

December 29, 2017

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

Dear Mr. Matthew Rodriguez,

In accordance with the State Leadership Accountability Act (SLAA), 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, 2017.

Should you have any questions please contact John Russell, Deputy Director, at (916) 341-5353, [John.Russell@waterboards.ca.gov](mailto:John.Russell@waterboards.ca.gov).

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## BACKGROUND

The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards) have broad responsibilities for ensuring the protection of California's surface and ground water quality, and for balancing competing demands on our water resources. Each Regional Water Board has part-time members who represent water supply, irrigated agriculture, industry, and municipal and county government for that region. The State Water Board has five full-time members who, like Regional Board members, fill specialty positions. State and Regional Board members are appointed to four-year terms by the Governor and are confirmed by the Senate.

In recognition that California's water pollution problems are influenced by environmental and social factors that vary regionally, the nine Regional Water Boards are based on watersheds, or hydrologic areas. The Regional Water Boards serve as the frontline for State and federal water pollution control efforts. Each Regional Water Board conducts activities and makes water quality decisions for the protection of the waters within its region. These activities include developing water quality control plans (basin plans) for their watersheds that establish water quality standards and strategies, issuing waste discharge requirements (permits) based on the basin plans and State Water Board plans and policies, monitoring water quality, determining compliance with requirements, and taking enforcement actions.

The Regional Water Boards and the State Water Board work to ensure the protection of water quality in areas such as stormwater, wastewater treatment, water quality monitoring, wetlands protection, ocean protection, environmental education, environmental justice, contaminated sites cleanup, low-impact development, and enforcement. Where water quality issues cross Regional Water Board boundaries or have significant statewide application, the State Water Board may develop water quality control plans and policies, including standards, and general permits. The State Water Board also approves regional basin plans, reviews petitions of Regional Water Board actions, administers financial assistance programs (such as for water pollution control or cleanup), addresses enforcement, and provides administrative and other functions that support the Water Boards.

The State Water Board is also responsible for allocating water rights and adjudicating water right disputes. This joint authority of water allocation and water quality protection enables the Water Boards to comprehensively address protection of California's waters.

The State 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, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations.

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## **ONGOING MONITORING**

As the head of State Water Resources Control Board, Eileen Sobek, Executive 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 State Water Resources Control Board internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: John Russell, Deputy Director.

### **MONITORING ACTIVITIES**

Monitoring activities will be discussed and reported every other month, or more frequently if required, at the Management Coordinating Committee (MCC) and Deputy Management Committee (DMC) meetings. In addition, major funds, such as the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, are audited annually and the results are documented and reported to the Executive Director and applicable management. The State Water Board also has a robust performance reporting structure in place for most of its organizations and programs. As part of the development of the State Water Board's annual Performance Report, most organizations evaluate and report on their performance measure achievements towards accomplishing the State Water Board's mission. This performance tracking structure is continually being improved and expanded to incorporate new and existing activities.

### **ADDRESSING VULNERABILITIES**

Identified deficiencies will be tracked and reported to the appropriate executive and program management, including the Executive Director, to be rectified as soon as possible. In addition, identified deficiencies will be reported and discussed at MCC and DMC meetings. Audit findings will be addressed as appropriate and reported to the Executive Director.

### **COMMUNICATION**

The State Water Board holds regular meetings for all levels of management:

- MCC - Attendees include all Executive Officers and Deputy Directors from the State and Regional Boards. The MCC meets every other month for information sharing, policy making, and discussions about fiscal matters.
  - DMC - Attendees include all Assistant Executive Officers and Assistant Deputy Directors from the State and Regional 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 Boards. AO meetings are held monthly to discuss administrative changes, policies and procedures, and fiscal matters.
  - Division and Program Management Meetings - Each Division and at the State and Regional 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.
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## **ONGOING MONITORING COMPLIANCE**

The State Water Resources Control Board 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 State Water Resources Control Board systems of controls and monitoring.

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## **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.

### **RISK IDENTIFICATION**

The risk assessment was performed by Division of Administrative Services (DAS) staff and followed guidelines from the California Government Code and guidance from the Department of Finance's Office of State Audits and Evaluations.

To ensure that all functions of the State Water Board were addressed and evaluated during the review of internal controls, DAS management explained the SLAA evaluation process at a meeting of the executive management team, which includes the Deputy Directors of each division and executive officers of each Regional Board. Each division and Regional Board's management was reminded of the importance of their role in evaluating and ensuring effective internal controls are in place to minimize risk.

DAS staff utilized the following tools when meeting with the executive management team to obtain feedback on each division and Regional Board's risks and controls:

Control Self-Assessment Questionnaire – Evaluation of internal controls.

Control Environment Questions – Additional resource questions.

Risk Assessment Matrix – Required to be completed with the information about the division's risks.

Each division and Regional Board was asked to review the Control Self-Assessment Questionnaire and Control Environment Questions with their management team and then complete and return the Risk Assessment Matrix to DAS management.

### **RISK RANKING**

After reviewing each division and Regional Board's responses, DAS management selected the risks that were of high priority to the State Water Board and addressed issues affecting the quality of the waters of the state. Those risks were subsequently reviewed and finalized by the Executive Officer and included in this report.

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## **RISKS AND CONTROLS**

### **RISK: OPERATIONS -EXTERNAL-BUSINESS INTERRUPTION, SAFETY CONCERNS**

The State and Regional Water Boards have identified a need for improved internal coordination, tools, and resources to successfully respond to natural and man-made disasters. The Water Boards need updated tools and resources, as well as a consistent statewide approach, to successfully respond to natural disasters. The Water Boards risk delayed responses to natural and man-made disasters without adequate planning to prepare for emergency events. In addition, the Water Boards risk health and safety issues if staff

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are not properly prepared for emergency events. The Regional Boards and some of the State Board Divisions currently have various tools and resources in place for responding to natural disasters; however, internal coordination and early planning would allow for a more consistent response statewide. Without a consistent approach, the Water Boards may not have the tools and resources needed to respond safely and effectively to a natural disaster.

#### **CONTROL A**

In 2018, the Water Boards will be focusing on wildfire response. During the first half of 2018, staff will be developing short-term actions to address the immediate response to wildfire events. These actions include: 1) identifying key Water Board emergency response staff; 2) identifying and developing new/expand existing technical resources to support the staff's immediate emergency response (planning and response checklists, phone hotline resources, emergency response training, etc.); and 3) create an intranet site to house these resources.

#### **CONTROL B**

After implementation of the Control A actions, staff will be developing and implementing the following long-term actions: 1) develop statewide permits/streamline existing permits to support emergency recovery; 2) develop best management practices (BMPs) to assist with monitoring and rebuilding; 3) identify emergency and long-term recovery financial assistance to assist with relief to damaged water and wastewater systems; 4) develop a statewide wildfire response plan and continue coordination efforts with state and local agencies; and 5) address administrative issues to improve the emergency response efforts.

#### **RISK: OPERATIONS -INTERNAL-STAFF—KEY PERSON DEPENDENCE, WORKFORCE PLANNING**

With delegated authority from the State Legislature, the State and Regional 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 in key roles, or having undeveloped leaders not fully ready 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 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 a 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 role.
- 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.

#### **CONTROL A**

The State Water Board is in the final stages of executing a contract with a consulting service to develop a readiness survey and report to evaluate and determine the next steps needed.

### **CONTROL B**

The State Water Board will develop a succession and workforce planning guide based on the results of the rediness survey and report.

### **RISK: OPERATIONS -EXTERNAL-NEW SYSTEM IMPLEMENTATION (OTHER THAN FI\$CAL)**

With the adoption of a new statewide general order to regulate cannabis cultivation, the State Water Board developed the Cannabis Registration Survey Portal (Survey Portal) to collect data from public users applying for Small Irrigation Use Registrations for Cannabis Cultivation. Data collected from the Survey Portal will need to be verified and pushed into the Electronic Water Rights Information Management System (eWRIMS) database in order for the new registrations to be housed in the same location as all other water rights data for billing and reporting purposes. Efforts to integrate the Survey Portal data into eWRIMS will result in a possible impact to data quality during the data transfer process, a possible inability to conduct annual billing or possibly inaccurate billing, and an inability to ensure compliance with annual reporting requirements.

### **CONTROL A**

The Water Boards' Division of Information Technology is developing a plan to move Survey Portal data into eWRIMS. Protocols will be developed to ensure data quality by transferring data electronically to prevent against manual data input errors.

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## **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 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.

**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