

December 21, 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 Physician Assistant Board 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 Rozana Khan, Executive Officer, at (916) 561-8786, Rozana.Khan@dca.ca.gov.

## **GOVERNANCE**

### **Mission and Strategic Plan**

The mission of the Physician Assistant Board (Board) is to protect and serve consumers through licensing, education, and objective enforcement of the Physician Assistant laws and regulations. At its August 4, 2023 meeting, the Board reviewed and adopted its Strategic Plan for 2024-28. The plan contains five goal statements and detailed strategies for meeting those goals. The goal areas are as follows:

1. Licensing and Professional Qualifications: Promote licensing standards to protect consumers and allow reasonable access to the profession.
2. Legislation, Regulation, and Policy: Ensure that statutes, regulations, policies, and procedures strengthen and support the Board's mandate, mission, and vision.
3. Communication and Outreach: Educate consumers, licensees, applicants, and other stakeholders about the practice and regulation of the physician assistant profession.
4. Enforcement: Protect the health and safety of consumers through the enforcement of laws and regulations governing the practice of physician assistants.
5. Administration: Continue to promote organizational success through the development of staff, responsible management, strong leadership, and effective Board governance.

### **Control Environment**

The Board management plays a vital role in establishing an effective control environment to ensure the highest standards of governance, ethics, and accountability. The Board management, including the executive officer (EO) and leadership team, sets the tone at the top by demonstrating unwavering integrity and ethical values. They lead by example, fostering a culture of transparency, honesty, and ethical behavior. This commitment to ethical

conduct extends to all interactions, from licensing and regulatory processes to interactions with licensees, stakeholders, and the public. The Board operates under the oversight of its governing board. The Board, composed of appointed members, ensures that the organization adheres to its mission and statutory obligations. The Board exercises its authority to provide strategic direction, establish policies, and oversee the performance of the executive officer and management team.

The Board's organizational structure is designed to ensure clear lines of responsibility and authority. This includes defined roles and responsibilities for board members, management, and staff. Management maintains an organizational chart that outlines the reporting structure and the allocation of responsibilities, allowing for efficient decision-making and accountability. The Board places great emphasis on documentation. Policies, procedures, and regulations are documented and regularly updated to ensure that they reflect current best practices and legal requirements. Records of Board meetings, decision-making processes, and licensing actions are meticulously maintained. This documentation ensures transparency, accountability, and compliance with regulatory standards. The Board is dedicated to hiring, training, and retaining a skilled and knowledgeable workforce. The management invests in ongoing professional development, ensuring that staff are well-equipped to carry out their duties effectively. Regular training and continuing education are provided to staff, especially in areas related to regulatory changes and best practices in physician assistant oversight.

The Board enforces accountability by clearly defining expectations for all employees and Board members. Accountability measures are built into performance evaluations and goal-setting. Compliance reviews, audits, and investigations are conducted to ensure that all actions align with ethical and legal standards. Violations are addressed promptly and, when necessary, reported to appropriate authorities. By integrating these components, the Board management establishes a robust control environment that prioritizes ethical conduct, accountability, and effective regulatory oversight in the realm of physician assistants. This environment is pivotal in safeguarding the interests of patients, the public, and the physician assistant profession.

### **Information and Communication**

The structure of the Board is designed to facilitate effective communication and decision-making both internally and externally. Regular meetings, including one-on-one sessions, department meetings, and feedback mechanisms, facilitate the flow of information from staff to management. The Board may have open sessions during meetings to receive input from staff or utilize anonymous suggestion boxes to gather feedback. Management cascades information to staff through team meetings, official announcements, and written communication. The Board communicates its expectations and strategic goals to the EO through formal directives and performance evaluations.

The Board maintains an online presence to provide licensees and applicants with updated information on regulations, licensing requirements, and practice standards. Communication occurs through the Board's website, emails, social media accounts and by phone. The Board communicates with legislators, state agencies, and other governmental bodies to ensure alignment with healthcare regulations and policies. This often includes written correspondence, testimony at legislative hearings, and participation in interagency meetings.

The Board has a dedicated process for employees to report inefficiencies and inappropriate actions to management or other decision-makers. This process typically includes a clear and confidential channel, such as an anonymous hotline. Whistleblower protection policies are in place to safeguard employees who report wrongdoing. Reports are thoroughly investigated, and appropriate actions are taken to address inefficiencies, violations, or inappropriate actions. Corrective measures are applied, and findings are reported to the Board or relevant oversight entities.

The Board's communication structure is designed to collect and convey relevant and reliable information to support operational, programmatic, and financial decision-making, ensuring transparency, accountability, and regulatory compliance.

## **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 Physician Assistant Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Rozana Khan, Executive Officer.

The Board ensures the effectiveness of its risk management and internal control systems by identifying and assessing potential risks, implementing control policies and procedures, monitoring control effectiveness through audits and assessments, and promptly responding to vulnerabilities with appropriate actions. Management plays a critical role in addressing vulnerabilities, ranging from process improvements to policy changes, while the Board provides oversight. This responsive approach, supported by continuous improvement and external audits, helps the Board safeguard its mission and financial integrity.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the Physician Assistant Board risk assessment process: executive management, middle management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, 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: Fund Condition**

The Board faces the fiscal risk of increased expenditure due to various factors. These include growing operational costs, such as personnel, technology, and administrative expenses. Additionally, changes in regulatory requirements and compliance standards may necessitate

investments in training and technology upgrades. The unpredictability of economic conditions and healthcare demands can lead to fluctuations in workload, potentially affecting budget planning. Furthermore, unexpected events, like legal disputes or public health crises, may require unanticipated expenditures. To mitigate this fiscal risk, the Board must maintain vigilant financial oversight, regularly review budget allocations, and build reserves for contingencies, ensuring a robust fiscal management strategy.

### **Control: Fee Increase**

Since 1975 the Board has been charging an initial application fee of \$25.00. As indicated in the various licensing data, each year the initial applications increase and will continue to increase. The Board conducted a fee study which indicates that \$25 is insufficient to cover the Board's costs in processing the application. Increasing the initial application fee for physician assistant license can serve as a strategic measure to help mitigate fiscal risks for the Board. The primary benefit of raising the fees is the immediate increase in revenue. This additional income can help cover operational costs, staffing, and other essential expenses, reducing the fiscal risk associated with budget shortfalls.

### **Control: Budget Monitoring**

The Board established a robust budget monitoring process that involves regular reviews, variance analysis, and accountability for spending. This ensures that actual expenditures align with budgeted amounts.

### **Control: Reporting**

The DCA budget office generates reports that provide a clear overview of spending patterns and trends, enabling early identification of potential budgetary issues.

### **Risk: Staff Recruitment, Training and Retention**

The Board faces the risk of staff retirement, which, over time, can result in the loss of institutional knowledge critical to its operations. As experienced staff members retire, they take with them valuable insights, historical context, and expertise accumulated during their tenure, potentially leaving a void in understanding the intricacies of the Board's regulatory and administrative processes.

### **Control: Succession Planning**

Board recognizes that a comprehensive succession plan will ensure a smooth transition when key staff members depart. This involves identifying potential successors, assessing their readiness, and providing training or mentorship to prepare them for these roles.

### **Control: Cross-Training**

The Board has implemented cross-training for employees to familiarize them with various aspects of their roles as well as those of their colleagues. This promotes flexibility and ensures that others can step in when needed.

### **Control: Recruitment Strategy**

The Board establishes a proactive recruitment strategy to attract candidates with the skills and qualities necessary to fill key positions when vacancies arise. Maintain a pool of qualified candidates.

### **CONCLUSION**

The Physician Assistant Board 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.

**Rozana Khan, Executive Officer**

CC: California Legislature [Senate, Assembly]  
California State Auditor  
California State Library  
California State Controller  
Director of California Department of Finance  
Secretary of California Government Operations Agency