

December 20, 2019

Wade Crowfoot, Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

Dear Mr. Wade Crowfoot,

In accordance with the State Leadership Accountability Act (Leadership Accountability), 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, 2019.

Should you have any questions please contact Rorie Skei, Chief Deputy Director, at (310) 589-3200, skei@smmc.ca.gov.

## **GOVERNANCE**

### **Mission and Strategic Plan**

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 agency under the California Natural Resources Agency.

Mission Statement and Strategic Goals: Through direct action, alliances, partnerships, and joint powers authorities, the Conservancy's mission 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. SMMC has directly or through partnerships and grants preserved well over 75,000 acres of mountain and urban parklands, provided trails and recreational access to millions of California residents and visitors, improved rivers and streams, 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.

### **Control Environment**

The Santa Monica Mountains Conservancy staff currently has 6 authorized positions, headed by the Executive Director. The Santa Monica Mountains Conservancy Board governs the agency and sets policy. Member entities are named in the statute; appointed by the Governor, Senate Rules Committee President Pro Tempore, Speaker of the Assembly, Secretary for Natural Resources, 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), USDA Forest Service/Angeles District Supervisor(voting on Forest-adjacent items), and State Coastal Conservancy (ex officio). Legislative participants include three State Senators or their deputies, and three Assembly Members or their deputies. Also pursuant to the statute, a 26 member Advisory Committee advises the Board in their concurrent public meetings. The

Advisory Committee consists of representatives from two counties, fifteen municipalities, 3 special districts, and appointees of the Governor, Senate Pro Tem, and Assembly Speaker. All Conservancy meetings are public meetings noticed pursuant to the Bagley-Keene Act.

Management establishes and demonstrates integrity and ethical values on a daily basis, adhering to state policies and law, including meeting notice requirements, Public Record Act requests, reinforcement of FPPC provisions regarding travel, gifts, and conflict of interest, and courtesy to the public. Management documents internal controls for staff reports for Conservancy Board, administration of grants and grant payments, and all other functions by review by the Executive Director and Chief Deputy Director, and daily communication either in person, or email or phone with staff (with only 5 Conservancy staff, communications are expedited and efficient.). Staff development is a constant, by meeting ever-changing challenges for the land acquisition and program development mission of the agency; the agency's work and management's leadership presents a continuing learning environment, and a far more than just "competent" workforce. Management evaluates staff performance on a continuous and one-on-one basis, marking successes in achieving the agency's conservation mission. The Conservancy has a very small staff that works as a team and in a collegial team environment.

### **Information and Communication**

Communications within the agency are efficiently performed by regular in person meetings, email, and telephone. Similarly, communications with Sacramento control agencies occur via phone, email, and occasionally as-needed in-person meetings in Sacramento. External communications are also regularly facilitated by the monthly publicly-noticed SMMC Board meetings and communications/inquiries from the general public. Staff is regularly engaged in meetings with agency partners such as National Park Service, California State Parks, Mountains Recreation and Conservation Authority, officials from the two counties and various cities in the SMMC jurisdiction, non profit and community groups. SMMC maintains a website containing past and current Board agenda materials, enabling documents, maps, grant guidelines and application forms, and other information for the public. Staff occasionally hosts or attends public forums on topics of interest, such as trails, wildlife connectivity, fire prevention, safety, public access planning, river restoration, and technical grant assistance.

Information received from state, federal, county, and municipal sources is considered to be reliable and relevant to the Conservancy's work, and can be used to inform projects and grants. Non profit entities also apply for bond grants. Grant guidelines have been adopted and reviewed by the California Natural Resources Agency. The Attorney General reviews some grants after approval by the Conservancy Board.

### **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 Santa Monica Mountains Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Joseph T. Edmiston, Executive Director; and Rorie Skei, Chief Deputy Director.

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

and monitoring, including verifying that internal control and monitoring practices are implemented and functioning as intended.

The Conservancy 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, City of Los Angeles) occurs on a regular or ad hoc basis to share information that may affect SMMC policies, actions, or expenditures re grants, parkland management and safety, land use and development, air and water quality efforts, law enforcement, or other partnership opportunities or concerns (e.g., Woolsey Fire recovery and fire prevention efforts). The publicly-noticed monthly SMMC Board meetings provide public and Board member comments and feedback to staff for policy direction. Directions from and interaction with state control agencies (Natural Resources Agency, Department of Finance, Department of General Services, State Controllers Office, State Treasurer) is ongoing, and those entities also provide monitoring and consultation.

Addressing Vulnerabilities: Any internal or external vulnerabilities are identified and addressed at the weekly staff meetings or earlier if an urgent matter. 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 and staff time related: navigating Fi\$cal, having sufficient funding for current and expected grant projects from bond fund appropriations that are applicable to or allowable for the project, and working to get Budget Change Proposals approved for continuity of the mission and operations. Bond funds provide the majority of grants and operational costs; some donations are made to the agency and held in the Conservancy Fund.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Santa Monica Mountains Conservancy risk assessment process: executive management, middle management, front line management, and staff.

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

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, and tolerance level for the type of risk.

Risk is monitored in 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 Grants 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 other matters by the Executive Director. All staff meets at least weekly and any internal control deficiencies area addressed in person. Any identified problems would be compiled

for a Baseline Situation Report. If so warranted 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, 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.

## **RISKS AND CONTROLS**

### **Risk: Additional staff for state fiscal reporting**

As the SMMC has such a limited staff, there is no redundancy or available replacement should the current Budget and Grants officer be unavailable. In order to prepare ongoing bond transparency reporting, ABCRS, cash flow drills, reconciliation of bond appropriations, Fi\$cal requirements, grant monitoring, billing, SMMC Annual Report fiscal reports, etc., an additional AGPA or other analyst position should be hired and in place, especially since the volume and frequency of required complex reports and drills have increased. Related risks are delays or inaccuracies in reports; disbursement of grant funds to grantees may otherwise be delayed; inefficiencies in time spent correcting missing information that has already been submitted due to changing state formats, and inefficiencies in potential delay of invoicing for time-critical grant projects (e.g., escrow closing deadlines).

#### **Control: Hiring staff**

SMMC is working through Department of General Services Office of Human Resources to begin recruitment of a capable analyst able to be trained and assist the Budgets and Grants Officer (AGPA) in compliance with all state reporting requirements, in addition to grant monitoring and billing. Additionally, staff continues to work with DGS Contracted Fiscal Services, SCO, Natural Resources Bond manager, and Department of Finance to coordinate and update, and comply with ABCRS and Fi\$cal requirements.

#### **Control: Fire Planning and Restoration Implementation**

The Woolsey Fire of November 2018 disrupted SMMC operations and offices and damaged thousands of acres of habitat. The agency has received funding to prepare a plan and at least partially restore damaged SMMC parklands. Although staff is limited, the agency has made progress in planning, conferring with partner entities, participating in community wildfire preparedness meetings, and working with the Natural Resources Agency, Forest Management Task Force, Ntl Park Service for a Regional Fire Prevention Program (RFPP).

The two new staff positions that were approved in the 19/20 Budget Act in order to facilitate fire recovery efforts will ameliorate a staff shortage problem.

## 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 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.

**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