

0758 - Medical Board Analysis of Fund Condition

(Dollars in Thousands)

FY 2011-12 Governor's Budget

	ACTUAL 2010-11	CURRENT YEAR 2011-12	BY 2012-13	BY+1 2013-14	BY+2 2014-15
BEGINNING BALANCE	\$ 27,903	\$ 30,246	\$ 18,855	\$ 14,388	\$ 8,128
Prior Year Adjustment	\$ (556)	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 27,347	\$ 30,246	\$ 18,855	\$ 14,388	\$ 8,128
REVENUES AND TRANSFERS					
Revenues:					
125600 Other regulatory fees	\$ 289	\$ 285	\$ 285	\$ 285	\$ 285
125700 Other regulatory licenses and permits	\$ 5,502	\$ 5,616	\$ 5,616	\$ 5,616	\$ 5,616
125800 Renewal fees	\$ 43,781	\$ 45,057	\$ 45,039	\$ 45,621	\$ 46,009
125900 Delinquent fees	\$ 102	\$ 96	\$ 98	\$ 98	\$ 98
142500 Miscellaneous services to the public	\$ 48	\$ 51	\$ 51	\$ 51	\$ 51
150300 Income from surplus money investments	\$ 164	\$ 202	\$ 91	\$ 49	\$ 10
160400 Sale of fixed assets	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161000 Escheat of unclaimed checks and warrants	\$ 22	\$ 23	\$ 23	\$ 23	\$ 23
161400 Miscellaneous revenues	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
164300 Penalty assessments - Probation Monitoring		\$ 900	\$ 900	\$ 900	\$ 900
Totals, Revenues	\$ 49,912	\$ 52,234	\$ 52,107	\$ 52,647	\$ 52,996
Transfers:					
GENERAL FUND LOAN		\$ (9,000)			
TOTALS, REVENUES AND TRANSFERS	\$ 49,912	\$ 43,234	\$ 52,107	\$ 52,647	\$ 52,996
TOTAL RESOURCES	\$ 77,259	\$ 73,480	\$ 70,962	\$ 67,035	\$ 61,124
EXPENDITURES					
Disbursements:					
0840 State Controller (State Operations)	\$ 80	\$ 58	\$ 53	\$ -	\$ -
8880 FSCU (State Operations)	\$ 31	\$ 168	\$ 44		
1110 Program Expenditures (State Operations)	\$ 46,902	\$ 54,399	\$ 55,199	\$ 57,607	\$ 58,759
2012-2013 Proposed BCPs					
Operation Safe Medicine					
BreEZe (including credit card cost)			\$ 1,278		
Anticipated Future Costs					
Anticipated BreEZe Cost				\$ 1,300	\$ 1,300
Totals, Disbursements	\$ 47,013	\$ 54,625	\$ 56,574	\$ 58,907	\$ 60,059
FUND BALANCE					
Reserve for economic uncertainties	\$ 30,246	\$ 18,855	\$ 14,388	\$ 8,128	\$ 1,066
Months in Reserve	6.6	4.0	2.9	1.6	0.2

NOTES:

A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2011-12 AND BEYOND.

B. INTEREST ON FUND ESTIMATED AT .68% in FY 10/11 and beyond.

C. FY 10-11 RENEWAL FEE REVENUE INCLUDES A ONE-TIME CREDIT OF \$22 FOR EACH PHYSICIAN RENEWING (ELIMINATION OF THE DIVERSION PROGRAM)

1/11/2012

Medical Board of California

FY 11/12

Budget Expenditure Report

(As of November 30, 2011)

(41.6% of fiscal year completed)

OBJECT DESCRIPTION	BUDGET ALLOTMENT	EXPENSES/ ENCUMB	PERCENT OF BUDGET EXP/ENCUMB	UNENCUMB BALANCE
PERSONAL SERVICES				
Salary & Wages				
(Staff & Exec Director)	15,883,389	5,379,228	33.9	10,504,161
Board Members	31,500	9,700	30.8	21,800
Phy Fitness Incentive Pay	29,623	11,750	39.7	17,873
Temp Help	1,137,513	578,871	50.9	558,642
Overtime	12,143	15,786	130.0	(3,643)
Staff Benefits	7,515,777	2,373,318	31.6	5,142,459
Salary Savings	(892,664)			(892,664)
TOTALS, PERS SERVICES	23,717,281	8,368,653	35.3	15,348,628
OPERATING EXP & EQUIP				
General Expense	770,168	166,000	21.6	604,168
Fingerprint Reports	333,448	119,270	35.8	214,178
Minor Equipment	187,500	21,196	11.3	166,304
Printing	685,755	254,926	37.2	430,829
Communications	372,190	80,918	21.7	291,272
Postage	282,511	68,196	24.1	214,315
Insurance	41,053	13,293	32.4	27,760
Travel In-State	482,298	31,736	6.6	450,562
Travel Out-of-State	1,000	0	0.0	1,000
Training	78,895	22,347	28.3	56,548
Facilities Operation (Rent)	2,702,140	2,261,232	83.7	440,908
Consult/Prof Services	982,594	1,324,124	134.8	(341,530)
Departmental Prorata	4,118,830	1,669,933	40.5	2,448,897
Interagency Services	5,142	0	0.0	5,142
Consolidated Data Center	646,809	176,886	27.3	469,923
Data Processing	129,492	63,241	48.8	66,251
Central Admin Svcs (Statewide Prorata)	2,140,440	1,070,220	50.0	1,070,220
Attorney General Services	13,347,280	5,524,416	41.4	7,822,864
Office of Administrative Hearings	1,595,080	529,710	33.2	1,065,370
Evidence/Witness	1,893,439	716,471	37.8	1,176,968
Court Reporter Services	155,000	62,105	40.1	92,895
Major Equipment	633,000	0	0.0	633,000
Other Items of Expense	81	21,560	26,617.3	(21,479)
Vehicle Operations	261,925	111,053	42.4	150,872
Court-ordered Payments	0	2,250		(2,250)
Board of Control Claim	0	1,350		(1,350)
TOTALS, OE&E	31,846,070	14,312,433	44.9	17,533,637
TOTALS, EXPENDITURES	55,563,351	22,681,086	40.8	32,882,265
Scheduled Reimbursements	(384,000)	(149,713)	39.0	(234,287)
Distributed Costs	(780,000)	(388,501)	49.8	(391,499)
NET TOTAL, EXPENDITURES	54,399,351	22,142,872	40.7	32,256,479
Unscheduled Reimbursements		(263,462)		
		21,879,410		

Budget Expenditure Report.xls

Date: January 5, 2012

MEDICAL BOARD OF CALIFORNIA
LICENSING PROGRAM
BUDGET REPORT
JULY 1, 2011 - Nov 30, 2011

	FY 10/11 BUDGET	EXPENDITURES/ ENCUMBRANCES YR-TO-DATE	LAG TIME (MONTHS)
PERSONAL SERVICES			
Salaries & Wages	2,252,648	870,214	current
Staff Benefits	<u>1,089,713</u>	<u>382,777</u>	current
TOTAL PERSONAL SERVICES	3,342,361	1,252,990	
OPERATING EXPENSES & EQUIPMENT			
General Expense	80,434	3,373	1-2
Fingerprint Reports*	333,448	118,486	1-2
Printing	61,000	13,711	1-2
Communications	52,246	7,065	1-2
Postage	125,000	39,818	1-2
Travel In-State	25,000	2,335	1-2
Training	8,500	7,114	1-2
Facilities Operation	226,000	224,329	current
Consult/Professional Services	601,873	684,270	1-2
Departmental Services	402,825	162,484	current
Interagency Services	500	0	current
Data Processing	4,000	5,212	1-2
Statewide Pro Rata	209,335	104,666	current
Attorney General	190,000	35,697	current
Evidence/Witness Fees	7,500	169	1-2
Court Reporter Services	250	0	1-2
Major Equipment	26,000	0	1-2
Minor Equipment	<u>66,000</u>	<u>1,306</u>	1-2
TOTAL OPERATING EXPENSES & EQUIPMENT	2,419,911	1,410,035	
SCHEDULED REIMBURSEMENTS	(384,000)	(149,713)	
DISTRIBUTED COSTS	(42,257)	(21,128)	
TOTAL BUDGET/EXPENDITURES	5,336,015	2,492,184	

*Department of Justice invoices for fingerprint reports, name checks, and subsequent arrest reports

MEDICAL BOARD OF CALIFORNIA
ENFORCEMENT PROGRAM
BUDGET REPORT
JULY 1, 2011 - NOV 30, 2011

	FY 11/12 BUDGET	EXPENDITURES/ ENCUMBRANCES YR-TO-DATE	LAG TIME (MONTHS)
PERSONAL SERVICES			
Salaries & Wages	10,550,011	3,722,063	current
Staff Benefits	<u>4,778,306</u>	<u>1,441,207</u>	current
TOTAL PERSONAL SERVICES	15,328,317	5,163,270	
OPERATING EXPENSE & EQUIPMENT			
General Expense/Fingerprint Reports	436,406	96,464	1-2
Printing	305,755	221,283	1-2
Communications	224,358	56,467	1-2
Postage	70,000	23,482	1-2
Insurance	38,770	11,537	current
Travel In-State	290,298	13,510	1-2
Training	34,000	10,464	1-2
Facilities Operations	2,071,140	1,674,164	current
Consultant/Professional Services	300,000	213,915	1-2
Departmental Services	3,070,588	1,233,913	current
Interagency Services	3,833	0	1-2
Data Processing	19,000	775	1-2
Statewide Pro Rata	1,595,698	797,848	current
Attorney General 1/	13,157,280	5,488,719	current
OAH	1,595,080	529,710	1
Evidence/Witness Fees	1,820,939	697,386	1-2
Court Reporter Services	154,750	62,105	1-2
Major Equipment	511,000	0	1-2
Other Items of Expense (Law Enf. Materials/Lab, etc.)	81	19,985	1-2
Vehicle Operations	215,925	92,893	1-2
Minor Equipment	2,500	17,080	1-2
Court-Ordered Payments	<u>0</u>	<u>3,070</u>	current
TOTAL OPERATING EXPENSES & EQUIPMENT	25,917,401	11,264,770	
DISTRIBUTED COSTS	(735,630)	(366,315)	
TOTAL BUDGET/EXPENDITURES	40,510,088	16,061,725	
Unscheduled Reimbursements		<u>(12,033)</u> 16,049,692	

1/See next page for monthly billing detail

1/5/2012

MEDICAL BOARD OF CALIFORNIA
ATTORNEY GENERAL EXPENDITURES - FY 11/12
DOJ AGENCY CODE 003573 - ENFORCEMENT (6303)

		<u>Number of Hours</u>	<u>Rate</u>	<u>Amount</u>
July	Attorney Services	6,461.75	170.00	1,098,497.50
	Paralegal Services	247.00	120.00	29,640.00
	Auditor/Analyst Services	101.00	99.00	9,999.00
	Cost of Suit			<u>1,138,136.50</u>
August	Attorney Services	6,741.25	170.00	1,146,012.50
	Paralegal Services	233.50	120.00	28,020.00
	Auditor/Analyst Services	159.25	99.00	15,765.75
	Cost of Suit			<u>275.00</u>
				1,190,073.25
September	Attorney Services	6,117.75	170.00	1,040,017.50
	Paralegal Services	197.50	120.00	23,700.00
	Auditor/Analyst Services	197.00	99.00	19,503.00
	Cost of Suit			<u>544.26</u>
				1,083,764.76
October	Attorney Services	6,265.00	170.00	1,065,050.00
	Paralegal Services	142.50	120.00	17,100.00
	Auditor/Analyst Services	135.00	99.00	13,365.00
	Cost of Suit			<u>794.80</u>
				1,096,309.80
November	Attorney Services	5,619.00	170.00	955,230.00
	Paralegal Services	111.00	120.00	13,320.00
	Auditor/Analyst	99.00	99.00	9,801.00
	Cost of Suit			<u>2,084.00</u>
				980,435.00
December	Attorney Services	0.00	170.00	0.00
	Paralegal Services	0.00	120.00	0.00
	Auditor/Analyst	0.00	99.00	0.00
	Cost of Suit			<u>0.00</u>
				0.00

Revised 1/05/2012

Total July-Dec = 5,488,719.31
FY 11/12 Budget = 13,157,280.00

ENFORCEMENT/PROBATION RECEIPTS

MONTHLY PROFILE: JULY 2009 - JUNE 2012

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total
Invest Cost Recovery	4,486	1,050	1,250	740	67	1,161	7,409	11,613	0	2,186	11,388	1,500	42,850
Criminal Cost Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Probation Monitoring	46,225	21,354	22,836	34,983	22,419	186,279	345,366	200,249	60,048	59,731	29,879	42,043	1,071,412
Exam	150	250	105	330	3,480	1,658	292	200	1,500	300	325	500	9,090
Cite/Fine	3,500	3,025	2,425	3,225	3,055	5,320	475	4,723	4,600	5,200	3,261	5,340	44,149
MONTHLY TOTAL	54,361	25,679	26,616	39,278	29,021	194,418	353,542	216,785	66,148	67,417	44,853	49,383	1,167,501
FYTD TOTAL	54,361	80,040	106,656	145,934	174,955	369,373	722,915	939,700	1,005,848	1,073,265	1,118,118	1,167,501	
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	FYTD Total
Invest Cost Recovery	3,981	971	871	846	996	2,177	896	3,550	896	896	1,100	1,146	18,326
Criminal Cost Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Probation Monitoring	43,697	74,202	31,474	35,029	120,104	157,971	332,595	170,590	72,520	94,712	71,738	47,283	1,251,913
Exam	2,475	3,730	1,750	9,456	4,031	1,158	1,237	2,621	1,400	4,235	2,500	627	35,219
Cite/Fine	5,500	9,000	10,075	4,000	2,600	5,700	5,000	2,896	1,950	5,650	950	200	53,521
MONTHLY TOTAL	55,653	87,903	44,170	49,331	127,731	167,006	339,728	179,656	76,766	105,493	76,288	49,255	1,358,980
FYTD TOTAL	55,653	143,557	187,727	237,058	364,788	531,794	871,522	1,051,178	1,127,944	1,233,436	1,309,725	1,358,980	
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total
Invest Cost Recovery	300	350	300	100	50								1,100
Criminal Cost Recovery	0	0	0	0	0								0
Probation Monitoring	42,542	41,848	44,639	105,369	96,368								330,765
Exam	1,639	777	2,481	627	1,692								7,215
Cite/Fine	200	4,350	800	10,650	3,250								19,250
MONTHLY TOTAL	44,681	47,325	48,220	116,745	101,359	0	0	0	0	0	0	0	358,330
FYTD TOTAL	44,681	92,005	140,225	256,970	358,330	358,330	358,330	358,330	358,330	358,330	358,330	358,330	

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Medical Board of California
Board Members' Expense Report
Oct 1, 2011 -Dec 31, 2011

	<i>Per Diem*</i>				<i>Travel Expenses*</i>	<i>Total</i>	<i>Total</i>
	Oct	Nov	Dec	TOTAL	Oct-Dec	Oct-Dec	FYTD
Dr. Carreon	0.00	0.00	0.00	0.00		0.00	3,500.00
Ms. Chang	200.00	0.00	0.00	200.00	0.00	200.00	1,352.94
Dr. Diego	1,000.00	1,400.00	0.00	2,400.00	994.68	3,394.68	4,594.68
Dr. Duruisseau	900.00	800.00	0.00	1,700.00	864.70	2,564.70	4,935.74
Dr. Levine	0.00	0.00	0.00	0.00	0.00	0.00	813.86
Dr. Low	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dr. Moran	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Dr. Salomonson	400.00	0.00	0.00	400.00	1,153.72	1,553.72	1,553.72
Ms. Schipske	900.00	0.00	0.00	900.00	444.58	1,344.58	3,262.64
Ms. Yaroslavsky	0.00	0.00	0.00	0.00		0.00	0.00
BOARD TOTAL	3,400.00	2,200.00	0.00	5,600.00	3,457.68	9,057.68	21,013.58

*includes claims paid/submitted through Dec, 2011.

Board Members Expense Report.xls

Date: January 6, 2012

MEDICAL BOARD OF CALIFORNIA BUDGET OVERVIEW BY BOARD COMPONENT

	EXEC	ENFORCE	OPERATION SAFE MEDICINE	LICENSING	ADMIN SERVICES	INFO SYSTEMS	PROBATION MONITORING	BOARD TOTAL
FY 08/09								
\$ Budgeted	2,158,000	36,659,000		4,599,000	2,048,000	3,370,000	1,914,000	50,748,000
\$ Spent *	1,875,000	34,026,000		4,522,000	1,697,000	2,668,000	625,000	45,413,000 *
Positions								
Authorized	8.8	146.6		45.5	15.0	16.0	20.0	251.9
FY 09/10								
\$ Budgeted	2,030,000	36,539,000	567,000	4,262,000	1,558,000	2,953,000	1,589,000	49,498,000
\$ Spent *	2,920,000	34,130,000	494,000	4,772,000	1,547,000	2,728,000	500,000	47,091,000 *
Positions								
Authorized	8.8	146.6	6.0	45.5	15.0	16.0	25.0	262.9
FY 10/11								
\$ Budgeted	1,944,000	37,720,000	577,000	5,045,000	1,688,000	3,118,000	1,735,000	51,827,000
\$ Spent*	1,771,000	34,420,000	651,000	5,061,000	1,564,000	2,948,000	487,000	46,902,000 *
Positions								
Authorized	8.8	165.0	6.0	52.3	15.0	17.0	25.0	289.1
FY 11/12								
\$ Budgeted	1,885,220	40,510,088		5,336,015	1,585,554	3,069,028	2,013,445	54,399,350
\$ Spent thru 11/30*	974,078	16,049,692		2,492,184	665,315	1,147,041	551,100	21,879,410
Positions								
Authorized	8.8	164.1		53.3	15.0	17.0	25.0	283.2

* net expenditures (includes unscheduled reimbursements)



STATE AND CONSUMER SERVICES AGENCY • GOVERNMENT OF CALIFORNIA
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DATE: December 31, 2011

TO: Anna Caballero, Secretary of the State and Consumer Services Agency

FROM: Brian Stiger, Acting Director, of the Department of Consumer Affairs

SUBJECT: Review of the Systems of Internal Control

In accordance with the Financial Integrity and State Manager Accountability Act of 1983, Government Code Sections 13400 through 13407, I am submitting the enclosed report describing the review of our systems of internal control for the biennial period ended December 31, 2011.

Enclosure(s)

INTRODUCTION

In accordance with the Financial Integrity and State Manager's Accountability (FISMA) Act of 1983, the Department of Consumer Affairs (DCA) submits this report on the review of our systems of internal control for the biennial period ended December 31, 2011.

Should you have any questions please contact Pam Wortman at (916) 574-7172.

BACKGROUND

The Department of Consumer Affairs (DCA) is comprised of 38 entities (23 boards, 8 bureaus, 4 committees, 2 programs, and 1 commission). DCA's mission is to protect and serve the interests of California consumers. To accomplish this mission, the entities establish minimum qualifications and levels of competency for licensure; investigate complaints; and discipline violators. The bureaus and programs are under my direct authority, while the boards, committees, and commission are semiautonomous bodies whose members are appointed by the Governor and the Legislature. DCA provides the semiautonomous bodies administrative support services.

RISK ASSESSMENT

An organization-wide risk assessment was performed by compiling the top risks from participating boards, bureaus, committees, programs and commission. Each was asked to submit their top risks within their entities that stand in the way of achieving their goals and objectives. They were also asked to consider the probability of the risk as well as its impact.

The methodology used to obtain this information included: meeting with executive officers, bureau chiefs, and designated staff for the boards, bureaus, committees, programs and commission to discuss the purpose and significance of their input; distributing a description of risk and instructions for identifying the risk, its probability and impact, as well as explaining the steps that have been taken to reduce or mitigate each risk; providing a deadline for submission of risk information; designating Internal Audit staff to answer questions and offer assistance to entities; evaluating the responses; grouping and labeling like risks; and identifying the most prevalent risks within the organization.

Based on the information received, DCA management has determined that the greatest vulnerabilities lie in the following areas:

- Staff resources
- Enforcement
- BreEZe implementation
- Appropriate Budget Funding

EVALUATION OF RISKS AND CONTROLS

Issue #1 Staff resources.

Risks: The DCA has struggled across the department with limited staffing. The limited staff has resulted in increased workload for existing staff, backlog of some processes and longer processing times for new applicants. In some cases, current staffing has not been sufficient to facilitate an increase in the licensing population or the consumer population an entity serves. The reduced staffing has caused delays to process licenses which results in delayed employment of professionals. In addition; staffing challenges have decreased effectiveness and efficiency to run its programs and provide adequate consumer protection. Needed redirection of staff to mission critical functions has resulted in backlogs in other areas, which add value, but can no longer be continued.

Issue #2: Enforcement.

Risks: The DCA's Consumer Protection Enforcement Initiative provided staffing to shorten the timeframe for enforcement; however, positions were authorized after the hiring freeze began; therefore, many programs were unable to hire the specially trained enforcement investigators, which now limits an entities ability to provide timely consumer protection. Additionally, in some programs enforcement staff are taking on other duties, which limits the amount of time they spend on enforcement caseloads; therefore, lengthening processing times. When processing times are increased, then a licensee in violation of the law may continue practicing for a longer period of time, potentially causing harm to others. In addition, DCA has limited control over processing times by outside agencies working collaboratively in the enforcement chain.

Issue #3: BreEZe Implementation.

Risks: BreEZe will provide the much needed replacement of DCA's Legacy databases to track licensing and enforcement information. There are always risks associated with replacing a mission critical system. Some entities have expressed concerns that the BreEZe might not meet the specific needs of each board, bureau committee, program and commission; that the BreEZe system may have challenges during development or implementation limiting access to stakeholders; and any unresolved challenges in the BreEZe system could result in a break in service to consumers, applicants, and licensees.

Issue #4: Appropriate Budgets Funding.

Risks: Entities have been required to take budget cuts, which hampers their ability to absorb costs with minor program changes, to match the growth of increased program costs due to inflation, and reduces their ability to redirect funding to meet increased costs, especially in the area of enforcement.

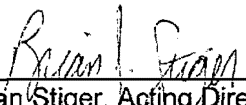
VACANT POSITIONS

I acknowledge that DCA is in compliance with GC Section 12439. Our compliance includes continuous emphasis to all boards, bureaus and divisions of the importance of filling vacant positions within six months of becoming vacant in order to avoid losing them. DCA's Office of

Human Resources (OHR) assists its clients by providing them with an updated position roster and vacancy report each month. OHR staff work closely with their clients to ensure timely recruitment and filling of vacant positions. Once a selection is made to fill the position, OHR requires a justification to be submitted. The justification is required to ensure that a position is being filled in order to meet operational needs and to prevent inappropriate hires in order to avoid losing the position subject to GC Section 12439. Additionally, OHR has strengthened its compliance efforts by hiring a retired annuitant to monitor vacant positions and oversee position control.

CONCLUSION

I certify that our systems of internal controls are adequate to mitigate potential threats identified in the Evaluation of Risks and Controls Section above.



Brian Stiger, Acting Director
Department of Consumer Affairs

12/31/11

Date

cc: Honorable Governor Edmund G. Brown Jr.
Ana J. Matosantos, Director, Department of Finance
Pam Wortman, Deputy Director, Office of Administrative Services, DCA
Cathleen Sahlman, Chief, Internal Audit Office, DCA
Bureau of State Audits
State Library
Legislature
State Controller's Office
State Treasurer's Office
Attorney General