

# **COMPLIANCE REVIEW REPORT**

## **DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION**

Compliance Review Division  
State Personnel Board  
March 26, 2025

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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 Division (CRD) conducts compliance reviews of appointing authorities' 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.

Pursuant to Government Code section 18502, subdivision (c), the SPB and the California Department of Human Resources (CalHR) may "delegate, share, or transfer between them responsibilities for programs within their respective jurisdictions pursuant to an agreement." SPB and CalHR, by mutual agreement, expanded the scope of program areas to be audited to include more operational practices that have been delegated to departments and for which CalHR provides policy direction. Many of these delegated practices are cost drivers to the state and 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 deter waste, fraud, and abuse.

The SPB conducts these reviews on a three-year cycle.

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

It should be noted that this report only contains findings from this hiring authority's compliance review. Other issues found in SPB appeals and special investigations as well as audit and review findings by other agencies such as the CalHR and the California State Auditor are reported elsewhere.

### **EXECUTIVE SUMMARY**

The CRD conducted a routine compliance review of the Department of Health Care Access and Information (HCAI) personnel practices in the areas of examinations, appointments, EEO, PSC's, mandated training, compensation and pay, leave, and policy and processes. The following table summarizes the compliance review findings.

| Area                         | Severity               | Finding  |
|------------------------------|------------------------|--|
| Examinations                 | In Compliance          | Examinations Complied with Civil Service Laws and Board Rules  |
| Appointments                 | Substantial Compliance | Probationary Evaluations Were Not Provided for All Appointments Reviewed                               |
| Equal Employment Opportunity | In Compliance          | Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules              |
| Personal Services Contracts  | Serious                | Unions Were Not Notified of Personal Services Contracts <sup>1</sup>                                   |
| Mandated Training            | Very Serious           | Ethics Training Was Not Provided for All Filers <sup>2</sup>   |
| Mandated Training            | Substantial Compliance | Sexual Harassment Prevention Training Was Not Provided for All Employees                               |
| Mandated Training            | Very Serious           | Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs                          |
| Compensation and Pay         | In Compliance          | Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines |

<sup>1</sup> Repeat Finding. The HCAI's January 19, 2022, compliance review report identified unions were not notified prior to entering into 7 out of 10 PSC's. The HCAI's March 28, 2019, compliance review report identified that unions were not notified prior to entering into six out of six PSC's.

<sup>2</sup> Repeat finding. The HCAI's January 19, 2022, compliance review report identified that the HCAI did not provide ethics training to 206 of 282 existing filers. In addition, the HCAI did not provide ethics training to 33 of 49 new filers within 6 months of their appointment.

| Area                 | Severity      | Finding  |
|----------------------|---------------|--|
| Compensation and Pay | Very Serious  | Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines        |
| Compensation and Pay | In Compliance | Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines           |
| Compensation and Pay | Very Serious  | Incorrect Authorization of Out-of-Class Pay  |
| Leave                | In Compliance | Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines |
| Leave                | Serious       | Administrative Time Off Was Not Properly Documented  |
| Leave                | Serious       | Department Did Not Certify That All Leave Records Were Reviewed  |
| Leave                | In Compliance | Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines         |
| Policy               | In Compliance | Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines                        |
| Policy               | In Compliance | Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines          |
| Policy               | Serious       | Performance Appraisals Were Not Provided to All Employees <sup>3</sup>   |

<sup>3</sup> Repeat finding. The HCAI's January 19, 2022, compliance review report identified 51 missing performance appraisals from 75 employees reviewed. Additionally, the HCAI's March 28, 2019, compliance review report identified 52 missing performance appraisals from the 77 employees reviewed.

## **BACKGROUND**

The HCAI (formerly known as the Office of Statewide Health Planning and Development) expands equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs.

The heart of HCAI's mission is advancing racial and health equity by integrating and promoting equity throughout the workplace and its programs. The HCAI's goal is to create a healthier California where all receive equitable, affordable, and quality health care. The HCAI employs approximately 737 employees.

## **SCOPE AND METHODOLOGY**

The scope of the compliance review was limited to reviewing the HCAI's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes<sup>4</sup>. The primary objective of the review was to determine if the HCAI's 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.

A cross-section of the HCAI's examinations was selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRD examined the documentation that the HCAI provided, which included examination plans, examination bulletins, job analyses, and scoring results.

The HCAI did not conduct any permanent withhold actions during the compliance review period.

A cross-section of the HCAI's appointments was selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRD examined the documentation that the HCAI provided, which included Notice of Personnel Action forms, Request for Personnel Actions, vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports. The HCAI did not conduct any unlawful appointment investigations during the compliance review period.

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<sup>4</sup> Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

The HCAI's appointments were also selected for review to ensure the HCAI applied salary regulations accurately and correctly processed employees' compensation and pay. The CRD examined the documentation that the HCAI provided, which included employees' employment and pay history and any other relevant documentation such as certifications, degrees, and/or the appointee's application. Additionally, the CRD reviewed specific documentation for the following personnel functions related to compensation and pay: monthly pay differentials, alternate range movements, and out-of-class assignments.

During the compliance review period, the HCAI did not issue or authorize red circle rate requests, arduous pay, or bilingual pay.

The review of the HCAI'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 reasonable accommodation program; the discrimination complaint process; and the Disability Advisory Committee.

The HCAI's PSC's were also reviewed.<sup>5</sup> It was beyond the scope of the compliance review to make conclusions as to whether the HCAI's justifications for the contracts were legally sufficient. The review was limited to whether the HCAI's practices, policies, and procedures relative to PSC's complied with procedural requirements.

The HCAI's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, that all supervisors, managers, and those serving in Career Executive Assignments (CEA) were provided leadership and development training, and that all employees were provided sexual harassment prevention training within statutory timelines.

The CRD reviewed the HCAI's monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely and ensure the department certified that all leave records have been reviewed and corrected if necessary. The CRD selected a small cross-section of the HCAI'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 HCAI's employees' employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not

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<sup>5</sup>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.

receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the CRD reviewed a selection of the HCAI employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRD reviewed a selection of HCAI positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

Moreover, the CRD reviewed the HCAI's policies and processes concerning nepotism, workers' compensation, and performance appraisals. The review was limited to whether the HCAI's policies and processes adhered to procedural requirements.

The CRD received and carefully reviewed the HCAI's written response on March 4, 2025, 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. 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, subd. (a).) 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 with the department or a designated appointing power as directed by the examination announcement. (Gov. Code, § 18934, subd. (a)(1).) 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, October 1, 2023, through June 30, 2024, the HCAI conducted 15 examinations. The CRD reviewed nine of those examinations, which are listed below:

| Classification   | Exam Type                | Exam Components                          | Final File Date | No. of Apps |
|--|--------------------------|--|-----------------|-------------|
| CEA B, Deputy Director, Office of Health Workforce Development | CEA                      | Statement of Qualifications <sup>6</sup> | 7/25/2023       | 8           |
| Compliance Officer, Health Facility Construction               | Departmental Open        | Qualification Assessment (QA)            | 10/16/2023      | 1           |
| Compliance Officer, Health Facility Construction               | Departmental Open        | QA                                       | 12/15/2023      | 2           |
| Compliance Officer, Health Facility Construction               | Departmental Open        | QA                                       | 2/15/2024       | 2           |
| Fire & Life Safety Officer (Health Facilities Construction)    | Departmental Promotional | QA                                       | 10/16/2023      | 1           |
| Health Program Auditor II, Department of Health Care Services  | Departmental Promotional | Education and Experience <sup>7</sup>    | 3/15/2024       | 3           |
| Regional Compliance Officer, Health Facilities Construction    | Departmental Promotional | QA                                       | 12/15/2023      | 1           |
| Regional Compliance Officer, Health Facilities Construction    | Departmental Promotional | QA                                       | 3/15/2024       | 2           |
| Supervisor, Health Facilities Construction                     | Departmental Open        | QA                                       | 3/15/2024       | 3           |

<sup>6</sup> In a Statement of Qualifications 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.

<sup>7</sup> In an Education and Experience examination, one or more raters reviews the applicants' Standard 678 application forms, and scores and ranks them according to a predetermined rating scale that may include years of relevant higher education, professional licenses or certifications, and/or years of relevant work experience.

|                      |                      |  |
|----------------------|----------------------|--|
| <b>IN COMPLIANCE</b> | <b>FINDING No. 1</b> | <b>EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES</b> |
|----------------------|----------------------|--|

The CRD reviewed one departmental promotional and eight open examinations which the HCAI administered in order to create eligible lists from which to make appointments. The HCAI published and distributed examination bulletins containing the required information for all examinations. Applications received by the HCAI were accepted prior to the final filing date. Applicants were notified about the next phase of the examination process. After all phases of the examination process were completed, the score of each competitor was computed, and a list of eligible candidates was established. The examination results listed the names of all successful competitors arranged in order of the score received by rank. The CRD found no deficiencies in the examinations that the HCAI conducted during the compliance review period.

### **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.) The hiring process for eligible candidates chosen for job interviews shall be competitive and be designed and administered to hire candidates who will be successful. (Cal. Code Regs., tit. 2, § 250, subd. (b).) Interviews shall be conducted using job-related criteria. (*Ibid.*) Persons selected for appointment shall satisfy the minimum qualifications of the classification to which he or she is appointed or have previously passed probation and achieved permanent status in that same classification. (Cal. Code Regs., tit. 2, § 250, subd. (d).) While persons selected for appointment may meet some or most of the preferred or desirable qualifications, they are not required to meet all the preferred or desirable qualifications. (*Ibid.*) This section does not apply to intra-agency job reassignments. (Cal. Code Regs., tit. 2, § 250, subd. (e).)

During the period under review, October 1, 2023, through March 31, 2024, the HCAI made 74 appointments. The CRD reviewed 22 of those appointments, which are listed below:

| Classification                         | Appointment Type   | Tenure    | Time Base | No. of Appts. |
|--|--------------------|-----------|-----------|---------------|
| Accounting Officer (Specialist)        | Certification List | Permanent | Full Time | 1             |
| Associate Governmental Program Analyst | Certification List | Permanent | Full Time | 2             |

| Classification   | Appointment Type   | Tenure    | Time Base | No. of Appts. |
|--|--------------------|-----------|-----------|---------------|
| Associate Health Program Adviser                                 | Certification List | Permanent | Full Time | 1             |
| Associate Personnel Analyst                                      | Certification List | Permanent | Full Time | 1             |
| Attorney IV  | Certification List | Permanent | Full Time | 1             |
| Fire and Life Safety Officer II (Health Facilities Construction) | Certification List | Permanent | Full Time | 1             |
| Health Program Manager II  | Certification List | Permanent | Full Time | 1             |
| Health Program Specialist I                                      | Certification List | Permanent | Full Time | 1             |
| Health Program Specialist II                                     | Certification List | Permanent | Full Time | 1             |
| Information Technology Specialist I                              | Certification List | Permanent | Full Time | 2             |
| Information Technology Specialist II                             | Certification List | Permanent | Full Time | 1             |
| Research Data Analyst I  | Certification List | Permanent | Full Time | 1             |
| Research Scientist III (Epidemiology/Biostatistics)              | Certification List | Permanent | Full Time | 1             |
| Research Scientist III (Social/Behavioral Sciences)              | Certification List | Permanent | Full Time | 1             |
| Staff Services Analyst   | Certification List | Permanent | Full Time | 1             |
| Staff Services Manager I   | Certification List | Permanent | Full Time | 1             |
| Staff Services Manager II (Managerial)                           | Certification List | Permanent | Full Time | 1             |
| Health Program Specialist II                                     | Transfer           | Permanent | Full Time | 1             |
| Research Data Specialist II                                      | Transfer           | Permanent | Full Time | 1             |
| Staff Services Manager II (Supervisory)                          | Transfer           | Permanent | Full Time | 1             |

|                               |   |
|-------------------------------|---|
| <b>SUBSTANTIAL COMPLIANCE</b> | <b>FINDING No. 2 Probationary Evaluations Were Not Provided for All Appointments Reviewed</b> |
|-------------------------------|---|

**Summary:** The HCAI did not provide 1 probationary report of performance for 1 of the 22 appointments reviewed by the CRD, as reflected in the table below.

| Classification                  | Appointment Type   | No. of Appointments | Total No. of Missing Probation Reports |
|---------------------------------|--------------------|---------------------|--|
| Accounting Officer (Specialist) | Certification List | 1                   | 1                                      |

**Criteria:** The service of a probationary period is required when an employee enters or is promoted 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 department rules may require. (Gov. Code, § 19172.) 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. (Cal. Code Regs., tit. 2, § 599.795.) 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 require that appointing powers retain all probationary reports for five years from the date the record is created. (Cal. Code Regs., tit. 2, § 26, subd. (a)(3).)

**Severity:** Substantial Compliance. The department has achieved 90% or more compliance in this area and has provided a response sufficient to address full compliance in the future; therefore, no corrective action is required.

### **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; and cooperate with the CalHR, in accordance with Civil Code section 1798.24, subdivisions (o) and (p), by providing access to all required files, documents and data necessary to carry out these mandates. (*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, subd. (a).)

Pursuant to Government Code section 19795, subdivision (a), in a state agency with less than 500 employees, like HCAI, 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).)

|                      |   |
|----------------------|---|
| <b>IN COMPLIANCE</b> | <b>FINDING No. 3    EQUAL EMPLOYMENT OPPORTUNITY PROGRAM<br/>COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD<br/>RULES</b> |
|----------------------|---|

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 CRD determined that the HCAI'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 HCAI. The HCAI also provided evidence of its efforts to promote EEO in its hiring and employment practices and to increase its hiring of persons with a disability.

### **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 Regs., 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, but are not limited to, 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 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 period under review, October 1, 2023, through June 30, 2024, the HCAI had 36 PSC's that were in effect. The CRD reviewed 19 of those, which are listed below:

| Vendor                          | Services  | Contract Amount | Justification Identified? | Union Notification? |
|---------------------------------|---|-----------------|---------------------------|---------------------|
| Advantage Total Protection      | Alarm Monitoring                                | \$6,792         | Yes                       | No                  |
| Analytica Consulting            | Consulting                                      | \$85,000        | Yes                       | No                  |
| Angela Gallegos-Castillo        | Meeting Facilitation                            | \$387,086       | Yes                       | No                  |
| Arnold Analytics                | Economic Consultant                             | \$2,000,000     | Yes                       | No                  |
| Berkeley Research Group, LLC    | Economic Consultant                             | \$2,300,000     | Yes                       | No                  |
| Boston Consulting               | Consulting                                      | \$6,000,000     | Yes                       | No                  |
| EDI Mindfulness Consulting, LLC | Training  | \$49,950        | Yes                       | No                  |
| Ergo Eval                       | Ergonomic Evaluation                            | \$50,000        | Yes                       | No                  |
| Freed Associates                | Program Planning and Support Services           | \$2,523,650     | Yes                       | No                  |
| Fuller Forklift Service         | Maintenance, Repair and Counter-Weight Stacking | \$4,340         | Yes                       | No                  |
| Lucchese Consulting             | Data Governance Consulting                      | 1,000,000       | Yes                       | No                  |
| Rescue Training Institute       | Training, Equipment and Maintenance Services    | \$9,000         | Yes                       | No                  |
| Slalom                          | IT Consulting and Analysis                      | \$1,500,000     | Yes                       | No                  |
| SRI Infortech                   | IT Consulting and System Development            | \$1,500,000     | Yes                       | No                  |

| Vendor                   | Services                                | Contract Amount | Justification Identified? | Union Notification? |
|--------------------------|---|-----------------|---------------------------|---------------------|
| T&R Communications       | Maintenance and Operations              | \$150,000       | Yes                       | No                  |
| Trinity Technology Group | Management Development and Augmentation | \$600,000       | Yes                       | No                  |
| Trinity Technology Group | IT Consulting                           | \$700,000       | Yes                       | No                  |
| TruePoint Solutions, LLC | IT Consulting and Development           | \$240,000       | Yes                       | No                  |
| Unleashing Leaders       | Consulting                              | \$10,818,000    | Yes                       | No                  |

|                              |  |
|------------------------------|--|
| <b>SEVERITY:<br/>SERIOUS</b> | <b>FINDING NO. 4 UNIONS WERE NOT NOTIFIED OF PERSONAL SERVICES CONTRACTS</b> |
|------------------------------|--|

**Summary:** The HCAI did not notify unions prior to entering into all 19 of the PSC's reviewed. This is the third consecutive time this has been a finding for the HCAI.

**Criteria:** Before a state agency executes a contract or amendment to a contract for personal services conditions specified within Government Code section 19130, subdivision (b), the agency shall notify all organizations that represent state employees who perform or could perform the type of work that is called for within the contract, unless exempted under Government Code section 19132, subdivision (b)(1). (Cal. Code Regs., tit. 2, § 547.60.2.)

**Severity:** Serious. Unions must be notified of impending personal services contracts in order to ensure they are aware contracts are being proposed for the type of work that their members could perform.

**Cause:** The HCAI states the causes as inconsistencies in the contract approval process, outdated procedures, inadequate staff training, and the lack of supervisory oversight.

**Corrective Action:** Departments are responsible for notifying all organizations that represent state employees who perform or could perform the type of work to be contracted prior to executing a PSC. The PSC's reviewed

during this compliance review involved several services and functions which various rank-and-file civil service classifications perform. The HCAI asserts it has taken steps to ensure compliance in this area. Within 90 days of the date of this report, the HCAI must submit to the SPB documentation which demonstrates the corrections the department has implemented to ensure conformity with the requirements of California Code of Regulations section 547.60.2.

### **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) and (b), & 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).)

Within 12 months of the initial appointment of an employee to a management or 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.*)

New employees must be provided sexual harassment prevention training within six months of appointment. Thereafter, each department must provide its supervisors two



hours of sexual harassment prevention training and non-supervisors one hour of sexual harassment prevention training every two years. (Gov. Code, § 12950.1, subds. (a) and (b); Gov. Code, § 19995.4.)

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 CRD reviews documents and records related to training that appointing powers are required by the afore-cited laws to provide its employees.

The CRD reviewed the HCAI's mandated training program that was in effect during the compliance review period, July 1, 2022, through December 31, 2023.

|                                   |   |
|-----------------------------------|---|
| <b>SEVERITY:<br/>VERY SERIOUS</b> | <b>FINDING No. 5    ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS</b> |
|-----------------------------------|---|

**Summary:** The HCAI did not provide ethics training to 15 of 66 existing filers. In addition, the HCAI did not provide ethics training to 51 of 73 new filers within 6 months of their appointment. This is the second consecutive time this has been a finding for HCAI.

**Criteria:** New filers must be provided ethics training within six months of appointment. Existing filers must be trained at least once during each consecutive period of two calendar years commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3, subd. (b).)

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

**Cause:** The HCAI states that they experienced a period of significant growth and turnover which affected the delivery of ethics training due to a breakdown in knowledge transfer. The disruption caused miscommunication and inefficiencies in issuing and tracking the training.

**Corrective Action:** The HCAI asserts it has taken steps to ensure compliance in this area. Within 90 days of the date of this report, the HCAI must submit to the SPB documentation which demonstrates the corrections the department has implemented to ensure conformity with Government Code section 11146.3.

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| <b>SEVERITY:<br/>SUBSTANTIAL<br/>COMPLIANCE</b> | <b>FINDING No. 6    SEXUAL HARASSMENT PREVENTION TRAINING WAS<br/>NOT PROVIDED FOR ALL EMPLOYEES</b> |
|---|--|

**Summary:** The HCAI did not provide sexual harassment prevention training to 3 of 39 new supervisors within 6 months of their appointment. In addition, the HCAI did not provide sexual harassment prevention training to 5 of 133 existing supervisors every 2 years.

The HCAI did not provide sexual harassment prevention training to 7 of 87 existing non-supervisors every 2 years.

**Criteria:** Each department must provide its supervisors two hours of sexual harassment prevention training every two years and non-supervisory employees one hour of sexual harassment prevention training every two years. New employees must be provided sexual harassment prevention training within six months of appointment. (Gov. Code, § 12950.1, subds. (a) and (b); Gov. Code § 19995.4.)

**Severity:** Substantial Compliance. The department has achieved 90% or more compliance in this area and has provided a response sufficient to address full compliance in the future; therefore, no corrective action is required.

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| <b>SEVERITY:<br/>VERY SERIOUS</b> | <b>FINDING No. 7    SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL<br/>SUPERVISORS, MANAGERS, AND CEAs</b> |
|-----------------------------------|---|

**Summary:** The HCAI did not provide basic supervisory training to 3 of 16 new supervisors within 12 months of appointment; did not provide manager training to 1 of 2 new managers within 12 months of appointment; and did not provide CEA training to 3 of 4 new CEAs within 12 months of appointment.

**Criteria:** Each department must provide its new supervisors a minimum of 80 hours of supervisory training within the probationary period.(Gov. Code, § 19995.4, subd. (b).)

Upon initial appointment of an employee to a managerial position, each employee must receive 40 hours of leadership training within 12 months of appointment. (Gov. Code, § 19995.4, subd. (d).)

Upon initial appointment of an employee to a Career Executive Assignment position, each employee must receive 20 hours of leadership training within 12 months of appointment. (Gov. Code, § 19995.4, subd. (e).)

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

**Cause:** The HCAI states that their Human Resources office lacks a strategic framework for checks and balances, including manual and ineffective processes for reporting and monitoring mandatory training requirements. Additionally, the Human Resources office lacks defined workflows and adequate tracking systems.

**Corrective Action:** The HCAI asserts it has taken steps to ensure compliance in this area. Within 90 days of the date of this report, the HCAI must submit to the SPB documentation which demonstrates the corrections the department has implemented to ensure that new supervisors are provided supervisory training within 12 months of appointment as required by Government Code section 19995.4.

## **Compensation and Pay**

### **Salary Determination**

The pay plan for state civil service consists of salary ranges and steps established by CalHR. (Cal. Code Regs., tit. 2, § 599.666.) Several salary rules dictate how departments

calculate and determine an employee's salary rate<sup>8</sup> upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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.

During the period under review, October 1, 2023, through March 31, 2024, the HCAI made 74 appointments. The CRD reviewed 10 of those appointments to determine if the HCAI applied salary regulations accurately and correctly processed employees' compensation, which are listed below.

| Classification   | Appointment Type   | Tenure    | Time Base | Salary (Monthly Rate) |
|--|--------------------|-----------|-----------|-----------------------|
| Accounting Officer (Specialist)                                  | Certification List | Permanent | Full Time | \$4,964               |
| Associate Personnel Analyst                                      | Certification List | Permanent | Full Time | \$6,212               |
| Attorney IV  | Certification List | Permanent | Full Time | \$13,236              |
| Fire and Life Safety Officer II (Health Facilities Construction) | Certification List | Permanent | Full Time | \$10,092              |
| Health Program Manager II  | Certification List | Permanent | Full Time | \$8,107               |
| Health Program Manager II  | Certification List | Permanent | Full Time | \$8,290               |
| Information Technology Specialist II                             | Certification List | Permanent | Full Time | \$9,934               |
| Staff Services Analyst   | Certification List | Permanent | Full Time | \$4,726               |
| Staff Services Manager II  | Certification List | Permanent | Full Time | \$8,627               |
| Research Data Specialist II                                      | Transfer           | Permanent | Full Time | \$9,013               |

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| <b>IN COMPLIANCE</b> | <b>FINDING NO. 8</b> | <b>SALARY DETERMINATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b> |
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The CRD found no deficiencies in the salary determinations that were reviewed. The HCAI appropriately calculated and keyed the salaries for each appointment and correctly

<sup>8</sup> "Rate" is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (Cal. Code Regs., tit. 2, section 599.666).

determined employees' anniversary dates ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

Alternate Range Movement Salary Determination (within same classification)

If an employee qualifies under established criteria and moves from one alternate range to another alternate range of a class, the employee shall receive an increase or a decrease equivalent to the total of the range differential between the maximum salary rates of the alternate ranges. (Cal. Code Regs., tit. 2, § 599.681.) However, in many instances, the CalHR provides salary rules departments must use when employees move between alternate ranges. These rules are described in the alternate range criteria. (CalHR Pay Scales). When no salary rule or method is cited in the alternate range criteria, departments must default to Rule 599.681.

During the period under review, October 1, 2023, through March 31, 2024, the HCAI employees made nine alternate range movements within a classification. The CRD reviewed eight of those alternate range movements to determine if the HCAI applied salary regulations accurately and correctly processed each employee's compensation, which are listed below:

| Classification                      | Prior Range | Current Range | Time Base | Salary (Monthly Rate) |
|-------------------------------------|-------------|---------------|-----------|-----------------------|
| Information Technology Associate    | C           | D             | Full Time | \$6,161               |
| Information Technology Associate    | B           | C             | Full Time | \$5,637               |
| Information Technology Specialist I | A           | B             | Full Time | \$7,492               |
| Information Technology Specialist I | A           | B             | Full Time | \$7,106               |
| Information Technology Specialist I | A           | B             | Full Time | \$7,494               |
| Personnel Specialist                | C           | D             | Full Time | \$5,231               |
| Staff Services Analyst              | A           | B             | Full Time | \$3,941               |
| Staff Services Analyst              | B           | C             | Full Time | \$5,180               |

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|-----------------------------------|---|
| <b>SEVERITY:<br/>VERY SERIOUS</b> | <b>FINDING No. 9 ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES</b> |
|-----------------------------------|---|

**Summary:** The CRD found one error in the eight alternate range movements reviewed:

| Classification                   | Description of Finding                            | Criteria                                 |
|----------------------------------|---|--|
| Information Technology Associate | Incorrect salary determination (undercompensated) | Cal. Code Regs., tit. 2, section 599.675 |

**Criteria:** Alternate ranges are designed to recognize increased competence in the performance of class duties based upon experience obtained while in the class. The employee gains status in the alternate range as though each range were a separate classification. (Classification and Pay Guide Section 220.)

Departments are required to calculate and apply salary rules for each appointed employee accurately based on the pay plan for the state civil service. All civil service classes have salary ranges with minimum and maximum rates. (Cal. Code Regs., tit. 2, § 599.666.)

**Severity:** Very Serious. In one circumstance, the HCAI failed to comply with the requirements outlined in the state civil service pay plan. Incorrectly applying compensation laws and rules not in accordance with CalHR's policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay amounts.

**Cause:** The HCAI states that their alternate range movement procedures and workflow lack the necessary checks and balances to ensure compliance, leading to inaccuracies. The issues are further exacerbated by human error, inadequate training, and inadequate supervisory oversight.

**Corrective Action:** The HCAI asserts it has taken steps to ensure compliance in this area. Within 90 days of the date of this report, the HCAI must submit to the SPB documentation which demonstrates the corrections the department has implemented to ensure that employees are compensated correctly. The HCAI must establish an audit system to correct current compensation transactions as well as future transactions.

### Pay Differentials

A pay differential is special additional pay recognizing unusual competencies, circumstances, or working conditions applying to some or all incumbents in select

classes. A pay differential may be appropriate in those instances when a subgroup of positions within the overall job class might have unusual circumstances, competencies, or working conditions that distinguish these positions from other positions in the same class. Typically, pay differentials are based on qualifying pay criteria such as: work locations or shift assignments; professional or educational certification; temporary responsibilities; special licenses, skills or training; performance-based pay; incentive-based pay; or, recruitment and retention. (Classification and Pay Manual Section 230.)

California State Civil Service Pay Scales Section 14 describes the qualifying pay criteria for the majority of pay differentials. However, some of the alternate range criteria in the pay scales function as pay differentials. Generally, departments issuing pay differentials should, in order to justify the additional pay, document the following: the effective date of the pay differential, the collective bargaining unit identifier, the classification applicable to the salary rate and conditions along with the specific criteria, and any relevant documentation to verify the employee meets the criteria.

During the period under review, October 1, 2023, through March 31, 2024, the HCAI authorized 41 pay differentials.<sup>9</sup> The CRD reviewed 23 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

| Classification   | Pay Differential | Monthly Amount | No. Reviewed |
|--|------------------|----------------|--------------|
| Associate Health Facility Construction Financing Analyst         | 305              | \$345.40       | 1            |
| District Structural Engineer                                     | 261              | \$300.00       | 3            |
| District Structural Engineer                                     | 433              | \$598.68       | 2            |
| Fire and Life Safety Officer II (Health Facilities Construction) | 433              | \$250.76       | 1            |
| Fire and Life Safety Officer II (Health Facilities Construction) | 433              | \$501.52       | 1            |
| Research Scientist II (Epidemiology/Biostatistics)               | 434              | \$225.30       | 1            |
| Research Scientist II (Social/Behavioral Sciences)               | 434              | \$158.32       | 1            |
| Research Scientist III (Epidemiology/Biostatistics)              | 434              | \$264.00       | 1            |
| Research Scientist III (Social/Behavioral Sciences)              | 434              | \$236.58       | 1            |

<sup>9</sup> For the purposes of CRU's review, only monthly pay differentials were selected for review at this time.

| Classification                                      | Pay Differential | Monthly Amount | No. Reviewed |
|---|------------------|----------------|--------------|
| Research Scientist III (Social/Behavioral Sciences) | 434              | \$186.66       | 1            |
| Research Scientist III (Social/Behavioral Sciences) | 434              | \$234.33       | 1            |
| Senior Architect                                    | 433              | \$749.38       | 1            |
| Senior Electrical Engineer                          | 261              | \$300.00       | 1            |
| Senior Electrical Engineer                          | 261              | \$300.00       | 4            |
| Senior Electrical Engineer                          | 433              | \$784.08       | 1            |
| Supervisor, Health Facilities Review                | 433              | \$313.82       | 1            |
| Supervisor, Health Facilities Review                | 261              | \$300.00       | 1            |

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| <b>IN COMPLIANCE</b> | <b>FINDING No.10 PAY DIFFERENTIAL AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b> |
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The CRD found no deficiencies in the pay differentials that the HCAI authorized during the compliance review period. Pay differentials were issued correctly in recognition of unusual competencies, circumstances, or working conditions in accordance with applicable rules and guidelines.

#### Out-of-Class Assignments and Pay

For excluded<sup>10</sup> and most rank-and-file employees, out-of-class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

According to the Classification and Pay Guide, OOC assignments should only be used as a last resort to accommodate temporary staffing needs. All civil service alternatives should be explored first before using OOC assignments. However, certain MOU provisions and the California Code of Regulations, title 2, section 599.810 allow for short-term OOC assignments to meet temporary staffing needs. Should OOC work become

<sup>10</sup> "Excluded employee" means an employee as defined in Government Code section 3527, subdivision (b) (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to Government Code section 18801.1.



necessary, the assignment would be made pursuant to the applicable MOU provisions or salary regulations. Before assigning the OOC work, the department should have a plan to correct the situation before the time period outlined in applicable law, policy or MOU expires. (Classification and Pay Guide Section 375.)

During the period under review, October 1, 2023, through March 31, 2024, the HCAI issued OOC pay to seven employees. The CRD reviewed six of these OOC assignments to ensure compliance with applicable MOU provisions, salary regulations, and CalHR policies and guidelines. These are listed below:

| Classification                         | Bargaining Unit | Out-of-Class Classification | Time Frame       |
|--|-----------------|-----------------------------|------------------|
| Associate Governmental Program Analyst | R01             | Staff Services Manager I    | 12/18/23-4/11/24 |
| Associate Personnel Analyst            | R01             | Staff Services Manager I    | 9/5/23-1/2/24    |
| Health Program Specialist II           | R01             | Staff Services Manager II   | 3/11/24-7/8/24   |
| Information Technology Associate       | R01             | Staff Services Manager I    | 8/15/23-12/12/23 |
| Office Technician (General)            | R04             | Staff Services Analyst      | 9/18/23-11/8/23  |
| Staff Services Manager I               | S01             | Staff Services Manager II   | 5/2/23-4/30/23   |

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| <b>SEVERITY:<br/>VERY SERIOUS</b> | <b>FINDING No.11 INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY</b> |
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**Summary:** The CRD found one error in the six OOC pay assignments reviewed:

| Classification              | Out-of-Class Classification | Description of Finding   | Criteria            |
|-----------------------------|-----------------------------|--|---------------------|
| Associate Personnel Analyst | Staff Services Manager I    | Incorrect calculation of OOC pay resulting in the employee being undercompensated for the September and October 2023 pay periods and overcompensated for the November 2023 pay period. | Pay Differential 91 |

**Criteria:** An employee may be temporarily required to perform out-of-class work by his/her department for up to one hundred twenty (120)

calendar days in any twelve (12) consecutive calendar months when it determines that such an assignment is of unusual urgency, nature, volume, location, duration, or other special characteristics; and, cannot feasibly be met through use of other civil service or administrative alternatives. Departments may not use out-of-class assignments to avoid giving civil service examinations or to avoid using existing eligibility lists created as the result of a civil service examination.

Employees may be compensated for performing duties of a higher classification provided that: the assignment is made in advance in writing and the employee is given a copy of the assignment; and the duties performed by the employee are not described in a training and development assignment or by the specification for the class to which the excluded employee is appointed and, are fully consistent with the types of jobs described in the specification for the higher classification; and the employee does not perform such duties for more than 120 days in a fiscal year. (Cal. Code Regs., tit. 2, § 599.810, subd. (b)(1)(3)(4).)

For excluded employees, there shall be no compensation for assignments that last for 15 consecutive working days or less. (Cal. Code Regs., tit. 2, § 599.810, subd. (c).) An excluded employee performing in a higher class for more than 15 consecutive working days shall receive the rate of pay the excluded employee would receive if appointed to the higher class for the entire duration of the assignment, not to exceed one year. (Cal. Code Regs., tit. 2, § 599.810, subd. (d).) An excluded employee may be assigned out-of-class work for more than 120 calendar days during any 12-month period only if the appointing power files a written statement with the CalHR certifying that the additional out-of-class work is required to meet a need that cannot be met through other administrative or civil service alternatives. (Cal. Code Regs., tit. 2, § 599.810, subd. (e).)

**Severity:**

Very Serious. The HCAI 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 and/or inappropriate compensation.

**Cause:** The HCAI states the causes as a lack of necessary checks and balances in OOC workflow, human error, and a lack of supervisory oversight, particularly when the OOC assignment overlaps with an employee's merit salary increase.

**Corrective Action:** The HCAI asserts it has taken steps to ensure compliance in this area. Within 90 days of the date of this report, the HCAI must submit to the SPB documentation which demonstrates the corrections the department has implemented to ensure conformity with California Code of Regulations, title 2, section 599.810 and Pay Differential 91.

## **Leave**

### **Positive Paid Employees**

Actual Time Worked (ATW) is a method that can be used to keep track of a Temporary Authorization Utilization (TAU) employee's time to ensure that the Constitutional limit of 9 months in any 12 consecutive months is not exceeded. The ATW method of counting time is used to continue the employment status for an employee until the completion of an examination, for seasonal type work, while attending school, or for consulting services.

An employee is appointed TAU-ATW when he/she is not expected to work all the working days of a month. When counting 189 days, every day worked, including partial days<sup>11</sup> worked and paid absences<sup>12</sup>, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day are not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

It is an ATW appointment because the employee does not work each workday of the month, and it might become desirable or necessary for the employee to work beyond nine calendar months. The appointing power shall monitor and control the days worked to ensure the limitations set forth are not exceeded. (Cal. Code Regs., tit. 2, § 265.1, subd. (f).)

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<sup>11</sup> For example, two hours or 10 hours count as one day.

<sup>12</sup> For example, vacation, sick leave, compensating time off, etc.

For student assistants, graduate student assistants, youth aides, and seasonal classifications a maximum work-time limit of 1,500 hours within 12 consecutive months may be used rather than the 189-day calculation. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).)

Additionally, according to Government Code section 21224, retired annuitant appointments shall not exceed a maximum of 960 hours in any fiscal year (July-June), regardless of the number of state employers, without reinstatement, loss or interruption of benefits.

At the time of the review, the HCAI had 19 positive paid employees whose hours were tracked. The CRD reviewed 15 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

| Classification                                    | Tenure            | Time Frame      | Time Worked Hours |
|---|-------------------|-----------------|-------------------|
| Seasonal Clerk                                    | Temporary         | 2/20/24-6/24    | 572.75            |
| Seasonal Clerk                                    | Temporary         | 3/1/24-6/24     | 680               |
| Student Assistant                                 | Temporary         | 1/1/24-6/21/24  | 803               |
| Accounting Administrator I (Specialist)           | Retired Annuitant | 7/5/23-6/14/24  | 960               |
| Associate Construction Analyst                    | Retired Annuitant | 11/2/23-3/28/24 | 111               |
| Compliance Officer Health Facilities Construction | Retired Annuitant | 3/5/24-6/27/24  | 277               |
| Compliance Officer Health Facilities Construction | Retired Annuitant | 7/3/23-6/27/24  | 924               |
| Senior Architect                                  | Retired Annuitant | 7/5/23-6/13/24  | 949.75            |
| Senior Architect                                  | Retired Annuitant | 7/5/23-6/6/24   | 944               |
| Senior Architect                                  | Retired Annuitant | 7/11/23-6/28/24 | 685.5             |
| Senior Architect                                  | Retired Annuitant | 12/4/23-6/28/24 | 691               |
| Senior Mechanical Engineer                        | Retired Annuitant | 7/3/23-6/28/24  | 692.25            |
| Senior Structural Engineer                        | Retired Annuitant | 7/3/23-6/28/24  | 439               |
| Staff Services Manager I                          | Retired Annuitant | 9/5/23-6/28/24  | 802.75            |
| Staff Services Manager II                         | Retired Annuitant | 7/3/23-6/28/24  | 803.5             |

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|----------------------|---|
| <b>IN COMPLIANCE</b> | <b>FINDING No.12 POSITIVE PAID EMPLOYEES' TRACKED HOURS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b> |
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The CRD found no deficiencies in the positive paid employees reviewed during the compliance review period. The HCAI provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

### Administrative Time Off

ATO is a form of paid administrative leave status initiated by appointing authorities for a variety of reasons. (Human Resources Manual Section 2121.) Most often, ATO is used when an employee cannot come to work because of a pending investigation, fitness for duty evaluation, or when work facilities are unavailable. (*Ibid.*) ATO can also be granted when employees need time off for reasons such as blood or organ donation, extreme weather preventing safe travel to work, states of emergency, voting, and when employees need time off to attend special events. (*Ibid.*)

During the period under review, April 1, 2023, through March 31, 2024, the HCAI authorized 11 ATO transactions. The CRD reviewed 10 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

| Classification                         | Time Frame             | Amount of Time on ATO Hours |
|--|------------------------|-----------------------------|
| Associate Governmental Program Analyst | 9/27/23-10/3/023       | 40                          |
| Associate Governmental Program Analyst | 1/24/24-1/30/24        | 40                          |
| Associate Governmental Program Analyst | 6/3/24-6/7/24          | 40                          |
| Fire and Life Safety Officer II        | 2/2/24 & 2/5/24        | 10                          |
| Health Program Specialist II           | 3/29/24, 4/2/24-4/5/24 | 40                          |
| Information Technology Associate       | 7/18/23-7/24/23        | 40                          |
| Information Technology Associate       | 9/14/23-9/15/23        | 16                          |
| Management Services Technician         | 8/21/23                | 8                           |
| Staff Services Manager II              | 10/18/23-10/24/24      | 40                          |
| Staff Services Manager II              | 2/5/24                 | 8                           |

|                              |  |
|------------------------------|--|
| <b>SEVERITY:<br/>SERIOUS</b> | <b>FINDING No.13 ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED</b> |
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**Summary:** The HCAI did not grant ATO in conformity with the established policies and procedures. Of the 10 ATO authorizations reviewed by the CRD, 2 were found to be out of compliance for failing to document ATO in the California Leave Accounting System.

**Criteria:** Appointing authorities are authorized to approve ATO for up to five working days. (Gov. Code, § 19991.10.) Furthermore, they “have delegated authority to approve up to 30 calendar days.” (Human Resources Manual Section 2121.) Any ATO in excess of 30 calendar days must be approved in advance by the CalHR. (*Ibid.*) In most cases, if approved, the extension will be for an additional 30 calendar days. (*Ibid.*) The appointing authority is responsible for submitting ATO extension requests to CalHR at least five working days prior to the expiration date of the approved leave. (*Ibid.*)

When requesting an ATO extension, the appointing authority must provide a justification establishing good cause for maintaining the employee on ATO for the additional period of time. (*Ibid.*) ATO may not be used and will not be granted for an indefinite period. (*Ibid.*) If CalHR denies a request to extend ATO, or the appointing authority fails to request approval from CalHR to extend the ATO, the employee must be returned to work in some capacity. (*Ibid.*)

Regardless of the length of ATO, appointing authorities must maintain thorough documentation demonstrating the justification for the ATO, the length of the ATO, and the approval of the ATO. (*Ibid.*)

**Severity:** Serious. Because an employee on ATO is being paid while not working, a failure to closely monitor ATO usage could result in costly abuse. The use of ATO is subject to audit and review by CalHR and other control agencies to ensure policy compliance. Findings of non-compliance may result in the revocation of delegated privileges.

**Cause:** The HCAI states the causes as inefficient workflow with insufficient checks and balances, a lack of structure for effective communication, human error, and a loss of knowledge transfer in documenting ATO within the California Leave Accounting System.

**Corrective Action:** Within 90 days of the date of this report, the HCAI must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Government Code section 19991.10 and Human Resources Manual Section 2121. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

### Leave Accounting

Departments are directed to create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall create an audit process to review and correct leave input errors on a monthly basis. The review of leave accounting records shall be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. (*Ibid.*) 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. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*) Accurate and timely attendance reporting is required of all departments and is subject to audit. (*Ibid.*)

During the period under review, January 1, 2024, through March 31, 2024, the HCAI reported 45 units. The CRD reviewed 16 units within three pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

|                              |   |
|------------------------------|---|
| <b>SEVERITY:<br/>SERIOUS</b> | <b>FINDING NO. 14 DEPARTMENT DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED</b> |
|------------------------------|---|

**Summary:** The HCAI failed to certify that all leave records have been reviewed and corrected if necessary for 10 out of the 16 units/pay periods reviewed.

**Criteria:** 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. (Cal. Code Regs., tit. 2, § 599.665.) Departments are directed to create an audit process to verify all leave input is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall identify and

record all errors found and shall certify that all leave records for the unit/pay period identified have been reviewed and all leave errors identified have been corrected. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*)

**Severity:** Serious. Departments must document that they reviewed all leave inputted into their leave accounting system to ensure accuracy and timeliness. Failure to audit leave could put the department at risk of incurring additional costs from the initiation of collection efforts from overpayments, and the risk of liability related to recovering inappropriately credited leave hours and funds.

**Cause:** The HCAI states the causes as human error and a loss of knowledge transfer within the Transactions Unit, largely due to the high turnover rate of the Personnel Specialist classification.

**Corrective Action:** Within 90 days of the date of this report, the HCAI must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that their monthly internal audit process was documented and that all leave input is keyed accurately and timely. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

### State Service

The state recognizes two different types of absences while an employee is on pay status, paid or unpaid. The unpaid absences can affect whether a pay period is a qualifying or non-qualifying pay period for state service and leave accruals.

Generally, 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 service.<sup>13</sup> (Cal. Code Regs., tit. 2, § 599.608.) Full time and fractional employees who work less than 11 working days in a pay period will have a non-qualifying month and will not receive state service or leave accruals for that month.

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<sup>13</sup> Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, and 19997.4 and California Code of Regulations, title 2, sections 599.609, 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.776.1, 599.787, 599.791, 599.840 and 599.843 provide further clarification for calculating state time.



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 qualifying monthly pay period, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. (Cal. Code Regs., tit. 2, § 599.608.) 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. (Cal. Code Regs., tit. 2, § 599.739.) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees<sup>14</sup> shall be allowed credit for annual leave with pay. (Cal. Code Regs., tit. 2, § 599.752.)

Permanent intermittent employees also earn leave credits on the pay period following the accumulated accrual of 160 hours worked. Hours worked in excess of 160 hours in a monthly pay period, are not counted or accumulated towards leave credits.

During the period under review, October 1, 2023, through June 30, 2024, the HCAI had one employee with qualifying and non-qualifying pay period transactions. The CRD reviewed this transaction to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

| Type of Transaction        | Time Base | No. Reviewed |
|----------------------------|-----------|--------------|
| None Qualifying Pay Period | Full Time | 1            |

|                      |   |
|----------------------|---|
| <b>IN COMPLIANCE</b> | <b>FINDING NO.15 SERVICE AND LEAVE TRANSACTIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b> |
|----------------------|---|

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

<sup>14</sup> As identified in Government Code sections 19858.3, subdivisions (a), (b), or (c), or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subdivision (c), or California Code of Regulations, title 2, section 599.752, subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

## **Policy and Processes**

### **Nepotism**

It is the policy of the State of California to hire, transfer, and promote 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. (Cal. Code Regs., tit. 2, § 87.) (*Ibid.*) All appointing powers shall adopt an anti-nepotism policy that includes the following components: (1) a statement that the appointing power is committed to merit-based hiring and that nepotism is antithetical to a merit-based civil service system; (2) a definition of "nepotism" as an employee's use of influence or power to hire, transfer, or promote an applicant or employee because of a personal relationship; (3) a definition of "personal relationship" as persons related by blood, adoption, current or former marriage, domestic partnership or cohabitation; (4) a statement that prohibits participation in the selection of an applicant for employment by anyone who has a personal relationship with the applicant, as defined in section 83.6; (5) a statement that prohibits the direct or first-line supervision of an employee with whom the supervisor has a personal relationship, as defined in section 83.6; (6) a process for addressing issues of direct supervision when personal relationships between employees exist. (*Ibid.*)

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| <b>IN COMPLIANCE</b> | <b>FINDING No.16 NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b> |
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The CRD verified that the policy was disseminated to all staff and emphasized the HCAI's commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the HCAI'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.

### **Workers' Compensation**

Employers shall provide to every new employee, either 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. (Cal. Code Regs., tit. 8, § 9880, subd. (a).) This notice shall include the right to predesignate their personal physician or medical group; a form that the employee may use as an optional method for notifying the employer of the name of employee's "personal physician," as defined by Labor Code section 4600. (Cal. Code

Regs., tit. 8, § 9880, subd. (c)(7) & (8).) Additionally, within one working day of receiving notice or knowledge that the employee has suffered a work-related injury or illness, employers shall provide a claim form and notice of potential eligibility for benefits to the injured employee. (Labor Code, § 5401, subd. (a).)

Public employers may choose to extend workers' compensation coverage to volunteers that perform services for the organization. (Human Resources Manual Section 1415.) Workers' compensation coverage is not mandatory for volunteers as it is for employees. (*Ibid.*) This is specific to the legally uninsured state departments participating in the Master Agreement. (*Ibid.*) Departments with an insurance policy for workers' compensation coverage should contact their State Compensation Insurance Fund (State Fund) office to discuss the status of volunteers. (*Ibid.*)

|                      |  |
|----------------------|--|
| <b>IN COMPLIANCE</b> | <b>FINDING No.17 WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b> |
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The CRD verified that the HCAI provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law. Furthermore, the CRD verified that when the HCAI received workers' compensation claims, they properly provided claim forms within one working day of notice or knowledge of injury.

### Performance Appraisals

According to Government Code section 19992.2, subdivision (a), appointing powers 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 CRD selected 68 permanent HCAI employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines.

|                              |  |
|------------------------------|--|
| <b>SEVERITY:<br/>SERIOUS</b> | <b>FINDING No.18 PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES</b> |
|------------------------------|--|

**Summary:** The HCAI did not provide annual performance appraisals to 27 of 68 employees reviewed after the completion of the employee's

probationary period. This is the third consecutive time this has been a finding for the HCAI.

**Criteria:** Appointing powers shall prepare performance reports and keep them on file as prescribed by department rule. (Gov. Code, § 19992.2, subd. (a).) Each supervisor, as designated by the appointing power, shall make an appraisal in writing and shall discuss with the employee overall work performance at least once in each twelve calendar months following the end of the employee's probationary period. (Cal. Code Regs., tit. 2, § 599.798.)

**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 HCAI states the causes as a lack of checks and balances in manual workflows, an ineffective notification and tracking system, and a need for additional training for employees and supervisors.

**Corrective Action:** Within 90 days of the date of this report, the HCAI must submit to the SPB a written corrective action response which 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 relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

### **DEPARTMENTAL RESPONSE**

The HCAI's response is attached as Attachment 1.

### **SPB REPLY**

Based upon the HCAI's written response, the HCAI will comply with the corrective actions specified in these report findings. Within 90 days of the date of this report, a written corrective action response including documentation demonstrating implementation of the corrective actions specified must be submitted to the CRD.



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March 4, 2025

State Personnel Board  
Policy and Compliance Review Division  
801 Capitol Mall  
Sacramento, CA 95814

This letter is in response to the California State Personnel Board's (SPBs) compliance review draft of the Department of Health Care Access and Information, personnel practices. The SPB draft report provided eight findings, an explanation of why they occurred, and details to summarize corrective action plans.

Specific Findings and Responses:

**FINDING NO. 4 - UNIONS WERE NOT NOTIFIED OF PERSONAL SERVICES CONTRACTS**

Cause: HCAI has identified inconsistencies in contract approval process including outdated procedures, insufficient training of staff, and absence of supervisory oversight, which disrupted union notifications of contracts prior to approval.

Response: HCAI is updating its approval process by updating procedures, enhancing staff training, and strengthen supervisory oversight to ensure that union notifications are properly made prior to contract approval. Additionally, staff have been retrained on the process and procedures for sending and saving notifications to unions for personal services contracts.

**FINDING NO. 5 - ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS.**

Cause: HCAI has experienced a period of significant growth and turnover, which has affected the delivery of ethics training due to a breakdown in knowledge transfer. This disruption has caused miscommunication and inefficiencies in issuing and tracking the training. As a result, new staff were not adequately trained on how to collect certificates from employees who completed the training, leading to some ethics training certificates not being recorded in the central database.

Response: HCAI is actively addressing the identified issue by implementing corrective actions, which include providing comprehensive ethics training for new staff,

emphasizing the importance of centralized record-keeping, and establishing regular audits to ensure compliance and prevent future discrepancies. As an interim measure, while the long-term solution is being finalized, HCAI is designating one staff member with the appropriate workload capacity to send reminders and ensure that ethics training certificates are submitted in a timely manner. Additionally, the staff member will oversee the management of these certificates in a centralized database to maintain proper tracking.

**FINDING NO. 7 - SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAS.**

Cause: HCAI HR lacks a strategic framework for checks and balances. Its operations are conducted in siloed manner, with manual and ineffective processes for reporting and monitoring mandatory requirements. Additionally, the office lacked defined workflows and adequate tracking systems.

Response: HCAI's Culture Office-Learning and Development has implemented a strategic framework to enhance accountability and efficiency. This includes streamlining reporting and monitoring progress, establishing clear workflows, and improving tracking mechanism to ensure compliance with requirements.

**FINDING NO. 9 - ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES.**

Cause: HCAI's Alternate Range Change Movements procedure and workflow lack the necessary checks and balances to ensure compliance, leading to inaccuracies. These issues are further exacerbated by human error, inadequate training, and insufficient supervisory oversight, resulting in inconsistencies and potential inaccuracies in processing Alternate Range Change Movements.

Response: HCAI has revised its Alternate Range Criteria process to capture subsequent range change movements and has added further levels of review to its Range Change procedures. Staff have been trained on these changes to ensure proper documentation, accuracy, and compliance. Supervisory oversight will be strengthened with an added review and approval step, HCAI will implement ongoing monitoring and internal audits to ensure continuous improvement and accuracy in the Alternate Range Change Movements process.

**FINDING NO. 11 - INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY**

Cause: HCAI's out of class procedure and workflow lack the necessary checks and balances to ensure compliance, leading to inefficiencies. These issues are further compounded by human error and a lack of crucial supervisory oversight, particularly when the out of class assignment overlaps with an employee's merit salary increase, resulting in inconsistencies and potential inaccuracies in out of class calculations.

Response: HCAI has revised its out of class procedure and workflow to address the lack of necessary checks, balances, and supervisory oversight that led to potential inaccuracies, particularly when out of class assignments overlap with merit salary increases. To improve accuracy and compliance, HCAI has provided training on these changes and is currently creating a job aid for staff. Additionally, HCAI will review and redesign the out of class workflow, introduce verification steps, and enhance supervisory oversight. Ongoing monitoring and auditing will also be implemented to ensure continuous improvement and full compliance with the process.

#### **FINDING NO. 13 – ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED**

Cause: HCAI administrative time off workflow is inefficient, with insufficient checks and balances and a lack of structure for effective communication to ensure compliance. This inefficiency has been compounded by human error and a loss of knowledge transfer in documenting administrative time off within the California Leave Accounting System, resulting in gaps in expertise and continuity that have made it challenging to consistently maintain accurate administrative time off records.

Response: HCAI acknowledges the inefficiencies in its administrative time off workflow, including insufficient checks and balances, lack of structure, and challenges in knowledge transfer. To address these issues, HCAI will review and redesign the administrative time off process, enhance training for staff on proper documentation, update procedures, and implement a knowledge-sharing platform to prevent the loss of critical information. Additionally, new checks and balances will be documented to ensure accurate and compliant administrative time off entries, with cross-functional reviews and supervisor oversight included in the approval process. HCAI will also regularly monitor and adjust workflows to ensure continuous improvement and ongoing compliance.

#### **FINDING NO. 14 – DEPARTMENTS DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED.**

Cause: HCAI's certification process for verifying and correcting leave records has been impacted by human error and a loss of knowledge transfer within the Transactions unit, largely due to the high turnover rate of the Personnel Specialist classification. This turnover has contributed to gaps in expertise and continuity, making it difficult to maintain consistent accuracy auditing leave records.

Response: HCAI has faced a high turnover rate in the Personnel Specialist classification, resulting in miscommunications and errors in transferring knowledge about the monthly internal auditing process to new staff. The staffing instability, high turnover and lack of comprehensive training for Personnel Specialists have led to inconsistencies in leave record audits. HCAI will implement monthly audits, refresher

training, and reminders to ensure accuracy moving forward. HCAI plans to document a monthly audit process as a reference for staff. Additionally, the organization will ensure staff receive proper training, including refresher courses and regular reminders, to complete the process on time and effectively utilize the available tools.

## **FINDING NO. 18 – PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES**

Cause: HCAI's performance appraisal process faces challenges due to manual workflows that don't include checks and balances. While supervisors receive notifications, the current system does not effectively track or escalate missed appraisals. Additionally, staff would benefit from further training on annual evaluations, and supervisors need clearer guidance on their role in supporting employee development and compliance.

Response: HCAI will improve its notification process by sending multiple reminders and escalating final alerts to the next-level supervisors before deadlines. Additionally, HCAI will explore automation for tracking process and provide biannual supervisor training on performance evaluations. HCAI will work with leaders to enhance compliance and support employee development.

## **CONCLUSION**

HCAI would like to thank SPB for undertaking the 2024 HCAI Compliance Review. HCAI regards the audit process with a high degree of respect and views these reports as a productive, collaborative learning experience with the SPB to adjust as necessary to ensure compliance. HCAI strives to be in full compliance with established requirements, training, tracking systems, best practices, and reminders.

Please note that responses were not required for Findings No.1,3, 8,10,12,15,16, and 17 since the HCAI was determined to be in compliance, and substantial compliance with Finding No. 2 and 6.

Thank you again should you have any questions or need additional information, please contact me at (916) 326-3218 or [Stephen.Shea@hcai.ca.gov](mailto:Stephen.Shea@hcai.ca.gov).

Sincerely,

*Stephen Shea*

Stephen Shea, Chief  
Human Resources Services Section  
Office of Administrative Services

cc: Scott Christman, Chief Deputy Director  
Ken Yu, Deputy Director, Office of Administrative Services