

December 30, 2019

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

Dear Ms. Alexis Podesta,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Contractors' State License Board 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 Michael Melliza, Chief of Administration, at (916) 255-4324, mike.melliza@cslb.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The California legislature established the Contractors State License Board (CSLB) in 1929 as the Contractors' License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs.

The responsibility for licensing and regulating California's construction industry belongs to CSLB. Today, there are over 282,000 licensed contractors in the state.

BOARD STRUCTURE AND FUNCTIONS

CSLB's 15-member Board directs administrative policy for the agency's operations. The Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature.

The Board appoints, with the approval of the Director of the Department of Consumer Affairs, the Registrar of Contractors, who directs administrative policy for CSLB's statewide operations.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CSLB's headquarters in Sacramento and at field offices throughout the state.

CSLB'S MISSION

MISSION

CSLB protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction. The Board accomplishes this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they can make informed choices.

VISION

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

STRATEGIC PLAN

To understand the environment in which the Board operates, as well as identify factors that could affect the Board's success in carrying out its regulatory duties, the Department of Consumer Affairs' SOLID Unit facilitated the development of the Board's strategic objectives. SOLID conducted a review of the Board's internal and external environments by collecting information through the following methods:

- An online survey sent to Board members, CSLB staff and managers, and stakeholders in January and February of 2018. The online survey received 917 responses.
- One-on-one interviews with Board members, the Registrar, and Chief Deputy Registrar in January and February of 2018.
- A focus group conducted with CSLB's division chiefs in February of 2018.

The most significant themes and trends identified from this process were discussed by the Board members, Registrar, Chief Deputy Registrar, division chiefs, and other senior staff during a strategic planning session facilitated by SOLID on April 12, 2018. This information guided the Board in the development of the objectives outlined in this 2019 – 2021 strategic plan.

STRATEGIC GOAL AREAS

1. **LICENSING & TESTING** Ensures that all applicants and licensees meet minimum qualifications to provide construction services
2. **ENFORCEMENT** Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
3. **LEGISLATION** Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
4. **PUBLIC AFFAIRS** Educates consumers about making informed choices related to construction services and provides information to licensed contractors so they can improve their awareness of contracting law, and technical, management, and service skills
5. **EXECUTIVE** Enhances organizational effectiveness and improves the quality of service in all programs

LICENSING AND TESTING OBJECTIVES

- 1.1 Create an interactive online asbestos training to replace the open book asbestos exam - Target Date: January 2019

- 1.2 Review the licensing classification determinations for consistency and develop classification industry bulletins. - Target Date: January 2019 and ongoing
- 1.3 Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification. - Target Date: March 2019 (to meet with stakeholders)
- 1.4 Review barriers to licensure regarding criminal background information and make changes where possible to encourage licensure.- Target Date: July 2019 (to review process and identify possible changes)
- 1.5 In conjunction with the Legislation division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. - Target Date: January 2021
- 1.6 Research the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees - Target Date: December 2019
- 1.7 In partnership with Public Affairs and Information Technology, develop online original contractor license applications to reduce application return rates. - Target Date: December 2019
- 1.8 Review feasibility of continuing education or online testing for license renewal to keep licensees informed of changes to laws and codes. - Target Date: July 2020 (to complete research only)
- 1.9 In partnership with the Public Affairs Office and Enforcement division, create online courses and content to educate licensees. - Target Date: December 2021
- 1.10 Expand public records and licensing information on the website to increase transparency. - Target Date: Ongoing
- 1.11 Evaluate call center processes and procedures for consistency in communication with licensees, consumers, and other stakeholders to improve customer service. - Target Date: Ongoing
- 1.12 Review the subject matter expert pool to insure representation from a cross-section of industry to enhance test development. - Target Date: Ongoing

ENFORCEMENT OBJECTIVES

- 2.1 Formalize a disaster response program for greater efficiencies and to improve response time. - Target Date: June 2019
- 2.2 Educate the public about the complaint and investigative processes, as well as available resources for financial redress. - Target Date: June 2019
- 2.3 In partnership with Public Affairs, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature. - Target Date: June 2019, Implement: January 2020
- 2.4 Leverage social media to identify potential workers' compensation violations and unlicensed contracting. - Target Date: January 2020
- 2.5 Develop a program to improve complaint response by setting priorities and recognizing staff achievements - Target Date: January 2020
- 2.6 In partnership with the Public Affairs Office and Licensing division, create online courses and content to educate licensees. - Target Date: December 2021
- 2.7 Provide training opportunities to improve morale and staff knowledge. - Target Date: Ongoing
- 2.8 Prioritize proactive investigation of license requirements to protect the public and licensed

- contractors by removing unlicensed contractors from the marketplace. - Target Date: Ongoing
- 2.9 Attend job fairs to promote employment opportunities at CSLB. - Target Date: Ongoing

LEGISLATIVE OBJECTIVES

- 3.1 Collaborate annually with industry and consumer leaders to share new legislative ideas. - Target Date: January 2019 – November 2019 (annually thereafter)
- 3.2 Seek legislation to mandate workers' compensation insurance for specified license classifications to protect workers and consumers. (Statutory) - Target Date: January 2020
- 3.3 Review disaster related consumer protection laws, including the hazardous substances certification requirements. (Statutory) - Target Date: July 2020
- 3.4 In conjunction with the Licensing division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. (See *Licensing objective 1.5*) - Target Date: January 2021
- 3.5 Clarify home improvement contract requirements to improve licensee understanding and compliance. (Statutory) - Target Date: July 2020
- 3.6 Review laws and update penalties as necessary to ensure they are adequate for the violations in order to encourage compliance and protect consumers. (Regulatory) - Target Date: March 2021
- 3.7 Clarify in regulation (CCR section 825) the definition of foreman, supervising employee, and contractor, to provide applicants greater clarity about the experience needed to obtain a license. (Regulatory) - Target Date: June 2021
- 3.8 Research the feasibility of a graduated fee increase for larger licensed contractors to increase enforcement resources and public outreach. - Target Date: September 2021

PUBLIC AFFAIRS OBJECTIVES

- 4.1 Distribute a calendar of key meetings, events, and activities to Board members to increase participation and their ability to advocate on the Board's Behalf - Target Date: January 2019
- 4.2 In partnership with all divisions, lead effort to formalize CSLB's disaster response program (See *Enforcement objective 2.1*) - Target Date: June 2019
- 4.3 Conduct a workload analysis to determine if additional staffing resources are needed. - Target Date: June 2019
- 4.4 In partnership with the Enforcement division, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature. (See *Enforcement objective 2.3*) - Target Date: Develop: June 2019, Implement: January 2020
- 4.5 Research the feasibility of creating a text alert program to communicate with licensees and consumers and implement if possible. - Target Date: Feasibility: June 2019, Implement: March 2020

- 4.6 Expand website content to keep industry and licensees up-to-date on relevant information. - Target Date: September 2019 and ongoing
- 4.7 In partnership with the Licensing division and Information Technology unit develop online original contractor applications to reduce application return rates. (See *Licensing objective 1.7 and Information Technology 5.15*) - Target Date: December 2019
- 4.8 Develop orientation videos for new staff, managers and Board members (See *Administrative objective 5.8*) - Target Date: January 2020
- 4.9 In partnership with the Information Technology unit, review and update web content to ensure information present to the public is accurate and accessible. (See *Information Technology objective 5.16*) - Target Date: March 2020
- 4.10 In partnership with the Enforcement and Licensing divisions, create online courses and content to educate licensees. (See *Enforcement objective 2.6 and Licensing objective 1.9*) - Target Date: December 2021

EXECUTIVE OBJECTIVES (ADMINISTRATION)

- 5.1 Evaluate the use of in-house legal counsel to supplement current Board counsel. - Target Date: January 2019
- 5.2 Execute a Memorandum of Understanding (MOU) with the Workers' Compensation Insurance Rating Bureau to provide a program to the Contractors State License Board to track workers' compensation policies. - Target Date: March 2019
- 5.3 Provide training on progressive discipline process to assist managers and supervisors in addressing performance issues. - Target Date: May 2019
- 5.4 Provide team building and leadership training for managers and supervisors to make the management team more effective. - Target Date: September 2019
- 5.5 Research a special investigator series. - Target Date: December 2019
- 5.6 Pursue salary differentials in regions with higher living costs. - Target Date: December 2019
- 5.7 Standardize human resource processes to increase efficiency in regard to personnel matters. - Target Date: January 2020
- 5.8 Enhance onboarding and orientation program for new staff, managers and Board members. (See *Public Affairs objective 4.8*) - Target Date: January 2020
- 5.9 Develop benchmarks for the hiring process in order to extend job offers and onboard new employees more quickly to avoid losing qualified candidates. - Target Date: March 2020
- 5.10 Review the budget quarterly to guide the Board on resource allocation. - Target Date: Ongoing

EXECUTIVE OBJECTIVES (INFORMATION TECHNOLOGY)

- 5.11 Establish online process to automate public sales requests in order to reduce costs. - Target Date: December 2019
- 5.12 Update the website to offer e-payments (e.g. citations, renewals, and other fees) to improve convenience and reduce staff paperwork. - Target Date: December 2019
- 5.13 Create an on-line e-signature DocuSign feature to improve convenience. - Target Date: December 2019
- 5.14 Create an online account option for licensees to update their own license records and offer online payment options to improve licensee service and reduce processing time. - Target Date: December 2019
- 5.15 In partnership with the Licensing division and Public Affairs office develop online original contractor applications to reduce application return rates. (See Licensing objective 1.7 and Public Affairs objective 4.7) - Target Date: December 2019
- 5.16 In partnership with Public Affairs, review and update web content to ensure information presented to the public is accurate and accessible. (See *Public Affairs objective 4.9*) - Target Date: March 2020
- 5.17 Identify mobile technology to enhance efficiencies for field staff. - Target Date: June 2020
- 5.18 Create a mobile app of available services, including more efficient means to report unlicensed activity. - Target Date: June 2020
- 5.19 Expand public records and licensing information on the website to increase transparency. (See *Licensing objective 1.10*) - Target Date: Ongoing
- 5.20 Conduct needs assessment to determine requirements for new licensing/enforcement computer system. - Target Date: Ongoing
- 5.21 Implement SCORE 2.0 programming. - Target Date: Ongoing

Control Environment

The CSLB provides an effective control environment. CSLB establishes and demonstrates integrity and ethical values (core values, codes of conduct, ability to report ethical concerns, etc.) in day to day operations and is built into the organization. These core values, codes of conduct, and organizational structure include the following.

BOARD STRUCTURE AND FUNCTIONS

CSLB's 15-member Board directs administrative policy for the agency's operations. The Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature.

GUBERNATORIAL APPOINTMENTS

- Three Public Members

- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

SENATE APPOINTMENTS

- Two Public Members

ASSEMBLY APPOINTMENTS

- Two Public Members

CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee:** Ensures that all applicants and licensees meet minimum qualifications to provide construction services
- **Enforcement Committee:** Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee:** Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and their technical, management, and service skills
- **Legislative Committee:** Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee:** Enhances organizational effectiveness and improves the quality of service in all programs

The Board appoints, with the approval of the Director of the Department of Consumer Affairs (DCA), the Registrar of Contractors, who directs administrative policy for CSLB's statewide operations.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CSLB's headquarters in Sacramento and at field offices throughout the state.

CSLB protects and serves California consumers while ensuring a competent and fair marketplace. CSLB helps consumers learn how to protect themselves from unscrupulous and unqualified individuals. CSLB also protects professionals from unfair competition by unlicensed practitioners. CSLB management always bears in mind that we are here to support delivery of those activities contributing to the protection and education of others.

CSLB works closely with the various units of the DCA to identify, hire, train, and retain a competent workforce including supervisors and managers. CSLB supervisors and managers have direct contact with employees that they supervise. Supervisors and managers report to the various division chiefs and ultimately to the Chief Deputy Registrar and Registrar of the board.

On July 9, 2019, the CSLB Executive Office issued a memorandum to all CSLB supervisors and managers that defines supervisor/manager expectations. These expectations will be issued annually. The CSLB Executive Office recognizes that effective supervision is a foundation of a successful organization. This memorandum affirms that CSLB supervisors and managers bear significant responsibility, accountability, and authority within the organization. These expectations ensure that CSLB's and DCA's goals are met while adhering to CSLB's values of Accountability, Consumer Protection, Customer Service, Innovation, Integrity, Diversity, CSLB Employees, and Leadership.

CSLB expects supervisors and managers to:

- Establish strategies, objectives and action items to achieve CSLB/DCA/Business, Consumer Services and Housing Agency goals, seek to improve current processes, use work plans for assigned tasks and project management, and meet established due dates.
- Hold regular staff meetings, to clearly communicate goals and objectives, to manage workload, and to keep staff apprised of information they need to perform their jobs.
- Keep the respective chain of command informed of issues and problems as soon as they become aware that they may have a broad impact on a CSLB program, DCA, involved control agencies, or management at an executive level. Examples include issues that may result in litigation, issues that have DCA-wide impact, are the subject of investigations, or those that are politically sensitive.
- Manage the allocation of resources and work within that allocation. They must keep their chain of command informed if the program for which they are responsible is exceeding its assigned resources, or not meeting assigned goals, as soon as they are aware of the problem.

VALUES

CSLB's values include:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.

Information and Communication

The CSLB has several processes to collect and communicate relevant and reliable information needed for operational, programmatic and financial decision making. This includes communication channels across staff and management, organizational lines, and external stakeholders.

CSLB STAFF MEETINGS

All CSLB Division Chiefs, Supervisors, and Managers are required to hold regular staff meetings. The purpose of these meetings are to clearly communicate goals and objectives, to manage workload, and to keep staff apprised of information they need to perform their jobs. These staff meetings are also used to collect feedback and allow employees an opportunity to report inefficiencies to management.

PUBLIC MEETINGS

CSLB holds regularly scheduled public meetings throughout the state on policy setting, legislative, and regulatory matters. These meetings provide the public an opportunity to testify on agenda items and other issues.

CSLB maintains a “Board Meetings” page on its website to publicize agenda and background materials for all committee and board meetings. Agendas are posted to the website at least 10 days prior to the meeting. In addition, this website section includes archive video of all meeting webcasts. Board and committee meeting materials are usually posted online within one week of a meeting. All posted meeting materials remain online indefinitely. Draft meeting minutes are not posted online; final minutes are posted after approval by the board at its next quarterly meeting. Meeting minutes are not removed and remain available online indefinitely. CSLB also maintains an extensive “Newsroom” page on its website, which includes links to all news releases, consumer alerts, industry bulletins, and licensee newsletters. The newsroom page also includes CSLB-produced videos.

All CSLB board and committee meetings are webcast, with the exception of the strategic planning meeting and the rare emergency board meeting, unless technical difficulties preclude a webcast. In April 2016, CSLB became the first DCA regulatory board to provide real-time live captioning of its meeting webcasts. All webcasts are posted to CSLB’s YouTube Channel and remain online indefinitely.

The board’s meeting calendar is included as an agenda item at board meetings. CSLB’s “Board Meetings” website page is updated with upcoming meeting information as soon as it becomes available.

STRATEGIC PLANNING MEETINGS

In 2018, the board completed development of its new 2019-21 strategic plan, which was formally approved at its September 20, 2018 meeting. The plan was a joint effort between board members and staff and included public input. As part of the strategic review process a survey of board members, staff, and stakeholders was conducted. Objectives were developed in the areas of Enforcement, Executive, Legislative, Licensing and Testing, and Public Affairs. Strategic plan objectives are reviewed, and progress is reported at all board and committee meetings. Copies of strategic plans since the last Sunset Review are included in the attachments. In addition, the board annually prepares and distributes an Accomplishments & Activities Report, copies of which are available on the CSLB website.

CONSUMER SATISFACTION SURVEY

The CSLB consumer satisfaction survey is delivered through an online survey service. Surveys are sent monthly to all complainants who provide an email address, with an average response rate of 20 percent over the last four years. The eight questions employ a seven-point agreement scale. The ratings have remained fairly constant over the years. Consistently, the highest ratings are received in response to the question about courteous treatment and the lowest ratings for the question about the action CSLB ultimately took in response to the complaint. CSLB collects and reports consumer satisfaction data by calendar year.

SOCIAL MEDIA

CSLB continues to expand its presence on social media as a means to reach consumers, licensees, the news media, and other stakeholders. CSLB has seen continued growth in the number of followers on Facebook, Twitter, YouTube, LinkedIn, NextDoor, and Instagram.

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 Contractors' State License Board monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Michael Melliza, Chief of Administration.

Mr. Melliza works closely with the CSLB Registrar, Chief Deputy Registrar, and all Division Chiefs to ensure that all activities are performed, documented, and measured against the appropriate baselines. Mr. Melliza ensures that all levels of CSLB Management evaluates results and ensures appropriate corrective actions are implemented and documented.

Mr. Melliza works with all CSLB Division Chiefs to identify risks and assigns ownership to processes that address vulnerabilities identified through monitoring. This includes comparing results to expectations to determine if change is needed.

Monitoring activities include routine and periodic verification performed by CSLB Division Chiefs and Executive Staff and reporting the progress to reduce the identified vulnerabilities.

The CSLB executive sponsor also works closely with the Department of Consumer Affairs Internal Audit office to ensure compliance with all risk management practices and requirements.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Contractors' State License Board risk assessment process: executive management, middle management, and front line management.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, other/prior risk assessments, and consideration of potential fraud.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and timing of potential event.

RISKS AND CONTROLS

Risk: BUDGET: Insufficient funds for FY 20/21

The CSLB forecasts insufficient funds for ongoing operations by the beginning of Fiscal Year 2020-21. This is due to a growing deficit between revenue and expenditures caused by an increase in approximately \$8 million in expenses per fiscal year that were either unforeseeable or nonexistent at the time CSLB last raised fees (July 2017).

Staff oversees a \$60 million budget and develops and distributes spending plans for each division. All expenditures, reimbursement, and revenue, are tracked and reconciled. All requests for expenses (i.e.- office supplies, office equipment, travel, etc.) are closely reviewed by division chiefs and sent to CSLB's budget analyst for review and approval. Expenditure projections, facilities planning/improvements, and CSLB's fund condition are all planned and reported.

CSLB monitors revenue and expenses on a continuous basis. Potential funding issues, revenue deficiencies, and fund conditions are reported to executive staff as they arise. This also helps to identify the need for any fee increase changes or budget change proposals.

As a result of the mitigating controls and tests performed, particularly since CSLB's March 2019 Sunset hearing, the following were discovered:

- \$50,000 increase in additional pay and benefits to the IT program due to a 2018 CalHR classification consolidation
- July 2018 rate adjustment and allocation of administrative overhead approved by Department of Finance for the the Department of Technology has increased charges to CSLB by \$1.1 million by June 2019
- An increase of \$850,000 a year in annual pay and benefits effective July 2019 following CalHR approved 3.5% pay increase for 285 CSLB staff
- As of June 2019, 3% unforeseeable decline in license renewals, a revenue loss of about \$2 million
- As of July 2019, the Attorney General's office raised rates for attorneys and paralegals a combined 101% resulting in an annual increase to CSLB of about \$3 million
- CSLB natural disaster support results in approximately \$500 thousand in costs per year

Control: CSLB Corrective Action Plan to Address Insufficient Funds for FY 20/21 Budget

1. The CSLB held a public Executive Committee meeting on August 5, 2019 to formally report the budget shortfall concerns to the Board.
2. The CSLB is working diligently with the Attorney General's Licensing Division program to create a plan to reduce expenditures.
3. CSLB held a Board Meeting on September 24, 2019. The CSLB Board voted to pursue a renewal fee increase through regulations.
4. At the November 7, 2019 CSLB Enforcement Committee Meeting, board staff will present internal policy and procedure changes to address the budget deficit. These measures include:
 - **Management review of all Enforcement staff vacancies-** This review is to determine if it's feasible to delay filling some positions to save on personnel costs, while still prioritizing the handling of consumer complaints and meeting the board's core mandates.
 - **Increased issuance of Letters of Admonishment (LOA) rather than administrative citations for less serious offenses-** Between January 1, 2019 and September 30, 2019, CSLB staff issued 165 LOAs, and 119 fewer administrative citations compared to the same time period in 2018.

Risk: Workforce Planning for CSLB Enforcement Division

CSLB's mission is to protect consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

Two of the ways in which CSLB accomplishes this are:

- Enforcing the laws, regulations, and standards governing construction in a fair and uniform manner; and
- Providing resolution for disputes that arise from construction activities.

Enforcement staff are authorized to investigate complaints against licensees, nonlicensees acting as contractors, and unregistered home improvement salespeople. CSLB administrative enforcement actions against licensees are prosecuted pursuant to the Administrative Procedure Act. In addition, CSLB may refer cases involving criminal activity to district attorneys who may prosecute these cases under the Business and Professions Code and other applicable state codes.

Most Enforcement division staff work directly on consumer complaints. In fiscal year 2017-18, CSLB conducted 19,687 investigations, of which 16,937 were in response to consumer-filed complaints. The majority of complaints CSLB receives are filed by residential property owners who contracted for home improvement and repair projects. CSLB also receives complaints from other members of the public, licensees, industry groups, governmental agencies, and others. These complaints cover all aspects of the construction industry. CSLB's complaint process involves several steps through which cases may pass and CSLB uses several corrective and disciplinary tools to compel compliance with contractors' state license law.

Enforcement staff requires the proper training, knowledge, and competence to perform these duties. If not, the CSLB risks the protection of consumers in regulating the construction industry. Proper training may not be available at times because workload/staffing needs may prevent staff to attend.

Control: Continuous Monitoring of Enforcement Staff Needs and Priorities

Enforcement Division Supervisors and Management Team continuously monitor and identify critical areas of need, develop and/or send staff to ongoing training, and monitor/adjust priorities.

CSLB Enforcement Division's management team continuously review "aging" reports of consumer complaints and overall enforcement activities and production. Enforcement Supervisors continuously monitor, assess, and conduct day to day work product review and feedback to identify level of competency of Enforcement Division staff.

This ongoing monitoring is working as intended and modified as needed.

Risk: Response to Public Protection- Natural Disasters

CSLB is experiencing resource issues in addressing public protection in regards to increasing natural disasters. The majority of these natural disasters stem from increased wildfires throughout the state. This results in increased business interruption due to staff deployed to natural disaster areas to assist with consumer outreach and assistance.

CSLB Enforcement Supervisors must continually re-direct workload and staff as needed to provide service in these natural disaster areas. Production reports indicate a significant increase in workload and resources due to California's increasing incidents of natural disasters. The results of reassigning workload and staff can create a backlog of consumer cases.

Control: Monitor Enforcement Division Workload in Response to Natural Disasters

Enforcement Division regularly monitors workload and staffing to mitigate risk on a day to day basis through case aging reports and re-direction of staff. Recruitment and training efforts have also been put into practice to address this issue. These activities have been successful in mitigating this potential risk.

CONCLUSION

The Contractors' State License 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.

David Fogt, Registrar

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