

December 26, 2025

Tomiquia Moss, Secretary
California Business, Consumer Services and Housing Agency
500 Capitol Mall, Suite 1850
Sacramento, CA 95814

Dear Secretary Tomiquia Moss,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Cannabis Control Appeals Panel submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2025.

Should you have any questions please contact Anne Hawley, Executive Director, at (916) 322-6870, Anne.Hawley@ccap.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Cannabis Control Appeals Panel (Panel) provides quasi-judicial administrative review of licensing decisions and enforcement actions issued by the Department of Cannabis Control (DCC).

The Panel provides a forum of appeal for individuals to address licensing decisions made by the DCC relating to any penalty assessment, denial, transfer, condition, suspension, revocation, or other disciplinary action of annual cannabis licenses. The Panel streamlines the appeals process and provides expertise and due process in the review of licensing decisions.

Below are the adopted mission, vision, values, goals and objectives for the Panel's strategic plan.

Mission

The Cannabis Control Appeals Panel provides fair, accessible, and timely quasi-judicial resolution of appeals from the Department of Cannabis Control's licensing decisions.

Vision

Cultivating a transparent and respectful forum for cannabis businesses within all California communities.

Strategic Goals

1. Decision Making: Ensuring appeals from decisions of the Department of Cannabis

Control are resolved in a fair and timely manner.

2. Outreach and Education: To provide education on the appeals process for cannabis stakeholders.
3. Organizational Effectiveness: To develop an effective and collaborative work environment while maximizing resources.

Control Environment

The Cannabis Control Appeals Panel (Panel) is committed to maintaining a strong control environment that supports ethical conduct, accountability, transparency, and effective operations. The following components describe how the Panel meets the statewide requirements for establishing and sustaining an effective control environment.

1. Management’s Establishment and Demonstration of Integrity and Ethical Values

The Panel has adopted five core values—Fairness, Efficiency, Professionalism, Respect, and Transparency—which serve as guiding principles for all operational and decision-making activities. These values inform the conduct of panel members, the Executive Director (ED), and staff.

The ED maintains an open-door policy and encourages collaboration, constructive feedback, and communication of concerns. The ED works to foster respect, professionalism, and fairness throughout all interactions, helping to ensure that staff understand the Panel’s mission, expectations, and ethical standards.

To ensure impartiality, the Panel maintains a recusal decision-making process to identify and address potential conflicts of interest on a case-by-case basis. This protects the integrity of hearings and ensures that appellants receive a fair and unbiased review.

All panel members, the ED, and designated staff file annual Form 700 Statements of Economic Interests with the Fair Political Practices Commission (FPPC), and staff filings are maintained at the Panel in compliance with Government Code § 81008.

The Panel is committed to maintaining a work environment free from discrimination, harassment, and retaliation, as detailed in its Equal Employment Opportunity Policy (EEO). In addition, all panel members and employees receive annual notifications of their rights under the California Whistleblower Protection Act, including instructions for reporting improper governmental activity or retaliation.

2. Oversight

The Panel operates under the Business, Consumer Services and Housing Agency (Agency). The ED participates in monthly meetings with the Agency executive team and provides “Week

Ahead Reports" as needed to ensure that the Agency and Governor's Office remain informed of high-level or sensitive matters.

Oversight is also provided by the five panel members, who are appointed by the Governor (three), the Senate Rules Committee (one), and the Speaker of the Assembly (one). Panel members direct and evaluate the ED, provide strategic direction, and oversee regulatory and adjudicatory functions. The ED serves at the pleasure of the Panel and reports directly to the Panel's chair.

3. Organizational Structure Ensuring Appropriate Levels of Responsibility and Authority

The Panel's organizational structure supports clear lines of responsibility, functional specialization, and sufficient authority to accomplish its mission. Key roles include:

Panel Chair

Responsible for coordinating with the ED on day-to-day operations; presiding over hearings; overseeing the annual evaluation of the ED; and serving as the Panel's representative with external entities. The Chair is elected annually at the first meeting of each calendar year.

Panel Members (4)

Issue written decisions on appeals; conduct hearings; review and approve regulations; and provide policy and operational guidance to the ED.

Executive Director

Oversees daily operations; implements Panel directives; manages regulatory, legislative, and administrative matters; and ensures alignment of activities with the Panel's mission, goals, and objectives.

Assistant Chief Counsel (ACC)

Serves as the chief legal advisor; oversees legal staff; manages caseload assignments; ensures legal compliance; and provides counsel to the Panel, ED, and Agency.

Attorney III (2)

Perform legal analysis and case preparation; review peer work; develop regulations; respond to public inquiries; and support development of operational policies.

Legal Secretary

Processes new appeals; prepares case files; manages administrative records; maintains the hearing calendar; drafts correspondence; enters data into the case management system; and responds to Public Records Act requests.

Associate Governmental Program Analyst (AGPA)

Performs functions related to budget, accounting, procurement, contracts, and HR; coordinates with DGS units; and assists with required annual reports.

Office Technician

Supports front-line operations, including phones, mail, hearing logistics, supply ordering, general inbox management, and travel coordination.

This structure ensures appropriate segregation of duties, adequate supervisory oversight, and clearly assigned responsibilities.

4. Documentation of Internal Control Systems

The Panel maintains comprehensive documentation supporting its appeal process, statutory duties, and internal controls. Detailed procedures and workflow charts ensure consistency, accountability, and compliance with applicable laws and regulations.

Documented processes include, but are not limited to:

- Intake of new appeals
- Intake of administrative records
- Filing of briefs and proofs of service
- Motions (e.g., continuances, remand, page-limit waivers)
- Disqualification procedures
- Decision-making processes
- Requests for extensions
- PRA responses
- Issuance of final orders

To support real-time operational oversight, the Panel has implemented a Salesforce-based case management system that includes key performance indicators (KPIs), such as case age. These metrics provide immediate insight into workloads and processing timelines and are shared with panel members, the ED, Agency, and stakeholders to support transparency and strategic decision-making.

5. Establishing and Maintaining a Competent Workforce

The Panel partners with the Department of General Services (DGS), Office of Human Resources to ensure effective recruitment, development, and retention of qualified staff.

Recruitment

- Targeted outreach through job platforms and social media.
- Engagement with diverse legal associations.

- Outreach to high schools and community colleges for entry-level roles.
- Collaboration with the Department of Rehabilitation to attract candidates with disabilities.
- Efforts to ensure candidate pools reflect California's diversity.

Development

- Identification of individual training needs.
- Multiple annual training opportunities tailored to responsibilities.
- Regular feedback during probationary periods and annually thereafter.

Retention

- Mentorship by the ED and ACC.
- Annual reviews and goal-setting conversations.
- Recognition of exemplary performance.
- Hybrid telework options consistent with statewide policy.

6. Enforcement of Accountability

Accountability is maintained at all levels:

Panel Members: Serve at the pleasure of their appointing authorities and may be removed at any time.

Executive Director: Receives an annual evaluation conducted by the Panel. Findings are discussed in closed session. The ED is an at-will employee who serves at the pleasure of the Panel.

Civil Service Staff: Staff performance is governed by state civil service laws and collective bargaining agreements. The ED provides ongoing feedback, probationary reports, and annual evaluations to ensure staff performance aligns with job requirements. In the event of under-performance, the ED consults with DGS' Constructive Intervention Unit to implement progressive discipline as needed.

The Panel ensures that workloads and timelines are reasonable and achievable to prevent undue pressure that could compromise ethical conduct, decision-making quality, or due-process protections.

Conclusion

This control environment reflects the Panel's commitment to integrity, transparency, ethical conduct, accountability, and operational excellence. Through strong values, clear organizational structure, documented processes, and an emphasis on workforce

competence, the Panel maintains a solid foundation for effective internal control and responsible public administration.

Information and Communication

Information for Operational, Programmatic, and Financial Decision Making

Key performance indicators (KPIs) are built into the Panel's case management system to track and report on operational metrics, including the length of time needed to process each appeal. Additional metrics can be developed as needed to support programmatic decision-making and workload analysis.

Financial information is provided by the Department of General Services' Contracted Fiscal Services Unit, which prepares budget and accounting reports for the Panel. These reports are provided on an as-needed basis, as well as quarterly and at the end of each fiscal year, to meet state control agency requirements. This financial reporting ensures the Panel remains within its authorized appropriation and maintains fiscal compliance.

Channels for Communication

Although the Panel is a small entity (five panel members and seven staff), it maintains regular and structured communication channels to ensure information flows up, down, and across the organization, as well as to external partners.

Internal Communication (Up, Down, and Across the Organization)

- Weekly staff meetings to share updates, address questions, and provide direction on priorities.
- One-on-one meetings with staff on special projects such as case management system enhancements, regulatory work, or internal policy development.
- The Executive Director's "Week Ahead Report" to Agency, as needed, and participation in meetings where issues are elevated to keep Agency and the Governor's Office informed.
- Quarterly panel meetings to discuss operations, case trends, and strategic priorities.

Communication Across Organizational Lines

The ED and staff regularly coordinate with Agency, Department of General Services (including Fiscal and HR), Department of Consumer Affairs' IT Unit, and other state partners to share information, resolve issues, and ensure alignment on statewide initiatives.

Communication With External Stakeholders

- Presentations at industry stakeholder meetings and conferences on the appeals process.

- A public listserv used to distribute updates on panel meetings, regulatory actions, and relevant announcements.
- Public contact channels including info@ccap.ca.gov and the Panel's main telephone line.
- A public-facing website offering appeals forms, FAQs, glossary, appeal checklist, process chart, and the "Your Appeal Rights" flyer—translated into Spanish, traditional and simplified Chinese, Tagalog, Arabic, Armenian-Eastern, Armenian-Western, Farsi, Japanese, Korean, Russian, and Vietnamese.
- A fully accessible website compliant with Government Code §§ 7405 and 11135.
- Panel meetings conducted via Zoom to ensure broad public access.
- Public comment opportunities provided at every meeting in accordance with the Bagley-Keene Open Meeting Act.

Reporting Inefficiencies and Inappropriate Actions

Creating a work environment grounded in professionalism, transparency, and respect is a top priority for the Panel.

The Executive Director serves as the Panel's Equal Employment Opportunity Officer (EEOO) and is responsible for administering the Panel's Equal Employment Opportunity Policy (EEO) and Discrimination Complaint Process (DCP). All employees are encouraged to identify, prevent, and report any inappropriate conduct—including discrimination, harassment, retaliation, or other violations of policy—directly to the Executive Director.

In addition to EEO matters, employees may report operational inefficiencies or workflow concerns at any time through weekly staff meetings, one-on-one conversations, or by email. Because of the Panel's small size and close working environment, operational issues are often raised and addressed in real time, enabling prompt corrective action and continuous improvement.

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 Cannabis Control Appeals Panel monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Anne Hawley, Executive Director.

Monitoring

Monitoring is an entity-wide, continuous process used to ensure that internal control systems function as intended. The Executive Director (ED), Anne Hawley, serves as the Cannabis Control Appeals Panel's Executive Monitoring Sponsor and is responsible for facilitating, verifying, and documenting the Panel's monitoring practices.

To confirm the effectiveness of internal control systems, identify potential problems, and respond to vulnerabilities, the Panel will use the following processes:

Routine Monitoring Activities:

The ED regularly analyzes key performance indicators generated by the case management system—such as case age and workflow timelines—to identify trends, bottlenecks, or processes that could be streamlined. The ED also conducts check-in meetings with legal staff to assess workload distribution and ensure equitable caseload management.

Periodic Detailed Reviews:

Because of the Panel's small size, all staff, including the ED, are familiar with day-to-day operations. To provide independent review, the Panel Chair—who is knowledgeable but not directly involved in daily staff workflows—may periodically review the number and timeliness of Panel decisions and compare results to expectations. State oversight entities conduct mandatory reviews to ensure objectivity and compliance with statewide policies.

Comparison of Results to Expectations:

If monitoring identifies deviations from expected performance or inefficiencies, the ED will evaluate whether process improvements or workload adjustments are required. The ED will present recommended corrective actions to the Panel Chair and will notify Agency when issues have statewide policy implications.

Assignment of Ownership and Corrective Actions:

The ED is responsible for assigning ownership of corrective actions to the appropriate staff—such as legal and administrative personnel—and ensuring that roles, timelines, and expected outcomes are clearly defined. Staff receiving assignments are accountable for implementing corrective measures and reporting progress.

Monitoring Progress on Vulnerabilities:

As the Panel receives appeal cases, baseline performance levels will be established. The ED will document vulnerabilities, track corrective actions, and measure whether changes are producing the intended effect. Progress will be reported to the Panel Chair, panel members, and Agency as appropriate.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Cannabis Control Appeals Panel risk assessment process: executive management, middle management, and staff.

The following methods were used to identify risks: brainstorming meetings, 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: Case Management System

The Panel's electronic case management system supports document management, workflow efficiency, and timely processing of appeals. Because the system was designed by external IT consultants, and the Panel has limited staffing and no internal IT expertise, the agency cannot independently maintain, update, or troubleshoot the system.

If the Panel is unable to secure ongoing technical support, the system may fail or experience performance issues, which could delay the processing of appeals, hinder the Panel's ability to meet statutory timelines, reduce transparency, and impact appellants' due-process rights.

Control: Maintenance and Support Services Contract

Control Activity

Within the Panel's tier-one purchasing authority, the agency will execute a contract with an external information technology vendor to provide ongoing technical support, system updates, and maintenance for the case management

system. The vendor will also be available to modify existing configurations when needed to maintain or improve workflow efficiency.

How This Control Reduces Risk

This control ensures that end users have timely access to technical support, reduces the likelihood of system failures, and minimizes disruptions to case processing. Having an IT technician immediately available allows the Panel to address emerging issues quickly, maintain system stability, and protect the timeliness of appeal processing.

Status/Effectiveness

This control is planned for implementation in FY 2025-26. The Panel will monitor the responsiveness and quality of vendor support to determine its effectiveness in reducing workflow disruptions.

Updates/Changes Across Periods

The Panel will review the contract annually to determine whether the level of support should be expanded or modified based on caseload growth and system demands.

Risk: Leave Balance Liabilities

If panel members and employees with high leave balances separate from State service, the Panel would be required to issue large lump-sum payouts. This could create a significant and unplanned financial burden on the Panel's operating budget and reduce funds available for core program activities.

Control: Leave Reduction Plan

Beginning December 2025, all staff who are near or above the maximum vacation/annual leave balance must prepare and submit a Leave Reduction Plan by February 1, 2026. The Executive Director is responsible for reviewing and

approving plans and for ensuring employees comply with the leave-reduction requirements outlined in their respective bargaining unit Memoranda of Understanding (MOUs) and applicable state policies.

How This Control Reduces the Risk

Requiring employees to actively reduce excess leave balances decreases the Panel's potential financial liability for large lump-sum payouts if employees separate from State service. This ensures responsible resource management and protects the Panel's limited operating budget.

Status/Effectiveness

This control is currently implemented and has proven effective for staff subject to the requirement. The Executive Director monitors leave balances monthly to verify whether planned reductions are occurring.

Updates or Changes Across Periods

This control has been updated for the 2025 reporting period. Employees must submit updated Leave Reduction Plans whose leave balances remain above or near the 640-hour cap (or what is determined in their bargaining unit's MOU).

CONCLUSION

The Cannabis Control Appeals Panel 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.

Anne Hawley, Executive Director

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