

# Department of Public Health

## 2015 SLAA REPORT

---

December 30, 2015

Diana Dooley, Secretary  
California Health and Human Services Agency  
1600 9th Street #460  
Sacramento, CA 95814

Dear Ms. Dooley,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Public Health 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 Brandon Nunes, Chief Deputy Director of Operations, at (916) 558-1700, Brandon.Nunes@cdph.ca.gov.

### **BACKGROUND**

The California Department of Public Health (CDPH or Department) is a subdivision of the California Health and Human Services Agency. CDPH was established on July 1, 2007 through enactment of Senate Bill 162 (Ortiz, Chapter 241, Statutes of 2006), which vested CDPH with responsibility for public health programs.

The 2015-16 Budget Act includes \$3.11 billion to support CDPH activities and services that reinforce the Department's mission to optimize the health and well-being of the people in California. This is done primarily through population based programs, strategies, and initiatives.

The CDPH's goals are to achieve health equities and eliminate health disparities; eliminate preventable disease; promote social and physical environments; emergency preparedness; improve the quality of workforce and workplace; and promote and maintain an efficient and effective organization.

CDPH is comprised of six Public Health Centers and one Office that deliver program services, as well as two Divisions and seven Offices that provide operational support. CDPH's strategic map for the years 2014-2017 describes strategic priorities including: strengthening CDPH as an organization, communicating and promoting the value of public health, and strengthening prevention and control of disease and injury.

### **RISK ASSESSMENT PROCESS**

CDPH's Office of Compliance-Internal Audits (Internal Audits) facilitated the Department's risk assessment. Internal Audits identified management risks through surveys and interviews of Centers, Offices, and Division Chiefs and above.

The risks and the likelihood for impact was shared with the Director, Assistant Director, Chief Deputy Director of Operations, and Chief Deputy Director of Policy and Programs (Directorate).

Based on their review, the Directorate identified the following areas of significant risk:

- A. Succession Planning, Recruitment, Retention, and Developing Staff
- B. Data Information Security
- C. Outdated Technology
- D. FI\$Cal Conversion
- E. Funding Limitations

- F. Compliance
- G. Aging Equipment

## **EVALUATION OF RISKS AND CONTROLS**

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

1. CDPH is at risk of losing institutional knowledge due to the high number of staff who are eligible for retirement within the next few years. This risk could result in reducing CDPH's ability to perform its core responsibilities efficiently and effectively, and to respond timely to necessary and key public health services.

CDPH has approximately 3,700 employees and provides services in over 60 locations. As of December 2015, approximately 44% of CDPH's permanent management and supervisory employees, and 33% of its permanent non-supervisory employees are eligible to retire. In November 2013, CDPH memorialized its Workforce Development and Succession Plan (WDSP).

#### **Mitigating Controls (#1)**

- CDPH's 2013 WDSP, extended to December 31, 2015, provides for the establishment of a centralized internship, mentoring, and leadership programs in its efforts to share institutional knowledge, recruit, engage, train, and retain employees.
- CDPH has updated the WDSP and the draft is currently under review. The Department is currently looking at available opportunities to create a position to implement and update the plan on an ongoing basis.

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

2. New staff at CDPH may not have sufficient knowledge and competence to perform at the same level of their retiring predecessors. New employee orientation, soft skills training, and leadership programs provide the general skills needed. However, the gap in experience and Department knowledge will affect CDPH's ability to complete core business functions and to provide much needed public health services in a timely manner.

CDPH employs approximately 3,700 employees in 265 civil service classifications. CDPH's workforce includes many highly skilled professionals, including physicians, nurses, scientists, and technical staff working on complex workloads. Many of these civil service classifications are unique and add a layer of complexity to a centralized onboarding training program.

#### **Mitigating Control (#2)**

CDPH will continue to update the implementation of the Department's on-boarding program in its WDSP and is currently looking at available opportunities to create a position to implement and update the plan on an ongoing basis.

### **Operations- External- Staff—Recruitment, Retention, Staffing Levels**

3. CDPH continues to experience external barriers that reduce its ability to recruit, hire, and retain qualified staff. These barriers impact CDPH's ability to carry out its mission.

CDPH's workforce includes many highly skilled professionals, including physicians, nurses, scientists, and technical staff. These skilled professionals often garner higher pay and benefits in the private industry and in local governments than the state can offer. Further, the lack of availability of on-line examinations for many classifications decelerates the recruitment of employees due to the lengthy examination process. These recruitment barriers can lead to extended vacancies in key CDPH positions, which affect the Department's ability to carry out its mission to serve public health needs.

### **Mitigating Controls (#3)**

- CDPH's 2013 WDSP, extended to December 31, 2015, provides for the establishment of a centralized internship, mentoring, and leadership programs in efforts to recruit, engage, and retain employees.
- CDPH has updated the WDSP and the draft is currently under review. The Department is currently looking at available opportunities to create a position to implement and update the plan on an ongoing basis.

### **Operations- Internal- Technology—Data Security**

4. CDPH's data information security operational information is stored in various locations and in various formats. This increases the difficulty to obtain basic operational information, which diverts staff from existing workload to gather the information.

CDPH's Chief Information Security Office and Chief Privacy Officer review all policies related to information security for approval. In addition, programs that work with data subject to privacy requirements have additional policies and procedures to secure data used by CDPH employees and shared with external parties.

### **Mitigating Controls (#4)**

- CDPH will work with a third party consultant to review information security requirements.
- CDPH will hire additional Information Security Office staff to assist with ensuring compliance with information security requirements.

### **Operations- Internal- Technology—Outdated, Incompatible**

5. CDPH's continued reliance on outdated information technology applications creates compatibility issues with CDPH's current information technology infrastructure.

Although CDPH successfully updated its information technology infrastructure, CDPH continues to utilize applications that are over 20 years old. The maintenance of these outdated legacy applications is costly based on the development of workarounds, reliance on external consultants, and delays in meeting real time data needs. If these outdated applications are not replaced, it may result in the inability to operate, thereby negatively affecting operations of key public services.

CDPH continues to identify outdated applications and executes feasibility study reports on applications deemed critical.

### **Mitigating Control (#5)**

CDPH will continue to assess whether to replace or upgrade department wide applications to align with its current information technology infrastructure.

### **Operations- Internal- FI\$Cal Conversion**

California Government Code Section 15849.22 (b) (1) requires that all state departments and agencies use the FI\$Cal System. The FI\$Cal system is the State's project to implement, utilize, and maintain an integrated financial management system. According to the FI\$Cal Change Management Office (CMO), on December 14, 2015 they will engage departments scheduled for releases in fiscal year 2017-18 in January 2016. The FI\$Cal CMO could not confirm which state departments will be part of the fiscal year 2017 or 2018 implementation.

6. CDPH staff's availability to work on critical and high priority budget assignments will be reduced with the redirection of staff to implement the FI\$Cal system.

### **Mitigating Control (#6)**

CDPH will develop a FI\$Cal transition team once the FI\$Cal CMO confirms and engages with CDPH to implement the FI\$Cal system. This transition team will consist of staff that will ensure core business functions within the administration branch are minimally impacted.

### **Operations- Internal- FI\$Cal Conversion**

7. CDPH's ability to plan for the FI\$Cal conversion is limited and dependent upon information and implementation timelines determined by the State's FI\$Cal project team.

### **Mitigating Control (#7)**

CDPH is identifying potential FI\$Cal implementation challenges. CDPH will develop a FI\$Cal transition team once the FI\$Cal CMO confirms and engages with CDPH to implement the FI\$Cal system

### **Operations- External- Funding—Sources, Levels**

8. CDPH's \$3.11 billion budget for fiscal year 2015-16 is comprised of 57% federal funds, 4% general fund, and 39% special funds from over 60 different sources. The Department's heavy reliance on special fund sources and federal funds provides little flexibility to meet critical funding needs.

CDPH continues to struggle with funding availability for the replacement of key equipment, necessary staff resources, workforce succession planning initiatives, and upgrades to outdated applications that support operations. The Department's reliance on funds generated from external sources contributes to restrictions and minimal authority to redirect funds.

### **Mitigating Control (#8)**

CDPH's Financial Management Branch is creating a fiscal health report to oversee appropriations and identify opportunities to portion funds between different centers and programs.

### **Operations- Internal- Oversight, Monitoring, Internal Control Systems**

9. CDPH administers over 200 programs to provide essential public health functions, with 63 special funds and 73 grants from federal and other sources. The operational information for these programs, funds, and grants are stored in various locations and in various formats. This increases the difficulty to obtain basic operational information, which diverts staff from existing workload to gather the information.

### **Mitigating Control (#9)**

The Department is in process of developing options for a robust Office of Compliance to strengthen oversight of operations and programs.

### **Compliance- External- Complexity or Dynamic Nature of Laws or Regulations**

10. One of CDPH's challenges is to interpret and comply with a number of state and federal laws, regulations, and grant requirements. This is further compounded by the dynamic nature of the programs CDPH administers, and their respective laws and funding requirements. Failure to comply with these new changes could result in loss of funds and eventually may hinder CDPH's fulfillment of its mission, goals, and objectives.

### **Mitigating Control (#10)**

The Department is in process of developing options for a robust Office of Compliance to strengthen oversight and address open audit recommendations that have contributed to CDPH's identification as a high-risk department by the California State Auditor.

### **Operations- Internal- Physical Resources—Maintenance, Upgrades, Replacements, Security**

California's Public Health Laboratory (PHL) system is an integral component of the State's public health infrastructure for ensuring the health and safety of its citizens. The PHLs are often the first line of defense against health threats by providing such services as communicable disease surveillance, environmental, food and water safety monitoring, and newborn disease screening.

11. The Department's budget primarily consists of special fund sources and federal funds, which is generally restricted by program and funding requirements. These types of restrictions limit CDPH's ability to procure much needed equipment to operate efficiently and obtain necessary manufacturing support to address equipment issues in a timely manner.

### **Mitigating Control (#11)**

CDPH researches funding options to support the acquisition of new equipment for laboratory and other equipment needed to perform critical functions to protect the public's health.

## **ONGOING MONITORING**

Through our ongoing monitoring processes, the Department of Public Health 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 Department of Public Health, Karen Smith, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Brandon Nunes, Chief Deputy Director of Operations, as our designated agency monitor(s).

### **Frequency of Monitoring Activities**

CDPH conducts bi-monthly Public Health Executive Management Team meetings. These meetings allow executive management to discuss and share issues, brainstorm, and obtain resources necessary to address or mitigate identified deficiencies. On an as needed basis, management reviews any deficiencies noted during the normal course of business, and from internal and external audits, which require corrective action plans.

CDPH promotes continuous quality improvement as an essential strategy and is an integral part of the Department's culture. The CDPH Quality Performance Council revises the annual quality performance plan and monitors the status of department-wide quality improvement projects on a quarterly basis.

### **Reporting and Documenting Monitoring Activities**

The CDPH Quality Performance Council monitors the Department's quality performance plan and department-wide quality improvement projects. Staff is encouraged to speak to their supervisors if they discover an issue or an opportunity to improve the efficiency and effectiveness of processes. CDPH recognizes that clear, consistent, timely, and constant communication is essential to building a culture that embraces quality performance.

### **Procedure for Addressing Identified Internal Control Deficiencies**

CDPH management at all levels address identified internal control deficiencies as needed.

Internal Audits reviews internal control deficiencies identified through internal and external audits. To ensure implementation of corrective action plans, Internal Audits tracks and monitors open recommendations until resolution.

## **CONCLUSION**

The Department of Public Health strives to reduce the risks inherent in our work through ongoing monitoring. The Department of Public Health 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.

Karen Smith, Director

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