

December 12, 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 Sierra Nevada 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 Amy Lussier, Administrative Services Division Chief, at (530) 823-4707, amy.lussier@sierranevada.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Sierra Nevada Conservancy (SNC) is a state agency within the California Natural Resources Agency (CNRA), established to provide support to and give strategic direction for environmental, economic, and social benefit of the Sierra Nevada and its communities. SNC was created by bi-partisan legislation and signed into law in September 2004.

SNC's mission is to initiate, encourage, and support efforts that improve the environmental, economic, and social well-being of the Sierra Nevada regions, its communities, and the citizens of California.

The statute that created SNC emphasized the importance of carrying out this mission in an integrated and complementary manner, and the important role an organization can play in providing strategic direction and resources for the Region. SNC's objectives fall under the following seven program areas: 1. Increasing the opportunity for tourism and recreation in the Region. 2. Protecting, conserving, and restoring the Region's physical, cultural, archaeological, historical, and living resources. 3. Aiding in the preservation of working landscapes. 4. Reducing the risk of natural disasters such as wildfire. 5. Protecting and improving water and air quality. 6. Assisting the Regional economy through the operation of SNC's program. 7. Enhancing public use and enjoyment of lands owned by the public.

This work is accomplished through the Sierra Nevada Watershed Improvement Program, created by Public Resources Code Section 33345.1 and recognized by state policy and planning documents as a model program for addressing the growing challenges facing the Sierra Nevada Region in a changing climate. SNC's strategic goals, as outlined in the 2019-2024 strategic plan, are aimed at supporting this critical, at-risk region of California that has been presented with additional, recent challenges. SNC aims to remain flexible so that it may at once address current and unanticipated problems while responding to significant new challenges. SNC's has five strategic goals for the Sierra Nevada Region: 1. Healthy watersheds and forests. 2. Resilient Sierra Nevada communities. 3. Vibrant recreation and tourism. 4. Strategic lands conserved. 5. Impactful regional identity.

SNC does not oversee any other entities.

Control Environment

At the head of SNC is a 16-member Governing Board with 13 voting members and three non-voting members. The voting members include five Governor appointees, two legislative appointees, and six local government representatives; each local government representative is a member of the Board of Supervisors from a county within each of SNC's six subregions. The non-voting members come from the National Park Service, the U.S. Forest Service, and the U.S. Bureau of Land Management.

Operations at SNC are led by an executive officer and deputy executive officer. SNC went through a reorganization in 2019 that expanded the management team and allows for enhanced cross-organizational coordination and increased separation of duties and levels of responsibility and authority.

Since the agency's beginning in 2004, SNC management has been committed to operating with integrity and strong ethical values. To ensure these values remain in place, policies and procedures have been implemented and are updated as necessary; staff read and acknowledge these policies on their first day of work and as updates or policy require. Staff are highly encouraged to talk to any member of management or Human Resources to report concerns or complaints. Human Resources handles ultimate documentation of policies, procedures, and concerns, and any other documentation resulting from a concern or complaint.

SNC's workforce is competent, knowledgeable, and skilled. SNC maintains this workforce by upholding mutual respect among all staff, communicating openly and honestly, and establishing best management practices and values statements to underscore and support common values and ethical and respectful practices. SNC supports training and professional development for all staff through its training plan and program. The location of SNC's main office is unique as it is located outside of Sacramento in Auburn, making it a desirable workplace for those who live in the region covered by SNC. This is also true for the other SNC offices, which are in Mariposa, Mammoth, Quincy, North Fork, and Three Rivers.

Both SNC management and staff enforce accountability. Most job duties at SNC are handled by one person (excluding backups) which creates a built-in accountability process; this is paired with regular manager-staff check-in meetings. Management also follows CalHR procedures for probation reports, Individual Development Plans, and the disciplinary process and responds with positive action to feedback provided through reviews and audits. Through these mechanisms, and in conjunction with discussion at management meetings and cross training between staff, management is continuously evaluating staff workload and organizational needs to alleviate any unreasonable or excessive pressure on staff.

Information and Communication

As a small department—currently around 40 staff members—SNC is able to communicate relevant and reliable information between all staff without significant delay or loss of pertinent information. All staff are encouraged to communicate with other staff members on their level, with mid-line managers, and with executive staff. Standard business procedures are used to communicate information up, down, and across the department: face-to-face discussions, meetings, conference calls, email, and SNC's internal and external website, among others. All-staff meetings are held four times per year, during which executive- and/or management-level ideas, decisions, and plans are disseminated to staff;

discussion, questions, and concerns are always encouraged, either during the meeting or any time afterward. Division and subject matter meetings are held regularly and on an as-needed basis.

Communication with SNC's Governing Board happens primarily during each quarterly Board meeting. Each detailed Board meeting agenda is posted two weeks prior to the meeting for Boardmembers and the public to review. During each meeting, SNC managers and applicable staff (depending on the agenda item) give the Boardmembers updates on the status of SNC as a whole, projects, grants, etc., and at times the Board is required to act (vote). Board meetings are open to the public which allows for back-and-forth communication with external stakeholders and the public as anyone can comment during the public comment period or during other agenda items if appropriate.

For external stakeholders that have a potential or ongoing project or grant with SNC, communication with the appropriate staff person is frequent and on-going.

Staff can—and are encouraged to—report ideas, inefficiencies, and inappropriate actions to their supervisor, any member of management, or Human Resources at any time. A report or comment can be made in person or in writing.

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 Sierra Nevada Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Amy Lussier, Administrative Services Division Chief.

SNC's Executive Team, which consists of the executive officer, deputy executive officer, chief of Administrative Services, branch manager of Policy & Outreach, branch manager of Field Operations & Grants, and attorney, meet weekly for tactical discussions and monthly for strategic planning sessions. The full management team meets quarterly for an offsite discussion. Ongoing and new risks are discussed at these meetings; discussion can include updates on the current status of a risk and plan for mitigating the risk, and potential issues of an ongoing risk or internal control. During these status updates, any needed course corrections are identified. Monitoring deficiencies are also addressed by the chief of Administrative Services during this time with discussion to follow. Applicable staff not included in the meeting receive a debrief shortly thereafter.

Monitoring results are communicated to all SNC staff either through email or at the quarterly all-staff meeting.

RISK ASSESSMENT PROCESS

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

The following methods were used to identify risks: brainstorming meetings, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, questionnaires, 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.

RISKS AND CONTROLS

Risk: Emergency Evacuation Procedures

SNC has not held an emergency drill in over two years. This is due to office construction (which changed the office layout and staff seating positions) and changes to the Executive Team, upper management, and staff positions. These changes affected the emergency coordinator assignments which ultimately led to the delay in scheduling emergency drills. Without a drill, SNC staff may not know proper evacuation procedures during an emergency.

Control: Reassign Emergency Coordinators and Schedule Drill

SNC will reassign and train emergency coordinators now that all staff are in their new locations in the office. Staff will be trained on evacuation procedures and a new emergency drill will be held within six months, allowing staff to learn and practice evacuation procedures.

Risk: Mandatory Training Compliance

SNC is experiencing difficulty meeting the requirements of the annual training plan, which was noted by the State Personnel Board in its annual compliance review. Lack of outside resources for mandatory training has made it difficult for staff to find and/or sign up for the training in the time required; classes are either unavailable—despite being required—or are held infrequently. SNC risks remaining out of compliance if enrollment remains problematic.

Control: Monitor Class Availability

SNC will continue to monitor class availability and sign up for classes as soon as possible. This risk is difficult to mitigate as class availability is out of SNC's control; however, Human Resources will continue to seek out classes for staff and assist in enrollment, making attendance mandatory for available classes.

Risk: Loss of Connectivity or Data

a. SNC uses Office 365 for email and SharePoint (SNC's internal website) and risks loss of connectivity due to either ordinary technical issues or failure of the CNRA-controlled connection between CNRA and SNC. A loss of connectivity would mean employee access to email and SharePoint is disrupted, but there is no risk of data loss.

b. SNC stores GIS data on external hard drives; this data is downloaded from outside sources and stored locally for ease of use. (Projects created using this data are backed up by the program in which they are created.) Without a backup system—other than the external hard drives—SNC risks losing the downloaded data. If the data is lost, SNC staff would have to spend the time and effort to re-download the data.

Control: Engage with CNRA and Accept GIS Risk

a. SNC engages with CNRA at the monthly Chief Information Officer meetings and on an ongoing basis to ensure SNC is involved in decisions that are of SNC interest. SNC remains confident that it is receiving proper support from CNRA and will continue to take necessary action to limit connectivity issues.

b. SNC has purchased the necessary hard drives to store GIS data, but also accepts the risk of losing the downloaded data. The size of the data does not make additional backup feasible at this time: it is cost and space prohibitive to store on SNC's server, at CNRA, or on a cloud server. Additionally, because the data is readily available from outside sources, it further negates the need to back up the data at this time.

To further strengthen SNC's IT program, CNRA is currently reviewing and will provide an assessment of SNC's IT security and systems. Based on recommendations from the assessment, SNC will be able to identify deficiencies or opportunities for improvement and take steps to rectify or adjust as needed.

Risk: Impacts from Payroll Changes Backlog

The State Controller's Office (SCO) is significantly backlogged in processing payroll changes. This means that SNC and/or SCO, CalPERS, etc. must establish an accounts receivable (A/R) for each affected staff member for late dock, benefits, or other payroll issues. This creates additional workload for SNC staff and a potential financial burden for the affected employee. For each A/R established, SNC's payroll specialist must submit forms to SCO, notify the employee of their options, ensure they respond within the established time frame, notify SNC's accounting department, Contracted Fiscal Services (CFS), of the A/R, manually calculate the amount to be paid, monitor daily reports so that an additional notification memo may be sent to the employee once the A/R is established, and then submit another form to SCO. The payroll specialist also tracks the status of each A/R monthly after cutoff, when pay has issued. CFS and SNC's budget unit also need to track each A/R, thus creating otherwise unnecessary workload for additional units.

The effect on the staff member is also significant. Depending on the situation, the total A/R amount may need to be paid back in a shorter time frame than it originally would have been pulled, which could lead to a considerable financial burden. If the span of the A/R is greater than one tax year, the employee will have to amend their taxes due to issuance of a revised W-2.

Control: Establish Procedures to Minimize Impact

SNC has established procedures to monitor each A/R, notify the staff member monthly and upfront of the backlog issues, and follow up on any problems in order to minimize the impact to the affected employee and the State. SNC does not have any control over this risk but will continue to refine practices and procedures as necessary.

Risk: Public Safety Power Shutoffs

SNC offices are in foothill communities, making the offices vulnerable to Pacific Gas & Electric's (PG&E) public safety power shutoffs. SNC's headquarters office in Auburn lost power and was closed

for two days during the first public safety power shutoff. SNC is at risk of future office closures due to these shutoffs, which results in lost work time and possible disruption to SNC's partners and grantees. Office closures also cause an unexpected expense for Administrative Time Off.

Control: Establish Procedures and Monitor Upcoming Shutoffs

SNC has used lessons learned from the first power shutoff to establish procedures for monitoring for upcoming shutoffs, notifying employees of a potential upcoming shutoff, and maintaining daily contact with employees during a local shutoff (notifying employees daily if the office is open or closed). SNC will continue to refine these procedures as necessary and ensure they are documented in the appropriate manuals and plans.

Risk: Lack of Lactation Room

SNC does not have a readily available or obvious space for a lactation room for new mothers. SNC's recent growth has meant a decrease in available private office space. SNC risks not meeting Labor Code Section 1030 if a suitable space is not found or created.

Control: Establish Procedures

SNC will establish procedures for an already-existing room to be used for lactation as needed and document these procedures.

CONCLUSION

The Sierra Nevada 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.

Angela Avery, Executive Officer

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