



COMPLIANCE REVIEW REPORT

CALIFORNIA STATE BOARD OF EQUALIZATION

Compliance Review Unit
State Personnel Board
January 05, 2018

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INTRODUCTION

Established by the California Constitution, the State Personnel Board (the SPB or Board) is charged with enforcing and administering the civil service statutes, prescribing probationary periods and classifications, adopting regulations, and reviewing disciplinary actions and merit-related appeals. The SPB oversees the merit-based recruitment and selection process for the hiring of over 200,000 state employees. These employees provide critical services to the people of California, including but not limited to, protecting life and property, managing emergency operations, providing education, promoting the public health, and preserving the environment. The SPB provides direction to departments through the Board's decisions, rules, policies, and consultation.

Pursuant to Government Code section 18661, the SPB's Compliance Review Unit (CRU) conducts compliance reviews of appointing authority's personnel practices in five areas: examinations, appointments, equal employment opportunity (EEO), personal services contracts (PSC's), and mandated training to ensure compliance with civil service laws and board regulations. The purpose of these reviews is to ensure state agencies are in compliance with merit-related laws, rules, and policies and to identify and share best practices identified during the reviews. The SPB conducts these reviews on a three-year cycle.

The CRU may also conduct special investigations in response to a specific request or when the SPB obtains information suggesting a potential merit-related violation.

EXECUTIVE SUMMARY

The CRU conducted a routine compliance review of California State Board of Equalization (BOE) personnel practices in the areas of appointments, EEO, and PSC's from April 1, 2016, through October 1, 2016, and mandated training from November 1, 2014, through November 1, 2016. The following table summarizes the compliance review findings.

Area	Finding	Severity
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed	Serious
Appointments	Appointment Documentation Was Not Kept for the Appropriate Amount of Time	Serious
Equal Employment Opportunity	Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules	In Compliance

Area	Finding	Severity
Mandated Training	Supervisory Training Was Not Provided for All Supervisors	Very Serious
Mandated Training	Ethics Training Was Not Provided for All Filers	Very Serious

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
- Green = In Compliance

BACKGROUND

The BOE is composed of five members, four of whom are elected directly from constitutionally defined districts within the State. The fifth member is the State Controller who is elected at large and serves in an ex officio capacity. The Board, acting as a body, appoints an Executive Director.

Prior to July 1, 2017, BOE employed approximately 5,000 agency employees who carried out BOE’s mission, goals, and directives.

The mission of the BOE was to serve the public through fair, effective, and efficient tax administration. The BOE administered more than 30 tax and fee programs, including sales and use taxes, fuel taxes, and alcohol and tobacco taxes; adopted rules and regulations to clarify tax laws; decided appeals of property, business, and income tax assessments; assessed and allocated property values of railroads and specified utilities; and oversaw the property tax assessment practices of all 58 county assessors.

The BOE received over 30 percent of the state’s revenues from more than one million taxpayers. In fiscal year 2015-2016, the BOE received more than \$61.9 billion in taxes and fees to support state and local government programs.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing BOE appointments, EEO program, and PSC's from August 1, 2016, through January 31, 2017, and mandated training from January 1, 2015, through January 31, 2017. The primary objective of the review was to determine if the BOE personnel practices, policies, and procedures complied with state civil service laws and board regulations, and to recommend corrective action for those deficiencies identified. It is worth noting that the BOE appointed a new Chief of Human Resources in April 2015. Thus, the compliance review findings represent a more recent point in time than the period involved in the special investigation report issued November 15, 2017.

A cross-section of the BOE's appointments were selected to ensure that various samples of appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the BOE provided, which included notice of personnel action (NOPA) forms, vacancy postings, application screening criteria, hiring interview rating criteria, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports.

The review of the BOE's EEO program included examining written EEO policies and procedures; the EEO officer's role, duties, and reporting relationship; the internal discrimination complaint process; the upward mobility program; the reasonable accommodation program; the discrimination complaint process; and the Disability Advisory Committee (DAC).

The BOE did not execute any PSC's subject to the Department of General Services approval and thus our procedural review during the compliance review period.

In addition, the BOE's mandated training was reviewed to ensure all employees required to file statements of economic interest were provided ethics training and that all supervisors were provided basic supervisory and sexual harassment prevention training within statutory timelines.

The state reorganized the BOE into three separate entities effective July 1, 2017. One of those entities, the California Department of Tax and Fee Administration (CDTFA) handles the BOE's personnel processes and declined to have an exit conference. On December 5, 2017, the CRU received and carefully reviewed the BOE/CDTFA written response, which is attached to this final compliance report.

FINDINGS AND RECOMMENDATIONS

Appointments

During the compliance review period, the BOE made 871 appointments. The CRU reviewed 117 of those appointments for purposes of probationary report and records retention, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Assistant Information Systems Analyst	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Associate Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	1
Associate Personnel Analyst	Certification List	Permanent	Full Time	1
Associate Systems Software Specialist (Technical)	Certification List	Permanent	Full Time	1
Associate Tax Auditor, Board of Equalization	Certification List	Permanent	Full Time	6
Business Taxes Administrator I, Board of Equalization	Certification List	Limited Term	Full Time	1
Business Taxes Administrator I, Board of Equalization	Certification List	Permanent	Full Time	2
Business Taxes Administrator II, Board of Equalization	Certification List	Permanent	Full Time	2
Business Taxes Administrator III, Board of Equalization	Certification List	Permanent	Full Time	1
Business Taxes Compliance Specialist	Certification List	Permanent	Full Time	1
Business Taxes Representative	Certification List	Permanent	Full Time	2

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Business Taxes Specialist I, Board of Equalization	Certification List	Limited Term	Full Time	1
Business Taxes Specialist I, Board of Equalization	Certification List	Permanent	Full Time	3
Business Taxes Specialist II, Board of Equalization	Certification List	Permanent	Full Time	4
Career Executive Assignment (CEA) A, Professional Legislative Advisor to Board Member	Certification List	CEA	Full Time	1
CEA A, Chief, Program & Compliance Division	Certification List	CEA	Full Time	1
CEA A, Chief, Special Taxes Policy & Compliance Division	Certification List	CEA	Full Time	1
CEA B, Chief, Technology Officer	Certification List	CEA	Full Time	1
CEA B, Deputy Director, External Affairs Department	Certification List	CEA	Full Time	1
Graphic Designer III	Certification List	Permanent	Full Time	1
Office Assistant (General)	Certification List	Permanent	Full Time	2
Office Assistant (General)	Certification List	Permanent	Intermittent	1
Office Assistant (Typing)	Certification List	Permanent	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	3
Office Services Supervisor II (General)	Certification List	Permanent	Full Time	1
Personnel Technician I	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Personnel Technician II (Specialist)	Certification List	Permanent	Full Time	1
Staff Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	1
Staff Services Analyst (General)	Certification List	Limited Term	Full Time	1
Staff Services Analyst (General)	Certification List	Permanent	Full Time	1
Supervising Tax Auditor II, BOE	Certification List	Permanent	Full Time	2
Supervising Tax Auditor III, Board of Equalization	Certification List	Permanent	Full Time	2
Systems Software Specialist II (Technical)	Certification List	Permanent	Full Time	1
Tax Auditor, Board of Equalization	Certification List	Permanent	Full Time	4
Tax Technician I, Board of Equalization	Certification List	Permanent	Full Time	3
Tax Technician II, Board of Equalization	Certification List	Permanent	Full Time	5
Tax Technician III, Board of Equalization	Certification List	Permanent	Full Time	3
Office Assistant (Typing)	Certification List	LEAP	Full Time	1
Office Technician (Typing)	Certification List	LEAP	Full Time	1
Associate Tax Auditor, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	1
Business Taxes Administrator I, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	1
Business Taxes Compliance Specialist	Mandatory Reinstatement	Permanent	Full Time	2
Business Taxes Representative	Mandatory Reinstatement	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Business Taxes Specialist I, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	2
Business Taxes Specialist III, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	1
Executive Secretary I	Mandatory Reinstatement	Permanent	Full Time	1
Office Technician (Typing)	Mandatory Reinstatement	Permanent	Full Time	2
Staff Information Systems Analyst	Mandatory Reinstatement	Permanent	Full Time	1
Tax Auditor, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	1
Tax Technician II, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	1
Tax Technician III, Board of Equalization	Mandatory Reinstatement	Permanent	Full Time	3
Tax Auditor, Board of Equalization	Permissive Reinstatement	Permanent	Full Time	1
Tax Technician II, Board of Equalization	Permissive Reinstatement	Permanent	Full Time	1
Administration Assistant II	Retired Annuitant	Temporary	Intermittent	1
Health Program Auditor IV, Department of Health Services	Training & Development	Permanent	Full Time	1
Staff Services Manager I	Training & Development	Permanent	Full Time	1
Associate Business Management Analyst	Transfer	Limited Term	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	1
Associate Information Systems Analyst (Specialist)	Transfer	Limited Term	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Associate Tax Auditor, Board of Equalization	Transfer	Permanent	Full Time	3
Business Taxes Administrator I, Board of Equalization	Transfer	Permanent	Full Time	4
Business Taxes Compliance Specialist	Transfer	Permanent	Full Time	1
Business Taxes Representative	Transfer	Permanent	Full Time	1
Business Taxes Specialist I	Transfer	Limited Term	Full Time	1
Business Taxes Specialist I	Transfer	Permanent	Full Time	1
CEA A, Chief Financial Management Division	Transfer	Permanent	Full Time	1
Legal Secretary	Transfer	Permanent	Full Time	1
Office Technician I (Typing)	Transfer	Permanent	Full Time	2
Personnel Technician	Transfer	Permanent	Full Time	1
Staff Services Analyst (General)	Transfer	Permanent	Full Time	1
Staff Services Manager III	Transfer	Permanent	Full Time	1
Student Assistant	Transfer	Temporary	Intermittent	1
Supervising Tax Auditor I, Board of Equalization	Transfer	Permanent	Full Time	1
Tax Auditor, Board of Equalization	Transfer	Permanent	Full Time	2
Tax Technician II, Board of Equalization	Transfer	Permanent	Full Time	1

BOE did not provide probation evaluations for all appointments reviewed as described in finding 1, and failed to keep appointment documentation for the appropriate amount of time as described in finding 2.

FINDING NO. 1 – Probationary Evaluations Were Not Provided for All Appointments Reviewed

Summary: The BOE did not prepare, complete, and/or retain 18 required probationary reports of performance.

Classification	Appointment Type	No. of Appointments Missing Prob. Reports	No. of Missing Probation Reports
Associate Information System Analyst (Specialist)	List Appointment	4	1
Associate Personnel Analyst	List Appointment	2	1
Associate Tax Auditor, BOE	List Appointment	1	1
Business Taxes Administrator I, BOE	List Appointment	1	2
Business Taxes Administrator III, BOE	List Appointment	1	1
Graphic Designer III	List Appointment	1	1
Office Assistant (General)	List Appointment	1	1
Office Technician (Typing)	List Appointment	1	1
Personnel Technician II (Specialist)	List Appointment	1	1
Staff Information Systems Analyst (Specialist)	List Appointment	1	2
Supervising Tax Auditor III, BOE	List Appointment	1	1
Tax Technician I, BOE	List Appointment	1	1
Associate Tax Auditor, BOE	Transfer	1	1

Staff Service Analyst (General)	Transfer	1	1
Total		14	18

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 period 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 service in state government.

Cause: The CDTFA/BOE states that the Human Resources Bureau (HRB) makes a good faith effort to inform supervisors and managers regarding the requirements of completing probationary evaluations and has an established policy and procedures. However, the CDTFA/BOE does not have a current procedure for monthly reminders and tracking of completion of reports.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the CDTFA/BOE submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with the probationary requirements of Government Code section 19172.

FINDING NO. 2 – Appointment Documentation Was Not Kept for the Appropriate Amount of Time

Summary: The BOE failed to retain personnel records such NOPA's and applications. Specifically, of the 117 appointments reviewed, the BOE did not retain NOPA's in three files nor applications in 11 files, including the hired applicant's application.

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 Reg., tit. 2, § 26.) Section 174 of the Board's regulations specifically applies to examination applications and requires a two-year retention period.

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

Cause: The CDTFA/BOE states that the HRB did not have internal controls such as a checklist to ensure all documentation was completed and retained as required.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the CDTFA/BOE submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with the record retention requirements of California Code of Regulations title 2, section 26. Copies of any relevant documentation should be included with the plan.

Equal Employment Opportunity

Each state agency is responsible for an effective EEO program. (Gov. Code, § 19790.) The appointing power for each state agency has the major responsibility for monitoring the effectiveness of its EEO program. (Gov. Code, § 19794.) To that end, the appointing power must issue a policy statement committed to equal employment opportunity; issue procedures for filing, processing, and resolving discrimination complaints; issue procedures for providing equal upward mobility and promotional opportunities; and cooperate with the CalHR by providing access to all required files, documents and data. (*Ibid.*) In addition, 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.)

Because the EEO Officer investigates and ensures proper handling of discrimination, sexual harassment and other employee complaints, the position requires separation from the regular chain of command, as well as regular and unencumbered access to the head of the organization.

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).)

The CRU reviewed the BOE's EEO policies, procedures, and programs in effect during the compliance review period.

FINDING NO. 3 – Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules

After reviewing the policies, procedures, and programs necessary for compliance with the EEO program’s role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the BOE’s EEO program provided employees with information and guidance on the EEO process including instructions on how to file discrimination claims. Furthermore, the EEO program outlines the roles and responsibilities of the EEO Officer, as well as supervisors and managers. The EEO Officer, who is at a managerial level, reports directly to the Executive Director of the BOE. In addition, the BOE has an established DAC that reports to the director on issues affecting persons with a disability. The BOE also provided evidence of its efforts to promote EEO in its hiring and employment practices, to increase its hiring of persons with a disability, and to offer upward mobility opportunities for its entry-level staff. Accordingly, the BOE’s EEO program complied with civil service laws and board rules.

Mandated Training

Each member, officer, or designated employee of a state agency who is required to file a statement of economic interest (referred to as “filers”) because of the position he or she holds with the agency is required to take an orientation course on the relevant ethics statutes and regulations that govern the official conduct of state officials. (Gov. Code, §§ 11146 & 11146.1.) State agencies are required to offer filers the orientation course on a semi-annual basis. (Gov. Code, § 11146.1.) New filers must be trained within six months of appointment and at least once during each consecutive period of two calendar years, commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3.)

Upon the initial appointment of any employee designated in a supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by CalHR. (Gov. Code, § 19995.4, subd. (b).) The training addresses such topics as the role of the supervisor, techniques of supervision, performance standards, and sexual harassment and abusive conduct prevention. (Gov. Code, §§ 12950.1, subds. (a), (b), & (c), & 19995.4, subd. (b).) The training must be successfully completed within the term of the employee’s probationary period or within six months of the initial appointment, unless it is demonstrated that to do so creates additional costs or that the training cannot be completed during this time period due to limited availability of supervisory training courses. (Gov. Code, § 19995.4, subd. (c).) As to the sexual harassment and abusive-conduct prevention component, the training must thereafter be provided to supervisors once every two years. (Gov. Code, § 12950.1.)

Within 12 months of the initial appointment of an employee to a management or career executive assignment (CEA) position, the employee shall be provided leadership training and development, as prescribed by CalHR. (Gov. Code, §§ 19995.4, subds. (d) & (e).) For management employees the training must be a minimum of 40 hours and for CEAs, the training must be a minimum of 20 hours. (*Ibid.*) Thereafter, for both categories of appointment, the employee must be provided a minimum of 20 hours of leadership training on a biannual basis. (*Ibid.*)

The Board may conduct reviews of any appointing power's personnel practices to ensure compliance with civil service laws and Board regulations. (Gov. Code, § 18661, subd. (a).) In particular, the Board may audit personnel practices related to such matters as selection and examination procedures, appointments, promotions, the management of probationary periods, and any other area related to the operation of the merit principle in state civil service. (*Ibid.*) Accordingly, the CRU reviews documents and records related to training that appointing powers are required by the afore-cited laws to provide its employees.

The CRU reviewed the BOE's mandated training program that was in effect during the compliance review period. The BOE's sexual harassment prevention training was found to be in compliance. However, the BOE's supervisory training and ethics training were found to be out of compliance.

FINDING NO. 4 – Supervisory Training Was Not Provided for All Supervisors

Summary: The BOE did not provide basic supervisory training to 36 of 36 new supervisors within twelve months of appointment.

Criteria: Each department must provide its new supervisors supervisory training within twelve months of appointment. (Gov. Code, § 19995.4 subd. (b) and (c).) The training must be a minimum of 80 hours, 40 of which must be structured and given by a qualified instructor. The other 40 hours may be done on the job by a higher-level supervisor or manager. (Gov. Code, § 19995.4 subd. (b).)

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.

Cause: The CDTFA/BOE states that prior to 2016, the HRB was not tracking with follow-up procedures to ensure full compliance of the supervisory training mandates.

Action: The CDTFA/BOE must take appropriate steps to ensure that new supervisors are provided supervisory training within the twelve months.

It is therefore recommended that no later than 60 days after the SPB's Executive Officer's approval of these findings and recommendations, the CDTFA/BOE must establish a plan to ensure compliance with supervisory training mandates and submit to the SPB a written report of compliance.

FINDING NO. 5 – Ethics Training Was Not Provided for All Filers

Summary: The BOE did not provide ethics training to 1661 of 2374 existing filers. In addition, 568 of 749 new filers were not provided training within six months of appointment.

Criteria: 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).) New filers must be provided ethics training within six months of appointment.

Severity: Very Serious. The department does not ensure that its filers are aware of prohibitions related to their official position and influence.

Cause: The CDTFA/BOE states that prior to 2016, the HRB was not tracking with follow-up procedures to ensure compliance with the ethics training.

Action: The CDTFA/BOE must take appropriate steps to ensure that filers are provided ethics training within the time periods prescribed.

It is therefore recommended that no later than 60 days after the SPB's Executive Officer's approval of these findings and recommendations, the CDTFA/BOE must establish a plan to ensure

compliance with ethics training mandates and submit to the SPB a written report of compliance.

DEPARTMENTAL RESPONSE

The CDTFA/BOE's response is attached as Attachment 1.

SPB REPLY

Based upon the CDTFA/BOE's written response, the CDTFA/BOE will comply with the CRU recommendations and findings and provide the CRU a corrective action plan.

It is further recommended that the CDTFA/BOE comply with the afore-stated recommendations within 60 days of the Executive Officer's approval and submit to the CRU a written report of compliance.



CALIFORNIA GOVERNMENT OPERATIONS AGENCY

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MARYBEL BATJER
Secretary



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- Department of Human Resources
- State Personnel Board
- Public Employees' Retirement System
- State Teachers' Retirement System
- Department of Technology
- Victim Compensation Board
- Department of Tax and Fee Administration



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December 4, 2017

Suzanne Ambrose, Executive Officer
State Personnel Board
8014 Capitol Mall
Sacramento, CA 95814

Re: BOE Compliance Review Report

Pursuant to the above audit report, enclosed are the California Department of Tax and Fee Administration's comments pertaining to the results of the audit.

The Government Operations Agency would like to thank the state auditor for its comprehensive review. The results provide us with the opportunity to better serve our clients and protect the public.

Sincerely,

Marybel Batjer, Secretary
Government Operations Agency

Enc



STATE OF CALIFORNIA

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December 4, 2017

Ms. Suzanne Ambrose, Executive Officer
State Personnel Board
801 Capitol Mall
Sacramento, CA 95814

RE: BOE Compliance Review Report – Supplemental Response

Dear Ms. Ambrose:

The Board of Equalization (BOE) has reviewed the State Personnel Board (SPB) report entitled, "Compliance Review Report California Board of Equalization" and concurs with its findings. Effective July 1, 2017, all the BOE Human Resources functions and responsibilities were transferred to the California Department of Tax and Fee Administration (CDTFA). As such, the CDTFA handles all BOE's personnel processes. Please refer to CDTFA response letter dated December 1, 2017, which outlines the improvements that have been made for each corrective action and CDTFA's plan going forward

We appreciate the opportunity to provide a response to the SPB Compliance Review Report on behalf of both CDTFA and BOE. If you have any questions or require further information, please contact me at (916) 323-0012.

Sincerely,

Sandra Mayorga,
Chief, Human Resources Bureau

cc: Nicolas Maduros, Director, California Department of Tax and Fee Administration
Katie Hagen, Chief Deputy Director, California Department of Tax and Fee Administration
Edna Murphy, Administration Deputy, California Department of Tax and Fee Administration
David Gau, Executive Director, Board of Equalization



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December 5, 2017

Ms. Suzanne Ambrose, Executive Officer
State Personnel Board
801 Capitol Mall
Sacramento, CA 95814

Re: BOE Compliance Review Report

Dear Ms. Ambrose:

The California Department of Tax and Fee Administration (CDTFA) received the draft report entitled "Compliance Review Report California Board of Equalization" from the State Personnel Board (SPB) on November 16, 2017. We appreciate SPB's review and the opportunity to respond to the findings.

The report focused solely on the Board of Equalization's (BOE) personnel and hiring practices prior to the July 1, 2017 reorganization. As a result, CDTFA is responding to the report's finding and recommended corrective actions only as they pertain to items now under CDTFA's purview. The SPB report presented five findings. Four of the five findings require the CDTFA to provide Corrective Action Plans (CAP). The CDTFA Examination, Equal Employment Opportunity (EEO) and Personal Services Contracts programs complied with Civil Service Laws and Board Rules and, therefore, do not require a response.

Listed below are the findings from the SPB report and the corresponding corrective action:

Finding 1:

- Probationary Evaluations Were Not Provided for All Appointments Reviewed.

Response:

- CDTFA currently has policies outlined in Administration Circular HRB-16-005 relating to the "Probation Reports." The Human Resources Bureau (HRB) staff will continue to provide guidance to hiring managers and supervisors regarding the state laws governing employment practices as outlined in Government Code 19172. Additionally, monthly reminders will be sent to managers and supervisors of upcoming probationary reports that are due, and a compliance report will be regularly provided to executive staff for management purposes.
- By implementing the additional checks and balances to our current hiring practices, and including specific guidelines to assist the CDTFA managers and supervisors, CDTFA believes it will meet or exceed the requirements for future SPB compliance reviews.

BOE Compliance Review Report

Finding 2

- Appointment Documentation Was Not Kept for the Appropriate Amount of Time.

Response:

- CDTFA currently has policies outlined in Administration Circular HRB-16-005 relating to "Retention." HRB conducted mandatory training for all managers and supervisors on the hiring, recruitment, and retention of hiring documents to ensure all hiring personnel and managers and supervisors are aware of the internal and external requirements around selection and hiring practices. The HRB staff will continue to provide information to hiring managers and supervisors regarding the mandatory retention of hiring documents under Section 26 of the California Code of Regulations. HRB has implemented tracking systems for Notices of Personnel Actions (NOPA) and utilizes the storage of applications on the Exam and Certification Online System (ECOS). In addition, the HRB is currently revising its retention schedule to clarify the duration of retention for recruitment documents.
- By implementing the additional checks and balances to our current retention practices, CDTFA believes it will meet or exceed the requirements for future SPB compliance reviews.

Finding 4

- Supervisory Training Was Not Provided for All Supervisors.

Response:

- The CDTFA Training and Employee Development Section (TED) is currently tracking all personnel training through the Learning Management System (LMS), which allows us to generate reports to ensure that all managers and supervisors are in compliance. We have implemented follow-up procedures to managers and supervisors and their management to ensure compliance. On March 28, 2017, BOE/CDTFA issued Administration Bulletin HRD-17-003 to provide information on the mandatory training and the change in the Government Code (GC) 19995.4 requiring the additional 20-hours of biannual leadership training.
- The CDTFA released Administration Circular HRB-17-004, Mandatory Leadership Training and Development Contract for All Managers and Supervisors, on October 2, 2017. This circular served as notification of the statewide CalHR contract for training CDTFA supervisors and managers who were out of compliance, as well as for training newly appointed supervisors and managers.
- On October 2, 2017, TED issued an email to all managers and supervisors out of compliance with the GC 19995.4 requirement of 80 hours.
- By implementing follow-up procedures to track our personnel training, CDTFA believes it will meet or exceed the requirements for future SPB compliance reviews.

BOE Compliance Review Report

Finding 5

- Ethics Training Was Not Provided for all Filers.

Response:

- Beginning in 2016, TED began tracking the ethics training in the LMS, and in 2017 finalized the implementation of this tracking mechanism. When the notices are sent to employees required to take the ethics training, all identified employees are enrolled in training through the LMS and receive a notification of this enrollment. Through that system, TED can monitor completions of the training and remind enrollees when they have not completed the training. TED is establishing protocol for notifying new employees of this requirement.
- By implementing follow-up procedures to track our personnel training, CDTFA believes it will meet or exceed the requirements for future SPB compliance reviews.

If you have any questions concerning the CDTFA response please contact me or Katie S. Hagen, Chief Deputy Director, at (916) 324-4490.

Sincerely,



Nick Maduros, Director

Cc: Ms. Katie Hagen
Ms. Edna Murphy
Ms. Sandra Mayorga
Ms. Sara Sheikholislam
Mr. David Gau