

CALIFORNIA COASTAL COMMISSION

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To: Interested Parties

From: Peter Douglas, Executive Director
Jim Burns, Chief Deputy Director

July 15, 1997

Re: Programmatic Performance Audit - Scope of Work

STAFF NOTE: This document is the product of a joint effort between Resources Agency Secretary Wheeler and his staff, and Commission Chair Areias, Commissioner Allen and Commission staff. After public hearing and Commission discussion, this "scope of work" document was conceptually approved, with several modifications, at the Commission's July 10, 1997 meeting in Ventura. The funding source (not from the Coastal Commission's budget) will be identified to pay for the audit after the State's FY 1997/98 budget passes. Potential contractors will be reviewed as soon as possible. The Commission will select the contractor to conduct the programmatic performance audit after public hearing at a future Commission meeting.

CALIFORNIA COASTAL COMMISSION
Programmatic Performance Audit

BACKGROUND:

The California Coastal Commission was created as a temporary state agency by public ballot initiative in 1972 and was made permanent by the Legislature through enactment of the California Coastal Act in 1976. The Coastal Act, and subsequent amendments, call for the implementation of a variety of coastal and ocean resource conservation and development policies through a comprehensive and integrated coastal management program that includes regulatory, planning, education, technical advisory, public outreach and involvement, administrative and other management components. California's coastal management program has also been approved by, is a functional part of and is subject to, the federal coastal management program. Some of the Commission's responsibilities have never been implemented or have only been partially implemented because the program has received neither sufficient nor reliable funding. For instance, LCP periodic reviews are not routinely completed, the Coastal Resource Information Center is not fully operational, and periodic status reports to the Governor, the Legislature and the public have not been prepared.

California's coastal management program, as carried out by the Commission, encompasses a multitude of responsibilities that derive principally from the Coastal Act and the federal Coastal Zone Management Act, as amended. Additional responsibilities that generate workload stem from other state and federal statutes (e.g., oil spill prevention and response work, CEQA and NEPA). As a quasi-judicial agency, the Commission must adhere to strict legal practices and requirements established by law and regulations as well as judicial decisions. In fact, court rulings have had major workload consequences for the program (e.g., Nolan, Surfside Colony, Dollan). The implementation of administrative directives also require the dedication of considerable Commission resources (e.g., preparation of Strategic Plan).

The two principal means of implementing Coastal Act policies are through the Commission's regulatory and planning programs. The former includes coastal development permit review in areas of original jurisdiction, the review of permit appeals from local government actions, the review of development agreements between developers and local governments, law enforcement actions, and federal consistency reviews. The latter includes review and approval of local coastal programs (LCPs), port master plans, long-range development plans, public works plans and all amendments to them, periodic reviews of previously certified LCPs, and longer range planning initiatives such as ReCAP. Other responsibilities implementing Coastal Act requirements include public access, public education, Adopt-a-Beach, Coast Weeks, Coastal Cleanup Day, Coastal Environmental License Plate, oil spill prevention and response, local government assistance, mapping programs, periodic revisions to the Commission's popular Coastal Access and Coastal Resources Guides, and the Coastal Resources Information Center.

The Financial Integrity and State Manager's Accountability Act provides that every State organization should be periodically reviewed by the head of the agency to ensure that its programs operate effectively. The Commission's Executive Director and senior management regularly undertake internal reviews and initiatives (e.g., the Permit and LCP Streamlining Task Force) to identify ways and means for doing the agency's work more effectively. The Department of Finance recently completed the required review of the Commission's financial management. Now the Commission wishes to review the effectiveness of its program. Similar reviews were completed in 1989 by the State Senate Advisory Commission on Cost Control in State Government and the Federal Office of Ocean and Coastal Management in 1996 (312 Evaluation).

In 1996, the Coastal Commission agreed to participate in a programmatic performance audit provided audit costs would be covered by an "external" funding source and that the audit would not be conducted until after completion of the Commission's "Strategic Plan" in June, 1997. The Commission also specified that the audit must be conducted in a manner that utilizes the requirements of the Coastal Act as the standard of reference. The standard of reference or underlying assumption of the audit is not what any particular party thinks the "original intent" of the Coastal Act was or should have been. Additionally, the audit is not intended as a means of identifying possible amendments to the Coastal Act. At the same time, it is recognized that some Coastal Act amendments or other legislative actions might be proposed to improve program efficiencies and effectiveness in carrying out existing Coastal Act mandates (e.g., reinstating the mandate that LCPs be completed by local government).

REPORT:

The audit report should be submitted to the Commission before April 1, 1998. The report should present findings with recommendations for use by the Commission, management, and other interested parties to improve the effectiveness of the coastal program. The report should be prepared in accordance with generally accepted government auditing standards and should include the written views of Commissioners.

The auditors should, during the course of the audit, prepare interim reports to the Commission of significant matters which come to their attention. Such communications, which may be oral or written, are not a substitute for a final report, but can alert the Commission, in a timely manner, to matters needing immediate attention and may provide information to enable the agency to address the matter before the final report is completed.

If, during the audit, auditors identify significant issues that warrant further work, but the issues are not directly related to the audit objectives or the auditors do not have the time or resources to expand the audit to pursue them, they should refer the issues to the contact administrator in order to

plan for future audit work. When appropriate, auditors should also disclose the issues in the report and the reasons the issues need further study.

PURPOSE OF THE PROGRAM PERFORMANCE AUDIT

The purpose of the programmatic performance audit is to evaluate whether Coastal Act requirements are being effectively carried out. In making this evaluation, the full range of Coastal Act requirements and responsibilities and the level of staffing and other support resources made available to the Commission should be taken into account.

The public has an interest in being assured that the limited resources allocated to the coastal program are being used to effectively implement the Coastal Act. It is not the purpose of the audit to evaluate the performance of commissioners, the conduct of Commission meetings, individual staff members or whether the Coastal Act is being "appropriately" implemented, since the latter determination involves subjective criteria on about which there can be considerable differences of opinion. Rather, the intent is to take an independent third-party look at the overall operation and management of the coastal program to determine whether, within the constraints of applicable state and federal laws, rules and regulations, including requirements of civil service, labor contracts and conditions associated with grant funds, Coastal Act requirements are being effectively carried out and, given funding constraints, whether current program priorities are consistent with the purposes of the Coastal Act. Another purpose is for the auditors to identify any specific actions that can result in improvement of program effectiveness. The audit should also identify whether the identified action(s) is feasible, who should initiate the action and what resources will be necessary to support it and how the needed support resources can be made available to the program.

The Commission has established procedures to carry out Coastal Act policies. The transactions which flow through these procedures are subject to management controls and compliance criteria. However, a formal review of the effectiveness of Commission processes needs to be conducted. The Commission seeks assistance in the identification of areas in which the procedures might be changed to improve the effectiveness of the program.

The Commission wishes to determine if its policy implementation is proceeding in a manner which is effective in serving the purposes of the program. For instance, in carrying out the mission of the Commission, some procedures may be unnecessarily vague or burdensome for permit applicants, members of the public and local government.

AUDIT ENTITY:

The audit entity is the California Coastal Commission, its organization, programs, and resources as described in the Governor's Budget. The Commission annually files reports showing financial resources available to the Commission. The Department of Finance has completed an internal control review which describes internal controls in the financial management of the Commission's programs.

All operations subject to this programmatic review are performed by employees and members of the California Coastal Commission. There are no public-private partnerships or contracted programs within the scope of this review. All activities subject to this review take place in California.

SCOPE:

The audit should reach conclusions about the suitability of management controls of operations conducted in the current year. Where applicable authorities or processes have changed, emphasis on the historic should be limited to that which is necessary to demonstrate whether the current system is an improvement.

If deemed to be needed by the auditors, the Commission will make available all coastal development permit applications and appeals, federal consistency reviews, LCPs and LCP amendments, Port Master Plans, LRDPs and public works plans, and their amendments, filed with the California Coastal Commission between July 1, 1994, and June 30, 1997. Additional historical information may be provided as needed.

Management control weaknesses found of significance should be identified in the auditor's report. The management controls that are addressed should be identified to the extent necessary to clearly present the objectives, scope and methodology of the audit.

The auditors should review (1) the extent to which the desired result or benefits established by the legislature are being achieved, (2) the effectiveness of the organization, programs, and function, and, (3) whether the Commission is in compliance with significant laws and regulations applicable to its programs.

Objectives:

The report should be designed to assist in developing appropriate management information for the following:

Assessment of Internal Systems

General question: Are there procedures in the existing permitting process which could be improved without sacrificing public participation? Are there procedures, including general management practices, within the operations of the Commission which could be improved without sacrificing public participation? Given funding constraints, are the current program priorities consistent with the purposes of the Coastal Act?

Assess whether the procedures of the coastal development permit application case management system are proper, suitable, or relevant.

Assess the effectiveness of the Commission's organizational structure, staff assignments and allocation of resources considering the Commission's Coastal Act mandates, budget and staff including the following components:

- 1) cost/time/resources per unit for processing new and amended permits for single family residential, multiple unit, and commercial developments;
- 2) identify current allocation of staff resources.

Assessment of Participation by Permit Applicants and Members of the Public

General question: Are there forms, procedures, or tasks in the existing process which could be modified to improve the public's and applicant's participation in the permitting and enforcement processes? How can the Commission maximize public participation in the coastal program?

Could the permit processing time be shortened if forms and procedures were redesigned?

Determine whether there are feasible alternatives for carrying out the program that might yield desired results more effectively, for instance:

1. Is there a need for additional written guidance;
2. Would periodic workshops assist the public and applicants;
3. Could a restructuring of delegation to staff of responsibilities expedite the process?

Of enforcement of compliance violations, what percentage is due to failure to comply with parameters of approved projects and what percentages are due to failure to apply for or receive permits for projects?

Evaluate whether the Commission has done what it can to ensure broad public participation and involvement in its work.

The evaluation should identify what steps can be taken to improve public participation.

Identify factors inhibiting satisfactory performance.

Assessment of Program Results

General question: Are there ways of making the program work better while still complying with the laws and regulations of the Coastal Act?

Assess the effectiveness of the program and/or individual program components.

1. Determine the extent to which the permitting process achieves a desired level of program results;
2. Determine whether the program complements, duplicates, overlaps, or conflicts with other related programs;
3. Determine whether completion of uncompleted portions of statutory mandates would improve the program, e.g., LCP completion.

Could a simplified single family permitting process expedite the process while still providing appropriate environmental protections.

Could a categorical delegation be designed for other State departments which routinely appear before the Commission.

Identify factors inhibiting satisfactory performance.

Programmatic Issues:

Local Coastal Plan (LCP):

What are the impacts in terms of staff resources and use of the Commissioner's time associated with the failure of certain jurisdictions to develop an LCP?

Identify key factors explaining why LCPs are not finished and why periodic reviews have not been completed.

Enforcement:

Evaluate the performance of the Commission in the enforcement of the Coastal Act.

Evaluate the extent to which Coastal Act requirements are being met and enforced and identify the reasons for weaknesses in the enforcement program as well as ways to remedy them.

Public Education:

Evaluate the Commission's performance in educating the public about coastal and marine resources, systems and conservation.

Coastal Access:

Evaluate whether the Commission has maximized public access opportunities and identify what may have prevented the full accomplishment of this policy.

Sensitive Resources

Evaluate whether the Commission has effectively protected environmentally sensitive natural resources (i.e., ESHAs, natural resources at risk).

Science and Technical Expertise:

Determine whether the Commission has effectively involved science and technical expertise in its decision-making, including its planning decisions, and whether the Commission should increase its coordination and outreach with other science and technical experts within state and federal agencies and/or expand its internal expertise.

Alternative Funding:

Determine if the Commission has been creative, aggressive and effective in seeking and securing supplemental sources of funding to implement Coastal Act provisions.