

December 23, 2025

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 Sacramento-San Joaquin Delta Conservancy submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2025.

Should you have any questions please contact Karen Buhr, Deputy Executive Officer, at (916) 996-8117, Karen.Buhr@deltaconservancy.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Working collaboratively and in coordination with local communities, the Conservancy will lead efforts to protect, enhance, and restore the Delta's economy, agriculture and working landscapes, and environment for the benefit of the Delta region, its local communities, and the citizens of California.

- **Goal 1:** Enhance ecological conservation, restoration, and climate adaptation in the Sacramento-San Joaquin Delta and Suisun Marsh.
- **Goal 2:** Support economically and ecologically sustainable working lands in the Sacramento-San Joaquin Delta and Suisun Marsh.
- **Goal 3:** Support and enhance communities and economies in the Sacramento-San Joaquin Delta and Suisun Marsh.
- **Goal 4:** Enrich understanding of the ecological, cultural, and historical value of the Sacramento-San Joaquin Delta and Suisun Marsh; the importance of resilience, diversity, and inclusivity; and the need for stewardship.
- **Goal 5:** Maintain an effective, sustainable, adaptable, and inclusive organization.

Control Environment

The Conservancy is governed by a board appointed by the legislature, local government and the Governor's office. The Executive director reports to this board. In addition, executive staff monitor and track staff performance and audit reports and findings. Because the

Conservancy is so small, management is able to track most risks and performance metrics pretty easily. Management is also involved on most hiring decisions and performance issues of existing staff. Management is able to set expectations in real time and does so informally and formally as deemed necessary.

Information and Communication

The Conservancy has well established communication channels and regularly monitors issues, procedures and risks. Managers are able to talk with staff one on one and raise any issues in weekly management meetings. Because the staff is so small, everyone knows each other. If there are ever concerns they can be reported to any of the 4 members of the management team. Should there be an issue with the management team, staff has access to the board and to the Resources Agency.

In addition, the board meets every other month and staff report out to the board on all aspects of the organization.

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 Sacramento-San Joaquin Delta Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Karen Buhr.

Management monitors progress, responds to audit requests, and meets regularly with staff to identify risks and operational inefficiencies. Management addresses concerns by institutionalizing new systems, seeking external support, or working with staff to change procedures. Because the Conservancy is small, changes are able to be implemented quickly and efficiently and monitoring for effectiveness is relatively easy.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Sacramento-San Joaquin Delta Conservancy risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and tolerance level for the type of risk.

RISKS AND CONTROLS

Risk: Lack of Stable Funding

The agency is highly dependent upon bonds and state and federal grants and contracts. Permanent staff may be laid off if alternative funding is not secured to replace expiring funding. Long term planning to implement programs that have significant and sustainable impacts is difficult to achieve without a stable funding source. Programs being implemented may need to be curtailed or terminated. Staff turnover is increased and candidate pools for filling vacancies are limited as employees seek stable funding for their positions. Given the current economic status of the State, its important that the Conservancy seek other funding sources to secure operations.

Control: Plan Strategically

Strategically plan program priorities, implementation, and personnel resources to accommodate funding fluctuations. Utilize limited-term and temporary help appointments when appropriate to avoid layoff situations.

Control: Seek Stable Funding

Continue to communicate with the Natural Resources Agency, and educate legislators, control agencies, federal entities, and others regarding the mission of the Conservancy and the value it provides. Identify opportunities for the Conservancy to contribute and collaborate to advance local, state, and federal priorities. Seek additional bond, state, federal, and other funding.

The Conservancy is creating a funding plan and has applied for and/or received several grant funds including CVAP, RCPP, and DWR.

Risk: Lack of Grant Management and Administration training for staff

There is no comprehensive grant management and administration training for the Resources Agency. The DGS grant management training focuses on contracting requirements- not the role of the State grant manager in fiscal management, accountability, grant oversight or grantor and grantee relationships. Grant managers have gaps in knowledge that can cause challenges. While agencies like State Parks have their own internal training, the Conservancy is too small to provide this training.

Control: Find training at other agencies

CNRA offered a one-day training for prop 4 grant managers. The Conservancy encouraged staff to take this training. In addition, the Conservancy encourages staff to take related trainings whenever they are available.

Risk: Lack of a grant management system

Excessive time is spent managing grant-related data and information which diverts resources from completing other high-priority tasks. Lack of a comprehensive system makes accurately tracking and reporting information difficult, leaves the agency vulnerable to errors and omissions in data, and presents challenges in creating reports for decision-making purposes. The ability to implement controls is reduced. The small size of the agency makes procurement of specialized grant management software cost-prohibitive.

Control: Adopt developing RAPTR system

The Conservancy is working with CNRA to develop the RPTR database. The system is almost ready to be launched and the Conservancy has operationalized its use while entered all of its grants into the system.

Risk: Outdated Policies

Out of date policies leave the agency vulnerable to employees not complying with policies. This could lead to information breaches, violations of human resources policies and mandates, risks to health and safety, and other issues.

Control: Update Policies

The Conservancy has updated most of its policies- 26 of the 32 policies have been updated and are ready for implementation. However, the Conservancy was informed by DGS that most of our "policies" are actually guidelines. We are now working with DGS to assess what needs to be a policy and what can just be staff guidance.

Risk: Inadequacy of service providers for HR

The level of adequacy of the Conservancy's service provider for human resources leaves the agency vulnerable to errors and omissions, which could lead to non-compliance with mandates, faulty decision making, financial liabilities, and inefficiencies.

Control: Cross check service provider work

As funding and workload permits, increase training and competency of Administration Manager to better enable them to cross-check service provider work and data. Continue to explore avenues to increase service provider adequacy.

Risk: External attacks to IT

The Conservancy, as is the case with all state agencies, is vulnerable to external information technology risks, such as phishing and system hacking. Breaches of information security can lead to loss of data, ransom demands, exposure of confidential information, and disruptions in operations.

Control: Cross Training and Education

Ensure staff are adequately trained on policies and information technology best practices and educated about the risks and how to avoid them. Continue the Parent/Child Information Technology relationship with the Department of Water Resources for Information Technology services, including information technology security.

Risk: Key person dependence

Because the agency is so small and funding is not stable, the agency has few staff with little cross training or duplication. This leaves the agency vulnerable if key personnel leave. In addition, staff often have to leave to promote. When they leave, there is a large learning curve for new staff coming in.

Control: planning

The Conservancy plans for key personnel transitions and works proactively with staff to manage transition, to provide promotional opportunities and to lessen the need for people to leave. As part of this effort, staff document their duties in position reports to retain position sensitive information.

Control: Cross training

The Conservancy builds in opportunities to train staff on each others responsibilities and to share projects among staff so that attrition has less of an impact.

CONCLUSION

The Sacramento-San Joaquin Delta 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.

Campbell Ingram, Executive Officer

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency