

December 18, 2023

Tad Egawa, Secretary
California Business, Consumer Services and Housing Agency
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

Dear Secretary Tad Egawa,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the State Board of Barbering and Cosmetology 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 Carrie Harris, Assistant Executive Officer, at (916) 575-7130, Carrie.Harris@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Board's mission is to ensure the health and safety of California consumers by promoting ethical standards and by enforcing the laws of the barbering and beauty industry.

The Board's strategic goals are:

1. To promote organizational success through the development of staff and management.
2. To support legislation and adopt regulations, policies and procedures that reinforce its mission, vision, and goals.
3. To provide individuals a method for obtaining and maintaining a license.
4. To conduct inspections and determine violations of the laws and regulations governing safe practices in California.
5. To protect the health and safety of consumer services by effectively investigating consumer complaints and violations and by promoting compliance through the issuance of citations and fines, and by educating establishments and individuals on the laws and regulations governing safe practices in California.
6. To educate stakeholders on the laws, regulations, and issues relevant to the industry.

Control Environment

Management establishes an effective control environment by adhering to applicable laws and regulations, establishing clear expectations for staff, and meeting or exceeding performance measures established for enforcement and licensing activities.

Information and Communication

The Board uses various communication methods with internal and external stakeholders, including e-mail blasts to listServ and Interested Parties mailing lists, social media (Facebook, Twitter, and Instagram), etc.

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 State Board of Barbering and Cosmetology monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Carrie Harris, Assistant Executive Officer; Kristy Underwood, Executive Officer.

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Board staff regularly discuss the identified risks in staffing meetings, board meetings, and stakeholder meetings.

RISK ASSESSMENT PROCESS

The following personnel were involved in the State Board of Barbering and Cosmetology risk assessment process: executive management, and front line management.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, and performance metrics.

The following criteria were used to rank risks: potential impact to mission/goals/objectives.

RISKS AND CONTROLS

Risk: Unable to Fill Vacant Inspector Positions

The Board utilizes the classification of Inspector I and Inspector II to conduct health and safety inspections of barbering and cosmetology establishments. The Board currently has 25 allocated positions with 9 of those positions being vacant. The vacancy rate of the inspections classification has been on-going for several years and has been deemed "hard-to-fill". The classification pay scale is not a sufficient salary to attract candidates in some cities with a higher cost of living, such as San Francisco and Los Angeles. In addition, the minimum qualifications of these classifications have not been updated and create barriers to entry into the classification.

Control: Classification and Recruitment Review

Board staff will collaborate with the DCA's Human Resources Office (OHR) staff to evaluate job specifications and make recommendations for changes that will assist with hiring and recruitment. These potential recommendations are to increase the pay scale as well as change the minimum qualifications to allow increased access for individuals to gain employment in this classification.

Risk: Increase of Fraudulent Certifications from Other States

The Board has been impacted with potentially fraudulent license certifications from other states. These certifications are required for an individual to receive a license in California based on endorsement, without having to take the examination. The Board has received a significant increase in certifications in 2023 that must be investigated to determine if these individuals are truly licensed in another state.

Control: Conduct Investigation of Certifications

Board staff has collaborated with the Department's Division of Investigation to conduct an in-depth investigation of applicants that may be attempting to gain licensure with fraudulent documentation. In addition, the Board EO will collaborate with EO's from other states to prevent fraudulent certification letters throughout the United States.

Risk: Recruitment of Licensing Staff

The Board is experiencing difficulties in recruiting for the licensing unit. The staff classification of program technician has been increasingly harder to fill as the level of interest in entry level civil service positions has declined. This has caused a delay in processing applications for examinations and applications for establishments.

Control: Increase Outreach on Vacant Positions

The Board will increase its outreach to potential candidates by attending job fairs, holding "meet the employer" events and increasing social media opportunities.

Risk: Funding for Oversight of Approved Schools

The Board shares oversight of barbering and cosmetology schools with the Bureau of Private Postsecondary Education. The Board is responsible for approving course curriculum, inspecting schools for minimum equipment and health and safety violations, and ensuring that students are receiving a valid proof of training in order to qualify for the examination. However, the Board has no authority to charge for the application process for a new school or a renewal fee. As a result, the Board must re-direct staff in order to handle the workload generated by school oversight.

Control: Seek Legislative Authority for School Oversight Fee

The Board will pursue a legislative change that will allow the establishment of an application approval fee and a renewal fee for schools.

CONCLUSION

The State Board of Barbering and Cosmetology 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.

Kristy Underwood, 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