January 21, 2016

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

Dear Mr. Laird,

In accordance with the State Leadership Accountability Act (SLAA), the Delta Protection Commission submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Catherine Caldwell, Assistant Executive Director, at (916) 376-3958, catherine.caldwell@delta.ca.gov.

BACKGROUND

The Delta Protection Commission was established by the Delta Protection Act of 1992 (Act). In passing the Act the Legislature affirmed “it is the policy of the State to recognize, preserve and protect those resources of the Delta for the use and enjoyment of current and future generations.” Later legislation in the form of the 2009 Delta Reform Act introduced the concept of the “co-equal goals” of both Delta ecosystem protection and “providing a more reliable water supply for California”, but insisted that these co-equal goals “be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource and agricultural values of the Delta as an evolving place.”

The Delta Protection Commission serves as an important forum for Delta residents to provide recommendations and take actions to benefit the Delta as an evolving place. This includes promoting, facilitating, and administering efforts to improve flood protection, agriculture, habitat, cultural resources and recreation. It also performs an important land use function by adopting a Land Use and Resource Management Plan (LURMP) and ensuring that local government land use decisions are consistent with that plan. In cases where local land use decisions are inconsistent, they are subject to Commission review and may be overturned by Commission action.

The mission of the Delta Protection Commission: "We protect, maintain, enhance and enrich the overall quality of the Delta environment and economy. We do this with a focus on agriculture, recreation and natural resources, while remaining mindful of the importance of the Delta to all Californians".

RISK ASSESSMENT PROCESS

The Delta Protection Commission (Commission) is a small State agency (seven staff positions and a volunteer Commission of fifteen members). The risk assessment was conducted through conversations at staff meetings and through separate conversations with selected Commission members. Most of the analysis, and the preparation of this report, was conducted by the Executive Director and the Assistant Executive Director.

The risk assessment does not focus on any particular area. The Commission does not administer any grant programs and is not responsible for providing any direct services to clientele. We administer our own programs that are designed to advance the protection of agricultural, recreational, natural resource and cultural values of the Delta region.

Regarding prior audit findings, the Commission has only been the subject of one recent audit. The Office of State Audits and Evaluations provided an audit of the Commission’s administration of grants under
Propositions 50 and 84; bond monies were directed to the Commission through an Interagency Agreement and these monies were used to contract with private entities to accomplish the grant objectives.

The recommendations from the audit report included maintaining staff timesheets that account for hours charged to bond projects, and maintaining adequate documentation for match expenditures: both audit findings are consistent with current Commission staff direction related to grant administration.

The risks that are analyzed in this report were prioritized based on the scope of the risk (that is, the potential for that risk to inflict damage on the public reputation of this organization) and the resulting potential impact (the level of damage that could occur to the public reputation of this organization).

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Program/Activity—Changes, Complexity

The Delta is a complex region, and the Commission’s programs to support the unique Delta values (agricultural, recreational, natural resource, cultural) are likewise complex in their scope and execution. Given the changing nature of California water policy and the integral role the Delta plays, there is a risk that Commission activities to support the unique Delta values will not be sufficient to fulfill our mission.

The control is continued diligence by Commission executive staff and Commission members to ensure that Commission activities are providing the greatest benefit to advancing the unique Delta values. This is an existing control effort.

Operations- Internal- Resource Management

Of all the activities that the Commission conducts, are we selecting the actions that will have the greatest impact on supporting the unique Delta values? State resources are limited and there are many activities that could be conducted, so the Commission must ensure that it conducts its activities in a way that provides maximum protection and health for the Delta.

The control is continued diligence by Commission executive staff to ensure that Commission activities are providing the greatest benefit to advancing the unique Delta values. This is an existing control effort.

ONGOING MONITORING

Through our ongoing monitoring processes, the Delta Protection Commission reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Delta Protection Commission, Erik Vink, Executive Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Catherine Caldwell, Assistant Executive Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

Planning and prioritizing of monitoring activities, and the updating of these results, will occur on an annual basis, or more frequently if the need arises. The adequacy of this monitoring will be evaluated on at least an annual basis.
Reporting and Documenting Monitoring Activities

The monitoring results will be communicated to Commission members by its Executive Director and Assistant Executive Director in a memorandum. This memorandum will be distributed to all Commission staff. Public Resources Code Section 29780 requires the Commission to report its activities in an annual report to the Governor and Legislature.

Procedure for Addressing Identified Internal Control Deficiencies

The Executive Director will be responsible for identifying, reporting, and assigning responsibility for remediation for all deficiencies. These deficiencies will be reported to Commission members and will be remedied within a four month period.

CONCLUSION

The Delta Protection Commission strives to reduce the risks inherent in our work through ongoing monitoring. The Delta Protection Commission accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Erik Vink, Executive Director

cc: Department of Finance
    Legislature
    State Auditor
    State Library
    State Controller
    Secretary of Government Operations