December 28, 2017

John Laird, Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Mr. John Laird,

In accordance with the State Leadership Accountability Act (SLAA), the California Science Center 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 Cheryl Tateishi, Deputy Director, Admin, at (213) 744-2328, cstateishi@cscmail.org.

BACKGROUND

Averaging over two million guests annually, the California Science Center (Science Center) Program 10-Education represents one of California’s premier educational and family destinations. Governed by a nine-member Board of Directors appointed by the Governor, the Science Center develops and features award winning exhibits and internationally renowned education programs. Hands-on educational exhibits and programs focus on science, math, technology, and conservation, which explore the biological processes of humans, animals, plants, the Earth’s ecosystems, habitats, and geophysical processes, as well as engineering, communications, and transportation on land and in space. The Space Shuttle Endeavour continues to be on display in its temporary home – the Samuel Oschin Pavilion - while design work and fundraising continues for the Science Center’s Air and Space Center - the permanent home for Endeavour.

In addition, the Science Center offers a state of the art 3D IMAX theater which features science related films and documentaries. The Center for Science Learning offers professional development programs to improve math, engineering, and science skills of teachers and other educators. The Science Center School is a K-5 science, math, engineering, and technology focused neighborhood charter school. As a Title 1 school, it serves one of the more underserved and economically challenged communities in South Los Angeles. The school’s instructional programs and teacher training meet California science standards

The Science Center maintains a longstanding and successful partnership with the California Science Center Foundation, a non-profit auxiliary of the Science Center. While the original charge of the Foundation was to raise funds for exhibit development, today the Foundation not only supports exhibit development, operations, and science education programming, but raises significant funds for state capital outlay projects.

The Science Center’s mission values accessibility and inclusiveness and strives to inspire interest in science among those traditionally underrepresented in science, math, technology and engineering. The Science Center receives significant funding support for exhibit development, operations, and capital outlay projects from the California Science Center Foundation.

The Science Center targets the workforce of tomorrow, ensuring California remains competitive in the technological and scientific marketplace of the future and is extremely effective at bringing educational and
inspirational messages to a diverse community. Nearly 70 percent of the Science Center's guests are drawn from traditionally underserved populations of color, and more than half are female. In addition, the Science Center's youth programs bring interactive educational experiences to children and youth residing in the economically challenged neighborhoods surrounding the Science Center in South Los Angeles. Community Youth Programs target students attending some of the most crowded and underperforming schools in the state.

The enabling legislation which establishes the Science Center and its authority is provided under the Food and Agricultural Code Sections 4101-4108.

Mission Statement:

*The California Science Center aspires to stimulate curiosity and inspire science learning in everyone by creating fun, memorable experiences, because we value science as an indispensable tool for understanding our world, accessibility and inclusiveness, and enriching people's lives.*

The Science Center achieves its mission through three primary program areas:

- Exhibit Based Education Programming
- Educator Professional Development - Center for Science Learning; and
- Model K-5 Charter Elementary School

Facilities:

There are ten facilities totaling over 1.4 million square feet and includes public space, exhibit galleries, offices, trade shops, animal care, quarantine and life support systems, back-of-house space, and administrative offices. The Science Center's Plant Operations Unit provides facilities support to all ten facilities. As such the facility square footage information includes the California African American Museum (CAAM) and the Office of Exposition Park Management (OEPM) which includes the Department of Public Safety. Of the total 1.4 million square feet, the Science Center occupies 1.35 million square feet or 96.3 percent. CAAM occupies 45,000 square feet or 3.2 percent. The OEPM occupies 8,014 sq feet or .5 percent.

Staffing:

The Science Center has 122 authorized positions. Classifications range from Administrators (curators) to the full complement of building trades. Plant operations and trades staff represent approximately 79 percent of the Science Center’s employees. Their work week covers a seven-day per week operation. The Science Center is open to the public 362 days per year.

State Administrative Services Unit - Support to OEPM and CAAM:

The Science Center’s State Administrative Services Unit not only provides administrative support to Science Center employees and management, but also provides the following administrative services to OEPM and CAAM:

- *Human resources and personnel management* services to the Office of Exposition Park Management, which includes the Department of Public Safety, DPS (38PYs), and the California African American Museum (18.3) PYs and Temporary Hires (25). These services include but are not limited to: salary and benefit transactions, recruitment and hiring, equal employment opportunity consultation services and guidance, workers compensation and return-to-work. There are eight collective bargaining units between the Science Center, OEPM and CAAM (1, 4, 7, 12, 13, 14, 15, 15)
and 21).

- **Health and safety**, including administration of the Injury Illness Prevention Program, maintaining compliance with Cal OSHA requirements and emergency response preparedness, and response and recovery planning.

- **Budget and fiscal services**, including serving as the primary contract and liaison with the Department of Finance on budget development exercises and preparation of schedules, response to Budget Letters and Control Sections, and allocation of budget.

Note: The Science Center’s Administrative Unit provides OEPM with accounting services. (CAAM has a separate unit and procurement authority). Accounting services include management of the Science Center and OEPM’s FI$Cal and SCO transactions and reimbursements. While the OEPM is included within the Science Center’s purchase authority, the Science Center does not manage the OEPM budget nor has approval or oversight over purchases. The Science Center HR does not manage the Official Personnel Files for DPS. Employee OPF’s are maintained separately by DPS Command Management.

Strategic Planning Values

The Science Center’s cultural values and principles guide how we work with our guests, volunteers and ourselves. These values and principles guide our leadership in making principle-centered decisions that are aligned with the vision and mission statements of the institution and will serve as a model for our organization.

- Create open and honest dialogue
- Strive for quality and continuous improvement
- Accept responsibility
- Act with integrity
- Create interpersonal trust
- Practice fairness
- Promote teamwork
- Encourage diversity
- Make quality service to our guests a top priority

**ONGOING MONITORING**

As the head of California Science Center, Jeff Rudolph, CEO, 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 California Science Center internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Cheryl Tateishi, Deputy Director, Admin, and Claudia Romero, AGPA.

**Monitoring Activities**

The monitoring of internal controls is the responsibility of all members of the executive team – each deputy director is responsible for the overall establishment and maintenance of the monitoring systems. California Science Center’s strategic values and principles guides our leadership in making principled-centered decisions. This includes striving for quality and continuous improvement.
Monitoring activities and soliciting feedback occurs at several levels within the organization. Each Department within the California Science Center conducts Departmental meetings. Managers meet monthly to discuss any potential vulnerabilities. The Executive team meets on a weekly basis. In addition, the President and CEO conducts one-on-one meetings with direct reports. Certain departments also rely on monitoring and feedback via external solicitations to monitor outward facing services including programmatic evaluations, surveys, mystery shopper services, and guest comments.

**Addressing Vulnerabilities**

Addressing vulnerabilities like monitoring activities, is the responsibility of all members of the executive team and all department managers. Addressing vulnerabilities is a continuous process and memorialized through one of the Science Center’s strategic values – strive for continuous improvement. Because the California Science Center is a department and headquarters, management is oftentimes able to quickly address vulnerabilities as they arise and make the necessary adjustments, and/or mitigate future occurrence. For vulnerabilities that are larger in scope or require a longer and more extensive intervention, the Department typically establishes an internal committee to shepherd the issue. As an example, the Department instituted required procurement and conflict of interest training for all P card users and P card approvers. Training is now required every 2 years to ensure that buyers and approvers are aware of procurement rules and processes, stays on top of any rule changes and mitigate risk of any purchase violation/vulnerability. Training documents are maintained on a public drive so staff can easily access resource. A longer term and more complex vulnerability might involve the establishment of a working committee. As an example, meeting Executive Order recycling goals and reducing landfill waste. In order to address this ongoing environmental stewardship issues the Department established an Environmental Stewardship and Sustainability Team, also referred to as the Green Team. Membership is comprised from several departments – trades, facilities, guest services, administration, education, living collections, etc.) and from all levels of the organization (rank and file, mid-management, executive management). Members meet monthly to address and monitor recycling, and environmental stewardship issues in a holistic manner.

**Communication**

One of the strategic objectives of the Science Center is to build outstanding communications with staff, volunteers, guests, and the public at large. Communications is received and disseminated vertically and horizontally throughout the organization. Communication is also provided in print and followed up verbally. Finally, informational updates, corrections and/or clarifications to policies, procedures, and processes are posted on the “P” Public drive for accessibility. (The exception is secured or confidential information). Annual employee performance evaluations also solicit feedback on the employee/supervisor written and verbal communication. This information is also carried over to employee duty statements.

**Ongoing Monitoring Compliance**

The California Science Center has implemented and documented 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 California Science Center systems of controls and monitoring.
RISK ASSESSMENT PROCESS

The following personnel were involved in the California Science Center risk assessment process: Executive Management, Middle Management, Front Line Management, and Staff.

Risk Identification
Risk identification occurs throughout the year. For the 2017 report, State Administration staff collected multiple forms of communications to identify potential risk areas for the SLAA internal review. Ultimately, two areas were identified as emerging risks due to changing factors involving departments.

1. Recruitment and Hiring of 119 Day (Temporary Employees)

Throughout the year, the Department received several communications from hiring departments regarding the 119-day hiring process, hiring delays, pay scales, employment prerequisites, etc.; the HR office also received several communications from prospective 119-day applicants regarding the hiring process and prerequisites; HR office received inquiries from 119-day employees and the Employment Development Department on unemployment benefit requests. (119-day employees are not eligible for unemployment assistance).

2. Procurement Using the “P” Card

Throughout the year, the Department received several communications from vendors, buyers, and the State Controller’s Office regarding the use and processing of “P” cards. Due to the complex nature of Fiscal and the State’s payment process delays, more and more businesses prefer the use of using the state “P” cards (procurement credit card) as a preferred method for purchasing.

Following the Department’s risk identification, staff discussed and confirmed the scope for internal review. As appropriate, interviews were conducted with the Senior Personnel Specialist, Accounting Officer and Procurement trainer. An internal audit was conducted to review source documents and files. There were also separate meetings with other Accounting and Human Resource staff to discuss appropriate actions to ensure managerial oversight related to procurement and human resources.

The review of the Science Center’s internal risk factors and evaluation of risks and controls was conducted under the supervision of the department’s Deputy Director for Administration with the Associate Government Program Analyst who reports to the Deputy Director. Other individuals key to the internal review process included the Fiscal Officer and the Human Resource Director.

Risk Ranking
The identification of potential SLAA subject areas or risks are gathered throughout the year. The selection of risk areas for SLAA reporting is based on the following criteria: 1) is it a risk that occurs with frequency; 2) is it a risk that we have internal control over and data to review; 3) is it a risk that requires internal and systematic evaluation to determine change/improvement; 4) is it a risk that will impact (negative and/or positive) multiple departments; 5) is it a risk that if left unaddressed may lead to safety and security problems, unnecessary legal exposure/costly penalties or fines; or misuse of state resources and/or loss of delegated authorities

For the 2015-2017 SLAA, the Science Center identified two process areas for the evaluation of internal risks and controls:

1. Recruitment and Hiring of 119 Day (Temporary Employees)
The Science Center’s Human Resources office also provides various human resources and personnel services to the Office of Exposition Park Management (OEPM) and the California African American Museum (CAAM). All three entities have hired temporary employees from time-to-time to address intermittent administrative and operational needs. More recently, there has been a steady increase use of 119-day hires for the Museum Aids and Museum Guide. Both classifications serve as museum docents for temporary and special exhibits. The purpose of exploring internal controls related to the recruitment and hiring of 119-day temporary employees is to ensure appropriate internal controls and avoid/mitigate risks.

2. Procurement using the P-Card

The Science Center is open to the public 362 days a year. Approximately 79% of the Science Center’s employees are from Plant Operations and Exhibit Services. There are multiple shifts and work schedules to ensure operational and exhibit coverage for a seven day-a-week work operation. Because the weekends and holidays attract high-attendance, it is important that staff have access to a P-card in the event that an urgent or emergency purchase needs to occur. The Science Center has also experienced more contractors preferring P-card procurement instead of a purchase order as payment is received faster, which is especially desirable for small businesses. The purpose of exploring the processes for P-Card purchases is to ensure there are appropriate internal controls and to avoid/mitigate risks.

RISKS AND CONTROLS

Risk: Operations - External - Litigation

While the Science Center’s HR office has not had to respond to any allegations of illegal hiring and/or nepotism, HR believes centralizing and following existing hiring and outreach process is a best practice that should be employed. This will ensure that all candidates receive standardize and accurate information related to the terms of their employment, benefit, and work expectations. In addition, conducting a broader outreach, advertising, and posting positions will also create a robust pool of candidates.

This will ensure that all candidates receive standardize and accurate information related to the terms of their employment, benefit, and work expectations. In addition, conducting a broader outreach, advertising, and posting positions will also create a robust pool of candidates.

The result of centralizing 119-hiring to the HR department will be creating increased transparency and following best hiring practices. In addition, the HR department will have better internal controls and be able to document outreach efforts and add them into the recruitment file. Centralizing 119-day recruitment, hiring and employee exiting processes to HR will mitigate the risk of operational disruptions, loss of credibility/reputation, and unnecessary external litigation/legal exposure which may result from claims involving: allegations of illegal appointment, EEO compliance, unpaid wages, wrongful termination, etc. All 119-day and/or intermittent staff are brought in on a temporary basis to assist management on special projects, exhibitions, etc. Managers and supervisors may not always be familiar with HR/personnel management laws and due processes. Non-compliance or an unintentional breach may result in unnecessary fines for back pay, untimely wages, loss of appointment authority, etc.. The Science Center, California African American Museum and the Office of Exposition Park Management are all headquartered in Los Angeles. Having the delegated authority for HR to recruit and hire is critical to our respective missions. Ensuring that 119-day hiring is inclusive and follows best practice and local state and federal hiring laws is critical to maintaining this delegated authority.
**Control A**

All initial recruitment and outreach was initiated through the HR office to ensure there is a tracking process and supporting documentation that the Department is following best hiring practices including best EEO practices. This will help mitigate any allegation or perception of illegal hiring.

**Risk: Operations - Internal Staff—Training, Knowledge, Competence**

119-Day intermittent hires may not fully understand the benefits they are afforded to as a 119-day employee.

HR office received inquiries from 119-day employees and the Employment Development Department on unemployment benefit requests. (119-day employees are not eligible for unemployment assistance).

As such, when employees have exhausted all of their 119-days, they might file a claim for unemployment, even though they are not eligible to receive assistance.

**Control A**

All communication regarding the employment, selection and hiring process will include information about the temporary nature of 119-day employment. During the onboarding process, benefits will be clearly discussed and there will be a separate onboarding packet for 119-day employees. This will clarify the terms of 119-day employment and job expectations; and mitigate confusion and misunderstandings.

**Risk: Operations - Internal Staff—Training, Knowledge, Competence**

The Science Center recently completed its first year of transition to the Fi$Cal System. If the P-card users do not follow the new process the reconciliation of P-card payment to US Bank may be delayed. If payment is delayed the Science Center is at risk of having the P-cards temporarily suspended. If the P-cards are temporarily suspended the Science Center will not be able to use a P-card in case of emergencies.

P-card’s are also included in Fi$Cal, however most P-card holders are not familiar with the new P-Card system on Fi$Cal.

P-Card requests are submitted electronically using the Fi$Cal system;

- Supervisors only review and approve P-Card purchases at the time of the purchase request;
- P-Card reconciliation is completed by the P-Card holder upon receipt of their statement via email and submitted directly to Accounting for review and approval;
- Reconciliation is no longer reviewed and approved by the supervisor and program directly.

**Control A**

A new mandatory training session began on November 27, 2017 for all P-Card users. The training includes updates that include Fi$Cal procedures, training will be done annually, so as not to miss any new users. New card holders are also required to sign the P-Card acknowledgement form and are provided with the P-Card manual.

As a form of internal control, the P-Card procedures requires all buyers to go through the procurement process and generate a purchase order. The reconciliation process reviewed and approved by accounting manager.

All P Card information and training materials are available on the “P” Drive for accessibility.
CONCLUSION

The California Science Center 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.

Jeff Rudolph, CEO

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