

Delta Stewardship Council

2015 SLAA REPORT

December 24, 2015

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

Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the Delta Stewardship Council 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 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, Performance and Technology; 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.

RISK ASSESSMENT PROCESS

The methodology used to assess the risks for the Council includes designating an executive-level FISMA Coordinator--the Chief for the Council's Administration Division. The FISMA 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 of the Delta Plan. On going

monitoring are handled through quarterly meetings to discuss risks that affect programs within the agency from achieving its goals and objectives including vulnerabilities relating to the new statewide Financial Information System for California (Fi\$CAL). 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.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Program/Activity—Changes, Complexity

The resources that are required to implement the Delta Plan have increased due the complexity of the plan and its statewide implications. A pivotal component of the Delta Plan relates to how this plan will be implemented and financed. The Council recently submitted a Budget Change Proposal to augment its budget to implement the Delta Plan, which is pending approval by the Legislature and the Governor.

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

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

Operations- Internal- Fi\$Cal Conversion

The implementation of the Financial Information System for California (Fi\$CAL) has caused some delays due to the inability to access budget/expenditure reports; and delays in processing purchase orders and contracts due to the newness of the Fi\$CAL system. The agency may need to delay activities related to the Delta Plan, which is the foundation for the Council's mission and the statewide coequal goals.

Mitigation: The Council has weekly executive team meetings where Fi\$CAL delays can be addressed. Also, the Council reports on the status of its activities through monthly Council meetings that are held with its seven-member Council board.

ONGOING MONITORING

Through our ongoing monitoring processes, the Delta Stewardship Council 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 Stewardship Council, Jessica R. Pearson, Executive Officer, is responsible for the overall establishment and maintenance of the internal control system. We have identified Daniel Ray, Chief Deputy Executive Officer, as our designated agency monitor(s).

Frequency of Monitoring Activities

Since the Delta Plan includes performance measurements, the Council is able to track progress in meeting the objectives of the Delta Plan. It is the basis for internal controls and ongoing monitoring to ensure that programs and functions are effectively and efficiently managed in conformity with applicable laws and regulations. Also, the Council continually reviews its administrative policies and procedures to

ensure that it can meet the day-to-day operational needs in an expeditious matter while maintaining adequate checks and balances, as well as compliance to state laws and rules. Additionally, there are weekly executive meetings where planning projects are summarized in a metric to discuss whether action is required to meet Delta Plan mandates, which includes performance measurements.

Reporting and Documenting Monitoring Activities

There are several vehicles to ensure reporting and documenting monitoring activities: weekly executive team meeting and monthly Council board meetings.

Procedure for Addressing Identified Internal Control Deficiencies

Any deficiencies will be identified through weekly executive team meetings then if needed elevated to the seven-member Council board for action.

CONCLUSION

The Delta Stewardship Council strives to reduce the risks inherent in our work through ongoing monitoring. The Delta Stewardship Council 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.

Jessica R. Pearson, Executive Officer

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