

# Veterinary Medicine 2019 Leadership Accountability Report

January 06, 2020

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

Dear Ms. Lourdes M. Castro Ramirez,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Veterinary Medicine 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 Robert Stephanopoulos, Enforcement Manager, at (916) 515-5229, [Robert.Stephanopoulos@dca.ca.gov](mailto:Robert.Stephanopoulos@dca.ca.gov).

## GOVERNANCE

### Mission and Strategic Plan

The mission of the Veterinary Medical Board (VMB) is to protect consumers and animals by regulating licensees, promoting professional standards, and diligent enforcement of the California Veterinary Medicine Practice Act.

Our strategic goals are as follows:

**Enforcement:** The goal of the Board is to safeguard consumers and the health and safety of their animals by preventing the unlicensed, illegal, incompetent, and unprofessional practice of veterinary medicine.

**Licensing, Examinations, and Permitting:** The goal of the Board is to make certain that only qualified individuals are issued a license to practice as veterinarians or registered veterinary technicians, and that those holding a Veterinary Assistant Controlled Substance Permit have not engaged in the unlawful consumption or sale of controlled substances.

**Legislation and Regulations:** The goal of the Board is to monitor and uphold the law and participate in regulatory and legislative processes.

**Customer Service and Administration:** The goal of the Board is to confirm that consumers, licensees, schools, and all other stakeholders receive service in a prompt, courteous, accurate, and cost-effective manner.

**Outreach:** The goal of the Board is to educate consumers and licensees so that they are able to make informed decisions regarding the purchase and provision of veterinary medical services.

**Hospital Inspection Program:** The goal of the Board is to proactively educate veterinarians regarding the minimum standards requirements as provided by the California Veterinary Practice Act.

## **Control Environment**

Our vision is to establish an environment in which Californians have access to high-quality veterinary care for all animals. We are able to pursue our mission and vision through management's established effective control environment through our demonstrated core values – consumer protection, integrity, professionalism, responsiveness, and transparency. Our management team encourages open communication with staff, holds monthly one-on-ones, and fosters an open dialogue whenever anyone has a concern – ethical or otherwise. The 8-member Board provides oversight of the Executive Officer, and the Executive Officer is in charge of the day-to-day operations of the Board. There are three managers over three teams: Enforcement, Licensing/Administration, and Inspections. The management team is responsible for the recruitment and maintaining a competent workforce; and evaluates employee performance to enforce accountability through adhering to the personnel laws, policies, and procedures. Within the licensing and enforcement teams, there are team leads (associate governmental program analyst level) who provide additional oversight. The Board, management team, and leads are all available for coaching, mentoring, and training. Documentation of these are found in our strategic plan, our sunset reports, organization charts.

Maintaining a competent workforce has been a long-standing issue for the Board, and something management is actively trying to improve. With an Executive Officer, two managers, and many individuals in their current positions for a little over a year, there are inherent challenges as many do not possess the level of experience and institutional knowledge that other regulatory agencies possess. The challenges are exacerbated in enforcement, because staff members are focusing on learning their new positions while the enforcement workload is at an all-time high – and continues to grow. The growing workload undoubtedly weighs on morale. Unless the Board receives additional positions to help manage the workload, turnover of staff may continue as many lateral positions exist at other programs with less workload.

In an effort to address these issues, the Board continues to pursue additional temporary and permanent positions. However, with insufficient funds to support additional permanent positions, successful budget change proposals are unlikely. In addition, the Board is currently reclassifying enforcement positions, so all analysts are at the higher classification (associate governmental program analyst). All staff are currently encouraged to take advantage of the training courses offered through Department of Consumer Affairs' (DCA) SOLID Training Solutions team. In addition to the training opportunities, Future Leadership Development and mentorship programs, the Board's management team strives to conduct at least one (yet often holds more) team building activity per month, holds multiple team meetings, conducts one-on-one meetings and random "team huddles" on a regular basis.

## **Information and Communication**

The Board collects and communicates relevant and reliable information needed for operational, programmatic and financial decision making through one-on-one staff/manager meetings, individual team meetings, and regular whole team meetings. The Board also distributes customer satisfaction surveys, and just recently, distributed an environmental scan survey to all staff, management and stakeholders. This information will be used to improve all communication and decision making. Board staff maintains good working relationships with DCA's Executive Team, Budgets, Legislation, Legal, Human Resources, etc. They also work closely with other state and federal governmental agencies, Attorney General's office, and district attorneys. Employees are encouraged and regularly report

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inefficiencies and inappropriate actions to management and other decision makers such as the DCA and SOLID.

In addition, the management team works closely with the EO and meets regularly to discuss areas of 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.

Further, the Board meets, at minimum, four (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 Veterinary Medicine monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to:

Jessica Sieferman, Executive Officer.

The Executive Officer meets with the management team monthly (or more when needed) to discuss daily operations, challenges, and efficiencies that can be implemented. The management team meets with their individual teams and holds one-on-one meetings with staff to discuss performance and expectations. The management team works together to compare results to expectations and determine if changes are needed. The Executive Officer assigns ownership for addressing vulnerabilities to the respective managers and they are responsible for monitoring the processes in place and eliminating inefficiencies.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Veterinary Medicine risk assessment process: executive management, middle 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, performance metrics, and other.

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 other.

The Board recently disseminated an environmental scan survey, developed by DCA's SOLID team, to identify strengths, weaknesses, opportunities and threats. This survey was sent to stakeholders and staff. According to SOLID, the typical response rate has historically been no more than 250 responses. By increasing stakeholders in the Board's ListServ, the stakeholder survey yielded 1,066 participants:

- 933 Licensees;
- 33 Retired Licensees;
- 30 Consumers/Public;

- 35 Individuals from Professional Associations in the Veterinary Profession;
- 7 Represent a School, University, or College; and
- 28 Other

Board members and the Executive Officer was interviewed, and the management team and staff participated in the surveys and focus groups. This gave us significant data to properly identify and mitigate risks within the Board.

## **RISKS AND CONTROLS**

### **Risk: Inadequate Funding**

Business and Professions Code section 4905 mandates the Board operate with not less than three months and not more than ten months in reserve. However, the Board's current reserve level is down to one month (2018/19). Since 2014-2015, the Board revenue has not kept pace with its authorized expenditures, thereby creating a structural imbalance where the Board's contingent fund (i.e. "savings account") is declining. Each year, the Board's revenues are less than its expenditures creating a budget deficit. In order to make up for the operating budget deficit, the Board subsidizes its structural imbalance with funds from its contingent fund. Despite the recent fee increase, the Board dropped below its statutorily mandated floor of not less than three months of annual authorized expenditures in 2017-2018 and, due to recent Attorney General rate increases, a decrease in anticipated revenue, and an increased enforcement workload, the fund will suffer ultimate insolvency in 2020-2021.

### **Control: Pursuing an Emergency Fee Increase Rulemaking**

In order to prevent insolvency and bring the fund back to the statutorily mandated levels, the Board voted to raise all initial and renewal fees to their statutory caps through an emergency regulation during its October Board meeting. The emergency rulemaking packet is currently moving through the pre-review process.

### **Risk: Inadequate Enforcement Staff**

The last Board enforcement staff increase was based on increased workload through 2013-2014. Since that time, complaints submitted to the Board have increased by 83 percent (through 2018-2019). The Board currently has four enforcement analysts and over 1,900 pending cases; each enforcement analyst has over 475 cases, which is unmanageable and inadequate for effective consumer protection. The only way to adequately protect the public is to increase staff to properly manage the increased workload.

### **Control: Pursue BCP to increase staff**

The Board is pursuing a Budget Change Proposal (BCP) to increase the number of permanent staff. However, it is likely the BCP will be denied due to inadequate funding to support the request. Until the fund can support additional staffing, this risk will not be mitigated.

### **Control: Enforcement Process Improvements**

In April of 2019, the Board implemented a start-to-finish investigation model, in which a single

enforcement analyst performs both the complaint investigation and disciplinary process. Previously, the investigation and discipline would be handled by different analysts. The aim of this change is to increase case engagement and avoid the loss of information and allow time for a new analyst to be up to speed. In addition, in March of 2019, the Board began working with DCA's Organizational Change Management (OCM) team to examine existing enforcement procedures to identify duplicative and unnecessary steps in the process. Further, in April of 2019, the enforcement unit began taking a much more proactive approach to cases submitted to the Attorney General's office and the Board significantly increased communication with DCA's Division of Investigation (DOI) regarding cases which require field investigations. Moreover, in October of 2019, the Board revamped its expert witness program. While the Board has made multiple improvements, the core issues will not be solved without additional staff.

### **Risk: Data Integrity**

The Board has concerns related to the integrity of data. The data reported in prior annual reports provided to DCA, licensing data provided during quarterly Board meetings, and data provided in Sunset Reports is inconsistent. The Board believes this is due to lack of data cleanup prior to BreEZe conversion, unintended system design errors, and the underutilization of BreEZe capabilities.

#### **Control: Data Cleanup**

The Board must spend the next few years researching and cleaning up the data.

### **Risk: Staff Turnover**

Staff turnover at the Board has been a long-standing issue. A preliminary employee turnover report submitted to DCA's Internal Audits team indicates that, between 2016/17 – 2017/18, 13 individuals left the Board, including the Board's Executive Officer in March 2018: five individuals left state service, five left for promotions, two left for lateral positions within the state, and one was unsuccessful on probation. In 2018/19, three additional individuals left the Board, including its Licensing and Enforcement Managers.

With an Executive Officer, two managers, and many individuals in their current positions for a little over a year, there are inherent challenges as many do not possess the level of experience and institutional knowledge that other regulatory agencies enjoy. The challenges are exacerbated in enforcement, because staff members are focusing on learning their new positions while the enforcement workload is at an all-time high – and continues to grow. (The growing workload undoubtedly weighs on morale, and any process changes – while for the better in the long run – are additional stressors.) Unless the Board receives additional positions to bring the workload down to manageable levels, turnover may continue as many lateral positions exist at other programs with less workload.

#### **Control: Staff Development**

In an effort to address these issues, the Board continues to pursue additional temporary and permanent positions. However, with insufficient funds to support additional permanent positions, successful budget change proposals are unlikely. In addition, the Board is currently reclassifying enforcement positions, so all analysts are at the higher classification (associate governmental program analyst).

Further, all staff are currently encouraged to and have taken advantage of the training courses offered through DCA's SOLID Training Solutions team, the Council on Licensure, Enforcement & Regulation (CLEAR), and Office of Administrative Law. Staff will also participate in subject matter expert training with presenters from the Attorney General's Office, District Attorneys, Administrative Law Judges, and other enforcement experts. In addition to the training opportunities, FLD and mentorship programs, the Board's management team strives to conduct at least one (yet often holds more) team building activity per month, holds multiple team meetings, conducts one-on-one meetings and random "team huddles" on a regular basis.

### **Risk: Inadequate Inspection Staffing**

During the last Sunset Review, the Senate Business, Professions and Economic Development Committee wanted the Board to increase the number of inspections performed each year. SB 304 (Lieu, Chapter 515, Statutes of 2013) required the Board to make every effort to inspect at least 20 percent of veterinary premises on an annual basis. While the Board did receive funding and two positions in a 2014/15 BCP, it has proven to be inadequate. Although the Board has been able to increase the number of inspections completed each fiscal year, it has been unsuccessful in reaching the 20 percent inspection goal.

While the Board's Inspection Program made significant strides in 2014/15, inspecting 19 percent of the premises population, ongoing budget constraints have prevented the Board from reaching its goal. Additionally, the Board underestimated workload volume once the inspections were completed. As a result of dramatically increased workload involving extensive review by both staff and Board consultants, the Board has a considerable backlog in reviewing Inspection Reports. The Board is currently reviewing inspection reports received from October 2018 inspections.

With the recent passage of SB 1480 (Hill, Chapter 571, Statutes of 2018), the Board is required to inspect at least 20 percent of veterinary premises annually, effective January 1, 2019.

### **Control: Recruit, Hire, and Retain Inspection Staff**

To ensure the Inspection Program met its new statutory mandate, another BCP was submitted and approved for 2019/20 for necessary program funding and three additional positions. The Board has hired two of the three positions and hopes to have the remaining position filled shortly.

### **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.

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

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.

### **Control: Independently Tracking Data**

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

### **Risk: Regulations**

The Department of Consumer Affairs 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 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: DCA Regulations Unit**

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 Veterinary Medicine 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.

**Jessica Sieferman, 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