the necessary knowledge, skills, and abilities. By realigning its goals, priorities, and resources, CRD is committed to ensuring its employees and stakeholders work together to achieve its mission.

If CRD does not implement a relevant and effective strategic plan in alignment with operational and organization changes, it may fail to provide proper guidance to staff and the public it serves. This can result in loss of expertise, reputational risk, and operational inefficiencies.

Control: Strategic Planning

As the responsibilities of CRD continue to grow to realize progress and deliver better outcomes for Californians, CRD needs to focus on realignment of goals, priorities, resources, and workforce and succession planning. Further, the completion and publication of an updated strategic plan, including considerations to more effectively advance equity, fulfills the requirements of Executive Order N-16-22 and advances the shared vision of "*a California for all.*"

CRD has started to evaluate its risks and organization state late-2022 with an organization assessment to evaluate current/post-COVID-19 workplace culture, team members satisfaction, and areas where CRD can improve to become a more effective employer. CRD will continue to determine and develop programs and strategies to engage and retain team members and assess priorities to develop a new strategic plan and improve upon the services provided to Californians.

Risk: Legal Workload

As CRD's caseload, high-profile litigations, and other activities have increased, CRD has seen an increase in Public Records Act (PRA) requests, including a steady increase in complex requests that require a significant amount of work to process, and a steady increase in media inquiries that require particularly fast responses.

In addition, CRD has initiated increasingly large and complex civil rights enforcement investigations and litigation. Through these efforts, CRD has obtained, and seeks to obtain, remedies for large groups of Californians who have suffered civil rights violations. Bringing these enforcement actions requires considerable attorney time and expertise in managing and processing very large amounts of electronically stored information (ESI). A single case may involve hundreds of thousands of unique documents in a range of formats and require the use of sophisticated software.

In civil litigation, to meet statutory civil discovery obligations, parties are required to conduct sophisticated ESI searches and to produce discovery in "load ready" format that requires specific software and expertise in using that software. CRD currently fills these obligations by (1) devoting scarce attorney and Legal Division support staff time, (2) diverting information technology (IT) staff time from their routine duties to assist with ESI searches and to provide

support for the software required to manage ESI, and (3) contracting with outside counsel and an ESI specialist vendor. These measures risk over-stretching staff, limit CRD's ability to bring new enforcement efforts, and are costly.

Control: Temporary Staffing/Funding Negotiations

CRD continues to work with the Department of Finance to enhance staffing levels to address litigation and PRA needs. In the meantime, PRA staff are working overtime to try to respond in a timely fashion and the unit has hired a temporary retired annuitant to assist in processing both the backlog and new PRA requests. The requested positions would reduce or eliminate the need for other staff to divert time from their assigned duties and would further the Department's overall civil rights enforcement work by allowing the Department to pursue litigation for more impacted Californians.

Risk: Headquarters Office

CRD has six 6 physical office locations statewide: Elk Grove (headquarters), Los Angeles, Oakland, Riverside, Fresno and Bakersfield. Departmental staffing has increased 30 percent over just the last two fiscal years with additional positions and supportive funding approved through the BCP process. CRD's Headquarters facility has been physically located in a leased office space in Elk Grove for nineteen years. CRD and the other tenants of the new RBOC site have been mandated to move to the new facility. There is no alternative to remain in our current building location: in 2018, a decision was made to construct and fund a new state-of-the-art Department of General Services (DGS)-owned multi-tower facility (RBOC) to be built on Richards Boulevard north of downtown Sacramento. RBOC will become the headquarters for CRD and multiple departments within the Business, Consumer Services and Housing (BCSH) Agency.

For these reasons, CRD has focused its efforts on opening a new office in RBOC and closing the existing Elk Grove location. Risks to this process include: Timing - the existing soft-term Elk Grove lease expires March 31, 2023 and we must provide 60 days' notice before vacating the premises; Timing – the sorting, packing, decommissioning of the Elk Grove office to be done in a manner that will least affect the Fiscal Year-End activities; Cost; and Adequate Office Size.

Control: Facilities Funding

CRD's funding request aligns with its prospective RBOC tenancy and the 2024-25 and ongoing budget enactment, beginning July of each year. Upon initial appropriation and each year thereafter, CRD will allocate and utilize the requested funds to accommodate the difference in its Headquarters lease payments, with a majority of its staff beginning to occupy the RBOC in July 2024. CRD will absorb RBOC tenancy costs incurred prior to 2024-25 and CRD will utilize requested, one-time funding from 2024-25 to cover CRD's last month of tenancy at its Elk Grove Headquarters in July 2024.

CONCLUSION

The Civil Rights Department 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.

Kevin Kish, Director

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency