

December 28, 2023

Yana Garcia, Secretary
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

Dear Secretary Yana Garcia,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the State Water Resources Control Board 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 John Russell, Deputy Director, at (916) 341-5353, John.Russell@waterboards.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively known as the California Water Boards (Water Boards), are dedicated to a single vision: abundant clean water for human uses and environmental protection to sustain California's future. Under the federal Clean Water Act (CWA) and the state's pioneering Porter-Cologne Water Quality Control Act, the Water Boards have regulatory responsibility for protecting the water quality of nearly 1.6 million acres of lakes, 1.3 million acres of bays and estuaries, 211,000 miles of rivers and streams, and about 1,100 miles of exquisite California coastline. Specifically, the Water Boards' mission is to preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations. In pursuit of our mission, the Water Boards adhere to the following principles and values: protection, sustainability, integrity, professionalism, leadership, collaboration, service and education/outreach. The Water Boards updates its Strategic Work Plan annually with the last update occurring in January 2023. Currently, the California Environmental Protection Agency (CalEPA), is also developing a Strategic Plan for all reporting boards, departments and offices.

Control Environment

The Water Boards established guidelines for internal control in the "Standards for Internal Control in the State Water Resources Control Board and the Regional Water Quality Control Boards" document, also referred to as the Green Book. In addition to the Green Book, the organizational structure of the Water Boards provides for oversight and accountability to ensure the department's work is carried out in accordance with its mission statement to protect the quality of California's water resources and drinking water. In recognition that California's water pollution and drinking water issues are influenced by environmental and

population factors that vary from region to region, there are nine semi-autonomous Regional Water Boards that are comprised of seven part-time Board members appointed by the Governor and confirmed by the Senate. Each Regional Board makes critical water quality decisions for its region, including setting standards, issuing waste discharge requirements, determining compliance with those requirements, and taking appropriate enforcement actions. The State Water Board is comprised of five Board members that are appointed by the Governor and confirmed by the Senate. The State Water Board ensures the protection and quality of the state's water resources and drinking water by setting statewide policy, coordinating and supporting Regional Water Board efforts, allocating water rights and administering the Water Boards' financial assistance programs. The Water Boards also has a Strategic Plan comprised of goals to guide the work carried out by the State and Regional Water Boards and to ensure the Water Boards' mission is continuously pursued. The Strategic Plan is periodically updated to ensure the goals are appropriate and relative to the priorities of the Water Board.

The key to pursuing and accomplishing the Water Boards' mission is employing and maintaining a competent workforce. In addition to posting vacancies through the California Department of Human Resources and circulating postings internally, the Water Boards currently participate in job fairs organized by a variety of entities, including colleges, professional organizations and other government agencies, to boost recruitment efforts. The Water Boards also have an internship program in place to provide students with exposure to the important work the Water Boards perform and to hopefully build interest in working at the Water Boards in permanent positions. While the Water Boards are in the final stages of completing a workforce plan, it does provide continuous training and education opportunities, both directly and indirectly related to staff workload, career development resources and benefit information. All levels of staff also participate in the annual performance review process and any deficiencies identified are followed up on by management. In addition, new managers and supervisors are required to take the Basic Supervision training classes that cover ethics, integrity and discrimination, among other topics. All managers and supervisors are also required to take on-going training annually to ensure they are competent and effective in managing their staff.

Another key component to the work the State Water Board performs is providing financial assistance opportunities through loans and grants for individuals, businesses and municipalities to assist them with projects to ensure the protection and availability of water resources and drinking water. The State Water Board has in place multiple measures to ensure the proper use and application of funds, including internal and external audits to ensure compliance with federal and state funding guidelines, stakeholder input for projects under consideration for funding, training for entities to ensure compliance with program requirements, and State Board approval for project funding, among other controls. California Environmental Protection Agency (CalEPA), is developing a Strategic Plan for all reporting boards, departments and offices.

Information and Communication

The Water Boards rely on various methods to ensure there is open communication among all levels of staff and management and to ensure the effective exchange of information:

- Management Coordinating Committee (MCC) – Attendees include all Executive Officers and Deputy Directors from the State and Regional Water Boards. The MCC meets every other month for information sharing, policy making, and discussions about fiscal matters.
- Deputy Management Committee (DMC) – Attendees include all Assistant Executive Officers and Assistant Deputy Directors from the State and Regional Water Boards. The DMC meets every other month for information sharing, policy recommendations and discussions about fiscal matters.
- Administrative Officers (AO) Meeting – Attendees include all Administrative Officers from the State and Regional Water Boards. AO meetings are held monthly to discuss administrative changes, policies and procedures, and fiscal matters.
- Division and Program Management Meetings – Each Division at the State and Regional Water Boards holds regular meetings for their management teams to relay information from MCC and DMC meetings, discuss changes in policies and procedures, and fiscal and human resources matters. Managers also hold regular staff meetings by program and/or branch to relay information from MCC, DMC and AO meetings and to provide an opportunity for discussion and feedback.
- Staff are encouraged to report any inappropriate or improper activity to management, the Equal Employment Opportunity Office, or the California State Auditor.
- Staff are also encouraged to report inefficiencies or suggestions for process improvements to management. Those reports or suggestions will be discussed at the appropriate management meeting to determine if further action should be taken and implementing those steps. The State Water Board and each Regional Water Board holds regular public meetings to discuss regulatory and information items, including enforcement actions, and to approve and rescind permits. All board meetings also allow for open public comment on any matter within the jurisdiction of that respective Board. Individual programs also hold regular stakeholder meetings to discuss permit development, program changes, fees, and other topics related to issues under the Water Boards' jurisdiction.

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 Water Resources Control Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: John Russell, Deputy Director.

In addition to ensuring all levels of management are trained on the implementation of internal controls through the use of the Green Book, the Water Boards also produce an interactive annual Performance Report that provides a mechanism for internal and external stakeholders to measure and evaluate what the Water Boards are doing and how the environment is responding. The Performance Report includes specific performance measures for outputs and outcomes organized by key functional categories of the Water Boards' work. To develop the Performance Report, the Office of Information Management and Analysis (OIMA) works with the divisions, offices, and State and Regional Board management to develop and set targets

in line with annual priorities. All targets, performance measures and priorities are evaluated annually by divisions, offices and State and Regional Boards to ensure appropriateness, including evaluating targets that are not met and determining what steps need to be taken to meet those targets in the future. The Performance Report is published on the Water Boards' public website at the completion of each fiscal year and OIMA presents highlights of the completed Performance Report and next steps annually at a State Water Board meeting as an informational item to allow Board Members and the public an opportunity to provide feedback. Staff is continuously working to improve the Performance Report, including modifying some reporting functions to update in real-time to help better inform decision-making and ensure public accountability. Along with public board meetings, stakeholder meetings, internal staff and management meetings, the Performance Report is a key tool in ensuring the effectiveness of the Water Boards' internal controls in assisting staff in continually striving to accomplish and uphold our mission.

RISK ASSESSMENT PROCESS

The following personnel were involved in the State Water Resources Control Board risk assessment process: executive management, middle management, front line management, and staff.

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

The following criteria were used to rank risks: potential impact to mission/goals/objectives, and potential impact of remediation efforts.

The following personnel were involved in the State Water Resources Control Board risk assessment process: executive management, and middle management.

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

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, tolerance level for the type of risk, and other. The following personnel were involved in the State Water Resources Control Board risk assessment process: executive management, and middle management.

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

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

RISKS AND CONTROLS

Risk: Outdated Emergency Evacuation Plans

By regulation, each building is required to have a written emergency evacuation plan (plan) in place to ensure employee safety. Since the COVID-19 pandemic, the Water Boards has implemented teleworking in most of its buildings where staff are located, which includes the headquarters building in Sacramento, plus 27 Regional Water Quality Control Board (regional board) and Division of Drinking Water District offices (district offices). Most of the plans currently in place were originally designed with the assumption that staff would be working in the buildings full-time and are now outdated. The lack of current emergency evacuation plans and appropriate training impacts the ability of staff to react quickly and appropriately to various emergencies. To mitigate the risk to employee and ensure visitor safety, including injury and loss of life, Water Boards staff will be evaluating and updating regional board and district office plans, training staff and performing annual reviews.

Some of the potential challenges the State Water Board's Health & Safety Branch (Branch) staff have identified are the uniqueness of each office, including layout and location, establishing emergency response teams that take into consideration the various telework schedules, coordinating with the various building owners and operators and providing effective training to all staff. However, the Water Boards is committed to overcoming these challenges to ensure each regional board and district office has a current plan in place to mitigate the impact an emergency might have on employee safety.

Control: 1. Evaluate Each Building's Emergency Evacuation Plans.

Branch staff will provide direction to each regional board and district office to evaluate their emergency evacuation plan to ensure compliance with all applicable regulations.

Control: Update Emergency Evacuation Plans

Each regional board and district office will update their emergency evacuation plan, including ensuring applicability with the current teleworking environment.

Control: Train Staff on Evacuation Procedures

Each regional board and district office will develop and implement a plan for in-person training, accommodating the various teleworking schedules, to ensure all staff are properly trained on the updated emergency evacuation plan.

Control: Ongoing Monitoring and Evaluation

Branch staff will incorporate a review of the emergency evacuation plans in their annual building safety inspections at each regional board and district office to ensure compliance.

CONCLUSION

The State Water Resources Control Board 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.

Eileen Sobeck, Executive 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