

December 16, 2021

Wade Crowfoot, Secretary
California Natural Resources Agency
715 P Street, 20th Floor
Sacramento, CA 95814

Dear Secretary Wade Crowfoot,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the San Diego River Conservancy submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Dustin Harrison, Environmental Scientist, at (619) 645-3183, dharrison@sdrc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The mission of the San Diego River Conservancy is to preserve, restore and enhance the San Diego River Area. This is accomplished by acquiring, managing and conserving land; and protecting or providing recreational opportunities, open space, wildlife species and habitat, wetlands, water quality, natural flood conveyance, historical/cultural resources and educational opportunities. One important Conservancy goal is to build, in conjunction with its partners, a River-long Park and hiking trail stretching fifty-two miles from the River's headwaters near Julian to the Pacific Ocean. The Conservancy's Strategic Plan (2018-2023) has 6 program areas: 1) Conserve Land; 2) Support and Encourage Recreation and Education; 3) Preserve and Restore Natural Resources; 4) Protect and Preserve Cultural and Historical Resources; 5) Enhance Water Quality and Natural Flood Conveyance; 6) Expand the Organization's Capacity and Public Outreach; and 7) the Consortium Program.

Control Environment

The San Diego River Conservancy is an independent, non-regulatory state agency with 17 Governing Board members consisting of both state and local representatives. Management maintains open communication with its 3 staff members, Deputy Attorney General, Governing Board members and partner agencies/organizations. Integrity is established through adopted policy such as the Conservancy's telework and nepotism policies, which reinforce accurate reporting, staff accountability and fair treatment especially as it relates to professional development. By allowing staff to exercise good judgment, set procedures include timesheet reporting, documenting grants and contracts, reviewing monitoring reports, conducting site visits, processing invoices and maintaining hard copy and electronic files. Additionally, mandatory staff training is completed on time and outside education is strongly encouraged to learn new skills relevant to job duties and analytical tasks. Staff performance is evaluated based on improved efficiency and quality of work, probationary reports and most importantly staff feedback.

Information and Communication

All major decisions are presented to the Governing Board in board materials prior to Board Meetings. Staff recommendations along with presentations at the public meetings contain relevant and reliable information and a quorum approves resolutions by majority vote. In the early stages of a grant program, guidelines are drafted to support the intent of a bond measure or funding source and applications are reviewed consistent with the Conservancy's enabling legislation, strategic plan and other state planning documents. Guidelines are sent for review and input is requested from board members, staff, management, other state and local agencies, partners and stakeholders and posted on the Conservancy's and Natural Resources Agency's website for a 30-day public review.

Staff meets and corresponds with Board Members, grantees, stakeholders, partners and other agencies through email and phone calls. Conservancy encourages staff to notify management to report inefficiencies and with open communication and regular updates actions regarding the Conservancy's programs, projects, permits and fiscal duties are reported to appropriate entities.

Whenever feasible, meetings are held or attended via online platforms such as Zoom or Microsoft Teams to address any concerns related to operational, programmatic or financial issues.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the San Diego River Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Julia Richards, Executive Officer; and Dustin Harrison, Environmental Scientist.

For grant programs and operational procedures, Conservancy's Executive Officer audits existing agreements and programs to identify and address vulnerabilities. This is accomplished by updating terms and conditions, ensuring invoices are logged correctly and match other state databases and dialogue is maintained with other regulatory agencies.

Requests for disbursements undergo scrupulous review which begins by entering the amount requested in Excel spreadsheets and ABCRS. Program manager and analyst review supporting documentation to ensure total is accurate and requests are complete. Certain circumstances require an invoice dispute notification which is issued to the grantee when additional information is requested or errors in accounting are identified.

State Coastal Conservancy (SCC) provides front-line management includes contract with to maintain the Conservancy's computer network, security firewall and assist with other Information Technology concerns. If fraudulent or suspicious emails are encountered, they are flagged and forwarded to SCC's IT Specialist and the Conservancy notifies Natural Resources Agency's IT staff.

RISK ASSESSMENT PROCESS

The following personnel were involved in the San Diego River Conservancy risk assessment process: executive management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, and potential impact to mission/goals/objectives.

Conservancy grant terms and conditions can be lengthy; therefore, it is important that potential grant applicants thoroughly review what is expected if they agree to receive funding. Typically, grantees must agree to a 10 to 20-year Memorandum of Understanding (MOU) to maintain the project site in its restored condition.

A more recent condition for grantees is to make no alterations outside of the scope of work to the project site or the Conservancy may seek reimbursement for that portion of alteration. One example of an anticipated event which was clearly described in the grant agreement is by accepting, there shall be no "alteration of land other than what is approved in the scope of work." If incidents like this occur unchecked on multiple occasions, the Conservancy would not be able to accomplish its goals/objectives and protected the state's investment in the San Diego region. Additionally, the Conservancy maintains permits for managing invasive vegetation. Through regular reporting, renewing permits and communicating with regulatory agencies, this program continues to expand to improve the San Diego River area and Consortium's Watersheds.

RISKS AND CONTROLS

Risk: Progress Towards Project Completion

The specific risk is inconsistency with grant agreements and actual project completion. Constant communication with grantees is important to catch invoice discrepancies, track progress, ensure reporting is accurate and forms are complete. At the beginning of each grant, grantees provide a Monitoring and Management Plan. Site visits are conducted by Conservancy staff and a Field Inspection Report with photo documentation is completed prior to project close-out. Upon receipt of final report, 10% withhold is released (when applicable) along with a project closeout letter.

Control: A

The Conservancy maintains organized program files and project folders (in hard copy and electronically) to accurately track progress towards reaching goals and objectives. With open communication, Conservancy staff disputes are identified early and meetings are held as frequently as necessary to reduce issues that might prevent obtaining goals and objectives into the future. The Conservancy also utilizes the invoice dispute notification when invoice packages are submitted with errors or lack supporting documentation. It is the intent of ongoing monitoring that reduces potential risks associated with accounting, financing, project implementation and regulatory compliance. To help mitigate this, controls are in place and practiced which allow the Conservancy to preserve, restore and enhance the San Diego River area.

CONCLUSION

The San Diego River Conservancy strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation

strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

Julia Richards, Executive Officer

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