

Coachella Valley Mountains Conservancy 2021 Leadership Accountability Report

December 09, 2021

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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 Coachella Valley Mountains Conservancy submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Jim R. Karpiak, Executive Director, at (760) 776-9698, jkarpiak@cvmc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Mission: The Coachella Valley Mountains Conservancy (the Conservancy or 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."

During most of its 30+ year history, the Conservancy has focused on funding or facilitating the acquisition of land for perpetual conservation, resulting so far in the acquisition of over 106,000 acres. In recent years, the Conservancy's work program has expanded significantly to embrace habitat restoration efforts, improved joint land management efforts with partner agencies, enhanced recreational access through trail building and the purchase of a historic ranch and the implementation of the California Water Action Plan in the Coachella Valley. Now, local development trends and state policy objectives are moving the Conservancy to expand its programs to promote sustainable growth, respond to climate change and increase access to outdoor recreational and educational amenities for traditionally underserved and economically disadvantaged communities.

Strategic Plan: In 2020, the Conservancy adopted a new five year Strategic Plan with five key goals:

- Goal 1: Accelerate land acquisitions that support the Coachella Valley Multiple Species Habitat Conservation Plan or otherwise further the Conservancy's mission.
- Goal 2: Improve management of conserved lands and enhance habitat values through restoration, cleanup or other capital improvement projects.

- Goal 3: Manage water resources to promote conservation while preparing for future human needs.
- Goal 4: Expand access to recreational and educational programs that showcase the wildlife, scenic and cultural resources of the Coachella Valley.
- Goal 5: Promote sustainability and climate change adaptability within the desert and surrounding mountain areas.

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, the Coachella Valley Desert and Mountains Recreation and Conservation Authority, together with several cities, local districts, joint powers authorities 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), Oswit Land Trust (OLT), 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.

Control Environment

Establishing Integrity & Ethics: The Conservancy stresses transparency and compliance with Natural Resources Agency (CNRA) guidelines and works hard to support the implementation of CNRA policy directives. The Executive Director participates in the regular CNRA Director meetings and updates the Conservancy staff about them. Written policies and guidelines are easily accessible for staff reference as they complete their work. The Conservancy operates in cooperation with numerous local public agencies and therefore sees its staff as public-serving and accountable; staff are well trained to avoid potential conflicts of interest, make documents and information freely available and respond quickly to all inquiries and requests.

Board & Executive Oversight: The 20-member CVMC governing board 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 civil service staff members. The Executive Director reports to the board every two months at a public meeting and his performance is reviewed in closed sessions upon request of the board.

Organizational structure to assure responsibility and authority of internal control systems: The Executive Director's responsibilities include ensuring, monitoring and documenting compliance with state law and CNRA policies. 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.

Documentation of control: 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 as the budget permits. We also strive 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 occurs.

Enforcement of 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.

Information and Communication

Process for Collecting and Communicating Information: As a small office where employees' roles often overlap, communication is usually informal and ongoing. Some staff work on a hybrid remote basis and monitor email and voicemail correspondence when they are not in the office. Internal staff communication and a review of current workload occur 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.

Channels for communication, Internal: 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.

Channels for communication, External: 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 biannual All-Conservancy meetings and retreats and is in regular contact with CNRA officials.

Process for reporting ineffective or inappropriate actions: Staff discusses concerns at weekly staff meetings, or where confidentiality is important, with their management in private. Staff are encouraged to be direct and open in order to prevent misunderstandings and promote constructive solutions.

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: Jim R. Karpia, Executive Director; and 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 and board oversight: 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, 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 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.

The following personnel were involved in the Coachella Valley Mountains Conservancy risk assessment process: executive management, middle staff (we have no other levels of staff).

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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, December 11, 2017 and December 13, 2019 SLAA Reports, and interviews with CVMC staff and key partner management staff.

We note that CVMC contracts with California State Parks (DPR) 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 DPR are by all appearances very strict and thorough and thus minimize such risks.

Critically, we believe this biennial review process is only a part of our ongoing assessment of risks and attempts to improve our processes. In particular, we have been analyzing and considering alternatives for enhancing our interactions with the DPR on contracting, accounting and human resources matters (i.e., which DPR handles) and with CNRA on our IT system and procedures (i.e., which CNRA handles).

RISKS AND CONTROLS

Risk: Inadequate Staffing

CVMC has a small staff of four, which is increasingly strained in carrying out our mission. There are two problems: first, increased reporting, coordination and digitalization requirements are being adopted by CNRA. Without adding to staff, complying with these mandates detracts from our ability to work on conservation and recreation activities. Second, we currently have no staff biologist or environmental scientist as CVMC had at points in the past. Even if we get approval and funding for more staff, our

experience has been that our isolated location makes it difficult to attract large pools of applicants, making retention and planning for potential retirements more critical.

Control: Advocating for additional staffing

Although we do not set the state budget, we can provide information and feedback about our needs. We have been embarking on discussions with CNRA staff about additional positions in FY22-23 and beyond.

Control: Staff retention and transition planning

CVMC works hard to provide a supportive, flexible workplace, internal and external training and advancement opportunities to retain experienced, local staff members; they are reviewed 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. We are also preparing for potential retirements in the coming years and hope to be able to promote current employees as appropriate.

Risk: Failure or interruption of IT services

CVMC's user technical environment has now transitioned and is maintained by the State's CNRA IT Department. CVMC owns one server and is soon to be transitioned to the State's cloud recovery system where we will no longer require a server.

Current IT Equipment: One server, one wireless router, one Spectrum Internet router, one State supplied Palo Alto Firewall, four laptops with docking stations, one work station for ArcGIS access, one large format color printer, one copier that is networked for computer printing and scanning and two backup hard drives.

Current IT Database Management Environment: CVMC uses state supplied operating systems and software; selected in consultation with State IT staff. Our systems are scanned daily for virus infiltration.

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

Causes could be technological error, or inadequate staff training. Although, remote access is available, at system down times this is not a viable solution. Not having access to local onsite IT personnel can delay repair of the IT systems for extended periods of time. Results might be lack of access to records, delays in completing tasks, loss of staff time and productivity.

Control: IT Resources and Skill Sets

State IT Staff, with some outside support Internet access support from Spectrum. The Staff performs all IT purchases in consultation with State IT experts. The State IT department performs initial hardware and network set-up, updates, repair and disposal of old equipment, installs and maintains software,

internet, and email. CVMC's IT systems are monitored by a State IT onsite representation twice per month and on an ongoing remote connection as needed. Staff repair capabilities are limited. Using the State IT help desk for more in-depth hardware and network repair questions and maintenance is not always a timely solution to perform the IT functions beyond our capability.

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Risk: Incomplete compliance with state 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 DPR, CNRA or the Department of Water Resources, 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: Improved interagency agreements and communication

CVMC has several interagency agreements that identifies the roles and responsibilities of each entity's staff. Some of those could benefit from more detail, which we are discussing. Also, better communication through periodic conference calls between CVMC's executive management and appropriate employees of other agencies (i.e., budget analyst, accounting manager and bond manager) are being instituted to enhance 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 DPR personnel with whom we have no contact. Our staff must spend inordinate amounts of time following up on invoices or requests that have been forwarded one or more times, in the process resulting in a minor error that then results in the entire invoice or requested being derailed. Perhaps more critically, 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 DPR

While much of this is beyond our control or that of DPR, we have requested more frequent delivery of accounting reports and schedule more frequent coordination calls with DPR. Apparently, some of the access to reports in the state's system cannot be provided to our staff given the current configuration of the records.

Risk: Preventing improper access to data

Risks have been resolved for virus intrusion. Palo Alto firewall and State standard Anti-Virus software was installed by the IT department. Viruses or thefts of data are now at minor risk of virus or hacker intrusion which could result in loss of data or access to records.

Control: Ongoing security

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 DPR in Sacramento. CVMC prepares and submits a periodic Operational Recovery Plan to the Department of Finance.

Risk: Preventing damage to CVMC property

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

CVMC's 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 provide restrooms and a small outdoor shade structure to facilitate limited use. Finally, the acquisition of all conservation lands were properly inspected, approved and documented. Staff, in cooperation with three other partner agencies that own conservation land pursuant to a memorandum of understanding, 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. In particular, as CVMC's major funding comes in the form of bond proceeds, there is recurring uncertainty over future allocations especially as our existing bond funds are depleted.

While some of this is beyond our control and depends on CNRA and legislative policy decisions, causes could be lack of communication of operational needs or mission to DPR, Department of Finance or CNRA.

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 ongoing 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 DPR, 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 DPR. 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 records.

Control: Active communication with CNRA and other state actors

The Executive Director participates in biannual all-Conservancy meetings and maintains close contact with key policy makers at CNRA, 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. CNRA staff has been working with the Conservancies on a long term strategy to ensure future funding, and CVMC cooperates fully with this effort.

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 Monitoring

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: Grantee oversight

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

Causes would be staff or grantee errors, inadequate policies or internal controls, lack of supervision by managers.

Results could include unapproved uses of grant funds or inadequate information available to state official and the public to meet the Conservancy's transparency goals.

Control: Grant program controls

Decisions regarding all local assistance grants 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 DPR for disbursement of bond funds. CVMC coordinates with DPR and DOF to perform period and annual bond fund reports or audits. All invoices and fund disbursements needed for acquisitions are handled by DPR. CVMC prepares the documents and sends them to DPR, 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.

No additional comments.

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