

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 Dental 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 Sarah Wallace, Assistant Executive Officer, at (916) 263-2187, Sarah.Wallace@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Dental Board of California licenses and regulates dentists, registered dental assistants, and registered dental assistants in extended functions. The Board assures the initial and continued competence of its licensees through licensure, investigation of complaints against its licensees, discipline of those found in violation of the Dental Practice Act (Business and Professions Code Sections 1600 et seq.), monitoring licensees whose licenses have been placed on probation, and managing the Diversion Program for licensees whose practice may be impaired due to abuse of dangerous drugs or alcohol.

The Board's objective is to protect and promote the health and safety of consumers in the State of California. To accomplish this objective, the Board must ensure that only those persons possessing the necessary education, examination and experience qualifications receive licenses; all licentiates obtain the required continuing dental education training; consumers are informed of their rights and how complaints may be directed to the Board; consumer complaints against licentiates are promptly, thoroughly and fairly investigated; and appropriate action is taken against licentiates whose care or behavior is outside of acceptable standards.

Control Environment

The control environment reflects the values of an organization, the atmosphere in which people conduct their activities and carry out their control responsibilities. The Board recognizes the importance of maintaining an adequate and effective control environment over its operations. The Board has taken numerous steps to enhance its control environment which includes the following major Board functions:

- **Licensing and Examinations:** Provide a licensing process that permits applicants timely access to the workforce without compromising consumer protection. Administer fair, valid, timely, comprehensive, and relevant licensing examinations.

- Consumer Protection and Enforcement: Ensure the Board's enforcement and diversion programs provide timely and equitable consumer protection.
- Education: Set standards to ensure high quality educational services and programs, registered dental assisting programs and continuing education for licensees.
- Legislation and Regulation: Advocate legislation and promulgate regulations that advance the vision and mission of the Dental Board of California.
- Communication and Customer Service: Provide the most current information and quality customer service to the Board's stakeholders.
- Organizational Effectiveness: Build an excellent organization, with engaged employees, through effective leadership and responsible management.
- Dental Workforce: Maintain awareness of the changes and challenges within the Dental community and serve as a resource to the Dental Workforce.

Together, all these functions protect the health and safety of Californians.

Documentation of internal control systems is developed and maintained at both the organizational and unit level and communicated to employees through policy and procedure manuals and the Department Intranet. Dental Board Executive Management has established core values documented in the Staff Expectations and Workplace Guidelines (April 2019) that advise management in the promotion of a safe and supportive working environment to provide consistency throughout the various program units and to meet the challenges of state government. Management communicates and emphasizes the importance of meeting legal and regulatory requirements and respectful, timely communication with colleagues, state leadership, other department representatives, and stakeholders.

The Board seeks to actively recruit diverse and high performing individuals that display integrity, competence, and commitment to consumer protection when filling vacancies. Management establishes competency expectations for Board employees through Duty Statements and Expectation Memos. The Board has developed strong screening criteria and interview questions that would allow management to evaluate these qualities and hire the most qualified individual for each position. When training can assist in employee development, it is offered. Cross training is emphasized and encouraged for staff development to allow for sudden departures of key positions.

Employee performance is a high priority for management and is monitored closely. Managers are trained and encouraged to demonstrate integrity and establish control by supporting staff in their daily work. Management provides clear direction and objectives, assist with staff development, and foster professional growth. When employee performance is not meeting expectations, the necessary disciplinary actions are applied. Disciplinary actions are designed to instruct and guide employees on the proper course of action while protecting the employee's rights.

The Board is committed to fulfilling its mission and vision and is focused on statutory and regulatory mandates for consumer protection. By continually re-evaluating its business operations and systems, the Board has improved its infrastructure and is always exploring new ways of doing business and delivering quality services to consumers, applicants, licensees, and other stakeholders. As part of the Board's commitment to maintain an adequate and effective control environment, the Board through its Strategic Plan has a set of Core Values that drive the conduct of the Board and functions as a guide to the development and implementation of all policies and actions. The Board operates from the following Core Values that guide in meeting its mission:

Consumer Protection – We make effective and informed decisions in the best interest and for the safety of Californians.

Accountability – We are accountable to the people of California and each other as stakeholders. We operate transparently and encourage public participation in our decision-making whenever possible.

Professionalism – We strive to maintain qualified, proficient and skilled staff to provide services to the state of California.

Efficiency – We diligently identify the best ways to deliver high-quality services with the most efficient use of our resources.

Fairness – We apply all rules and make all decisions in a consistent and unbiased manner.

Diversity – We draw strength from our organizational diversity as well as California's ever-changing cultural and economic diversity.

Information and Communication

The composition of the Board is defined in Business & Professions Code Section 1603 to be fifteen (15) members and includes eight dentists, one licensed Registered Dental Hygienist and one licensed Registered Dental Assistant, all appointed by the Governor; and five public members, three appointed by the Governor, one by the Speaker of the Assembly and one by the Senate President ProTempore. The Board appoints the Executive Officer (EO) who oversees a staff of 83. In 2012, the Dental Assisting Council was established as a result of the Board's 2011 Sunset Review (Senate Bill 540, Chapter 385, Statutes of 2011). The Council is comprised of seven members: the Registered Dental Assistant member of the Board, another member of the Board, and five Registered Dental Assistants.

The official spokesperson for the Dental Board of California is the President. The President may designate the EO, the Chief of Enforcement, other board members, or staff to speak on behalf of the Board. The structure of the Board allows frequent communication between the EO and staff on a daily basis. The EO and/or Assistant Executive Officer (AEO) informs the staff of any policy or procedure changes needed to assist in the mitigation of vulnerabilities. In addition, the Board's Strategic Plan is a key mechanism used for communicating about risks and responses and for tracking progress. Board staff ensures all its duty statements are up to date and include all position responsibilities, including those related to monitoring and implementation of Strategic Plan action items and other internal controls

It is the policy of the Dental Board of California to accommodate speaking requests from all organizations, schools, consumer groups, or other interested groups, whenever possible. If the Board representative is addressing a dental school or group of potential candidates for licensure, the program must be open to all interested parties. The President may authorize board members to speak to schools, organizations, consumer groups, or other interested groups upon request by members or written requests from said schools, organizations or groups.

The Board continually identifies communication weaknesses and implements necessary changes to increase customer satisfaction, eliminate repeat callers, and re-establish trust with staff. The Board researches and evaluates various communication methods (print, website, and social media) and makes determinations on which method(s) effectively communicates with licensees and consumers.

If a member of the Board receives a media call, the Member should promptly refer the caller to the Department of Consumer Affairs Public Information Officer who is employed to interface with all types of media on any type of inquiry. It is required that members make this referral as the power of the Board is vested in the Board itself and not with an individual Board Member. Expressing a personal opinion can be misconstrued as a Board policy or position and may be represented as a position that the Board has taken on a particular issue when it has not.

A Board Member who receives a call should politely thank the caller for the call, but state that it is the Board's policy to refer all callers to the Public Information Officer. The Board Member should then send an email to the EO indicating they received a media call and relay any information supplied by the caller.

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 Dental Board of California monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:
Sarah Wallace, Assistant Executive Officer.

The Board through ongoing monitoring, reviews, evaluates, and improves its internal controls and monitoring process. The Board has implemented its 2017-2020 Strategic Plan, which identifies 7 specific and measurable strategic goals: Licensing and Examinations, Consumer Protection and Enforcement, Education, Legislation and Regulations, Communication and Customer Service, Organizational Effectiveness, and the Dental Workforce. The goals represent the Board's commitment to fulfilling its mission, vision, and values and the focus on statutory and regulatory mandates for consumer protection. The Board requires reports from each area on a quarterly basis. The reports provide the necessary checks on internal controls by identifying the monitoring practices being conducted, improvements needed, and the overall success or weakness within the program. As vulnerabilities are identified, the Executive Officer immediately address them by working directly with key staff to develop and implement solutions.

RISK ASSESSMENT PROCESS

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

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, 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: Staff Recruitment and Retention

Board / Unit goals are not achieved because of staffing limitations.

Inability to find or retain viable candidates due to pay, location, experience, or promotional advancement. Applicants do not always meet eligibility requirements. Many current staff feel worker fatigue from feeling overwhelmed with a heavy workload and not enough time to complete assignments. There is an extremely lengthy hiring process for sworn investigator positions. This creates a risk to the general public as assignments are not performed timely.

Control: Staff Recruitment and Retention Action Plan

Work closely with Department of Consumer Affairs Human Resources and Budget Office to expedite and complete the recruitment process. Ensure staff are properly trained. Set expectations and follow through with policies, procedures, and staff guidelines.

Risk: Maintain Appropriate Fund Balance

Resources used to finance the Board's operations may be reduced or difficult to obtain. Based on the Board's fund condition, a structural imbalance is projected in FY 20-21 between the Board's revenues and budgeted expenditures and a future licensure and permit fee increase may result if months in reserve continue to drop below mandatory operating levels.

The Board would be unable to maintain status quo of existing programs and services and operations would suffer if there were an ongoing structural imbalance in projected years. It would become necessary to reduce expenditures, including the reduction of staffing and operating resources and equipment. This would result in delayed response times to licensing inquiries and application approvals; such delays would create a barrier to licensure for those applicants graduating dental school and seeking licensure and employment in a timely manner. Additionally, this would lead to delays in processing consumer complaints, conducting investigations, and referring egregious cases to the Attorney General's Office for prosecution. These impacts would ultimately prevent the Board from being able to protect the public efficiently and effectively, which is a conflict with its mission pursuant to Business and Professions Code Section 1601.2.

Control: Maintain Appropriate Fund Balance Action Plan

The Board has been and continues to work with the Department of Consumer Affairs and the Legislature to provide the Board with the authority necessary to increase fees via the regulatory process to correct the structural imbalance, if needed.

Risk: Policies and Procedures / Training

Operational inefficiency due to inadequate / outdated training or other limitations of staff knowledge.

Updated documentation specific to performing the job duties might not be available; lack of commitment to train staff; process or procedure change not communicated to existing staff; staff knowledge and abilities not in line with current job requirements. Poor job performance and bad staff morale could be

an issue.

Control: Staff Performance Action Plan

Update policies and procedures (desk manuals) to reflect current job duties.

Work closely with the Department of Consumer Affairs SOLID training unit to determine what classes are offered and become more proactive with informing staff. Schedule and encourage staff participation in trainings for existing and newly hired staff.

Risk: BreEZe Training

BreEZe is the new online licensing and enforcement system for DCA. If proper training is not provided when operating the online platform, Board staff will not receive accurate BreEZe reports, which will affect the Board's performance measures.

Control: BreEZe Training Action Plan

Management and senior staff will work with Board staff to ensure correct codes are input until proper training is provided. The Board is in communication with DCA to continue to identify and request BreEZe codes through the System Investigative Request (SIR) to resolve open items and work with staff to ensure the appropriate codes are captured for performance measures. A procedure manual will be created, and staff will be informed of upcoming BreEZe trainings through DCA SOLID training unit.

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 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: Independently Tracking Data Action Plan

The 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.

Control: Elevating Issues to DCA Action Plan

The 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.

Risk: Regulations

The Board's highest priority is the protection of the public when exercising its licensing, regulatory, and disciplinary functions. The primary methods by which the Board achieves these goals are: issuing licenses to eligible applicants; investigating complaints against licensees and disciplining licensees for violations of the Dental Practice Act; monitoring licensees whose licenses have been placed on probation; and managing the Diversion Program for licensees whose practice may be impaired due to substance abuse problems. The Board currently regulates approximately 90,879 licensees of which 41,616 are dentists and 49,263 are dental assistants. The Board sets and enforces minimum qualifications for dentists, registered dental assistants, and registered dental assistants in extended functions, which requires the Board to promulgate regulations.

Prompted by an increase in the number of regulations disapproved by the Office of Administrative Law, in late 2016, the Department and the Business, Consumer Services and Housing Agency (Agency) changed the process for reviewing regulations. The resulting enhanced scrutiny from the Department 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: Regulations Action Plan

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 Dental 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.

Karen M. Fischer, 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