

December 29, 2025

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, 2025.

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 lakes, bays and estuaries, rivers and streams, and 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 April 2025. 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 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. The Water Boards provides 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.

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. The State Water Board and each Regional Water Board hold regular public meetings to discuss regulatory and informational 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, audit/review results, other/prior risk assessments, external stakeholders, questionnaires, 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, potential impact of remediation efforts, and tolerance level for the type of risk.

RISKS AND CONTROLS

Risk: Budget and Expenditure Data Accessibility

There is a risk that financial information used to support budgeting, resource allocation, and fiscal oversight may not be consistently available, timely, or aligned with organizational needs. Since the rollout of the statewide financial system, Fi\$Cal, standard budget reports have not been readily available for several years, limiting the Budget Branch's ability to routinely provide organizations with integrated allocation and expenditure information.

As a result, budget and expenditure data has not been consistently accessible to divisions and regions, reducing visibility into financial status and resource utilization. This condition increases the risk that management and staff may lack sufficient information to effectively plan, monitor, and adjust resources in support of program objectives and strategic priorities. Limited access to standardized reporting also constrains the ability to readily identify spending trends, variances, and emerging fiscal risks.

During this period, the Budget Branch has relied on internal workarounds, including the development of internal tracking tools and close coordination with the Accounting Branch to obtain expenditure data and monitor spending trends. While these efforts have helped mitigate immediate impacts, they are labor-intensive, not scalable, and increase reliance on manual processes. For the Water Boards, prolonged dependence on such workarounds may affect the consistency, timeliness, and reliability of management information used for decision-making.

Control: Evaluate Options to Make Budget and Expenditure Information Available to Staff

The Budget Branch will evaluate and implement options to make budget and expenditure information more accessible to staff. This includes assessing reporting

formats, delivery methods, and tools that allow organizations to view allocation and expenditure data in a consistent, understandable manner. The goal is to reduce reliance on ad hoc requests and manual tracking by improving routine access to financial information.

Control: Develop Standardized Budget and Expenditure Reports

The Budget Branch will develop and maintain standardized budget and expenditure reports that present key financial information, such as allocations, expenditures, and remaining balances. These reports will be produced on a recurring basis and shared with divisions and regions to support consistent monitoring and informed decision-making across the Water Boards. Budget staff will routinely review expenditure data to identify spending patterns, variances, and potential fiscal risks. This analysis will support proactive management actions, improved forecasting, and early identification of issues that may require adjustment or escalation.

Control: Program and Organization Coordination

The Budget Branch will engage with program managers, divisions, and regions to review budget status, discuss expenditure trends, and clarify how budget resources align with program activities. These discussions will help ensure that financial information is interpreted consistently and supports operational planning. Regular meetings with divisions and regions will be used to review budget and expenditure information, discuss issues, and promote consistent fiscal practices. These meetings will provide a forum for addressing questions, sharing expectations, and reinforcing accountability.

Control: Ongoing Monitoring and Evaluation

The Budget Branch will incorporate feedback from end users and lessons learned from existing workarounds to refine reporting processes and improve the usefulness and accessibility of budget information over time. Continuous evaluation will help ensure that controls remain responsive to organizational needs.

Risk: Outdated Legal Document Management Strategy

The Water Boards are involved in complex civil litigation and administrative adjudicative proceedings that require timely responses to discovery requests and strict adherence to deadlines for the preparation and submission of documents. In addition, the Water Boards are subject to an increasing number of Public Record Act (PRA) requests on a variety of issues and topics. Responding to discovery and PRA request is time intensive for Water Boards attorneys and staff. Errors in identifying, gathering and providing the required documents could subject the Water Boards to additional litigation and adverse judgements, including significant liability for attorney fees.

There is a pressing need for an updated document management strategy that leverages available technology, such as document management software, to gain efficiencies and assist in reviewing voluminous datasets and responding to discovery and PRA requests, managing evidence in enforcement cases, and streamlining various other legal workflows.

Control: Evaluate Existing Document Management Protocols and Tools

The Office of Enforcement and Office of Chief Counsel will review existing document management protocols and identify if currently available document management tools are being fully utilized and areas of document management vulnerabilities that are not being addressed by tools that the Water Boards

currently have access to and where current practices could be improved to gain efficiency in the workflow and improve accuracy of document production.

Control: Research Advanced Document Management Software

The Office of Enforcement and Office of Chief Counsel will research available document management software capabilities and identify what option best meets the needs and vulnerabilities identified through the evaluation process.

Control: Identify Necessary Steps to Securing and Implementing Advanced Document Management Software

The Office of Enforcement and Office of Chief Counsel will work with the Division of Information Technology to secure the necessary document management software and develop a robust, secure document management system with features like metadata tagging, version control, and automated indexing. This will streamline document retrieval and reduce human error during PRA and discovery responses.

Control: Establish Standardized Document Handling Protocols

The Office of Enforcement and Office of Chief Counsel will create clear policies for document creation, storage, and retrieval, including naming conventions, retention schedules, and access controls to ensure consistency and compliance across all Water Boards and will also provide ongoing training for staff and attorneys, including emphasizing best practices for managing sensitive legal documents and responding to requests accurately and timely.

Risk: Improving Succession Planning, Building Institutional Capacity and Reducing Recruitment Barriers

Without planned successors, valuable institutional knowledge, skills, and stakeholder relationships may be lost when employees depart. This may result in reduced efficiency, repeated errors, slower problem-solving, and increased operational risk. In some cases, the loss of critical expertise may also impact compliance, business continuity planning, and the timely delivery of programs and services to the State of California.

Control: Identification of Key Positions

The Human Resources Branch will collaborate with supervisors and managers to identify key leadership and specialized technical positions that are essential to operations, compliance, and strategic objectives. Identifying key positions allows the organization to proactively prioritize succession planning efforts and plan for potential vacancies and it supports early workforce planning and reduces the impact of unplanned vacancies. Key positions will be reviewed periodically to reflect organization and operational changes.

Control: Knowledge Management and the Development of Standard Operation Procedures

The Human Resources Branch will develop, document, and maintain standard operating procedures (SOPs) and job aids for critical functions and roles to capture institutional knowledge. SOPs reduce dependency on individual employees and support continuity of operations during staff transitions and improves consistency, reduces errors, and supports onboarding and cross-training. SOPs will be updated as processes or program requirements change.

Control: Leadership and Workforce Development

The Water Boards will develop mentorship, training, and professional development opportunities focused on leadership skills, technical competencies, and career readiness. Developing internal talent increases readiness for advancement and strengthens succession pipelines and supports employee engagement and prepares staff for future leadership and specialized roles. Training offerings will be adjusted based on workforce needs and feedback.

Control: Career Ambassador Program

The Human Resources Branch is establishing a Career Ambassador Program to prepare current Water Boards assigned representatives to represent the organization at career and recruitment events. Ambassadors will coordinate with supervisors and managers to communicate Water Boards career opportunities, describe day-to-day job functions, and provide guidance on navigating the State hiring and application process. The program strengthens recruitment efforts, improves candidate understanding of roles, and supports the development of a sustainable talent pipeline for future vacancies. Increased outreach and informed candidate engagement are expected to improve recruitment outcomes and support long-term succession planning. Program content and participation will be refined based on feedback from Ambassadors and recruitment outcomes.

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.

Eric Oppenheimer, 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