

Santa Monica Mountains Conservancy
2017 SLAA REPORT

January 05, 2018

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

Dear Mr. John Laird,

In accordance with the State Leadership Accountability Act (SLAA), the Santa Monica Mountains Conservancy 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 Rorie Skei, Chief Deputy Director, at (310) 589-3200, skei@smmc.ca.gov.

BACKGROUND

The Santa Monica Mountains Conservancy (SMMC) was established by the Statutes of 1979 under Division 23 of the Public Resources Code. It is an independent California state agency under the Natural Resources Agency.

Mission Statement: Through direct action, alliances, partnerships, and joint powers authorities, the mission of the Santa Monica Mountains Conservancy is to strategically buy back, preserve, protect, restore, and enhance treasured pieces of Southern California to form an interlinking system of urban, rural, and river parklands, open space, trails, and wildlife habitats that are easily accessible to the general public. Since its inception SMMC has directly or through partnerships and grants preserved well over 75,000 acres of mountain and urban parkland, provided trails and recreational access to millions of California residents and visitors, improved streams and rivers, protected critical wildlife habitat linkages, created urban natural parks; and continues to be a lead entity for visionary planning to protect and improve the Southern California environment, including efforts to revitalize the Los Angeles River.

Essential Functions: Normal essential functions are related to implementation of the Santa Monica Mountains Conservancy Act and Conservancy Board policies and direction for land planning, acquisitions, restoration, and improvements. Critical functions include project planning and design, land acquisition, natural resource management, grants to government agencies and nonprofit organizations, grant monitoring, managing the Santa Monica Mountains Comprehensive Plan, the Rim of the Valley Trail Corridor Master Plan, the SMMC Strategic Plan; implementation of the Los Angeles River Master Plan and Los Angeles River Revitalization Plan, and the San Gabriel and Los Angeles Rivers Watershed Plan ("Common Ground" Plan). Formal and informal partnerships with other government agencies are essential for SMMC to carry out its mission in the complex jurisdictional and real estate milieu of Southern California.

Staff and Board: SMMC currently has 5.5 authorized positions. The Santa Monica Mountains Conservancy Board governs the agency. Member entities are named in the statute, appointed by the Governor, Senate Rules Committee President Pro Tempore, Speaker of the Assembly, Secretary of the Natural Resources Agency, City of Los Angeles, County of Los Angeles, County of Ventura, National Park Service, California Department of Parks and Recreation (Angeles District Superintendent), State Coastal Commission (member voting on Coastal Zone items), State Coastal Conservancy (*ex officio*), and USDA Forest Service/Angeles

District for forest-adjacent items. Also pursuant to statute, a 26 member Advisory Committee advises the Board in their concurrent public meetings and consists of representatives from two counties, fourteen municipalities, special districts, and state offices. Representatives from three Senate districts and three Assembly districts also sit as non-voting Legislative Participants at the Board meetings. Meetings are public hearings noticed pursuant to the Bagley-Keene Act.

Funding: SMMC is not a General Fund agency. Agency support is funded through special funds: the Environmental License Plate Fund and bond program delivery funds. Pursuant to Section 33215 of the Public Resources Code, the Conservancy Fund is the repository for any donations, bequests, settlements, *in lieu fee* mitigation funds, and grants to SMMC from other agencies. State capital outlay and grants are funded by appropriation from current resources bonds, or to a much lesser extent, available Conservancy Fund funds.

ONGOING MONITORING

As the head of Santa Monica Mountains Conservancy, Joseph T. Edmiston, Executive Director, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

EXECUTIVE MONITORING SPONSOR(S)

The executive monitoring sponsor responsibilities include facilitating and verifying that the Santa Monica Mountains Conservancy internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Joseph T. Edmiston, Executive Director, and Rorie Skei, Chief Deputy Director.

MONITORING ACTIVITIES

SMMC is a small agency with six staff. Regular face to face meetings are held at least once a week, which ensures internal control by reporting of activities, including status of current and planned grants, natural resource management, budget, Board matters, and any directives from Sacramento departments. Follow up occurs weekly. Grant monitoring also includes consistent interface with grantees: quarterly project status reports are required, project sites are viewed, and SMMC confers with grantees regularly. Consultation with partner agencies (e.g., National Park Service, California State Parks, Mountains Recreation and Conservation Authority, Army Corps of Engineers, Los Angeles County, Ventura County) occurs on a regular or ad hoc basis, to share information that may affect SMMC policies, actions or expenditures re parkland management and safety, land use and development, air and water quality efforts, law enforcement, or other partnership opportunities or concerns. Publicly-noticed monthly SMMC Board meetings include the 10 member board and 26-member Advisory Committee. The boards provide policy direction to staff and the public provides comments and feedback. Directions from and interaction with control agencies (Dept. of General Services, Department of Finance, State Controllers Office) and with the California Natural Resources Agency is ongoing, and those entities provide ample monitoring and consultation.

ADDRESSING VULNERABILITIES

Any internal or external vulnerabilities are identified and addressed at the weekly staff meetings. External issues may be identified by staff or referred from offices of elected officials, the SMMC Board, or general public, and are addressed by staff directly communicating and proposing mitigations. Agency vulnerabilities continue to be mostly fiscal: navigating Fi\$cal, having sufficient funding for grant projects from bond fund appropriations that are applicable to/allowable for the project, and working to get Budget Change Proposals approved for continuity of the mission and

operations. Bond funds provide the bulk of grants and operational costs.

COMMUNICATION

Communications within the agency are efficiently performed by regular in-person meetings, email, and telephone, and by the monthly Conservancy Board public meetings.

ONGOING MONITORING COMPLIANCE

The Santa Monica Mountains Conservancy has implemented and documented 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 Santa Monica Mountains Conservancy systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Santa Monica Mountains Conservancy risk assessment process: Executive Management, and Staff.

RISK IDENTIFICATION

Risk is monitored by at least monthly review and evaluation of all potential risk factors (a Baseline Situation Report), external or internal, incarnate and inchoate; typically with fiscal issues identified first by the Budget and Contracts Officer; legal issues by the Staff Counsel; natural resources issues by the Deputy Director for Natural Resources and Planning; administrative issues by the Chief Deputy Director; and all matters by the Executive Director.

All staff meets at least weekly and any internal control deficiencies are addressed in person at that time. Any identified problems would be compiled into an Internal Nominal Control Incident Prescription and Incident Description Report, and is an integral part of a Baseline Situation Report. The Executive Director shall review with the Chief Deputy Director with a view toward immediate implementation of Article 1 (commencing with Section 19572) of Chapter 7 of Part 2 of Division 5 of Title 2 of the Government Code with respect to any employee identified, and particularly with respect to any action causing a reportable consequence, as identified, pursuant to subdivisions (e), (g), (h), (o), (u), and (v) of said Section 19572. Incidents or actions causing reportable consequences, pursuant to subdivisions (b), (c), (d), (f), and (m) of said section will be reported to the State Personnel Board for evaluation of whether such actions justify dismissal, demotion, suspension, or other disciplinary action based on whether such actions are otherwise commonplace within the control departments of state government (Finance, General Services, State Controller), and if so found, adverse actions will be taken proportional to the precedential decisions of the State Personnel Board.

RISK RANKING

Risk rating and responses is ensured by randomizing responses through the Deputy Director for Natural Resources and Planning, the Staff Counsel, the Budget and Contracts Officer, the Chief Deputy Director, and the Executive Director who is both the ultimate consumer of situation reports and a frequent contributor thereto, and has primary responsibility for generating compositional material therein.

Conservancy Board concerns, as made known to the Executive Director, are the highest priority for risk response (note that the Board includes representation from the Administration and Legislature).

Fiscal issues are a close second in risk ranking. Addressing appropriations availability, bond funds reporting, Fi\$cal issues, and timely submittal of grant invoices.

Also closely related to the above two risk rankings, is risk if natural resources and community open space and recreation needs priorities are perceived as not being timely addressed with review and authorization of grant funding.

RISKS AND CONTROLS

RISK: OPERATIONS -EXTERNAL-FI\$CAL IMPLEMENTATION, MAINTENANCE, FUNCTIONALITY, OR SUPPORT

Disbursement of grant funds to grantees may be delayed; inefficiencies in time spent correcting missing information that has already been submitted in several formats.

SMMC is Fi\$cal Phase 2 but other big agencies have not yet implemented, which can create inefficiencies such as requirements for re-posting bond information that has already been provided multiple times (such as in ABCRS).

Inefficiencies for work load, and worst case potential delay of successful invoicing for funding for granted projects, some of which may have a time-critical component (e.g., escrow closing deadline).

CONTROL A

Budget and Contracts Officer continually works with DGS Contracted Fiscal Services, SCO, Natural Resources Agency bond managers, and DOF to coordinate and update ABCRS and changing Fi\$cal requirements.

CONCLUSION

The Santa Monica Mountains Conservancy 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 and address current and potential risks facing the organization.

Joseph T. Edmiston, Executive 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