

COMPLIANCE REVIEW REPORT

STATE COMPENSATION INSURANCE FUND

Compliance Review Unit
State Personnel Board
August 4, 2020

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INTRODUCTION

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

Pursuant to Government Code section 18661, the SPB's Compliance Review Unit (CRU) conducts compliance reviews of appointing 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 CRU 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 CRU conducted a routine compliance review of the State Compensation Insurance Fund (SCIF) 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	Finding
Examinations	Examinations Complied with Civil Service Laws and Board Rules
Appointments	Probationary Evaluations Were Not Timely ¹
Equal Employment Opportunity	Equal Employment Opportunity Program Complied With All Civil Service Laws and Board Rules
Personal Services Contracts	Unions Were Not Notified of Personal Services Contract
Mandated Training	Sexual Harassment Prevention Training Was Not Provided for All Supervisors
Compensation and Pay	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Alternate Range Movements Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay Leave	Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay Leave	Incorrect Authorization of Bilingual Pay
Compensation and Pay Leave	Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay Leave	Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

¹ Repeat finding. June 28, 2016, SCIF's Compliance Review Report identified missing probation reports in 31 of 91 appointment files reviewed.

Area	Finding
Leave	Positive Paid Employees Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	Administrative Time Off Was Not Properly Documented
Leave	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Leave Reduction Plans Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Performance Appraisals Policy and Processes Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

- Red = Very Serious
- Orange = Serious
- Yellow = Technical
- Green = In Compliance

BACKGROUND

Established in 1914 by the state legislature, the SCIF is California's stable provider of workers' compensation insurance and a vital asset to California businesses. The SCIF supports California's entrepreneurial spirit and plays a stabilizing role in the economy by providing fairly priced workers' compensation insurance, making California workplaces safe and restoring injured workers. The SCIF offers diverse and comprehensive products and services which provide a strong and stable option for employers and injured employees with fast, reliable claims service and medical and indemnity benefits. The SCIF's accident prevention services - provided to policyholders at no additional cost - ultimately help save businesses money. With approximately 110,000 policyholders, more than \$918 million in premiums, and nearly \$21 billion in assets, Californians rely on the

security and certainty offered by the SCIF to the state's employers, particularly the small businesses and new ventures that are key to California's economic recovery.

The SCIF's core values are "Respect Everyone, Be Innovative, Do What's Right, Show We Care." The SCIF's purpose is "to provide fairly priced workers' compensation insurance, help make workplaces safe, and restore injured workers."

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the SCIF's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes². The primary objective of the review was to determine if the SCIF'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 SCIF's examinations were selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRU examined the documentation that the SCIF provided, which included examination plans, examination bulletins, job analyses, and scoring results.

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

A cross-section of the SCIF's appointments were selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the SCIF provided, which included Notice of Personnel Action (NOPA) forms, Request for Personnel Actions (RPA's), vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports.

The SCIF did not conduct any unlawful appointment investigations during the compliance review period. Additionally, the SCIF did not make any additional appointments during the compliance review period.

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

The SCIF's appointments were also selected for review to ensure the SCIF applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the SCIF 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 CRU reviewed specific documentation for the following personnel functions related to compensation and pay: hiring above minimum (HAM) requests, bilingual pay, monthly pay differentials, alternate range movements, and out-of-class assignments.

The review of the SCIF'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 (DAC).

The SCIF's PSC's were also reviewed.³ It was beyond the scope of the compliance review to make conclusions as to whether the SCIF's justifications for the contracts were legally sufficient. The review was limited to whether the SCIF's practices, policies, and procedures relative to PSC's complied with procedural requirements.

The SCIF's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, and that all supervisors, managers, and CEAs were provided leadership and development training and sexual harassment prevention training within statutory timelines.

The CRU also identified the SCIF's employees whose current annual leave, or vacation leave credits, exceeded established limits. The CRU reviewed a cross-section of these identified employees to ensure that employees who have significant "over-the-cap" leave balances have a leave reduction plan in place. Additionally, the CRU asked the SCIF to provide a copy of their leave reduction policy.

The CRU reviewed the SCIF's Leave Activity and Correction Certification forms to verify that the SCIF created a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely. The CRU selected a small cross-section of the SCIF'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 SCIF's

³If 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.

employees' employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the CRU reviewed a selection of the SCIF employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU reviewed a selection of SCIF positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

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

On June 5, 2020, an exit conference was held with the SCIF to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the SCIF's written response on July 24, 2020, 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, February 1, 2019, through July 31, 2019, the SCIF conducted nine examinations. The CRU reviewed all nine of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Career Executive Assignment (CEA) B, Senior Vice President of Customer Experience	CEA	Statement of Qualifications (SOQ) ⁴	5/31/2019	51
CEA B, Senior Vice President of Innovation Design	CEA	SOQ	2/22/2019	48
CEA B, Senior Vice President, Small Commercial, Audit & Service Operations	CEA	SOQ	7/1/2019	13
CEA B, Vice President of Claims Actuary	CEA	SOQ	4/8/2019	1
CEA B, Vice President of Special Investigations	CEA	SOQ	3/29/2019	26
Area Manager, Cal/OSHA Consultation Service	Open	Training and Experience (T&E) ⁵	Continuous	41
Associate Safety Engineer	Open	T&E	Continuous	48
Regional Manager, Division of Occupational Safety and Health	Open	T&E	6/19/2019	35
Senior Safety Engineer (Industrial)	Open	T&E	Continuous	57

⁴ 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.

⁵ The Training and Experience examination is administered either online or in writing, and asks the applicant to answer multiple-choice questions about his or her level of training and/or experience performing certain tasks typically performed by those in this classification. Responses yield point values.

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

The CRU reviewed nine open examinations which the SCIF administered in order to create eligible lists from which to make appointments. The SCIF published and distributed examination bulletins containing the required information for all examinations. Applications received by the SCIF 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 CRU found no deficiencies in the examinations that the SCIF 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).)

For the purposes of temporary appointments, an employment list is considered not to exist where there is an open eligible list that has three or fewer names of persons willing to accept appointment and no other employment list for the classification is available. (Cal. Code Regs., tit. 2, § 265.) In such a situation, an appointing power may make a temporary appointment in accordance with section 265.1 (*Ibid.*) A Temporary Authorization Utilization (TAU) appointment shall not exceed nine months in a 12-month period. (Cal. Const., art. VII.) In addition, when a temporary appointment is made to a permanent position, an appropriate employment list shall be established for each class to

which a temporary appointment is made before the expiration of the appointment. (Gov. Code, § 19058.)

During the period under review, February 1, 2019, through July 31, 2019, the SCIF made 461 appointments. The CRU reviewed 92 of those appointments, which are listed below.

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accountant Trainee	Certification List	Permanent	Full Time	1
Accounting Officer (Specialist)	Certification List	Permanent	Full Time	2
Assistant Chief Counsel	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Limited Term	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Associate Safety Engineer	Certification List	Permanent	Full Time	1
Attorney	Certification List	Permanent	Full Time	1
Attorney	Certification List	Limited Term	Full Time	1
Attorney III	Certification List	Limited Term	Full Time	1
Attorney III	Certification List	Permanent	Full Time	3
Attorney IV	Certification List	Permanent	Full Time	1
CEA	Certification List	Permanent	Full Time	4
Custodian	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Manager I	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	1
Information Technology Specialist II	Certification List	Permanent	Full Time	1
Investment Officer I, Public Employees Retirement System	Certification List	Permanent	Full Time	1
Legal Secretary	Certification List	Permanent	Full Time	1
Legal Support Supervisor I	Certification List	Permanent	Full Time	1
Manager I, SCIF	Certification List	Permanent	Full Time	3
Manager II, SCIF	Certification List	Permanent	Full Time	1
Personnel Specialist	Certification List	Limited Term	Full Time	1
Program Manager II, SCIF	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Program Technician, Limited Examination and Appointment Program	Certification List	Temporary	Full Time	1
Research Data Analyst I	Certification List	Permanent	Full Time	1
Research Data Analyst II	Certification List	Permanent	Full Time	1
Research Data Specialist I	Certification List	Permanent	Full Time	1
Research Data Supervisor II	Certification List	Permanent	Full Time	1
Senior Safety Engineer (Industrial)	Certification List	Permanent	Full Time	1
Senior Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	3
Senior Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	2
Staff Services Analyst (General)	Certification List	Permanent	Full Time	2
Staff Services Manager I	Certification List	Permanent	Full Time	2
Staff Services Manager I	Certification List	Limited Term	Full Time	1
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Staff Services Manager III	Certification List	Limited Term	Full Time	2
Staff Services Manager III	Certification List	Permanent	Full Time	2
Supervising Special Investigator I (Non-Peace Officer)	Certification List	Permanent	Full Time	2
Workers' Compensation Claims Adjuster	Certification List	Limited Term	Full Time	2
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	7
Workers' Compensation Insurance Representative	Certification List	Limited Term	Full Time	1
Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	5
Workers' Compensation Insurance Supervisor II	Certification List	Permanent	Full Time	2
Workers' Compensation Insurance Technician	Certification List	Limited Term	Full Time	1
Workers' Compensation Insurance Technician	Certification List	Permanent	Full Time	7
Associate Governmental Program Analyst	Demotion	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Attorney III	Demotion	Permanent	Full Time	1
Program Technician	Reinstatement	Permanent	Full Time	1
Senior Workers' Compensation Claims Adjuster	Reinstatement	Permanent	Full time	1
Workers' Compensation Insurance Representative	Training and Development	Permanent	Full Time	1
Business Services Assistant (Specialist)	Transfer	Permanent	Full Time	2
Staff Services Manager I	Transfer	Permanent	Full Time	1
Information Technology Specialist I	Transfer	Permanent	Full Time	1
Information Technology Supervisor II	Transfer	Permanent	Full Time	1
Personnel Specialist	Transfer	Permanent	Full-Time	1
Workers' Compensation Insurance Technician	Transfer	Permanent	Full Time	1

FINDING NO. 2 – Probationary Evaluations Were Not Timely

Summary: The SCIF did not provide in a timely manner 8 probationary reports of performance for the 8 appointments reviewed by the CRU, as reflected in the table below. This is a repeat finding from the prior compliance review report, dated June 28, 2016.

Classification	Appointment Type	Number of Appointments	Total Number of Late Probation Reports
Attorney III	Certification List	1	1
Custodian	Certification List	1	1
Research Data Specialist I	Certification List	1	1
Staff Services Manager I	Certification List	1	1
Business Services Assistant	Transfer	2	2
Program Technician	Transfer	1	1
Staff Services Manager I	Transfer	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; upon reinstatement after a break in continuity of service resulting from a permanent separation; or after any other type of appointment situation not specifically excepted from the probationary period. (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: Serious. The probationary period is the final step in the selection process to ensure that the individual selected can successfully perform the full scope of their job duties. Failing to use the probationary period to assist an employee in improving his or her performance or terminating the appointment upon determination that the appointment is not a good job/person match is unfair to the employee and serves to erode the quality of state government.

Cause: The SCIF agrees with the findings. The SCIF had established timeframes for completing probationary appraisals that were beyond the requirements specified in law.

Corrective Action: Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure systemic conformity with California Code of Regulations, title 2, section 599.795. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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).)

Each state agency must establish a separate committee of employees who are individuals with a disability, or who have an interest in disability issues, to advise the head of the agency on issues of concern to employees with disabilities. (Gov. Code, § 19795, subd. (b)(1).) The department must invite all employees to serve on the committee and take appropriate steps to ensure that the final committee is comprised of members who have disabilities or who have an interest in disability issues. (Gov. Code, § 19795, subd. (b)(2).)

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

After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the SCIF'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 Chief Executive Officer of the SCIF. The SCIF 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, February 1, 2019, through July 31, 2019, the SCIF had 39 PSC's that were in effect. The CRU reviewed 23 of those, which are listed below:⁶

Contract Number	Services	Contract Dates	Justification Identified?	Union Notification?
516201	Information Technology	7/29/2019-7/22/2020	Yes	Yes
441322	Information Technology	7/15/2019-3/31/2020	Yes	Yes
441322	Information Technology	7/15/2019-6/30/2020	Yes	Yes
429624	Financial	6/25/2019-6/28/2020	Yes	No
503986	Information Technology	4/22/2019-10/21/2019	Yes	Yes
503986	Information Technology	6/3/2019-6/2/2020	Yes	Yes
503986	Information Technology	6/10/2019-6/2/2020	Yes	Yes
503986	Information Technology	6/10/2019-6/2/2020	Yes	Yes
440254	Information Technology	7/11/2019-7/10/2020	Yes	Yes

⁶ Due to the confidentiality requirements specified in Government Code Section 6254(ad), the names and dollar amounts of the SCIF's PSC's are being withheld from disclosure.

Contract Number	Services	Contract Dates	Justification Identified?	Union Notification?
440254	Information Technology	7/29/2019-7/28/2020	Yes	Yes
440255	Information Technology	2/19/2019-2/18/2020	Yes	Yes
440255	Information Technology	2/19/2019-2/18/2020	Yes	Yes
440255	Information Technology	2/25/2019-2/24/2020	Yes	Yes
440255	Information Technology	7/15/2019-7/14/2020	Yes	Yes
515959	Information Technology	5/7/2019-4/29/2020	Yes	Yes
515959	Information Technology	5/7/2019-4/29/2020	Yes	Yes
511565	Information Technology	7/22/2019-3/24/2020	Yes	No
440258	Information Technology	2/19/2019-2/10/2020	Yes	Yes
440258	Information Technology	5/13/2019-5/12/2020	Yes	Yes
440258	Information Technology	6/3/2019-6/2/2020	Yes	Yes
440259	Information Technology	3/13/2019-3/12/2020	Yes	Yes
440274	Information Technology	2/11/2019-2/10/2020	Yes	Yes
440274	Information Technology	6/10/2019-6/9/2020	Yes	Yes

FINDING NO. 4 – Unions Were Not Notified of Personal Services Contract

Summary: The SCIF did not notify unions prior to entering into 1 of the 23 PSC's reviewed.

Criteria: The contract shall not be executed until the state agency proposing to execute the contract has notified all organizations that represent

state employees who perform the type of work to be contracted. (Gov. Code, § 19132, subd. (b)(1).)

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

Cause: The SCIF did not notify the union organization in this instance due to a differing interpretation of Government Code section 19132, subd. (b)(1).

Corrective Action: It is the contracting department's responsibility to identify and notify any unions whose members could potentially perform the work to be contracted prior to executing the PSC. The PSC reviewed during this compliance review involved information technology services, functions which various rank-and-file civil service classifications perform. Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with the requirements of Government Code section 19132. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Mandated Training

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

Upon the initial appointment of any employee designated in a supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by the CalHR. (Gov. Code, § 19995.4, subd. (b).) The training addresses such topics as the role of the supervisor, techniques of supervision, performance standards, and sexual

harassment and abusive conduct prevention. (Gov. Code, §§ 12950.1, subds. (a), (b), & 19995.4, subd. (b).)

Additionally, the training must be successfully completed within the term of the employee's probationary period or within six months of the initial appointment, unless it is demonstrated that to do so creates additional costs or that the training cannot be completed during this time period due to limited availability of supervisory training courses. (Gov. Code, § 19995.4, subd. (c).) As to the sexual harassment and abusive-conduct prevention component, the training must thereafter be provided to supervisors once every two years. (Gov. Code, § 12950.1.)

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

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

The CRU reviewed the SCIF's mandated training program that was in effect during the compliance review period, August 1, 2017, through July 31, 2018. The SCIF's ethics and supervisory training were to be found to be in compliance, while sexual harassment prevention training was found to be out of compliance.

FINDING NO. 5 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors

Summary: The SCIF did not provide sexual harassment prevention training to 2 of 93 new supervisors within 6 months of appointment. In addition, the SCIF did not provide sexual harassment prevention training to 2 of 598 existing supervisors every 2 years.

Criteria: Each department must provide its supervisors two hours of sexual harassment prevention training every two years. New supervisors must be provided sexual harassment prevention training within six months of appointment. (Gov. Code, § 12950.1, subd. (a).)

Severity: Very Serious. The department does not ensure that all new and existing supervisors are properly trained to respond to sexual harassment or unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. This limits the department's ability to retain a quality workforce, impacts employee morale and productivity, and subjects the department to litigation.

Cause: The SCIF states that despite utilizing their learning management system to assign, remind, and track the status and completion of sexual harassment prevention training, not all supervisors completed the training within the required six month timeframe.

Corrective Action: Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that supervisors are provided sexual harassment prevention training in accordance with Government Code section 12950.1. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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 rate⁷ 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

⁷ "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).

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, February 1, 2019, through July 31, 2019, the SCIF made 93 appointments. The CRU reviewed 32 of those appointments to determine if the SCIF 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	\$4,344
Assistant Chief Counsel	Certification List	Permanent	Full Time	\$12,312
Associate Safety Engineer	Certification List	Permanent	Full Time	\$8,294
Attorney	Certification List	Permanent	Full Time	\$7,609
Attorney III	Certification List	Permanent	Full Time	\$9,210
Career Executive Assignment	Certification List	Permanent	Full Time	\$11,924
Career Executive Assignment	Certification List	Permanent	Full Time	\$10,834
Custodian	Certification List	Permanent	Full Time	\$2,444
Information Technology Associate	Certification List	Permanent	Full Time	\$4,013
Investment Officer I, Public Employees Retirement System	Certification List	Permanent	Full Time	\$4,561
Legal Secretary	Certification List	Permanent	Full Time	\$3,555
Manager II	Certification List	Permanent	Full Time	\$8,157
Personnel Specialist	Certification List	Permanent	Full Time	\$3,016
Program Technician	Certification List	Temporary	Full Time	\$2,630
Research Data Analyst I	Certification List	Permanent	Full Time	\$5,417
Research Data Supervisor II	Certification List	Permanent	Full Time	\$6,495
Staff Services Analyst (General)	Certification List	Permanent	Full Time	\$4,281
Staff Services Analyst (General)	Certification List	Permanent	Full Time	\$4,136
Staff Services Manager I	Certification List	Permanent	Full Time	\$5,917
Staff Services Manager I	Certification List	Permanent	Full Time	\$6,066
Staff Services Manager I	Certification List	Permanent	Full Time	\$6,539

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Staff Services Manager III	Certification List	Permanent	Full Time	\$7,897
Supervising Special Investigator I (Non-Peace Officer)	Certification List	Permanent	Full Time	\$7,111
Supervising Special Investigator I (Non-Peace Officer)	Certification List	Permanent	Full Time	\$7,463
Workers' Compensation Claims Adjuster	Certification List	Limited Term	Full Time	\$3,723
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$4,190
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$4,101
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$4,247
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$4,190
Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	\$5,281
Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	\$3,688
Workers' Compensation Insurance Technician	Certification List	Permanent	Full Time	\$3,877

FINDING NO. 6 – Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the salary determinations that were reviewed. The SCIF appropriately calculated and keyed the salaries for each appointment and correctly 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, November, 1 2018, through April, 30 2019, the SCIF employees made 117 alternate range movements within a classification. The CRU reviewed 50 of those alternate range movements to determine if the SCIF 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)
Actuary	A	B	Full Time	\$8,707
Attorney	B	C	Full Time	\$6,760
Attorney	A	B	Full Time	\$6,118
Attorney	C	D	Full Time	\$7,826
Attorney	C	D	Full Time	\$7,609
Business Service Assistant (Specialist)	B	C	Full Time	\$3,512
Information Technology Specialist I	B	C	Full Time	\$6,677
Information Technology Specialist I	B	C	Full Time	\$6,640
Legal Secretary	A	B	Full Time	\$4,326
Legal Secretary	A	B	Full Time	\$4,422
Legal Secretary	A	B	Full Time	\$4,517
Legal Secretary	A	B	Full Time	\$3,787
Personnel Specialist	C	D	Full Time	\$4,152
Special Investigator	B	C	Full Time	\$6,466
Staff Services Management Auditor	B	C	Full Time	\$4,481
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,030
Workers' Compensation Claims Adjuster	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,400
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,066
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,030

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,757
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,699
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,377

FINDING NO. 7 – Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU determined that the alternate range movements the SCIF made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Hiring Above Minimum Requests

The CalHR may authorize payment at any step above-the minimum limit to classes or positions to meet recruiting problems, or to obtain a person who has extraordinary qualifications. (Gov. Code § 19836.) For all employees new to state service, departments are delegated to approve HAMs for extraordinary qualifications. (Human Resources Manual Section 1707.) Appointing authorities may request HAMs for current state employees with extraordinary qualifications. (*Ibid.*) Delegated HAM authority does not apply to current state employees. (*Ibid.*)

Persons with extraordinary qualifications should contribute to the work of the department significantly beyond that which other applicants offer. (*Ibid.*) Extraordinary qualifications may provide expertise in a particular area of a department's program. (*Ibid.*) This expertise should be well beyond the minimum qualifications of the class. (*Ibid.*) Unique talent, ability or skill as demonstrated by previous job experience may also constitute

extraordinary qualifications. (*Ibid.*) The scope and depth of such experience should be more significant than its length. (*Ibid.*) The degree to which a candidate exceeds minimum qualifications should be a guiding factor, rather than a determining one. (*Ibid.*) When a number of candidates offer considerably more qualifications than the minimum, it may not be necessary to pay above the minimum to acquire unusually well-qualified people. (*Ibid.*) The qualifications and hiring rates of state employees already in the same class should be carefully considered, since questions of salary equity may arise if new higher entry rates differ from previous ones. (*Ibid.*) Recruitment difficulty is a factor to the extent that a specific extraordinary skill should be difficult to recruit, even though some applicants are qualified in the general skills of the class. (*Ibid.*)

If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Government Code section 3517.5, the memorandum of understanding shall be controlling without further legislative action.⁸ (Gov. Code § 19836 subd. (b).)

Appointing authorities may request and approve HAMs for former legislative employees who are appointed to a civil service class and received eligibility for appointment pursuant to Government Code section 18990. (Human Resources Manual Section 1707.) The salary received upon appointment to civil service shall be in accordance with the salary rules specified in the California Code of Regulations. (*Ibid.*) A salary determination is completed comparing the maximum salary rate of the former legislative class and the maximum salary rate of the civil service class to determine applicable salary and anniversary regulation. (*Ibid.*) Typically, the legislative employees are compensated at a higher rate of pay; therefore, they will be allowed to retain the rate they last received, not to exceed the maximum of the civil service class. (*Ibid.*)

Appointing authorities may request/approve HAMs for former exempt employees appointed to a civil service class. (Human Resources Manual Section 1707.) The salary received upon appointment to civil service shall be competitive with the employee's salary in the exempt appointment. (*Ibid.*) For example, An employee appointed to a civil service class which is preceded by an exempt appointment may be appointed at a salary rate comparable to the exempt appointment up to the maximum of the salary range for the civil service class. (*Ibid.*)

During the period under review, November 1, 2018, through April 30, 2019, the SCIF authorized 46 HAM requests. The CRU reviewed 23 of those authorized HAM requests

⁸ Except that if the provisions of the memorandum of understanding requires the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

to determine if the SCIF correctly applied Government Code section 19836 and appropriately verified, approved and documented candidates' extraordinary qualifications and subsequent salaries, which are listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Legal Secretary	Certification List	New to State	\$3,468-\$4,343	\$4,015
Legal Secretary	Certification List	Current State Employee	\$3,607-\$4,517	\$4,362
Legal Secretary	Certification List	Current State Employee	\$3,607-\$4,517	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,607-\$4,517	\$4,517
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,607-\$4,517	\$4,517
Legal Secretary	Certification List	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	New to State	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	New to State	\$3,435-\$4,300	\$4,300
Legal Secretary	Certification List	Current State Employee	\$3,607-\$4,517	\$4,517
Legal Secretary	Permissive Reinstatement	Current State Employee	\$3,435-\$4,300	\$4,300
Legal Support Supervisor I	Certification List	Current State Employee	\$4,084-\$5,116	\$5,116
Senior Legal Typist	Certification List	Current State Employee	\$3,237-\$4,093	\$4,093

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Staff Services Management Auditor	Certification List	Current State Employee	\$4,344-\$5,711	\$5,544
Staff Services Management Auditor	Certification List	Current State Employee	\$3,623-\$4,534	\$4,534
Staff Services Management Auditor	Certification List	Current State Employee	\$4,344-\$5,711	\$5,544
Staff Services Management Auditor	Certification List	Current State Employee	\$4,344-\$5,711	\$5,544
Staff Services Management Auditor	Certification List	Current State Employee	\$4,344-\$5,711	\$5,711
Staff Services Management Auditor	Certification List	Current State Employee	\$4,344-\$5,711	\$5,544

FINDING NO. 8 – Hire Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found that the HAM requests the SCIF made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Bilingual Pay

A certified bilingual position is a position where the incumbent uses bilingual skills on a continuous basis and averages 10 percent or more of the total time worked. According to the Pay Differential 14, the 10 percent time standard is calculated based on the time spent conversing, interpreting, or transcribing in a second language and time spent on closely related activities performed directly in conjunction with the specific bilingual transactions.

Typically, the department must review the position duty statement to confirm the percentage of time performing bilingual skills and verify the monthly pay differential is granted to a certified bilingual employee in a designated bilingual position. The position, not the employee, receives the bilingual designation and the department must verify that the incumbent successfully participated in an Oral Fluency Examination prior to issuing the additional pay.

During the period under review, November 1, 2018, through April 30, 2019, the SCIF issued bilingual pay to 143 employees. The CRU reviewed 60 of these bilingual pay

authorizations to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Bargaining Unit	Time Base	No. of Appts.
Area Manager, Cal/OSHA Consultation Service	S09	Full Time	2
Associate Personnel Analyst	R01	Full Time	1
Associate Safety Engineer	R09	Full Time	2
Information Technology Associate	R01	Full Time	1
Legal Secretary	R04	Full Time	1
Legal Support Supervisor I	S04	Full Time	2
Legal Support Supervisor I II	S04	Full Time	1
Manager I, SCIF	S01	Full Time	4
Office Assistant (General)	R01	Full Time	1
Program Technician	R01	Full Time	1
Senior Workers' Compensation Claims Adjuster	R01	Full Time	12
Senior Workers' Compensation Insurance Representative	R01	Full Time	8
Special Investigator	R07	Full Time	1
Workers' Compensation Claims Adjuster	R01	Full Time	4
Workers' Compensation Insurance Representative	R01	Full Time	5
Workers' Compensation Insurance Technician	R01	Full Time	14

FINDING NO. 9 – Incorrect Authorization of Bilingual Pay

Summary: The CRU found 58 errors⁹ in 33 of the SCIF's authorization of bilingual pay. These errors are as follows:

⁹ Several files were missing multiple documents.

Classification	Description of Findings	Criteria
Associate Personnel Analyst	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897) demonstrating the need for bilingual services.	Pay Differential 14
Information Technology Associate	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Legal Secretary	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Legal Support Supervisor I (2)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Legal Support Supervisor II	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Manager I (3)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Senior Workers' Compensation Claims Adjuster (10)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Senior Workers' Compensation Insurance Representative (6)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897, Duty Statement and Oral Fluency Certification) demonstrating the need for bilingual services.	Pay Differential 14

Classification	Description of Findings	Criteria
Workers' Compensation Claims Adjuster (3)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Workers' Compensation Insurance Representative (4)	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897 and Duty Statement) demonstrating the need for bilingual services.	Pay Differential 14
Workers' Compensation Insurance Technician	The SCIF failed to supply supporting documentation (Bilingual Pay Authorization Form STD 897, Duty Statement and Oral Fluency Certification) demonstrating the need for bilingual services.	Pay Differential 14

Criteria: For any state agency, a “qualified” bilingual employee, person, or interpreter is someone who CalHR has tested and certified, someone who was tested and certified by a state agency or other approved testing authority, and/or someone who has met the testing or certification standards for outside or contract interpreters as proficient in both the English language and the non-English language to be used. (Gov. Code, § 7296 subd. (a) (3).) An individual must be in a position that has been certified by the department as a position which requires the use of bilingual skills on a continuing basis averaging 10 percent of the time spent either conversing, interpreting or transcribing in a second language and time spent on closely related activities performed directly in conjunction with specific bilingual transactions. (Pay Differential 14.)

Severity: Very Serious. Failure to comply with the state civil service pay plan by incorrectly applying compensation rules in accordance with CalHR’s policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay.

Cause: The SCIF acknowledges that duty statements didn’t accurately reflect the percentage of time for using bilingual skills.

Corrective Action: Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Pay Differential 14. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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, November 1, 2018, through April 30, 2019, the SCIF issued pay differentials¹⁰ to 476 employees. The CRU reviewed 56 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Monthly Amount
Area Manager Cal/OSHA Consultation Service	432	\$250.00
Area Manager Cal/OSHA Consultation Service	433	\$224.42

¹⁰ For the purposes of CRU's review, only monthly pay differentials were selected for review at this time.

Classification	Pay Differential	Monthly Amount
Associate Safety Engineer	432	\$250.00
Associate Safety Engineer	433	\$175.86
Associate Safety Engineer	433	\$175.86
Associate Safety Engineer	433	\$175.86
Associate Safety Engineer	433	\$184.66
Information Technology Associate	13	\$343.40
Information Technology Associate	13	\$343.40
Information Technology Associate	13	\$343.40
Information Technology Associate	13	\$274.20
Information Technology Associate	13	\$287.90
Information Technology Associate	13	\$302.30
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$324.40
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$338.80
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$396.05
Information Technology Specialist I	13	\$414.00
Information Technology Specialist I	13	\$308.95
Information Technology Specialist I	13	\$317.40
Information Technology Specialist I	13	\$414.00
Information Technology Specialist II	13	\$454.05
Information Technology Supervisor II	13	\$434.70
Information Technology Supervisor II	13	\$447.75

Classification	Pay Differential	Monthly Amount
Information Technology Supervisor II	13	\$447.75
Information Technology Supervisor II	13	\$427.60
Information Technology Supervisor II	13	\$447.75
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$440.75
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$440.75
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$462.99
Legal Secretary	141	\$180.35
Legal Secretary	141	\$225.85
Legal Support Supervisor I	141	\$524.39
Legal Support Supervisor II	141	\$281.40
Senior Legal Typist	141	\$419.53

FINDING NO. 10 – Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the pay differentials that the SCIF 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 excluded¹¹ 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

¹¹ “Excluded employee” means an employee as defined in section 3527, subd. (b) of the Government Code (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to section 18801.1 of the Government Code.

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 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 120-day time period expires. (Classification and Pay Guide Section 375.)

During the period under review, November 1, 2018, through April 30, 2019, the SCIF issued OOC pay to 23 employees. The CRU reviewed 15 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
Business Service Officer I (Specialist)	R01	Staff Services Manager I	1/22/2019-3/4/2019
Business Service Officer I (Specialist)	R01	Staff Services Manager I	1/1/2019-4/30/2019
Information Technology Supervisor I	S01	Information Technology Supervisor II	9/2018-11/2018
Manager I	S01	Manager II	1/8/2018-12/30/2018
Manager I	S01	Manager II	10/1/2018-4/1/2019
Manager I	S01	Staff Services Manager II	4/12/2019-4/10/2020
Personnel Specialist	R01	Senior Personnel Specialist	9/4/2018-1/3/2019
Personnel Specialist	R01	Senior Personnel Specialist	1/22/2019-5/21/2019
Personnel Specialist	R01	Senior Personnel Specialist	10/31/2018-2/1/2019
Research Data Supervisor II	S01	Program Manager I	5/14/2018-5/13/2019

Senior Workers' Compensation Claims Adjuster	R01	Manager I	1/15/2019-5/14/2019
Supervising Special Investigator II (Non-Peace Officer)	S07	Program Manager I	11/1/2018-6/30/2019
Workers' Compensation Claims Adjuster	R01	Manager I	1/15/2019-5/14/2019
Workers Compensation Insurance Supervisor II	S01	Staff Services Manager I	12/1/2018-11/30/2019
Workers Compensation Insurance Technician	R01	Workers Compensation Claims Adjuster	1/25/2019-5/24/2019

FINDING NO. 11 – Out-of-Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the OOC pay assignments that the SCIF authorized during the compliance review period. OOC pay was issued appropriately to employees 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.

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 in order 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 of the working days of a month. When counting 189 days, every day worked, including partial days¹² worked and paid absences,¹³ is counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day is 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 For example, two hours or ten hours counts as one day.

¹³ For example, vacation, sick leave, compensating time off, etc.

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).)

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).)

Generally, permanent intermittent employees may work up to 1,500 hours in any calendar year. (Applicable Bargaining Unit Agreements.) However, Bargaining Unit 6 employees may work up to 2,000 hours in any calendar year.

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 SCIF had 37 positive paid employees whose hours were tracked. The CRU reviewed 22 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Time Base	Time Frame	Time Worked
Associate Personnel Analyst	Intermittent	7/1/2017-6/30/2018	859.5 Hours
Attorney III	Intermittent	7/1/2017-6/30/2018	587.5 Hours
Attorney IV	Intermittent	7/1/2017-6/30/2018	960 Hours
Personnel Specialist	Intermittent	7/1/2017-6/30/2018	744.5 Hours
Program Manager II, SCIF	Intermittent	7/1/2017-6/30/2018	864 Hours
Program Manager II, SCIF	Intermittent	7/1/2017-6/30/2018	656.75 Hours

Classification	Time Base	Time Frame	Time Worked
Program Technician	Intermittent	7/1/2017-6/30/2018	893 Hours
Program Technician	Intermittent	7/1/2018-6/30/2019	553 Hours
Senior Legal Typist	Intermittent	7/1/2017-6/30/2018	731.5 Hours
Senior Legal Typist	Intermittent	7/1/2017-6/30/2018	959 Hours
Senior Legal Typist	Intermittent	7/1/2017-6/30/2018	960 Hours
Senior Workers' Compensation Claims Adjuster	Intermittent	7/1/2017-6/30/2018	953 Hours
Senior Workers' Compensation Claims Adjuster	Intermittent	7/1/2017-6/30/2018	955.5 Hours
Senior Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	605 Hours
Senior Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	972.75 Hours
Senior Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	901 Hours
Senior Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	683.5 Hours
Senior Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	679.5 Hours
Staff Services Manager II (Supervisory	Intermittent	7/1/2017-6/30/2018	922.5 Hours
Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	818.5 Hours
Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	655.5 Hours
Workers' Compensation Insurance Representative	Intermittent	7/1/2017-6/30/2018	606.5 Hours

FINDING NO. 12 – Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the employees reviewed whose hours were tracked during the compliance review period. The SCIF 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, May 1, 2018, through April 30, 2019, the SCIF placed 105 employees on ATO. The CRU reviewed 81 of these ATO appointments to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	Amount of Time on ATO
Associate Governmental Program Analyst	6/8/2018-6/12/2018	5 Days
Associate Governmental Program Analyst	3/6/2019-3/15/2019	10 Days
Custodian	2/16/2018-6/8/2018	113 Days
Lead Custodian	2/9/2018-6/8/2018	120 Days
Legal Secretary	10/8/2018-11/29/2018	53 Days
Legal Secretary	7/26/2018	8 Hours
Legal Secretary	7/27/2018	3 Hours
Legal Secretary	7/30/2018	8 Hours
Legal Secretary	7/31/2018	8 Hours
Legal Secretary	8/1/2018	3.5 Hours

Classification	Time Frame	Amount of Time on ATO
Legal Secretary	8/2/2018	3.5 Hours
Legal Support Supervisor I	9/28/2018-10/5/2018	8 Days
Manager I	7/26/2018	8 Hours
Manager I	7/27/2018	8 Hours
Manager I	7/30/2018	8 Hours
Manager I	2/14/2019	8 Hours
Manager I	2/15/2019	8 Hours
Manager II	7/27/2018	8 Hours
Program Technician	7/26/2018	8 Hours
Program Technician	7/27/2018	8 Hours
Program Technician	7/30/2018	8 Hours
Program Technician	7/31/2018	8 Hours
Program Technician	8/1/2018	4 Hours
Program Technician	8/2/2018	6.5 Hours
Program Technician	7/27/2018	8 Hours
Program Technician	7/30/2018	8 Hours
Program Technician	7/31/2018	8 Hours
Program Technician	8/1/2018	8 Hours
Program Technician	8/2/2018	1 Hours
Program Technician	8/6/2018	6 Hours
Senior Legal Analyst	7/27/2018	3.5 Hours
Senior Legal Analyst	7/30/2018	8 Hours
Senior Legal Analyst	2/13/2019	8 Hours
Senior Legal Analyst	2/14/2019	8 Hours
Senior Workers' Compensation Claims Adjuster	7/27/2018	10 Hours
Senior Workers' Compensation Claims Adjuster	7/26/2018	8 Hours
Senior Workers' Compensation Claims Adjuster	7/27/2018	8 Hours
Senior Workers' Compensation Claims Adjuster	7/30/2018	8 Hours

Classification	Time Frame	Amount of Time on ATO
Senior Workers' Compensation Claims Adjuster	7/31/2018	8 Hours
Senior Workers' Compensation Claims Adjuster	8/2/2018	2.5 Hours
Senior Workers' Compensation Claims Adjuster	2/14/2019	8 Hours
Senior Workers' Compensation Claims Adjuster	7/30/2018	8 Hours
Senior Workers' Compensation Claims Adjuster	7/26/2018	9 Hours
Senior Workers' Compensation Claims Adjuster	7/27/2018	8 Hours
Senior Workers' Compensation Claims Adjuster	7/30/2018	6 Hours
Senior Workers' Compensation Claims Adjuster	7/31/2018	3 Hours
Staff Services Manager I	6/8/2018-6/11/2018	4 Days
Staff Services Manager II (Supervisory)	11/14/2018	8 Hours
Staff Services Manager II (Supervisory)	11/15/2018	8 Hours
Staff Services Manager II (Supervisory)	11/16/2018	8 Hours
Staff Services Manager II (Supervisory)	11/19/2018	8 Hours
Staff Services Manager II (Supervisory)	11/20/2018	8 Hours
Workers' Compensation Claims Adjuster	8/1/2018-8/10/2018	10 Days
Workers' Compensation Claims Adjuster	7/26/2018	9 Hours
Workers' Compensation Claims Adjuster	7/30/2018	9 Hours
Workers' Compensation Claims Adjuster	10/1/2018	9 Hours
Workers' Compensation Claims Adjuster	8/13/2018	9 Hours
Workers' Compensation Claims Adjuster	8/17/2018	8 Hours
Workers' Compensation Claims Adjuster	7/26/2018	7.25 Hours

Classification	Time Frame	Amount of Time on ATO
Workers' Compensation Claims Adjuster	7/30/2018	10 Hours
Workers' Compensation Claims Adjuster	7/31/2018	10 Hours
Workers' Compensation Claims Adjuster	8/1/2018	10 Hours
Workers' Compensation Insurance Representative	10/9/2018-11/2/2018	25 Days
Workers' Compensation Insurance Technician	7/26/2018	3 Hours
Workers' Compensation Insurance Technician	7/27/2018	8 Hours
Workers' Compensation Insurance Technician	2/25/2019	8 Hours
Workers' Compensation Insurance Technician	2/27/2019	8 Hours
Workers' Compensation Insurance Technician	2/28/2019	8 Hours
Workers' Compensation Insurance Technician	3/1/2019	8 Hours
Workers' Compensation Insurance Technician	7/27/2018	8 Hours
Workers' Compensation Insurance Technician	2/14/2019	8 Hours
Workers' Compensation Insurance Technician	2/15/2019	8 Hours
Workers' Compensation Insurance Technician	7/27/2018	8 Hours
Workers' Compensation Insurance Technician	7/30/2018	8 Hours
Workers' Compensation Insurance Technician	7/31/2018	2.5 Hours
Workers' Compensation Insurance Technician	7/27/2018	2.5 Hours
Workers' Compensation Insurance Technician	2/14/2019	1 Hours
Workers' Compensation Insurance Technician	2/15/2019	7 Hours
Workers' Compensation Insurance Technician	7/27/2018	2 Hours
Workers' Compensation Insurance Technician	7/27/2018	8 Hours

Classification	Time Frame	Amount of Time on ATO
Workers' Compensation Insurance Technician	2/14/2019	1.5 Hours

FINDING NO. 13 – Administrative Time Off Was Not Properly Documented

Summary: The SCIF did not grant ATO in conformity with the established policies and procedures. Specifically, the SCIF did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for three employees.

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 5 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 SCIF states that failure to request and obtain approval was an oversight based on their assumption that ATO could continue indefinitely during the course of an investigation and in cases where termination via a Notice of Adverse Action was pending.

Corrective Action: Within 90 days of the date of this report, the SCIF 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 Auditing and Timekeeping

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

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, February 1, 2019, through April 30, 2019, the SCIF reported 11 units comprised of 261 active employees. The pay periods and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	Unit Reviewed	Number of Employees	Number of Timesheets Reviewed	Number of Missing Timesheets
April 2019	124	11	11	0

Timesheet Leave Period	Unit Reviewed	Number of Employees	Number of Timesheets Reviewed	Number of Missing Timesheets
April 2019	254	27	27	0
April 2019	307	34	34	0
April 2019	312	36	36	0
April 2019	406	27	27	0
April 2019	438	26	26	0
April 2019	450	26	26	0
April 2019	501	21	21	0
April 2019	663	14	14	0
April 2019	786	7	7	0
April 2019	813	5	5	0

FINDING NO. 14 – Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU reviewed employee leave records from one leave period to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRU found no deficiencies. The SCIF kept complete and accurate time and attendance records for each employee and officer employed within the department and utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

Leave Reduction Efforts

Departments must create a leave reduction policy for their organization and monitor employees' leave to ensure compliance with the departmental leave policy; and ensure employees who have significant "over-the-cap" leave balances have a leave reduction plan in place. (Human Resources Manual Section 2124.)

Applicable Memorandums of Understanding and the California Code of Regulations prescribe the maximum amount of vacation or annual leave permitted. "If a represented employee is not permitted to use all of the vacation to which he or she is entitled in a

calendar year, the employee may accumulate the unused portion.”¹⁴ (Cal. Code Regs., tit. 2, § 599.737.) If it appears an excluded employee will have a vacation or annual leave balance that will be above the maximum amount¹⁵ as of January 1 of each year, the appointing power shall require the supervisor to notify and meet with each employee so affected by the preceding July 1, to allow the employee to plan time off, consistent with operational needs, sufficient to reduce their balance to the amount permitted by the applicable regulation, prior to January 1. (Cal. Code Regs., tit. 2, § 599.742.1.)

It is the intent of the state to allow employees to utilize credited vacation or annual leave each year for relaxation and recreation, ensuring employees maintain the capacity to optimally perform their jobs. (Cal. Code Regs., tit. 2, § 599.742.1.) For excluded employees, the employee shall also be notified by July 1 that, if the employee fails to take off the required number of hours by January 1, the appointing power shall require the employee to take off the excess hours over the maximum permitted by the applicable regulation at the convenience of the agency during the following calendar year. (*Ibid.*) To both comply with existing civil service rules and adhere to contemporary human resources principles, state managers and supervisors must cultivate healthy work- life balance by granting reasonable employee vacation and annual leave requests when operationally feasible. (Human Resources Manual Section 2124.)

As of December 2018, 305 SCIF employees exceeded the established limits of vacation or annual leave. The CRU reviewed 60 of those employees’ leave reduction plans to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Administrative Assistant II	C01	889.5	Yes
Area Manager, Cal/OSHA Consultation Service	S09	669	Yes
Assistant Chief Counsel	M02	517	Yes
Assistant Chief Counsel	M02	745	Yes
Assistant Chief Counsel	M02	922	Yes
Associate Safety Engineer	R09	559.5	Yes

¹⁴ For represented employees, the established limit for annual or vacation leave accruals is 640 hours, however for Bargaining Unit 06 there is no established limit and for Bargaining Unit 05 the established limit is 816 hours.

¹⁵ Excluded employees shall not accumulate more than 80 days.

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Associate Safety Engineer	R09	749.5	Yes
Associate Safety Engineer	R09	607	Yes
Attorney III	R02	340	Yes
Attorney III	R02	830	Yes
Attorney III	R02	427.5	Yes
Attorney III	R02	450	Yes
Attorney IV	R02	717	Yes
Attorney IV	R02	551	Yes
CEA	M01	641	Yes
CEA	M01	1186	Yes
CEA	M01	1620	Yes
CEA	M01	405	Yes
Information Technology Manager I	M01	481	Yes
Information Technology Manager II	M01	377	Yes
Information Technology Specialist I	R01	587.5	Yes
Information Technology Specialist I	R01	557	Yes
Information Technology Specialist I	R01	421	Yes
Information Technology Specialist II	R01	821	Yes
Information Technology Supervisor II	S01	673.5	Yes
Information Technology Supervisor II	S01	451	Yes
Information Technology Supervisor II	S01	400.5	Yes
Manager I, SCIF	S01	521.5	Yes
Manager I, SCIF	S01	359	Yes
Manager I, SCIF	S01	392.5	Yes
Manager I, SCIF	S01	409	Yes
Manager I, SCIF	S01	349	Yes
Manager I, SCIF	S01	1125	Yes
Manager I, SCIF	S01	433	Yes
Manager I, SCIF	S01	560.5	Yes
Manager I, SCIF	S01	443	Yes
Manager I, SCIF	S01	472	Yes
Manager I, SCIF	S01	745.5	Yes
Manager II, SCIF	M01	693	Yes
Manager II, SCIF	M01	343	Yes
Program Manager II, SCIF	M01	1102	Yes
Program Manager II, SCIF	M01	658	Yes

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Program Manager II, SCIF	M01	359	Yes
Program Manager II, SCIF	M01	489.5	Yes
Program Manager II, SCIF	M01	574.25	Yes
Program Manager II, SCIF	M01	387.5	Yes
Senior Accounting Officer (Specialist)	R01	356	Yes
Senior Personnel Specialist	R01	455.5	Yes
Senior Workers' Compensation Claims Adjuster	R01	509	Yes
Senior Workers' Compensation Insurance Representative	R01	498	Yes
Senior Workers' Compensation Insurance Representative	R01	2357.25	Yes
Senior Workers' Compensation Insurance Representative	R01	616	Yes
Senior Workers' Compensation Insurance Representative	R01	426.5	Yes
Staff Services Manager I	S01	688	Yes
Staff Services Manager II (Supervisory)	S01	585	No
Staff Services Manager II (Supervisory)	S01	506.5	Yes
Staff Services Manager III	M01	605.76	Yes
Supervising Management Auditor	M01	681.5	Yes
Supervising Special Investigator I (Non-Peace Officer)	S07	675	Yes
Workers' Compensation Claims Adjuster	R01	441.75	Yes
Total		37,413.51	

FINDING NO. 15 – Leave Reduction Plans Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU reviewed employee vacation and annual leave to ensure that those employees who have significant “over-the-cap” leave balances have a leave reduction plan in place and are actively reducing hours. In addition, the CRU reviewed the department’s leave reduction policy to verify its compliance with applicable rule and law, and to ensure its

accessibility to employees. Based on our review, the CRU found no deficiencies in this area.

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 considered to be a qualifying or non-qualifying pay period for state service and leave accruals.

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.¹⁶ (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.

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 employees¹⁷ 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.

¹⁶ Except as provided in California Code of Regulations, title 2, sections 599.609 and 599.776.1, subd. (b) of these regulations, in the application of Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, 19997.4 and sections 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.787, 599.791, 599.840 and 599.843 of these regulations.

¹⁷ As identified in Government Code sections 19858.3, subd. (a), 19858.3, subd. (b), or 19858.3, subd. (c) or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subd. (c) or California Code of Regulations, title 2, section 599.752 subd. (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

During the period under review, November 1, 2018, through April 30, 2019, the SCIF had 40 employees with non-qualifying pay period transactions. The CRU reviewed 32 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of Transaction	Time base	Number Reviewed
Non-Qualifying Pay Period	Full Time	29
Qualifying Pay Period	Full Time	3

FINDING NO. 16 – Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

Policy and Processes

Nepotism

It is the policy of the State of California to recruit, hire and assign all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. (Human Resources Manual Section 1204.) Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (*Ibid.*) Nepotism is defined as the practice of an employee using his or her influence or power to aid or hinder another in the employment setting because of a personal relationship. (*Ibid.*) Personal relationships for this purpose include association by blood, adoption, marriage and/or cohabitation. (*Ibid.*) All department nepotism policies should emphasize that nepotism is antithetical to a merit-based personnel system and that the department is committed to the state policy of recruiting, hiring and assigning employees on the basis of merit. (*Ibid.*)

FINDING NO. 17 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU verified that the policy was disseminated to all staff and emphasized the SCIF’s commitment to the state’s policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the SCIF’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 subds. (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 SCIF office to discuss the status of volunteers. (*Ibid.*)

In this case, the SCIF did not employ volunteers during the compliance review period.

FINDING NO. 18 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU verified that the SCIF provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law. Furthermore, the CRU verified that when the SCIF received worker's 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 CRU selected 147 permanent SCIF employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines. These are listed below:

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Assistant Chief Counsel	3/6/19	2/15/2019
Assistant Chief Counsel	3/6/19	1/2/2019
Associate Governmental Program Analyst	3/6/19	2/4/2019
Associate Governmental Program Analyst	3/6/19	2/20/2019
Associate Governmental Program Analyst	3/6/19	2/8/2019
Associate Governmental Program Analyst	3/6/19	12/5/2018
Associate Safety Engineer	3/6/19	1/10/2019
Attorney	3/6/19	11/14/2018
Attorney	3/6/19	2/7/2019
Attorney III	3/6/19	1/1/2018
Attorney III	3/6/19	2/5/2019
Attorney IV	3/6/19	11/3/2018
Attorney V	3/6/19	2/15/2019
Attorney V	3/6/19	2/22/2019
Attorney V	3/6/19	2/28/2019
Chief Engineer II	3/6/19	12/5/2018
Legal Secretary	3/6/19	1/9/2019
Legal Secretary	3/6/19	2/28/2019
Legal Secretary	3/6/19	2/26/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	1/24/2019
Legal Secretary	3/6/19	2/6/2019
Legal Secretary	3/6/19	1/23/2019
Legal Secretary	3/6/19	2/12/2019
Legal Secretary	3/6/19	2/26/19

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Legal Secretary	3/6/19	2/19/2019
Legal Secretary	3/6/19	2/20/2019
Legal Secretary	3/6/19	2/7/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	1/31/2019
Legal Secretary	3/6/19	1/30/2019
Legal Secretary	3/6/19	12/18/2018
Legal Secretary	3/6/19	2/13/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/7/2019
Legal Secretary	3/6/19	3/6/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/8/2018
Legal Secretary	3/6/19	3/5/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/7/2019
Legal Secretary	3/6/19	2/15/2019
Legal Secretary	3/6/19	2/5/2019
Legal Secretary	3/6/19	2/4/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/1/2019
Legal Secretary	3/6/19	2/4/2019
Legal Secretary	3/6/19	2/6/2019
Legal Secretary	3/6/19	1/30/2019
Legal Secretary	3/6/19	2/22/2019
Legal Secretary	3/6/19	3/6/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	12/18/2018
Legal Secretary	3/6/19	2/26/2019
Legal Secretary	3/6/19	2/12/2019
Legal Secretary	3/6/19	2/5/2019
Legal Secretary	3/6/19	12/18/2018

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Legal Secretary	3/6/19	2/7/2019
Legal Secretary	3/6/19	2/12/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/19/2019
Legal Secretary	3/6/19	2/19/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	3/6/2019
Legal Secretary	3/6/19	2/25/2019
Legal Secretary	3/6/19	2/22/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/25/2019
Legal Secretary	3/6/19	2/12/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/6/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	2/11/2019
Legal Secretary	3/6/19	2/6/19
Legal Secretary	3/6/19	3/6/2019
Legal Secretary	3/6/19	3/6/2019
Legal Secretary	3/6/19	2/8/2019
Legal Secretary	3/6/19	11/1/2018
Legal Secretary	3/6/19	2/20/2019
Legal Secretary	3/6/19	2/12/2019
Legal Secretary	3/6/19	2/19/2019
Legal Secretary	3/6/19	2/15/2019
Legal Secretary	3/6/19	1/31/2019
Legal Secretary	3/6/19	2/28/2019
Legal Secretary	3/6/19	1/24/2019
Legal Secretary	3/6/19	2/14/2019
Legal Secretary	3/6/19	1/28/2019
Legal Secretary	3/6/19	2/12/2019
Manager I, SCIF	3/6/19	2/12/2019

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Manager I, SCIF	3/6/19	2/11/2019
Manager I, SCIF	3/6/19	2/24/2019
Manager II, SCIF	3/6/19	1/8/2019
Manager II, SCIF	3/6/19	2/6/2019
Manager II, SCIF	3/6/19	2/6/2019
Manager II, SCIF	3/6/19	2/4/2019
Manager II, SCIF	3/6/19	1/25/2019
Program Manager II, SCIF	3/6/19	2/12/2019
Program Technician	3/6/19	2/12/2019
Program Technician	3/6/19	2/5/2019
Program Technician	3/6/19	2/21/2019
Program Technician	3/6/19	2/4/2019
Program Technician	3/6/19	2/4/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	1/8/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/12/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/19/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/11/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/8/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	1/31/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/5/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/5/2019
Senior Workers' Compensation Claims Adjuster	3/6/19	2/11/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/11/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/19/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/7/2019
Senior Workers' Compensation Insurance Representative	3/6/19	1/14/2019

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Senior Workers' Compensation Insurance Representative	3/6/19	1/29/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/19/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/13/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/5/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/6/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/13/2019
Senior Workers' Compensation Insurance Representative	3/6/19	12/21/2018
Senior Workers' Compensation Insurance Representative	3/6/19	1/15/2019
Senior Workers' Compensation Insurance Representative	3/6/19	2/14/2019
Staff Services Manager I	3/6/19	2/25/2019
Staff Services Manager I	3/6/19	2/19/2019
Staff Services Manager II (Supervisory)	3/6/19	2/15/2019
Staff Services Manager II (Supervisory)	3/6/19	2/1/2019
Staff Services Manager III	3/6/19	1/23/2019
Workers' Compensation Claims Adjuster	3/6/19	2/6/2019
Workers' Compensation Claims Adjuster	3/6/19	1/28/2019
Workers' Compensation Claims Adjuster	3/6/19	3/6/2019
Workers' Compensation Claims Adjuster	3/6/19	2/13/2019
Workers' Compensation Claims Adjuster	3/6/19	1/24/2019
Workers' Compensation Claims Adjuster	3/6/19	2/14/2019
Workers' Compensation Insurance Supervisor II	3/6/19	1/31/2019
Workers' Compensation Insurance Technician	3/6/19	11/14/2018

Classification	Date Performance Appraisals Due	Date Performance Appraisals Provided
Workers' Compensation Insurance Technician	3/6/19	2/25/2019
Workers' Compensation Insurance Technician	3/6/19	2/11/2019
Workers' Compensation Insurance Technician	3/6/19	2/26/2019
Workers' Compensation Insurance Technician	3/6/19	2/12/2019
Workers' Compensation Insurance Technician	3/6/19	1/31/2019
Workers' Compensation Insurance Representative	3/6/19	2/11/2019

FINDING NO. 19 – Performance Appraisals Policy and Processes Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the performance appraisals selected for review. Accordingly, the SCIF performance appraisal policy and processes satisfied civil service laws, Board rules, policies and guidelines.

DEPARTMENTAL RESPONSE

The SCIF department response is attached as Attachment 1.

SPB REPLY

Based upon the SCIF's written response, the SCIF 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 CRU.

DEPARTMENT OF HUMAN RESOURCES

2275 Gateway Oaks Drive
Sacramento, CA 95833



July 24, 2020

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

Subject: State Compensation Insurance Fund response to compliance review report from the State Personnel Board.

Dear Ms. Ambrose,

This letter is in response to the State Personnel Board (SPB) Compliance Review Report submitted to State Compensation Insurance Fund (State Fund). State Fund has reviewed the report and the findings found within. As requested, State Fund has provided a department response for each of the findings identified within the SPB Compliance Review Report.

Please consider the following in response to the specific findings:

Findings No. 1 – Examinations Complied with Civil Service Laws and Board Rules.

No corrective action necessary

Finding No. 2 – Probationary Evaluations Were Not Timely

Department Response: State Fund agrees with the findings. Due to a combination of factors, managers who were completing the probationary appraisals within the timeframes established by State Fund would have completed their appraisals beyond the 10-day timeframe. State Fund will correct the system and timeframe issues to address the timeliness of the appraisals.

State Fund contends that despite having untimely appraisals, employees are aware of their standing. Since 2018, State Fund has placed emphasis on having monthly conversations between leaders and employees to keep employees updated on their performance and where they stood in regards to probation. State Fund tracked whether these monthly conversations were taking place from 2018-2019. Employees reported having monthly conversations with their leaders 85-90% of the time.

Finding No. 3 – Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules.

No corrective action necessary

Finding No. 4 – Unions Were Not Notified of Personal Services Contract

Department Response: State Fund follows procedures when reviewing personal services contracts, which include searching for civil service classifications whose specifications include the nature and type of work to be performed, and then notifying the associated employee union of such proposed contracts in a timely manner before execution. State Fund reviews a proposed contract for the type of work and services to be performed, and looks for characteristics such as complexity of work, level or years of experience, level of education, need for specialty training, and other criteria, to determine whether there are any civil service classifications that could perform the work.

In addition to using its knowledge of the state civil service system, State Fund also uses various tools and schematic codes to search for matching classifications. When a match is found, State Fund notifies the appropriate employee organization of the proposed contract. In this particular instance, State Fund could not find a civil service classification that was consistent with the type of service that State Fund was seeking.

State Fund's interpretation of Government Code Section 19132(b) is that if State Fund could not identify a matching civil service classification, then no employee organization representing that classification could be identified. Therefore, since State Fund could not find a matching classification in this instance, no union was notified.

Finding No. 5 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors

Department Response: State Compensation Insurance Fund (State Fund) utilizes its Learning Management System (LMS) and MyStateFundCareer (MSFC) to assign, remind, and track the completion of the mandated training, in this case, Sexual Harassment Prevention (SHP) training. Although these steps were in place, not all State Fund supervisors completed the mandated SHP training and were within the required 6-month timeframe.

Finding No. 6 – Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

No corrective action necessary

Finding No. 7 – Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

No corrective action necessary

Finding No. 8 – Hire Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 9 – Incorrect Authorization of Bilingual Pay

Department Response: The Bilingual Pay Authorizations identified were approved based on the information provided in the Bilingual Pay Authorization Requests and evidence of passing a bilingual fluency examination. State Compensation Insurance Fund acknowledges the duty statements did not accurately reflect the percentage of time for using bilingual skills. State Fund completed an internal audit of all employees receiving the bilingual pay differential and have updated all duty statements and required documents.

Finding No. 10 – Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

No corrective action necessary

Finding No. 11 – Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

No corrective action necessary

Finding No. 12 – Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 13 – Administrative Time Off Was Not Properly Documented

Department Response: State Fund acknowledges that our agency extended ATO beyond 30 days in some instances without following established policies and procedures. In all three of the situations noted in the compliance audit report, State Fund firmly believes that more harm would have come to State Fund if the agency had decided to keep these employees in the office. Our agency felt strongly that these employees could potentially continue harmful behavior as their actions were tied to ongoing investigations and/or pending dismissals from state service via a Notice of Adverse Action.

In each case, the employee was terminated from state service via Notice of Adverse Action following the completion of the investigations. In these instances, the decision to use ATO was a correct and justifiable action in order to deter any future harm to our organization. Corporate HR and the Manager Services Unit does track the employees on ATO and maintains the justification for ATO use.

However, moving forward, State Fund will use our tracking system to track and flag the number of days' employees remain on ATO. This will ensure State Fund will adhere to established protocols and procedures to obtain approval prior to exceeding 30 days.

Finding No. 14 – Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 15 – Leave Reduction Plans Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

No corrective action necessary

Finding No. 16 – Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 17 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 18 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

No corrective action necessary

Finding No. 19 – Performance Appraisal Policy and Processes Complied with Civil Service Laws and Regulations and CalHR Policies and Guidelines

No corrective action necessary

State Fund would like to personally thank the State Personnel Board staff who worked with us so diligently on this report. We appreciate the constant communication, helpfulness, and information they have provided to us during this process. It has been a pleasure to work with them, and we look forward to any future collaboration.

If you have any questions regarding our department response or if you would like to discuss these matters further, please contact Jorrell Sorensen, Director of Employee Relations by phone at (916) 924 – 6895 or by email at jsorensen@scif.com

Sincerely,

Amy Nunez

Amy Nunez
Vice President, Human Resources Connect