

BALDWIN HILLS CONSERVANCY

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Memorandum

March 18, 2016

To: JOHN LAIRD, Secretary
California Natural Resources Agency

From: DAVID MCNEILL, Executive Officer
California Baldwin Hills Conservancy

Subject: Review of the Systems of Internal Control

In accordance with the State Leadership Accountability Act, *Government Code Sections 13400 through 13407*, I am submitting the enclosed report describing the review of our systems of internal control for the biennial period ended December 31, 2015.

Enclosure(s)

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

Baldwin Hills Conservancy

2015 SLAA REPORT

December 30, 2015

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 Baldwin Hills Conservancy 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 David McNeill, Executive Officer, at (323) 290-5272, info@bhc.ca.gov.

BACKGROUND

Mission & Goals

The Baldwin Hills Conservancy's mission is to acquire open space and manage public lands within the Baldwin Hills area and to provide recreation, restoration and protection of wildlife habitat within the area for the public's enjoyment and educational experience.

The Conservancy is an independent state agency within the Natural Resource Agency of the State of California. In 2000, state law established the Conservancy Act pursuant to Division 22.7 of the Public Resources Code. The Conservancy boundaries encompass the last two square miles of contiguous open space in the Ballona Creek Watershed. To carry out the Conservancy's statutory mandates in a cost effective manner, and be responsive to the needs of local communities, there are legislative mandates that drive the work of the Conservancy as documented below:

Land Conservation (reference: Public Resources Code Section 32566):

The Conservancy shall determine acquisition priorities and may acquire real property or any interest in real property within the Baldwin Hills area from willing sellers and at fair market value or on other mutually acceptable terms, upon a finding that the acquisition is consistent with the purposes of the Conservancy. The Conservancy may acquire the property itself, or may coordinate the acquisition with other public agencies with appropriate responsibility and available funding or land to exchange. The overall objectives of the land acquisition program shall be to assist in accomplishing land transactions that are mutually beneficial to the landowners and the Conservancy, and that meet the Conservancy's purposes.

Planning and Development (reference: Public Resources Code Sections 32565.5 (b) and (c), 32568 (a)):

The Conservancy establishes policies and priorities within the Baldwin Hills area, and conducts any necessary planning activities in accordance with the purposes set forth in Section 32555 and; give priority to related projects that create expanded opportunities that provide recreation, aesthetic improvement, and wildlife habitat in the Baldwin Hills area.

The Conservancy may, within the Baldwin Hills area, undertake site improvement projects; regulate public access; re-vegetate and otherwise rehabilitate degraded areas, in consultation with other public agencies with appropriate jurisdiction and expertise; upgrade deteriorating facilities; and construct new facilities as needed for outdoor recreation, nature appreciation and interpretation, and natural resource protection. These projects shall be directed by the Conservancy and undertaken by other public agencies, with the Conservancy providing overall coordination through setting priorities for projects and assuring uniformity of approach.

Recreation & Interpretation (reference: Public Resources Code Section 32555 (a)):

The Conservancy is created to acquire and manage public lands within the Baldwin Hills area, and to provide recreational, open space, wildlife habitat restoration and protection, and lands for educational uses within the area.

Management of Public Lands (reference: Public Resources Code Sections 32566, 32569 (a)):

The Conservancy may direct the management, operation, administration, and maintenance of the lands and facilities it acquires. The Conservancy may initiate, negotiate, and participate in agreements for the management of land under its ownership or control with local public agencies, state agencies, federal agencies, nonprofit organizations, individuals, or other entities and may enter into any other agreements authorized by state or federal law. Local public agencies may enter into an agreement to transfer responsibility for the management of the land located within the Baldwin Hills area to the conservancy.

Baldwin Hills Park Master Plan (reference: Chapter 752 of the Statutes of 1999 Section 1 (c) and Public Resources Code Section 32656.5 (f)):

Notwithstanding Section 7550.5 of the Government Code, the Secretary of Resources, in conjunction with the Director of Parks and Recreation, shall, not later than January 1, 2002, prepare and submit to the Legislature a master plan for the expansion and development of the Kenneth Hahn State Recreation Area that is designed to accomplish all of the following goals:

- (1) Increase active recreation opportunities for underserved communities.
- (2) Create a comprehensive trail system.
- (3) Provide for public access and entry ways.
- (4) Protect and restore natural habitat.
- (5) Protect critical viewsheds.
- (6) Protect and improve urban water quality.
- (7) Emphasize connections between existing parks, trails, and urban streams.
- (8) Restore industrial lands to park and open-space purposes.
- (9) Protect watersheds connecting to Santa Monica Bay.

The Conservancy shall approve the master plan, and prioritize and implement the following in accordance with the master plan and with the master plan recommendations: (1) The acquisition of additional recreational and open space and a plan for the management of lands under the jurisdiction of the Conservancy, including additional or upgraded facilities and parks that may be necessary or desirable. (2) The planned conveyance of lands acquired and restored, or lands acquired, restored, and developed, to the Department of Parks and Recreation or to any other public agency once the acquisition and improvements have been finalized.

Grants (reference: Public Resources Code Section 32569 (a)):

The Conservancy may award grants to local public agencies, state agencies, federal agencies, and nonprofit organizations for the purposes of its division. The Conservancy shall administer any funds appropriated to it and any revenue generated by public agencies for the Baldwin Hills area and contributed to the Conservancy, and may expend those funds for capital improvements, land acquisition, or support of the Conservancy's operations.

Prop 40: California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act (reference: Public Resources Code Section 5096.650 (b)).

Prop 84: The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (reference: Public Resources Code Section 75060(d)(2)).

Prop 1: The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (reference Water Code Section 79731(a)).

Appropriations from the above bond acts may be spent in accordance with the particular provisions of the statute creating the Conservancy for the acquisition, development, rehabilitation, preservation,

restoration and protection of land and water resources.

RISK ASSESSMENT PROCESS

Conservancy management is responsible for the establishment and maintenance of internal and administrative controls to help achieve the objectives of the agency. The risk assessment was performed internally through the review strategic plans, state policies, testing of existing controls, and informal interviews with staff. This occurs during staff meetings conducted every other Wednesday. Issues generally identified during these meetings include coordination of operations, project management, short term and long term objectives, meeting and event planning. The executive officer and one senior staff support representative are responsible for assessing and developing strategies to reduce risk and implement systems/controls. The methodology for assessing controls was distilled to the risk assessment worksheet which provides an overview of risk and control measures so the Conservancy can begin establishing assurances to achieve objectives in the following category: (1) personnel. Due to the agency's small size, a review of these functions was considered a priority to prevent disruption of business in the event of a transition to new management and or loss of key personnel occurs. With two new hires in 2015, office procedure review, project orientation training, and human resources actions have become a key focus creating the opportunity to strengthen gaps. Assessing and improving the interface between our contracted Personnel Division at State Parks is one of the top priorities in this stage in the Conservancy's development. The assessment was conducted within the context of State Administrative Manual guidelines, and certain other state laws and regulations, as well as Conservancy policies and procedures. The Conservancy has put internal controls in place based on its years of experience, past audits by OSAE and interface with the Department of Parks and Recreation's existing systems. As with any system, controls evolve as opportunities for improvement arise.

EVALUATION OF RISKS AND CONTROLS

Compliance- Internal- Resource Limitations

Training materials pursuant to CalHR general compliance requirements for staff are not readily available or accessible to BHC staff. Staff, supervisor, and board training videos, webinars and or modules are difficult to identify and implement internally. It is also unclear if the necessary requirements are met utilizing other department materials based on updates or revisions to policies.

Timelines for renewals and or refresher courses for staff are hard to maintain based on little knowledge of open trainings and space available for participation.

In order to achieve training compliance, the BHC has borrowed videos from other State Departments, joined DGS, DOJ and DPR webinars on a case by case basis depending on availability and permission. Steps to help insure consistency in training include:

- establish a calendar of available approved trainings
- secure a commitment from partner agencies to provide space and notification of revised trainings or compliance updates
- clearly define required training for Board, Staff and Rank and File state employee compliance
- maintain a record of certifications issued and when they expire or required refresher training

ONGOING MONITORING

Through our ongoing monitoring processes, the Baldwin Hills Conservancy reviews, evaluates, and improves our systems of internal controls and monitoring processes. The Baldwin Hills Conservancy is in the process of formalizing and documenting our ongoing monitoring and as such, we have determined we partially comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Baldwin Hills Conservancy, David McNeill, Executive Officer, is responsible for the overall establishment and maintenance of the internal control system. We have identified David McNeill, Executive Officer, as our designated agency monitor(s).

Frequency of Monitoring Activities

Monitoring is a continuous process with bi-monthly staff meetings as the forum to present, discuss and strategize regarding identified areas of risk, concern or other items needing attention. Concerns of an urgent nature can and should be raised as they occur or are discovered and are addressed in a timely manner. Implementation of strategies and decisions on priorities are decided by the Executive Officer with advice from a senior staff representative.

Reporting and Documenting Monitoring Activities

All staff are empowered to raise issues of concern to management. Given the small size of the Conservancy, this may be an informal process or may be brought up at a bi-weekly meeting. The small staff size provides opportunity for all staff to raise issues with management based on an open door policy. Staff resources are assigned to undertake and mitigate risks and report back on progress/completion. For long term projects, periodic updates are provided to management along with any problems that require management resolution in order to accomplish remediation and mitigation goals. Documents, procedures, and other outcomes are maintained by the Conservancy for use and reference.

Procedure for Addressing Identified Internal Control Deficiencies

Timeframes for addressing and mitigating risks is dependent upon the situation. Some risks are mitigated within days through decision making and disseminating information to all affected staff. Some mitigation efforts may require additional time if other outside parties are involved. Timeframes are discussed at bi-monthly meetings and if necessary, periodic progress reports and updates are provided and potentially a re-assessment to assure that efforts will lead to necessary outcomes

CONCLUSION

The Baldwin Hills Conservancy strives to reduce the risks inherent in our work through ongoing monitoring. The Baldwin Hills Conservancy 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.

David McNeill, Executive Officer

cc: Department of Finance
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