



COMPLIANCE REVIEW REPORT

OFFICE OF SYSTEMS INTEGRATION

Compliance Review Unit
State Personnel Board
November 30, 2016

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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 Office of Systems Integration (OSI) personnel practices in the areas of examinations, appointments, EEO, PSC's from September 1, 2015, through May 31, 2016, and mandated training from May 1, 2014, through May 31, 2016. The following table summarizes the compliance review findings.

| Area | Finding | Severity |
|------------------------------|---|---------------|
| Examinations | Examinations Complied with Civil Service Laws and Board Rules | In Compliance |
| Appointments | Unlawful Appointment | Very Serious |
| Appointments | Probationary Evaluations Were Not Provided for All Appointments Reviewed | Serious |
| Equal Employment Opportunity | Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules | In Compliance |

| Area | Finding | Severity |
|-----------------------------|---|---------------|
| Personal Services Contracts | Personal Services Contracts Complied with Procedural Requirements | In Compliance |
| Mandated Training | Mandated Training Complied with Statutory Requirements | In Compliance |

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

In 2005, the OSI was established to manage a portfolio of large, complex health and human services information technology projects. The OSI provides project management, oversight, procurement, and support services for a multi-billion dollar portfolio of high criticality projects. In this capacity, the OSI coordinates communication, collaboration and decision making among project stakeholders and program-side sponsors of the projects. The OSI manages the procurement, contract negotiations and contract management aspects of the acquisition of technology (IT) systems and services. After the procurement phase, the OSI oversees the design, development, governance, and implementation of IT systems which serve health and human services programs. Since its inception, the OSI has developed a track record of successfully managing and deploying large, complex, mission critical systems to support health and human services programs at the state, federal, and local level.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing OSI examinations, appointments, EEO program, and PSC's from September 1, 2015, through May 31, 2016, and mandated training from May 1, 2014, through May 31, 2016. The primary objective of the review was to determine if OSI personnel practices, policies, and procedures complied with state civil service laws and board regulations, and to recommend corrective action where deficiencies were identified.

A cross-section of OSI's examinations and appointments were selected for review to ensure that samples of various examinations and appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the OSI provided, which included examination plans, examination bulletins, job analyses, 511b's, scoring results, notice of personnel action 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 OSI'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 OSI PSC's were also reviewed.¹ It was beyond the scope of the compliance review to make conclusions as to whether OSI justifications for the contracts were legally sufficient. The review was limited to whether OSI practices, policies, and procedures relative to PSC's complied with procedural requirements.

In addition, the OSI'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 supervisory and sexual harassment prevention training within statutory timelines.

On November 3, 2016, an exit conference was held with the OSI to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the OSI's written response on November 11, 2016, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Examinations

Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov.

¹ If an employee organization requests the SPB to review any personal services contract during the SPB compliance review period or prior to the completion of the final compliance review report, the SPB will not audit the contract. Instead, the SPB will review the contract pursuant to its statutory and regulatory process. In this instance, none of the reviewed PSC's were challenged

Code, § 18930.) Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skills, or any combination of those tests. (*Ibid.*) The Board establishes minimum qualifications for determining the fitness and qualifications of employees for each class of position and for applicants for examinations. (Gov. Code, § 18931.) Within a reasonable time before the scheduled date for the examination, the designated appointing power shall announce or advertise the examination for the establishment of eligible lists. (Gov. Code, § 18933, subd. (a).) the advertisement shall contain such information as the date and place of the examination and the nature of the minimum qualifications. (*Ibid.*) Every applicant for examination shall file an application in the office of the department or a designated appointing power as directed by the examination announcement. (Gov. Code, § 18934.) Generally, the final earned rating of each person competing in any examination is to be determined by the weighted average of the earned ratings on all phases of the examination. (Gov. Code, § 18936.) Each competitor shall be notified in writing of the results of the examination when the employment list resulting from the examination is established. (Gov. Code, § 18938.5.)

During the period under review, the OSI conducted three examinations. The CRU reviewed two of those examinations, which are listed below:

| Classification | Exam Type | Exam Components | Final File Date | No. of Applications |
|--|-----------|------------------|-----------------|---------------------|
| Career Executive Assignment (CEA) B, Deputy Director, Child & Adult Technology Support Division (CATS) | CEA | SOQ ² | 9/4/2015 | 12 |
| CEA B, Deputy Director, Project Management Division | CEA | SOQ | 9/4/2015 | 14 |

FINDING NO. 1 – Examinations Complied with Civil Service Laws and Board Rules

The OSI administered two CEA examinations that were tailored for each position to create eligible lists from which to make appointments. For the two CEA examinations,

² In a statement of qualifications (SOQ's) examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

the OSI published and distributed examination bulletins containing the required information. Applications and SOQ's were received by the OSI and were thereafter properly assessed to determine applicant ranks from one to six. The OSI then hired candidates in the top three ranks.

The CRU found no deficiencies in the examinations that the OSI conducted during the compliance review period. Accordingly, the OSI fulfilled its responsibilities to administer those examinations in compliance with civil service laws and board rules.

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.) Except as provided by law, appointments to vacant positions shall be made from employment lists. (*Ibid.*) 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 compliance review period, the OSI made 70 appointments. The CRU reviewed 31 of those appointments, which are listed below:

| Classification | Appointment Type | Tenure | Time Base | No. of Appointments |
|--|--------------------|-----------|-----------|---------------------|
| Associate Governmental Program Analyst | Certification List | Permanent | Full Time | 1 |
| Associate Information Systems Analyst (Specialist) | Certification List | Permanent | Full Time | 2 |
| Associate Personnel Analyst | Certification List | Permanent | Full Time | 1 |
| Attorney III | Certification List | Permanent | Full Time | 1 |
| Career Executive Assignment) A, Chief Administrative Officer | Certification List | CEA | Full Time | 1 |
| Career Executive Assignment B, Deputy Director, CATS | Certification List | CEA | Full Time | 1 |

| Classification | Appointment Type | Tenure | Time Base | No. of Appointments |
|---|-------------------------|-----------|-----------|---------------------|
| Career Executive Assignment B, Deputy Director, Project Management Division | Certification List | CEA | Full Time | 1 |
| Data Processing Manager III | Certification List | Permanent | Full Time | 2 |
| Data Processing Manager IV | Certification List | Permanent | Full Time | 2 |
| Office Technician (Typing) | Certification List | Permanent | Full Time | 1 |
| Senior Information Systems Analyst (Specialist) | Certification List | Permanent | Full Time | 2 |
| Senior Personnel Specialist | Certification List | Permanent | Full Time | 1 |
| Systems Software Specialist II (Technical) | Certification List | Permanent | Full Time | 1 |
| Systems Software Specialist III (Technical) | Certification List | Permanent | Full Time | 2 |
| Assistant Information Systems Analyst | Mandatory Reinstatement | Permanent | Full Time | 1 |
| Associate Budget Analyst | Mandatory Reinstatement | Permanent | Full Time | 1 |
| Office Technician (Typing) | Mandatory Reinstatement | Permanent | Full Time | 1 |
| Associate Budget Analyst | Transfer | Permanent | Full Time | 2 |
| Associate Personnel Analyst | Transfer | Permanent | Full Time | 2 |
| Career Executive Assignment B | Transfer | Permanent | Full Time | 1 |
| Data Processing Manager III | Transfer | Permanent | Full Time | 1 |
| Executive Assistant | Transfer | Permanent | Full Time | 1 |
| Senior Information Systems Analyst (Specialist) | Transfer | Permanent | Full Time | 2 |

For each of the 19 list appointments, the OSI properly advertised the job vacancies, sent out contact letters, screened applications, interviewed candidates, and cleared the certification lists for SROA and reemployment, and conducted background and reference checks as appropriate. However the OSI failed to verify that one of the

candidates hired met the minimum qualifications for the classifications described in finding 2.

The OSI made three appointments via mandatory reinstatement. A state agency is required to reinstate an employee to his or her former position if the employee is (1) terminated from a temporary or limited-term appointment by either the employee or the appointing power; (2) rejected during probation; or (3) demoted from a managerial position. (Gov. Code, § 19140.5.) The following conditions, however, must apply: the employee accepted the appointment without a break in continuity of service and the reinstatement is requested within ten working days after the effective date of the termination. (*Ibid.*) The OSI complied with the rules and laws governing mandatory reinstatements.

The CRU reviewed nine OSI appointments made via transfer. A transfer of an employee from a position under one appointing power to a position under another appointing power may be made if the transfer is to a position in the same class or in another class with substantially the same salary range and designated as appropriate by the executive officer. (Cal. Code Reg., tit. 2, § 425.) The OSI verified the eligibility of each candidate to their appointed class.

The OSI did not provide probation reports for all appointments as described in finding 3.

FINDING NO. 2 – Unlawful Appointment

Summary: The OSI made one appointment utilizing the certification list for Associate Information Systems Analyst (Specialist) in which minimum qualifications were not met. Less than one year has elapsed, thus the appointment will be voided.

Criteria: Pursuant to Government Code section 18931 subdivision (a), the Board shall establish minimum qualification 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. Disciplinary action may also be pursued against any officer or employee in a position of authority who directs any officer or employee to take action in violation of the appointment laws. If bad faith is determined on the part of the employee, the employee may be required to reimburse all compensation resulting from the unlawful appointment and may also be subject to disciplinary action.

Cause: The OSI states that they utilized an incorrect methodology contained in a form 511B, which was erroneously implemented by the prior Human Resources Division (HRD) management for use in determining the minimum qualifications of appointees for several information technology classifications.

Action: The CRU notified the OSI and referred this unlawful appointment to the CalHR Personnel Management Division at the time it was discovered. The OSI 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 OSI 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.

In addition, the OSI must perform an internal audit to determine whether or not the incorrect form 511B was utilized in making other unlawful appointments and submit their findings along with the corrective action plan within the next 30 days.

FINDING NO. 3 – Probationary Evaluations Were Not Provided For All Appointments Reviewed

Summary: The OSI did not prepare, complete, and/or retain 10 required probationary reports of performance.

| Classification | Appointment Type | No. of Appointments | No. of Uncompleted Prob. Reports |
|--|--------------------|---------------------|----------------------------------|
| Associate Information Systems Analyst (Specialist) | Certification List | 2 | 1 |
| Data Processing Manager III | Certification List | 2 | 1 |
| Senior Information Systems Analyst (Specialist) | Certification List | 2 | 2 |
| Associate Budget Analyst | Transfer | 2 | 1 |
| Associate Personnel Analyst | Transfer | 2 | 2 |
| Senior Information Systems Analyst (Specialist) | Transfer | 2 | 3 |
| Total | | 12 | 10 |

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 state government.

Cause: The OSI states that it does not currently have a tracking system to monitor compliance by the supervisors and managers and therefore the HRD did not follow up to ensure probationary evaluations were completed.

Action: It is recommended that within 60 days of the Executive Officer's approval of these findings and recommendations, the OSI 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 (EEO)

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 California Department of Human Resources (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.) In a state agency with less than 500 employees, like the OSI, the EEO officer may be the personnel officer. (*Ibid.*)

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. In a state agency with less than 500 employees, like the OSI, the EEO Officer may be the Personnel Officer.

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 OSI's EEO program that was in effect during the compliance review period. Accordingly, the OSI's EEO program complied with civil service laws and board rules.

FINDING NO. 4 – 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 OSI'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 director of the OSI. In addition, the OSI has an established DAC that reports to the director on issues affecting persons with a disability. The OSI 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 OSI's EEO program complied with civil service laws and board rules.

Personal Services Contracts

A PSC includes any contract, requisition, or purchase order under which labor or personal services is a significant, separately identifiable element and the business or person performing the services is an independent contractor that does not have status as an employee of the State. (Cal. Code Reg., tit. 2, § 547.59.) The California Constitution has an implied civil service mandate limiting the state's authority to contract

with private entities to perform services the state has historically or customarily performed. Government Code section 19130, subdivision (a), however, codifies exceptions to the civil service mandate where PSC's achieve cost savings for the state. PSC's that are of a type enumerated in subdivision (b) of Government Code section 19130 are also permissible. Subdivision (b) contracts include private contracts for a new state function, services that are not available within state service, services that are incidental to a contract for the purchase or lease of real or personal property, and services that are of an urgent, temporary, or occasional nature.

For cost-savings PSC's, a state agency is required to notify the SPB of its intent to execute such a contract. (Gov. Code, § 19131.) For subdivision (b) contracts, the SPB reviews the adequacy of the proposed or executed contract at the request of an employee organization representing state employees. (Gov. Code, § 19132.)

During the compliance review period, the OSI had four PSC's that were in effect and subject to Department of General Services (DGS) approval, and thus our procedural review. The CRU reviewed all of those, which are listed below:

| Vendor | Services | Contract Dates | Contract Amount | Justification Identified |
|------------------------------------|---|---------------------|-----------------|--------------------------|
| Fidelity Information Services, LLC | Electronic Benefit Transfer (EBT) Vendor Services | 4/8/2016-4/7/2023 | \$167,859,361 | Yes |
| HP Enterprise Services, LLC | Case Management, Information & Payrolling System Services | 4/1/2008-3/31/2018 | \$263,762,079 | Yes |
| Propoint Technology, Inc | EBT 3 Project Transition Consultant Services | 4/1/2016-3/3/2018 | \$2,931,020 | Yes |
| Vavrinek, Trine, Day & Co. LLP | Welfare Client Data System Transition Consultant Services | 3/18/2016-8/15/2016 | \$123,072 | Yes |

FINDING NO. 5 – Personal Services Contracts Complied with Procedural Requirements

When a state agency requests approval from the DGS for a subdivision (b) contract, the agency must include with its contract transmittal a written justification that includes *specific and detailed factual information* that demonstrates how the contracts meet one or more conditions specified in Government Code section 19131, subdivision (b). (Cal. Code Reg., tit. 2, § 547.60.)

The total amount of all the PSC's reviewed was \$434,675,532.00. It was beyond the scope of the review to make conclusions as to whether OSI justifications for the contract were legally sufficient. For all PSC's subject to DGS approval, the OSI provided specific and detailed factual information in the written justifications as to how each of the four contracts met at least one condition set forth in Government Code section 19131, subdivision (b). Accordingly, the OSI PSC's complied with procedural requirements.

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 California Department of Human Resources (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 OSI's mandated training program that was in effect during the compliance review period.

FINDING NO. 6 – Mandated Training Complied with Statutory Requirements

The OSI provided ethics training to its 57 new filers within six months of appointment and semiannual ethics training to its 279 existing filers during two-year calendar year period commencing in 2014. The OSI also provided supervisory training to its 14 new supervisors within 12 months of appointment. In addition, the OSI provided sexual harassment prevention training its 19 new supervisors within six months of appointment, and sexual harassment prevention training to its 25 existing supervisors every two years. Thus, the OSI complied with mandated training requirements within statutory timelines.

DEPARTMENTAL RESPONSE

The OSI's response is attached as Attachment 1.

SPB REPLY

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

It is further recommended that the OSI 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 Health and Human Services Agency
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2525 Natomas Park Drive, Ste. 200
Sacramento, California 95833



EDMUND G. BROWN JR.
GOVERNOR

November 14, 2016

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

Dear Ms. Ambrose:

SUBJECT: State Personnel Board (SPB) Compliance Review (CR) – Departmental Response

The Office of Systems Integration (OSI) thanks the Compliance Review Unit (CRU) staff for their dedication and professionalism throughout the audit process. We understand that external audits are an important component of ensuring the management and integrity of the State's hiring process and other laws and rules. In whole, the audit contributes to the overall effectiveness and efficiency of the OSI's business practices.

As reported in the CR, the OSI complies with civil service laws and regulations in examinations, equal opportunity, personal services contracts, and mandated training. However, the SPB's review identified concerns with the issuance of probationary evaluations and an unlawful appointment.

The OSI takes the compliance findings very seriously and have taken into consideration the findings identified in the CR and immediately began the necessary corrective actions to bring the Department into compliance. Subsequent action beyond the responses to each item will be addressed and documented in the Department's corrective action plan.

Finding 1: Examinations Complied with Civil Service Laws and Board Rules

Found to be in compliance and no further action is required.

Finding 2: Unlawful Appointment

Cause: The OSI acknowledges and concurs with the finding. The OSI utilized an incorrect methodology (511B) which was erroneously implemented by the prior Human Resources Division (HRD) management for use in determining the minimum qualifications of the appointee for the Associate Information System Analyst classification. Upon discovery and notice of the unlawful appointment, the OSI

immediately ceased the use of the incorrect methodology (511B) and currently complies with the applicable civil service laws, rules and practices for determining minimum qualifications. In addition, the unlawful appointment investigation was initiated and the conclusion is in concurrence with the CRU's determination and as such the appointment will be voided.

Finding 3: Probationary Evaluations Were Not Provided For All Appointments Reviewed

Cause: The OSI acknowledges and concurs with the finding. The OSI is also aware of the requirement and importance to evaluate the work and efficiency of a probationer to keep the probationer adequately informed of progress on the job. Upon appointment of probationary employees the OSI's HRD notifies supervisors and managers of the probationary dates of each employee and it is the responsibility of the supervisors and managers to forward the completed evaluations to the HRD for filing in the official personnel file (OPF). The OSI does not currently have a tracking system to monitor compliance by the supervisors and managers therefore the HRD did not follow up to ensure probationary evaluations were completed or provided to the HRD for placement in the OPF.

Finding 4: Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules

Found to be in compliance and no further action is required.

Finding 5: Personal Services Contracts Complied with Procedural Requirements:

Found to be in compliance and no further action is required.

Finding 6: Mandated Training Complied with Statutory Requirements

Found to be in compliance and no further action is required.

The OSI takes the reported deficiencies very seriously and as such has implemented corrective action to strengthen oversight and compliance efforts in the area of appointments and probationary evaluations. The OSI will provide the Board with the corrective action plan within 60 days of the Board's adoption of the compliance review letter. We appreciate the work of the Board auditors and the technical assistance provided during the review.

If you have any questions or concerns, please contact Tamara Polen, Chief of Human Resources at (916) 263-3265 or Tamara.Polen@osi.ca.gov.

Sincerely,



MATT SCHUELLER
Chief Administrative Officer

cc: John Boule, Director