January 01, 2018

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Michael Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Delta Stewardship Council submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2017.

Should you have any questions please contact Livia Page, Deputy for Administration, at (916) 445-5325, Livia.Page@deltacouncil.ca.gov.

BACKGROUND

The mission of the Council is to achieve the coequal goals as stated in the Water code. “Coequal goals” means the two goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The coequal goals shall 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.” (Water Code section 85054) The Council’s primary responsibility is to develop, adopt, and implement a legally enforceable, comprehensive, long-term management plan for the Sacramento-San Joaquin Delta and the Suisun Marsh—the Delta Plan—that achieves the coequal goals. The implementation of the Delta Plan is the central work of the Council and will lead to achievement of the coequal goals.

The Council consists of seven voting members that appoint an Executive Officer to be responsible for the day-to-day operations for the Council including hiring and managing employees. The operations consist of the following programs: Executive Office; Delta Science; Planning and Performance; and Administration. The Council’s work is also supported by an independent board of nationally and internationally prominent scientists, which is known as the Independent Science Board (ISB). This ISB consists of no more than 10 members appointed by the Council. It provides oversight of the scientific research, monitoring, and assessment programs that support adaptive management of the Delta through periodic reviews of each of those programs that shall be scheduled to ensure that all Delta scientific research, monitoring, and assessment programs are reviewed at least once every four years. In addition, the Council oversees a committee of agencies responsible for implementing the Delta Plan. Interagency coordination occurs through the committee’s selection and accomplishment of “Recommendations” in the Delta Plan, negotiations on a range of issues the Council or other Delta agencies have identified, and through the agencies’ certification of their actions’ consistency with the Delta Plan, in conformance with the Council’s regulations.

ONGOING MONITORING

As the head of Delta Stewardship Council, Jessica R. Pearson, Executive Officer, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.
Executive Monitoring Sponsor(s)
The executive monitoring sponsor responsibilities include facilitating and verifying that the Delta Stewardship Council internal control monitoring practices are implemented and functioning as intended. The responsibilities as the executive monitoring sponsor(s) have been given to: Jessica R. Pearson, Executive Officer, Livia Page, Deputy for Administration, and Jessica Law, Chief Deputy Executive Officer.

Monitoring Activities
Through our ongoing monitoring processes, the Council reviews, evaluates, and improves our systems of internal controls and monitoring processes through weekly executive staff meetings including monthly Council board meetings as needed. Also, there are periodic reviews to ensure our systems of internal controls and processing are effective.

Addressing Vulnerabilities
The Deputy Executive Officer Administration is the assigned SLAA Coordinator to address vulnerabilities with the assistance from other executive-level team members. The SLAA Coordinator ensures that executive team members discuss and are made aware of vulnerabilities. These team members participate in assessment process and evaluates risks and controls. The risks that pose vulnerabilities to the Council are risks that prohibit implementation and updating of the Delta Plan and Delta Science Plan. Ongoing monitoring are handled through quarterly meetings to discuss risks that affect programs within the agency from achieving its goals and objectives. As a result of these meetings, information is gathered and prioritized to determine if risks or vulnerabilities should be addressed through the biennial SLAA reporting.

Communication
The monitoring role is assigned to the SLAA Coordinator, Deputy Executive Officer for Administration. This person is a member of the executive team to regularly discuss internal controls to effectively monitor and address the agency’s systems. Any information gathered by the SLAA Coordinator is shared with the executive team then it is distributed to all staff accordingly. Also, there is a suggestion box located on the Council’s internal intranet to allow staff to anonymously make suggestions to improve the effectiveness and efficiencies of the organization.

Ongoing Monitoring Compliance
The Delta Stewardship Council is in the process of implementing and documenting 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 Delta Stewardship Council systems of controls and monitoring.

Risk Assessment Process
The following personnel were involved in the Delta Stewardship Council risk assessment process: Executive Management, Middle Management, Front Line Management, and Staff.

Risk Identification
The methodology used to assess the risks for the Council includes designating an executive-level SLAA Coordinator. The coordinator leads the project to ensure that the executive team members are aware of the project and have an opportunity to participate in the risk assessment process and evaluation of
risks and controls. The risks that pose vulnerabilities to the Council are focused on risks that prohibit implementation and updating of the Delta Plan and Delta Science Plan.

**RISK RANKING**

Ongoing monitoring are handled through quarterly meetings to discuss risks that affect programs within the agency from achieving its goals and objectives. As a result of these meetings, information is gathered and prioritized to determine if risks or vulnerabilities should be addressed through the biennial SLAA reporting.

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**RISKS AND CONTROLS**

**Risk: Operations -Internal-Program/Activity—Changes, Complexity**

The resources that are required to implement and update the Delta Plan and the Delta Science Plan have increased due to the complexity of these plans and their statewide implications.

Until another Water Bond or another source of stable long-term financing is approved to fully implement and update the Delta Plan to achieve the coequal goals, including the Delta Science Plan, the Delta is constrained. This financing requires an array of funding sources and perhaps new statutory authorities.

A pivotal component of the Delta Plan relates to how this plan will be implemented and financed. Also, the Delta Science Plan requires additional funding to ensure that continuous efforts are made to make science useful to the decision-makers responsible for the Delta; provide technical assistance and evaluation to support Delta management; and to coordinate and fund research in support of the coequal goals.

The Council submitted a Budget Change Proposal to augment the Council’s budget to further the progress for both the Delta Plan and Delta Science Plan, which is pending approval by the Legislature and the Governor.

**Control A**

The Council is working with governmental agencies, the Legislature, and stakeholders to evaluate numerous funding options. The Council continues to explore alternate fund sources, such as negotiating funding from the federal and local governments to ensure the success of the Delta Plan and Delta Science Plan. In the interim, the Council will continue to use its existing funding sources to support operational needs.

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**CONCLUSION**

The Delta Stewardship Council strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising controls to prevent those risks from happening. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.
Jessica R. Pearson, 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