

# San Joaquin River Conservancy

## 2015 SLAA REPORT

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December 22, 2015

John Laird, Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

Dear Mr. Laird,

In accordance with the State Leadership Accountability Act (SLAA), the San Joaquin River Conservancy 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 Melinda Marks, Executive Officer, at (559) 253-7324 ext. 3, [Melinda.Marks@sjrc.ca.gov](mailto:Melinda.Marks@sjrc.ca.gov).

### **BACKGROUND**

The San Joaquin River Conservancy is a regionally governed state agency within the California Natural Resources Agency formed by the Legislature to implement and manage the San Joaquin River Parkway, a planned 22-mile regional natural and recreation area in the floodplain extending from Friant Dam to Highway 99. The Conservancy's statutory mission includes acquiring approximately 5,900 acres from willing sellers; developing and managing those lands for public access and recreation; and protecting, enhancing, and restoring riparian and floodplain habitat.

### **RISK ASSESSMENT PROCESS**

The Conservancy has three staff, consisting of the Executive Officer and two support staff. All fiscal support services, including budgeting, accounting, contracting, grants, and procurement controls are provided to the Conservancy through contracts with the Department of Parks and Recreation and Wildlife Conservation Board/Department of Fish and Wildlife to ensure compliance with State requirements and procedures. The risk assessment of those functions is provided through those agencies' SLAA reporting. Neither of these two State entities have indicated any risks associated with their controls over Conservancy programs, and no risks associated with these service providers were identified by the Conservancy during this risk assessment process. There is redundancy and communication among the agencies, ensuring all records of activities are reconciled. As a result of a prior Department of Finance audit, the Conservancy's and WCB's responsibilities are delineated in a Memorandum of Understanding, which has proven adequate to ensure proper performance of each entities' duties.

The Conservancy risk assessment was performed by the Executive Officer (EO), who has management control and responsibility for all programs, operations, and assets. Since all activities of the Conservancy are directly performed, or directly authorized, approved, and supervised by the EO, with no other supervisory or management staff in the organizational structure, this risk assessment consisted of an internal review by the EO of all business and program activities, and identification and prioritization of potential risks within the categories provided based on 14 years of experience in managing the Conservancy.

### **EVALUATION OF RISKS AND CONTROLS**

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

Funding appropriated for Conservancy purposes includes capital improvements, acquisitions,

administration and Board support, planning, and fundamental property management. State funding is not available to operate and maintain public access and recreation within the Parkway.

The Conservancy works to create partnerships with local agencies and nonprofits to support Parkway services.

State properties managed under the Conservancy's jurisdiction are closed to the public when and where there are not adequate resources for public access and recreation, and to protect natural resources and public safety.

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

Staffing levels are minimal to meet statutory obligations and expectations, workload, etc. The Conservancy has management responsibility for over 2500 acres of State-owned land; more than 12 on-going capital improvement projects, local assistance grants, and land negotiations; policy and plan development; and partner liaison development. The Conservancy is responsible for properly allocating and expending a remaining balance of \$27 million in Proposition 40 and 84 funds, and \$10 million in Proposition 1 funds.

Since there are no mid-level supervisory or management positions within the Conservancy, turnover is high as support staff transfer to other agencies for promotions.

The Conservancy uses bond fund program delivery funds to support its capital outlay program, reimbursing the WCB for 1 PY for support services.

The Conservancy develops partnerships with other agencies and nonprofits that share the Conservancy's goals and objectives.

### **Operations- External- Fraud, Theft, Waste, Misconduct, Vandalism**

There have been no instances of fraud, theft, waste, or misconduct.

Vandalism, external to the organization (i.e., by the public), is a significant drain on the quality of San Joaquin River Parkway facilities and assets, including lands and facilities owned by the State and other public Parkway lands supported by grants from the Conservancy.

Nonprofit and local agencies have access licenses to Conservancy properties to provide volunteer stewardship services, which address some illegal dumping and repairs. They are required to provide site condition reports, providing important oversight information.

Conservancy staff make periodic routine site visits and document site conditions.

Funds from long term leases on Conservancy-managed property are appropriated to and used by the Conservancy to provide fundamental property management, including repairs.

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

The organizational structure of the agency does not provide a ladder for increasing professional skills from support staff, through mid-level management, to gain experience necessary to fulfill the Executive Officer role.

The Executive Officer must keep complete records so that an external successor can assume the responsibilities with a smooth and fully-informed transition.

To the extent possible, support staff must have exposure to and understanding of the broad policies, responsibilities, programs, requirements, and processes of the agency.

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

The Conservancy has identified unfunded deferred maintenance within State properties the Conservancy manages.

Properties are inspected routinely and deferred maintenance needs are identified. Risks to public health and safety are addressed to the extent possible within existing resources and through partnerships.

### **Compliance- Internal- Staff Not Adhering to Policies, Procedures, or Standards**

Due to the very small and relatively isolated staff, personnel may not be fully informed of the breadth of State procedures they may be required to administer.

The Conservancy relies through agreements on administrative support services provided by Department of Parks and Recreation and Wildlife Conservation Board, which are consulted to ensure fiscal, procurement, contracts, etc. are in accord with State procedures.

DPR and WCB provide support services to process Conservancy administrative tasks and secure their approval/implementation by Department of General Services, State Controller's Office, Department of Finance, etc.

Staff have a working familiarity with the State Contracts Manual and State Administrative Manual.

### **Operations- External- Service Provider—Inadequate Internal Control System**

The Conservancy has vendors for various services and a concession agreement. Services are provided off-site at Conservancy-managed properties.

All invoices require service reports.

Staff performs periodic site inspections to ensure services are properly provided in accord with agreements.

### **Operations- External- Partner Agencies/Grantees—Conflicting Objectives, Program Coordination**

The Conservancy manages dozens of Conservancy-awarded grants with state and local agencies and nonprofit organizations.

The Conservancy is actively involved in project implementation, including active coordination with project managers, review of work products, status reports to the Conservancy Board, and review of all invoices and requests for changes in scopes of work or budgets. The program is also supported by 1 PY at the Wildlife Conservation Board.

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

Operations must be properly guided and supervised, within a small staff, and without redundancy of roles and responsibilities. The risk associated with effective operations within a staff of only three, is the risk that in the temporary absence of any one staff person or the Executive Officer, there is no backup manager or supervisor to ensure proper performance and judgement, and there is no backup staff to perform the required function.

The Executive Officer meets often with each employee to discuss tasks, policies, procedures, and progress.

Internal budget and task status reports are updated monthly.

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

Routine operations and capital projects and acquisitions expose the Conservancy to a wide variety of legal and regulatory concerns.

The Conservancy maintains, internal to its operations budget, an informal set-aside to ensure adequate funding for the billed services secured from the Conservancy's legal counsel at the Attorney General's Office.

The Conservancy staff routinely consult with the assigned Deputy Attorney General. The Executive Officer has developed an expert working knowledge of the common legal and regulatory requirements.

## **ONGOING MONITORING**

Through our ongoing monitoring processes, the San Joaquin River Conservancy 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 San Joaquin River Conservancy, Melinda Marks, Executive Officer, is responsible for the overall establishment and maintenance of the internal control system. We have identified Melinda Marks, Executive Officer, as our designated agency monitor(s).

### **Frequency of Monitoring Activities**

The Executive Officer communicates with and provides review of all staff's tasks and work progress weekly, and sets priorities as necessary. The Executive Officer oversees and approves all operations, including fiscal authorizations; contract development, execution, and processing; state reports; project management; land negotiations; public relations and media; and policy and Board management.

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

There are no supervisors or mid-level managers. The Executive Officer on an on-going basis oversees all agency and staff processes, activities, and tasks, makes all required authorizations, and determines additional measures to mitigate any risks. All policies are communicated to staff by the EO. Any formal practices and procedures that are not already documented in the SAM, State contracts manual, etc., are made in writing and filed in hard copy and computer files. Office procedures are documented in an office procedures manual.

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

The Executive Officer makes a determination of the next steps--analyses, corrections, management measures, etc.-- immediately upon the identification of a deficiency.

## **CONCLUSION**

The San Joaquin River Conservancy strives to reduce the risks inherent in our work through ongoing monitoring. The San Joaquin River Conservancy 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.

The Conservancy, as an agency totaling 3 staff, has a tight management and team-work structure which allows all activities to be closely internally monitored and directed. However, due to breadth of responsibilities for all members, specific expertise in all State processes and procedures is not possible;

therefore, the Conservancy relies on its administrative support agreements, primarily with Department of Parks and Recreation and Wildlife Conservation Board, for compliance with State fiscal, accounting, procurement, and contracting procedures. Further, the limitations on resources create risks in protecting State property assets under the Conservancy's management jurisdiction.

Melinda Marks, Executive Officer

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