Office of Environmental Health Hazard Assessment
2015 SLAA REPORT
December 31, 2015

Matthew Rodriquez, Secretary
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

Dear Mr. Rodriquez,

In accordance with the State Leadership Accountability Act (SLAA), the Office of Environmental Health Hazard Assessment submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions, please contact Susan Villa, Deputy Director, Administration, at (916) 327-8044, Susan.Villa@oehha.ca.gov.

BACKGROUND

OEHHA’s principal mission is to protect and enhance public health and the environment by objective scientific evaluation of the risks posed by hazardous substances. OEHHA performs risk assessments for various programs under the California Environmental Protection Agency (CalEPA), as well as other state and local agencies. OEHHA provides these agencies and programs with the scientific tools and information upon which to base risk management decisions. Distinct programs within OEHHA focus on assessing health risks from exposure to chemicals in air, drinking water, food (including fish and shellfish), consumer products and hazardous waste. OEHHA also evaluates pollution burdens and vulnerabilities in California communities.

RISK ASSESSMENT PROCESS

The Executive Office is responsible for overall management of OEHHA. To initiate the review, the Executive Office met and discussed the priorities and mandates of OEHHA, as well as areas of concern and previous audit findings. In addition, the control environment questions were used to help guide the discussion to identify areas of risk. The following officers were included in the discussions:

- Director
- Chief Deputy Director
- Deputy Director of Scientific Affairs
- Deputy Director of Administrative Services
- Deputy Director of Legislative and External Affairs
- Chief Legal Counsel

The most significant issues/risks identified currently impacting OEHHA or anticipated to impact OEHHA in the near future are:

- Succession Planning and Recruitment
- Increasing Legal Exposures
- Scientific Challenges: Understanding emerging science and ensuring the use of best scientific information to assess public health

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Staff—Key Person Dependence, Succession Planning

Succession Planning and Recruitment: OEHHA has 88 scientist positions. Within the scientist positions,
approximately 37 individuals are eligible to retire and 5 are likely to retire within the next twelve months (December 2016); this represents a 6 percent turnover in OEHHA’s scientific positions. This expertise and experience is extremely difficult to replace. In addition, another 5 individuals are likely to retire by the end of 2017 and another 5 by 2018. This represents an additional 12 percent turnover in OEHHA’s scientific staff. In 2014 and 2015 9 scientists retired, representing a 7 percent turnover in scientific positions.

OEHHA continues to make diligent efforts to recruit and identify candidates that will be successful and provide the expertise essential for OEHHA to maintain high scientific standards. OEHHA was successful in filling 5 scientist vacancies and is still recruiting to fill 5 vacancies from 2014 and 2015; however the recruitment timelines are lengthy and sometimes require more than one recruitment effort.

If OEHHA fails to address succession planning and recruitment issues, a sufficient candidate pool of highly qualified and desirable scientists will not exist to meet OEHHA’s needs. Currently, it takes OEHHA about 6-18 months to recruit and fill a vacant scientific position. The field of toxicology continues to evolve, and OEHHA must find candidates with highly specialized skills and experience needed to address specific health issues of concern. It takes diligent effort to recruit candidates with these specialty qualifications.

Limited candidate pools further compound filling vacancies expeditiously in other ways. For example, limitations on early exam entrance hamper hiring recent graduates. Suitable toxicologist and epidemiology candidate pools are limited in California universities since graduate students in these fields are on the decline. OEHHA is competing against other government and private-sector employers for these candidates. Therefore, it is necessary for OEHHA to continue to make a concerted effort to compile a robust list of highly qualified candidates to fill scientist vacancies.

Control(s):
OEHHA’s Human Resources staff will pursue a Personnel Board item to have the examination specifications for the Associate Toxicologist changed to allow early entrance into the exam. This will allow OEHHA and other State entities the opportunity to recruit graduates exploring their employment options in anticipation of graduation. Current exam rules do not allow early entrance, often discouraging new and highly suitable candidates from considering employment with the State. This gives competing employers a critical advantage in recruiting and hiring graduates.

OEHHA will continue the shop talk series, cross-training and job shadowing opportunities. In the last three years, OEHHA was successful in providing job shadowing for existing or new employees with employees who were planning to retire.

OEHHA will continue keeping the toxicologist and other exam lists current to assist in the immediate hiring of potential candidates.

OEHHA will continue outreach and recruitment efforts with local universities, including:
- outreach and career days at UC Berkeley and UC Davis
- seminar series at UC Davis
- hiring students/interns

OEHHA will expand outreach and recruitment to outside California through both scientific meetings and direct outreach to universities. Identify OEHHA staff that can make presentations and appeal to key universities outside California that produce highly qualified scientists in the field(s) of study most desirable for OEHHA work.

OEHHA will recruit early and hire in the blanket when a known retirement is imminent.

Compliance- External- Complexity or Dynamic Nature of Laws or Regulations
Increasing Legal Exposure: In recent years OEHHA has been sued for listing as well as not listing
chemicals under the Proposition 65 program, along with related actions such as establishing safe harbor levels for certain chemicals. This trend is accelerating for several reasons. Virtually all chemicals universally viewed as causing cancer or reproductive harm (such as asbestos and lead) was added to the Proposition 65 list years ago. Scientific research is increasingly focused on chemicals in foods and consumer products, with industry and advocacy groups often taking widely opposing positions on the chemicals’ toxicity. As OEHHA’s Proposition 65 activities generally must follow the direction of scientific research, OEHHA increasingly makes decisions on heavily used chemicals of both economic and public-health importance, and the likelihood of legal challenges to these decisions is high. Certain high-profile chemical listings have occurred and others will likely occur in the coming months, raising the likelihood of further lawsuits in the immediate future.

Although historically, the litigation caseload has been low (1-2 active cases) OEHHA has eight active lawsuits pending at this time, including three filed by Syngenta Crop Protection, three filed by the American Chemistry Council, one filed by a private enforcer of Proposition 65 and one that challenges the adoption of a Public Health Goal for perchlorate in drinking water.

Additionally, OEHHA is developing a number of regulations that are planned for public release in late 2015 and early 2016. A significant amount of legal staff time is needed to develop, draft and complete the administrative process that is required for adopting each of the regulations. Given that these regulatory actions are very controversial, legal challenges are possible that would also require significant legal resources to defend.

**Control:**

When new lawsuits adversely affect meeting workload timelines and responsiveness hire staff in the blanket to address increased workload. When a known staffing change is forthcoming, begin the recruitment process to backfill immediately, and if possible have overlap with the existing staff. This provides some cross training and knowledge transfer before the position becomes vacant.

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

Scientific Challenges: Understanding emerging science and ensuring the use of best scientific information to assess public health.

The scientific foundation for OEHHA’s evaluations is rapidly expanding as a result of several major scientific developments:

- Rapidly evolving technology for measuring both chemical exposures, adverse responses in biological systems, and health effects.
- Significant advances in complicated statistical methods and related computer programs.
- Significant advances in the understanding of the human genome, including genetic influences on susceptibility to chemical exposures and its relationship to disease.
- Significant and rapid advances in understanding the ways chemical exposure modifies the regulation of gene expression and cellular and organ function.
- Enhanced ability to measure both very large and very small molecules.
- A revolution in molecular toxicology and systems biology.
- New understanding of the causes of diseases, including how chemicals can alter the way our genes program cellular machinery.

These advances have led to the development of new toxicological tests, epidemiological study designs and ways of analyzing information. These new methods require the understanding of up-to-date and reliable scientific methods and scientific information published in toxicological, epidemiological and medical journals. The links established between environmental chemical exposures and chronic diseases, such as cancer and heart disease, and developmental disorders are well-established. New research suggests environmental chemicals may also be involved in other chronic diseases such as obesity and diabetes.

**Control(s):**
OEHHA staff can take advantage of mission-critical trainings and meetings in Northern California through carpooling.

OEHHA can bring in experts to lecture staff on specific areas, and OEHHA can organize seminars with expert speakers from academia, industry, non-governmental organizations and government.

OEHHA can work closely with University of California to better understand the new science and its implications.

Where new techniques have been established and staff can receive proficiency through on-site training, OEHHA can develop small training contracts to bring in experts to both OEHHA’s Sacramento and Oakland locations to train staff.

OEHHA can develop symposia for concentrated discussion and consensus building on key issues. OEHHA can hold these symposia in conference rooms within OEHHA office buildings.

OEHHA can develop partnerships with University of California and other sponsors (e.g., U.S. Environmental Protection Agency) to reduce symposia costs.

OEHHA can work with the federal institutions, the National Academy of Sciences, and other institutions to webcast scientific seminars and symposia so that OEHHA staff can benefit from these events without having to travel.

ONGOING MONITORING

Through our ongoing monitoring processes, the Office of Environmental Health Hazard Assessment reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Office of Environmental Health Hazard Assessment, Dr. Lauren Zeise, Acting Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Allan Hirsch, Chief Deputy Director, Dr. Lauren Zeise, Acting Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

OEHHA will evaluate progress once per quarter and incorporate progress in the corrective action plan.

Reporting and Documenting Monitoring Activities

The Executive Team meets weekly to brief members on OEHHA activities, business, issues and concerns. Assignments are made to follow up on identified areas of concern. The Branch Chiefs of the organization meet bi-monthly and on opposite months a meeting is held for all managers and supervisors. These forums are used to provide information or training regarding updates to policy, procedures, or changes in business practice.

An agenda is developed for the Branch Chief and All Managers and Supervisors meeting. Each individual keeps their own notes. Handouts are distributed to the group for training items or other information sharing.

These meetings are also, when the Executive Team will discuss progress on identified risks and incorporate updates into the next submittal of the corrective action plan.

Procedure for Addressing Identified Internal Control Deficiencies
No internal control deficiencies have been identified. In the event an internal control deficiency is identified, OEHHA will take appropriate action as soon as possible to make adjustments in business practices to address the concern. OEHHA will:
1) Identify the problem
2) Develop a plan for addressing the problem
3) Implement the plan, including training staff as needed on the new business process
4) Followup/check to insure the adjustment was successful
5) Adjust practice if further refinements are needed in the business process

CONCLUSION

The Office of Environmental Health Hazard Assessment strives to reduce the risks inherent in our work through ongoing monitoring. The Office of Environmental Health Hazard Assessment 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.

Dr. Lauren Zeise, Acting Director

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations