



COMPLIANCE REVIEW REPORT

FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

Compliance Review Unit
State Personnel Board
December 28, 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 Financial Information System for California (FI\$Cal) 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	Examination Complied with Civil Service Laws and Board Rules
Examinations	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed and Those That Were Provided Were Untimely ¹
Equal Employment Opportunity	Equal Employment Opportunity Program Complied With All Civil Service Laws and Board Rules
Personal Services Contracts	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Ethics Training Was Not Provided for All Filers
Mandated Training	Sexual Harassment Prevention Training Was Not Provided for All Supervisors ²
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	Hiring Above Minimum Request Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

¹ Repeat finding. The June 29, 2018, report identified missing probation reports in seven of six appointment files reviewed.

² Repeat finding. The June 29, 2018, report identified that sexual harassment prevention training was not provided to 17 new supervisors within 6 months; and 2 existing supervisors every 2 years.

Area	Finding
Compensation and Pay	Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Department Did Not Retain Employee Time and Attendance Records ³
Leave	Incorrectly Posted Leave Usage and/or Leave Credit ⁴
Leave	Leave Reduction Plans Complied with Civil Service Laws, Board Rules, and 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 Were Not Provided to All Employees ⁵

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

The FI\$Cal is California's statewide accounting, budget, cash management and procurement information technology (IT) system. The State Controller, State Treasurer, and the directors of the Departments of Finance and General Services signed a Memorandum of Understanding (MOU) in 2007 to formalize the cooperative partnership to support the development of the FI\$Cal system. In July 2016, the FI\$Cal was formally

³ Repeat finding. June 29, 2018, the FI\$Cal's report identified missing timesheets to 8 of 163 during January 2017 pay period; and 10 of 164 during February 2017 pay period.

⁴ Repeat finding. June 29, 2018, the FI\$Cal's report identified 2 of 42 timesheets that were not correctly entered into Leave Accounting System (LAS) during January 2017 pay period.

⁵ Repeat finding. June 29, 2018, the FI\$Cal's report identified missing performance appraisals for seven of the seven employees reviewed.

recognized as a new department that implements, maintains, and operates the FI\$Cal system.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the FI\$Cal's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes⁶. The primary objective of the review was to determine if the FI\$Cal'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 FI\$Cal'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 FI\$Cal provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the FI\$Cal's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

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

The FI\$Cal did not conduct any unlawful appointment investigations or make any additional appointments during the compliance review period.

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

⁶ Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

pay: hiring above minimum (HAM) requests, monthly pay differentials, and alternate range movements.

During the compliance review period, the FI\$Cal did not issue or authorize red circle rate requests, arduous pay, bilingual pay, or out-of-class assignments.

The review of the FI\$Cal's EEO program included examining written EEO policies and procedures; the EEO Officer's role, duties, and reporting relationship; the internal discrimination complaint process; the reasonable accommodation program; the discrimination complaint process; and the Disability Advisory Committee (DAC).

The FI\$Cal's PSC's were also reviewed.⁷ It was beyond the scope of the compliance review to make conclusions as to whether the FI\$Cal's justifications for the contracts were legally sufficient. The review was limited to whether the FI\$Cal's practices, policies, and procedures relative to PSC's complied with procedural requirements.

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

The CRU also identified the FI\$Cal'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 FI\$Cal to provide a copy of their leave reduction policy.

The CRU reviewed the FI\$Cal's Leave Activity and Correction Certification forms to verify that the FI\$Cal created a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely. The CRU selected a small cross-section of the FI\$Cal's units in order to ensure they maintained accurate and timely leave accounting records. Further, the CRU reviewed a selection of FI\$Cal positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

⁷If 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.

During the compliance review period, the FI\$Cal did not have any employees with non-qualifying pay periods and did not authorize Administrative Time Off (ATO).

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

On December 8, 2020, an exit conference was held with the FI\$Cal to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the FI\$Cal's written response on December 11, 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, August 1, 2019, through April 30, 2020, the FI\$Cal conducted one examination. The CRU reviewed the one examination, which is listed below:

Classification	Exam Type	Exam Component	Final File Date	No. of Apps
Deputy Director of Business Operation & Solutions, Career Executive Assignment (CEA) A	CEA	Statement of Qualifications ⁸	3/13/20	17

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

The CRU reviewed one open examination which the FI\$Cal administered in order to create eligible lists from which to make appointments. The FI\$Cal published and distributed the examination bulletin containing the required information for the examination. Applications received by the FI\$Cal 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 examination that the FI\$Cal conducted during the compliance review period.

Permanent Withhold Actions

Departments are granted statutory authority to permit withhold of eligibles from lists based on specified criteria. (Gov. Code, § 18935.) Permanent appointments and promotions within the state civil service system shall be merit-based, ascertained by a competitive examination process. (Cal. Const., art. VII, § 1, subd. (b).) If a candidate for appointment is found not to satisfy the minimum qualifications, the appointing power shall provide written notice to the candidate, specifying which qualification(s) are not satisfied and the reason(s) why. The candidate shall have an opportunity to establish that s/he meets the qualifications. (Cal. Code Regs., tit. 2, § 249.4, subd. (b).) If the candidate fails to respond, or fails to establish that s/he meets the minimum qualification(s), the candidate’s name shall be removed from the eligibility list. (Cal. Code Regs., tit. 2, § 249.4, subd. (b)(1), (2)), (HR Manual, section 1105.) The appointing authority shall promptly notify the candidate in writing, and shall notify the candidate of his or her appeal rights. (*ibid.*) A

⁸ 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.

permanent withhold does not necessarily permanently restrict a candidate from retaking the examination for the same classification in the future; however, the appointing authority may place a withhold on the candidate's subsequent eligibility record if the candidate still does not meet the minimum qualifications or continues to be unsuitable. (HR Manual, Section 1105). State agency human resources offices are required to maintain specific withhold documentation for a period of five years. (*Ibid.*)

During the period under review, August 1, 2019, through April 30, 2020, the FI\$Cal conducted eight permanent withhold actions. The CRU reviewed all eight of these permanent withhold actions, which are listed below:

Exam Title	Exam ID	Date List Eligibility Began	Date List Eligibility Ended	Reason Candidate Placed on Withhold
Information Technology Associate	7PB33	3/19/19	3/19/20	Failed to Meet Minimum Qualifications
Information Technology Associate	7PB33	1/29/20	1/29/21	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	6/29/19	6/29/20	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	7/31/19	7/31/20	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	8/13/19	8/13/20	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	10/13/19	10/13/20	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	10/16/19	10/16/20	Failed to Meet Minimum Qualifications
Information Technology Specialist I	7PB35	10/22/19	10/22/20	Failed to Meet Minimum Qualifications

FINDING NO. 2 – Permanent Withhold Actions Complied with Civil Service Laws and Board Rules

The CRU found no deficiencies in the permanent withhold actions undertaken by the department 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, August 1, 2019, through April 30, 2020, the FI\$Cal made 31 appointments. The CRU reviewed 12 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accounting Administrator I (Specialist)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Manager II	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	3
Information Technology Supervisor I	Certification List	Permanent	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Associate Accounting Analyst	Transfer	Permanent	Full Time	1
Information Technology Specialist I	Transfer	Permanent	Full Time	1
Accounting Administrator I (Specialist)	Training & Development	Permanent	Full Time	1

FINDING NO. 3 – Probationary Evaluations Were Not Provided for all Appointments Reviewed and Those That Were Provided Were Untimely

Summary: The FI\$Cal did not provide 1 probationary report of performance for 12 of the 31 appointments reviewed by the CRU. In addition, the FI\$Cal did not provide five probationary reports of performance in a timely manner, as reflected in the tables below. This is the second consecutive time this has been a finding for the FI\$Cal.

Classification	Appointment Type	Number of Appointments	Total Number of Missing Probation Reports
Accounting Administrator I (Specialist)	Certification List	1	1

Classification	Appointment Type	Number of Appointments	Total Number of Late Probation Reports
Associate Governmental Program Analyst	Certification List	1	1
Information Technology Associate	Certification List	1	1
Office Technician (Typing)	Certification List	1	3

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 FI\$Cal states that, although they have established a process to remind supervisors and managers to complete their employees' probation evaluations, some probationary evaluations were not completed by the respective supervisor or manager.

Corrective Action: Within 90 days of the date of this report, the FI\$Cal must submit to the SPB a written corrective action response which addresses the corrections the department will implement to demonstrate conformity with the probationary requirements of Government Code section 19172 and 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).)

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

FINDING NO. 4 – 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 FI\$Cal'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 Executive Director of the FI\$Cal. The FI\$Cal 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, August 1, 2019, through April 30, 2020, the FI\$Cal had 19 PSC's that were in effect. The CRU reviewed nine of those, which are listed below:

Vendor	Services	Contract Date(s)	Contract Amount	Justification Identified?	Union Notification?
Alexan International Inc.	PeopleSoft Application	6/24/18 - 6/24/21	\$1,500,000	Yes	Yes
Alexan RPM Inc.	Gap Analysis Consulting	2/10/20 - 8/9/21	\$1,000,000	Yes	Yes
CherryRoad Technologies Inc.	Oracle Consulting	6/29/18 - 12/31/20	\$1,000,000	Yes	Yes
Enterprise Networking Solutions	IT Infrastructure Consulting Services	6/28/19 - 6/27/21	\$750,000	Yes	Yes
Gravitron Consulting Services Inc.	PeopleSoft Application	11/18/19 - 5/17/21	\$5,000,000	Yes	Yes

Vendor	Services	Contract Date(s)	Contract Amount	Justification Identified?	Union Notification?
Providence Technology Group	IT - Web App Design	6/29/18 - 6/28/19	\$1,500,000	Yes	Yes
Performance Technology Partner	Information Security Consulting	4/1/18 - 3/31/21	\$400,000	Yes	Yes
Public Consulting Group Inc.	Consulting Validation Services	1/3/20 - 1/2/21	\$7,000,000	Yes	Yes
Rise Interpreting	Interpreting Services	5/1/18 - 4/30/21	\$4,999	Yes	No

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

The total dollar amount of all the PSC’s reviewed was \$18,154,999. It was beyond the scope of the review to make conclusions as to whether FISCAL justifications for the contract were legally sufficient. For all PSC’s reviewed, the FISCAL provided specific and detailed factual information in the written justifications as to how each of the contracts met at least one condition set forth in Government Code section 19130, subdivision (b). Additionally, the FISCAL complied with proper notification to all organizations that represent state employees who perform the type or work contracted. Accordingly, the FISCAL PSC’s 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.)

Additionally, new supervisors 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 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.

The CRU reviewed the FI\$Cal's mandated training program that was in effect during the compliance review period, May 1, 2018, through April 30, 2020.

FINDING NO. 6 – Ethics Training Was Not Provided for All Filers

Summary: The FI\$Cal did not provide ethics training to 14 of 67 existing filers. In addition, the FI\$Cal did not provide ethics training to 4 of 17 new filers within 6 months of their appointment.

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

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

Cause: The FI\$Cal states that filers were provided a notice with information and instructions for the ethics training, however not all filers took the training or forwarded their completed training certificate to the Training Section.

Corrective Action: Within 90 days of this report, the FI\$Cal must submit to the SPB a written correction action response which addresses the corrections the department will implement to demonstrate conformity with Government Code section 11146.3. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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

Summary: The FI\$Cal did not provide sexual harassment prevention training to one of four new supervisors within six months of their appointment. In addition, the FI\$Cal did not provide sexual harassment prevention training to 1 of 55 existing supervisors every 2 years. This is the second consecutive time this has been a finding for the FI\$Cal.

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 FI\$Cal states that, despite notifying all supervisors of the requirement to take this mandatory training, workload and scheduling constraints sometimes interfered with their attendance of the training within the specified timeframes.

Corrective Action: Within 90 days of the date of this report, the FI\$Cal 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 rate⁹ 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, August 1, 2019, through April 30, 2020, the FI\$Cal made 31 appointments. The CRU reviewed eight of those appointments to determine if the FI\$Cal applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Accounting Administrator I (Specialist)	Certification List	Permanent	Full Time	\$6,063
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$5,149
Information Technology Associate	Certification List	Permanent	Full Time	\$4,411
Information Technology Manager II	Certification List	Permanent	Full Time	\$10,742
Information Technology Specialist I	Certification List	Permanent	Full Time	\$6,395
Information Technology Specialist I	Certification List	Permanent	Full Time	\$7,463
Associate Accounting Analyst	Transfer	Permanent	Full Time	\$5,910

⁹ "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)
Information Technology Specialist I	Transfer	Permanent	Full Time	\$8,325

FINDING NO. 8 – 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 FI\$Cal 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, August 1, 2019, through April 30, 2020, the FI\$Cal employees made one alternate range movement within a classification. The CRU reviewed the one alternate range movement to determine if the FI\$Cal applied salary regulations accurately and correctly processed the employee's compensation, which is listed below:

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Information Technology Associate	B	C	Full Time	\$5,206

FINDING NO. 9 – Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU determined that the alternate range movements the FI\$Cal 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.*)

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.*) 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.¹⁰ (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

¹⁰ 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.

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, August 1, 2019, through April 30, 2020, the FI\$Cal authorized one HAM request. The CRU reviewed the one HAM request to determine if the FI\$Cal correctly applied Government Code section 19836 and appropriately verified, approved and documented the candidate’s extraordinary qualifications which is listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Information Technology Specialist I	Certification List	New to State	\$6,715 - \$8,999	\$7,229

FINDING NO. 10 – Hiring Above Minimum Request Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

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, August 1, 2019, through April 30, 2020, the FI\$Cal issued pay differentials¹¹ to two employees. The CRU reviewed the two pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Yearly Amount
Personnel Specialist	240	\$2400
Personnel Specialist	240	\$2400

FINDING NO. 11 – 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 FI\$Cal 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

¹¹ For the purposes of CRU’s review, only monthly pay differentials were selected for review at this time.

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-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).)

Generally, permanent intermittent employees may work up to 1500 hours in any calendar year. (Applicable Bargaining Unit Agreements.) However, Bargaining Unit 6 employees may work up to 2000 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 FI\$Cal had 13 positive paid employees whose hours were tracked. The CRU reviewed eight of those positive paid appointments to ensure

¹² For example, two hours or ten hours counts as one day.

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

compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Time Worked
Associate Accounting Analyst	Retired Annuitant	7/1/18 - 6/30/19	956.50 Hours
Associate Governmental Program Analyst	Retired Annuitant	7/1/18 - 2/28/19	474 Hours
Associate Governmental Program Analyst	Retired Annuitant	7/1/18 - 6/30/19	807.50 Hours
Associate Governmental Program Analyst	Retired Annuitant	7/1/18 - 4/8/19	666 Hours
Associate Governmental Program Analyst	Retired Annuitant	7/1/18 - 11/30/18	315 Hours
Associate Governmental Program Analyst	Retired Annuitant	4/8/19 - 6/30/19	331 Hours
Associate Governmental Program Analyst	Retired Annuitant	6/4/19 - 6/30/19	66 Hours
Information Technology Specialist I	Retired Annuitant	7/1/18 - 3/30/19	628.50 Hours

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

The CRU found no deficiencies in the positive paid employees reviewed during the compliance review period. The FISCAL provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

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, October 31, 2019, through January 30, 2020, the FI\$Cal reported 16 units comprised of 1,130 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
November 2019	350	108	97	2
December 2019	450	120	118	0
January 2020	650	42	42	0

FINDING NO. 13 – Department Did Not Retain Employee Time and Attendance Records

Summary: The FI\$Cal did not retain 2 of 97 timesheets for the November 2019 pay period. This is the second consecutive time this has been a finding for the FI\$Cal.

Criteria: Each appointing power shall keep complete and accurate time and attendance records for each employee and officer employed within the agency over which it has jurisdiction. (Cal. Code Regs., tit. 2, § 599.665.) Such records shall be kept in the form and manner prescribed by the Department of Finance in connection with its powers to devise, install and supervise a modern and complete accounting system for state agencies. (*Ibid.*)

Severity: Serious. The FI\$Cal failed to retain employee time and attendance records for each employee. Therefore, the department was unable to reconcile timesheets against their leave accounting system at the conclusion of the pay period, which could have affected employee leave accruals and compensation.

Cause: The FI\$Cal states that, although they have a timesheet process in place, the missing timesheets identified in this finding may have been a result of misfiling.

Corrective Action: Within 90 days of the date of this report, the FI\$Cal must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure all timesheets are accounted for and processed in conformity with California Code of Regulations, title 2, section 599.665. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

FINDING NO. 14 – Incorrectly Posted Leave Usage and/or Leave Credit

Summary: The FI\$Cal did not correctly enter 3 of 118 timesheets into the Leave Accounting System (LAS) during the December 2019 pay period. Specifically, two employees' professional development day usage was incorrectly deducted in LAS and one employee's vacation usage was incorrectly deducted in LAS. This is the second consecutive time this has been a finding for the FI\$Cal.

Criteria: Departments shall create a monthly internal audit process to verify that all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) 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.*)

Severity: Very serious. Errors in posting leave usage and/or leave credits puts the department at risk of incurring additional costs from the initiation of collection efforts from overpayments, and the risk of liability related to recovering inappropriately credited leave hours and funds.

Cause: The FI\$Cal states that the Personnel Specialist made keying errors when posting leave usage and leave credit.

Corrective Action: Within 90 days of the date of this report, the FI\$Cal must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Human Resources Manual Section 2101. The FI\$Cal states that these errors were reviewed with the Personnel Specialist and have since been corrected. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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 Memoranda 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

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.

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 2019, 39 FI\$Cal employees exceeded the established limits of vacation or annual leave. The CRU reviewed 17 of those employees’ leave reduction plans to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Accounting Administrator II	S01	388	Yes
Accounting Administrator III	M01	317	Yes
CEA	M01	682.5	Yes
Information Technology Manager I	M01	1116.5	Yes
Information Technology Manager I	M01	887.75	Yes
Information Technology Manager I	M01	961	Yes
Information Technology Manager I	M01	575	Yes
Information Technology Manager I	M01	554.5	Yes
Information Technology Manager II	M01	1169	Yes
Information Technology Manager II	M01	880	Yes
Information Technology Specialist I	R01	1102	Yes
Information Technology Specialist I	R01	550	Yes
Information Technology Specialist I	R01	623	Yes
Information Technology Specialist II	R01	1406.75	Yes
Information Technology Specialist II	R01	397	Yes
Information Technology Specialist II	R01	634.5	Yes
Staff Services Manager II	M01	357	Yes
Total		12,601.50	

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

The CRU reviewed employees’ 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.

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. 16 – 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 FI\$Cal's commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the FI\$Cal's nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

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 FI\$Cal did not employ volunteers during the compliance review period.

FINDING NO. 17 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU verified that the FI\$Cal 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 FI\$Cal received workers' compensation claims, they properly provided claim forms within one working day of notice or knowledge of injury.

Performance Appraisals

According to Government Code section 19992.2, subdivision (a), appointing powers must "prepare performance reports." Furthermore, California Code of Regulations, title 2, section 599.798, directs supervisors to conduct written performance appraisals and discuss overall work performance with permanent employees at least once in each twelve calendar months after the completion of the employee's probationary period.

The CRU selected 40 permanent FI\$Cal 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
Accounting Administrator I (Specialist)	9/16/19
Accounting Administrator I (Specialist)	9/26/19
Accounting Administrator I (Specialist)	7/2/19

Classification	Date Performance Appraisals Due
Accounting Administrator I (Supervisor)	11/8/19
Accounting Administrator III	1/31/19
Associate Accounting Analyst	9/2/19
Associate Administrative Analyst, Accounting Systems	7/27/19
Associate Governmental Program Analyst	4/3/19
Associate Personnel Analyst	9/22/19
Business Services Officer I (Specialist)	11/10/19
Information Technology Associate	11/14/19
Information Technology Associate	11/1/19
Information Technology Associate	12/11/19
Information Technology Manager I	10/8/19
Information Technology Manager I	9/1/19
Information Technology Manager I	8/28/19
Information Technology Manager I	4/4/19
Information Technology Manager I	12/4/19
Information Technology Manager II	2/1/19
Information Technology Specialist I	1/20/19
Information Technology Specialist I	10/23/19
Information Technology Specialist I	7/22/19
Information Technology Specialist I	5/11/19
Information Technology Specialist I	9/9/19
Information Technology Specialist I	1/30/19
Information Technology Specialist I	10/1/19
Information Technology Specialist II	8/19/19
Information Technology Specialist II	8/16/19
Information Technology Supervisor I	2/6/19
Information Technology Supervisor II	7/23/19
Information Technology Supervisor II	2/15/19
Personnel Specialist	12/12/19
Senior Accounting Officer (Specialist)	5/17/19
Staff Services Analyst (General)	8/7/19
Staff Services Manager I	10/23/19

Classification	Date Performance Appraisals Due
Staff Services Manager I	1/1/19
Staff Services Manager II (Managerial)	10/3/19
Staff Services Manager II (Managerial)	4/1/19
Staff Services Manager III	9/1/19
Staff Services Manager III	3/13/19

FINDING NO. 18 – Performance Appraisals Were Not Provided to All Employees

Summary: The FI\$Cal did not provide annual performance appraisals to any of the 40 employees reviewed after the completion of the employee’s probationary period. This is the second consecutive time this has been a finding for the FI\$Cal.

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 of its employees are apprised of work performance issues and/or goals in a systematic manner.

Cause: The FI\$Cal acknowledges that they did not complete all annual performance appraisals. However, the FI\$Cal would like to note that they made a good faith effort to provide performance appraisal training to their supervisors and managers.

Corrective Action: Within 90 days of the date of this report, the FI\$Cal 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 FI\$Cal's response is attached as Attachment 1.

SPB REPLY

Based upon the FI\$Cal written response, the FI\$Cal 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.



One state. One system.

FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

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Gavin Newsom, Governor
Miriam Barcellona Ingenito, Director

December 11, 2020

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

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

Dear Ms. Ambrose:

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

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

FINDING NO. 3 - Probationary Evaluations Were Not Provided for All Appointments and Those Reviewed That were Provided Were Untimely

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

FI\$Cal acknowledges the importance of providing employee probationary reports and will reiterate this again at our next FI\$Cal manager/supervisor forum. Additionally, in an effort to streamline the probationary report process, we are exploring options for an automated system to track, remind, and file employee's probationary reports.

FINDING NO. 6 – Ethics Training Was Not Provided for All Filers

Despite the filers being provided a notice with information and instructions for the ethics training, the cause for this finding is either failure on the part of the employee to take the course or to forward their completed training certificate to the Training Section.

FI\$Cal will increase its compliance efforts through regular reporting, following up with the employees, and implementing personnel actions as necessary. This finding will be discussed at our next FI\$Cal manager/supervisor forum.

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

Despite notifying all supervisors of the mandatory requirement to take the training every two years, workload and scheduling constraints sometimes interfered with supervisors' attendance of the training within the specified timeframes.

As mentioned above, FI\$Cal will increase its compliance efforts through regular reporting, following up with the employees, and implementing personnel actions as necessary. This will also be discussed at our next FI\$Cal manager/supervisor forum.

FINDING NO. 13 – Department Did Not Retain Employee Time and Attendance Records

Timesheet reminders are sent to all staff on payday and a second reminder is sent to the individual staff (w/cc to their supervisor) on the third business day following payday. Although we have a timesheet process in place, the missing timesheet may have been a result of misfiling.

HR will continue sending emails to staff on payday and a secondary reminder on the third business day of the new pay period. If timesheets are not received by the tenth business day, an email will be sent to the respective Deputy Director as part of the escalation process. In 2020, FI\$Cal converted to using an electronic timesheet system which allows us to run reports of all timesheets received. All timesheets are logged to our Timesheet Tracker, audited by the Personnel Specialist, and subsequently audited by the Section Chief, Classification and Transactions.

FINDING NO. 14 – Incorrectly Posted Leave Usage and/or Leave Credit

The Personnel Specialist made a keying error when posting leave usage/credit.

These errors were reviewed with the Personnel Specialist and have since been corrected. Since the time of this audit, FI\$Cal made enhancements to the timesheet auditing process which includes the following: a self-audit of all timesheets keyed, a secondary audit by a peer, and a third audit completed by the Section Chief, Classification and Transactions.

This enhanced audit process will help ensure accuracy and help with identifying errors at the different audit stages.

FINDING NO. 18 - Performance Appraisals Not Provided to All Employees

FI\$Cal acknowledges the department did not have a 100% completion rate. However, in good faith, FI\$Cal did provide managers and supervisors training on the Performance Appraisal process.

FI\$Cal acknowledges the importance of completing the employee Performance Appraisals. In early 2020, a new Performance Appraisal training course was created for all FI\$Cal managers/supervisors. FI\$Cal will continue with sending Performance Appraisal reminders to employees, supervisors, and Deputy Directors. This finding will also be a subject of discussion at our next FI\$Cal manager/supervisor forum.

Thank you again for the opportunity to respond to your draft report. If you have any questions, please contact me at (916) 576-5249.

Sincerely,



Gam Thai, Chief
Human Resources Office
Department of FISCal

The Corrective Action Response (CAR) is an opportunity for departments to demonstrate necessary steps have been implemented to correct the non-compliant Findings (deficiency) found as a result of the Compliance Review.

For each non-compliant Finding, refer to the Corrective Action section of that Finding in the review report. Copies of relevant documentation demonstrating that the Corrective Action has been or is in the process of being corrected must be included with the CAR. Examples include, but are not limited to, updated internal policies or procedures (should be included for most findings), a training log for mandated training, and/or any new or updated forms, plans, or documents that have been implemented.

CORRECTIVE ACTION RESPONSE

DEPARTMENT: Department of FISCal (FI\$Cal)	BRANCH/DIVISION/PROGRAM: Administrative Services Division/Human Resources Office
CONTACT PERSON (NAME AND TITLE): Gam Thai, Chief of Human Resources	CORRECTIVE ACTION RESPONSE DATE: 3/22/2021

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
Finding as stated in the report, by number	Description of 1) completed or planned corrective action(s) and 2) of supporting documentation	Actual or Estimated Completion Date	Is a copy of the updated Policy or Procedure Included?
FINDING NO. 3 -- Probationary Evaluations Were Not Provided for all Appointments Reviewed and Those That Were Provided Were Untimely	FI\$Cal has an established probationary report reminder process which includes sending emails on a monthly basis to each employee's supervisor/manager to submit completed probationary reports to HR. In addition to the email reminders, FI\$Cal also developed a spreadsheet to document each employee's probationary dates and track receipt of all completed probationary reports. In an effort to streamline the probationary report process, we are exploring options for an automated system to track, remind, and file employee's probationary reports.	Completed; Policy- 12/17/12	Yes; Probationary Periods-Reports Policy is attached.
FINDING NO. 6 – ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS	The department is planning to implement annual ethics training that coincides with the annual Form 700 filing timeline. The Form 700 officer will provide a list of filers to the Training Section who will notify all filers of the mandatory requirement to complete ethics training by 3/30 each year. Employees will be notified that disciplinary action may be taken if the training is not completed by	In Progress 3/30/21	The Conflict of Interest Policy and Code is currently under revision. Both documents can be provided

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	<p>the deadline. This plan to have the training coincide with the annual Form 700 filing will help ensure the department's filers are aware of prohibitions related to their official positions and influence. Additionally, the Training Section notifies all new Form 700 filers of the department's requirement to complete Ethics training within 30 days of appointment. In order to ensure that filers are aware of the training requirement, email reminders will be sent to those who have not provided a completion certificate to the department's Training Section 2 weeks, and again 1 week, prior to the deadline. The employees' supervisor and the Chief of Human Resources will also be copied on these reminders. After the deadline has passed, the Training Section will provide a list of non-compliant employees to HR. Human Resources will work with the employee's supervisor regarding disciplinary action if the employee does not complete the training on time.</p> <p>The planned corrective action will be implemented in 2021, thus no reports are available yet.</p>		upon completion and adoption by the FPPC.
<p>FINDING NO. 7 – SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS</p>	<p>All managers and supervisors were notified via written and verbal direction that 2 hours of Sexual Harassment Prevention Training (SHPT) was required to be completed by 12/31/20, unless they had completed the training in 2019. Staff were advised that failure to complete the training as directed may result in possible disciplinary action. In addition to the Training Unit's communication, the director of the department addressed the management staff at the November 2020 Manager Supervisor forum emphasizing the importance of completing all mandatory training.</p> <p>All active departmental staff required to take SHPT by 12/31/20 have completed the training. Attached is a report showing compliance for all active employees as of 12/31/20.</p>	Completed 12/31/20	Policy update is in progress and will reflect possible disciplinary action for training non-compliance.
<p>FINDING NO. 13 – Department Did Not</p>	<p>Timesheet reminders are sent to all staff on payday and a second reminder is sent to the individual staff (w/cc to their supervisor) on the third business day following payday. A second reminder is sent</p>	Completed Process in Place;	Please see attached, Timesheet Receipt,

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
Retain Employee Time and Attendance Records	to the employee's supervisor by the 6 th business day following payday. The Section Chief, Classification and Transactions Section sends a reminder/delinquent timesheet email to the Deputy Director of the employee on the 10 th working day if no timesheet has been received. In 2020, FI\$Cal converted to using an electronic timesheet system which allows us to run reports of all timesheets received.	Incorporated into written process by April 1, 2021.	Keying and Audit Internal Process (draft).
FINDING NO. 14 – Incorrectly Posted Leave Usage and/or Leave Credit	FI\$Cal made enhancements to the timesheet auditing process which includes the following: A pre-keying audit of leave to key by the Office Technician, a self-audit of all timesheets keyed, a secondary audit of leave keyed by a peer, and a final audit completed by the Section Chief, Classification and Transactions. This enhanced audit process will help ensure accuracy and help with identifying errors at the different audit stages.	Completed Process in Place; Incorporated into written process by April 1, 2021.	Please see attached, Timesheet Receipt, Keying and Audit Internal Process (draft).
FINDING NO. 18 – Performance Appraisals Were Not Provided to All Employees	FI\$Cal's Performance Appraisal Policy is reviewed annually by all supervisors and managers, and lays out the requirements for completing a performance appraisal annually. In addition to the policy, the HR Office sends out multiple reminders via email and during supervisor/manager forums to remind staff of the annual due date in March.	Completed; Policy- 3/11/2020, Training- May 2020	Please see attached, Performance Appraisal Policy.