



COMPLIANCE REVIEW REPORT

DEPARTMENT OF FINANCE

Compliance Review Unit
State Personnel Board
November 20, 2024

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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 California Department of Finance (DOF) personnel practices in the areas of examinations, appointments, EEO, PSC’s, mandated training, compensation and pay, leave, and policy and processes. The following table summarizes the compliance review findings.

Area	Severity	Finding
Examinations	In Compliance	Examinations Complied with Civil Service Laws and Board Rules
Appointments	Substantial Compliance	Probationary Evaluations Were Not Provided for All Appointments Reviewed and Some That Were Provided Were Untimely
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules
Personal Services Contracts	In Compliance	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Very Serious	Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs
Mandated Training	Very Serious	Sexual Harassment Prevention Training Was Not Provided for All Employees ¹
Compensation and Pay	In Compliance	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

¹ Repeat finding. The DOF’s March 15, 2022, compliance review report identified that the DOF did not provide sexual harassment prevention training to three of nine new supervisors within six months of their appointment. The DOF’s August 26, 2019, compliance review report identified that the DOF did not provide sexual harassment prevention training to 3 of 6 new supervisors within 6 months of their appointment and to 2 of 26 existing supervisors every 2 years.

Area	Severity	Finding
Compensation and Pay	Substantial Compliance	Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	In Compliance	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	In Compliance	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Serious	Performance Appraisals Were Not Provided to All Employees ²

BACKGROUND

The DOF is responsible for preparing, explaining, and administering the state's annual financial plan, which the Governor of California is required under the Constitution of California to present by January 10th of each year to the general public. The DOF's other

² Repeat finding. The DOF's March 15, 2022, compliance review report identified that the DOF did not provide annual performance appraisals to 15 of 54 employees reviewed. The DOF's August 26, 2019, compliance review report identified that the DOF did not provide annual performance appraisals to 28 of 54 employees reviewed.

duties include analyzing the budgets of proposed laws in the California State Legislature, creating and monitoring current and future economic forecasts of the state, estimating population demographics and enrollment projections, and maintaining the state's accounting and financial reporting systems. There are five main functional areas within the department: Administration, Budget and Policy, Oversight and Accountability, Forecasting, and Accounting Policies and Systems Support.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the DOF's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes³. The primary objective of the review was to determine if the DOF'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 DOF's examinations was selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRU examined the documentation that the DOF provided, which included examination plans, examination bulletins, job analyses, and scoring results. The DOF did not conduct any permanent withhold actions during the compliance review period.

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

The DOF's appointments were also selected for review to ensure the DOF applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the DOF 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:

³ Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

monthly pay differentials and alternate range movements. During the compliance review period, the DOF did not issue or authorize red circle rate requests, arduous pay, bilingual pay, or out-of-class assignments.

The review of the DOF'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 DOF's PSC's were also reviewed.⁴ It was beyond the scope of the compliance review to make conclusions as to whether the DOF's justifications for the contracts were legally sufficient. The review was limited to whether the DOF's practices, policies, and procedures relative to PSC's complied with procedural requirements.

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

The CRU reviewed the DOF's monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely and ensure the department certified that all leave records have been reviewed and corrected if necessary. The CRU selected a small cross-section of the DOF'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 DOF's 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 DOF employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU reviewed a selection of DOF positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

⁴If 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.

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

On October 29, 2024, an exit conference was held with the DOF to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the DOF's written response on November 6, 2024, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Examinations

Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov. Code, § 18930.) Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skills, or any combination of those tests. (*Ibid.*) The Board establishes minimum qualifications for determining the fitness and qualifications of employees for each class of position and for applicants for examinations. (Gov. Code, § 18931, subd. (a).) Within a reasonable time before the scheduled date for the examination, the designated appointing power shall announce or advertise the examination for the establishment of eligible lists. (Gov. Code, § 18933, subd. (a).) The advertisement shall contain such information as the date and place of the examination and the nature of the minimum qualifications. (*Ibid.*) Every applicant for examination shall file an application with the department or a designated appointing power as directed by the examination announcement. (Gov. Code, § 18934, subd. (a)(1).) The final earned rating of each person competing in any examination is to be determined by the weighted average of the earned ratings on all phases of the examination. (Gov. Code, § 18936.) Each competitor shall be notified in writing of the results of the examination when the employment list resulting from the examination is established. (Gov. Code, § 18938.5.)

During the period under review, October 1, 2023, through June 30, 2024, the DOF conducted 16 examinations. The CRU reviewed 12 of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Career Executive Assignment (CEA) A, Assistant Chief, Fiscal Systems and Consulting Unit	CEA	Statement of Qualifications (SOQ) ⁵	11/17/23	8
CEA A, Assistant Chief, Office of State Audits and Evaluation Chief	CEA	SOQ	3/11/24	9
CEA B, Assistant Program Budget Manager, Energy, Transportation, Housing, Local Government, and Labor Unit	CEA	SOQ	10/20/23	14
CEA B, Assistant Program Budget Manager, Health Services Unit	CEA	SOQ	10/20/23	15
CEA B, Assistant Program Budget Manager, Human Services Unit	CEA	SOQ	11/17/23	14
CEA B, Assistant Program Budget Manager, Human Services Unit	CEA	SOQ	4/16/24	7
CEA B, Deputy Director of Legislation, Capitol Office	CEA	SOQ	4/19/24	14
Finance Budget Analyst	Departmental Promotional	Education and Experience ⁶	3/15/24	15
Principal Program Budget Analyst I	Departmental Promotional	SOQ	3/28/24	7
Principal Program Budget Analyst II	Departmental Promotional	SOQ	3/28/24	5
Principal Program Budget Analyst III	Departmental Promotional	SOQ	3/28/24	4

⁵ 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.

⁶ In an Education and Experience examination, one or more raters reviews the applicants' Standard 678 application forms, and scores and ranks them according to a predetermined rating scale that may include years of relevant higher education, professional licenses or certifications, and/or years of relevant work experience.

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Staff Finance Budget Analyst	Departmental Promotional	SOQ	3/15/24	14

IN COMPLIANCE	FINDING NO. 1	EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRU reviewed five departmental promotional and seven open examinations which the DOF administered in order to create eligible lists from which to make appointments. The DOF published and distributed examination bulletins containing the required information for all examinations. Applications received by the DOF 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 DOF conducted during the compliance review period.

Appointments

In all cases not excepted or exempted by Article VII of the California Constitution, the appointing power must fill positions by appointment, including cases of transfers, reinstatements, promotions, and demotions in strict accordance with the Civil Service Act and Board rules. (Gov. Code, § 19050.) The hiring process for eligible candidates chosen for job interviews shall be competitive and be designed and administered to hire candidates who will be successful. (Cal. Code Regs., tit. 2, § 250, subd. (b).) Interviews shall be conducted using job-related criteria. (*Ibid.*) Persons selected for appointment shall satisfy the minimum qualifications of the classification to which he or she is appointed or have previously passed probation and achieved permanent status in that same classification. (Cal. Code Regs., tit. 2, § 250, subd. (d).) While persons selected for appointment may meet some or most of the preferred or desirable qualifications, they are not required to meet all the preferred or desirable qualifications. (*Ibid.*) This section does not apply to intra-agency job reassignments. (Cal. Code Regs., tit. 2, § 250, subd. (e).)

During the period under review, October 1, 2023, through March 31, 2024, the DOF made 102 appointments. The CRU reviewed 21 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Associate Administrative Analyst -Accounting Systems-	Certification List	Permanent	Full Time	1
Executive Assistant	Certification List	Permanent	Full Time	1
Financial and Performance Evaluator I, DOF	Certification List	Permanent	Full Time	1
Financial and Performance Evaluator II, DOF	Certification List	Permanent	Full Time	2
Information Technology Manager II	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	1
Junior Staff Analyst (General)	Certification List	Permanent	Full Time	2
Office Technician (Typing)	Certification List	Permanent	Full Time	1
Principal Program Budget Analyst I	Certification List	Permanent	Full Time	1
Principal Program Budget Analyst II	Certification List	Permanent	Full Time	1
Staff Administrative Analyst -Accounting Systems-	Certification List	Permanent	Full Time	1
Staff Finance Budget Analyst	Certification List	Permanent	Full Time	2
Finance Budget Analyst	Permissive Reinstatement	Permanent	Full Time	1
Financial and Performance Evaluator I, DOF	Permissive Reinstatement	Permanent	Full Time	1
Associate Administrative Analyst -Accounting Systems-	Transfer	Permanent	Full Time	1
Finance Budget Analyst	Transfer	Permanent	Full Time	1
Junior Staff Analyst (General)	Transfer	Permanent	Full Time	1
Staff Finance Budget Analyst	Transfer	Permanent	Full Time	1

SUBSTANTIAL COMPLIANCE	FINDING NO. 2 PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED AND SOME THAT WERE PROVIDED WERE UNTIMELY
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Summary: The DOF did not provide 3 probationary reports of performance for 1 of the 21 appointments reviewed by the CRU. In addition, the DOF

did not provide 1 probationary report of performance in a timely manner, as reflected in the table below.

Classification	Appointment Type	No. of Appointments	Total No. of Missing Probation Reports
Associate Administrative Analyst -Accounting Systems-	Transfer	1	3

Classification	Appointment Type	No. of Appointments	Total No. of Late Probation Reports
Office Technician (Typing)	Certification List	1	1

Criteria: The service of a probationary period is required when an employee enters or is promoted in the state civil service by permanent appointment from an employment list; 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: Substantial Compliance. The department has achieved 90% or more compliance in this area and has provided a response sufficient to address full compliance in the future; therefore, no corrective action is required.

Equal Employment Opportunity

Each state agency is responsible for an effective EEO program. (Gov. Code, § 19790.) The appointing power for each state agency has the major responsibility for monitoring the effectiveness of its EEO program. (Gov. Code, § 19794.) To that end, the appointing power must issue a policy statement committed to EEO; issue procedures for filing, processing, and resolving discrimination complaints; and cooperate with the CalHR, in accordance with Civil Code section 1798.24, subdivisions (o) and (p), by providing access to all required files, documents and data necessary to carry out these mandates. (*Ibid.*) In addition, the appointing power must appoint, at the managerial level, an EEO Officer, who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department’s EEO program. (Gov. Code, § 19795, subd. (a).)

Pursuant to Government Code section 19795, subdivision (a), in a state agency with less than 500 employees, like the DOF, the EEO Officer may be the Personnel Officer.

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

IN COMPLIANCE	FINDING NO. 3 EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES
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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 DOF’s EEO program provided employees with information and guidance on the EEO process including instructions on how to file discrimination claims. Furthermore, the EEO program outlines the roles and responsibilities of the EEO Officer, as well as supervisors and managers. The EEO Officer, who is at a managerial level, reports directly to the Director of the DOF. The DOF also provided evidence of its efforts to promote EEO in its hiring and employment practices and to increase its hiring of persons with a disability.

Personal Services Contracts

A PSC includes any contract, requisition, or purchase order under which labor or personal services is a significant, separately identifiable element, and the business or person performing the services is an independent contractor that does not have status as an employee of the state. (Cal. Code Regs., tit. 2, § 547.59.) The California Constitution has an implied civil service mandate limiting the state’s authority to contract with private entities to perform services the state has historically or customarily performed. Government Code section 19130, subdivision (a), however, codifies exceptions to the civil service mandate where PSC’s achieve cost savings for the state. PSC’s that are of a type enumerated in subdivision (b) of Government Code section 19130 are also permissible. Subdivision (b) contracts include, but are not limited to, private contracts for a new state function, services that are not available within state service, services that are incidental to a contract for the purchase or lease of real or personal property, and services that are of an urgent, temporary, or occasional nature.

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

During the period under review, October 1, 2023, through June 30, 2024, the DOF had two PSC’s that were in effect. The CRU reviewed one of those, which is listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Capitol Impact, LLC.	Advisory Committee Training	\$47,500	Yes	Yes

IN COMPLIANCE	FINDING NO. 4 PERSONAL SERVICES CONTRACTS COMPLIED WITH PROCEDURAL REQUIREMENTS
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The total dollar amount of the PSC reviewed was \$47,500. It was beyond the scope of the review to make conclusions as to whether the DOF justification for the contract was legally sufficient. For the PSC reviewed, the DOF provided specific and detailed factual information in the written justification as to how the contract met at least one condition set forth in Government Code section 19130, subdivision (b). Additionally, the DOF complied with proper notification to all organizations that represent state employees who perform or could perform the type or work contracted as required by California Code of Regulations section 547.60.2. Accordingly, the DOF’s PSC complied with civil service laws and board rules.

Mandated Training

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

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

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

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

The Board may conduct reviews of any appointing power’s personnel practices to ensure compliance with civil service laws and Board regulations. (Gov. Code, § 18661, subd. (a).) In particular, the Board may audit personnel practices related to such matters as selection and examination procedures, appointments, promotions, the management of probationary periods, and any other area related to the operation of the merit principle in

state civil service. (*Ibid.*) Accordingly, the CRU reviews documents and records related to training that appointing powers are required by the afore-cited laws to provide its employees.

CRU reviewed the DOF’s mandated training program that was in effect during the compliance review period, July 1, 2022, through June 30, 2024. The DOF’s ethics training was found to be in compliance, while the DOF’s supervisory training and sexual harassment prevention training were found to be out of compliance.

SEVERITY: VERY SERIOUS	FINDING No. 5 SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAS
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Summary: The DOF provided basic supervisory training to all 10 new supervisors within 12 months of appointment and provided manager training to the 2 new managers within 12 months of appointment. However, the DOF did not provide CEA training to 1 of 4 new CEAs within 12 months of appointment.

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

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

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

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

Cause: The DOF states that their Finance Learning and Development Unit (LDU) sent multiple training notifications and reminders but they did not escalate to the employee’s manager when the employee did not respond or complete the training.

Corrective Action: Within 90 days of the date of this report, the DOF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that new supervisors, managers, and CEAs are provided leadership and development training within 12 months of appointment as required by Government Code section 19995.4. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

SEVERITY: VERY SERIOUS	FINDING No. 6 SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES
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Summary: The DOF did not provide sexual harassment prevention training to 8 of 24 new supervisors within 6 months of their appointment. In addition, the DOF did not provide sexual harassment prevention training to 2 of 56 existing supervisors every 2 years. This is the third consecutive time this has been a finding for the DOF.

The DOF did not provide sexual harassment prevention training to 1 of 72 existing non-supervisors every 2 years.

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

Severity: Very Serious. The department does not ensure that all new and existing employees 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 DOF states that their LDU sent multiple training notifications and reminders but they did not escalate to the employees' managers when the employees did not respond or complete the training.

Corrective Action: Within 90 days of the date of this report, the DOF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that all employees 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 recruitment needs and to accommodate employees who transfer into a class from another civil service class and are already receiving salaries above the minimum.

During the period under review, October 1, 2023, through March 31, 2024, the DOF made 102 appointments. The CRU reviewed nine of those appointments to determine if the DOF applied salary regulations accurately and correctly processed employees’ compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Executive Assistant	Certification List	Permanent	Full Time	\$4,595
Information Technology Manager II	Certification List	Permanent	Full time	\$12,450
Junior Staff Analyst (General)	Certification List	Permanent	Full Time	\$3,749
Office Technician (Typing)	Certification List	Permanent	Full Time	\$3,718

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).

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Principal Program Budget Analyst I	Certification List	Permanent	Full time	\$9,024
Principal Program Budget Analyst II	Certification List	Permanent	Full time	\$9,471
Staff Finance Budget Analyst	Certification List	Permanent	Full Time	\$7,413
Finance Budget Analyst	Transfer	Permanent	Full Time	\$7,252
Staff Finance Budget Analyst	Transfer	Permanent	Full Time	\$8,648

IN COMPLIANCE	FINDING NO. 7 SALARY DETERMINATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the salary determinations that were reviewed. The DOF 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, October 1, 2023, through March 31, 2024, the DOF made 60 alternate range movements within a classification. The CRU reviewed 24 of those alternate range movements to determine if the DOF 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)
Accounting Analyst	L	M	Full Time	\$4,339
Associate Administrative Analyst - Accounting Systems	A	L	Full Time	\$6,146
Associate Administrative Analyst - Accounting Systems	A	L	Full Time	\$7,696
Executive Assistant	A	L	Full Time	\$4,595
Executive Assistant	A	L	Full Time	\$4,595
Executive Assistant	A	L	Full Time	\$4,594
Finance Budget Analyst	A	B	Full Time	\$6,526
Information Technology Specialist I	C	N	Full Time	\$7,635
Information Technology Specialist II	A	L	Full Time	\$11,062
Junior Staff Analyst (General)	A	L	Full Time	\$3,749
Junior Staff Analyst (General)	A	L	Full Time	\$3,749
Junior Staff Analyst (General)	B	M	Full Time	\$4,059
Junior Staff Analyst (General)	B	M	Full Time	\$4,059
Junior Staff Analyst (General)	B	M	Full Time	\$5,040
Junior Staff Analyst (General)	B	M	Full Time	\$4,059
Junior Staff Analyst (General)	L	M	Full Time	\$4,787
Research Data Specialist I	A	L	Full Time	\$7,666
Staff Services Analyst	A	L	Full Time	\$3,749
Staff Services Analyst	C	N	Full Time	\$4,931
Staff Services Analyst	C	N	Full Time	\$5,335
Staff Services Analyst	C	N	Full Time	\$5,335
Staff Services Analyst	C	N	Full Time	\$5,335
Staff Services Analyst	C	N	Full Time	\$5,335
Staff Services Analyst	C	N	Full Time	\$5,335

SUBSTANTIAL COMPLIANCE	FINDING NO. 8 ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES
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Summary: The CRU found 1 error in the 24 alternate range movements reviewed:

Classification	Description of Finding	Criteria
Accounting Analyst	Incorrect anniversary date keyed resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, section 599.674, subd. (b)

Criteria: Alternate ranges are designed to recognize increased competence

in the performance of class duties based upon experience obtained while in the class. The employee gains status in the alternate range as though each range were a separate classification. (Classification and Pay Guide Section 220.)

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

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

Pay Differentials

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

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

During the period under review, October 1, 2023, through March 31, 2024, the DOF authorized 187 pay differentials.⁸ The CRU reviewed 25 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

⁸ For the purposes of CRU's review, only monthly pay differentials were selected for review at this time.

Classification	No. of Positions	Pay Differential	Monthly Amount
Associate Administrative Analyst -Accounting Systems	1	352	5%
Finance Budget Analyst	5	352	5%
Finance Budget Analyst	1	352	15%
Financial and Performance Evaluator I, DOF	1	352	10%
Financial And Performance Evaluator II, DOF	2	352	10%
Information Technology Supervisor II	2	223	5%
Principal Program Budget Analyst II	3	352	15%
Principal Program Budget Analyst III	2	352	15%
Senior Administrative Analyst -Accounting Systems	2	352	15%
Staff Finance Budget Analyst	3	352	5%
Staff Finance Budget Analyst	1	352	15%
Staff Services Analyst	1	352	5%
Supervisor-Financial and Performance Evaluator, DOF	1	352	10%

IN COMPLIANCE	FINDING NO. 9 PAY DIFFERENTIAL AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the pay differentials that the DOF 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.

Leave

Positive Paid Employees

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

An employee is appointed TAU-ATW when he/she is not expected to work all the working days of a month. When counting 189 days, every day worked, including partial days⁹ worked and paid absences¹⁰, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day are not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

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

For student assistants, graduate student assistants, youth aides, and seasonal classifications a maximum work-time limit of 1500 hours within 12 consecutive months may be used rather than the 189-day calculation. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).)

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

At the time of the review, the DOF had 13 positive paid employees whose hours were tracked. The CRU reviewed nine of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Hours Worked
Financial and Performance Evaluator III	Retired Annuitant	7/1/23-6/30/24	960
Information Technology Specialist II	Retired Annuitant	7/1/23-6/30/24	820.5

⁹ For example, two hours or ten hours count as one day.

¹⁰ For example, vacation, sick leave, compensating time off, etc.

Classification	Tenure	Time Frame	Hours Worked
Senior Administrative Analyst (Accounting Systems)	Retired Annuitant	7/1/23-6/30/24	503
Graduate Student Assistant	Temporary	5/1/24- 6/30/24	264
Graduate Student Assistant	Temporary	5/1/24- 6/30/24	192
Graduate Student Assistant	Temporary	5/1/24- 6/30/24	190
Graduate Student Assistant	Temporary	5/1/24- 6/30/24	272
Student Assistant	Temporary	6/1/23-5/30/24	1,240
Student Assistant	Temporary	1/1/24-6/30/24	314.85

IN COMPLIANCE	FINDING NO. 10 POSITIVE PAID EMPLOYEES' TRACKED HOURS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the positive paid employees reviewed during the compliance review period. The DOF provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

Administrative Time Off

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

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

Classification	Time Frame	Amount of Time on ATO
Executive Assistant	4/21/23	1 Hour
Financial & Performance Evaluator II	2/21/24	2 Hours
Junior Staff Analyst	2/2/24-2/8/24	40 Hours
Research Data Analyst I	9/13/23	2 Hours

Classification	Time Frame	Amount of Time on ATO
Research Data Analyst I	11/16/23	1.5 Hours
	11/17/23	1.5 Hours
Staff Finance Budget Analyst	6/30/23	1 Hour

IN COMPLIANCE	FINDING NO. 11 ADMINISTRATIVE TIME OFF AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the ATO transactions reviewed during the compliance review period. The DOF provided the proper documentation justifying the use of ATO and adhered to applicable laws, regulations and CalHR policy and guidelines.

Leave Accounting

Departments are directed to create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall create an audit process to review and correct leave input errors on a monthly basis. The review of leave accounting records shall be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. (*Ibid.*) If an employee’s attendance record is determined to have errors or it is determined that the employee has insufficient balances for a leave type used, the attendance record must be amended. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*) Accurate and timely attendance reporting is required of all departments and is subject to audit. (*Ibid.*)

During the period under review, January 1, 2024, through March 31, 2024, the DOF reported 38 units. The CRU reviewed 15 units within two pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

IN COMPLIANCE	FINDING NO. 12 LEAVE ACCOUNTING COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU reviewed leave records from two different leave periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRU found no deficiencies. The DOF utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

State Service

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

Generally, an employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous service.¹¹ (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 employees¹² shall be allowed credit for annual leave with pay. (Cal. Code Regs., tit. 2, § 599.752.)

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

During the period under review, October 1, 2023, through June 30, 2024, the DOF had one employee with non-qualifying pay period transactions. The CRU reviewed two

¹¹ Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, and 19997.4 and California Code of Regulations, title 2, sections 599.609, 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.776.1, 599.787, 599.791, 599.840 and 599.843 provide further clarification for calculating state time.

¹² As identified in Government Code sections 19858.3, subdivisions (a), (b), or (c), or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subdivision (c), or California Code of Regulations, title 2, section 599.752, subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of Transaction	Time base	No. Reviewed
Non-qualifying Pay Period	Full Time	2

IN COMPLIANCE	FINDING NO. 13 SERVICE AND LEAVE TRANSACTIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU determined that the DOF ensured the employee 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 hire, transfer, and promote all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (Cal. Code Regs., tit. 2, § 87.) (*Ibid.*) All appointing powers shall adopt an anti-nepotism policy that includes the following components: (1) a statement that the appointing power is committed to merit-based hiring and that nepotism is antithetical to a merit-based civil service system; (2) a definition of “nepotism” as an employee’s use of influence or power to hire, transfer, or promote an applicant or employee because of a personal relationship; (3) a definition of “personal relationship” as persons related by blood, adoption, current or former marriage, domestic partnership or cohabitation; (4) a statement that prohibits participation in the selection of an applicant for employment by anyone who has a personal relationship with the applicant, as defined in section 83.6; (5) a statement that prohibits the direct or first-line supervision of an employee with whom the supervisor has a personal relationship, as defined in section 83.6; (6) a process for addressing issues of direct supervision when personal relationships between employees exist. (*Ibid.*)

IN COMPLIANCE	FINDING NO. 14 NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU verified that the policy was disseminated to all staff and emphasized the DOF’s commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the DOF’s nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

Workers’ Compensation

Employers shall provide to every new employee, either at the time of hire or by the end of the first pay period, written notice concerning the rights, benefits, and obligations under workers’ compensation law. (Cal. Code Regs., tit. 8, § 9880, subd. (a).) This notice shall include the right to predesignate their personal physician or medical group; a form that the employee may use as an optional method for notifying the employer of the name of employee’s “personal physician,” as defined by Labor Code section 4600. (Cal. Code Regs., tit. 8, § 9880, subd. (c)(7) & (8).) Additionally, within one working day of receiving notice or knowledge that the employee has suffered a work-related injury or illness, employers shall provide a claim form and notice of potential eligibility for benefits to the injured employee. (Labor Code, § 5401, subd. (a).)

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

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

IN COMPLIANCE	FINDING NO. 15 WORKERS’ COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU verified that the DOF provides notice to their employees to inform them of their rights and responsibilities under California’s Workers’ Compensation Law. The DOF did not receive any workers’ compensation claims during the review period.

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 44 permanent DOF employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines.

SEVERITY: SERIOUS	FINDING NO. 16 PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES
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Summary: The DOF did not provide annual performance appraisals to 9 of 44 employees reviewed after the completion of the employee’s probationary period. This is the third consecutive time this has been a finding for the DOF.

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

Severity: Serious. The department does not ensure that all employees are apprised of work performance issues and/or goals in a systematic manner.

Cause: The DOF states that despite having a performance appraisal tracking and notification process, not all performance appraisals were completed timely due to the managers’ competing priorities of high-profile assignments.

Corrective Action: Within 90 days of the date of this report, the DOF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Government Code section 19992.2 and California Code of Regulations, title 2, section 599.798. Copies of relevant

documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

DEPARTMENTAL RESPONSE

The DOF's departmental response is attached as Attachment 1.

SPB REPLY

Based upon the DOF's written response, the DOF 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.



November 6, 2024

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

Dear Suzanne:

On behalf of the Department of Finance (Finance), thank you for the opportunity to review the draft Compliance Review Report and to participate in an Exit Conference on October 29, 2024. We recognize the importance of audits and appreciate the thorough review conducted. The following are Finance's responses to the findings.

Finding No. 2 – Probationary Evaluations Were Not Provided For All Appointments Reviewed And Some That Were Provided Were Untimely

Finance did not provide three probationary reports of performance for one of the 21 appointments reviewed. In addition, Finance did not provide one probationary report of performance in a timely manner.

Cause:

Finance recognizes the importance of completing probationary reports for new appointments. The Human Resources Office (HRO) notifies all unit coordinators, managers, and supervisors of each new employee's probationary dates upon appointment and tracks these reports closely. As the deadlines approach, HRO sends reminders to all relevant unit coordinators. Additionally, training sessions for all managers and supervisors were held on August 3, 2023, and in July 2022, respectively, as part of our goal to provide annual training. A new form was introduced to streamline the process, and, most recently, HRO implemented a SharePoint site where staff can easily submit probationary reports, enhancing tracking and accessibility. With that said, as the Governor's chief fiscal and policy advisor, Finance is heavily involved in all emergency response efforts that occur. Finance employees and managers put in countless hours of overtime, handle extremely complex and high-profile assignments, and are faced with competing priorities with nearly unachievable deadlines. The nature of Finance's work requires it to be prioritized based on the Administration's initiatives and sometimes important administrative functions are difficult to complete.

Action Plan:

Finance is dedicated to continuing efforts to address these findings to achieve full compliance. In addition, Finance understands the importance and requirements for supervisors to complete probationary reports and annual performance appraisals timely and will continue to remind supervisors to complete evaluations timely. Finance will continue to conduct annual performance appraisal and probationary report training

Finding No. 5-Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs**Cause:**

The Finance Learning & Development Unit (LDU) informs leadership of their training requirements upon appointment. The LDU provides leadership with all details regarding the training requirements, including the training course overview, deadline and enrollment instructions. The LDU also provides several reminders after the initial notification to ensure that leadership completes the required training on time. In this case, the LDU did follow up with the individual to remind them of the requirement, but this should have been escalated to the employee's manager when the employee did not respond to LDU's messages and notifications.

Action Plan:

The LDU resolves to mitigate this issue going forward by informing, reminding, and escalating training deadlines to our management/executive team when employees are in danger of incompliance. Since leadership training has a deadline of one year from appointment date, the LDU will escalate to the employee's management team when they are 6 months from their deadline, and every month thereafter until the employee completes the training.

Finding No. 6- Sexual Harassment Prevention Training Was Not Provided for All Employees**Cause:**

The LDU tracks and monitors completion of Sexual Harassment Prevention (SHP) for all levels of employees. The LDU informs existing supervisors that they are required to complete two hours of SHP training every two years and tracks compliance on an ongoing basis. Similarly, the LDU informs existing non-supervisory employees that they are required to take one hour of SHP training every two years and tracks completions to ensure compliance. New employees are also notified of their requirement to complete the training within 6 months of appointment, and LDU tracks this to ensure completion. In this case, the LDU did provide all employees with information and several reminders regarding the training requirement, but did not escalate when employees did not respond or complete the requirement.

Action Plan:

The LDU will ensure that this issue is mitigated by conducting extensive follow up with employees and escalating to their management team when they are within one month of their deadline. After escalation, the LDU will closely monitor the situation to ensure that employees complete the trainings by their required deadlines.

Finding No. 16 – Performance Appraisals Were Not Provided To All Employees

Finance did not provide annual performance appraisals to nine of 44 employees reviewed after the completion of the employee's probationary period. This is the third consecutive time this has been a finding.

Cause:

Finance acknowledges the importance of completing annual performance evaluations for all staff. Of the nine annual evaluations noted as missing, six were delayed but ultimately conducted, while three were not completed. HRO sends an annual email to all unit coordinators, managers and supervisors notifying them of the due dates each year. The reports are tracked in HRO, and reminders are sent out by our unit coordinators as the August 31st annual date nears. Additionally, training sessions for all managers and supervisors were held on August 3, 2023, and in July 2022, respectively, as part of our goal to provide annual training. A new form was introduced to streamline the process, and, most recently, HRO implemented a SharePoint site where staff can easily submit annual evaluations, enhancing tracking and accessibility. With that said, as the Governor's chief fiscal and policy advisor, Finance is heavily involved in all emergency response efforts that occur. Finance employees and managers put in countless hours of overtime, handle extremely complex and high-profile assignments, and are faced with competing priorities with nearly unachievable deadlines. The nature of Finance's work requires it to be prioritized based on the Administration's initiatives and sometimes important administrative functions are difficult to complete.

Action Plan:

Finance is dedicated to continuing efforts to address these findings to achieve full compliance. In addition, Finance understands the importance and requirements for supervisors to complete probationary reports and annual performance appraisals timely and will continue to remind supervisors to complete evaluations timely. Finance will continue to conduct annual performance appraisal and probationary report training.

Finance is committed to complying with all related statutory and regulatory requirements and continues to enhance internal procedures to ensure compliance. Finance will work towards full compliance by executing the action plans outlined above.

If you have any questions, please feel free to contact me at (916) 445-3368 x 3402.

Sincerely,



Larissa Stockton
Chief, Administrative Services