

December 30, 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 Physical Therapy 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 Liz Constancio, Program Manager, at (916) 561-8274, [Liz.Constancio@dca.ca.gov](mailto:Liz.Constancio@dca.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The Physical Therapy Board of California (PTBC) mission is to advance and protect the interests of the people of California by the effective administration of the Physical Therapy Practice Act.

### **Strategic Plan Goals**

#### **Goal 1: Enforcement**

Protect consumers through effective enforcement of laws and regulations governing the practice of physical therapy.

#### **Goal 2: Licensing**

Provide effective and efficient application and licensing services while maintaining consumer protection.

#### **Goal 3: Communication and Education**

Provide relevant, timely, and accurate information to consumers, licensees, and other stakeholders.

#### **Goal 4: Organizational Effectiveness**

Facilitate an exemplary organization through governance, effective leadership, performance and service.

### **Control Environment**

The Executive Officer, Jason Kaiser (exempt level) is responsible for the oversight and administrative operations of the Board and serves at the pleasure of seven (7) board members. The Board Members are appointed by the Governor, Senate Committee on Rules, and Speaker of the Assembly.

The Management team includes the Executive Officer (EO), Assistant Executive Officer (AEO) and three (3) Staff Services Manager I civil service level staff.

1. Describes how management establishes and demonstrates integrity and ethical values (core values, codes of conduct, ability to report ethical concerns).

Management establishes integrity and ethical values by demonstrating respect, dedication to a job well done, collaboration with staff on important issues arising, establishing an employee code of conduct, and gaining employees' trust. In addition, Management adheres to all personnel laws, policies, and procedures.

Management established several internal control systems to follow and enforce policies and procedures that provide essential elements of the workplace values and ethics, such as Office Guidelines, Strategic Plan, Procedure Manuals, and Record Retention.

2. Describes management efforts to document the processes and responsible parties of the internal control system and how this information is communicated to staff.

The Board has several means to share information regarding operational, programmatic, and financial decision making. Management is responsible for communicating the expectations and duties of staff as part of a control environment to maintain internal control systems. Management communicates its' policies, procedures and guidelines through meetings, publications and/or training.

3. Describes management recruitment efforts, plans for staff development, and steps taken to ensure a competent workforce (succession/workforce planning).

Management is responsible for recruiting employees and maintaining a competent workforce through adhering to the personnel laws, policies and procedures through supervision and structure.

Management develops screening criteria to assist with hiring qualified individuals with relevant skills and knowledge applicable to the duty statement. In efforts to retain skilled employees, management provides tools and training to employees to excel at their jobs and to use appropriate internal controls in all areas. Management also evaluates employee performance to identify training needs and enforce accountability.

Management is also under an organizational structure that clearly defines supervisory responsibilities and chain of command. Management works closely with staff on Individual Development Plans and provides opportunities for staff to grow in their careers. These opportunities include training with the Department of Consumer Affairs (DCA) SOLID program, internal cross training amongst staff, and outside training provided by private vendors or other state agencies such as CalHR or the Office of Administrative Law. Staff also have opportunities to apply and participate in DCA's Mentorship Program.

4. The overall description is consistent with the implementation and documentation status selection. Yes.

### **Information and Communication**

The PTBC has several means to share information regarding operational, programmatic and financial decision making. The Management works closely with the EO and meets regularly to discuss areas of

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concern associated with internal/external risk to the board, staff performance, staff accountability, and fiscal matters. The EO also provides regular updates to the Board President regarding the budget, staff updates, industry and administrative concerns, and upcoming events relevant to the profession.

In addition, the Board meets 4 times a year in a public setting to handle matters related to licensure, disciplinary actions, legislation, regulation, budget and a variety of other topics related to the status of daily operations.

## **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 Physical Therapy Board of California monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Jason Kaiser, Executive Officer; and Liz Constancio, Program Manager.

The PTBC's Administrative Manager reports risks and risk management strategies to the Executive Officer. The following activities are performed to ensure internal controls are effective:

- EO meets regularly with management team to discuss daily operations and conducts annual one-on-one meetings with all staff.
- Management team holds routine staff meetings and one-on-one meetings with staff regarding performance and expectations.
- Management team conducts continuous monitoring of processes in place and reconciles inefficiencies.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Physical Therapy Board of California risk assessment process: executive 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, and performance metrics.

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

## **RISKS AND CONTROLS**

### **Risk: Fi\$cal Reporting**

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 PTBC is unable to access timely reports and readily validate the accuracy of data postings. This results in information lags, poor and inaccurate information, and 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. PTBC 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 PTBC up to a larger opportunity for making unintended errors.

### **Control: Elevating Issues to DCA**

The PTBC 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.

The PTBC 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: Inadequate Office Space**

The PTBC is authorized 25.1 positions and supports approximately 45,000 licensees and receives approximately 2,200 new applications each year, as well as maintains personal and programmatic equipment, storage, and files. The PTBC program has exceeded the capacity of its current office space, which has resulted in displacing staff and has caused PTBC to minimize work areas below state space allowance standards. Inadequate office space prevents the PTBC from performing various daily tasks during a given period. This limits productivity within all program areas and prevents timely business practices. Also, the heating/air, floors, and safeguards, such as security and fire alarm systems constantly malfunction and need to be corrected. Lack of maintenance prevents the PTBC from managing health and safety risk factors effectively. This limits identification of health and safety risks and prevents timely corrective actions.

### **Control: Relocation**

The PTBC operates with caution where the unlevelled flooring remains, as the corrective action requires major construction. The property owner continues efforts with the general maintenance and upgrades of the building. Meanwhile, the PTBC lease renewal has been completed and the PTBC anticipates relocating within the next 12 months.

### **Risk: Inadequate Staffing Levels**

The PTBC has 25.1 authorized positions and employs additional temporary help, totaling 26 staff members that are designated throughout five program areas: Administrative; Application; Licensing; Continuing Competency; and Enforcement. All program staff are responsible for effectively performing their assigned essential functions efficiently to meet the Board's strategic mission objectives. Inadequate staffing levels prevent the PTBC from adhering to BPC sections 2605(g), which requires the board to publish the annual newsletter; and 2605(i) that requires the board to adopt and administer a program of education relevant to the regulation of physical therapy; and, meet the workload requirements of probation monitoring. This limits various business processes within the administrative and enforcement units and prevents timely, effective and efficient actions.

### **Control: Redirect Staffing Resources**

The EO will continue to meet with management staff on a regular basis or as needed to discuss areas of concern. The EO will also consider all available options, including increasing staffing levels on a temporary basis, i.e., permanent intermittent or limited term until a permanent solution is obtained. The PTBC previously reported its additional resources (i.e., one Staff Services Analyst (2 yr. / limited-term)) position to address its communication; education; and outreach efforts. The PTBC has requested a budget augmentation through the BCP process (BY 2020-21) to address these staffing shortfalls.

### **CONCLUSION**

The Physical Therapy 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.

**Jason Kaiser, 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