

December 20, 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 Board for Professional Engineers, Land Surveyors, and Geologists 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 Nancy A. Eissler, Assistant Executive Officer, at (916) 999-3580, Nancy.Eissler@dca.ca.gov.

## **GOVERNANCE**

### **Mission and Strategic Plan**

The Board's mission is to protect the public's safety and property by promoting standards for competence and integrity by licensing and regulating the Board's professions.

Through its strategic plan, the Board fulfills its mission by focusing on a commitment to being a leader in protecting the public and environment with competent and ethical professional services by the Board's licensees. The Board works collaboratively with Department of Consumer Affairs (Department or DCA) and Business, Consumer Services and Housing Agency (BCSH), Legislature, and external stakeholders. Board management and staff have well defined roles and responsibilities, and the management team leads by example, conducting day-to-day operations with professionalism.

The Board's strategic goals and objectives are as follows:

**Goal 1: Licensing:** The Board protects the public by licensing qualified individuals who provide professional services in California.

1.1 Improve communication to licensees to ensure they are engaged and up to date on regulations and policies.

1.2 Continue rollout and enhancement of the Connect system to improve interactions with licensees.

1.3 Develop a strategy to implement a continuing education requirement to help licensees maintain and improve their professional knowledge and awareness of new, pertinent laws.

1.4 Implement a renewal assessment to promote better informed licensees regarding relevant laws and regulations.

**Goals 2: Applications and Examinations:** The Board processes applications and administers examinations in a timely and accessible manner to determine individuals' qualifications for

licensure.

- 2.1 Improve communication to applicants to educate them on application and examination requirements, the Connect system, and the licensing process.
- 2.2 Offer applicants current status updates in the Connect system as a way of checking the status of their application online and reducing the need for applicants to call the Board.
- 2.3 Continue rollout and enhancement of the Connect system to streamline applications and the exam scheduling process.
- 2.4 Update and maintain the list of frequently asked questions and appropriate answers to enable applicants to submit a complete application package and improve staff efficiency.
- 2.5 Educate prospective references that their opinion of an applicant's readiness for licensure is as important as passing an exam to provide additional verification of the applicant's qualifications.
- 2.6 Advocate for national exam and state exam standards to maintain their high quality and which reflect the knowledge and skills needed in the profession(s) to accurately measure applicants' qualifications to practice in California.
- 2.7 Keep licensure requirements and exams relevant and fair to competent applicants with varied education and experience to increase diversity in the professions, leading to an increase in the number of licensees.
- 2.8 Increase the visibility of application processing timeframes on the website to inform Board members, licensees, and consumers of the Board's performance.

**Goal 3: Laws and Regulations:** The Board strives to ensure that statutes, regulations, policies, and procedures strengthen and support its mandate and mission.

- 3.1 Collaborate with the Department of Consumer Affairs and the California Business, Consumer Services and Housing Agency on the timeline for approval of regulations to facilitate timely implementation of changes.
- 3.2 Develop a mentorship or succession plan to provide staff with continuity of knowledge and skills related to the legislative and rulemaking processes.
- 3.3 Anticipate the need for new legislation, recruit potential sponsors for bills, and respond to bills that have an effect on the Board's ability to protect the public in an effort to ensure statutes are relevant and to support the Board's mission.
- 3.4 Develop and promote new regulations as necessary to implement statutory authority and to keep Board policies and procedures consistent and relevant across all the professions.
- 3.5 Improve communication to licensees to ensure that they are kept aware of changing laws and regulations.
- 3.6 Promote legislation to increase and collect penalties for unlicensed practice to provide effective deterrents.

**Goal 4: Enforcement:** The Board strives to protect the public by enforcing the laws and regulations governing the Board's professions.

- 4.1 Continue development and refinement of the Connect system's enforcement module to increase the efficiency of complaint submittal, respondent contact, case-tracking, and reporting of case status.
- 4.2 Improve education to applicants and licensees of common violations that could lead to disciplinary action to reduce violations and increase understanding of requirements.
- 4.3 Work with law enforcement and other appropriate government agencies to enforce

penalties to provide effective deterrents to unlicensed practice.

4.4 Continue to reduce investigation timelines to streamline enforcement against violators and be responsive to complainants.

4.5 Educate other governmental entities about unlicensed practice to minimize risk to the public and increase effectiveness of enforcement actions against unlicensed individuals.

4.6 Develop a plan for recruitment, training, and retention of expert consultants to improve the quality and consistency of case reviews.

**Goal 5: Outreach :** The Board promotes the importance of licensure to educate applicants, licensees, the public, and other stakeholders about the practice and regulation of the professions.

5.1 Solicit feedback from applicants, licensees, complainants, respondents, consumers, and staff to gauge the Board's success in meeting its goals and to receive suggestions for improvement.

5.2 Increase outreach to students through innovative tools and social media platforms to increase interest in the professions, recognition of the importance of licensure, understanding of requirements, and awareness of the Board's activities.

5.3 Explore and implement additional means of outreach on social media, including advertising, to increase interest in the professions, recognition of the importance of licensure, understanding of requirements, and awareness of the Board's activities.

5.4 Increase public awareness of the Board's functions and services so the public knows how to submit complaints and can use the Board as a resource.

5.5 Ensure accessibility of information on licensure to the public to improve inclusion of underserved populations.

5.6 Collaborate with the Department of Consumer Affairs to identify a strategy to require a notice of complainants' rights with the Board to improve the public's awareness.

**Goal 6: Customer Service and Administration:** The Board continuously works to improve efficiency and quality of its services.

6.1 Provide customer service training to staff on a periodic basis to reinforce the importance of serving the public.

6.2 Develop a mentorship or succession plan for all management positions to provide continuity of knowledge.

6.3 Assess and administer, where appropriate, technological developments that improve process efficiencies to better serve applicants, licensees, and the public.

6.4 Create an onboarding program for the Board members to educate them on the Board's regulated professions, policies, and procedures to increase the Board members' effectiveness and confidence.

6.5 Evaluate customer service complaints to find patterns related to the sources and types of complaints to implement changes where needed.

## Control Environment

The Board has established an effective control environment to include:

- Organizational oversight is set forth in law and includes an independent board

- comprised of 15 members that Board staff provide reports to at six annual meetings. Additional oversight is provided by the Department and Control Agencies (BCSH, Department of Finance [DOF], Legislature, etc.). In addition, accountability is facilitated with annual reports and sunset reviews. Organizational oversight is set forth in law and includes an independent board comprised of 15 members that Board staff provide reports to at six annual meetings. Additional oversight is provided by the Department and Control Agencies (BCSH, Department of Finance [DOF], Legislature, etc.). In addition, accountability is facilitated with annual reports and sunset reviews.
- Organizational structure is assembled by regulatory function (i.e., licensing and enforcement) with reporting to ensure responsibilities are shared and allow those in authority to pursue business objectives. Organizational structure is assembled by regulatory function (i.e., licensing and enforcement) with reporting to ensure responsibilities are shared and allow those in authority to pursue business objectives.
  - Documentation of the organizational structure, processes, policies, and standards that are utilized to maintain control across the organization are reported to the Department, and Control Agencies, and Legislature as required. Documentation of the organizational structure, processes, policies, and standards that are utilized to maintain control across the organization are reported to the Department, and Control Agencies, and Legislature as required.
  - The Board utilizes the Department's training and planning unit (SOLID) to develop and maintain an efficient and effective team of professional and public leaders and staff and improve the Board's programs and services. The Board utilizes the Department's training and planning unit (SOLID) to develop and maintain an efficient and effective team of professional and public leaders and staff and improve the Board's programs and services.
  - Accountability for the execution of internal control responsibilities is formed by law, developed through regulation, with oversight from the Legislature, Control Agencies, the Department, the Board and direction of the executive program managers. Accountability for the execution of internal control responsibilities is formed by law, developed through regulation, with oversight from the Legislature, Control Agencies, the Department, the Board and direction of the executive program managers.
  - Establishment and demonstration of integrity and ethical values is done through the ethics training and timely completion of Form 700 (financial disclosure requirement document). Additionally, staff are made aware of the Whistleblower Act and process to make complaints. Board staff participate in training and must acknowledge policy memorandums and obtain training certifications as required by the Department. Establishment and demonstration of integrity and ethical values is done through the ethics training and timely completion of Form 700 (financial disclosure requirement document). Additionally, staff are made aware of the Whistleblower Act and process to make complaints. Board staff participate in training and must acknowledge policy memorandums and obtain training certifications as required by the Department.

## Information and Communication

Board executive management oversees the use of information critical to operations. Executive management regularly evaluates the accuracy and adequacy of information. The Board is required to collect and communicate information about operations, programs and financial and/or the Board's fund condition through various reporting mechanisms to include:

- Distribution of information needed to perform control activities and to understand internal control responsibilities is delivered regularly by the Department and Control Agencies (BCSH, DOF, Legislature, etc.). Distribution of information needed to perform control activities and to understand internal control responsibilities is delivered regularly by the Department and Control Agencies (BCSH, DOF, Legislature, etc.).
- Channels of communication for the Board begin with the executive officer and extend to a staff of approximately fifty (50) full-time individuals working to achieve the Board's goals and objectives. Information is shared in a timely manner via meetings or emails as needed. All public information is shared at board meetings, which are held six times annually and with the public in attendance. Information is also shared with the public on the Board's website and via social media. Channels of communication for the Board begin with the executive officer and extend to a staff of approximately fifty (50) full-time individuals working to achieve the Board's goals and objectives. Information is shared in a timely manner via meetings or emails as needed. All public information is shared at board meetings, which are held six times annually and with the public in attendance. Information is also shared with the public on the Board's website and via social media.
- Personnel understand their responsibilities for internal control through the management structure and the training and distribution of assigned functions. Ongoing unit meetings facilitated by management provide the environment and structure to report inefficiencies. Inappropriate actions can be shared through confidential communication with management or executive program managers. In addition, Board staff are provided training and policies, including DCA's ISO 21-01 Acceptable Use of Information Technology Systems, LGL 21-01 Incompatible Work Activities, Equal Employment Opportunity (EEO) 18-02 Non-Discrimination Policy, and Complaint Procedures and EEO 12-01 Sexual Harassment Prevention Policies, which provide direction for reporting inefficiencies and inappropriate actions. Personnel understand their responsibilities for internal control through the management structure and the training and distribution of assigned functions. Ongoing unit meetings facilitated by management provide the environment and structure to report inefficiencies. Inappropriate actions can be shared through confidential communication with management or executive program managers. In addition, Board staff are provided training and policies, including DCA's ISO 21-01 Acceptable Use of Information Technology Systems, LGL 21-01 Incompatible Work Activities, Equal Employment Opportunity (EEO) 18-02 Non-Discrimination Policy, and Complaint Procedures and EEO 12-01 Sexual Harassment Prevention Policies, which provide direction for reporting inefficiencies and inappropriate actions.
- Board Staff can also report alleged threats or acts of workplace violence to the Division of Investigation, Special Operations Unit, in accordance with DCA's Workplace Violence Prevention Policy DOI 19-01. Board Staff can also report alleged threats or acts of workplace violence to the Division of Investigation, Special Operations Unit, in

accordance with DCA's Workplace Violence Prevention Policy DOI 19-01.

## **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 for Professional Engineers, Land Surveyors, and Geologists monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Nancy A. Eissler, Assistant Executive Officer; Richard Moore, Executive Officer.

The risk assessment process involves the executive officer, assistant executive officer, managers, and support staff. With a total staff of approximately fifty (50) full-time employees headquartered in a single office, an organization-wide risk assessment is an on-going process that includes 100% of the staff. Potential risks and improvements to internal controls can be raised at regular all-staff meetings, manager meetings, and unit meetings or at any time via email or individual meetings.

A risk must be documented when it meets both of the following criteria: The risk assessment process involves the executive officer, assistant executive officer, managers, and support staff. With a total staff of approximately fifty (50) full-time employees headquartered in a single office, an organization-wide risk assessment is an on-going process that includes 100% of the staff. Potential risks and improvements to internal controls can be raised at regular all-staff meetings, manager meetings, and unit meetings or at any time via email or individual meetings.

A risk must be documented when it meets both of the following criteria:

- The ability of the Board to carry out its mission. The ability of the Board to carry out its mission.
- There is no known internal control (existing business process) in place to mitigate the risk. There is no known internal control (existing business process) in place to mitigate the risk.

Addressing and monitoring vulnerabilities - Processes vary depending upon the type of risk control identified. Programmatic risks are assigned to the executive officer and assistant executive officer. Unit risks are addressed by the designated manager directing each unit, in consultation with the executive officer and assistant executive officer and appropriate Control Agencies.

The Board is in the process of implementing and documenting the ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to the Board's systems of controls and monitoring. Addressing and monitoring vulnerabilities - Processes vary depending upon the type of risk control identified. Programmatic risks are assigned to the executive officer and assistant executive officer. Unit risks are addressed by the designated manager directing each unit, in consultation with the executive officer and assistant executive

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## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Board for Professional Engineers, Land Surveyors, and Geologists risk assessment process: executive management.

The following methods were used to identify risks: ongoing monitoring activities, and other/prior risk assessments.

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: Professional Engineer Initial Applications Technical Review Backlog**

In November 2021 the Board launched Release 3.5 of its BPELSG Connect online platform, which features the addition of submittal and processing for both Civil Engineer and Land Surveyor license applications and refinements to existing application functionality. The new functionality allowed existing legacy applicants to apply to the Board to schedule for state-specific examinations and re-examinations and automated the Authorization to Test email to transmit exam eligibility within the BPELSG Connect platform.

The Board received a record number of initial Civil Engineer applications in FY 2021/22 and applications received outpaced application approvals in FY 2021/22 and FY 2022/23. In the 20 months after the BPELSG Connect implementation for Civil Engineer initial applications, the Board recorded a 69% increase in application volumes over the prior 20 months and while the platform increased efficiencies and Board staff were able to approve 20% more applications than in the prior period, the licensing program has not met processing targets for Civil Engineer applications and the processing timelines have increased. The Board has been studying this issue and found the Civil Engineer applications are taking significantly longer in technical review than other Professional Engineering applications with a much higher rate of work experience related deficiencies issued during technical review.

As of October 19, 2023, there are 710 applications pending Technical Review and 229 applications with deficiencies, pending action by the applicant to remediate the deficiency. Assuming 172 new application submissions per month and an average approval rate of 145 per month there are 27 applications added to the backlog per month. In order to meet the 60 day processing targets, the Board will need to reduce the backlog to approximately 350 applications pending technical review and approval.

Application processing delays can have a negative impact on the Board's fund condition

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(80% of the Board's revenue comes from license renewal fees), see Risk: Renewal Application Volume Trending Lower for more discussion. In addition, increasing the number of licensed professionals provides more choices for consumers and delays in application processing can affect career development for applicants which can be a detriment to California's economy.

**Control: Assign Additional Resources to Review Applications**

The Board has assigned additional staff resources to reviewing Civil Engineer initial applications.

**Risk: Renewal Application Volume Trending Lower**

Decreases in renewal licensing fee revenue will have a significant and detrimental impact on the Board's fund condition and ability to effectively achieve its mission to protect public safety and property. Revenue from licensing renewals makes up 80% of the Board's total revenue. Fee increases effective January 1, 2021 had a positive impact on the overall revenue, however, the volume of license renewal applications has trended down. In FY 2020/21 there was a 2% decrease in renewal application volume as compared to the like period of FY 2018/19 and there was a 4% decrease in renewal application volumes in FY 2021/22 as compared to FY 2019/20. Due to a backlog in approving Civil Applications, the Board is projecting a slight increase in license renewal applications for FY 2023/24 and FY 2024/25, however, if the trend continues downward while expenses increase, the fund could become insolvent without additional fee increases.

The application fee for first-time licensure for Engineers and Land Surveyors includes licensure through the first renewal quarter after the license is issued. Approximately one (1) to two (2) months after being notified of licensure, first-time licensees will receive a renewal notice for payment of the full renewal fee. Once renewed, the license will be valid for an additional two (2) years. Professional Engineers and Land Surveyors are on bi-annual quarterly renewal cycles ending March 31, June 30, September 30, and December 31. The largest quarters are June (30% of active licenses renew) and September (26% active licenses renew).

The application fee for first-time licensure for Geologists and Geophysicists includes licensure through the end of the licensee's birth month after the license is issued. Approximately one (1) to two (2) months prior to the first-time licensee's birth month, a renewal notice for payment of the full renewal fee will be issued. Once renewed, the license will be due for renewal on a two (2) year cycle.

As a Special Fund agency, the Board receives no General Fund support and relies solely on fees set by statute, which are collected as licensing and renewal fees. The Board's budget authority is the Professional Engineer's, Land Surveyor's, and Geologist's Fund. The Fund is appropriated from the Governor under the Business, Consumer Services and Housing Agency to DCA. The Board's Fund is not considered to be a "continuously appropriated fund." As of June 30, 2023, the reserve is projected at two months, with a \$2.48 million fund balance reserve for economic uncertainties. In the current economic climate with inflationary pressures, the costs of doing business have increased at the same time the Board's most significant source of revenue is decreasing. Factors which impact the Board's expenses include increases in the Attorney General's hourly rates, general salary and benefit increases



for Board and Department staff and Department Pro Rata expenses.

On November 18, 2020, the Office of Administrative Law approved the Board's proposed action to amend Title 16, California Code of Regulations sections 407, 410, and 3005, and to adopt Title 16, California Code of Regulations section 3010. This action addressed fees paid to the Board and situations in which replacement certificates are issued. This regulatory action became effective on January 1, 2021, to address structural imbalances in the Board's budget and ensure future fiscal solvency and to standardize fees for services for all regulated professions under the Board's jurisdiction. As a result of the fee increase the Board recognized a \$3,584 increase in revenue for FY 2021/22 over FY 2020/21.

### **Control: Continue Monitoring Fund Condition**

The Board closely monitors reserve, revenue, and expenditures presented in financial statements which are standing agenda items for all Board meetings and as appropriate may consider pursuing an additional fee increase.

### **Risk: Board reporting capabilities are limited by access to data in department-wide reporting tools**

Board reporting capabilities are limited by access to data in department-wide reporting tools. As these tools have been upgraded Board staff have gained greater access to raw data related to applications tracking and licenses. In late 2019, DCA Office of Information Services (OIS) added Applicant Tracking System (ATS) and Consumer Affairs Systems (CAS) data to the IBM Cognos Analytics platform, referred to by the department as Quality Business Interactive Reporting Tool (QBIRT). This enhanced the Board's ability to extract data from ATS and CAS for use in developing and monitoring key licensing performance indicators. Late 2021, DCA OIS began working on an interim data package to include data for the BPLESG Connect platform and Board staff have worked with OIS to gain access to data extracts for use in developing and monitoring key performance indicators for BPLESG Connect related applications and enforcement actions.

Late 2021, DCA OIS began working on an interim data package to include data for the BPLESG Connect platform and Board staff have worked with OIS to gain access to data extracts for use in developing and monitoring key performance indicators for BPLESG Connect related applications and enforcement actions. Although DCA OIS is in the process of re-designing a more mature data package, until this standardized data package and reporting is available the Board does not have access to data that will provide more efficient workload management, effective assessments of performance measures and metrics and information that is timely and will drive process efficiencies. DCA OIS has not, to date, included Board staff as Subject Matter Experts in the design of the new data package which may result in the effort being incomplete and not meeting the needs of the Board.

### **Control: Continue working with DCA OIS**

The Board continues to work with DCA OIS to gain access to additional reporting data sets and features. Board staff are requesting to meet regularly with OIS staff to define scope and requirements aligned to the process of re-designing a more mature data package for use in developing and monitoring key performance indicators for BPELSG Connect related applications and enforcement actions.

### **CONCLUSION**

The Board for Professional Engineers, Land Surveyors, and Geologists 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.

**Richard Moore, 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