

December 21, 2023

Melinda Grant, Undersecretary
California Business, Consumer Services and Housing Agency
500 Capitol Mall, Suite 1850
Sacramento, CA 95814

Dear Undersecretary Melinda Grant,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Structural Pest Control Board submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2023.

Should you have any questions please contact Sophia Azar, Executive Officer, at (916) 561-8712, Sophia.Azar@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Under the jurisdiction of the Department of Consumer Affairs (Department or DCA), the Board, licenses and regulates Structural Pest Control practitioners and their respective business entities. The Board's objective is to ensure that practitioners possess the necessary qualifications to professionally perform structural pest control work and to assist consumers in resolving disputes arising from the structural pest control occupation.

The Board's objective is to ensure that practitioners possess the necessary qualifications to professionally perform structural pest control work and to assist consumers in resolving disputes arising from the structural pest control occupation.

The Board's reporting relationship is comprised of staff reporting to the Executive Officer (EO) or their designee. The EO or their designee reports directly to a seven-member Board. The Board, a semi-autonomous organization, is comprised of policymakers who are appointed by the Governor's Office (five members), Speaker of the Assembly and Senate Rules Committee (each with one member).

Mission

To protect the general welfare of Californians and the environment by promoting outreach, education, and regulation of the structural pest management profession.

Vision

The Structural Pest Control Board sets the standard as the national regulatory and environmental leader of pest management for consumer protection.

Values

- Accountability
- Consumer Protection
- Professionalism
- Service
- Transparency

Strategic Goals

Goal 1: Licensing, Examinations, and Continuing Education

The Board facilitates examination, licensing, and continuing education standards to ensure excellence in practice and public safety.

Goal 2: Enforcement

The Board protects the health and safety of consumers through the enforcement of the laws and regulations governing the practice of structural pest control.

Goal 3: Legislation, Regulations, and Policy

The Board pursues statutes, regulations, policies, and procedures that strengthen and support the Board's mandate and mission.

Goal 4: Outreach and Communication

The Board proactively communicates its mission, vision, and goals to consumers, licensees, and stakeholders.

Goal 5: Organizational Effectiveness

The Board standard is to build an excellent organization through effective leadership, responsible management, and transparency.

In September 2022, Governor Newsom, through an Executive Order, strengthened the State's commitment to a "California For All" by directing state agencies to take additional actions to embed equity analysis and considerations into its policies and practices, including strategic planning processes. The Board's Strategic Plan does not expire until 2028; however, to be compliant with the Governor's Diversity, Equity, and Inclusion (DEI) mandate, the Board is conducting an abbreviated environmental scan and analysis with a DEI-focus for consideration. The Board plans to make changes to its strategic plan to include DEI-focused goals and objectives in early 2024, after completion of the environmental scan and analysis.

Control Environment

The EO is responsible for the administration and overall management of all Board activities, delegates operational responsibility to subordinate supervisors, and reports directly to the seven-member Board. The management team establishes an effective control environment by exhibiting integrity and ethical values, establishing clear expectations for staff, evaluating staff performance, enforcing accountability, and ensuring effective recruitment. Board staff

are required to read and sign the Board's Office Guidelines, which detail expectations and rules of conduct.

Information and Communication

The Board has several means to share information regarding operational, programmatic, and financial decision making. Under direction and oversight from the EO, the Board employs one associate governmental program analyst who is responsible for evaluating and maintaining the Board's operational budget. This analyst communicates with staff in various units regarding budget needs or possible budget change proposals, then communicates these needs to the EO.

The Board's Legislative and Regulatory Specialist works with internal staff and stakeholders to identify opportunities to change statutory or regulatory language.

The EO and management team meet regularly to discuss areas of concern associated with the industry, staff performance, staff accountability, field operations, and fiscal concerns. The EO also provides monthly reports to Board members containing updates regarding the budget, administrative issues, licensing, enforcement, staffing updates, industry concerns, and upcoming outreach events.

In addition, the Board meets three to four times per year in a public setting to handle policy matters and oversee disciplinary related hearings.

Information systems relied upon for programmatic and financial information include Fi\$Cal, Applicant Tracking Systems (ATS,) and the Consumer Affairs System (CAS).

Verbal and written communication is used with both internal and external stakeholders. This includes outreach opportunities, listserv and interested parties mailing lists, social media (Facebook, Twitter, Instagram and LinkedIn), and the Board's quarterly newsletter.

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 Structural Pest Control Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Sophia Azar, Executive Officer. .

The role of the executive monitoring sponsor includes facilitating and verifying that the Board's monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Sophia Azar, Executive Officer.

The Board's EO reports risks and risk management strategies to the Board members monthly and at the Board's public meetings three to four times per year. The following activities are performed to ensure internal controls are effective:

- EO meets regularly with executive management to discuss the day-to-day
- Management holds routine staff and one-on-one meetings to discuss performance,

- expectations, seek input for process improvements and efficiency.
- Run various reports to review processing times, determine irregularities, and to ensure effectiveness of internal procedures and processes in place.
 - Continuous monitoring of processes in place and to determine areas needing

RISK ASSESSMENT PROCESS

The following personnel were involved in the Structural Pest Control Board risk assessment process: executive management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and timing of potential event.

RISKS AND CONTROLS

Risk: Outdated Information Technology System

The Board's current information technology systems are incapable of providing the necessary functionality that the public expects based on current technology available. Basic transactions like the ability to submit an electronic payment and application are non-existent in the legacy systems.

Control: Business Modernization Project

The Board is part of DCA's Business Modernization Cohort 2, along with four other DCA boards/bureaus, working towards the development and implementation of a new licensing, and enforcement platform. The target date for initial functionality deployment is January 2024, with the project completion slated for January 2025.

Risk: Limited Candidate Pool for Structural Pest Control Board Specialist Classification

The Board utilizes the classification of Structural Pest Control Board Specialist (Specialist) to perform regulatory audits and reviews, conduct pest control inspections, and investigate pest control complaints within an assigned/large geographic region. The Specialist also testifies as a percipient witness and/or technical expert in administrative hearings and in other settings.

The Board currently employs six Specialists and has one vacancy. The Board anticipates many retirements in the near future. The Specialist position is hard-to-fill due to the required technical expertise and current pay.

Control: Classification and Recruitment Review

The Board will collaborate with the DCA's Office of Human Resources staff to evaluate job specifications and make recommendations for changes that will assist with hiring and recruitment.

Risk: Key-Person Dependency

The Board relies heavily on the knowledge and abilities of key people in certain program areas. Loss of key individuals could lead to a lack of knowledge transfer resulting in loss of information, decrease in productivity, and slower processing and response times impacting the services provided to the public. In addition, other employees may bear a greater burden filling in for the absence of the key employee.

Control: Workforce Development and Cross-Training

The Board is in the early stages of developing a cross-training and work shadowing program as a valuable way to facilitate learning and professional development. This can be a win-win for employees and the Board, as it fosters learning, skill development, and a collaborative work environment.

Control: Succession Plan

The Board will develop a succession plan for future workforce needs. This plan will identify critical positions, future staffing needs, documenting key knowledge, and the individuals that may fill those roles at the Board.

Control: Update Staff Procedure Manuals

The Board's management team will ensure that all procedure manuals are updated on a regular basis. Procedure manuals must reflect staff members that can be redirected to perform those functions, when necessary.

Control: Workload Analysis

The Board is currently conducting a workload analysis to determine resource allocation, optimize operations, enhance productivity, staff planning, and cost management so the Board may achieve strategic goals.

CONCLUSION

The Structural Pest Control Board 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.

Sophia Azar, 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