December 29, 2017

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

Dear Mr. Matthew 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 internal control and monitoring systems for the biennial period ending December 31, 2017.

Should you have any questions please contact Susan Villa, Deputy Director, Administrative Services Division, 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) and consumer products. OEHHA also evaluates pollution burdens and vulnerabilities in California communities and tracks impacts of climate change in California.

ONGOING MONITORING

As the head of Office of Environmental Health Hazard Assessment, Dr. Lauren Zeise, Director, 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 Office of Environmental Health Hazard Assessment internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Susan Villa, Deputy Director, Administrative Services Division.

Monitoring Activities

The Executive Office is responsible for overall management of OEHHA. The Administrative Services Division uses a system of checks and balances to address internal control within the procurement, contracting, budgets, and accounting functions via the roles assigned to staff within Fi$cal. As OEHHA is a small department some staff have multiple roles and at times those additional roles can appear...
to affect adequate separation of duties. In instances where staff are assigned multiple roles OEHHA documents why staff must have a particular role. In most instances the role is assigned only for back-up purposes. In addition, the Information Technology and Human Resources functions operate similarly, only providing access to staff with a specific need and are set-up to maintain separation of duties as much as possible. As an organization OEHHA’s internal controls and monitoring happen regularly. The Executive Office meets weekly to address assignments, priorities, timelines, and mandates and strategizes ways to address areas of concern. In addition, monthly meetings are held with OEHHA mid-level managers to share information, raise issues and address concerns. In addition, Branches and Sections within OEHHA meet regularly to disseminate information and hear issues from staff. Annual meetings are held with all OEHHA staff to share vision, direction and to highlight progress.

**Addressing Vulnerabilities**

1) A vulnerability is identified through various means; discussion, workshops, staff, leadership, or external entities to name a few. 2) Usually a team or workgroup is established to strategize an approach to resolving the vulnerability. 3) A plan is developed, reviewed and approved with management, and implemented. 4) Evaluations and debriefs regarding success/resolution are made. As needed adjustments are made to the process. If a workgroup is not needed and the vulnerability can be addressed with a simple change in process or access to a specific system (Fi$cal, ECOS, CalEnviroScreen, Fish Maps...), then a request for a change is documented and the change is made.

**Communication**

Communication happens by telephone, video conferencing, in-person and via e-mail. Regular communication occurs via the following: 1) Weekly Executive Staff meetings; 2) Monthly extended management team meetings; 3) Weekly/Monthly Branch and Section meetings; 4) One or two annual all staff meetings; 5) e-mails to the extended management are used to share and communicate important information or requests focused on managers and supervisors; and 6) All staff e-mails are used to communicate important information to all staff.

**Ongoing Monitoring Compliance**

The Office of Environmental Health Hazard Assessment 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 Office of Environmental Health Hazard Assessment systems of controls and monitoring.

**Risk Assessment Process**

The following personnel were involved in the Office of Environmental Health Hazard Assessment risk assessment process: Executive Management.

**Risk Identification**

Specifically, for the 2017 report, the Executive staff met to discuss areas of concern and used the “Control Environment Questions” to assist in the process. Of the areas of risk identified, three rose to the level of concern to be included in this report.
Risk Ranking
We used the Control Environment Questions to talk through the potential risks and asked questions regarding likely hood of the risk occurring. We narrowed our focus to three areas of risk and as a group ranked the risks.

- Salaries
- Succession Planning and Recruitment
- Well-documented business process

Risks and Controls

Risk: Operations - External Staff — Recruitment, Retention, Staffing Levels
Inability to fill management and supervisory positions.

Non-competitive salaries.

OEHHA currently has five management/supervisor vacancies due to non-competitive salaries. Recruitment efforts have failed.

Control A
Discuss options with control agencies to address the salary concerns, develop a plan, submit the plan for approval and implement.

OEHHA has had discussions with control agencies and is in the process of having a plan reviewed and approved.

Control B
Focused recruitment.

OEHHA requires highly trained staff with specialized expertise and due to salaries have had difficulties recruiting highly trained scientists. OEHHA has established a workgroup to develop and implement recruitment strategies to address this need.

Risk: Operations - Internal Staff — Key Person Dependence, Workforce Planning
Loss of key staff could delay work products, result in poor quality work products and missed deadlines.

Many staff at OEHHA are eligible to retire and some of those staff are in "key person dependent" positions. OEHHA has 88 scientist positions. Of the 88, 33 scientists are eligible to retire. Five are likely to retire within the next twelve months (December 2018); this represents about a five percent turnover rate in OEHHA’s scientific positions, with an additional three percent turnover likely the following year. The scientific expertise and experience is extremely difficult to replace.

In addition, OEHHA’s Executive team is of retirement age.

Key person dependencies exist within areas of scientific expertise and in the area of writing and editing for lay audiences. Work products produced will not be as user friendly to a non-scientific audience.
Control A
OEHHA will continue cross-training, job shadowing, and mentoring in those areas anticipating a loss of staff due to retirement and OEHHA will focus recruitment efforts to address "key staff dependency" areas, i.e. strong writing skills, applied mathematics, and modeling.

Control B
Develop training opportunities to further develop existing OEHHA staff, especially in the areas where key dependencies exist.

Risk: Operations - Internal Staff—Key Person Dependence, Workforce Planning
OEHHA has a significant number of staff eligible to retire. If a key staff person left or retired and their day to day business practices for accomplishing their job is not well-documented, then historical knowledge of business process and practices will be lost.

OEHHA’s workforce is accomplished and efficient at getting the work done. However, a recent audit identified the lack of documentation regarding business practice. OEHHA’s long standing workforce knows what to do to meet the needs of the organization and is doing the work, meeting deadlines, and following spoken internal process. However, internal process is not written down, leaving gaps and making it difficult to on-board new employees.

As retirements continue at OEHHA, creating turnover, OEHHA stands to experience loss of productivity, loss of historical knowledge and of known business practices and processes because it is not in written form, in some instances starting from scratch to redevelop and document the business practice/process. Lack of written practices and processes becomes especially concerning when new staff come on-board to backfill the vacancy.

Control A
Have each staff document their daily, weekly, monthly, quarterly, annual, and bi-annual practices, procedures and processes. As staff write down these practices, procedures and processes the documentation will include as appropriate the pathway where the information is stored.

In addition, OEHHA will undergo a migration to a new document retrieval system and establish standards for where OEHHA electronic files are saved and shared.

Conclusion
The Office of Environmental Health Hazard Assessment 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.
Dr. Lauren Zeise, 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