January 09, 2018

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Michael Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Environmental Protection submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2017.

Should you have any questions please contact Eric Jarvis, Assistant Secretary, at (916) 323-2658, eric.jarvis@calepa.ca.gov.

BACKGROUND

The California Environmental Protection Agency (CalEPA) oversees policy and coordinates operations of the Air Resources Board, Department of Pesticide Regulation, CalRecycle, Department of Toxic Substance Control, and Water Resources Control Board, reporting directly to the Governor’s Office in the Executive Branch of California State Government. The Mission of the California Environmental Protection Agency:

- To restore, protect and enhance the environment, to ensure public health, environmental quality and economic vitality.

The Major Goals of CalEPA are to:

- Provide Safe, Clean Air to All Californians
- Protect the People and Environment from Toxic Substance
- CalRecycle protects the environment and preserves resources by empowering Californians to reduce, reuse, and recycle
- Insure Clean Water and Protect the Water Rights of All Californians
- Protect Public Health and the Environment by Scientific Evaluation of Risk
- Regulate Pesticides for the beneficial use of Californians and the environment
- Provide Quality Customer Service to All CalEPA Clients

ONGOING MONITORING

As the head of Environmental Protection, Matthew Rodriquez, Secretary, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

EXECUTIVE MONITORING SPONSOR(s)
The executive monitoring sponsor responsibilities include facilitating and verifying that the
Environmental Protection internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Eric Jarvis, Assistant Secretary.

**Monitoring Activities**
Through our ongoing monitoring processes, CalEPA reviews, evaluates, and improves our systems of internal controls and monitoring processes. The monitoring process includes but is not limited to weekly meetings of the Executive Office on emerging issues and current events, weekly focus meetings on issues needing Executive Office guidance and decisions with open discussions of risks and alternatives. Key stakeholders are included in meetings of interest. CalEPA reviews programs for compliance and performance along with fiscal controls. CalEPA is in the process of formalizing and documenting our ongoing monitoring and as such, we have determined we partially comply with California Government Code sections 13400-13407.

As the head of CalEPA, Matthew Rodriquez, Secretary, is responsible for the overall establishment and maintenance of the internal control system. We have identified Yogeeta Sharma, Accounting Administrator, Eric Jarvis, Assistant Secretary, as our designated agency monitor(s).

**Addressing Vulnerabilities**
CalEPA strives to reduce the risks inherent in our work through ongoing monitoring. CalEPA 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.

**Communication**
The Assistant Secretary of Fiscal and Administration and Agency Chief Information Officer, meet weekly to discuss emerging issues and identify solutions. In addition, the Assistant Secretary of Fiscal and Administration, Agency Chief Information Officer, and Executive Officers meet weekly with their respective counterparts in the Boards, Departments and Offices to engage in issue spotting. The Deputy Secretary of Administration and the Deputy Secretary of Information Services also meet weekly with their counterparts of each Board, Department, and Offices within CalEPA to ensure ongoing monitoring of issues is being performed effectively, risks are evaluated and the Agency Secretary is updated.

**Ongoing Monitoring Compliance**
The Environmental Protection is in the process of implementing and documenting the ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to the Environmental Protection systems of controls and monitoring.

**Risk Assessment Process**
The following personnel were involved in the Environmental Protection risk assessment process: Executive Management.

**Risk Identification**
The Assistant Secretary of Fiscal and Administration and Agency Chief Information Officer of CalEPA
met with the Chief Information Officers of all CalEPA Boards, Departments, and Offices have identified the most significant risks to meeting their objectives; prioritized the risks and identified potential solutions.

**Risk Ranking**
The Assistant Secretary of Fiscal and Administration and Agency Chief Information Officer have prioritized the risks and identified potential solutions using the regular meetings to update the Agency Secretary. Risks are ranked through evaluation of the Executive Staff and consider the threat to immediately affect operation, the effect on meeting program mandates, and how successful programs could be improved. Procedures vary depending upon the type of control deficiency identified. Programmatic deficiencies are assigned to the relevant program manager, and monitored via weekly meetings. Administrative deficiencies are addressed by the Chief of the Administrative Services Division, in consultation with the appropriate control agencies. Similarly, deficiencies associated with information technology are addressed by the chief of the Office of Information Services, in consultation with the appropriate control agencies.

---

**RISKS AND CONTROLS**

**Risk: Operations - External - Technology — Data Security**
Operations could be interrupted, data could be released to unauthorized individuals.

Attacks from outside the organization probing weakness in public facing interfaces.

Staff resources are constantly taxed to ensure data and system integrity and security are maintained.

**Control A**
The Agency Chief Information Officer of CalEPA meet with the Chief Information Officers of all CalEPA Boards, Departments, and Offices to ensure the most current security software have been used to meet the objectives of each organization.

---

**CONCLUSION**

The Environmental Protection strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising controls to prevent those risks from happening. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

The Environmental Protection strives to reduce the risks inherent in our work through ongoing monitoring. The Environmental Protection 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.
Matthew Rodriquez, Secretary

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