

December 27, 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 State Board of Barbering and Cosmetology 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 Carrie Harris, Deputy Executive Officer, at (916) 575-7130, Carrie.harris@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Boards mission is to ensure the health and safety of California consumers by promoting ethical standards and by enforcing the laws of the barbering and beauty industry. The strategic goals are:

- **Board Administration:** The Board promotes organizational success through the development of staff and management.
- **Legislation and Regulation:** The Board supports legislation and adopts regulations, policies, and procedures that reinforce its mission, vision, and goals.
- **Examination:** The Board administers written and practical examinations to ensure a candidate's minimal competence of the profession.
- **Licensing:** The Board provides individuals a method for obtaining and maintaining a license.
- **Inspections:** The Board inspects establishments to determine violations of the laws and regulations and educates individuals on how to be compliant with the laws and regulations governing safe practices in California.
- **Enforcement:** The Board protects the health and safety of consumer services by effectively investigating consumer complaints and violations and by promoting compliance through the issuance of citations and fines, and by educating establishments and individuals on the laws and regulations governing safe practices in California.
- **Outreach:** The Board educates stakeholders on the laws, regulations, and issues relevant to the industry.

Control Environment

The effective control environment is established by monthly and weekly reports required of each unit within the Board. These monthly reports are submitted to the Executive Staff and quarterly reports are provided to the Board in a public hearing. Data includes: performance measures, incoming and outgoing workload. Each unit within the Board has its own manager that reports to the Deputy

Executive Officer, who reports to the Executive Officer.

Board management demonstrate integrity and ethical standards by interacting with staff on a regular basis. Management provides training during staff meetings on the Boards cores values and mission and management participates in this training as well. In addition, management work together as a leadership team and meet monthly to ensure all leaders are working cohesively toward the same mission.

All processes within the Board are documented into procedure manuals. These manuals are maintained and updated regularly. All staff take part in developing procedures and all staff receive monthly updates on the Boards internal controls.

Board management prepare annual appraisals of all staff as well as regular one on one meetings are held individually. Management work with staff to determine their career path and desires for extended learning and makes efforts to provide growth opportunities for staff. In some area's of the board (inspections and examinations) the board has expanded recruitment efforts to vocational schools and community colleges. Management has also established an annual training schedule for mandatory training of customer service and diversity as well as encouraging staff to take other training that they feel would benefit their workload and development. Training schedules are provided to staff on a monthly basis so that they can elect to attend available classes.

Information and Communication

The Board utilizes Breeze for the majority of its reporting processes. Board management receives daily, weekly and monthly reports to monitor progress and timeframes for all units. This data is communicated to Board members and data is also communicated within each unit so that staff are aware of priorities of workload. All units within the Board have monthly staff meetings where workload and trends are discussed. The information that is provided to the Board is also made available on the Boards website and any time new information is added, a note goes out to the Board's e-mail list informing individuals that information has been posted.

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 State Board of Barbering and Cosmetology monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Kristy Underwood, Executive Officer; and Carrie Harris, Deputy Executive Officer.

Management reviews data to ensure that the data being reported is accurate. This is done by reviewing data with staff including manual counts for cross-checking system generate data. The Board is constantly reviewing timeframes to determine if process improvement is available to improve workflow. Staff is also consulted on ways to improve efficiencies. All activities of the Board are monitored in statistical data form.

RISK ASSESSMENT PROCESS

The following personnel were involved in the State Board of Barbering and Cosmetology risk assessment process: executive management, middle management, and front line management.

The following methods were used to identify risks: brainstorming meetings, and performance metrics.

The following criteria were used to rank risks: potential impact to mission/goals/objectives.

RISKS AND CONTROLS

Risk: Inspector Vacancies

Inspector positions are hard to fill and therefore business establishments are not being inspected.

Control: A

Collaborate with DCA's human resources staff to evaluate job specifications and make recommendations for changes that will assist with hiring and recruitment.

Risk: Regulation Implementation

The DCA issues licenses, certificates, registrations, and permits in over 250 business and professional categories through 37 regulatory entities comprised of boards, bureaus, committees, a program, and a commission. These 37 entities set and enforce minimum qualifications for the professions and vocations they regulate, which requires them to promulgate regulations.

Prompted by an increase in the number of regulations disapproved by the Office of Administrative Law, in late 2016, the DCA and the Business, Consumer Services and Housing Agency (Agency) changed the process for reviewing regulations. The resulting enhanced scrutiny from the DCA and Agency successfully reduced the number of disapproved regulations because it led to a more thorough examination of regulation packages. But while disapproval rates plummeted, a consequence was lengthened timelines to adopt regulations.

Control: Regulation Management

The Department was authorized in the 2019 Budget Act to hire six attorneys, a senior legal analyst, and a research program specialist II to increase its capacity for developing, reviewing and issuing regulations. The Department's attorneys are being trained by the Office of Administrative Law to review regulations. The Department is also conducting training of all participants in the regulations process to improve regulation packages and timelines. In addition, the Department is developing a department-wide computerized regulation management and tracking system to better track and streamline the review of regulations.

CONCLUSION

The State Board of Barbering and Cosmetology 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.

Kristy Underwood, Executive Officer

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