

December 27, 2023

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, 2023.

Should you have any questions please contact Dustin Harrison, Senior Environmental Scientist (Specialist), at (619) 390-0571, [dustin.harrison@sdrc.ca.gov](mailto:dustin.harrison@sdrc.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The San Diego River Conservancy's mission is accomplished by conserving land, and protecting or providing recreational opportunities, open space, wildlife species and habitat, wetlands, water quality, natural flood conveyance, historical, cultural, and tribal resources, and educational opportunities.

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; and 6) Expand the Organization's Capacity and Public Outreach.

### **Control Environment**

The San Diego River Conservancy is an independent, non-regulatory state agency with 18 Governing Board members consisting of state, local and tribal representatives. Management maintains open communication with its 3 staff members, Deputy Attorney General, Governing Board and partner agencies/organizations. Integrity is established through adopted policies 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. Set procedures include documenting grant and contracts processes, reviewing progress reports, conducting site visits, processing invoices and maintaining hard copies and electronic files in folders. Additionally, staff training and probationary reporting is completed when necessary and outside education is encouraged to learn new skills relevant to job duties.

### **Information and Communication**

All major decisions are presented to the Governing Board as staff recommendations. During public meetings, relevant and reliable information is presented to a quorum who approves resolutions by majority vote. In the early stages of a grant program, guidelines are drafted to support the intent and purposes of a bond measure or budget act and applications are consistent with the Conservancy's enabling legislation and Strategic Plan. Guidelines are sent for review and input is requested from Board Members, staff, and other agencies. Documents are posted online to the Conservancy's website for a 30-day public review.

With open communication, staff meets and corresponds with Board Members, grantees, stakeholders, and partners through email and phone calls. Conservancy encourages staff to notify management to report inefficiencies and inappropriate actions regarding the Conservancy's programs, projects, permits and fiscal duties.

Whenever feasible, meetings are held to address any concerns related to operational, programmatic and financial issues of the Conservancy.

## **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 Dustin Harrison, Senior Environmental Scientist (Specialist).

State Coastal Conservancy (SCC) provides front-line management with contract 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.

Requests for disbursements undergo scrupulous review which begins by recording information in Excel spreadsheets. Each invoice and progress report is checked against the total grant award to track progress towards completion and remaining balance. Program manager and analyst reviews supporting documentation and invoices to ensure accuracy. Invoice dispute notifications allow grantees to provide additional information and correct errors when identified.

## **RISK ASSESSMENT PROCESS**

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

The following methods were used to identify risks: ongoing monitoring activities, audit/review results, other/prior risk assessments, and external stakeholders.

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

Through ongoing monitoring processes, the San Diego River Conservancy reviews, evaluates, and improves its systems of internal controls and monitoring processes. It is the intent of ongoing monitoring that reduces potential risks associated with accounting, financing, project management, data security and regulatory compliance.

## **RISKS AND CONTROLS**

### **Risk: Risk 1 Grant Programs**

Grantees submit requests for disbursements (RFDs). Each invoice requires sufficient information and supporting documentation to be considered for payment. Grantees are given an opportunity to provide additional information and make corrections to any disputes. Inaccurate RFDs could result in the Conservancy mismanaging funds. It is important to track the progress and expenditures of each grant agreement through project closeout.

#### **Control: Control 1 Invoice Validation**

Invoices are checked against purchase orders and information is entered into databases and spreadsheets.

### **Risk: Risk 2 Data Backup and Recovery**

Connection to the Conservancy's shared drive could be lost during a power outage. This could delay or postpone grant awards, invoice processing or interfere with the Conservancy's daily operations.

#### **Control: Control 1 External Hard Drive and Energy Generator**

Security Information Officer installed back up energy generator and data storage in the event of a power outage. These measures allow the Conservancy to continue work until power is restored.

## **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, Assembly]  
California State Auditor  
California State Library  
California State Controller  
Director of California Department of Finance  
Secretary of California Government Operations Agency