

January 10, 2018

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

Dear Ms. Diana Dooley,

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

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## BACKGROUND

The California Department of Public Health (CDPH or the Department), a nationally accredited public health department, is a subdivision of the California Health and Human Services (CHHS) 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 2017-18 Budget Act includes \$3.2 billion that supports activities and services that reinforce the mission of CDPH. The Department works to protect the public's health in the Golden State and helps shape positive health outcomes for individuals, families and communities. The Department's programs and services, implemented in collaboration with local health departments and State, federal and private partners, touch the lives of every Californian and visitor to the State 24 hours a day, 7 days a week.

The Director and State Public Health Officer, the Assistant Director and the two Chief Deputy Directors are responsible for six Public Health Centers, three Public Health Offices, and operational support that includes six Offices, Administration, Information Technology Services, and the Strategic Development and External Relations Fusion Center.

CDPH's strategic map 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. It also identifies three cross-cutting strategic priorities, which include: expanding and strengthening collaborations and partnerships, making continuous quality improvement a way of life in the Department, and achieving health equity through public health policies and programs.

Further, the Department's Public Health 2035 Initiative focuses on what the optimal public health department will look like in 20 years by maximizing the Department's efficiency and effectiveness to drive greater quality of life and better health outcomes across all communities in California.

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## ONGOING MONITORING

As the head of Department of Public Health, Karen Smith, Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

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### **EXECUTIVE MONITORING SPONSOR(S)**

The executive monitoring sponsor responsibilities include facilitating and verifying that the Department of Public Health internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Brandon Nunes, Chief Deputy Director of Operations.

### **MONITORING ACTIVITIES**

CDPH conducts bi-monthly Public Health Executive Management Team meetings. These meetings allow executive management to discuss and share issues and brainstorm on potential solutions and/or options. Both the Department Operations Improvement Team (convenes monthly) and the Policy Committee (convenes bi-monthly) further assist CDPH in identifying operational or policy issues that span across the Department, and assist in obtaining resources necessary to address or mitigate identified risks and deficiencies.

CDPH promotes the culture of risk management and continues to expand its risk management program. In 2017, basic risk management training was offered to all levels of management and CDPH is expanding the Office of Compliance to include an enterprise risk management function.

CDPH's Office of Compliance-Internal Audits annually conducts an audit risk assessment to complete its annual audit plan and regularly monitors and reports to the Directorate the status of the Department's external and internal audit recommendations until resolved or fully implemented.

CDPH promotes continuous quality improvement as an essential strategy and is an integral part of the Department's culture. All CDPH staff are trained in basic quality improvement techniques, and additional training opportunities for more advanced skills is made available to all staff. 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.

Staff are 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.

Additionally, the Chief Deputy Director of Operations serves as co-chair on the CHHS Agency-wide Risk Subcommittee. This subcommittee meets monthly to discuss issues and potential challenges, as well as, opportunities for mitigation that affect all departments under the CHHS Agency.

### **ADDRESSING VULNERABILITIES**

CDPH identifies vulnerabilities through various risk assessments, internal and external reviews and audits, and through regular meetings with staff. The Department addresses vulnerabilities by assigning the appropriate management and functional team members. The Director and State Public Health Officer, Assistant Director, and the Chief Deputy Directors monitor progress to reduce identified high-risk vulnerabilities.

CDPH also recognizes the continuous changes and future uncertainties facing the field of public health, which include changes to science, service delivery, healthcare reform, technology updates, compliance requirements, and shifts in resources and priorities outside of the Department's control. To address these uncertainties, the Department is dedicated to finding ways to become more efficient, effective, and adaptable for the future through its Public Health 2035 Initiative. This Initiative serves to maximize the Department's organizational capacity and allows CDPH to develop strategies and policies that will enhance future capabilities and responses to ensure continuous public health services to Californians.

### **COMMUNICATION**

CDPH staff roles and responsibilities are identified through their duty statements, Department policies, procedures, and reporting structure. Staff report risks, vulnerabilities, and inefficient procedures at meetings, through audit questionnaires, and through various workgroups throughout the Department. To mitigate vulnerabilities the Department's employees are notified of formal policies through the Public Health Administrative Manual and of updates on policies and procedures through memorandums, emails, and the CDPH intranet.

### **ONGOING MONITORING COMPLIANCE**

The Department of Public Health 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 Department of Public Health systems of controls and monitoring.

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### **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Department of Public Health risk assessment process: Executive Management, Middle Management, and Front Line Management.

#### **RISK IDENTIFICATION**

CDPH's Office of Compliance-Internal Audits (Internal Audits) facilitated the Department-wide 2017 risk assessment. Internal Audits developed a functional team of subject matter experts across the Department, provided training on how to conduct a risk assessment, and provided technical support. The risk assessment process included all levels of management. 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).

#### **RISK RANKING**

The Directorate reviewed the compiled Department-wide 2017 risks and impact levels identified through the risk identification assessment, along with CDPH's 2015 SLAA risks and corrective actions. This information was analyzed and evaluated to determine the overarching risks for the entire Department.

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### **RISKS AND CONTROLS**

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

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. Furthermore, new staff at CDPH may not have sufficient knowledge and competence to perform at the same level of their retiring predecessors, which may leave a gap in knowledge.

CDPH employs approximately 3,600 employees in 431 civil service classifications, and provides services in over 60 locations throughout the State. As of December 2017, 61% of CDPH's permanent management and supervisory employees, and 44% of its permanent non-supervisory employees are eligible to retire. The CDPH 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 knowledge transfer and workforce planning efforts.

This can result in a reduced ability for CDPH to perform its core responsibilities efficiently and effectively and to respond and provide necessary and key public health services in a timely manner.

**CONTROL A**

CDPH will continue its mentoring program, which supports succession planning and improved knowledge transfer across the Department. It also serves to develop the workforce of the future by enhancing individual skill sets and increasing exposure and access to different organizational levels and information throughout all levels of CDPH staff.

**CONTROL B**

The CDPH Workforce Development and Succession Plan was memorialized in 2013, and was revised in adherence with the CalHR Succession Plan model in 2017, and is under review for final approval. This provides CDPH with a roadmap to plan and ensure it continues to have the workforce necessary to meet its core responsibilities.

**CONTROL C**

CDPH is establishing an Enterprise Risk and Accountability Unit within the Office of Compliance that will work with programs throughout the Department to ensure proper documentation and maintenance of policies, processes, and procedures for all Centers/Offices. This will support employee knowledge transfer when retirements and/or employee separations occur.

**RISK: OPERATIONS -EXTERNAL-STAFF—RECRUITMENT, RETENTION, STAFFING LEVELS**

CDPH continues to experience external barriers that reduce its ability to recruit, hire and retain qualified staff.

CDPH's workforce consists of 431 different civil service classifications, many of which require highly technical and skilled professionals, including physicians, nurses, scientists and technical staff. These skilled professionals can often garner higher pay and benefits in private industry or with local governments than what the State can offer.

This can result in recruitment barriers that can lead to extended vacancies in key CDPH positions. These barriers affect CDPH's ability to carry out its mission effectively.

**CONTROL A**

CDPH recruiters continue to attend career events, review career pipelines for hard to fill classifications, and maintain the CDPH job opportunities web page to support efforts to recruit eligible candidates. In addition, the CDPH student intern programs, run through the Office of Quality Performance and Accreditation, assists with intern placement and allows students to learn and develop skills in various public health areas. The program also provides additional opportunities that help prepare interns for potential employment opportunities within CDPH. Beginning in September 2017, CDPH began to utilize a professional social media platform, LinkedIn, as an effective way to network, increase recruitment visibility, and promote CDPH as an employer of choice. Through LinkedIn, CDPH recruiters are able to advertise vacancies and reach out to health professionals who may not be active job seekers.

**CONTROL B**

CDPH will continue to provide onboarding activities for new hires and create new training and skill development opportunities for all staff to retain its workforce.

### **CONTROL C**

CDPH will continue civil service improvement initiatives, in partnership with CalHR, which are focused on helping to simplify and improve the hiring process, particularly for highly technical or skilled professional classifications.

### **RISK: OPERATIONS -INTERNAL-TECHNOLOGY—COMPATIBILITY**

CDPH continues to rely on outdated or incompatible applications and technology systems (legacy systems) used in many areas across the Department, which requires the Department to use additional resources or manual processes to avoid business disruptions.

CDPH has successfully updated its main information technology infrastructure. However, many application and legacy systems are still in use throughout the Department. Successful replacement of these applications and systems are restricted due to multiple factors, such as incompatible data formats with newer systems, available resources to transition to newer systems, and the dependency of other entities to continue use of these applications and systems.

Maintenance of outdated applications and systems is costly, requiring workarounds, reliance on external consultants, delays in meeting real time data needs, and internal and external business disruptions.

### **CONTROL A**

CDPH will help Centers/Offices in the Department identify current technology and business practices and map out future business needs. The process will entail developing a “roadmap” and plan for each area to work towards these future needs from the current “as is” state.

### **CONTROL B**

CDPH will continue to identify Enterprise-wide information technology platforms that meet the business needs of many programs in the Department and move legacy systems onto these platforms to achieve more effective and efficient interoperability and functioning both internally and externally.

### **RISK: OPERATIONS -INTERNAL-TECHNOLOGY—DATA SECURITY**

CDPH Department-wide information security and privacy business practices and procedures are decentralized, which makes it difficult for staff to address information security and privacy issues timely.

CDPH’s information security and privacy policies and procedures are stored in various locations, written in different formats, and are not centralized for staff to easily access and consistently handle security and privacy issues.

Increased difficulty to obtain basic operational information regarding information security and privacy policies and procedures, which can divert staff from their existing workload when information is requested.

### **CONTROL A**

CDPH is currently working with a contractor to develop enterprise-wide policies and procedures that will address internal and external recommendations identified through risk assessments. These policies and procedures will adhere to State and federal laws and regulations and be stored in a centralized repository.

### **CONTROL B**

CDPH is establishing an Enterprise Risk and Accountability Unit within the Office of Compliance that will partner with the Department’s Information Security and Privacy Offices to ensure related

information regarding security and privacy for State and federal laws and regulations are reflected in the Department's policies and procedures.

**RISK: OPERATIONS -INTERNAL-FI\$CAL IMPLEMENTATION, MAINTENANCE, OR FUNCTIONALITY**

Transition to the FI\$Cal system required for use for budgeting, accounting, procurement, and contracting processes will impact both the workflow of processes and existing interfaces.

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. CDPH has begun converting to FI\$Cal for a go live date of July 1, 2018.

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.

**CONTROL A**

The Department will continue to work closely with the FI\$Cal Readiness Coordinator and CDPH's Information Technology Services Division staff to communicate the Department's requirements to interface with FI\$Cal.

**CONTROL B**

CDPH convened a FI\$Cal Department Implementation Team, which will continue to meet bi-monthly to discuss current/pending tasks, updates, training, and other important information to ensure implementation efforts remain on track.

**RISK: COMPLIANCE-EXTERNAL-COMPLEXITY OR DYNAMIC NATURE OF LAWS OR REGULATIONS**

CDPH could face challenges with consistently interpreting and complying with the numerous State and federal laws, regulations, and grant requirements.

CDPH administers over 200 programs to provide essential public health functions, with 71 special funds and 76 grants from federal and other sources.

The dynamic nature of the numerous programs CDPH administers, and the current decentralized approach to tracking and monitoring State and federal laws, regulations, and grant requirements by program area makes tracking and obtaining key information on operational information challenging.

Failure to comply with new and existing laws, regulations, and grant requirements could result in audit findings and/or loss of funding, and eventually may hinder CDPH's fulfillment of its mission, goals, and objectives.

**CONTROL A**

CDPH is establishing an Enterprise Risk and Accountability Unit within the Office of Compliance that will allow the Department to implement a Department-wide communication strategy to ensure consistent interpretation of State and federal laws and regulations.

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**CONCLUSION**

The Department of Public Health 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

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and address current and potential risks facing the organization.

**Karen Smith, 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