2018 REPORT TO THE LEGISLATURE

COMPLIANCE REVIEW AND SPECIAL INVESTIGATION ACTIVITIES

Prepared by

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October 2018
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>BACKGROUND</td>
<td>1</td>
</tr>
<tr>
<td>INDEX OF REVIEWED AREAS</td>
<td>3</td>
</tr>
<tr>
<td>SUMMARY OF COMPLIANCE REVIEW AREAS</td>
<td>4</td>
</tr>
<tr>
<td>VERY SERIOUS ISSUES</td>
<td>9</td>
</tr>
<tr>
<td>SERIOUS ISSUES</td>
<td>19</td>
</tr>
<tr>
<td>NON-SERIOUS OR TECHNICAL ISSUES</td>
<td>24</td>
</tr>
<tr>
<td>SUMMARY OF SPECIAL INVESTIGATION</td>
<td>27</td>
</tr>
<tr>
<td>COMPLIANCE REVIEW UNIT COSTS</td>
<td>27</td>
</tr>
<tr>
<td>INDEX OF FINDINGS FOR COMPLIANCE REVIEWS</td>
<td>28</td>
</tr>
<tr>
<td>INDEX OF COMPLETED REVIEWS AND SPECIAL INVESTIGATIONS COSTS</td>
<td>34</td>
</tr>
</tbody>
</table>
Effective July 1, 2012, the Governor’s Reorganization Plan #1 (GRP1) of 2011 consolidated all of the functions of the Department of Personnel Administration and the merit-related transactional functions of the State Personnel Board (SPB) into the Department of Human Resources (CalHR). Specifically, SPB programs related to appointments consultation, career executive assignment allocations, test development, recruitment, examinations, psychological and medical screening, training, and the Office of Civil Rights transferred to the CalHR along with the associated staff and funding. In addition, all of the SPB’s accounting, budget, business services, human resources, information technology, legislative affairs, and public information office resources were transferred to the CalHR. The CalHR staff is now charged with providing these services to the SPB.

The GRP1 recognized and preserved the SPB’s exclusive constitutional authority to administer the merit system. As a result, in addition to retaining the Appeals Division, the GRP1 created both a Policy Unit and Compliance Review Unit (CRU) at the SPB to establish merit-related policy and conduct reviews of departmental merit-related practices to ensure compliance with laws, rules, and board policy. The CRU performs cyclical standard reviews of five major areas: examinations, appointments, equal employment opportunity (EEO), personal service contracts, and mandated trainings. The CRU also conducts special investigations of certain departments’ personnel practices as determined by the Board. Special investigations may be initiated in response to a specific request or when the SPB obtains information suggesting a potential merit-related violation.

Pursuant to Government Code section 18502(c), CalHR and SPB may “delegate, share, or transfer between them responsibilities for programs within their respective jurisdictions pursuant to an agreement.” CalHR and SPB, by mutual agreement, expanded the scope of program areas to be audited to include more operational practices that have been delegated to departments and for which CalHR provides policy direction. Many of these delegated practices are cost drivers to the state and not monitored on a consistent, statewide basis.

As such, SPB also conducts compliance reviews of appointing authorities’ personnel practices to ensure that state departments are appropriately managing the following non-merit-related personnel functions: compensation and pay, leave, and policy and processes. These reviews will help to avoid and prevent potential costly litigation related to improper personnel practices and deter waste, fraud, and abuse.

Government Code section 18662, subdivision (e), provides, “on or before October 1, 2014, and every October 1 thereafter, the board shall report to the Chairperson of the Joint Legislative Budget Committee the audit and special investigation activities of the
Board pursuant to this article from the preceding fiscal year. The Board shall include in the report the following information:

(1) A summary of each audit and special investigation, including findings.

(2) The number and total cost of audits and special investigations, by department.”

This report, which is due October 1, 2018, describes the compliance review and special investigation activities of the CRU from July 1, 2017, to June 30, 2018. The report summarizes the compliance review and special investigation findings by state department and includes the numbers and total cost of compliance reviews and special investigations by state department in compliance with the statute cited above.
## Index of Reviewed Areas

<table>
<thead>
<tr>
<th>#</th>
<th>Department</th>
<th>Exam</th>
<th>Appt</th>
<th>EEO</th>
<th>PSC</th>
<th>Trn</th>
<th>Comp &amp; Pay</th>
<th>Leave</th>
<th>Policy</th>
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**Key:**
- ✓ Signifies that a review of the area was conducted.
- X Signifies that a review of the area was not conducted.
SUMMARY OF COMPLIANCE REVIEW AREAS

From July 1, 2017 to June 30, 2018, the CRU completed compliance reviews of 17 state departments and one special investigation. One of the 17 departments reviewed had no deficiencies. Of the remaining 16 departments, deficiencies were found in the following areas: examinations, appointments, EEO, personal services contracts, mandated training, compensation and pay, leave, and policy and process. Seven of the 17 departments were subject to the new and significant expansion of review, which included compensation and pay, leave, and policy and processes.

The areas of mandated training, appointments, and EEO have the largest numbers of violations, which is consistent with prior years. Since CRU has only completed the first year of reviews in seven departments in the areas of compensation and pay, leave, and policy and processes, trends will not be apparent for several more years.

The following chart displays the departmental violations found within each major area.

The most common violations and corrective actions from the compliance reviews were:

**Very Serious Issues**
- Sexual Harassment Prevention Training was not provided for all Supervisors
  - 10 of 17 Departments Reviewed or 59%
  - Corrective Action: Departments were required to submit corrective action plans to ensure compliance in meeting the mandatory training requirements
Ethics Training Was Not Provided for All Filers
  - 9 out of 17 departments or 53%
  - Corrective Action: Departments were required to submit a corrective action plan which ensures compliance in meeting the mandatory training requirements of Government Code section 11146.3, subdivision (b)

Supervisory Training Was Not Provided for All Supervisors
  - 8 of 17 Departments Reviewed or 47%
  - Corrective Action: Departments were required to submit corrective action plans to ensure compliance in meeting the mandatory training requirements

Serious Issues

Probationary Evaluations Were Not Provided for All Appointments
  - 11 of 17 Departments Reviewed or 65%
  - Corrective Action: Departments must ensure probationary evaluations are completed and retained

Appointment Documentation Was Not Kept for the Appropriate Amount of Time
  - 5 of 17 Departments Reviewed or 30%
  - Corrective Action: Departments must ensure that documentation is completed and retained for the appropriate amount of time

Performance Appraisals Were Not Provided to All Employees
  - 5 out of 17 departments or 30%
  - Corrective Action: Departments will ensure conformity with the record retention requirements of California Code of Regulations, title 2, section 26

The CRU began departmental reviews in Fiscal Year 2012-13. The first year of reviews were a small-sample baseline review in order to gauge the quality of the state’s human resource transactions and gain information to help prioritize the full compliance reviews that began in Fiscal Year 2013-14. The first three-year cycle occurred from July 2013 through June 2016. This report covers the second year of the second three-year cycle, which began in July 2016 and will continue through June 2019. The following table displays the repetition of violations discovered thus far.
<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>VIOLATION</th>
<th>BASELINE</th>
<th>CYCLE 1</th>
<th>CYCLE 2*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALRB</td>
<td>Missing Probationary Reports</td>
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<tr>
<td>BOE</td>
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<td>Visible EEO Data</td>
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<tr>
<td>CPOST</td>
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<td>Inactive Disability Advisory Committee</td>
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</table>

*Those departments listed as incomplete under the cycle 2 column do not have finalized cycle 2 compliance review findings at this point in time. Therefore, a complete analysis of violation trends cannot be made at this time.

The violations described above are summarized in more detail below:

**Missing Probationary Reports**
During the probationary period, the appointing power is required to evaluate the work and efficiency of a probationer at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Gov. Code, § 19172; Cal. Code Regs., tit. 2, § 599.795.)

The probationary period is the final step in the selection process to ensure that the individual selected can successfully perform the full scope of their job duties. Failing to use the probationary period to assist an employee in improving his or her performance or terminating the appointment upon determination that the appointment is not a good job/person match is unfair to the employee and serves to erode the quality of state government.
Inactive Disability Advisory Committee
Each state agency must establish a separate committee of employees who are individuals with a disability, or who have an interest in disability issues, to advise the head of the agency on issues of concern to employees with disabilities. (Gov. Code, § 19795, subd. (b)(1).)

By not having an active Disability Advisory Committee, department heads do not have direct information on issues of concern to employees or other persons with disabilities and input to correct any underrepresentation. The lack of a Disability Advisory Committee may also limit a department’s ability to recruit and retain a qualified workforce, impact productivity, and subject the department to liability.

Missing Documentation
Appointing powers are required to retain records related to affirmative action, equal employment opportunity, examinations, merit, selection, and appointments for a minimum period of five years from the date the records are created. These records are required to be readily accessible and retained in an orderly and systematic manner. (Cal. Code Regs., tit. 2, § 26.)

Without documentation, the CRU cannot verify if personnel transactions were properly conducted.

Visible EEO Data
Government Code section 19704 makes it unlawful for a hiring department to require or permit any notation or entry to be made on any application indicating or in any way suggesting or pertaining to any protected category listed in Government Code section 12940, subdivision (a) (e.g., a person’s race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status). Applicants for employment in state civil service are asked to voluntarily provide ethnic data about themselves where such data is determined by CalHR to be necessary to an assessment of the fairness of the selection process and to the planning and monitoring of equal employment opportunity efforts. (Gov. Code, § 19705.) The EEO questionnaire of the state application form (STD 678) states, “this questionnaire will be separated from the application prior to the examination and will not be used in any employment decisions.”

Failing to remove EEO questionnaires from the applications prior to the examination or interview process results in the applicants’ protected classes being visible, subjecting departments to potential liability.

Missing Job Analyses
The Merit Selection Manual (MSM), which is incorporated in California Code of Regulations (CCR), title 2, section 50, mandates the development and use of a job
analysis for the examination process. A "job analysis shall serve as the primary basis for
demonstrating and documenting the job-relatedness of examination processes
conducted for the establishment of eligible lists within the State’s civil service." (MSM
(Oct. 2003), § 2200, p. 2.) The MSM requires that job analyses adhere to the legal and
professional standards outlined in the job analysis section of the MSM and that certain
elements must be included in the job analysis studies. *(Ibid.)* Those requirements include
the following: (1) that the job analysis be performed for the job for which the subsequent
selection procedure is developed and used; (2) the methodology utilized be described
and documented; (3) the job analytic data be collected from a variety of current sources;
(4) job tasks be specified in terms of importance or criticality, and their frequency of
performance; (5) and job tasks be sufficiently detailed to derive the requisite knowledge,
skills, abilities (KSA's), and personal characteristics that are required to perform the
essential tasks and functions of the job classification. (MSM, § 2200, pp. 2-3.)

Without the foundation of a job analysis, these examinations may not have been job-
related or legally defensible.

The CRU continues to post review findings and consult with departments during reviews
in order to educate departments regarding appropriate personnel practices. Last year
CRU provided departments with a summary of the 2017 legislative report violations in
order to help departments avoid violations.

With the completion of the baseline review, the first three-year cycle, and two years of the
second year cycle, CRU is identifying common and repetitious violations. The CRU will
make recommendations to CalHR to provide more guidance to departments on common
and repetitious violations. The CRU will also recommend that departments found with
repeated violations face further corrective action, including but not limited to, mandated
training, additional monitoring, voided examinations or appointments, and revocation or
modification of delegated agreements.

A color-coded system is used to identify the severity of the violations as follows:

- **Red** = Very Serious
- **Orange** = Serious
- **Yellow** = Non-serious or Technical

In addition, the frequency occurrence is classified as follows:

- 1-9% of departments reviewed = Low
- 10-19% of departments reviewed = Medium
- 20%+ of departments reviewed = High
### VERY SERIOUS ISSUES

<table>
<thead>
<tr>
<th><strong>Issue 1:</strong></th>
<th>Sexual Harassment Prevention Training Was Not Provided for All Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria:</strong></td>
<td>Each department must provide its supervisors two hours of sexual harassment training every two years. New supervisors must be provided sexual harassment prevention training within six months of appointment. (Gov. Code, § 12950.1, subd. (a).)</td>
</tr>
<tr>
<td><strong>Severity:</strong></td>
<td><strong>Very Serious.</strong> The department does not ensure that its new managers are properly trained. Without proper training, supervisors are not prepared to properly respond to issues involving sexual harassment, which limits the department’s ability to retain a quality workforce, impacts employee morale and productivity, and subjects the department to liability.</td>
</tr>
<tr>
<td><strong>Frequency:</strong></td>
<td><strong>High.</strong> 10 out of 17 departments or 59%.</td>
</tr>
<tr>
<td><strong>Cause:</strong></td>
<td>Lack of effective tracking processes; lack of administrative notification, follow-up, and enforcement; failure to collect and retain training certificates; and, lack of trainer availability.</td>
</tr>
<tr>
<td><strong>Action:</strong></td>
<td>The departments were required to submit corrective action plans to the CRU to ensure compliance in meeting the mandatory training requirements of Government Code section 12950.1, subd. (a).</td>
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<table>
<thead>
<tr>
<th><strong>Issue 2:</strong></th>
<th>Ethics Training Was Not Provided for All Filers</th>
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<tbody>
<tr>
<td><strong>Criteria:</strong></td>
<td>New filers must be provided ethics training within six months of appointment. Existing filers must be trained at least once during each consecutive period of two calendar years commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3, subd. (b).)</td>
</tr>
<tr>
<td><strong>Severity:</strong></td>
<td><strong>Very Serious.</strong> The department does not ensure that its filers are aware of prohibitions related to their official position and influence.</td>
</tr>
<tr>
<td><strong>Frequency:</strong></td>
<td><strong>High.</strong> 9 out of 17 departments or 53%.</td>
</tr>
</tbody>
</table>
Cause: Lack of effective tracking processes; lack of administrative notification, follow-up, and enforcement; and, failure to collect and retain training certificates.

Action: The departments were required to submit corrective action plans to the CRU to ensure compliance in meeting the mandatory training requirements of Government Code section 11146.3, subd. (b).

Issue 3: Supervisory Training Was Not Provided for All Supervisors

Criteria: Each department must provide its new supervisors supervisory training as prescribed by CalHR. The training must be a minimum of 80 hours. (Gov. Code, § 19995.4.)

Severity: Very Serious. The department does not ensure its new managers are properly trained. Without proper training, new supervisory employees may not properly carry out their supervisory roles, including managing employees.

Frequency: High. 8 out of 17 departments or 47%.

Cause: Lack of effective tracking processes; lack of administrative notification, follow-up, and enforcement; failure to collect and retain training certificates; and, lack of training availability.

Action: The departments were required to submit corrective action plans to the CRU to ensure compliance in meeting the mandatory training requirements of Government Code section 19995.4, subds. (b) and (c.).

Issue 4: A Disability Advisory Committee Has Not Been Established or Has Become Inactive

Criteria: Each state agency must establish a separate committee of employees who are individuals with a disability, or who have an interest in disability issues, to advise the head of the agency on issues of concern to employees with disabilities. (Gov. Code, § 19795, subd. (b)(1).) The department must invite all employees to serve on the committee and take appropriate steps to ensure that the final committee is comprised of members who have disabilities or who have an interest in disability issues. (Gov. Code, § 19795, subd. (b)(2).)
Severity: Serious. The department heads did not have direct information on issues of concern to employees or other persons with disabilities and input to correct any underrepresentation. The lack of a Disability Advisory Committee (DAC) may limit a department’s ability to recruit and retain a qualified workforce, impact productivity, and subject the department to liability.

Frequency: High. 5 out of 17 departments or 29%.

Cause: Lack of staff resources.

Action: The departments were required to submit corrective action plans to the CRU to ensure the establishment of legally compliant DACs.

### Issue 5: EEO Questionnaires Were Not Separated from Applications

Criteria: Government Code section 19704 makes it unlawful for a hiring department to require or permit any notation or entry to be made on any application indicating or in any way suggesting or pertaining to any protected category listed in Government Code section 12940, subdivision (a) (e.g., a person’s race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status). Applicants for employment in state civil service are asked to voluntarily provide ethnic data about themselves where such data is determined by CalHR to be necessary to an assessment of fairness of the selection process and to the planning and monitoring of equal employment opportunity efforts. (Gov. Code, § 19705.) The EEO questionnaire of the state application form (STD 678) states, “this questionnaire will be separated from the application prior to the examination and will not be used in any employment decisions.”

Severity: Very Serious. The applicants’ protected classes were visible, subjecting the departments to potential liability.

Frequency: High. 5 out of 17 departments or 29%.

Cause: Lack of policies, procedures, and training related to the proper processing of EEO information; lack of staff resources; and inadvertent oversight.
Action: The departments were required to submit a corrective action plan to the CRU to ensure that all EEO questionnaires will be separated from applications.

| Issue 6: Incorrect Application of Salary Determination Laws, Board Rules, and/or CalHR Policies and Guidelines |

Criteria: Departments are required to calculate and apply salary rules for each appointed employee accurately based on the pay plan for the state civil service. All civil service classes have salary ranges with minimum and maximum rates. (Cal. Code Regs., tit. 2, § 599.666). Typically, agencies appoint employees to the minimum rate of the salary range for the class. Special provisions for appointments above the minimum exist to meet special recruitment needs and to accommodate employees who transfer into a class from another civil service class and are already receiving salaries above the minimum.

Severity: Very Serious. Incorrectly applying compensation laws and rules in accordance with CalHR’s policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay amounts.

Frequency: Medium. 3 out of 17 departments or 18%.

Cause: Errors occurred due to a lack of training and also as a result of human error involving either miscounting a partial month as a qualifying pay period, miscalculating the salary rate, or incorrectly keying a transaction amount.

Action: The department was required to submit to the CRU a written corrective action plan to ensure conformity with California Code of Regulations, title 2, sections 599.608, 599.682 and 599.683. Also, the department was required was to correct the transaction, set up an accounts receivable, and begin collecting the overpayment.

| Issue 7: Job Analyses Were Not Developed or Used for the Examination Process |

Criteria: The Merit Selection Manual (MSM), which is incorporated in California Code of Regulations (CCR), title 2, section 50, mandates the development and use of a job analysis for the examination process. A "job analysis shall serve as the primary basis for demonstrating and documenting the job-relatedness of examination
processes conducted for the establishment of eligible lists within the State’s civil service.” (MSM (Oct. 2003), § 2200, p. 2.) The MSM requires that job analyses adhere to the legal and professional standards outlined in the job analysis section of the MSM and that certain elements must be included in the job analysis studies. (Ibid.) Those requirements include the following: (1) that the job analysis be performed for the job for which the subsequent selection procedure is developed and used; (2) the methodology utilized be described and documented; (3) the job analytic data be collected from a variety of current sources; (4) job tasks be specified in terms of importance or criticality, and their frequency of performance; (5) and job tasks be sufficiently detailed to derive the requisite knowledge, skills, abilities (KSA's), and personal characteristics that are required to perform the essential tasks and functions of the job classification. (MSM, § 2200, pp. 2-3.)

Severity: Very Serious. The examinations may not have been job-related or legally defensible.

Frequency: Medium. 2 out of 17 departments or 12%.

Cause: Lack of training; staff turnover and/or inadequate staffing; and, lack of examination resources.

Action: The departments must submit to the CRU a written report of compliance verifying that the examination lists have been abolished. Additionally, prior to administering any future examinations, the departments must create and develop each examination based upon a job analysis that meets the requirements of the MSM.

### Issue 8: A Written Upward Mobility Plan Has Not Been Established or the Upward Mobility Program Is Not Active

**Criteria:** According to Government Code section 19401, “All appointing authorities of state government shall establish an effective program of upward mobility for employees in low-paying occupational groups.” In addition, each appointing authority shall develop and maintain a written upward mobility plan as specified in the State Personnel Board’s *Guidelines for Administering Departmental Upward Mobility Employment Programs* (Guidelines), revised July 25, 2000.
Severity: Very Serious. The department does not ensure it has an effective upward mobility program to develop and advance employees in low-paying occupations.

Frequency: Medium. 2 out of 17 departments or 12%.

Cause: Inadvertent oversight.

Action: The department must submit to the CRU a written corrective action plan to the CRU to ensure conformity with the upward mobility requirements of Government Code section 19401.

### Issue 9: Examinations Did Not Comply with Civil Service Laws and Board Rules

Criteria: Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov. Code, § 18930.) Concurrently with the CRU’s review, the SPB’s Appeals Division (AD) conducted a separate investigation into the Supervising Fraud Investigator II examination based on an appeal. While the CRU found that the exams reviewed met the technical requirements, Appeals looked beyond the technical requirements and found that the Supervising Fraud Investigator II examination contained irregularities and impropriety.

Severity: Very Serious. The department failed to fulfill its responsibilities to administer all examinations in accordance with civil service laws and Board rules.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: Staff error, lack of proper staff training and awareness of the laws and rules governing the appointment process.

Action: Three appointments were determined to be unlawful and were voided. Furthermore, the department was directed to utilize the services of CalHR for all examinations they administer for two years, to ensure the department complies with its obligations to conduct examinations in accordance with the merit principle.
<table>
<thead>
<tr>
<th>Criteria:</th>
<th>Pursuant to Government Code section 18931, subdivision (a), the Board shall establish minimum qualifications for determining the fitness and qualifications of employees for each class of position. Article VII of the State Constitution requires that permanent appointments in state civil service be based on merit as ascertained by competitive examination. Unlawful appointments may occur for a variety of reasons including administrative errors, oversight, misinformation, or, in rare cases, attempts to circumvent the state’s civil service system. Some of the most common reasons for unlawful appointments are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity:</td>
<td><strong>Very Serious.</strong> An unlawful appointment provides the employee with an unfair and unearned appointment advantage over other employees whose appointments have been processed in compliance with the requirements of civil service law. Unlawful appointments which are not corrected also create appointment inconsistencies that jeopardize the equitable administration of the civil service merit system. When an unlawful appointment is voided, the employee loses any tenure in the position, as well as seniority credits, eligibility to take promotional examinations, and compensation at the voided appointment level. If “bad faith” is determined on the part of the appointing power, civil or criminal action may be initiated.</td>
</tr>
<tr>
<td>Frequency:</td>
<td><strong>Low.</strong> 1 out of 17 departments or 6%.</td>
</tr>
<tr>
<td>Cause:</td>
<td>Staff error, lack of proper staff training and awareness of the laws and rules governing the appointment process.</td>
</tr>
<tr>
<td>Action:</td>
<td>The department was required to submit a corrective action plan to the CRU to ensure the department will improve its lawful hiring practices.</td>
</tr>
</tbody>
</table>
Issue 11: Equal Employment Opportunity Officer Does Not Report Directly to the Head of the Agency

Criteria: The appointing power must appoint, at the managerial level, an EEO Officer, who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department’s EEO program. (Gov. Code, § 19795.) In a state department with less than 500 employees, the EEO Officer may be the Personnel Officer. (Ibid.)

Severity: Very Serious. The EEO Officers did not have direct access to the head of the organization, diminishing the significance of the EEO program. In the non-compliant department, not only is the EEO Officer not directly supervised by the Secretary, but there was no meaningful reporting relationship on EEO matters. To have an effective EEO program, the head of the organization must be actively involved.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: Reorganization of administrative functions and lack of awareness of Government Code section 19795.

Action: The department was required to submit a written verification of a formal structure that ensures that the EEO Officer directly reports to the head of the agency regarding EEO matters in order to ensure conformity with the requirements of Government Code section 19795.

Issue 12: Equal Employment Opportunity Officer Is Not at the Managerial Level

Criteria: California Government Code section 19795, subdivision (a), states “the appointing power of each state agency and the director of each state department shall appoint, at the managerial level, an equal employment opportunity officer, who shall report directly to, and be under the supervision of, the director of the department, to develop, implement, coordinate, and monitor the agency’s equal employment opportunity program.”

Severity: Very Serious. The EEO Officer is responsible for developing, implementing, coordinating, and monitoring an effective EEO program. Due to the substantial responsibilities held by each
The department’s EEO Officer, it is essential that each department dedicate adequate resources to the oversight of the EEO program.

Frequency: **Low**, 1 out of 17 departments or 6%.

Cause: The department states that it did not change the EEO Officer role to another incumbent due to staff turnover and a lack of EEO training classes, and it also acknowledges that the EEO officer role should have been at the managerial level and has since corrected this.

Action: The department was required to submit a corrective action plan to the CRU that addresses the corrections the department will implement to ensure conformity with the requirements of Government Code section 19795.

**Issue 13: EEO Officer’s Duty Statement Does Not Reflect EEO Duties**

Criteria: The appointing power must appoint, at the managerial level, an EEO Officer, who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department’s EEO program. (Gov. Code, § 19795.)

Severity: **Very Serious**. The EEO Officer is responsible for developing, implementing, coordinating, and monitoring an effective EEO program. Due to the substantial responsibilities held by each department’s EEO Officer, it is essential that each department, dedicate sufficient staff resources to successfully maintain an effective EEO program.

Frequency: **Low**, 1 out of 17 departments or 6%.

Cause: Staff error, the duty statement of the appointed employee, who serves as the EEO Officer, was incorrect.

Action: The department has submitted an updated duty statement reflecting the EEO Officer duties, therefore, no further action was required.

**Issue 14: Equal Employment Opportunity Officer Did Not Monitor the Composition of Oral Panels in Departmental Exams**

Criteria: The EEO Officer at each department must monitor the composition of oral panels in departmental examinations (Gov. Code, § 19795, subd. (a).)

17
Severity: Very Serious. Requiring the EEO Officer to monitor oral panels is intended to ensure protection against discrimination in the hiring process.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: The department states that it did not have procedures in place for the EEO Officer to monitor the composition of oral interview panels in departmental exams.

Action: The department was required to submit a corrective action plan to the CRU that addresses the corrections the department will implement to ensure conformity with the requirements of Government Code section 19795.

| Issue 15: Discrimination Complainants Were Not Notified of the Reasons for Delays in Decisions Within the Prescribed Time Period |

Criteria: The appointing power must issue a written decision to the complainant within 90 days of the discrimination complaint being filed. (Cal. Code Regs., tit. 2, § 64.4, subd. (a).) If the appointing power is unable to issue its decision within the prescribed time period, the appointing power must inform the complainant in writing of the reasons for the delay. (Ibid.)

Severity: Very Serious. Employees were not informed of the reasons for delays in decision for complaints of discrimination. Employees may feel their concerns are not being taken seriously, which can leave the department open to liability and low employee morale.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: Employees were verbally notified of the complaint status by the Civil Rights Unit. The Civil Rights Unit has modified its process to include written notification when a decision exceeds the 90 day time limit. As of October 2017, the Department is in compliance with California Code of Regulations, title 2, section 64.4, subdivision (a).

Action: The department was required to submit a corrective action plan to the CRU to ensure conformity with the requirements of California Code of Regulations, title 2, section 64.4, subdivision (a).
### Issue 16: Incorrectly Posted Leave Usage and/or Leave Credit

**Criteria:** In accordance with CalHR Online Manual Section 2101, departments must create a monthly internal audit process to verify that all leave input into any leave accounting system is keyed accurately and timely. If an employee’s attendance record is determined to have errors or it is determined that the employee has insufficient balances for a leave type used, the attendance record must be amended. Attendance records shall be corrected by the pay period following the pay period in which the error occurred. Accurate and timely attendance reporting is required of all departments and is subject to audit.

**Severity:** Very serious. Without sufficient processes to verify the accuracy of leave accounting data entered, departments may make erroneous leave accounting transactions that remain undetected or are never identified. These errors put the department at risk of additional costs such as: the initiation of collection efforts on overpayment, the risk of litigation related to recovering inappropriately credited leave hours and funds, and/or the increase of state’s pension payments.

**Frequency:** Low. 1 out of 17 departments or 6%.

**Cause:** Lack of training and human error led to an oversight of the incorrectly posted leave usage/credit.

**Action:** The department was required to submit a corrective action plan to the CRU to ensure conformity with CalHR Online Manual Section 2101.

### SERIOUS ISSUES

### Issue 17: Probationary Evaluations Were Not Provided for All Appointments

**Criteria:** A new probationary period is not required when an employee is appointed by reinstatement with a right of return. (Cal. Code Regs., tit. 2, § 322, subd. (d)(2).) However, the service of a probationary period is required when an employee enters state civil service by permanent appointment from an employment list. (Cal. Code Regs., tit. 2, § 322, subd. (a).) In addition, unless waived by the appointing power, a new probationary is required when an employee is
appointed to a position under the following circumstances: (1) without a break in service in the same class in which the employee has completed the probationary period, but under a different appointing power; and (2) without a break in service to a class with substantially the same or lower level of duties and responsibilities and salary range as a class in which the employee has completed the probationary period. (Cal. Code Regs., tit. 2, § 322, subd. (c)(1) & (2).)

During the probationary period, the appointing power is required to evaluate the work and efficiency of a probationer at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Gov. Code, § 19172; Cal. Code Regs., tit. 2, § 599.795.) The appointing power must prepare a written appraisal of performance each one-third of the probationary period. (Cal. Code Regs., tit. 2, § 599.795.)

Severity: Serious. The probationary period is the final step in the selection process to ensure that the individual selected can successfully perform the full scope of their job duties. Failing to use the probationary period to assist an employee in improving his or her performance or terminating the appointment upon determination that the appointment is not a good job/person match is unfair to the employee and serves to erode the quality of state government.

Frequency: High. 11 out of 17 departments or 65%.

Cause: Lack of or deficiency in process, tracking system, training; workload issues; or staff failed to follow existing policies and procedures.

Action: The departments were required to submit to the CRU a written corrective action plan that addresses how they will ensure full compliance from supervisory/managerial staff to meet with the probationary requirements of Government Code section 19172.

Issue 17: Appointment Documentation Was Not Kept for the Appropriate Amount of Time

Criteria: As specified in Section 26 of the Board’s regulations, appointing powers are required to retain records related to affirmative action, equal employment opportunity, examinations, merit, selection, and appointments for a minimum period of five years from the date the records are created. These records are required to be readily
accessible and retained in an orderly and systematic manner. (Cal. Code Regs., tit. 2, § 26.)

Severity:  **Serious.** Without documentation, the CRU could not verify if the appointments were properly conducted.

Frequency:  **High.** 5 out of 17 departments or 29%.

Cause:  Lack of policies, procedures, and training; or erroneous destruction of documents by hiring manager.

Action:  The departments were required to submit a corrective action plan to the CRU to ensure that, in the future, appointment documentation is retained for the appropriate period of time.

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**Issue 18: Performance Appraisals Were Not Provided to All Employees**

Criteria:  Departments are required to “prepare performance reports and keep them on file as prescribed by department rule” (Gov. Code, § 19992.2). Furthermore, California Code of Regulations, title 2, section 599.798, directs supervisors to conduct written performance appraisals and discuss overall work performance with permanent employees at least once in each twelve calendar months after the completion of the employee’s probationary period.

Severity:  **Serious.** The department does not ensure that all employees are apprised of work performance issues and/or goals in a systematic and fair manner.

Frequency:  **High.** 5 out of 17 departments or 29%.

Cause:  A mechanism did not exist to verify performance appraisal completion.

Action:  The departments were required to submit a corrective action plan to the CRU to ensure conformity with Government Code section 19992.2 and California Code of Regulations, title 2, section 599.798.
Issue 19: Department Has Not Implemented a Monthly Internal Audit Process to Verify All Timesheet Input Is Keyed Accurately and Timely

Criteria: In accordance with California Code of Regulations, title 2, section 599.665, departments are responsible for maintaining accurate and timely leave accounting records for their employees. In an effort to ensure departmental compliance, “all departments shall create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. This includes all leave types accrued/earned or used by all employees on a monthly basis, regardless of whether leave records are system generated or manually keyed” in the accounting system (CalHR Online Manual Section 2101). This process allows departments to make required corrections prior to the next monthly leave activity report being produced.

Severity: Serious. In order for department leave accounting reports to reflect accurate data, the review of the leave accounting records and corrections, if necessary, are to be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. This process allows departments to make required corrections prior to the next monthly leave activity report being produced.

Frequency: Medium. 2 out of 17 departments or 12%.

Cause: Human error resulted in a report that was not reviewed; and lack of training of a newly hired staff.

Action: The department was required to submit to the CRU a written corrective action plan to ensure conformity with CalHR Online Manual, Section 2101.

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Issue 20: Department Did Not Retain Employee Time and Attendance Records

Criteria: In accordance with California Code of Regulations, title 2, section 599.665, departments are responsible for maintaining accurate and timely leave accounting records for their employees. In an effort to ensure departmental compliance, CalHR mandates that “each appointing power shall keep complete and accurate time and attendance records for each employee and officer employed within
the agency over which it has jurisdiction. Such records shall be kept in the form and manner prescribed by the Department of Finance in connection with its powers to devise, install and supervise a modern and complete accounting system for state agencies” (Cal. Code Regs, tit. 2, § 599.665).

Severity: Serious. All employees must submit attendance records each pay period, regardless of whether leave was used. Without documentation, the CRU could not verify if the department entered employees' leave into their leave accounting system accurately.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: While there was an effective tracking system in place, there was no enforcement mechanism compelling supervisors/managers to comply with repeated requests and reminders.

Action: The department was required to submit to the CRU a written corrective action plan to ensure conformity with California Code of Regulations, title 2, section 599.665.

Issue 21: Union Was Not Notified In a Timely Manner of Personal Services Contract

Criteria: Government Code section 19132, subdivision (b)(1), mandates that “the contract shall not be executed until the state agency proposing to execute the contract has notified all organizations that represent state employees who perform the type of work to be contracted.”

Severity: Serious. Unions must be notified of impending personal services contracts in order to ensure they are aware contracts are being proposed for work that their members could perform. Failing to notify the union is a violation of the law and jeopardizes the validity of the contract.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: On one occasion, the email printout was not included with the contract file and, on the other occasion, the email printout did not contain a date the notification was sent.

Action: The department had a union notification procedure in place, and a checklist was used to verify the inclusion of the required
documentation into the contract file. Therefore, no further action was required.

NON-SERIOUS OR TECHNICAL ISSUES

| Issue 22: Leave Reduction Policy and Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits |

Criteria: It is the intent of the state to allow employees to utilize credited vacation or annual leave each year for relaxation and recreation. (Cal. Code Regs., tit. 2, § 599.742.1), ensuring employees maintain the capacity to optimally perform their jobs. The employee shall also be notified by July 1 that, if the employee fails to take off the required number of hours by January 1, unless exempted, the appointing power shall require the employee to take off the excess hours over the maximum permitted by the applicable regulation at the convenience of the agency during the following calendar year. (Cal. Code Regs., tit. 2, § 599.742.)

According to CalHR Online Manual Section 2124, “it is the policy of the state to foster and maintain a workforce that has the capacity to effectively produce quality services expected by both internal customers and the citizens of California. Therefore, appointing authorities and state managers and supervisors must create a leave reduction policy for the organization and monitor employees’ leave to ensure compliance with the departmental leave policy and ensure employees who have significant ‘over-the-cap’ leave balances have a leave reduction plan in place and are actively reducing hours”.

Severity: Non-serious or Technical. California state employees have accumulated significant leave hours creating an unfunded liability for departmental budgets. The value of this liability increases with each passing promotion and salary increase. Accordingly, leave balances exceeding established limits need to be addressed immediately.

Frequency: High. 5 out of 17 departments or 29%.

Cause: Leave reduction policies had not been developed and/or enforcement was inadequate to address excess leave balances.

Action: The departments were required to submit to the CRU a written corrective action plan to ensure conformity with California Code of
Issue 23: Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records

Criteria: In accordance with California Code of Regulations, title 2, section 599.665, departments are responsible for maintaining accurate and timely leave accounting records for their employees. In an effort to ensure departmental compliance, CalHR mandates that departments' audit processes include the comparison of “what has been recorded in the leave accounting system as accrued/earned or used by each employee to their attendance record for the pay period” (CalHR Online Manual Section 2101). CalHR also directs departments to identify and record all leave errors found using a Leave Activity and Correction Certification form (Ibid.). Moreover, CalHR requires that departments certify that all leave records for the unit/pay period identified on the certification form be reviewed regardless of whether errors were identified.

Severity: Non-serious or Technical. Departments must document that they reviewed all leave input into their leave accounting system to ensure accuracy and timeliness. For post audit purposes, the completion of Leave Activity and Correction Certification forms demonstrates compliance with CalHR policies and guidelines.

Frequency: Low. 1 out of 17 departments or 6%.

Cause: The department was not completing the Leave Activity and Correction Certification forms for units that did not have any errors on their leave accounting records.

Action: The department was required to submit a corrective action plan to the CRU that addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.665 and CalHR Online Manual Section 2101.

Issue 24: ATW Employee Exceeded the Nine Month in Any Twelve Consecutive Month Limitation

Criteria: Temporary employee means an employee holding a position under temporary appointment. Employees appointed under a temporary authorization (TAU) may be appointed on the basis of actual time
worked (ATW). ATW is a method that can be used to keep track of a TAU employee’s time to ensure that the constitutional limit of nine months in any twelve consecutive months is not exceeded. (Cal. Const., art. VII, § 5.) Typically, the ATW is 194 working days in 12 consecutive months, regardless of the classification or the department the temporary appointment was served under, unless they have had a three month break in service.

Severity: Non-serious or Technical. The department failed to comply with Article VII, section 5 of the California Constitution which limits the amount of time an individual may work in a temporary appointment for the state civil service. The limitation cannot be extended or exceeded for any reason. The appointing power must maintain the records and control the time worked so as not to exceed the constitutional 9-month limitation in 12 consecutive months. (Ibid.)

Frequency: Low. 1 out of 17 departments or 6%.

Cause: Human error and an oversight caused the temporary appointment to exceed the limit by one day.

Action: The department was required to submit a corrective action plan to the CRU to ensure conformity with the requirements of Article VII, section 5 of the California Constitution and CalHR Online Manual Section 1202.
SUMMARY OF SPECIAL INVESTIGATION

The CRU conducted a special investigation in response to allegations that the personnel and hiring practices of the California Board of Equalization (BOE) included systemic problems with nepotism. The investigation involved reviewing BOE policies and procedures, relevant reports, emails, recruitment and hiring documents, employee history summaries, and other relevant material. In addition, eighteen BOE employees who had or were believed to have knowledge regarding the allegations of improper personnel practices were interviewed. During the investigation, BOE was reorganized and most of its staff and functions were transferred to the California Department of Tax and Fee Administration (CDTFA). As a result, the Board included CDTFA in its order. CRU found the following:

BOE’s anti-nepotism policy was outdated and non-compliant with statewide policy. In addition, a survey conducted by BOE showed that there were a large number of BOE employees who had personal relationships with other BOE employees and who worked in the same department or division of BOE. Three unlawful appointments were also found.

The Board ordered the unlawful appointments to be voided and appropriate action be taken against all managers and supervisors complicit in any unlawful appointments. The Board ordered BOE and CDTFA to update their nepotism policies, identify all personal relationships within their workforces, and work with CalHR to address organizational relationships that violate anti-nepotism principles. BOE and CDTFA were also ordered to train staff on anti-nepotism policies, and to train managers and supervisors on the laws and rules applicable to the civil service hiring process.

The Board ordered permanent revocation of BOE’s delegated authority to perform merit-related human resources functions The Board also ordered revocation of the CDTFA’s delegated authority for a period of not less than one year, during which time, the human resources office would work under the supervision of CalHR. Upon regaining delegated authority, CDTFA will provide all of BOE’s human resources services.

COMPLIANCE REVIEW UNIT COSTS

The CRU completed 17 compliance reviews and one special investigation from July 1, 2017 to June 30, 2018. The total cost of the combined completed reviews is $988,309.25. The total only includes completed reviews and special investigations and does not include compliance reviews or special investigations currently in process. A per department breakdown of costs for each review and special investigation is listed in the Index of Compliance Reviews and Special Investigations Costs in this report.
INDEX OF FINDINGS FOR COMPLIANCE REVIEWS

California Correctional Health Care Services
- Job Analyses Were Not Developed or Used for the Examination Process
- Equal Employment Opportunity Questionnaires Were Not Separated from Applications (Appointments)
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- Appointment Documentation Was Not Kept for the Appropriate Amount of Time
- A Disability Advisory Committee Has Not been Established
- Personal Services Contracts Complied with Procedural Requirements
- Ethics Training Was Not Provided for All Filers
- Supervisory Training Was Not Provided for All Supervisors
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors

California Department of Corrections and Rehabilitation
- Examinations Complied with Civil Service Laws and Board Rules
- Equal Employment Opportunity Questionnaires Were Not Separated from Applications (Appointments)
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- A Written Upward Mobility Plan Has Not Been Established
- Equal Employment Opportunity Officer Does Not Report Directly to the Head of the Agency
- Personal Services Contracts Complied with Procedural Requirements
- Ethics Training Was Not Provided for All Filers
- Supervisory Training Was Not Provided for All Supervisors
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors

California Department of Developmental Services
- Equal Employment Opportunity Questionnaires Were Not Separated from Applications (Examinations)
- Equal Employment Opportunity Questionnaires Were Not Separated from Applications (Appointments)
- Equal Employment Opportunity Officer Did Not Monitor the Composition of Oral Panels in Departmental Exams
- Personal Services Contracts Complied with Procedural Requirements
- Supervisory Training Was Not Provided for All Supervisors
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors
- Ethics Training Was Not Provided for All Filers

California Department of Insurance
- Examinations Did Not Comply with Civil Service Laws and Board Rules
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- Appointment Documentation Was Not Kept for the Appropriate Amount of Time
• Equal Employment Opportunity Questionnaires Were Not Separated from Applications
• Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
• Personal Services Contracts Complied with Procedural Requirements
• Supervisory Training Was Not Provided for All Supervisors

California Department of Managed Health Care
• Examinations Complied with Civil Service Laws and Board Rules
• Probationary Evaluations Were Not Provided for All Appointments Reviewed
• Unlawful Appointment Investigations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• EEO Officer’s Duty Statement Does Not Reflect EEO Duties
• Personal Services Contracts Complied with Procedural Requirements
• Ethics Training Was Not Provided for All Filers
• Sexual Harassment Prevention Training Was Not Provided for All Supervisors
• Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Hire Above Minimum Requests Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Red Circle Rate Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Bilingual Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
• ATW Employee Exceeded the Nine Month in Any Twelve Consecutive Month Limitation
• Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
• Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
• Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits
• 715 Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
• Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
• Workers’ Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
• Performance Appraisals Were Not Provided to All Employees

**California Department of Public Health**
• Job Analyses Were Not Developed or Used for the Examination Process
• Probationary Evaluations Were Not Provided for All Appointments Reviewed
• Discrimination Complainants Were Not Notified of the Reasons for Delays in Decisions Within the Prescribed Time Period
• Personal Services Contracts Complied with Procedural Requirements
• Ethics Training Was Not Provided for All Filers
• Supervisory Training Was Not Provided for All Supervisors
• Sexual Harassment Prevention Training Was Not Provided for All Supervisors

**California Department of State Hospitals**
• Examinations Complied with Civil Service Laws and Board Rules
• Probationary Evaluations Were Not Provided for All Appointments Reviewed
• Disability Advisory Committee Has Not Been Established
• Personal Services Contracts Complied With Procedural Requirements
• Supervisory Training Was Not Provided for All Supervisors
• Ethics Training Was Not Provided for All Filers
• Sexual Harassment Prevention Training Was Not Provided for All Supervisors

**California Exposition and State Fair**
• Examinations Complied with Civil Service Laws and Board Rules
• Probationary Evaluations Were Not Provided for All Appointments Reviewed
• Disability Advisory Committee Is Not Active
• Personal Services Contracts Complied With Procedural Requirements
• Mandated Training Complied With Statutory Requirements

**California Pollution Control Financing Agency**
• Examinations Complied with Civil Service Laws and Board Rules
• Appointments Complied with Civil Service Laws and Board Rules
• Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
• Personal Services Contracts Complied with Procedural Requirements
• Mandated Training Complied With Statutory Requirements

**California State Board of Equalization**
• Probationary Evaluations Were Not Provided for All Appointments Reviewed
• Appointment Documentation Was Not Kept for the Appropriate Amount of Time
• Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
• Supervisory Training Was Not Provided for All Supervisors
• Ethics Training Was Not Provided for All Filers
California State Coastal Conservancy
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
- Personal Services Contract Complied with Procedural Requirements
- Ethics Training Was Not Provided for All Filers
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors

California State Treasurer's Office
- Examinations Complied with Civil Service Laws and Board Rules
- Appointments Complied with Civil Service Laws and Board Rules
- Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
- Personal Services Contracts Complied with Procedural Requirements
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors
- Incorrect Application of Salary Determination Laws, Board Rules, and/or CalHR Policies and Guidelines
- Alternate Range Movements Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Arduous Pay Authorization Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Bilingual Pay Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records
- Leave Reduction Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits
- 715 Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Workers’ Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Performance Appraisals Were Not Provided to All Employees

California Transportation Commission
- Examinations Complied with Civil Service Laws and Board Rules
- Appointments Complied with Civil Service Laws and Board Rules
- Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
- Personal Services Contracts Complied with Procedural Requirements
- Mandated Training Complied with Statutory Requirements
- Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
- Hiring Above Minimum Transaction Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
- Department Has Not Implemented a Monthly Internal Audit Process to Verify All Timesheet Input Is Keyed Accurately and Timely
- Leave Reduction Plans Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
- Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Workers’ Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Performance Appraisals Were Not Provided to All Employees

**Financial Information System for California**
- Unlawful Appointments Were Made
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- Equal Employment Opportunity Officer Is Not at the Managerial Level
- Disability Advisory Committee Is Not Active
- No Active Upward Mobility Program
- Supervisor Training Was Not Provided for All Supervisors
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors
- Incorrect Application of Salary Determination Laws, Rules, and/or CalHR Policies and Guidelines
- Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Department Did Not Retain Employee Time and Attendance Records
- Incorrectly Posted Leave Usage and/or Leave Credit
- Department Has Not Implemented a Monthly Internal Audit Process to Verify All Timesheet Input Is Keyed Accurately and Timely
- Leave Reduction Policy and Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits
- 715 Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Worker’s Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Performance Appraisals Not Provided to All Employees
Sacramento-San Joaquin Delta Conservancy
- Appointments Documentation Was Not Kept for the Appropriate Amount of Time
- A Disability Advisory Committee Has Not Been Established
- Mandated Training Complied With Statutory Requirements

Scholarshare Investment Board
- Appointments Complied with Civil Service Laws and Board Rules
- Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
- Union Was Not Notified In a Timely Manner
- Mandated Training Complied with Statutory Requirements
- Incorrect Application of Salary Determination Laws, Board Rules, and/or CalHR Policies and Guidelines
- Bilingual Pay Authorization Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Leave Reduction Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits
- Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Workers’ Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Wildlife Conservation Board
- Probationary Evaluations Were Not Provided for All Appointments Reviewed
- Appointment Documentation Was Not Kept for the Appropriate Amount of Time
- Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
- Sexual Harassment Prevention Training Was Not Provided for All Supervisors Within the Prescribed Timeframe
- Ethics Training Was Not Provided to All Filers Within the Prescribed Timeframe
- Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
- Actual Time Worked Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Leave Reduction Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits
- Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Worker’s Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
- Performance Appraisals Not Provided to All Employees
# INDEX OF COMPLETED REVIEWS AND SPECIAL INVESTIGATIONS COSTS

<table>
<thead>
<tr>
<th>Department</th>
<th>Compliance Review Completed</th>
<th>Special Investigation Completed</th>
<th>Total Cost</th>
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<td>California Department of Developmental Services</td>
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The costs only include *completed* reviews from July 1, 2017, to June 30, 2018, and do not include reviews currently in progress.