

December 31, 2019

Alexis Podesta, Secretary
California Business, Consumer Services and Housing Agency
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

Dear Ms. Alexis Podesta,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Medical Board of California 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 Christine J. Lally, Interim Executive Director, at (916) 263-2677, Christine.Lally@mbc.ca.gov.

GOVERNANCE

Mission and Strategic Plan

In January of 2018, the Medical Board of California (Board) formally adopted a four year Strategic Plan that is guided by the Board's mission of protecting health care consumers through the proper licensing and regulation of physicians and surgeons and certain allied health care professionals and through the vigorous, objective enforcement of the Medical Practice Act, and to promote access to quality medical care through the Board's licensing and regulatory functions. The plan outlines in detail the Board's five main goals for completion by 2021 and focuses specifically on Licensing, Enforcement, Legislation and Regulation, Outreach, and Board Administration functions.

The Board's plans to accomplish this plan through the execution of the following goals:

- 1) Protect consumers by setting requirements for licensure by focusing on education, experience, and demonstrated competence to effectively issue licenses to individuals meeting those requirements.
- 2) Effectively investigate complaints, by enforcing the laws and regulations of the Medical Practice Act when violations occur, and by educating consumers on the laws and regulations governing safe practices in California.
- 3) Actively work to be an advocate for and sponsor legislation and adopt regulations, policies, and procedures that strengthen and support the Board's mandate, mission, vision, and goals.
- 4) Promote consumer protection through increasing public, licensee, and community partner awareness of the Board, its mission, activities, and services.
- 5) Protect consumers by promoting organizational success through proper Board governance, effective leadership, and responsible management.

Each of these goals has been established with specific measurable milestones with estimated completion dates that Board Management uses to drive workload planning and procedure development.

Control Environment

The Medical Board of California is overseen by the Department of Consumer Affairs (DCA) and the Business, Consumer Services, and Housing (BCSH) Agency along with other State administrative control agencies. The Board has 15 Board Members which serve on committees, task forces, and disciplinary panels to assist with the licensing and enforcement work of the Board. Board staff work under the direction of the Board Appointed Executive Director to accomplish the Board's mission of consumer protection. The Board meets quarterly each year to create policies, take disciplinary action and report on its progress to licensees and stakeholders.

Board Executive Management has established core values documented in the Workplace Guidelines and Employee Expectations (August 21, 2007) that advise management in the promotion of a safe and supportive working environment, where integrity, consumer protection and data guide decision making. Managers are trained and encouraged to demonstrate integrity and establish control by; supporting staff in the daily work, listening to staff concerns and requests and follow through with solutions, demonstrate professionalism at all times, provide clear direction and objectives, assist with staff development, and foster professional growth. Management also considers these values when developing procedures and policies in each unit throughout the Board.

The Board seeks to actively recruit diverse and high performing individuals that display integrity, competence, and commitment to consumer protection when filling vacancies at the Board by developing strong screening criteria and interview questions that would allow managers to evaluate these qualities and hire the most qualified individual for each position. Employee performance is a high priority for management and is monitored closely. When training can assist in employee development, it is offered. When employee performance is not meeting expectations, the necessary disciplinary actions are applied. Procedure manuals and cross training of employees are critical components to the Board's efficiency and overall organizational health.

Information and Communication

The Board values communication from stakeholders, employees, and other Boards in order to enhance its mission of consumer protection, as well as best serve its licensees. Internal communication is fostered in a "top down" manner through Executive Management meetings, monthly manager meetings, semi-annual all staff meetings, monthly unit staff meetings, one-on-one meetings, as well as regular all-staff e-mail messages. This model ensures that the values and goals are regularly discussed and refined so that staff may all work together to accomplish a common goal. The Board also encourages "bottom up" communication through the implementation of staff satisfaction surveys, an anonymous "suggestion box" available in the Board office, and management's "open door policy" that gives staff the opportunity to step outside of the chain of command when proposing changes that may improve processes and procedures.

The Board understands the value of external communication with stakeholders to better educate and protect consumers, and provide quality and consistent customer service to its licensees. Outreach efforts in communities statewide, presentations by the Executive Director and management, Board

Meetings, panel meetings, committee meetings, interested parties meetings, and special task forces give consumers and licensees the opportunity to provide insight and feedback to Board Members when directing decisions on the work of the Board. Additionally, increasing social media outreach and enhancements to the Board's website have resulted in the release of podcasts and the creation of the first iOS mobile application in the country for Medical Boards. The Board's dedication to proactive and strategic communications has garnered long term, positive relationships with consumers and licensees.

The Board establishes communication across entity lines by establishing special task forces with other healing arts Boards to collaborate on issues that face both entities for increased consumer protection.

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 Medical Board of California monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Christine J. Lally, Interim Executive Director.

The Board's management teams use tailored data reports to monitor workloads to ensure mandates are met. These statistical reports are also used to report to the Executive Director (ED) each month on the unit's progress when compared to the previous month, as well as a useful tool for management to assess resources and re-direct when necessary. The Board uses its internal reports to make certain workload does not stall and nothing falls through the cracks. The Licensing and Enforcement management teams conduct case reviews with staff to ensure individual caseloads are being appropriately worked and apply a course correction when necessary. The Board's performance measures are reported at each quarterly Board Meeting so the Board Members and stakeholders have an opportunity to review, monitor and provide feedback on the performance of the Board.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Medical 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, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, questionnaires, 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.

RISKS AND CONTROLS

Risk: Unplanned Expenses - Attorney General Costs

The Board was notified July 1, 2019 by the Office of the Attorney General (AG) that they were significantly increasing their hourly service rates effective September 1, 2019. This unanticipated rate increase was on top of the AG exceeding its authorized budget for services for the past several

years. The Board did not have adequate time to prepare for these changes and its fund reserves will be depleted quicker than previously forecasted. The Board will need to seek a fee increase next year.

Control: Fee Increase

The Board is working closely with the Department of Consumer Affairs (DCA) regarding its fund condition and has contracted with a vendor to perform a fee audit to determine at what level the Board will need to increase licensing fees to in order to offset these and other costs related to Board operations.

Risk: AB 434 - State Web Accessibility Compliance

AB 434 requires all State entities to be in compliance with Web Content Accessibility Guidelines (WCAG) 2.0 (or subsequent version). The Board must produce certain public documents online that must be active in some cases, indefinitely. Given current IT staffing levels at the Board and the tight timeline for compliance, the large amount (17,000+) of documents needing to be retroactively modified is challenging.

Control: Staff Resources

The Board has authorized compensated time off to staff to help convert documents to ensure compliance. The Board has also requested 5 Student Assistants that would be responsible for document conversion.

Risk: Virus / Ransomware / Malware Outbreaks

Virus / ransomware / malware outbreaks are becoming more prevalent resulting in increased risk of a data breach.

Control: Staff Education

The Board is educating users on phishing/ransomware/malware schemes and keeping up with the trends in these schemes to ensure that staff do not fall victim to providing compromising information to unintended or malicious individuals.

Control: Developing Simulated Security Drills

The Board's Information Systems Branch (ISB) is creating and performing simulated phishing attacks to send to users to ensure that staff do not provide compromising information. Staff that do are required to complete DCA's Information Security Training again to ensure that the knowledge is retained.

Control: Training

DCA has developed an Information Security Training course online that outlines detection and avoidance techniques for staff and Board Members to use in identifying possible malicious schemes. This training is required and completed annually and the Board has a 100% compliance rate (for active employees and Board Members) each year.

Risk: Secure Transmission of Confidential Documentation

Sending confidential documentation through secure electronic transfer file sharing to contracted medical consultants for review requires increased staff scanning workload, additional server storage capacity, secure electronic transfer file sharing platform licensing costs, and increased medical consultant reviewer timeframes due to issues with user adoption. This leads to an increase in the overall timeframe for the Board's enforcement investigations.

Control: Staff Resources

The Board has offered and authorized compensated time off and redirected staff resources to assist with the increase in scanning workload.

Control: Training and Support for Contracted Consultants

The Board has created user guides and manuals which are being distributed to active consultants for review. Additionally, ISB is indefinitely offering IT services to consultants experiencing technical issues with the implementation of the secure platform for file transfer.

Risk: Fi\$cal - Impacts to Operations and Decision Making

Accurate and timely revenue and expenditure reports are not currently available from the Fi\$Cal system and this ultimately results in DCA being unable to produce timely reconciled monthly and year-end financial statements to Boards. Specifically, the Medical Board is unable to access timely reports and readily validate the accuracy of data postings. This results in information lags as well as in poor, and inaccurate, real-time reporting to the Board. Further, reports generated from the system often track awkward reconciliation points or contain incomplete or not user-friendly data. Accurate and usable reports are needed to make prudent budget and operational decisions. Special funds often have structural funding concerns, so understanding cash balances and expenditure status is essential. Board staff, as a result, often manually track unresolved Fi\$Cal issues in hopes of providing better real time data to executive level managers. This adds significant staff time, and the manual preparation of reports outside of the system opens the Board up to a larger opportunity for making unintended errors.

Control: Elevating Issues to DCA

The Medical Board is in communication with DCA on a regular basis to resolve open items which include posting corrections, programming concerns, and report suggestions within the system.

Control: Independently Tracking Data

The Medical Board relies on data tracking outside of the Fi\$cal system and regularly works with budget, accounting, and business services staff at DCA to track issues and make forecasting projections. This information is often utilized for meeting materials. Additionally, the Board requests information as needed from DCA to try to identify and fix errors.

Risk: BreZE - Quality Assurance Reports

The Board currently uses the BreZE system to track all Licensing and Enforcement activities

performed by the Board. BreEZe has no option for quality assurance reports in this system when they had previously been available in other systems. Currently, the Board is running ad-hoc reports which increases the amount of time between when the information was entered and when the error is identified, making it more difficult for constructive feedback to be provided to staff, leading to additional errors requiring correction. This could lead to diminished job satisfaction for staff and managers and could lead to a high staff turnover rate.

Control: Internal Quality Assurance Reports

Internal reports have been created to identify quality assurance issues. These reports are being used to help identify staff that need additional training from subject matter experts (SME's). ISB provides feedback to unit managers of BreEZe changes and provides the proper procedures so managers update procedures and provide feedback as necessary. The Board has also established User Groups that discuss user challenges and possible system deficiencies for resolution.

Risk: BreEZe - Service Requests

The Board must rely on the vendor or DCA's Office of Information Services (OIS) to resolve BreEZe issues and can only create service requests, which remain in queue until they can be addressed. The Board must prioritize service requests by critical need and cannot run business functions effectively until tickets have been addressed.

Control: Prioritization of Requests

The Board prioritizes requests by critical need to ensure the most important changes are completed as quickly as possible. The Board will test all system changes to attempt to minimize the possibility of potential failure and ensure that it is possible to revert changes if necessary.

Control: Creating Additional Databases

The Board has a team of programmers that will develop "workaround" databases that store data that cannot be housed in BreEZe to ensure that issues that cannot be submitted for resolution can still be mitigated internally.

Risk: BreEZe Contract - Maintenance and Enhancements

BreEZe is a vendor-controlled Commercial Off-the-Shelf (COTS) system which results in expensive maintenance and enhancements and limits the flexibility of the system. The vendor contract ends in March 2020 and there will be no further path for core system modifications where many are still required for mission critical functions.

Control: Request for Knowledge Transfer

Designated Board staff are currently working on BreEZe reports and extracts. The Board has requested knowledge transfer processes from the vendor for maintenance items so it may independently complete tasks. However, the Board has been notified by DCA that there will be no knowledge transfer provided. Fewer BreEZe releases could increase difficulty. The Board continues to work with DCA regarding knowledge transfer concerns.

Control: Alternate Methods

The Board will attempt to pursue using web services to extend BreEZe core system functionality.

Risk: BreEZe - Systems Integration

The web service capability of BreEZe has not been exposed for use in other information technology systems. This means it is not possible to integrate BreEZe data in real-time to other web based systems. Older 32-bit Access database systems are outdated and have to be updated to run on newer 64-bit hardware which could result in loss of data if not mitigated.

Control: Request Additional Web Service Access

The Board will continue to request web service access while developing systems based on batch extracts of necessary BreEZe data to further integrate into other required technology systems.

Control: Update and Convert Outdated Systems

The Board will update all required Access databases to be 64 bit capable and mitigate/convert all older databases to .Net web applications/SQL databases.

Risk: Uninterruptible Power Supply Failure

The Board's Headquarters office (2005 Evergreen Street, Sacramento) experiences unexpected power interruptions which can impact the Board's essential service and network hardware if not backed up by generator and UPS power. The Headquarters building currently has generator and UPS power as backup, however, there is no warning system that can update key personnel to ensure power is restored before generator power runs out. If power is not provided to the UPS system for the entirety of an outage, it poses a substantial risk of damage to equipment and could result in unplanned repair or replacement costs.

Control: Regular Maintenance

The Board is working with DCA Business Services and property management to routinely test the uninterruptible power supply and backup generator system to ensure that equipment is working as appropriate. These tests are scheduled quarterly and are scheduled after business hours when possible and with the supervision of building maintenance staff to ensure Board staff are notified if a shutdown is required.

Control: Early Warning Systems

The Board is working with property management to install an early warning system on the generator that will alert key staff when the generator is running and a possible shut down may be required. These systems are costly, therefore, the property manager and Board staff are working together to find the most cost effective solution.

Risk: Operational Health

The Board values all staff members as they are essential to the success of the Board. With a diverse

workforce, it is imperative to recognize the importance of staff satisfaction as it relates to operational health. The prevention of morale issues is critical to keeping high performing employees at the Board.

Control: Management and Staff Engagement

The Board has established semi-annual all-staff meetings and employee team building activities to foster good working relationships between staff at the Board.

Additionally, the Board disseminates awards such as Annual Staff and Manager Peer-to-Peer awards where staff/managers nominate peers that they believe are outstanding performers and exceptional team members, and the Executive Director's Award of Excellence where the Executive Director chooses staff from each unit that have performed exceptionally during the year. Pursuant to the Board's strategic plan, the Board established the President's Award to be presented to an employee each year who is living the Board's mission. These awards promote exceptional performance and teamwork and also increase morale and ensure employees feel valued.

The Board has also created a suggestion box that solicits ideas for change and allows Executive Management to receive feedback that staff may not feel comfortable suggesting through traditional means.

The Executive Director and management also host a staff appreciation picnic each Fall.

Risk: Leave Balance Liabilities

The Board has a number of staff with vacation leave balances approaching 640 hours. If individuals with high leave balances are scheduled to retire, the Board would be required to leave positions vacant until the leave has expired. Vacant positions could impact staff workload and create backlog. If the Board was required to pay out several high leave balances at the same time, the Board's fund condition would be impacted.

Control: Leave Balance Reduction Plans

The Board is tracking leave balances for all staff and requires that a reduction plan be completed by any staff member approaching 640 of completion within the calendar year. Managers meet with staff to determine the amount of leave required for reduction, and an appropriate plan to use the leave without impacting the unit.

Risk: Key Person Dependency

Some of the Board's mission critical functions are supported and maintained exclusively by individual staff members without other staff members having the knowledge or experience to assist in their absence. These individuals have stayed in key positions for many years and procedures were not developed or maintained due to the incumbent's competence in relaying the information in a timely manner. If a key individual leaves the Board and is unable to impart knowledge to another individual, the mission critical functions may suffer and possibly fail causing diminished capacity to provide consumer protection to healthcare consumers.

Control: Procedure Development

The Board has identified key areas of key staff dependence and developing procedures for those functions which will facilitate future knowledge transfer. Additionally, staff are required to make immediate updates to the documented procedures as they change, ensuring all staff are using the most relevant documentation when training or performing tasks. Cross training of positions has been a focus for Board managers, giving staff an opportunity to grow their skills and provide back-up assistance when necessary.

Control: Cross-Training

The Board has identified individuals in each unit to serve as back-up to each position throughout the Board. Each backup staff member will be provided a copy of the most recently updated procedures as they are updated, and will be trained on the completion of each task. This will ensure that in the event of the loss of a staff member, there is sufficient documentation and staff members to fulfill unit needs.

Risk: Data Entry Accuracy

Information gathered is inaccurate to generate a reliable report. Incorrect inputs produce inaccurate results. More reports are needed for management purposes and data quality assurance.

Control: Develop Advanced Reporting Programs

The Board has two report developers working on reports full time in the Quality Business Interactive Reporting Tool (QBIRT). Business Analysts are working with programs to document the requirements for new reports for the developers to create and maintain. Additionally, outdated Business Objects reports must be converted into QBIRT reports. The Board's Information Systems Branch (ISB) is continuing to work with Board Management to develop quality assurance reports as needed for review and correction.

Risk: Implicit Bias and Customer Service Training

The Board recognizes the importance of ensuring that all staff treat consumers and licensees with courtesy and respect to ensure that trust is established with each interaction. The Board risks having a negative impression with licensees and stakeholders if training is not provided, which could result in a loss of trust and support for the Boards mission and goals.

Control: Commission of Implicit Bias Training

In 2017, the Board contracted with an outside vendor to develop an Implicit Bias training tailored to Board, Health Quality Investigation Unit (HQIU), Deputy Attorney General (DAG), and Office of Administrative Hearings (OAH) staff. This training is a two hour course that explores the ability to identify implicit biases and provides tools for individuals to overcome those biases in order to accomplish the Boards mission of consumer protection at all levels of the process. The course is required to be completed upon hire and annually every year thereafter by Board, HQIU, DAG, and OAH staff.

Control: Customer Service Training

The Board has commissioned customer service training through the Department of Consumer Affairs' (DCA's) internal training unit SOLID. These trainings are held in small groups of staff with like work functions to give individuals the tools to give stellar customer service with every individual that interacts with the Board. Additionally, managers complete quality assurance calls and provide training based on these classes when there is a deficit.

Risk: Negative Media Attention

Investigations by the Medical Board are confidential. When the Board is unable to comment on investigation to the media, it is often received by the public that the Board is not doing its job to protect consumers.

Control: Consumer Education

In 2018, the Board released a Strategic Plan that includes several objectives focused specifically on improving communications with consumers and is making strides toward reaching those goals.

In tandem with the Strategic Plan, the Board also developed and enacted a Communications Plan which has expanded its social media presence and outreach to stakeholders.

The Board's Public Information Office (PIO) posts podcasts discussing the topics of interest to educate consumers on the processes and procedures of the Board.

Control: iOS Application

On June 26, 2018, the Board launched the first mobile app in the nation that updates subscribers to changes made to a license or profile. Updates such as a change of address or the addition of disciplinary documents, will trigger a notification alert of the change directly to an individual's Apple mobile device. The app has been steadily growing in users since its inception, and continues to grow and educate consumers. An Android version of the app is forthcoming.

Control: Procedure Updates

The Board has revised its enforcement letters and communications to provide more information about the Board to consumer in hopes of increasing consumer satisfaction.

Additionally, effective July 1, 2019, the Board posts Probation Summary Information to each license profile on the website to provide a clear definitions of the terms of probation to help consumers make informed decisions when choosing a healthcare practitioner.

Risk: Recruitment and Retention Enforcement Staff

Ongoing investigator (sworn staff) vacancies at DCA's Health Quality Investigation Unit (HQIU) have adversely impacted the Board's complaint processing time frames.

Additionally, recruitment and retention of the Inspector series (non-sworn) have been extremely difficult and impacts the Board's probation monitoring operations. Applicant pools have been limited in recent

recruitment efforts. A reclassification was requested in 2019 for the Inspector series. Due to the denial of the Inspector reclassification request, the Board continues to face the same challenges of limited applicant pools due to pay and promotional advancement opportunities.

Control: Active Recruitment

The Board and the Health Quality Investigation Unit (HQIU) ensures that jobs are posted, applications reviewed, interviews are conducted as quickly as possible to ensure timely hiring decisions are. Additionally, adjustments to screening criteria and hiring requirements are continually updated to ensure that unqualified staff are not hired by default due to limited applicant pools.

However, due to the denial of the Inspector reclassification request, the Board still has limited applicant pools which are unable to be mitigated at this time. The Board is thankful DCA has formed a workgroup comprised of various boards who utilize the inspector series to update the typical tasks and minimum qualifications, as well as work together on an increase to the class series pay scale. According to DCA, the last time the inspector class was revised was in 1972.

CONCLUSION

The Medical 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.

Christine J. Lally, Interim Executive 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