

December 31, 2019

Wade Crowfoot, Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Mr. Wade Crowfoot,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of Parks and Recreation submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Patrick Dennis, Chief Information Officer , at (916) 653-0478, patrick.dennis@parks.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The mission of the Department is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation.

The Department manages the Off-Highway Motor Vehicle Recreation Program, the Division of Boating and Waterways, and the Office of Historic Preservation. This report facilitates responsibilities for the following entities:

- Department of Parks and Recreation
- Parks and Recreation Commission
- State Off-Highway Motor Vehicle Recreation Commission
- California Boating and Waterways Commission
- State Historical Resources Commission

During 2020 a new multiyear Strategic Operations Plan will be created through the participation of more than 100 employees, supervisors and managers from headquarters and all four operational divisions.

Control Environment

The Department has created an effective control environment for addressing departmental risk, which involves all levels of management and includes the Director, Chief Deputy Director, other deputies, and program leads. Executives demonstrate integrity and ethical values, and serve as an example by facilitating and monitoring employee compliance with Departmental Ethics, Training, and Departmental Policy which is divided into two separate manuals: The Department Administration Manual (DAM) and the Department Operations Manual (DOM). DAM and DOM are used to establish a controls, codes of conduct, including mechanisms for employees to engage in and report ethical concerns, etc. DAM and DOM are periodically updated and changes are communicated to staff via Transmittal Memo, or

Departmental Notices. Oversight is performed internally by the State Parks Directorate, Internal Audit Unit and the Natural Resources Agency. As part of the Departmental Transformation initiative, the Transformation Team conducted a workforce competency assessment, which has been utilized to develop a comprehensive workforce competency training program. The Department utilizes state employee performance management processes to communicate and enforce employee accountability. Finally, the Department re-established the Workforce Planning and Recruitment Office (WPRO) 2018 to establish and maintain a competent workforce by establishing a workforce planning and recruitment program that attracts qualified candidates that are representative of California's diversity, and further develops existing staff skillsets.

Information and Communication

Monitoring roles, activities and results are discussed on a weekly basis during Executive Staff meetings, Park Operations Chiefs meetings, Park Operations Policy Group meetings, and Administrative Services Roundtable meetings. Additionally, branch managers discuss monitoring results during routine meetings with staff members. Throughout the meetings identified above, communication centers on monitoring activities, control enforcement, implementation, control deficiency remediation, efficacy, and any potential changes needed. To the extent a new vulnerability or internal control deficiency is identified, and based on the nature of the deficiency or vulnerability, remedies will be discussed via the mentioned processes and meetings.

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 Department of Parks and Recreation monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Patrick Dennis, Chief Information Officer .

The Department has created a structure for reporting and documenting monitoring activities that involves all levels of management and includes the Director, Chief Deputy Director, other deputies, and program leads. The CIO serves as the Designated Agency Monitor. Deputy Directors, or delegates as appropriate, from each programmatic area of the Department will serve as unit monitors.

Through our ongoing monitoring processes, the Department of Parks and Recreation reviews, evaluates, and improves our systems of internal controls and monitoring processes. The Department has implemented a platform for risk monitoring in which key Executives review sensitive issues during the weekly Executive Staff meetings. These sensitive issues are well documented and progress is tracked weekly.

The general framework for ongoing monitoring activities includes, designated employees to monitor and report, continuous planning and prioritizing of monitoring activities as control environments change, biannual monitoring and result updates as necessary, and annual evaluations conducted by unit monitors to determine emerging risks and analyze control efficacy, implementation, and corrective action plan results.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Department of Parks and Recreation 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, audit/review results, other/prior risk assessments, external stakeholders, consideration of potential fraud, and performance metrics.

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

The following personnel were involved in the Department of Parks and Recreation risk assessment process: Executive Management, Middle Management, and Front Line Management.

Risk Identification - The Department performed a statewide risk assessment to determine which risks and controls have the greatest potential to impact State Parks' ability to fulfill its mission and meet its business objectives. This risk assessment was initialized using an inquiry sent to the program managers of each major departmental function. These program areas included the following:

- Park Operations
- Division of Boating and Waterways
- Off-Highway Motor Vehicle Recreation
- Administrative Services Division
- Law Enforcement and Emergency Services
- External Affairs
- Office of Historical Preservation
- Acquisition and Development
- Legal Office
- Public Affairs

The communication was created collaboratively by the CIO and the Deputy Director of Administrative Services. Program managers were asked to identify the top risks for their respective programmatic area/division/function. They were provided with the risks identified in the Department's 2017 report, and a description of those risks.

Risk Ranking - Feedback from the survey was gathered and analyzed by the Chief Information Officer, Assistant Deputy Director of Administrative Services, and a representative from Park Operations, Natural Resources Division, External Affairs, and the Law Enforcement and Emergency Services Division. Based upon the analysis of these individuals and a decision-making process that placed greater importance to risks that could be mitigated without the need for additional funding, the risks presented in this report were chosen.

Additionally, the Department's newly-implemented Sensitive Issues risk monitoring process aided in the analysis of Departmental risks and controls. No internal control deficiencies have been identified since the Department's 2017 report. To the extent a new internal control deficiency is identified, and based on the nature of the deficiency, remedies will be discussed via through mentioned processes and meetings.

Evaluation of risks and controls included in this report:

1. Deferred Maintenance Backlog
2. Impacts of Climate Change
3. Workforce Planning and Recruitment
4. Fi\$Cal Payment of invoices & timeliness of process
5. Public Safety Power Shutoffs (PSPS)

RISKS AND CONTROLS

Risk: Deferred Maintenance Backlog

The Department has not been able to fund ongoing maintenance sufficiently over the past few decades, resulting in a large backlog of deferred maintenance projects. This leads to, chronic deferred maintenance, infrastructure deficiencies and can affect the longevity and usefulness of the Department's facilities.

Control: A Prioritization of One-Time Funds

The Department has developed a comprehensive approach to allocate funds to the most critical items first (health and safety, code compliance, and operations). In the future, fund allocations will be assigned with the same approach, until all risks are controlled at the most efficient level of acceptance. Department will continue to prioritize its allocation of ongoing permanent maintenance staff to mitigate further growth of deferred maintenance backlog.

Risk: Impacts of Climate Change

Climate Change does not pose a single risk, but instead will amplify and exacerbate a range of other threats to park visitors and resources. Some of these other risks are best seen in other sections – such as emergency response – nevertheless, the following specific examples can serve as illustrative examples of applicable specific approaches.

Sea Level Rise

California State Parks manages roughly 25% of the state's coastline, and will experience increased coastal flooding – impacting the built infrastructure, and natural and cultural resources – in the coming years and decades.

Forest Health and Wildfire

California State Parks owns roughly 300,000 acres of forest land and has been impacted by climate driven disturbances such as widespread tree mortality and recent large and destructive wildfires. Additionally, a large number of the Department's facilities are within or adjacent to areas prone to wildland fires. Several parks have been significantly impacted by wildfires in the past few years resulting in the loss of multiple key administrative and visitor-serving facilities.

Intense Winter Storms

Over the past several years, powerful winter storms have caused significant damage to Department

facilities, such as roads and trails being damaged by mudslides. This situation is exacerbated by the significant backlog in deferred maintenance projects designed to maintain roads and trails to address erosion and provide proper storm water drainage.

Control: A Sea Level Controls

State Parks has implemented a number of site specific responses to coastal erosion, drawing on current information and predictive models to institute a suite of projects to build resilience in coastal infrastructure and park units.

Drawing on interagency and interdisciplinary information, State Parks has convened an interdisciplinary team to develop a Sea Level Rise adaptation strategy that will guide future planning and project implementation activities. This strategy also envisions the development of a number of “decision support tools” that will better incorporate emerging into planning and implementation efforts.

Control: B Forest Health and Wildfire Controls

State Parks is one of a number of state land owner agencies working to address the growth in large and destructive wildfires in recent years through collectively working to increase the pace and scale of forest management, including fuel reduction and prescribed fire.

State Parks has implemented numerous fuel reduction and forest management projects in recent years, and is also developing an interagency MOU – and funding agreements – with Cal Fire to collaboratively address prescribed fire and other fuel treatment efforts.

Control: C Prevention and facility hardening

The Department’s large deferred maintenance backlog includes a significant number of sea wall projects, facility relocations and fuel reduction projects that have not been completed on a regular basis to maintain public safety, safe fuel levels and defensible spaces around its facilities.

Recent one-time funding has allowed the Department to increase its efforts to reduce fuel loads and create defensible spaces, but more needs to be done.

The Department has also received funding to make its facilities more resilient, by installing fire-resistant materials, such as roofs and siding, to mitigate fire damage during a fire event.

Control: D Emergency response and protection

Using lessons learned from previous events, the Department has pre-positioned flood and fire response resources in strategic locations throughout the state. Such items include fire-resistant gel to be sprayed on vulnerable facilities if threatened by fire and resources to move and/or protect sensitive artifacts and collections.

Risk: Workforce Planning and Recruitment

The Department lacked specific workforce planning or recruitment efforts for the past ten years and is now facing critical vacancy rates in several districts throughout the state for several classifications.

Classifications identified as high risk are State Park Peace Officers (series), Communications Operators, Park Interpreters, and the Facilities and Maintenance classifications. The specific data for determining causation is unavailable. Some causes may include high retirement rates without enough qualified persons to fill the positions through natural career progression, antiquated hiring systems, a lack of competitive salaries, and a competitive job-market.

Though there has been an uptick in recruitment efforts for our peace officer positions, we are still down over one hundred positions and will need strong ongoing efforts for years to come. As for our Communication Operators, we still have many problems with recruitment and are still below 50% staffing at the Southern Communications Center (SurCom).

Contributing factors may include; increase in retirement eligible staff, lack of qualified resources, Some additional challenges for law enforcement recruitment and Communication Operators (ComOp) positions. For the Communication Operators lack of an adequate wage and minimal promotional opportunities are recruitment challenges. When they promote to a ComOp supervisor they lose their Peace Officer and Firefighter retirement. There are other hurdles like public perception and an all-around lack of support from the public for Law Enforcement Personnel and support staff.

Control: A Workforce Planning and Recruitment Office

The Department re-established the Workforce Planning and Recruitment Office (WPRO) in 2018 to develop workforce planning and recruitment for qualified candidates that are representative of California's diversity. The WPRO is implementing various programs to ensure recruitment is ongoing, developing resources for job seekers, and promoting CA State Parks as a workplace of choice. Efforts include Departmentwide coordination of recruitment for specific classifications through resource material development, prioritizing Parks specific exams, marketing, and determining target areas.

SFY 2018-19 coordination resulted in an increased recruitment rate of State Park Peace Officers. Over 900 applications were submitted. This new effort resulted in a 300 percent increase in the number of applicants.

The WPRO will continue to coordinate with department stakeholders to assess risks and establish initiatives to recruit for the various other classifications identified as high risk.

Finally, the Department has been meeting with employees and unions to solicit input and assistance. We have been working with Veteran affair offices to recruit and we have launched a social media campaign.

Risk: Fi\$Cal Payment of invoices & timeliness of process

Many of the processes under Fi\$Cal, such as procurement and vouchers, now take longer for staff to perform, with more steps required to complete day-to-day business activities. The more complicated processes have decreased efficiency and have caused delays in most procurement processes from creation of purchase orders to the payment of invoices. The procurement process takes approximately three times longer than in the old system, in part because each payment is an individual reconciliation that the staff member must process, whereas previous practice allowed multiple invoices to be paid in a single step.

Previous purchase orders were a single page document that captured all pertinent purchase information. Now, the FISCAL system requires reviewing and completing 11 screens/pop-up windows for a single line item purchase order. The delay in some purchase orders creates a downstream effect that creates further delays with paying invoices. It is also important to note that the system has many frequent outages, where the system may be down from half an hour to many hours out of the workday.

These problems, among others, have caused late payments to vendors and, consequently, some vendors now refuse to do business with State Parks. Further, most of the processes in FISCAL have additional approval steps, which contribute to the time it takes to process purchase orders, invoices, contracts, and cash remittance.

Due to the delay in the payment of invoices, vendors have found themselves in financial hardships. Some vendors are greatly affected with our delay in payment of invoices as they do not have the financial means or stability to carry the debt it creates. In some areas, that particular vendor is the only vendor that provides a certain service or utility, therefore the damaged relationship has major impacts to the parks it services. Some districts, especially in the more remote areas, have to drive hundreds of miles to obtain certain operating equipment and utilities because the vendors in their area refuse to provide services.

Control: A Staffing and Procedural Efficiencies

Improvements and controls for processing times include; redirecting staff, working overtime, hiring temporary staff, as well as hiring permanent employees in the Accounting and Business Services Sections. Procedural changes and efficiency efforts have also been identified for the overall improvement of the Department's processing timelines and relationship with vendors.

Risk: Public Safety Power Shutoffs (PSPS)

In an effort to mitigate wildfire risks, the state's investor-owned utilities have started implementing PSPS to de-energize power transmission lines during forecasted high-wind events with high wildfire risks. The PSPS are disruptive to park operations and often occur with short notice. Although park facilities can generally handle short-term power outages, multi-day outages during peak visitor season is problematic and can cause public safety concerns, currently mitigated by park closures and cancelling reservations. Some of the more sensitive facilities are water and wastewater systems, such as pumps and lift stations. The inability to pump and treat sewage, for example, requires the Department to close restrooms and in some instances entire parks.

Control: A Alternate Power Sources

The Department is exploring options, including installing generators in select areas to ensure the Department's most critical systems are able to remain operational during these power outages.

CONCLUSION

The Department of Parks and Recreation 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.

Lisa Mangat, Director

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