

COMPLIANCE REVIEW REPORT

FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

Compliance Review Unit
State Personnel Board
June 29, 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.

Effective July 1, 2012, the Governor's Reorganization Plan Number One (GRP1) of 2011 consolidated all of the functions of the Department of Personnel Administration and the merit-related operational functions of the State Personnel Board (SPB) into the California Department of Human Resources (CalHR).

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 items reviewed beyond merit-related issues into more operational practices that are delegated to departments, and for which CalHR provides policy direction. Many of these delegated practices are cost drivers to the state and were not being monitored on a 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 to deter waste, fraud, and abuse.

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 the Financial Information System for California (FI\$Cal) personnel practices in the areas of examinations, appointments, EEO, mandated training, PSC's, compensation and pay, leave, and policy and processes¹. The following table summarizes the compliance review findings.

Area	Finding
Appointments	Unlawful Appointments
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed
Equal Employment Opportunity	Equal Employment Opportunity Officer Is Not at the Managerial Level
Equal Employment Opportunity	Disability Advisory Committee Is Not Active
Equal Employment Opportunity	No Active Upward Mobility Program
Mandated Training	Supervisor Training Was Not Provided for All Supervisors
Mandated Training	Sexual Harassment Prevention Training Was Not Provided for All Supervisors
Compensation and Pay	Incorrect Application of Salary Determination Laws, Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Department Did Not Retain Employee Time and Attendance Records
Leave	Incorrectly Posted Leave Usage and/or Leave Credit
Leave	Department Has Not Implemented a Monthly Internal Audit Process to Verify All Leave Input Is Keyed Accurately and Timely

¹ Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

Area	Finding
Leave	Leave Reduction Policy and Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits
Leave	715 Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Worker's Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Performance Appraisals Not Provided to All Employees

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 FI\$Cal began as a business transformation project in 2005, and was formalized with a Memorandum of Understanding (MOU) signed in 2007 by the State Controller, the State Treasurer, and the Directors of the Departments of Finance and General Services.

The FI\$Cal system is one of the largest and most dynamic information technology (IT) undertakings in the history of the state. The FI\$Cal system enables the State of California to combine accounting, budgeting, cash management, and procurement operations into a single financial management system. This eliminates the need for hundreds of independent legacy systems and state-entity-specific applications that support the state's internal financial management operations. The FI\$Cal system provides more standardization, transparency, discipline, effectiveness, and efficiency for the state's crucial business processes. The FI\$Cal employs a robust change management program with extensive training and outreach activities to ensure the system's successful implementation.

When completely implemented, more than 160 state entities and 15,000 end users will conduct the financial business of California with the FI\$Cal system.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the FI\$Cal examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes² when applicable. The primary objective of the review was to determine if FI\$Cal personnel practices, policies, and procedures complied with state civil service laws and board regulations, bargaining unit agreements, CalHR policies and guidelines, CalHR delegation agreements, and to recommend corrective action where deficiencies were identified.

The FI\$Cal did not conduct any examinations or permanent withhold actions during the compliance review period.

A cross-section of the FI\$Cal's appointments were selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the FI\$Cal 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 FI\$Cal did not conduct any unlawful appointment investigations during the compliance review period. Additionally, the FI\$Cal did not make any additional appointments during the compliance review period.

The FI\$Cal's appointments were also selected for review to ensure the FI\$Cal applied salary regulations accurately and correctly processed employee's compensation and pay. The CRU examined the documentation that the FI\$Cal provided, which included requests for personnel actions (RPAs), employee's employment and pay history, and any other relevant documentation such as certifications, degrees, and/or appointee's application. Additionally, the CRU reviewed specific documentation related to hiring above minimum (HAM) requests. During the compliance review period, the FI\$Cal did not issue or authorize red circle rate requests, out-of-class assignments, bilingual pay, arduous pay, or any other monthly pay differential.

The review of the FI\$Cal'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

² Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

accommodation program; the discrimination complaint process; and the Disability Advisory Committee (DAC).

The FI\$Cal did not execute any PSC's during the compliance review period.

The FI\$Cal's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, and that all supervisors were provided supervisory and sexual harassment prevention training within statutory timelines.

The CRU also identified the FI\$Cal employees whose current annual leave, or vacation leave credits, exceeded established limits. The CRU reviewed a cross-section of these identified employees to ensure that employees who have significant "over-the-cap" leave balances have a leave reduction plan in place and are actively reducing hours. Additionally, the CRU asked the FI\$Cal to provide a copy of their leave reduction policy.

The CRU reviewed the FI\$Cal's Leave Activity and Correction certification forms to verify that the FI\$Cal created a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely. The CRU selected a small cross-section of the FI\$Cal's units in order to ensure they maintained accurate and timely leave accounting records. Part of this review also examined a cross-section of the FI\$Cal's employee's employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the FI\$Cal did not have any employees who used Administrative Time Off (ATO) during the compliance review period. The FI\$Cal did not track any temporary intermittent employees by actual time worked during the compliance review period.

Moreover, the CRU also reviewed the FI\$Cal's policies and processes concerning nepotism, workers' compensation, and performance appraisals. The review was limited to whether the FI\$Cal's policies and processes adhered to procedural requirements.

On May 16, 2018, an exit conference was held with the FI\$Cal to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the FI\$Cal's written response on June 6, 2018, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Appointments

In all cases not excepted or exempted by Article VII of the California Constitution, the appointing power must fill positions by appointment, including cases of transfers, reinstatements, promotions, and demotions in strict accordance with the Civil Service Act and Board rules. (Gov. Code, § 19050.) Appointments made from eligible lists, by way of transfer, or by way of reinstatement, must be made on the basis of merit and fitness, which requires consideration of each individual's job-related qualifications for a position, including his or her knowledge, skills, abilities, experience, and physical and mental fitness. (Cal. Code Regs., tit. 2, § 250, subd. (a).)

During the period under review, September 1, 2016, through May 31, 2017, the FI\$Cal made 108 appointments. The CRU reviewed 52 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts
Accounting Administrator (Specialist)	List Appointment	Permanent	Full Time	4
Assistant Information Systems Analyst	List Appointment	Permanent	Full Time	4
Associate Accounting Analyst	List Appointment	Permanent	Full Time	4
Associate Governmental Program Analyst	List Appointment	Permanent	Full Time	4
Data Processing Manager II	List Appointment	Permanent	Full Time	1
Data Processing Manager III	List Appointment	Permanent	Full Time	3
Personnel Specialist	List Appointment	Permanent	Full Time	2
Senior Information Systems Analyst (Specialist)	List Appointment	Permanent	Full Time	4
Staff Information Systems Analyst (Specialist)	List Appointment	Permanent	Full Time	5
Staff Services Analyst (General)	List Appointment	Permanent	Full Time	2
Staff Services Manager I	List Appointment	Permanent	Full Time	2
Staff Services Manager II	List Appointment	Permanent	Full Time	5

Classification	Appointment Type	Tenure	Time Base	No. of Appts
Associate Governmental Program Analyst	Mandatory Reinstatement	Permanent	Full Time	1
Systems Software Specialist II	Mandatory Reinstatement	Permanent	Full Time	1
Accounting Administrator I	Retired Annuitant	Limited Term	Intermittent	1
Associate Accounting Analyst	Retired Annuitant	Limited Term	Intermittent	1
Assistant Information Systems Analyst	Temporary Authorization Utilization	Temporary	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	3
Data Processing Manager III	Transfer	Permanent	Full Time	1
Senior Information Systems Analyst (Specialist)	Transfer	Permanent	Full Time	1
Staff Services Analyst	Transfer	Permanent	Full Time	1
Systems Software Specialist II (Technical)	Transfer	Permanent	Full Time	1

FINDING NO. 1 – Unlawful Appointments

Summary: The FI\$Cal made four appointments utilizing the certification list for Staff Information Systems Analyst (Specialist). The hired candidates did not meet minimum qualifications for the classification.

Criteria: 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.

Severity: Very Serious. 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.

Cause: The FI\$Cal states that it reviewed candidate applications at “face value” per the guidance of CalHR. The FI\$Cal further states that these appointments were made in good faith based on the guidance/information that was presented at the time. The FI\$Cal now acknowledges when determining MQs for all IT classifications that work performed by non-IT classifications must have a documented T&D or out of class assignment.

Action: The CRU notified the FI\$Cal and referred this unlawful appointment to the CalHR Personnel Management Division at the time it was discovered. The FI\$Cal has delegated authority to investigate unlawful appointments and was given instructions to investigate and take corrective action. Within 60 days of the Executive Officer’s approval of these findings and recommendations, the FI\$Cal must submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure the department will improve its hiring practices. Copies of any relevant documentation should be included with the plan, including documentation showing that the appointment was voided.

FINDING NO. 2 – Probationary Evaluations Were Not Provided for All Appointments Reviewed

Summary: The FI\$Cal did not provide seven required probationary reports of performance.

Classification	Appointment Type	No. of Appointments	No. of Uncompleted Prob. Reports
Accounting Administrator I (Specialist)	List Appointment	1	1
Associate Governmental Program Analyst	List Appointment	1	1
Data Processing Manager III	List Appointment	2	2
Staff Information Systems Analyst (Specialist)	List Appointment	1	2
Staff Services Manager II	List Appointment	1	1
Total		6	7

Criteria: The service of a probationary period is required when an employee enters in the state civil service by permanent appointment from an employment list. (Gov. Code, § 19171.) During the probationary period the appointing power shall evaluate the work and efficiency of a probationer in the manner and at such periods as The California Department of Human Resources (CalHR) may require. (Gov. Code § 19172.) CalHR's regulatory scheme provides that "a report of the probationer's performance shall be made to the employee at sufficiently frequent intervals to keep the employee adequately informed of progress on the job." (Code Reg., tit. 2, § 599.795.) Specifically, a written appraisal of performance shall be made to the department within 10 days after the end of each one-third portion of the probationary period. (*Ibid.*) The Board's record retention rules, however, require that appointing powers retain all probationary reports. (Code Reg., titl. 2, § 26, subd. (a)(3).)

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.

Cause: The FI\$Cal states that it has an established probationary report reminder process which includes sending emails on a monthly basis to each employee's supervisor/manager to submit their completed probationary reports to HR. In addition to the email reminders, the FI\$Cal also developed a spreadsheet that documents each employee's probationary dates and to track receipt of all completed probationary reports. The FI\$Cal further states that it makes a good faith effort to ensure supervisors and managers have timely notice for completing probationary evaluations, however some probationary evaluations were not completed by the respective supervisor/manager even with department tracking and follow up systems in place.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal 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.

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 EEO; issue procedures for filing, processing, and resolving discrimination complaints; issue procedures for providing equal upward mobility and promotional opportunities; and cooperate with the California Department of Human Resources 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).)

FINDING NO. 3 – Equal Employment Opportunity Officer Is Not at the Managerial Level

Summary: The FI\$Cal’s EEO Officer is a Staff Information Systems Analyst (Specialist). This is a rank and file position not at the managerial level. In addition, according to the Staff Information Systems Analyst (Specialist) specifications, the incumbent functions as a project leader on complex information technology systems and does not include EEO or personnel duties.

Criteria: California Government Code section 19795 (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 department’s EEO Officer, it is essential that each department dedicate adequate resources to the oversight of the EEO program.

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

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with the requirements of Government Code section 19795.

FINDING NO. 4 – Disability Advisory Committee Is Not Active

Summary: The FI\$Cal does not have an active DAC. Although the FI\$Cal invited staff to join a DAC on September 7, 2016, and conducted one meeting in February of 2017, a DAC meeting has not taken place since.

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: Very Serious. The agency head does 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 DAC may limit an agency's ability to recruit and retain a qualified workforce, impact productivity, and subject the agency to liability.

Cause: The FI\$Cal states that it did formulate a DAC and made good efforts to hold DAC meetings in 2017, however, due to a lack of resources and staffing constraints the FI\$Cal's DAC was not as active.

Action: The FI\$Cal must continue to take immediate steps to ensure the reestablishment of the DAC, comprised of members who have disabilities or who have an interest in disability issues. The FI\$Cal must submit to the CRU a written report of compliance, including the DAC roster, agenda, and meeting minutes, no later than 30

days from the date of the SPB Executive Officer's approval of these findings and recommendations.

FINDING NO. 5 – No Active Upward Mobility Program

Summary:	Although the FI\$Cal provided an upward mobility program plan, the FI\$Cal did not provide evidence demonstrating that an active and effective upward mobility program (UMP) was in place during the compliance review period. The department's EEO Officer confirmed that no employees are currently participating in the UMP and that they are working towards enhancing the program.
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."
Severity:	<u>Serious</u> . The department did not ensure it has an effective upward mobility program to develop and advance employees in low-paying occupations.
Cause:	The FI\$Cal states that it has a limited number of positions that were applicable to the UMP, therefore, the UMP was not active. In addition, the FI\$Cal has since received an exemption from CalHR for the UMP section of the Workforce Analysis for 2017.
Action:	It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with the requirements of Government Code section 19401. Copies of any relevant documentation should be included with the plan.

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 the 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).)

Additionally, 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 FI\$Cal's mandated training program that was in effect during the compliance review period. The FI\$Cal's ethics training was found to be in compliance. However, the FI\$Cal's supervisory training and sexual harassment prevention training were found to be out of compliance.

FINDING NO. 6 – Supervisory Training Was Not Provided for All Supervisors

Summary: The FI\$Cal did not provide basic supervisory training to two of 45 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 FI\$Cal states that it makes good efforts to register new supervisors for 80 hour supervisory training on an incoming basis but lacked the resources and information to ensure that all new supervisors received supervisory training in a timely manner. The spreadsheet used during this audit period was not a reliable tracking mechanism. Additionally, the FI\$Cal did not have an internal process to notify the Training unit of new hires to a supervisory classification. This resulted in the lack of follow-up and enforcement of this mandated training.

Action: The FI\$Cal 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 FI\$Cal must establish a plan to ensure compliance with supervisory training mandates and submit to the SPB a written report of compliance.

FINDING NO. 7 – Sexual Harassment Training Was Not Provided for All Supervisors

- Summary:** The FI\$Cal did not provide sexual harassment prevention training to its 17 new supervisors within six months of their appointment. In addition, the FI\$Cal did not provide sexual harassment prevention training to its two existing supervisors every two years.
- Criteria:** Each department must provide its supervisors two hours of sexual harassment prevention training every two years. New supervisors must be provided sexual harassment prevention training within six months of appointment. (Gov. Code, § 12950.1 subd. (a).)
- Severity:** Very Serious. The department does not ensure its new supervisors are properly trained to respond to sexual harassment or unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. This limits the department's ability to retain a quality workforce, impacts employee morale and productivity, and subjects the department to litigation.
- Cause:** The FI\$Cal states that it offers sexual harassment prevention training onsite biennially but lacked the resources and information to ensure supervisors received sexual harassment prevention training in a timely manner. The spreadsheet used during this audit period was not a reliable tracking mechanism. Additionally, the FI\$Cal did not have an internal process to notify the Training unit of new hires to a supervisory classification. This resulted in a lack of follow-up and enforcement for the sexual harassment prevention training.

Action: The FI\$Cal must take appropriate steps to ensure that its supervisors are provided sexual harassment prevention 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 FI\$Cal must establish a plan to ensure compliance with sexual harassment prevention training mandates and submit to the SPB a written report of compliance.

Compensation and Pay

Salary Determination

The pay plan for state civil service consists of salary ranges and steps established by CalHR (Cal. Code Reg., tit. 2, § 599.666). Several salary rules dictate how departments calculate and determine an employee's salary rate³ upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

During the period under review, September 1, 2016, through May 31, 2017, the FI\$Cal made 108 appointments. The CRU reviewed 23 of those appointments to determine if the FI\$Cal applied salary regulations accurately and correctly processed employees' compensation transactions. These appointments are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Assistant Information Systems Analyst	Certification List	Permanent	Full Time	\$4,016
Assistant Information Systems Analyst	Certification List	Permanent	Full Time	\$4,016
Assistant Information Systems Analyst	Certification List	Permanent	Full Time	\$4,016
Assistant Information Systems Analyst	Certification List	Permanent	Full Time	\$4,016
Data Processing Manager II	Certification List	Permanent	Full Time	\$8,038
Data Processing Manager III	Certification List	Permanent	Full Time	\$7,442

³ "Rate" is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (CA CCR Section 599.666).

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Data Processing Manager III	Certification List	Permanent	Full Time	\$9,138
Data Processing Manager III	Certification List	Permanent	Full Time	\$8,703
Personnel Specialist	Certification List	Permanent	Full Time	\$2,720
Personnel Specialist	Certification List	Permanent	Full Time	\$2,720
Senior Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	\$5,824
Senior Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	\$5,824
Senior Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	\$6,473
Staff Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	\$7,098
Staff Services Analyst (General)	Certification List	Permanent	Full Time	\$3,824
Staff Services Manager II	Certification List	Permanent	Full Time	\$6,349
Staff Services Manager II	Certification List	Permanent	Full Time	\$7,136
Staff Services Manager II	Certification List	Permanent	Full Time	\$7,136
Systems Software Specialist II (Technical)	Mandatory Reinstatement	Permanent	Full Time	\$7,642
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	\$5,758
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	\$4,600
Data Processing Manager III	Transfer	Permanent	Full Time	\$9,138
Systems Software Specialist II (Technical)	Transfer	Permanent	Full Time	\$7,642

FINDING NO. 8 – Incorrect Application of Salary Determination Laws, Rules, and/or CalHR Policies and Guidelines

Summary: The CRU found the following error in the FI\$Cal's salary determination of employee compensation:

Classification	Description of Finding(s)	Criteria
Assistant Information Systems Analyst (AISA)	The employee previously served as a Management Services Technician earning a maximum salary of \$3690. On May 15, 2017, the employee was appointed via certification list to an Assistant Information Systems Analyst (AISA). It was determined that the employee was entitled to receive a one-step increase and placed in range B of the AISA classification with a starting salary rate of \$3875. The employee met range C of the AISA. The FI\$Cal should have completed a range change movement that same day based on alternate range criteria 278. As such, the employee should have received another one-step increase or a salary rate of \$4069.	CCR 599.676

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 Reg., 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. (Cal. Code Reg., tit. 2, § 599.676).

Severity: Very Serious. The FI\$Cal failed to comply with the state civil service pay plan by incorrectly applying compensation laws and rules in accordance with CalHR's policies and guidelines. This results in civil service employees receiving incorrect compensation.

Cause: The FI\$Cal states that the Personnel Specialist (PS) that processed the appointment and salary determination was new to the

classification and made an error of keying one transaction instead of two separate transactions. This error was due to the lack of training as a new PS.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.676. It is also recommended that within 90 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal will correct the transaction in order to make the employee whole.

Hiring Above Minimum Requests

Government Code section 19836 authorizes CalHR to allow payments above-the minimum rate in the salary range (HAM) in order to hire persons who have extraordinary qualifications. On April 1, 2005, CalHR granted delegated authority to all departments to approve HAM's for extraordinary qualifications, former legislative employees, and former exempt employees (PML, "Delegation of Personnel Management Functions," 2005-012). On September 25, 2007, CalHR also granted delegated authority for all departments to approve exceptions to the HAM criteria for extraordinary qualifications for all new state employees without prior review or approval from CalHR. However, for existing state employees, departments should obtain approval from CalHR and delegated authority does not apply (PML, "Hiring Above Minimum Standards for Extraordinary Qualifications," 2010-005).

Prior to approving a HAM under delegated authority, departments should demonstrate and document the candidate's extraordinary qualifications. The candidate's extraordinary qualifications should contribute to the work of the department significantly beyond that which other applicants offer. The extraordinary qualifications should provide expertise in a particular area of the department's program well beyond the normal requirements of the class. The department may also consider the unique talent, ability or skill demonstrated by the candidate's previous job experience as extraordinary qualifications, but the scope and depth of such experience should be more significant than the length. The qualifications and hiring rates of State employees already in the same class should be carefully considered (Cal HR Online Manual Section 1707). In all cases, the candidate's current salary or other bona fide salary offers should be above the minimum rate, verified and appropriately documented. Additionally, departments must request and approve HAM's before a candidate accepts employment (Ibid.).

During the period under review, September 1, 2016, through May 31, 2017, the FI\$Cal authorized two HAM requests. The CRU reviewed both authorized HAM requests to determine if the FI\$Cal correctly applied government code 19836 and appropriately verified, approved and documented candidates' extraordinary qualifications and subsequent salaries, which are listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Senior Program Analyst (Specialist)	Certification List	New to the State	\$5,824.00 - \$7,655.00	\$6,740.00
Senior Program Analyst (Specialist)	Certification List	New to the State	\$5,824.00 - \$7,655.00	\$6,740.00

FINDING NO. 9 – Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found that the two HAM requests the FI\$Cal made during the compliance review period, satisfied civil service laws, board rules and CalHR policies and guidelines.

Leave

Leave Auditing and Timekeeping

Departments must keep complete and accurate time and attendance records for each employee and officer employed within the agency over which it has jurisdiction (Cal. Code Reg., tit. 2, § 599.665).

Additionally, in accordance with CalHR Online Manual Section 2101, departments must create a monthly internal audit process to verify 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.

During the period under review, December 1, 2016 through February 28, 2017, the FI\$Cal reported 11 units comprised of 242 active employees during the December, 2016 pay period, and reported 11 units comprised of 242 active employees during the January, 2017 pay period and 11 units comprised of 243 active employees during the February, 2017 pay period. The pay periods and timesheets reviewed by the CRU are summarized as follows:

Timesheet Leave Period	Number of Units Reviewed	Number of Employees	Number of Timesheets Reviewed	Number of Missing Timesheets
January 2017	6	171	163	8
February 2017	6	174	164	10

FINDING NO. 10 – Department Did Not Retain Employee Time and Attendance Records

Summary: The FI\$Cal did not provide the following timesheets:

Timesheet Leave Period	Number of Missing Timesheets
January 2017	8
February 2017	10

Criteria: In accordance with California Code of Regulations, title 2, section, 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” (California Code of Regulations, title 2, section 599.665).

Severity: Serious. All employees must submit attendance records each pay period, regardless if leave was used. Without documentation, the CRU could not verify if the FI\$Cal entered employees’ leave into their leave accounting system accurately.

Cause: The FI\$Cal states that email reminders are sent to staff and their supervisor/manager requesting that timesheets are submitted by the 10th of each month. The FI\$Cal makes good faith efforts in trying to gather timesheets as requested, however some timesheets were not submitted even with the multiple reminders and follow up.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.665. Copies of any relevant documentation should be included with the plan.

FINDING NO. 11 – Incorrectly Posted Leave Usage and/or Leave Credit

Summary: The FI\$Cal did not correctly enter two of 42 timesheets into the Leave Accounting System (LAS) during the January, 2017 pay period. As a result, two employees retained their prior leave balance despite having used leave credits.

Criteria: In accordance with CalHR Online Manual Section 2101, departments must create a monthly internal audit process to verify 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 payments⁴.

Cause: The FI\$Cal states that thePS was newly hired and keyed the leave balances incorrectly. The PS also failed to conduct an audit which led to the oversight of the incorrectly posted leave usage/credit. This error was due to the lack of training as a new PS.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with CalHR Online Manual Section 2101.

FINDING NO. 12 – Department Has Not Implemented a Monthly Internal Audit Process to Verify All Leave Input Is Keyed Accurately and Timely

Summary: During the January and February 2017 pay periods reviewed, the FI\$Cal did not complete Leave Activity Correction and Certification forms until June 2017. As such, the FI\$Cal was unable to demonstrate that they implemented a monthly internal audit process to verify all leave input was 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" (CalHR Online Manual Section 2101).

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

⁴ State employees can convert sick leave to state service credit when they retire, ultimately increasing the State's pension payments.

accounting system. This process allows departments to make required corrections prior to the next monthly leave activity report being produced.

Cause: The FI\$Cal states that the PS's were newly hired to FI\$Cal and were not aware of the monthly audit process documentation. This error was due to lack of training.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with CalHR Online Manual Section 2101. Copies of any relevant documentation should be included with the plan.

Leave Reduction Efforts

Departments must comply with the regulations and CalHR policies that require a leave plan for every employee with vacation or annual leave hours over the maximum amount permitted (Cal. Code Regs., tit. 2, § 599.742.1 and applicable Bargaining Unit Agreements). Bargaining Unit Agreements and California Code of Regulations prescribe the maximum amount of vacation or annual leave permitted. For instance, according to California Code of Regulations, title 2, section 599.737, if a represented employee does not use all of the vacation to which he or she is entitled in a calendar year, "the employee may accumulate the unused portion, provided that on January 1st of a calendar year, the employee shall not have more than" the established limit as stipulated by the applicable bargaining unit agreement⁵. Likewise, if an excluded employee does not use all of the vacation to which he or she is entitled in a calendar year, the "employee may accumulate the unused portion of vacation credit, provided that on January 1st of a calendar year, the excluded employee shall not have more than 80 vacation days." (Cal. Code Regs., tit. 2, § 599.738).

In accordance with CalHR Online Manual Section 2124, departments must create a leave reduction policy for their organization and monitor employees' leave to ensure compliance with the departmental leave policy; and ensure employees who have

⁵ For represented employees, the established limit for annual or vacation leave accruals is 640 hours, however for bargaining units 06 there is no established limit and bargaining unit 5 the established limit is 816 hours.

significant “over-the-cap” leave balances have a leave reduction plan in place and are actively reducing hours.

As of December 31, 2016, 40 FI\$Cal employees exceeded the established limits of vacation or annual leave. The CRU reviewed 23 of those employees’ leave reduction plans to ensure compliance with applicable laws, regulations and CalHR policy and guidelines., which are listed below:

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Accounting Administrator II	S01	1123.5	No
Accounting Administrator II	S01	231.5	No
Accounting Administrator II	S01	138	No
Accounting Administrator III	S01	481	No
Attorney III	R02	236	No
Data Processing Manager III	M01	940.5	No
Data Processing Manager IV	M01	869	No
Data Processing Manager IV	M01	1097	No
Data Processing Manager IV	M01	504	No
Information Officer II	S01	257	No
Senior Information Systems Analyst (Specialist)	R01	289.5	No
Senior Information Systems Analyst (Specialist)	R01	179.5	No
Senior Program Analyst	R01	461	No
Staff Services Manager II (Managerial)	M01	497	No
Systems Software Specialist II (Supervisory)	R01	418.5	No
Systems Software Specialist II (Technical)	R01	236.5	No
Systems Software Specialist II (Technical)	R01	1232	No
Systems Software Specialist II (Technical)	R01	590	No
Systems Software Specialist III (Supervisory)	S01	823.75	No
Systems Software Specialist III (Supervisory)	S01	519	No
Systems Software Specialist III (Technical)	R01	1062.75	No

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Systems Software Specialist III (Technical)	R01	303	No
Systems Software Specialist III (Technical)	R01	426.5	No
Total Hours		12916.5	

FINDING NO. 13 -Leave Reduction Policy and Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits

Summary: The FI\$Cal did not provide leave reduction plans for the 24 employees reviewed whose leave balances exceeded established limits. Additionally, the FI\$Cal did not provide a general departmental policy addressing leave reduction.

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 for reasons other than those listed in sections 599.737 and 599.738 of these regulations 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 Cal HR 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: 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.

Cause: The FI\$Cal states that it was monitoring employee leave balances and providing Leave Activity & Balance (LAB) reports to the division Deputy Directors, however, a leave reduction plan policy was under development during this audit period.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the FI\$Cal submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.742 and CalHR Online Manual Section 2124. Copies of any relevant documentation should be included with the plan.

State Service

An employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous service⁶ (Cal. Code Regs., tit. 2, § 599.608).

Hourly or daily rate employees working at a department in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods shall be considered to have a complete month, a month of service, or continuous service (Cal. Code Regs., tit. 2, § 599.609).

For each additional qualifying monthly pay period as defined in section 599.608, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. When computing months of total state service to determine a change in the monthly credit for vacation with pay, only qualifying monthly pay periods of service before and after breaks in service shall be counted. Portions of non-qualifying

⁶ Except as provided in sections 599.609 and 599.776.1(b) of these regulations, in the application of Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, 19997.4 and sections 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.787, 599.791, 599.840 and 599.843 of these regulations.

monthly pay periods of service shall not be counted nor accumulated (Cal. Code Regs., tit. 2, § 599.739). On the first day following a qualifying monthly pay period, excluded employees⁷ shall be allowed credit for annual leave with pay (Cal. Code Regs., tit. 2, § 599.752).

Permanent Intermittent employees earn vacation according to the preceding schedule for each increment of 160 hours worked. Hours worked in excess of 160 hours in a monthly pay period are not counted or accumulated.

During the period under review, June 1, 2016, through February 28, 2017, the FI\$Cal processed four 715 transactions⁸. The CRU reviewed all 715 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of 715 Transaction	Time base	Number Reviewed
Non-Qualifying Pay Period	Full Time	2
Qualifying Pay Period	Full Time	2

FINDING NO. 14 – 715 Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU determined that the FI\$Cal ensured employees with non-qualifying pay periods did not receive vacation/sick leave, annual leave, and/or state service accruals. The CRU found no deficiencies in this area.

Policy and Processes

Nepotism

It is the policy of the State of California to recruit, hire and assign all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. Nepotism is expressly prohibited in the state workplace because it is antithetical to California's merit based civil service. Nepotism is defined as the practice of an

⁷ As identified in Government Code sections 19858.3(a), 19858.3(b), or 19858.3(c) as it applies to employees excluded from the definition of state employee under section Government Code 3513(c), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

⁸ 715 transaction code is used for: temporary leaves of 30 calendar days or less (per SPB Rule 361) resulting in a non-qualifying pay period; used for qualifying a pay period while on NDI; used for qualifying a pay period while employee is on dock and furlough.

employee using his or her influence or power to aid or hinder another in the employment setting because of a personal relationship. Personal relationships for this purpose include but are not limited to, association by blood, adoption, marriage and/or cohabitation. In addition, there may be personal relationships beyond this general definition that could be subject to these policies. Overall, departmental nepotism policies should aim to prevent favoritism or bias based on a personal relationship when recruiting, hiring or assigning employees. Departments have the discretion, based on organizational structure and size, to develop nepotism policies as they see fit (CalHR Online Manual Section 1204).

FINDING NO. 15 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

After reviewing the FI\$Cal's nepotism policy in effect during the compliance review period, the CRU verified that the policy was disseminated to all staff. Furthermore, the nepotism policy supported the FI\$Cal's commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the FI\$Cal's nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions as outlined in CalHR's Online Manual Section 1204.

Worker's Compensation

Pursuant to California Code of Regulations, title 8, section 9880, employers shall provide to every new employee at the time of hire or by the end of the first pay period, written notice concerning the rights, benefits, and obligations under workers' compensation law. This notice shall also contain a form that the employee can use to pre-designate their personal physician or medical group as defined by Labor Code section 4600. Additionally, employers shall also provide a claim form and notice of potential eligibility to their employee within one working day of notice or knowledge that the employee has suffered a work related injury or illness (Labor Code § 5401).

According to Labor Code 3363.5, public employers may choose to extend workers' compensation coverage to volunteers that perform services for the organization. Workers' compensation coverage is not mandatory for volunteers as it is for employees. This is specific to the legally uninsured state departments participating in the Master Agreement. Departments with an insurance policy for workers' compensation coverage should contact their State Compensation Insurance Fund (SCIF) office to discuss the status of volunteers (PML, "Workers' Compensation Coverage for Volunteers," 2015-009). Those departments who have volunteers should have notified or updated their

existing notification to the SCIF by April 1, 2015, whether or not they have decided to extend workers' compensation coverage to volunteers. In this case, the FI\$Cal did not employ volunteers during the compliance review period.

FINDING NO. 16 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

After reviewing the FI\$Cal's workers' compensation process that was in effect during the compliance review period, the CRU verified that the F\$CAL provides notice to their employees to inform them of their rights and responsibilities under CA workers' compensation law. Furthermore, the CRU verified that when the FI\$Cal received workers' compensation claims, the FI\$Cal properly provided claim forms within one working day of notice or knowledge of injury.

Performance Appraisals

According to Government Code section 19992.2, departments must "prepare performance reports." 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.

The CRU selected seven permanent FI\$Cal employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 17 – Performance Appraisals Not Provided to All Employees

Summary: The FI\$Cal did not provide performance appraisals to seven of seven employees reviewed at least once in each twelve calendar months after the completion of the employee's probationary period.

Classification	Date Performance Appraisal(s) due
Data Processing Manager III	1/19/2017
Data Processing Manager III	5/21/2017
Data Processing Manager IV	1/20/2017

Staff Services Manager I	12/23/2016
Staff Services Manager I	1/14/2017
Staff Services Manager I	5/24/2017
Staff Services Manager II (Managerial)	8/14/2016

Criteria: Departments are required to “prepare performance reports and keep them on file as prescribed by department rule” (Government Code section 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 manner.

Cause: The FI\$Cal states that due to staff turnover and a lack of resources, the FI\$Cal did not follow up with managers and supervisors on employee performance appraisals. However, in good faith, the FI\$Cal did provide managers and supervisors training on the performance appraisal process.

Action: It is recommended that within 60 days of the Executive Officer’s approval of these findings and recommendations, the STO submit to the CRU a written corrective action plan that addresses the corrections the department will implement to ensure conformity with Government Code section 19992.2 and California Code of Regulations, title 2, section 599.798. Copies of any relevant documentation should be included with the plan.

DEPARTMENTAL RESPONSE

The FI\$Cal’s response is attached as Attachment 1.

SPB REPLY

Based upon the FI\$Cal's written response, the FI\$Cal will comply with the CRU recommendations and findings and provide the CRU with an action plan.

It is further recommended that the FI\$Cal 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.



One state. One system.

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June 6, 2018

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

Re: Response to State Personnel Board (SPB) Draft Compliance Review Report

Dear Ms. Ambrose:

Thank you for providing FI\$Cal with the opportunity to respond to the draft SPB Compliance Review Report. Additionally, FI\$Cal would like to thank the Compliance Review Unit (CRU) for their time, insight, and feedback during the compliance review.

FI\$Cal is committed to ensuring that best practices, policies and procedures are followed as outlined by this compliance audit. We take these findings very seriously and will continue to enhance our procedures to ensure that these issues do not occur again. FI\$Cal agrees with the findings as listed in the draft Compliance Review Report and offer the following responses:

FINDING NO. 1 – Unlawful Appointments

FI\$Cal acknowledges that this is a change in process when reviewing applications for determining Minimum Qualifications (MQ) for IT classifications. The Human Resources (HR) staff are now aware that work performed by non-IT classifications must have a documented Out of Class Assignment and/or Training & Development on file. As part of FI\$Cal's recruitment process, the Personnel Officer and Chief Human Resources will continue to conduct final MQ determinations to ensure that these guidelines are applied consistently.

FINDING NO. 2 - Probationary Evaluations Were Not Provided for All Appointments Reviewed

FI\$Cal has made good faith efforts by tracking, monitoring, and reminding supervisors of outstanding employee probationary reports. HR has a documented process of sending monthly email reminders to supervisors and Deputy Directors for all probationary employees. Unfortunately, due to staffing turnover and non-response, FI\$Cal did not have 7 probationary reports as listed in this finding. FI\$Cal will continue to reiterate the importance of probationary evaluations and will discuss this finding at the next FI\$Cal manager/supervisor forum.

FINDING NO. 3 - Equal Employment Opportunity Officer Is Not at the Managerial Level

FI\$Cal acknowledges that the EEO officer should have been at the managerial level. Under the circumstances that occurred during this time, FI\$Cal was not able to make an EEO officer selection promptly and has since corrected this.

FINDING NO. 4 – Disability Advisory Committee Is Not Active

FI\$Cal understands the importance of the DAC and is making efforts to ensure compliance. The DAC chairperson has been attending SDAC meetings and working with other agencies/departments to learn about DAC best practices. A DAC meeting is planned for July 2018.

FINDING NO. 5 – No Active Upward Mobility Program

FI\$Cal has an UMP policy/procedure in place, however, due to the limited classifications used at FI\$Cal, the UMP was not active. Since this audit period, FI\$Cal received an exemption from CalHR for the UMP section of the Workforce Analysis.

FINDING NO. 6 – Supervisor Training Was Not Provided for All Supervisors

FI\$Cal's Training Unit now consists of two staff with a centralized Training Unit email box. The Training Unit now receives notification of when staff are appointed or hired as a supervisor. Within three days of this notification, the Training Unit has a process to send an email to the newly appointed supervisor requesting for a copy of their Basic Supervision training certificate if they were previously a State supervisor and/or directions on how to submit a training request (within twelve months of their appointment) using FI\$Cal's new Training Management System (TMS). The TMS is an automated system that tracks all training data for employees and can produce ad-hoc reports as needed to ensure training requirements are met. Additionally, FI\$Cal's Training Unit will notify the Chief Human Resources if the supervisor does not submit a training request within six months of appointment date.

FINDING NO. 7 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors

FI\$Cal's Training Unit now consists of two staff with a centralized Training Unit email box. The Training Unit now receives notification of when staff are appointed or hired as a supervisor. Within three days of this notification, the Training Unit has a process to send an email to the newly appointed supervisor requesting for a copy of their most recent Sexual Harassment Prevention training certificate if they were previously a State supervisor and/or directions on how to submit a training request (within six months of their appointment) using FI\$Cal's new Training Management System. The TMS is an automated system that tracks all training data for employees and can produce ad-hoc reports as needed to ensure training requirements are met. Additionally, FI\$Cal's Training Unit will notify the Chief Human Resources if the supervisor does not submit a training request within three months of appointment date.

FINDING NO. 8 – Incorrect Application of Salary Determination Laws, Rules, and/or CalHR Policies and Guidelines

SCO and on the job training has been provided to PS staff to ensure salary determinations are correctly applied when processing appointments. In addition to the training, a peer review process will also be conducted for all salary determinations to ensure accuracy and compliance. This appointment has since been reviewed and corrected.

FINDING NO. 10 – Department Did Not Retain Employee Time and Attendance Records

HR will continue sending emails to staff as a reminder to submit their timesheets by the 10th business day of the new pay period. An additional email will be sent to the employee's supervisor

and the Deputy Director if timesheets are not received by the 10th as requested. HR will also reiterate the importance of this finding during our FI\$Cal manager/supervisor forums.

FINDING NO. 11 – Incorrectly Posted Leave Usage and/or Leave Credit

Since the time of this incident, CLAS and on the job training has been completed by the PS staff. This error was caused by a keying error which would have been caught during the monthly internal audit process. FI\$Cal made good efforts to review and correct the timesheets upon knowledge that the internal audits were not completed for the January and February 2017 payperiod. FI\$Cal has since conducted monthly internal audits and made corrections to leave usage as appropriate.

FINDING NO. 12 – Department Has Not Implemented a Monthly Internal Audit Process to Verify All Leave Input Is Keyed Accurately and Timely

FI\$Cal acknowledges that the leave audits must be completed in the pay period following the pay period in which the leave was keyed. This was an oversight in process and FI\$Cal has since corrected this. Additionally, in an effort to ensure that all payroll related items are completed timely, HR has developed a task checklist that documents all monthly payroll related items associated with the PS duties. This checklist will ensure that the PSs do not miss a step in their payroll processing and will also allow management to review workload status.

FINDING NO. 13 - Leave Reduction Policy and Plans Were Not Provided to All Employees Whose Leave Balances Exceeded Established Limits

FI\$Cal acknowledges that a Leave Reduction Plan was not in place during the time of this audit, however, FI\$Cal was actively monitoring leave balances on a monthly basis. Since the time of this audit, FI\$Cal implemented the Leave Reduction Plan policy in April 2018 and in May 2018 emails were sent to employees, supervisors, and Deputy Directors informing them that Leave Reduction Plans are due by June 30, 2018. FI\$Cal has also developed a tracking system to ensure compliance with the Leave Reduction Policy.

FINDING NO. 17 - Performance Appraisals Not Provided to All Employees

FI\$Cal acknowledges the importance of completing employee Performance Appraisals and will combine the Performance Appraisal process along with the Probationary Process. A dedicated unit has been assigned this task and will follow up with employees, supervisors, and Deputy Directors as appropriate. HR will also reiterate the importance of completing Performance Appraisals during our FI\$Cal manager/supervisor forums.

Thank you again for the opportunity to respond to your draft report. If you have any questions, please contact Gam Thai, Chief Human Resources at (916) 576-5249 or by email at Gam.Thai@fiscal.ca.gov.

Sincerely,



Jennifer Maguire, Deputy Director Administrative Services
Department of FI\$Cal