

November 19, 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 State Coastal 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 Helen Kang, Deputy Executive Officer, at (510) 286-4349, helen.kang@scc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Coastal Conservancy ("Conservancy") was established in 1976 to protect and improve natural lands and waterways, help people access and enjoy the outdoors, and sustain local economies along the length of California's coast and around San Francisco Bay. The Conservancy is a non-regulatory agency that supports projects to protect coastal resources and increases opportunities for the public to enjoy the coast.

The Conservancy provides technical assistance through its staff and provides grant funds to help develop and implement projects that achieve its goals. The Conservancy's enabling legislation, Division 21 of the Public Resources Code, authorizes the Conservancy to undertake projects and award grants to advance a number of goals including: protecting the natural and scenic beauty of the coast; enhancing wildlife habitats; helping people get to and enjoy beaches and parklands; adapting to climate change impacts, including sea level rise; keeping farmland and timberlands in production; revitalizing working waterfronts; improving water quality.

Mission Statement

The Conservancy vision is of a beautiful, restored, and accessible coast for current and future generations of Californians. We act with others to protect and restore, and increase public access to California's coast, ocean, coastal watersheds, and the San Francisco Bay Area.

Strategic Plan

Every five years, the Conservancy adopts a Strategic Plan, which identifies goals and specific objectives. The most recent Strategic Plan was adopted by the Board on December 1, 2022, and is posted on our website.

The current Strategic Plan identifies five goals with multiple quantified objectives under each goal. The goals are:

1. Prioritize equity. There are four objectives under this goal: commit funding to benefit systematically excluded communities, return power to tribes, support systematically excluded communities, and incorporate workforce development in our projects.
2. Enjoy the coast. There are seven objectives under this goal: explore the coast program grants, coastal stories program, expand accessibility, build trails, recreation facilities and amenities, piers and waterfronts, and explore the coast overnight.
3. Protect and restore the coast. There are four objectives under this goal: conserve land, restore or enhance habitats, working lands, and cut green tape.
4. Climate ready. There are three objectives under this goal: sea level rise adaptation projects, wildfire resilience projects, and multi-benefit nature-based climate adaptation.
5. Organizational goals. There are two objectives under this goal: support for our staff and transparency.

Staff report on progress implementing the Strategic Plan to the Conservancy Board once a year. Regional managers report progress achieving the objectives in the Strategic Plan to the Executive Officer every year.

Control Environment

The Coastal Conservancy consists of a Board, an Executive Officer, and about 77 full-time employees. The Conservancy Board has seven members: two governor's appointees, one senate appointee, one assembly appointee and representatives from the Department of Finance, Natural Resources Agency, and Coastal Commission. The Board meets about five times per year. The Executive Officer updates the Board at each meeting, consults regularly with her management team and staff members about both significant agency-wide decisions as well as day-to-day departmental operations. The Conservancy's management team includes the Executive Officer, Deputy Executive Officers, Regional Program Managers, General Counsel, Director of Fiscal Services, Accounting Manager, Contracts & Procurement Manager, Budgets Manager, and Human Resources Manager. The monthly meetings of the management team are a forum to discuss and make decisions regarding agency-wide issues requiring input from or affecting the organization. The management team establishes and demonstrates integrity and ethical values.

Each work group also holds meetings to provide information to their staff and to solicit input on current and upcoming issues. The four regional programs within the Conservancy (North Coast, San Francisco Bay Area, Central Coast, and South Coast) each conduct monthly meetings that include the regional manager and the staff in the region. These meetings serve as an opportunity for regional managers to convey guidance from the management team and for project staff to provide project updates and raise concerns or issues.

All managers are readily accessible to staff. This open communication allows decisions to be made with the contribution of staff at all levels. All Conservancy staff have a voice within the organization to raise an issue/concern; the chain of command often provides informal resolution. However, resolutions requiring further discussion, consent, procedural or other changes and follow-up, are brought to the Deputy Executive Officer for calendaring for the next monthly management meeting. If the matter is urgent and cannot wait until the next management team meeting, a meeting will be convened with appropriate staff to discuss and resolve a matter.

The Conservancy completed a Workforce Plan that concluded in 2022. Due to staff turnover, we were unable to complete another plan in subsequent FY23 and 24. The Conservancy aims to complete our 2025 Workforce and Succession Plan by December 2025. Maintaining a competent workforce is the focus of all managers at the Conservancy. In addition to external training, such as CalHR and Fi\$Cal Learning Center, the Conservancy provides regular in-house training to develop skills and share knowledge among staff. Probation reports are completed for all new hires and annual performance reviews are performed for all staff. All staff are invited to complete Individual Development Plans.

Information and Communication

The Executive Officer updates the Conservancy Board at each meeting and consults regularly with her management team and staff members about both significant agency-wide decisions as well as day-to- day departmental operations. The Executive Officer provides an annual financial report to the Conservancy Board and the public, which is an overview of the operational and financial resources of the Conservancy. Staff recommendations considered by the Conservancy Board include a great deal of information to document the decision-making process. The Conservancy completes the Two Week Ahead Reports to communicate critical issues to the Secretary of Resources and the Administration.

The Conservancy has a public information officer who manages external communication, including updates to the Conservancy's website and other public information materials. Conservancy staff work with many stakeholders and regularly present our work at conferences and workshops. Finally, the Conservancy hosts webinars to share information among our partners on projects and funding.

Staff meetings led by the Conservancy's Executive Officer are held with all staff every two weeks, providing a forum for the Executive Officer to provide information of agency-wide interest and for staff to ask questions, express concerns, or to make additional announcements from their respective working groups. Internal control systems are documented through various forms, procedures, and memos to staff. Decisions or changes to procedure are communicated every other week at all staff meetings, at unit or workgroup meetings, via emails, and occasionally through staff training sessions. Decisions are documented in memos or changes to internal control forms, depending on the nature of the issue.

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 State Coastal Conservancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Amy Hutzel, Executive Officer Sloane, Deputy Executive Officer; Helen Kang, Deputy Executive Officer; .

In addition to the executive monitoring staff, internal controls are implemented by: Amy Roach, General Counsel; German Garcia, Director of Fiscal Services; Sophia Chu, Human Resources Manager; Roselin Devi, Accounting Manager; Jamshed Samadi, Budgets Manager; and Erika Gomez, Contracts & Procurement Manager.

Potential and current risks or other issues which may cause or are causing vulnerabilities in internal controls, project development and/or implementation problems, or other losses to the state or public are discussed at management team meetings with input from appropriate staff members. Decisions requiring follow-up are tracked internally with information including the issue, responsible staff, next steps and progress, and are followed through to completion. Follow-up is discussed both at management team meetings and all staff meetings. Resolution of a risk, problem, or other issue may require sub-committees to address and provide options for resolution and additional input from staff and management team members.

The Conservancy is regularly audited by the Office of State Audits and Evaluations for specific projects and for its funding programs. When the auditors raise concerns, the Conservancy acts quickly to implement changes to address those issues and ensure that corrective actions are implemented.

Risks and vulnerabilities are brought forward from all levels of line, program, and administrative staff as they are identified while working, from external or internal entities, or through ongoing risk monitoring.

Typically, staff report to their unit managers and/or unit managers will request calendaring on the next monthly management team, depending on the nature of the risk and who first became aware of it. If the situation is urgent, it will be heard and dealt with on an ad hoc basis as needed to address and resolve the issue prior to the next monthly management team meeting. If risk or resolution requires intervention and action of more than one unit within the agency and procedural changes and monitoring, the situation will likely be brought to management team for discussion, action, follow-up and reporting back after implementation. For risks that are either minor in their potential impact or impact only one unit, assessment, mitigation, and monitoring may be done outside of the management team setting, typically with an executive, the unit manager, and the appropriate staff. If necessary, post implementation discussion may take place at management team to inform members who may not have been aware; discuss the issue and resolution; if new information is provided which may require further actions to ensure the risk/ vulnerability has been dealt with for the future as well as what has already been dealt with, this will be worked into the final mitigation process.

RISK ASSESSMENT PROCESS

The following personnel were involved in the State Coastal Conservancy risk assessment process: executive management, middle management, and front line management.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, consideration of potential fraud, 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: Meeting Bond Reporting Requirements

The Conservancy has an exceptionally complicated budget and accounting workload. The support budget is comprised of various funding sources which includes the extensive use of bond funds. Although the Conservancy has met the State Controller's Office reporting requirements for Year-End, there are still delays in completing the State Bond

Accountability Office's bond reports. This results in the risk of losing operating funds, inability to acquire new bond funding, and having extensive audit findings.

Meeting the bond reporting requirements have been compounded by various issues facing the accounting and budget unit which includes but not limited to: 1) existing staff have insufficient expertise to prepare these reports and requires subject matter experts in both the accounting and budget units, 2) the inability to extract historical data from the sunsetted accounting system CalSTARS to accurately complete bond reports before the implementation of FI\$Cal.

Since the last SLAA report, the Conservancy's accounting and budget staff continue to make significant progress reconciling and correcting records in FI\$Cal. In addition, the Conservancy is meeting Year-End Reporting deadlines but despite this progress, there remain outstanding bond reports.

Control: Staff Resources, Procedures, and Collaboration with Control Agencies

The Conservancy's accounting and budget unit are collaborating to develop checklists and document procedures to improve staff training and maintain consistent practices. The Conservancy continues to prioritize cross training of staff to reduce single person dependencies and increase experience. This will improve performance and our ability to meet reporting requirements by having staff in both units become subject matter experts in their respective areas. The Conservancy continues to make process improvements and gain experience using the FI\$Cal system. The Conservancy will continue to update the Accounting and Budget Procedural Manuals while reducing outstanding bond reports.

Managers and staff of these units communicate and meet regularly with the Department of Finance and the State Bond Accountability Office liaisons to seek direct instruction and assistance. As a result, the Department of Parks and Recreation gave in-depth training on bond fund expenditure/ encumbrance reporting to the Conservancy's accounting staff. The training will also benefit sister agencies who have faced similar struggles in completing the same bond reports.

Finally, senior management receive updates on progress from the Director of Fiscal Services and steps in addressing any emerging issues. These measures seek to eliminate or substantially reduce the risks mentioned, but in the interim, the Conservancy continues its attempt to meet bond reporting requirements despite missed deadlines and inability to access historical data in CalSTARS.

Risk: Contract Maintenance

The Coastal Conservancy is a smaller agency with a considerable volume of workload in maintaining contracts. Some contracted services may extend into several years. Contracts for which multiple fund sources are used to fund the work over the life of the contract can become particularly challenging to monitor. The associated processes to a contract which include but not limited to tracking encumbered balances, invoices paid, amendments, etc., relies on staff involved at various steps of the process to be well versed in analyzing the business processes and data relevant to the contract to communicate issues or concerns at earlier stages of the process before matters become more complex. Staff across projects, accounting, budget, grants, contracts, procurement and management all play a vital role throughout the life of a contract. Being able to track, manage and report on the various levels of data involved is a challenge to the department as state reporting requirements may become more stringent for purposes of accountability, and which may carry consequences such as denial of funding, if not adhered to.

If staff analytical skills are not properly kept up to date with available methods and tools, the department risks not being able to adequately perform contract maintenance. Ongoing discoveries have surfaced in which business processes or insufficient training led to issues within contracts not being identified early, resulting in fund sources expiring before corrections could be implemented, or where incorrect data entry was made in FI\$Cal.

Control: Database Enhancements & Implementing Greater Use of FI\$Cal Reports for Analytics

The Conservancy's contracts and procurement unit has recently undergone a significant change in staff, with majority of the team now consisting of new members. Considerable focus is being given to the unit as they are undergoing a period of transition, with individuals learning the state contract and procurement process. A heavy emphasis on training and enhancing past desk procedures is underway. An area of particular focus is on analysts integrating the use of FI\$Cal reports to ensure maintenance of contracts and associated purchase orders. Doing so allows the unit to more readily identify concerns early in the process. A new project database is also being launched this year which will allow the contracts and procurement analysts to reconcile data between the database and FI\$Cal agree, identifying discrepancies and taking immediate action to resolve.

CONCLUSION

The State Coastal 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.

Amy Hutzel, 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