December 31, 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 Colorado River Board of California 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 Yuanyuan Myint, Staff Services Manager, at (818) 254-3207, ymyint@crb.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Colorado River Board of California (Board) was created in 1937, pursuant to Sections 12500 through 12565 of the Water Code. The Board is an independent headquarters agency under the California Natural Resources Agency and is located in Glendale, California. The Board currently holds twelve (12) authorized full-time staff positions; of those, five (5) are administrative and seven (7) are technical. . The Board's primary responsibilities include the following:

- Protecting and maintaining California's rights and interests in Colorado River water and hydroelectric power resources.
- Representing California in discussions among the seven Colorado River Basin States, Native American Indian Tribes, the federal government and others in implementing joint cooperative programs to protect California's continued use of Colorado River water and addressing related environmental and water quality issues
- Representing California in negotiations and discussions associated with the on-going implementation of the 1944 U.S./Mexico Water Treaty through cooperative efforts with the U.S. International Boundary and Water Commission, the U.S. Bureau of Reclamation and the other six Colorado River Basin States.

Board Members include representatives of the six water agencies and districts with Colorado River water rights and utilizing Colorado River water resources. These agencies and districts include: Coachella Valley Water District, Imperial Irrigation District, Los Angeles Department of

Water and Power, The Metropolitan Water District of Southern California, Palo Verde Irrigation District, and the San Diego County Water Authority (Six Agencies). Additionally, the Directors of the Departments of Water Resources and Fish and Wildlife, or their designees, serve on the Board as *ex officio* members. The Board also includes two members of the general public appointed by the Governor.

Finally, the Board is currently 100% funded by annual contributions from the Six Agencies and does not receive any general funds, bond funding, or special funds. The sources and levels of annual funding for the Board and its operations and administration were not considered at risk during this biennial reporting period.

Control Environment

As the Executive Director of the Colorado River Board of California, Ms. Jessica Neuwerth, is responsible for the overall establishment and maintenance of the Board's internal control systems and monitoring processes. The Board has identified Ms. Neuwerth as its designated agency monitor.

The small size of the Board requires its executive management team to engage in monitoring of the Board's internal controls system on a weekly, if not daily, basis, through the review and implementation of the following internal controls protocols: (1) utilization of standard business practices associated with budgeting, payroll, accounting, purchasing, and contracting pursuant to State Administrative Manual (SAM) policies and procedures; and (2) utilization of standard human resources management practices, policies and procedures pursuant to the SAM for recruitment, retention, and personnel management, including staff annual evaluations and individual development and training plans. Board executive, administrative, and technical staff continually strive to ensure that the Board's administrative and fiscal policies, procedures, and practices are compliant and up to date with current regulations, policies, and guidance contained in the SAM and the State Information Management Manual (SIMM). The Board's executive, administrative, and technical staff continue to engage in communication, coordination, on-the-job training and mentoring to ensure that established internal systems and control protocols are appropriately followed and effectively implemented. This coordination includes staff trainings for new procedures, and regular staff meetings. Finally, the Board's executive management team ensures that all probationary staff receive annual performance evaluations and individual development and training plans are available by request for permanent employees.

Regular staff meetings and briefings are held to discuss the following types of information: 1) current assessment of workload, a specific job task assignments, and status of assignments; 2) review and provide updates regarding new policies and procedures developed internally by executive management, or new policies, regulations, or procedures emanating from outside of the agency, i.e., from other State government agencies.

The hierarchical organization of the Board includes the executive management team comprised of the executive director, deputy director, principal engineer, environmental program manager, and staff services manager. This core team meets on a nearly daily basis and continually reviews the progress and status of ensuring that the Board's critical core functions continue to be met effectively. This includes close coordination and communication with other state agencies that provide contract services related to human resources and personnel management, including personnel recruitment processes.

The Board acts under the direction of a ten-member Board of Directors, which meets monthly. The Board approves an annual budget and oversees agency strategic planning. Regular surveys are conducted of members of the Board and public to seek input on Board processes and priorities. The Board also regularly convenes staff representatives of its member agencies to discuss Board activities.

The Board's administrative staff assure compliance with the State's guidance on regular ethics training and financial reporting for senior staff members.

Information and Communication

The Board's regular public meetings facilitate the flow of information between the Board's member agencies and with the public on current activities in the Colorado River Basin. These meetings provide an opportunity for the public to receive updates on the activities of the Board and its member agencies.

During these meetings, Board staff shares information with its Board of Directors and the public on hydrology, Colorado River Basin programs and activities, and member agency activities. Information shared by the Board commonly encompasses information generated by federal agencies or other public agencies. Board staff regularly engage with federal and member agencies to ensure timely and accurate exchange of information. The Executive Director confirms the accuracy of externally facing communications.

Periodically, Board technical or administrative staff receive requests for information from other governmental organizations that the Board works with (local agencies, agencies from other states, or federal agencies), or from members of the general public seeking information about the Colorado River. These information requests are directed to the subject-matter experts according to the type of information, and standardized and consistent factually correct responses are provided.

Board administrative staff regularly collaborate with state agencies including: California Department of Finance, State Treasurer's Office, California Department of General Services, California Department of Parks and Recreation, and California Department of Human Resources (CalHR) regarding budgeting, accounting, procurement, and personnel to ensure that State policies are properly implemented and to ensure that the State has necessary information to evaluate the Board's performance. Supervisors and managers work with staff to ensure all communications with outside agencies are conducted appropriately and professionally.

Internal communication with staff is conducted by the Board's executive management team through regular staff meetings, communications among Unit supervisors, and robust information sharing among all staff members responsible for ongoing activities within the agency. The Board has documented the internal process to be followed in the event the Executive Director is not available, or the position is vacant. For example, the Deputy Director is authorized to perform the Executive Director's duties in the event of her absence. If the Deputy Director position is vacant, the Executive Director may designate another member of the Board's executive management team to temporarily perform her duties in her absence. This internal process is practical and effective due to the small size of the Agency and limited number of Board staff available.

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 Colorado River Board of California monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Jessica Neuwerth.

The Board's executive management team communicates regarding monitoring of internal control system on a weekly, if not daily, basis through the review and implementation of internal controls protocols associated with the activities of the Board's administration, including procurement, payment of invoices, and budgeting and accounting procedures; payroll; human resources; and employee training, including that of new employees.

Administrative staff ensure that the Board's administrative policies, procedures and protocols are compliant and up to date with current regulations, policies and guidance contained in the State Administrative Manual (SAM) and the State Information Management Manual (SIMM).

Board staff continue to engage in communication, coordination, on-the-job training and employee mentoring activities to ensure that established internal controls procedures are followed and implemented appropriately. The Board's technical and administrative teams meet regularly and staff are encouraged identify problems as they arise so that necessary corrective measures can be identified. The small size of the agency ensures that managers are readily available to respond to issues as they arise.

In the event that internal control deficiencies are identified during ongoing monitoring, the Board's executive management team would initiate a process to evaluate, develop and implement appropriate remedial strategies.

Through the Board's ongoing executive management team's monitoring of processes and mandated reporting requirements, the Board continuously reviews, evaluates, and improves its systems of internal controls and monitoring processes. As such, the Board has determined that it complies with California Government Code sections 13400-13407.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Colorado River Board of California 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, and questionnaires.

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.

Pursuant to guidance provided by state law and regulations, the Board's executive management team meets regularly to review and identify any potential risks to the agency and its operations. This includes a review of the following: (1) effectively meeting the Board's goals and objectives through the use of strategic planning, both short- and long-term; (2) effective management of human resources and personnel, including recruitment of highly qualified candidates and retention of valued staff persons; (3) annual budget planning, and utilization of up-to-date and appropriate procurement and accounting policies and procedures; (4) maintenance and implementation of effective information technology applications and security practices pursuant to state policies and guidance; and (5) ensuring that up-to- date disaster, operations and information technology recovery planning processes are in place.

The two risks identified by the Board include the following:

- Operations-Internal-Staff: Key Person Dependence and Workforce Succession Planning
- Operations-Internal-Staff: Recruitment, Retention and Maintain Staffing Levels

As potential risks were identified, mitigating controls were developed. The Board's executive management team determined the most significant risks based upon severity of impact as well as probability of occurrence. For the risks identified, the corresponding control, working as intended, would provide reasonable and adequate mitigation for that specific risk. Because of the small number of Board staff, it was relatively straight-forward to examine the risks and controls that need to be put into place to address those specific risks.

RISKS AND CONTROLS

Risk: Key Person Dependence, and Workforce Succession Planning

The Board continually strives to maintain experienced and knowledgeable professional staff that address both the technical and administrative functions and needs of the Board. The expertise maintained by the Board is extremely specialized, making it very difficult to recruit staff with the necessary knowledge and skills already in place. By necessity, the Board employs on-the-job training to bring new staff up to a proficient level of expertise.

Because of the small size of the agency, each employee's duties and responsibilities are important and therefore having a vacancy poses a risk that certain key or core functions will not be completed unless the vacant position’s duties are reassigned to another staff member. Based upon that risk, it is necessary to ensure that there is a high degree of cross-training, sharing of historical and subject-matter knowledge, and familiarity with the Board's technical and administrative programs, and mission goals and objectives.

Control: A

The requisite control currently being implemented is that Board staff are trained to perform multiple functions on a day-to-day basis. The implementation of this control is further supported by weekly staff meetings and status and task reviews and assignments within both the Board’s Technical and Administrative Services Units. Frequent and consistent opportunities for communication and information sharing continues to result in staff maintaining up-to-date knowledge regarding the status and priorities of the Board’s policies and procedures and primary programs and activities.

Furthermore, in the event an employee is planning to retire, transferring to another position, or separating from State service, an effort is made to obtain as much notice as possible, and ensure an effective transfer of knowledge and transition to the designated replacement staff-person. While a very small state agency, the Board endeavors to facilitate upward mobility by maintaining an organizational structure that provides promotional and training opportunities for all levels of staff, including entry level through executive management.

Risk: Recruitment, Retention, and Staffing Levels

Because of the Board's unique role in representing the State of California and the Six Agencies in protecting California's rights and interests in Colorado River water and hydroelectric power resources, the Board requires highly specialized expertise and recruitment for technical positions can be challenging. Consequently, as vacancies occur, planned or otherwise, it is a very significant challenge to find, recruit, hire, and retain the highly qualified and specialized policy-level and technical expertise required to conduct the Board's important technical functions or protecting and representing California's rights and interests in its Colorado River water rights and resources.

Without the necessary policy-level and technical expertise and those unique skill-sets associated with management of complex Colorado River issues, the immediate result would be a significant increase in workload for senior technical staff and the executive management team and/or an inability to meet all necessary and required day-to-day work objectives, thus degrading the ability of the Board to perform its primary responsibilities.

The Boards' Administrative Unit is composed of highly professional staff. Recruiting individuals with the necessary expertise and retaining administrative positions can be very challenging. Maintaining the quality of the Board's ongoing administrative functions operations required significant coordination and communications among the Board's staff and executive team members. Due to the small size of the Board's Administrative Services Unit, staff need to be trained in multiple areas of responsibility as opposed to subject matter experts in administrative functions. In addition, it is significantly important to maintain the required staffing levels as employee turnover causes an increase in workload that might result in inability to meet all necessary as well as mandatory day-to-day administrative operations and functions as required by the State of California.

Control: A

The current control in place to address the periodic need to hire and retain qualified staff, is for the Board to identify and maintain contact with individuals, both within and outside of California state government, who have specialized knowledge regarding Colorado River operations and policy-level and technical issues and who may be eligible to be hired by the Colorado River Board as vacancies become available.

In 2021, the Board received approval from the California Department of Water Resources (DWR) and CalHR to use DWR's Engineer, Water Resources Classification, which expanded the Board's ability to recruit from that classification. Finally, the Board periodically makes use of the expertise and skill sets of retired annuitants as appropriate and as necessary.

The current internal control in place for the Board's Administrative Services Unit is to periodically address and review the workload for each staff person and make a determination based on the evaluation whether there is a need to restructure, reorganize and/or develop a Budget-Change-Proposal to hire more staff. The Board hires permanent and/or limited intermittent and retired annuitant employees who have the administrative and/or technical expertise to provide administrative and/or technical support as necessary and appropriate.

CONCLUSION

The Colorado River Board of California 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.

Jessica Neuwerth, Executive 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