

December 23, 2019

Jared Blumenfeld, Secretary
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

Dear Mr. Jared Blumenfeld,

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, 2019.

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 updated its Strategic Plan to identify key areas of focus for 2008-2012. The updated Strategic Plan was the result of input from stakeholders and staff throughout the state. The Strategic Plan was again updated in 2010 to identify actions that were accomplished, are in progress and are on hold. Currently, the California Environmental Protection Agency (CalEPA), is 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 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. 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.

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, 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: Workforce Planning

With delegated authority from the State Legislature, the Water Boards employ a variety of water quality, water rights, and drinking water programs to ensure the protection of California's water resources. The Water Boards' mission rests on the organization's access to knowledgeable and skilled employees. The risk for being unprepared for successors to step in and fill the key roles, or having undeveloped leaders not fully ready to take on key roles has a high consequence of error. Due to the complexity of the Water Boards' programs, any type of action or decision has the potential to have significant environmental and fiscal impact and/or ramifications at the Water Boards', State and/or Federal levels.

The lack of a comprehensive process of identifying and developing internal candidates for key leadership and expert roles and the absence of the identification of current and future gaps between our current workforce and the workforce needed based on program needs and/or demands may result in the following:

- Increase in vacancy rates and/or length of vacancy, as a result of key leader(s) leaving the organization and the Water Board not having staff prepared to fill in the key roles.
- Undeveloped leaders that are not fully ready to take on key roles.
- Leaders that are not deployed correctly and unable to contribute to the Water Boards' mission or meet business objectives.
- Internal talent is more likely to leave because of the lack of career path or professional growth.
- External hires are not acclimated and/or are poorly integrated into the organization.
- A workforce that is not reflective of the diversity of the state.

Control: Workforce and Succession Plan

In coordination with the CalEPA and the California Department of Human Resources, the Water Boards sent out an employee engagement survey to all Water Boards employees in December

2019. The results of this survey will assist staff in finalizing the initiatives in our Workforce and Succession Plan. The Workforce and Succession Plan is scheduled for release by April 30, 2020.

Control: Diversity and Inclusion Initiatives

In addition to current mandatory equal employment opportunity training for all employees, the Water Boards are working with the CalEPA to implement Governor Newsom's initiative to expand existing diversity inclusion efforts.

Risk: Web Content Accessibility

Government Code section 11546.7 (AB 434) requires that, before July 1, 2019, and before July 1 biennially thereafter, the director of each state agency and the chief information officer of that state agency post on the home page its Internet Web site a signed certification that the agency's Internet Web site is in compliance with Government Code sections 7405 and 11135, and the Web Content Accessibility Guidelines 2.0, or a subsequent version, published by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria. The Water Boards are committed to ensuring that our electronic content, starting with our public website (www.waterboards.ca.gov) is equally accessible to people with disabilities. In not meeting accessibility requirements, the Water Boards run the risk of:

- Violation of statute.
- Poor public perception.
- Some members of the public would not have full access to documents supporting the Water Board's business.

Thus far, the Water Boards created guidelines to provide information to employees about how to make digital information accessible to the widest range of users by adopting as minimum requirements the Web Content Accessibility Guidelines (WCAG 2.0), Level AA developed by the World Wide Web Consortium (W3C). The Water Boards have also implemented several accessibility-related technologies to help ensure their website remains accessible, including the AudioEye web accessibility certification process, which involves automatic and manual testing with the goal of identifying and resolving access barriers, conforming with the Web Content Accessibility Guidelines (WCAG) 2.1 Level AA Success Criteria, and ensuring an optimal user experience for all users, regardless of their individual abilities.

Control: Document Accessibility Verification

All new documents posted to the Water Boards' website require verification of accessibility and documents not fully accessible will not be posted.

Control: Availability of Accessible Legacy Documents

The Water Boards will ensure prompt access to accessible versions of legacy documents upon request and no later than July 1, 2020, all legacy documents posted on the Water Boards' website will be verified for accessibility.

Control: Ongoing Meetings and Training

In addition to participating in regular meetings with legal and information technology from other boards, departments and offices within the CalEPA, Water Boards staff also participate actively in groups hosted by the Department of Rehabilitation and the California Department of Technology on web accessibility and implementation of AB 434 statewide.

Internally, the Water Boards has convened a team of appropriate staff from the Executive Office, the Office of Chief Counsel and the Division of Information Technology to meet regularly and make decisions on Water Boards' wide issues regarding document accessibility and communicate those decisions to all Water Boards' staff.

The Water Boards also continuously provides training and resources for creating accessible documents to all content creators.

Risk: Public Participation Efforts

Senate Bill (SB) 200 established a Safe and Affordable Drinking Water (SADW) Fund to enable the State Water Board to provide critical, ongoing operations and maintenance support for small community water systems that are unable to meet safe drinking water standards. The Fund is the keystone to the State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) Drinking Water Program, which helps struggling water systems sustainably and affordably provide safe drinking water to their customers. The SAFER Drinking Water program includes building local technical and managerial capacity, promoting consolidation and regionalization to achieve economies of scale, and providing access to capital investments to upgrade water systems.

SAFER Drinking Water program public participation goals:

- A robust public process and input from the SAFER Drinking Water Advisory Group (Advisory Group).
- Advisory Group meetings will be open to the public, webcast, and accessible to people who need interpreter services.
- Work with stakeholders to identify solutions to provide safe and affordable drinking water.

Water Boards public participation goals:

- Design and implement effective stakeholder engagement processes.
- Ensure all interested parties can participate in the Water Boards' decision-making processes.
- Forward implementation of the Human Right to Water.

The Water Boards, specifically for the SAFER Drinking Water Program, have the following risks associated with public participation efforts:

- Stakeholder expectations and timetables don't align with Water Board expectations and timetables.
- Stakeholder-Water Board relationship becomes competitive rather than collaborative.
- Public participation activities delay implementation.
- Potential inability to meet specific statutory deadlines due to short timelines.
- Possible lack of funding to meet all needs.

Control: SADW Fund Expenditure Policy

The SADW Fund Expenditure Policy is scheduled for adoption in March 2020. This policy will provide guidance for how funding is disbursed and ensure the efficient disbursement of funds.

Control: Stakeholder Outreach

The Water Boards is involving main stakeholders early in the process which includes the formation of the Advisory Group. Input from the Advisory Group will be integral to both the development of the annual fund expenditure plan and tracking progress on implementation of the overall SADW program, including but not limited to: numbers of Californians with safe drinking water, effectiveness of administrators, and consolidation outcomes. Three Advisory Group meetings will be held before June 2020.

The Water Boards is also working on continuous outreach to all stakeholders to encourage ongoing dialogue that will help staff and stakeholders identify areas of need, potential solutions and opportunities for funding. The Water Boards are committed to ensuring stakeholders of all backgrounds can participate by utilizing many methods of outreach, including webcasts, public meetings and providing interpreter services. Two public comment periods will be provided before July 2020.

Control: Fact Sheet

The Water Boards will provide Fact Sheets by June 2020 to clearly explain technical aspects of the SADW Fund.

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 (2), Assembly (1)]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency