

# Coachella Valley Mountains Conservancy 2019 Leadership Accountability Report

**December 13, 2019**

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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 Coachella Valley 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 Jim R. Karpiak, Executive Director, at (760) 776-9698, [jkarpiak@cvmc.ca.gov](mailto:jkarpiak@cvmc.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

**Mission:** The Coachella Valley Mountains Conservancy (CVMC) is a small agency, with a staff of four, within the Resources Agency. CVMC's mission, pursuant to Public Resources Code Section 33501, is "to acquire and hold, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley, and to provide for the protection of wildlife resources on, and the public's enjoyment of, and the enhancement of their recreational and educational experiences on, those lands in a manner consistent with the protection of the lands and the resource values specified in Section 33500."

**Strategic Goals:** CVMC's Board implements its mission through cooperative or joint undertakings where possible. Its partners include the U.S. Fish and Wildlife Service, Bureau of Land Management, Joshua Tree National Park, the State Wildlife Conservation Board and several cities, local districts and tribes, with additional support from local residents through the activities of the Friends of the Desert Mountains (FODM), the Friends of the Palm Springs Mountains (FOPSM), Center for Natural Land Management (CNLM), Mojave Desert Land Trust and other non-profit organizations. CVMC also coordinates with the Coachella Valley Conservation Commission (CVCC) on the implementation of the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), which is the Natural Communities Conservation Plan (NCCP) in the Coachella Valley, thus furthering the state's NCCP policy in our area.

In its approach to fulfilling its mission, CVMC stresses three principles:

a. **Community support.** The belief that CVMC cannot be successful unless the community supports CVMC's mission. Community support is achieved by an outreach program in partnership with the nonprofit organizations listed above to inform the public about CVMC's work and to involve the community actively in the conservation programs of CVMC and its partners.

b. Creativity/entrepreneurial spirit. In view of its limited fiscal resources, CVMC seeks to employ an entrepreneurial spirit and creativity. The support of non-profit support groups to complement CVMC's conservation efforts exemplifies this approach.

c. Partnerships. CVMC's board and staff continuously pursue cooperative opportunities such as local matches for grants; partnership acquisitions with various local, state, and federal agencies; and working with CVCC on the CVMSHCP and other joint efforts.

Critical Business Functions, Objectives, Activities: CVMC acquires land and provides local assistance grants to other entities that acquire land to fulfill this mission. For several years prior to 2008, CVMC prepared the CVMSHCP and has an ongoing contract with CVCC to serve as its Acquisitions Manager to assist in implementation of the CVMSHCP. CVMC also is active in management of its own land and works cooperatively with its grantees to manage their lands efficiently.

CVMC operates its Proposition 1 grant program to fund the implementation of the California Water Action in the Coachella Valley through strategic acquisitions of watershed land, restoration of natural land to reduce water use, improve groundwater quality and reduce flooding and erosion, and construction of efficient water system infrastructure. To a great extent, CVMC attempts to focus its habitat and watershed restoration projects in a manner that enhances the habitat value of existing conservation land.

This year, CVMC initiated its Proposition 68 grant program to enhance access to outdoor recreation, preserve cultural or historical resources, respond to climate change and protect natural resources through land acquisition or restoration. CVMC also works to implement this grant program in a manner that complements our historic conservation efforts by expanding opportunities for the public, especially in economically disadvantaged or historically underserved communities, to enter and use open space for enjoyment or educational purposes.

CVMC works with other local agencies on trail planning and building throughout the Coachella Valley. In addition, CVMC, in cooperation with the California Department of Fish and Wildlife, recently acquired a historic ranch amid a valuable habitat area, where we are working to preserve the historic features and make them available for educational, research and recreational uses that are consistent with habitat values.

The main funding source for the capital outlay program is state bond measures, including Propositions 1, 12, 40, 68 and 84. CVMC's support budget includes funds from the Environmental License Plate Fund, reimbursements through contracts for services to other public agencies and state bond program delivery funds where available.

History and statutory duties: CVMC was established by the California Legislature in 1990. The Conservancy's mission is set forth in state law as Public Resources Code (PRC) §33500, et seq.:

33500. The Legislature hereby finds and declares that the mountains and natural community conservation lands of the Coachella Valley in Riverside County contain unique and important open-space, wildlife, scenic, environmental, anthropological, cultural, scientific, educational, and recreational resources that should be held in trust for the enjoyment of, and appreciation by, present and future generations.

33501. The Coachella Valley Mountains Conservancy is hereby created as a state agency within the Resources Agency to acquire and hold, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley, and to provide for the protection of wildlife resources on, and the public's enjoyment of, and the enhancement of their recreational and educational experiences on, those lands in a manner consistent with the protection of those lands and the resource values specified in Section 33500.

## **Control Environment**

**Oversight:** The 20-member governing board of CVMC adopts policy, makes grant and most funding decisions, and has appointed Jim R. Karpiak as its Executive Director, who is responsible for overseeing implementation policy implementation and day-to-day activities. As part of that, he supervises three staff members. The board reviews the Executive Director's performance at a minimum every two years.

**Responsibility, authority and internal control systems:** The executive monitoring sponsor responsibilities include facilitating and verifying that CVMC internal control monitoring practices are implemented and functioning as intended. The responsibilities for internal operating matters have been assigned to Kerrie Godfrey, Associate Director.

CVMC 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 CVMC's systems of controls and monitoring.

**Competent workforce:** CVMC, with its small staff of four, has limited opportunities to recruit new employees. Where vacancies occur for the three civil service employees, recruitment follows the civil service process and is overseen by the Department of Parks and Recreation (Parks), which CVMC retains to handle human resources, accounting and contracting matters. CVMC works hard to develop the capabilities of its current staff by offering training opportunities and access to outside courses; we also work to promote internal staff to ensure that their positions reflect professional growth and commensurate compensation. The Executive Director is an excluded and exempt employee who is retained by the board, which conducts an extensive recruitment process when a vacancy in that position occurs.

**Performance and accountability:** CVMC 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 CVMC systems of controls and monitoring; employees have formal reviews annually and informal consultation with supervisors as needed.

**Ethical Values and Integrity:** CVMC's staff policies and procedures stress open communication, transparency and written documentation. Executive staff monitors CNRA and Cal HR policy updates and revises CVMC's policies at least annually to reflect relevant changes at the state level, and we post and publicize state whistleblower and other disclosure requirements. Where a state policy change or internal event merits immediate direction to staff, that occurs via email with a follow up discussion at the weekly staff meeting. Internally, staff assignments have at least two staff persons working on each transaction or project, and staff documents in writing the results of meetings and

verbal agreements with copies to the back up staff and Executive staff for more critical matters.

## **Information and Communication**

**Information Requirements/Communication:** As a small office where all employees work, communication is usually informal and ongoing. Internal staff communication occurs primarily at weekly staff meetings, which include discussions of workload and priorities, scheduling issues and organizational policy issues that are to be presented to the board or outside entities. Each staff member is permitted time to report on his or her projects, ask questions or raise concerns. Other communications or matters where confidentiality is desired, are generally directly with the employee's supervisor, which for the AGPA and SSA is the Associate Director, and for the Associate Director, the Executive Director. All staff attend board meetings. Day to day external communications with other state agencies or local partner agencies or nonprofits are conducted directly by the staff person who is the main contact on that matter and when larger issues arise, through a meeting or conference call with all involved staff. We meet regularly with our land acquisition partners and require monthly or quarterly reports from recipients of our grants. Finally, we include staff in preparation of reports (such as this one) and provide information about state whistleblower procedures to make sure that the climate here is one that encourages candor and compliance with policies and laws.

**Internal Information:** CVMC has standard procedure manuals and operational checklists that are located in a directory accessible to all staff members. The Executive and Associate Directors strive to include all employees in correspondence that has training value or provides background information on CVMC project and activities. Similarly, draft versions of significant documents or reports are circulated to all staff to invite their input or at least to keep them up to date.

**External Information:** Staff provides detailed written updates on our main activities (land acquisition and management and grant project implementation) as part of the packets prepared for board meetings, as well as additional updates or drafts of key documents on an as needed. Communication with grant recipients proceeds in accordance with a schedule outline in the relevant grant agreements. Announcements of all grant award cycles and special events are sent to state and local legislators, city and county staff, conservation and environmental organizations and the press. In addition, the Executive Director keeps in regular contact with state legislators and city officials and frequently attends city council or similar meetings to provide updates on CVMC activities. Finally, the Executive Director participates in virtually all joint Conservancy meetings and retreats and is in regular contact with Resource Agency officials.

## **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 Coachella Valley Mountains Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Kerrie Godfrey, Associate Director.

**Internal Controls:** Monitoring of compliance with CVMC policy and procedures occurs on an ongoing basis through weekly staff meetings, maintenance of independent records of bond fund expenditures and balances, quarterly budget reviews, quarterly meetings with CVCC and partner non-profit organizations, maintenance of logs for the status of contracts and grant deadlines, and master

calendars for land transactions and capital grant programs. Disbursement requests, approvals of expense reports and staff time sheets require review by two separate staff members (usually Executive Director and Associate Director) before they can be submitted. For ongoing grant-funded public improvement projects, the Executive Director and staff coordinating the program meet weekly to discuss the status of grantee performance.

The ongoing active monitoring activities described above allow vulnerabilities (such as errors, delays, lack of communication) to be discovered timely. Typically potential solutions are discussed at a staff meeting and implemented via policy changes if needed, or if not, modifications in internal routing or communication practices. Follow up discussions are held at subsequent staff meetings to ensure that the solution is effective.

Evaluation of results: The baselines for compliance consist of written internal policies and procedures are documented by CVMC's Standard Procedures Manual. We also have numerous stand-alone policies, for example, detailing how public records requests should be handled and how to process returned bond funds, as well as checklists for such activities as managing real estate transactions, establishing and maintaining audit files for grant agreements and reviewing grant applications. Those documents are available for reference and use by all staff and changes are discussed at staff meetings. Day to day communication or urgent matters are addressed by email communication or additional staff meetings.

The Executive and Associate Directors meet weekly to review status of ongoing projects, and quarterly to evaluate progress toward achieving long term goals, assess how systems are working and determine whether changes to procedures or work assignments are needed. The results of these meetings are incorporated into the annual personnel evaluations, where responsibility for making changes or corrective actions are documented. At a policy level, the board of directors reviews land acquisition progress and priorities annually in January, and assesses progress on the Strategic Plan each November.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Coachella Valley 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, other/prior risk assessments, external stakeholders, consideration of potential fraud, and performance metrics.

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.

CVMC's Executive Director prepared this biennial report through a review of relevant CVMC records, analysis of issues identified in December 1, 2011 and December 27, 2013 CVMC FISMA Reports, the December 30, 2015 and December 11, 2017 SLAA Reports, and interviews with CVMC staff and key partner management staff. In addition, the assessment was discussed at two staff meetings.

We note that CVMC contracts with California State Parks (Parks) for its contracting, accounting and personnel administration functions. As a result, much of the potential for errors, fraud or other risks is beyond the control of CVMC. However, the controls and oversight actions exercised by Parks are by all appearances very strict and thorough and thus minimize such risks.

## **RISKS AND CONTROLS**

### **Risk: Staff capacity**

CVMC has a small staff of four, and currently has no staff biologist or environmental scientist as it had at points in the past. In addition, our isolated location makes it difficult to attract large pools of applicants, so retention and planning for potential retirements become more critical.

#### **Control: Promoting staff retention and transition planning**

CVMC works hard to provide a supportive, flexible workplace, internal and external training and advancement opportunities to retain experience, local staff members; those are evaluated during annual staff evaluations and during budget preparation. Such steps help ensure that upon the retirement of executive or other management staff, there will be qualified potential applicants for the positions. CVMC meets quarterly with its closest organization partners to oversee ongoing projects and assess progress on mutual policy goals, which creates familiarity with CVMC to encourage outside applicants for vacancies when they occur.

### **Risk: Failure of IT connections, equipment or software**

CVMC's user technical environment is completely separate from that of Parks. CVMC does not own any servers.

Current IT Equipment: One network station, one wireless router, two laptops, three work stations, one color printer, one large format color printer, one copier that is networked for computer printing and one Iphone for field work.

Current IT Database Management Environment: CVMC uses commercially available operating systems and software, selected in consultation with Department of Parks and Recreation IT staff. Our systems are scanned daily for virus infiltration.

Current IT Network Environment: CVMC uses locally-available business-class internet service. We have desktop access to various state systems, user name and password protected, with connections set up in consultation with DPR IT staff. All personnel have email addresses through a Natural Resources Agency domain, cvmc.ca.gov.

Causes could be staff or technological error, or inadequate staff training. Results might be lack of access to records, delays in completing tasks, loss of staff time and productivity.

#### **Control: IT Resources and Skill Sets**

Staff, with some outside support from a local IT company, performs all IT purchases, initial set-up,



updates, repair and disposal of old equipment, installs and maintains software, internet, and email. CVMC's IT repair capabilities are limited. Using the Parks IT help desk for more in-depth hardware questions and maintenance is not a timely solution so we consult with a local network company to perform the IT functions beyond our capability.

### **Risk: Assuring Compliance with Administrative Procedures**

Risks include failure of administrative procedures, budgeting/accounting, procurement, personnel, information access/data integrity, contracts, required inventories, grant processing and board procedures. Note: significant portions of CVMC's accounting/fiscal functions (including Fi\$Cal conversion), procurement and personnel matters are undertaken by Parks, whose administrative controls are not under CVMC's purview.

Causes would be mostly staff error or failure to communicate properly, lack of training, or sometimes equipment failure.

Results could be that reporting or contractual performance deadlines can be missed, access to funds can be delayed, governance and statutory obligations can be improperly carried out or not timely completed, and employee productivity or morale can be negatively affected.

### **Control: Standard Procedures Manual Implementation**

CVMC has developed a Standard Procedures Manual that documents policies and procedures that ensure proper control and accountability over the operations of CVMC. Development and update of the procedures manual is an ongoing effort by all the CVMC Staff. The Manual addresses all CVMC office administrative procedures, budgeting/accounting, procurement, personnel, information access/data integrity, contracts, required inventories, grant processing and board procedures and is updated and reviewed annually.

### **Control: Interagency Agreement with Department of Parks and Recreation**

CVMC has an interagency agreement with Parks that identifies the roles and responsibilities of each entity's staff. Periodic conference calls between CVMC's executive management and appropriate DPR employees (i.e., budget analyst, accounting manager and bond manager) are held to coordinate the flow of work and data between the staffs.

### **Risk: Fi\$Cal processing and records availability**

Since the implementation of Fi\$Cal, our ability to make disbursements has become cumbersome and slow, with much of the approval process performed by Parks personnel with whom we have no contact. In addition, the reports available to us that we need to coordinate the disbursement process with the budget schedule seem more limited than under the prior system, which has resulted in delays that prevent the timely use of appropriations and have required budgetary adjustments in the following fiscal year.

### **Control: Enhanced Coordination with Parks**

While much of this is beyond our control or that of Parks, we have requested more frequent delivery of accounting reports and schedule more frequent coordination calls with Parks.

### **Risk: Preventing improper access to data**

Risks are viruses or thefts of data. Causes could be viruses or hacker intrusion. Results could be loss of data or access to records.

### **Control: Ongoing IT maintenance**

Our systems are scanned daily for virus infiltration using commercially available software selected in consultation with Resources Agency staff adheres to state policy on internet and email usage to reduce opportunities for such infiltration. All personnel are required to utilize a password to log into each computer system. CVMC maintains only unofficial accounting and fiscal records; all official records are maintained by Parks in Sacramento. CVMC prepares and submits a periodic Operational Recovery Plan to the Department of Finance.

### **Risk: Property and access protection**

Risks are loss or damage to (i) CVMC offices leased from the City of Palm Desert or its furnishings, office equipment and records located therein; (ii) the Shumway Ranch acquired by CVMC in September 2017 or the vacant historic buildings located thereon; or (iii) damage or contamination of conservation land owned by CVMC on behalf of the State of California.

Causes could be entry by intruders due to poorly secured structures.

Results could be expenses for repair of damages, loss of use of equipment, improper distribution of documents, or destruction of habitat values that protect endangered species and natural conditions on conservation land.

### **Control: Physical security measures and monitoring**

The offices are in a secured complex that is monitored and maintained by the landlord in accordance with CVMC's lease. State assets are identified by decals and safeguarded. For budget items valued over \$5000, CVMC personnel conduct a complete physical inventory annually and forward any additions or changes to the Parks Property Control Office. The Shumway Ranch is fenced and gated, and each of the four structures there is locked and/or boarded up. Users of the Ranch are required to have a written agreement with the Conservancy that addresses risk management and rules for use. Conservancy staff inspects the Ranch frequently and is in the process of developing a plan to survey and stabilize the three historical structures and improve the one nonhistoric structure for limited use. Finally, the acquisition of all conservation lands were properly inspected, approved and documented, and staff also performs regular land monitoring and management procedures and submits the State Property Inventory verification annually to the Department of General Services.



### **Risk: Ensuring ongoing funding for CVMC's mission**

Risks include potential loss of budget authority or appropriations.

Causes could be lack of communication of operational needs or mission to Parks, Department of Finance or Natural Resources Agency.

Results could be lack of funding to carry out our mission due to insufficient appropriations or lack of access to local assistance appropriations whose encumbrance dates have passed.

#### **Control: Budget preparation and monitoring**

The Executive Director, in conjunction with CVMC's DPR budget analyst prepares the annual budget and related documents, such as strategic and infrastructure plans, BCPs, finance letters, etc., and submits them to Parks, where they are finalized and then submitted to the Resources Agency and Department of Finance. All official records of disbursement pursuant to the budget are maintained by Parks. As we consistently operate under tight budgets because we do not receive full funding from the State for our operations and rely on reimbursements from contract work to fund a portion of our overhead, we continually scrutinize our expenditures to assure that we remain within our budget. Executive management reviews expenditures and appropriation balances. We also maintain our own records of expenditures and fund balances and reconcile them periodically with State Parks records.

#### **Control: Enhanced communication with other state actors**

The Executive Director participates in periodic all-Conservancy meetings and maintains close contact with key policy makers in the Resources Agency, Wildlife Conservation Board and Department of Fish and Wildlife in order to keep current on activities around the state and to make sure that CVMC projects are coordinated with other state activities. In addition, he provides regular information on CVMC grant awards, projects and long term goals to state legislators and their staffs so that they understand how CVMC is implementing state policy and using appropriated funds.

### **Risk: Managing Procurement**

Risks are improper or wasteful procurement.

Causes could include staff error or inadequate planning.

Results could be inefficient use of budgeted funds

#### **Control: Procurement controls**

Decisions regarding all but routine purchases are made by the Executive Director based on recommendation from the Associate Director. Staff members have Calcards for small routine office purchases. The records of such purchases are reviewed monthly by the Executive Director or Associate Director. Purchases above the Calcard limit of \$5000, or which cannot be made via

CalCard, requiring a contract or purchase order, must be approved by the Associate Director and Executive Director as well as the purchasing officer at State Parks. Applicable Parks procurement procedures are followed.

### **Risk: Managing grant funds**

Risks are potential improper awards, disbursements or uses of grant funds.

Causes would be staff or grantee errors.

Results could include unapproved uses of grant funds

### **Control: Grant program controls**

Decisions regarding all local assistance are made by the CVMC Board consisting of 20 members. After approval, the Executive Director and other staff members prepare and execute grant documents for submission to SCO through State Parks for disbursement of bond funds. CVMC coordinates with State Parks and DOF to perform period and annual bond fund reports or audits. All invoices and fund disbursements needed for acquisitions are handled by State Parks. CVMC prepares the documents and sends them to State Parks, but we do not disburse any funds directly. CVMC requires entities that receive grants to submit and comply with long term management plans for land purchased with CVMC bond funds. We have quarterly monitoring meetings with our main grantees to ensure compliance

## **CONCLUSION**

The Coachella Valley 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.

**Jim R. Karpiak, 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