

December 29, 2023

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 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, 2023.

Should you have any questions please contact Jennifer Crockett, Assistant Deputy Director, Human Resources, at (916) 708-8105, Jennifer.Crockett@parks.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The mission of the Department of Parks and Recreation (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 2023 a new multiyear Strategic Operations Plan is being finalized 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 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.

Information and Communication

The Department is committed to communicating effectively. External communication is coordinated through the department's Public Affairs Division, which manages media relations, publications, the external website, and social media. The Director engages with external stakeholders at various meetings, including the Parks and Recreation Commission meetings, Off-Highway Motor Vehicle Recreation Commission meetings, California Boating and Waterways Commission meetings, State Historical Resources Commission meetings, and through media releases. Additionally, program and policy initiatives invite stakeholder and public participation throughout the year.

Internally, monitoring roles, responsibilities, actions, and results are discussed on a weekly basis during Executive Staff meetings, Park Operations Chief meetings, Park Operations Policy Group meetings, and Administrative Services Roundtable meetings. 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. Additionally, the Administrative Division regularly produces a newsletter for all staff to provide updates, guidance, and best practices.

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: Jennifer Crockett.

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The Department has created a structure for reporting and documenting monitoring activities

that involve all levels of management and includes the Director, Chief Deputy Director, other deputies, and program leads. Deputy Directors, or delegates as appropriate, from each programmatic area of the Department serve as unit monitors. Through our ongoing monitoring processes, the Department reviews, evaluates, and improves our internal controls and monitoring processes systems. 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.

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

The following criteria were used to rank risks: likelihood of occurrence, and potential impact to mission/goals/objectives.

The top risks for each respective programmatic area/division/function were reviewed and ranked.

Risk Ranking - Feedback was gathered and analyzed by the Assistant Deputy Director Human Resources, Deputy Director of Administrative Services, and Assistant Deputy Director of Park Operations. 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.

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: 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). As new funding becomes available, fund allocations will be assigned with the same approach, until all risks are controlled at the most efficient level of acceptance. The Department will

continue to prioritize its allocation of ongoing permanent maintenance staff to mitigate further growth of the 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 and the impact on cultural and natural resources – nevertheless, the following specific examples can serve as illustrative examples of application specific approaches.

Sea Level Rise

The Department 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

The Department 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 stormwater drainage.

Control: Sea Level Controls

The Department 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, the Department has completed the development of a Sea Level Rise Adaptation Strategy that will guide future planning and project implementation activities. Funds appropriated in FY 2021-22 will support the development of several "decision support tools" that will better incorporate emerging best practices into planning and implementation efforts. Funds will also allow the department to initiate a number of demonstration-scale sea level rise resilience projects that will help make park resources and facilities more resilient to Sea Level Rise as well as help demonstrate efficient and replicable pathways for application elsewhere along the coast.

Control: Forest Health and Wildfire Controls

The Department is one of a number of state landowner 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.

The Department has implemented numerous fuel reduction and forest management projects in recent years, completed an interagency MOU – and funding agreements – with Cal Fire to collaboratively address prescribed fire and other fuel treatment efforts. Funding appropriated in FY 2020-21 “Early Action” measures and in FY 2021-22 will support a further increase in pace and scale of forest management actions intended to attenuate wildfire severity and restore natural forest and fire management regimes across the landscape. Numerous projects and district (park/ region) level programs are currently under development and will be implemented in the coming years.

Control: 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 and to “harden” facilities by installing fire resistant materials. Appropriations in FY 2021-22 associated with the enactment of AB 3074 (2020) will allow for ongoing work to address this backlog.

Control: 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. The Department has also continued to invest in training for an increasingly broad cross section of its staff in emergency response practices and processes.

Risk: Workforce Planning and Recruitment

The Department has made progress to address critical vacancy rates in several districts throughout the state for several classifications. Per the Department of Parks and Recreation 2021 Leadership Accountability Report, classifications identified as high risk are the State Park Peace Officers (series), Communications Operators, Park Interpreters, and the Facilities and Maintenance classifications. The specific data for determining causation has been limited. 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.

Control: Workforce Planning and Recruitment Office

The Department has focused on the Workforce Planning and Recruitment Office (WPRO) to develop comprehensive workforce and recruitment plans to target qualified candidates that are representative of California's diversity. The WPRO continues to implement various programs to ensure recruitment is ongoing, developing resources for job seekers, and promoting the

Department as a workplace of choice. In addition to offering career development support to current employees, the WPRO will focus on resources for seasonal employees to transition into career positions with the Department. Additionally, a focus on turnover rates and data obtained through exit surveys, the WPRO plans to obtain better insight into strategies to address these issues.

Risk: FI\$Cal Payments and Timely Financial Reporting

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 the 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.

Due to the delay in the payment of invoices, vendors have found themselves in financial hardships. Some vendors are greatly affected by 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 on the parks it services. Some districts, especially in the more remote areas, must drive hundreds of miles to obtain certain operating equipment and utilities because the vendors in their area refuse to provide services.

Additionally, due to the implementation of FI\$Cal and constant process changes, Year-End Financial Reporting and Financial Statement deadlines have been and continue to be a challenge. This impacts the credibility of the Department and the State as a whole. One of the main issues is due to a FI\$CAL limitation where departments are unable to start the reconciliation process of current year financials until the prior year is closed. This leaves the Accounting Office constantly trying to catch up. Moreover, the Department has accounting staff who are leaving and/or retiring because of the amount of overtime and weekends they have worked.

Control: Staffing and Procedural efficiencies

The Department is diligently working on mitigating this risk by implementing process and procedure improvements, addressing vacancies, and implementing more training (refreshers and new). Improvements and controls for processing payments and more timely financial reporting include redirecting staff and supervisors, addressing vacancies through improved recruitment processes, and reviewing/updating current processes and

procedures for additional efficiencies. The Department will also continue to create and review databases to improve workflow. Due to ongoing FI\$Cal modifications and enhancements, continuous training for accounting and field/ department staff is imperative. Training helps with the accuracy of information in the system, reducing corrections and processing timelines.

Risk: Resource Management

The Department has faced significant challenges in the State Park and Recreation Fund (SPRF) as revenue has not kept pace with the rising operating costs caused by inflation. This revenue shortage has caused Districts to face staffing shortages by keeping positions vacant to offset the cost of operating those Park Units.

Control: Review Fee Schedule

The Department is reviewing a variety of data collected through disparate systems and methods to determine what type of fee increase should be considered to allow adequate staffing and operation of Park Units and Districts. Additionally, the Department is in the process of awarding a new vendor for an improved Reservation System that will better collect data on attendance which will tremendously improve the Department's ability to project incoming funds.

Risk: Post-Pandemic Related Response

The COVID-19 pandemic has impacted the Department in many ways. Most significantly in the areas of Human Resources antiquated technology, and increased demand on Information Technology Services.

Human Resources Technology

Human Resources (HR) has experienced challenges with productivity and effectiveness over the years due to manual processing and tracking of workload and workflow using paper and spreadsheets for all HR-related tasks. This methodology results in increased opportunity for error, long processing times, customer dissatisfaction, lack of efficiency and effectiveness and difficulty collecting and reporting key data to support the workforce. The COVID-19 pandemic has only heightened these issues and made remote work difficult for many of the manual processes still in place. Continuing to operate in this manner will critically impact the sustainability and success of the operations of the California State Park System.

Information Technology

Since the onset of the COVID-19 pandemic, the Department has seen a significant increase in the support and tools needed for staff to work remotely. The IT Division does not have the technology and tools and resources available to adequately support the data and electronic workflows needed by the Department to ensure appropriate data security, access and connectivity resulting in a backlog for IT projects and services.

Additionally, there have been numerous key leadership vacancies due to retirement and promotion that has left the IT Division overworked and understaffed.

Control: Human Capital Management System

Acquire, develop and improve the Service Now platform for managing and optimizing the daily human resources tasks and overall HR goals of the department. Parks Information Technology Governance committee has approved the first phase of this Human Capital Management System (HCMS) by focusing on a Case Management System. HR and IT have selected a vendor to begin this first phase of automation which is expected to go-live by February 2024. The automation of workflow and processes will ensure efficient, effective and timely processing of all HR related tasks, provide accessibility from any device, improve service delivery, and include data tracking to support key performance indicators.

Control: B Information Technology

A Special Consultant is currently reviewing the structure of IT, technology limitations and compatibility, as well as the data security, access and connectivity issues. This comprehensive review will provide recommendations and planned actions to address these post-pandemic risks.

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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.

Armando Quintero, Director

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