

December 21, 2021

Lourdes M. Castro Ramirez, Secretary  
California Business, Consumer Services and Housing Agency  
915 Capitol Mall, Suite 350-A  
Sacramento, CA 95814

Dear Secretary Lourdes M. Castro Ramirez,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Board of Chiropractic Examiners submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Kristin Walker, Assistant Executive Officer, at (916) 574-7784, [Kristin.walker@dca.ca.gov](mailto:Kristin.walker@dca.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The Board of Chiropractic Examiners (Board) regulates the chiropractic profession in California and oversees approximately 13,000 licensees. The Board was created on December 21, 1922, as the result of an initiative measure approved by the people on November 7, 1922. Governed by a seven-member board appointed by the Governor, the Board is comprised of five licensed doctors of chiropractic and two public members. Board members serve four-year terms. The Board employs an executive officer to lead a professional staff responsible for licensing, continuing education, enforcement, administrative, and other regulatory responsibilities.

The Board's mission is to protect the health, welfare, and safety of the public through licensure, education, and enforcement in chiropractic care. The Board's vision is excellence in chiropractic care for all Californians and its values include consumer protection, service, innovation, quality, transparency, efficiency, and integrity. The Board's strategic goals are to:

1. Ensure the continuous competency of all doctors of chiropractic by promoting licensing standards, professional conduct, and requirements for continuing education.
2. Enforce laws and regulations to ensure consumer protection.
3. Communicate with consumers, licensees, governmental entities, and stakeholders about the current and evolving practice of chiropractic and the regulation of the profession.
4. Ensure that statutes and regulations strengthen and support the Board's mandate and mission.
5. Effectively utilize resources to meet goals and objectives.

### **Control Environment**

The Board's management has established a culture of integrity and ethics that is consistent with the Board's mission to protect the health, welfare, and safety of the public and its core values of consumer protection, transparency, and integrity. Oversight is provided by a seven-member board consisting of

doctors of chiropractic and public members.

The Board's organizational structure includes an executive officer, an assistant executive officer, two staff services managers, and civil service staff who perform the Board's administrative, licensing, and enforcement functions. Through an organizational chart, descriptions of staff functions, and detailed duty statements, the Board ensures that appropriate levels of responsibility, authority, and oversight are allocated to each staff function.

Internal control systems for the Board's key business functions are documented through procedure manuals and comprehensive process mapping. Board management is responsible for establishing and maintaining a competent workforce by: continuously monitoring staff workload, productivity, and key performance indicators; evaluating staff performance and enforcing accountability; and addressing issues through guidance, training, performance management, and the discipline process.

## **Information and Communication**

### **Internal**

- The Board collects and communicates relevant and reliable information by communicating with established Department of Consumer Affairs (DCA or Department) representatives and subject matter experts. The data and statistics used are collected from the Board's licensing and enforcement database.
- The Board uses various forms of communication to gather and communicate this information to staff. These forms of communication include, but are not limited to, face-to-face, electronic, written, and telephone communication.
- Management communicates quality information throughout the Board using established reporting lines. Quality information is communicated throughout all levels of the organization.
- The Board has an established process for staff to report inefficiencies and inappropriate actions to management and other decision makers through one-on-one meetings with management, regular staff meetings, and open-door policies. The Board adheres to and makes staff aware of all state policies regarding harassment prevention, whistleblowing, and health and safety concerns.

### **External**

- The Board collects and disseminates relevant and reliable information by communicating with consumers, subject matter experts, chiropractic colleges, trusted state and national professional associations, and other stakeholders.
- The Board uses various forms of communication to gather and communicate this information to external stakeholders. These forms of communication include, but are not limited to, newsletters, mass mailings, subscription mailing lists, social media, websites, telephone communications, outreach events, conferences, and educational publications for consumers and licensees.
- Communication is consistent with Department guidelines. The Board communicates to external stakeholders with the appropriate mode of communication as listed above.

## 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 Board of Chiropractic Examiners monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Kristin Walker, Assistant Executive Officer.

The Board established a baseline to monitor its business functions through position duty statements, procedure manuals, and process mapping. To ensure the effectiveness of internal control systems and respond to vulnerabilities as they are identified, management monitors employee work product, communicates deficiencies to staff, conducts detailed reviews and one-on-one meetings with staff, provides feedback and training, and uses statistical reports to monitor compliance with established performance expectations.

## RISK ASSESSMENT PROCESS

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

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, external stakeholders, 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: Impact of Funding Limitations on Board's Budget**

The Board's annual budget is funded exclusively by the profession through licensing and other regulatory fees. Despite ongoing efforts to closely monitor and limit the Board's expenses, the Board's increasing operating costs (i.e., employee compensation and benefits, statewide and departmental pro rata, enforcement costs, etc.) continue to outpace the annual revenue received through licensing and regulatory fees. Without an increase in revenue, the Board is at risk of becoming insolvent by fiscal year 2023-24.

#### **Control: Continue Working Collaboratively with the DCA Budget Office to Monitor Expenditures**

The Board works closely with the Department's Budget Office to carefully monitor its monthly expenditures. The Board has also left some staff positions vacant and deferred needed IT equipment upgrades to obtain temporary budget relief.

#### **Control: Complete a Fee Study**

In February 2021, the Board contracted with a consultant to conduct an analysis of the current fees

charged by the Board for its services and to determine the appropriate funding levels to address the structural imbalance of the Board's budget. The final fee study report was presented to the Board in December 2021 and will be used to support the Board's efforts to pursue a legislative fee increase.

**Control: Pursue a Fee Increase**

Without a fee increase, the Board is projected to be insolvent by fiscal year 2023-24. Based on the results of the fee study, the Board will pursue legislation to align the fees it charges for services with its increasing operating expenses.

**Risk: Key Person Dependency**

The Board's limited staff inherently leads to key person dependency for the Board's essential business functions. As a result, losing any staff member unexpectedly or for a long period of time causes delays in performing its primary business activities and often prolongs the completion of administrative projects and regulation packages due to the sudden and necessary redirection of staff tasked with those duties.

**Control: Cross-Training of Staff with Management Oversight**

The Board has implemented cross-training for the Board's primary business functions to prevent delays in issuing and renewing licenses and reviewing complaints if the Board unexpectedly loses staff members.

**Control: Hire Temporary Employees to Assist with Workload**

The Board continues to hire seasonal clerks and retired annuitants to assist with the workload and prevent backlogs from occurring as the result of staff position vacancies. This temporary help is essential to the Board continuing its operations while it recruits and onboards new staff members for its permanent positions.

**Control: Utilize New IT System to Automate Business Functions**

The Board is currently in the closing phases of its business modernization project. The project has introduced an expanded set of online services that has automated some of its existing, manual business processes. The Board will continue to transition business functions to the new licensing and enforcement platform.

**Control: Update and Maintain Procedure Manuals**

The Board's management team will ensure the procedure manuals for the Board's essential business functions are updated and maintained so staff can be redirected to perform other functions when necessary.

**Risk: Backlog of Pending Regulation Packages**

The Board has a backlog of pending regulation packages primarily due to complications caused by a practice act enacted by a 1922 ballot initiative that cannot be amended through legislation. This requires any changes to the practice act to be done through the regulatory process. Additionally, some

staff who would work on regulations have been redirected to perform primary business functions.

**Control: Hire Temporary Staff and Redirect Management to Address the Regulations Backlog**

The Board has redirected management to address the current enforcement regulations package backlog, and if necessary, will hire temporary staff to complete the regulation packages.

**CONCLUSION**

The Board of Chiropractic Examiners 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.

**Robert Puleo, 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