



# **COMPLIANCE REVIEW REPORT**

## **CALIFORNIA PRISON INDUSTRY AUTHORITY**

Compliance Review Unit  
State Personnel Board  
April 26, 2024

# **TABLE OF CONTENTS**

INTRODUCTION .....	1
EXECUTIVE SUMMARY .....	2
BACKGROUND .....	4
SCOPE AND METHODOLOGY .....	4
FINDINGS AND RECOMMENDATIONS .....	6
EXAMINATIONS .....	6
APPOINTMENTS .....	10
EQUAL EMPLOYMENT OPPORTUNITY .....	14
PERSONAL SERVICES CONTRACTS .....	15
MANDATED TRAINING .....	17
COMPENSATION AND PAY .....	21
LEAVE .....	30
POLICY AND PROCESSES .....	39
DEPARTMENTAL RESPONSE .....	42
SPB REPLY .....	42

## 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 Prison Industry Authority (CALPIA) 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
Examinations	Technical	Department Did Not Comply with Documentation Requirements for Permanent Withholds
Appointments	Serious	Probationary Evaluations Were Not Provided for All Appointments Reviewed
Appointments	Technical	Department Did Not Provide Benefit Information in Accordance with Civil Service Law
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	Ethics Training Was Not Provided for All Filers <sup>1</sup>
Mandated Training	Very Serious	Sexual Harassment Prevention Training Was Not Provided for All Employees <sup>2</sup>

<sup>1</sup> Repeat finding. The CALPIA’s October 30, 2020, compliance review report identified that the CALPIA did not provide ethics training to 42 of 126 existing filers. In addition, the CALPIA did not provide ethics training to 85 of 94 new filers within 6 months of their appointment.

<sup>2</sup> Repeat finding. The CALPIA’s October 30, 2020, compliance review report identified that the CALPIA did not provide basic supervisory training to 30 of 31 new supervisors within 12 months of appointment.

Area	Severity	Finding
Mandated Training	Very Serious	Sexual Harassment Prevention Training Was Not Provided for All Supervisors <sup>3</sup>
Compensation and Pay	Very Serious	Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment
Compensation and Pay	In Compliance	Alternate Range Movements Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Arduous Pay Authorization Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Very Serious	Incorrect Authorization of Out-of-Class Pay
Leave	Serious	Administrative Time Off Was Not Properly Documented <sup>4</sup>
Leave	Serious	Positive Paid Temporary Employee's Work Exceeded Time Limitations <sup>5</sup>
Leave	Serious	Department Did Not Certify That All Leave Records Were Reviewed
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

<sup>3</sup> Repeat finding. The CALPIA's October 30, 2020, compliance review report identified that the CALPIA did not provide sexual harassment prevention training to 76 of 99 new supervisors within 6 months of their appointment. In addition, the CALPIA did not provide sexual harassment prevention training to 184 of 188 existing supervisors every 2 years.

<sup>4</sup> Repeat finding. The CALPIA's October 30, 2020, compliance review report identified that the CALPIA did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for 5 employees. In the case of 1 employee, the CALPIA obtained approval from CalHR to authorize 30-day and 60-day ATO extensions, however, despite the CalHR's denial of the CALPIA's 90-day ATO extension request, the CALPIA continued to place the employee on ATO.

<sup>5</sup> Repeat finding. The CALPIA's October 30, 2020, compliance review report identified that the CALPIA did not consistently track and monitor the actual number of hours worked in order to ensure that 2 retired annuitants did not exceed the 960-hour limitation in any fiscal year.

Area	Severity	Finding
Policy	In Compliance	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Serious	Performance Appraisals Were Not Provided to All Employees <sup>6</sup>

**BACKGROUND**

The CALPIA is a self-supporting, customer-focused agency that reduces recidivism, increases prison safety, and enhances public safety by providing incarcerated individuals productive work and training opportunities. The CALPIA’s program goal supports the California Department of Corrections and Rehabilitation’s (CDCR) public safety mission by producing incarcerated individuals who have job skills, good work habits, basic education, and job support in the community, so when they are released, they do not return to prison. Incarcerated workers receive industry-accredited certifications that employers seek.

The CALPIA manages more than 100 manufacturing, service, and consumable enterprises in 32 CDCR institutions, with more than 6,500 incarcerated worker assignments in manufacturing, agricultural, consumable, warehouse, and administration. The goods and services produced by the CALPIA’s enterprises are sold predominantly to departments of the State of California and other government entities. The CALPIA employes approximately 1,200 employees at 32 institutions statewide and at the CALPIA’s central office located in Folsom, California.

**SCOPE AND METHODOLOGY**

The scope of the compliance review was limited to reviewing the CALPIA’s examinations, appointments, EEO program, PSC’s, mandated training, compensation and pay, leave, and policy and processes<sup>7</sup>. The primary objective of the review was to determine if the CALPIA’s personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines,

---

<sup>6</sup> Repeat finding. The CALPIA’s October 30, 2020, compliance review report identified that the CALPIA did not provide annual performance appraisals to all 32 employees reviewed after the completion of the employee’s probationary period.

<sup>7</sup> Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

CalHR Delegation Agreements, and to recommend corrective action where deficiencies were identified.

A cross-section of the CALPIA'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 CALPIA provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the CALPIA's permanent withhold actions documentation.

A cross-section of the CALPIA'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 CALPIA provided, which included Notice of Personnel Action forms, Request for Personnel Actions, vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports. The CALPIA did not make any additional appointments during the compliance review period.

The CALPIA's appointments were also selected for review to ensure the CALPIA applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the CALPIA 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: arduous pay, monthly pay differentials, alternate range movements, and out-of-class assignments. During the compliance review period, the CALPIA did not issue or authorize hiring above minimum requests, red circle rate requests, bilingual pay.

The review of the CALPIA's EEO program included examining written EEO policies and procedures; the EEO Officer's role, duties, and reporting relationship; the internal discrimination complaint process; the reasonable accommodation program; the discrimination complaint process; and the Disability Advisory Committee.

The CALPIA's PSCs were also reviewed.<sup>8</sup> It was beyond the scope of the compliance review to make conclusions as to whether the CALPIA's justifications for the contracts

---

<sup>8</sup>If an employee organization requests the SPB to review any personal services contract during the SPB compliance review period or prior to the completion of the final compliance review report, the SPB will not audit the contract. Instead, the SPB will review the contract pursuant to its statutory and regulatory process. In this instance, none of the reviewed PSC's were challenged.

were legally sufficient. The review was limited to whether the CALPIA's practices, policies, and procedures relative to PSC's complied with procedural requirements.

The CALPIA'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 CALPIA'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 CALPIA'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 CALPIA'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 CALPIA employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU reviewed a selection of CALPIA positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

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

On March 20, 2024, an exit conference was held with the CALPIA to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the CALPIA's written response on April 8, 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, 2022, through June 30, 2023, the CALPIA conducted 70 examinations. The CRU reviewed 18 of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
CEA A, Chief Information Officer	CEA	Statement of Qualifications (SOQ) <sup>9</sup>	1/13/23	4
CEA A, Financial Controller	CEA	SOQ	2/15/23	9
Construction Supervisor I (Correctional Facility)	Open	Training and Experience (T&E) <sup>10</sup>	Continuous	6
Equipment Maintenance Supervisor (Correctional Facility)	Open	T&E	Continuous	14
Heavy Equipment Mechanic (Correctional Facility)	Open	T&E	Continuous	56
Industrial Supervisor, Prison Industries (Dental Lab)	Open	T&E	Continuous	6

<sup>9</sup> In a Statement of Qualifications examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

<sup>10</sup> The Training and Experience examination is administered either online or in writing, and asks the applicant to answer multiple-choice questions about his or her level of training and/or experience performing certain tasks typically performed by those in this classification. Responses yield point values.

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Industrial Supervisor, Prison Industries (Fabric Products)	Open	T&E	Continuous	14
Industrial Supervisor, Prison Industries (Food Packaging)	Open	T&E	Continuous	13
Industrial Supervisor, Prison Industries (Maintenance and Repair)	Open	T&E	Continuous	39
Industries Supervisor, Prison Industries (Optical Products)	Open	T&E	Continuous	29
Prison Industries Administrator	Open	T&E	Continuous	42
Prison Industries Manger (General)	Open	T&E	Continuous	60
Prison Industries Superintendent I (Food Packaging)	Open	T&E	Continuous	6
Prison Industries Superintendent I (Laundry)	Open	T&E	Continuous	22
Prison Industries Superintendent I (Optical Products)	Open	T&E	Continuous	11
Prison Industries Superintendent II, (Optical Products)	Open	T&E	Continuous	5
Products Management Specialist, Prison Industries	Open	T&E	Continuous	11
Sales Representative	Open	T&E	Continuous	5

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

The CRU reviewed 18 open examinations which the CALPIA administered in order to create eligible lists from which to make appointments. The CALPIA published and distributed examination bulletins containing the required information for all examinations. Applications received by CALPIA 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 CALPIA 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 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, October 1, 2022, through June 30, 2023, the CALPIA failed to provide any information concerning permanent withhold actions.

<b>SEVERITY: TECHNICAL</b>	<b>FINDING NO. 2 DEPARTMENT DID NOT COMPLY WITH DOCUMENTATION REQUIREMENTS FOR PERMANENT WITHHOLDS</b>
--------------------------------	--

**Summary:** The CALPIA failed to provide/retain any of the documentation required for permanent withhold actions.

**Criteria:** California Code of Regulations, title 2, section 26 provides that appointing powers shall retain examination and selection/appointment records, including minimum qualification verifications, for a minimum of five years.

Furthermore, HR Manual Section 1105 mandates that Human Resources offices processing withhold actions must use the appropriate Withhold Determination Worksheet to document the withhold decision. The worksheets are (1) CalHR Form 272 –

Minimum Qualifications Withhold Determination Worksheet, or (2) CalHR Form 267 – Withhold for Cause Determination Worksheet.

Further, human resources offices are required to maintain the following withhold documentation for a period of five years:

1. Withhold Determination Worksheet
2. Job vacancy posting
3. Candidate's application package (including the STD Form 678, and all received documents)
4. Supporting documentation for the withhold determination.
5. Copies of all non-system generated correspondence.

**Severity:** Technical. Without documentation, the CRU could not verify if the permanent withhold actions were properly conducted.

**Cause:** The CALPIA states that the documentation requirements for permanent withholds were not retained due to a training error.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with the record retention requirements of California Code of Regulations, title 2, section 26, and HR Manual Section 1105. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

### 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, 2022, through June 30, 2023, CALPIA made 89 appointments. The CRU reviewed 25 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
Associate Industrial Hygienist	Certification List	Permanent	Full Time	1
Business Service Assistant (Specialist)	Certification List	Permanent	Full Time	1
Custodian II	Certification List	Permanent	Full Time	2
Equipment Maintenance Supervisor (Correctional Facility)	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Manager I	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	1
Information Technology Specialist II	Certification List	Permanent	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	1
Prison Industries Manger (General)	Certification List	Limited Term	Full Time	1
Products Management Specialist, Prison Industries	Certification List	Permanent	Full Time	1
Program Technician	Certification List	Permanent	Full Time	1
Sales Representative, Prison Industries	Certification List	Permanent	Full Time	1
Skilled Laborer	Certification List	Permanent	Full Time	1
Staff Services Analyst (General)	Certification List	Permanent	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Staff Services Manager III	Certification List	Permanent	Full Time	1
Warehouse Worker (Correctional Facility)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Reinstatement	Permanent	Full Time	1
Personnel Specialist	Reinstatement	Permanent	Full Time	1
Prison Industries Manager (General)	Transfer	Limited Term	Full Time	1

<b>SEVERITY: SERIOUS</b>	<b>FINDING NO. 3 PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED</b>
------------------------------	---

**Summary:** The CALPIA did not provide 9 probationary reports of performance for 3 of the 25 appointments reviewed by the CRU, as reflected in the table below.

Classification	Appointment Type	No. of Appointments	Total No. of Missing Probation Reports
Accounting Administrator I (Specialist)	Certification List	1	3
Associate Governmental Program Analyst	Certification List	1	3
Sales Representative, Prison Industries	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 CALPIA states that they did not have a tracking mechanism in place to track probationary periods and receipt of probationary reports from supervisors.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA 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 19172. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

<b>SEVERITY: TECHNICAL</b>	<b>FINDING NO. 4 DEPARTMENT DID NOT PROVIDE BENEFIT INFORMATION IN ACCORDANCE WITH CIVIL SERVICE LAW</b>
--------------------------------	--

**Summary:** The CALPIA did not memorialize that the applicant received an explanation of benefits, prior to appointment, in a formal offer of employment in all 25 of the appointments reviewed by the CRU.

**Criteria:** An appointing power, before offering employment to an applicant, shall provide the applicant, in writing, with an explanation of benefits that accompany state service. These documents shall include a summary of the applicable civil service position with salary ranges

and steps within them, as well as information on benefits afforded by membership in the Public Employees' Retirement System and benefits and protections provided to public employees by the State Civil Service Act. (Gov. Code, § 19057.2.)

**Severity:** Technical. An applicant is entitled to have all the information regarding benefits relating to their potential employment prior to deciding whether to accept or decline the appointment.

**Cause:** The CALPIA states that due to a complete turnover of the staff assigned to the Classification and Recruitment Unit, staff training did not include the requirement to provide applicants with the required information.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to demonstrate conformity with the explanation of benefits requirements of Government Code section 19057.2. Copies of relevant documentation (including a template letter) demonstrating that the corrective action has been implemented must be included with the corrective action response.

### **Equal Employment Opportunity**

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

Each state agency must establish a separate committee of employees who are individuals with a disability, or who have an interest in disability issues, to advise the head of the agency on issues of concern to employees with disabilities. (Gov. Code, § 19795, subd.



(b)(1).) The department must invite all employees to serve on the committee and take appropriate steps to ensure that the final committee is comprised of members who have disabilities or who have an interest in disability issues. (Gov. Code, § 19795, subd. (b)(2).)

<b>IN COMPLIANCE</b>	<b>FINDING NO. 5 EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES</b>
----------------------	--

After reviewing the policies, procedures, and programs necessary for compliance with the EEO program’s role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the CALPIA’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 General Manager of the CALPIA. The CALPIA 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, 2022, through June 30, 2023, the CALPIA had 16 PSC's that were in effect. The CRU reviewed 12 of those, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Arya Staffing Services	Janitorial Services	\$200,000	Yes	Yes
Burke, Williams & Sorenson	Legal Representation	\$250,000	Yes	Yes
California Field Ironworkers Apprenticeship Training	Pre-Apprenticeship Carpentry	\$412,790	Yes	Yes
Carpenters Training Committee for Norcal	Pre-Apprenticeship Carpentry	\$943,000	Yes	Yes
Dellavalle Laboratory	Crop Consulting	\$180,000	Yes	Yes
Hazard Solutions	Chemical Consulting	\$90,000	Yes	Yes
Laborers Training and Retaining Trust Fund for Norcal	Pre-Apprenticeship Laborer (Norcal)	\$1,123,860	Yes	Yes
Jeffery Powers	Marine Technology Consultant	\$135,000	Yes	Yes
Quality Assured Cleaning Services	Janitorial Services	\$200,00	Yes	Yes
Sloan, Sakai, Yeung & Wong	Legal Representation	\$130,000	Yes	Yes
Ultimate Maintenance Services	Janitorial Services	\$200,000	Yes	Yes
Valley Roofers & Water Proofers	Pre-Apprenticeship Roofer Program	\$271,000	Yes	Yes

<b>SEVERITY: SERIOUS</b>	<b>FINDING No. 6 PERSONAL SERVICES CONTRACTS COMPLIED WITH PROCEDURAL REQUIREMENTS</b>
------------------------------	--

The total dollar amount of all the PSC's reviewed was \$3,935,650. It was beyond the scope of the review to make conclusions as to whether CALPIA justifications for the contract were legally sufficient. For all PSC's reviewed, the CALPIA 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, CALPIA 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 CALPIA 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.)

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

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

New employees must be provided sexual harassment prevention training within six months of appointment. Thereafter, each department must provide its supervisors two hours of sexual harassment prevention training and non-supervisors one hour of sexual

harassment prevention training every two years. (Gov. Code, § 12950.1, subs. (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 CALPIA's mandated training program that was in effect during the compliance review period, July 1, 2021, through June 30, 2023.

<b>SEVERITY: VERY SERIOUS</b>	<b>FINDING NO. 7 ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS</b>
-------------------------------	--

**Summary:** The CALPIA did not provide ethics training to 6 of 284 existing filers. In addition, the CALPIA did not provide ethics training to 5 of 49 new filers within 6 months of their appointment. This is the second consecutive time this has been a finding for the CALPIA.

**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 CALPIA states that the newly established automated process failed to implement an effective system to monitor timely completion of the required training.

**Corrective Action:** Within 90 days of this report, the CALPIA 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.

<b>SEVERITY: VERY SERIOUS</b>	<b>FINDING NO. 8 SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAs</b>
-------------------------------	--

**Summary:** The CALPIA did not provide basic supervisory training to 15 of 73 new supervisors within 12 months of appointment; did not provide manager training to 4 of 7 new managers 12 months of appointment; and did not provide CEA training to 1 new CEA within 12 months of appointment. This is the second consecutive time this has been a finding for the CALPIA.

**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 CALPIA states that CalHR's limited class availability has made it difficult to schedule the training within the required timeframe in some cases.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that new supervisors are provided supervisory training within twelve 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.

<b>SEVERITY: VERY SERIOUS</b>	<b>FINDING NO. 9 SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES</b>
-------------------------------	---

**Summary:** The CALPIA did not provide sexual harassment prevention training to 8 of 64 new supervisors within 6 months of their appointment. In addition, the CALPIA did not provide sexual harassment prevention training to 26 of 491 existing supervisors every 2 years. This is the second consecutive time this has been a finding for the CALPIA.

The CALPIA did not provide sexual harassment prevention training to 6 of 100 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, subs. (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 CALPIA states that the newly established automated process failed to implement an effective system to monitor timely completion of the required training.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA 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 rate<sup>11</sup> upon appointment depending on the appointment type, the employee’s state employment and pay history, and tenure.

Typically, agencies appoint employees to the minimum rate of the salary range for the class. Special provisions for appointments above the minimum exist to meet special recruitment needs and to accommodate employees who transfer into a class from another civil service class and are already receiving salaries above the minimum.

During the period under review, October 1, 2022, through June 30, 2023, the CALPIA made 89 appointments. The CRU reviewed 15 of those appointments to determine if the CALPIA 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	\$6,083
Associate Industrial Hygienist	Certification List	Permanent	Full Time	\$7,931
Custodian II	Certification List	Permanent	Full Time	\$3,450
Equipment Maintenance Supervisor Correctional Facility	Certification List	Permanent	Full Time	\$6,954
Information Technology Manager I	Certification List	Permanent	Full Time	\$10,949
Management Services Technician	Certification List	Permanent	Full Time	\$4,428

<sup>11</sup> “Rate” is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (Cal. Code Regs., tit. 2, section 599.666).

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Prison Industries Manager (General)	Certification List	Limited Term	Full Time	\$7,013
Products Management Specialist, Prison Industries	Certification List	Permanent	Full Time	\$8,159
Sales Representative, Prison Industries	Certification List	Permanent	Full Time	\$6,054
Staff Services Analyst (General)	Certification List	Permanent	Full Time	\$4,588
Staff Services Manager I	Certification List	Permanent	Full Time	\$7,475
Staff Services Manager II	Certification List	Permanent	Full Time	\$8,784
Associate Governmental Program Analyst	Reinstatement	Permanent	Full Time	\$6,082
Personnel Specialist	Reinstatement	Permanent	Full Time	\$4,616
Prison Industries Manager (General)	Transfer	Limited Term	Full Time	\$8,718

<b>SEVERITY: VERY SERIOUS</b>	<b>FINDING NO. 10 INCORRECT APPLICATION OF SALARY DETERMINATION LAWS, RULES, AND CALHR POLICIES AND GUIDELINES FOR APPOINTMENT</b>
-------------------------------	--

**Summary:** The CRU found 1 error in the 15 salary determinations reviewed:

Classification	Description of Finding	Criteria
Accounting Administrator I, Specialist	Employee should not have received a 5% increase when appointed to their new classification, resulting in an overpayment.	Cal. Code Regs., tit. 2, section 599.674, subd. (a)

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

**Severity:** Very Serious. In one circumstance, CALPIA failed to comply with the requirements outlined in the state civil service pay plan. Incorrectly applying compensation laws and rules in accordance with CalHR's



policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay amounts.

**Cause:** The CALPIA states that due to a complete turnover of the staff assigned to the Classification and Recruitment Unit, staff training for salary determinations may not have occurred in a timely manner.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that employees are compensated correctly. The CALPIA must establish an audit system to correct current compensation transactions as well as future transactions. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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, 2022, through June 30, 2023, the CALPIA employees made three alternate range movements within a classification. The CRU reviewed all of those alternate range movements to determine if the CALPIA applied salary regulations accurately and correctly processed each employee’s compensation, which are listed below:

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Information Technology Specialist I	B	C	Full Time	\$7,989
Information Technology Specialist I	A	B	Full Time	\$8,387
Staff Services Analyst (General)	A	B	Full Time	\$4,649

IN COMPLIANCE	<b>FINDING NO. 11 ALTERNATIVE RANGE MOVEMENTS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
---------------	--

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

### Arduous Pay

Effective July 1, 1994, appointing authorities were provided the discretion to provide additional compensation for employees exempt from the Fair Labor Standards Act (FLSA) who perform arduous work that exceeds the normal demands of state service employment (Human Resources Manual Section 1702). The work must be extraordinarily demanding, time-consuming, and significantly exceed employees' normal workweek. The employee cannot be entitled to receive any other sort of compensation such as overtime. Eligible employees are FLSA-exempt employees who do not receive compensation in recognition of hours worked in excess of 40 hours per week. The duration of the arduous period must be at least two weeks or more. (*Ibid.*) Excluded and represented employees who are FLSA-exempt and assigned to Work Week Group E are eligible to receive up to four (4) months of pay per fiscal year, or per event for emergencies, if the following conditions are met:<sup>12</sup>

- There is a non-negotiable deadline or extreme urgency.
- Work exceeds normal work hours and normal productivity.
- Work is unavoidable.
- Work involves extremely heavy workload.
- Employee is eligible for no other compensation, and
- The circumstances that support this pay differential are documented.

Departments have delegated authority to approve arduous pay for excluded employees who are FLSA-exempt, but CalHR approval is required for any arduous pay issued to represented employees.

Although departments have delegated authority to approve arduous pay,<sup>13</sup> they are required to fill out CalHR Form 777, documenting the circumstances, assessment and rationale behind all arduous pay approvals. A new Form 777 should be filled out for every

<sup>12</sup> Applicable Memorandum of Understandings or Bargaining Unit Agreements detail other specific criteria.

<sup>13</sup> Pay Letter 94-32 established Pay Differential 62 regarding arduous pay for Bargaining Units 1, 7, 9, 17, 19, and 21, and Excluded employees.

employee receiving the pay differential, every time an employee is approved to receive a new pay differential, and every time an employee wants to extend their arduous pay. Extensions are only granted in rare circumstances. Departments must keep the Form 777 on file and retain the form for five years after the approval date. (*Ibid.*)

During the period under review, October 1, 2022, through June 30, 2023, the CALPIA issued Arduous Pay to one employee. The CRU reviewed the arduous pay authorization, listed below, to ensure compliance with applicable CalHR policies and guidelines:

Classification	Bargaining Unit	Work Week Group	Time Base	Total Compensation	No. of Months Received
Staff Services Manager I	S01	E	Full Time	\$4,800	4

<b>IN COMPLIANCE</b>	<b>FINDING NO. 12 ARDUOUS PAY AUTHORIZATION COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
----------------------	--

The CRU found that the arduous pay authorization that the CALPIA 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, October 1, 2022, through June 30, 2023, the CALPIA authorized seven pay differentials. <sup>14</sup> The CRU reviewed six of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Monthly Amount	No. of Appts.
Custodian Supervisor II	67	\$210	5
Prison Industries Manager (General)	409	5%	1

<b>IN COMPLIANCE</b>	<b>FINDING NO. 13</b>	<b>PAY DIFFERENTIAL AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
----------------------	-----------------------	---

The CRU found no deficiencies in the pay differentials that the CALPIA authorized during the compliance review period. Pay differentials were issued correctly in recognition of unusual competencies, circumstances, or working conditions in accordance with applicable rules and guidelines.

### Out-of-Class Assignments and Pay

For excluded<sup>15</sup> and most rank-and-file employees, out-of-class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

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

<sup>14</sup> For the purposes of CRU’s review, only monthly pay differentials were selected for review at this time.

<sup>15</sup> “Excluded employee” means an employee as defined in Government Code section 3527, subdivision (b) (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to Government Code section 18801.1.

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

During the period under review, October 1, 2022, through June 30, 2023, the CALPIA issued OOC pay to 16 employees. The CRU reviewed 13 of these OOC assignments to ensure compliance with applicable MOU provisions, salary regulations, and CalHR policies and guidelines. These are listed below:

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Associate Accounting Analyst	R01	Accounting Administrator I (Specialist)	1/23/20-4/2/23
Associate Governmental Program Analyst	R01	Staff Services Manager I	9/19/22-1/16/23
Custodian Supervisor I	S15	Associate Governmental Program Analyst	10/1/22-1/28/23
Custodian Supervisor I	S15	Industrial Warehouse and Distribution Specialist, Prison Industries	1/18/2023-6/19/23
Custodian Supervisor II	S15	Prison Industries Superintendent II (Maintenance and Repair)	1/9/23-11/1/23
Heavy Equipment Mechanic (Correctional Facility)	R12	Equipment Maintenance Supervisor (Correctional Facility)	8/24/22-11/24/22
Industrial Warehouse and Distribution Supervisor, Prison Industries	S12	Industrial Warehouse and Distribution Manager II, Prison Industries	8/1/22-2/3/23
Prison Industries Administrator	M12	CEA	2/1/23-6/30/23
Prison Industries Superintendent II (Maintenance and Repair)	S12	Prison Industries Manager (General)	12/1/22-2/28/23
Staff Services Analyst (General)	R01	Associate Governmental Program Analyst	9/19/22-1/13/23
Staff Services Analyst (General)	R01	Associate Governmental Program Analyst	10/3/22-1/16/23

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Staff Services Manager I	E48	Prison Industries Manager (General)	1/3/23-8/30/23
Warehouse Worker (Correctional Facility)	R12	Industrial Warehouse and Distribution Specialist, Prison Industries	12/19/22-4/28/23

<b>SEVERITY: VERY SERIOUS</b>	<b>FINDING NO. 14 INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY</b>
-------------------------------	---

**Summary:** The CRU found 6 errors in the 13 OOC pay assignments reviewed:

Classification	Out-of-Class Classification	Description of Findings	Criteria
Associate Accounting Analyst	Accounting Administrator I, (Specialist)	Employee was overcompensated for January 2023	Pay Differential 91
Associate Governmental Program Analyst	Staff Services Manager I	Employee was undercompensated for January 2023	Pay Differential 91
Custodian Supervisor I	Industrial Warehouse and Distribution Specialist, Prison Industries	Employee was undercompensated for January – June 2023	Pay Differential 101
Custodian Supervisor II	Prison Industries Superintendent II	Employee was undercompensated for February – November 2023	Pay Differential 101
Prison Industries Administrator	CEA A Branch Manager, Manufacturing	Employee was overcompensated for February – May 2023	Pay Differential 101
Staff Services Analyst (General)	Associated Governmental Program Analyst	Employee was undercompensated for September 2022 and overcompensated for January 2023	Pay Differential 91

**Criteria:** An employee may be temporarily required to perform out-of-class work by his/her department for up to one hundred twenty (120) calendar days in any twelve (12) consecutive calendar months when

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

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

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

**Severity:**

Very Serious. The CALPIA failed to comply with the state civil service pay plan by incorrectly applying compensation laws and rules in accordance with CalHR's policies and guidelines. This results in civil service employees receiving incorrect and/or inappropriate compensation.

**Cause:** The CALPIA states that due to a complete turnover of the staff assigned to the Transactions Unit, staff training may not have included verification of specific Pay Differentials associated with OOC payment.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.810 and Pay Differential 91 and 101. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

## Leave

### Positive Paid Employees

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

An employee is appointed TAU-ATW when he/she is not expected to work all the working days of a month. When counting 189 days, every day worked, including partial days<sup>16</sup> worked and paid absences<sup>17</sup>, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day are not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

It is an ATW appointment because the employee does not work each workday of the month, and it might become desirable or necessary for the employee to work beyond nine calendar months. The appointing power shall monitor and control the days worked to

---

<sup>16</sup> For example, two hours or ten hours count as one day.

<sup>17</sup> For example, vacation, sick leave, compensating time off, etc.



ensure the limitations set forth are not exceeded. (Cal. Code Regs., tit. 2, § 265.1, subd. (f).)

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

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 CALPIA had 20 positive paid employees whose hours were tracked. The CRU reviewed 16 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Time Worked (Hours)
Associate Business Management Analyst	Retired Annuitant	7/1/22 - 6/30/23	591
Construction Supervisor II (Correctional Facility)	Retired Annuitant	7/1/22 – 6/30/23	824
Construction Supervisor II (Correctional Facility)	Retired Annuitant	7/1/22 – 6/30/23	957
Prison Industries Administrator I	Retired Annuitant	7/1/22 – 6/30/23	960
Prison Industries Administrator I	Retired Annuitant	7/1/22 – 6/30/23	954.5
Prison Industries Administrator I	Retired Annuitant	7/1/22 – 6/30/23	912
Prison Industries Administrator I	Retired Annuitant	7/1/22 – 6/30/23	956
Prison Industries Administrator I	Retired Annuitant	7/1/22 – 6/30/23	508
Skilled Trades Journeyperson (Carpenter)	Temporary	9/1/22 - 6/30/23	1280
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	990
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	959.5
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	960

Classification	Tenure	Time Frame	Time Worked (Hours)
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	955
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	935
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	957
Training Officer I	Retired Annuitant	7/1/22 – 6/30/23	950

<b>SEVERITY: SERIOUS</b>	<b>FINDING NO. 15 POSITIVE PAID TEMPORARY EMPLOYEE’S WORK EXCEEDED TIME LIMITATIONS</b>
------------------------------	---

**Summary:** The CALPIA did not consistently track and monitor one retired annuitant’s total hours worked, allowing the employee to work over the 960-hour limitation in any fiscal year. This is the second consecutive time this has been a finding for the CALPIA.

Specifically, the following employee exceeded the 960-hour limitation:

Classification	Tenure	Time Frame	Time Worked	Time Worked Over Limit
Special Consultant	Retired Annuitant	7/1/22 – 6/30/23	990 hours	30 hours

**Criteria:** According to Government Code Section 21224, retired annuitant appointments shall not exceed a maximum of 960 hours in any fiscal year (July-June) for all state employers without reinstatement or loss or interruption of benefits.

**Severity:** Existing law allows a person retired from state service to be rehired by the State as a retired annuitant. However, retired annuitants shall not work more than 960 hours each fiscal year without reinstatement, loss or interruption of benefits for all state employers.

**Cause:** The CALPIA states that due to a complete turnover of the staff assigned to the Transactions Unit, staff training may not have included tracking hours for retired annuitants.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA 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 21224, and California Code of Regulations, title 2, section 599.665, and/or applicable Bargaining Unit agreement. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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, 2022, through March 31, 2023, the CALPIA authorized 120 ATO transactions. The CRU reviewed 24 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
Accountant Trainee	10/17/2022-10/24/2022	42.5 Hours
Business Service Assistant (Specialist)	1/13/22-1/24/22 and 7/14/22-7/15/22	19 Hours
Custodian I	11/21/2022-8/7/2023	255 Days
Custodian I	6/7/22-6/17/22	64 Hours
Custodian I	7/7/22-7/14/22	8 Days
Custodian I	10/11/2022-3/14/2023	155 Days
Custodian II	12/21/2022-Present	226 Days
Custodian Supervisor I	11/17/2021, 4/2022-5/2023	336 Hours
Custodian Supervisor I	2/2023, 3/2023	64 Hours

Classification	Time Frame	Amount of Time on ATO
Custodian Supervisor I	6/17/2022-12/1/2022	169 Days
Heavy Equipment Mechanic (Correctional Facility)	6/9-6/14/22	32 Hours
Heavy Truck Driver	6/15/22-6/25/22	56 Hours
Heavy Truck Driver (Correctional Facility)	5/16/22-5/24/22	56 Hours
Heavy Truck Driver (Correctional Facility)	6/15/22-6/25/22	56 Hours
Industrial Supervisor, Prison Industries (Dental Laboratory)	6/10-6/17/22, 6/23/22	56 Hours
Industrial Supervisor, Prison Industries (Fabric Products)	4/1/2022-8/15/2022	188 Days
Industrial Supervisor, Prison Industries (Optical Products)	1/27/2022-1/10/2023	349 Days
Management Services Technician	9/2022, 1/2023	24.75 Hours
Office Technician (Typing)	8/2022, 1/2023	78 Hours
Prison Industries Administrator	12/19/22 -12/26/22	40 Hours
Prison Industries Administrator	11/4/22-11/17/22	14 Days
Prison Industries Superintendent II (Printing)	12/22/22, 12/27-12/29/22	32 Hours
Skilled Labor	9/30/2022	6 Hours
Supervising Program Technician II	6/9/2022	1 Day
Warehouse Worker (Correctional Facility)	3/13/2023-3/16/2023	4 Days

<b>SEVERITY: SERIOUS</b>	<b>FINDING NO. 16 ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED</b>
------------------------------	---

**Summary:** The CALPIA did not grant ATO in conformity with the established policies and procedures. Specifically, the CALPIA did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for 4 employees. This is the second consecutive time this has been a finding for the CALPIA.

In addition, the CALPIA did not key four employees' ATO hours into the Leave Accounting System.

**Criteria:** Appointing authorities are authorized to approve ATO for up to five (5) working days. (Gov. Code, § 19991.10.) Furthermore, they "have delegated authority to approve up to 30 calendar days." (Human

Resources Manual Section 2121.) Any ATO in excess of 30 calendar days must be approved in advance by the CalHR. (*Ibid.*) In most cases, if approved, the extension will be for an additional 30 calendar days. (*Ibid.*) The appointing authority is responsible for submitting ATO extension requests to CalHR at least 5 working days prior to the expiration date of the approved leave. (*Ibid.*)

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

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

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

**Cause:** The CALPIA states that in most cases they are unable to remove employees from ATO due to the CDCR's processing time of related investigations and the Warden implementing a "gate block" for the CALPIA employee being investigated. In addition, keying errors were made by CALPIA and/or CDCR employees.

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

## Leave Auditing and Timekeeping

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

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

During the period under review, January 1, 2023, through March 31, 2023, the CALPIA reported 35 units comprised of 996 active employees. The pay periods and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	Unit Reviewed	No. of Employees	No. of Timesheets Reviewed	No. of Missing Timesheets
January 2023	43	20	20	0
January 2023	72	1	1	0
February 2023	41	23	23	0
March 2023	42	16	16	0
March 2023	65	3	3	0
March 2023	760	37	37	0

<b>SEVERITY: SERIOUS</b>	<b>FINDING NO. 17 DEPARTMENT DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED</b>
------------------------------	---

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

**Criteria:** Each appointing power shall keep complete and accurate time and attendance records for each employee and officer employed within

the agency over which it has jurisdiction. (Cal. Code Regs., tit. 2, § 599.665.) Departments are directed to create an audit process to verify all leave input is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall identify and record all errors found and shall certify that all leave records for the unit/pay period identified have been reviewed and all leave errors identified have been corrected. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*)

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

**Cause:** The CALPIA states that the CDCR institutional personnel offices provide transactions support and are responsible for collecting timesheets and posting leave usage and leave credit for CALPIA employees located at their institutions. Because of the separation of duties between the two agencies, the CALPIA failed to monitor the CDCR's process.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA must submit to the SPB documentation which demonstrates the actions it has taken to ensure that their monthly internal audit process is documented and that all leave input is keyed accurately and timely. The CALPIA must incorporate completion of Leave Activity and Correction Certification forms for all leave records even when errors are not identified or corrected.

### State Service

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

Generally, an employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous

service.<sup>18</sup> (Cal. Code Regs., tit. 2, § 599.608.) Full time and fractional employees who work less than 11 working days in a pay period will have a non-qualifying month and will not receive state service or leave accruals for that month.

Hourly or daily rate employees working at a department in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods shall be considered to have a complete month, a month of service, or continuous service. (Cal. Code Regs., tit. 2, § 599.609.)

For each qualifying monthly pay period, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. (Cal. Code Regs., tit. 2, § 599.608.) When computing months of total state service to determine a change in the monthly credit for vacation with pay, only qualifying monthly pay periods of service before and after breaks in service shall be counted. (Cal. Code Regs., tit. 2, § 599.739.) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees<sup>19</sup> shall be allowed credit for annual leave with pay. (Cal. Code Regs., tit. 2, § 599.752.)

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

During the period under review, October 1, 2022, through June 30, 2023, the CALPIA had three employees with qualifying and non-qualifying pay period transactions. The CRU reviewed all of these transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of Transaction	Time Base	No. Reviewed
Qualifying Pay Period	Full Time	1
Non-Qualifying Pay Period	Full Time	2

<sup>18</sup> Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, and 19997.4 and California Code of Regulations, title 2, sections 599.609, 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.776.1, 599.787, 599.791, 599.840 and 599.843 provide further clarification for calculating state time.

<sup>19</sup> As identified in Government Code sections 19858.3, subdivisions (a), (b), or (c), or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subdivision (c), or California Code of Regulations, title 2, section 599.752, subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.



<b>IN COMPLIANCE</b>	<b>FINDING NO. 18 SERVICE AND LEAVE TRANSACTIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
----------------------	--

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

**Policy and Processes**

Nepotism

It is the policy of the State of California to 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.*)

<b>IN COMPLIANCE</b>	<b>FINDING NO. 19 NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
----------------------	---

The CRU verified that the policy was disseminated to all staff and emphasized the CALPIA’s commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the CALPIA’s nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

## Workers' Compensation

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

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

<b>IN COMPLIANCE</b>	<b>FINDING NO. 20</b>	<b>WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
----------------------	-----------------------	--

The CRU verified that the CALPIA 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 CALPIA 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 86 permanent CALPIA employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines.

<b>SEVERITY: SERIOUS</b>	<b>FINDING NO. 21    PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES</b>
------------------------------	--

**Summary:** The CALPIA did not provide annual performance appraisals to 72 of 86 employees reviewed after the completion of the employee's probationary period. This is the second consecutive time this has been a finding for the CALPIA.

**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 CALPIA states that there was no tracking mechanism in place to track completion and receipt of annual performance reports from supervisors.

**Corrective Action:** Within 90 days of the date of this report, the CALPIA 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 CALPIA's Departmental Response is attached as Attachment 1.

## **SPB REPLY**

Based upon the CALPIA written response, the CALPIA 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.



April 8, 2024

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

Dear Ms. Ambrose:

This letter is in response to the State Personnel Board's (SPB) 2023 Compliance Review of the California Prison Industry Authority (CALPIA) that will detail the department's response to the review's findings.

CALPIA would like to thank SPB's Compliance Review Unit (CRU) for their oversight and thoroughness in conducting our compliance review. The CRU's review afforded us the opportunity to work collaboratively with SPB to explore opportunities for enhancements to our hiring and leave processes, Equal Employment Opportunity (EEO) Program, personal services contracts, and administration of mandated training.

The following is CALPIA's response to SPB's Compliance Review Report:

**Finding No. 2 – Department Did Not Comply with Documentation Requirements for Permanent Withholds**

*The CALPIA failed to provide/retain any of the documentation required for permanent withhold actions.*

Cause: CALPIA agrees with this finding. This occurred due to a training error. Since then, the Examinations Unit and Classification and Recruitment (C&R) Unit has been trained to ensure awareness of the requirement and an internal log has been established to track all permanent withhold actions.

**Finding No. 3 – Probationary Evaluations Were Not Provided for all Appointments Reviewed**

*The CALPIA did not provide 9 probationary reports of performance for 2 (should be 3) of the 25 appointments reviewed by the CRU.*

Cause: CALPIA agrees with this finding. Official Personnel Files for employees are maintained at 32 separate California Department of Corrections and Rehabilitation (CDCR) and CALPIA locations/institutions throughout the state. While CALPIA understands the importance and requirement for supervisors to complete probationary reports, there was no tracking mechanism in

place to track probationary periods and receipt of probationary reports from supervisors. This is an ongoing issue for many agencies. CALPIA has added a position recently tasked with compliance enforcement of this activity among other regulatory compliance tasks. This position has been advertised with the intent to select and appoint a candidate no later than May 30, 2024. In addition, the CALPIA Human Resources (HR) Office has begun sending automated monthly reminders to supervisors and has created a dedicated centralized email address for all Probationary and Annual Performance Reports to be submitted to HR.

**Finding No. 4 – Department Did Not Provide Benefit Information in Accordance with the Civil Service Law**

*The CALPIA did not memorialize that the applicant received an explanation of benefits, prior to appointment, in a formal offer of employment in all 25 of the appointments reviewed by the CRU.*

Cause: CALPIA agrees with this finding. Due to a complete turnover of the staff assigned to the C&R Unit in 2022-2023, staff training did not include the requirement to provide applicants with the required information.

Since the time of the CRU's review the C&R Unit has improved their process for employee benefit acknowledgement as follows:

1. The C&R Analyst drafts an "Official Job Offer Notification and Acknowledgement Memo" to the selected candidate. The memo provides all pertinent information related to the position, along with California State Civil Service Employee Benefits.
2. The memo is emailed to the selected candidate after a verbal offer of employment is provided.
3. The candidate is required to sign and return the acknowledgement memo within five (5) business days.
4. The signed acknowledgement letter is placed in the recruitment file.

**Finding No. 7 – Ethics Training Was Not Provided for All Filers**

*The CALPIA did not provide ethics training to 6 of 284 existing filers. In addition, the CALPIA did not provide ethics training to 5 of 49 new filers within 6 months of the appointment. This is the second consecutive time this has been a finding for the CALPIA.*

Cause: CALPIA agrees with this finding. This is a significant decrease compared to the prior reported finding. The current process, which was revised from a manual to automated enrollment and reminder system following the last compliance review, has significantly improved the training requirement. The newly established automated process failed to implement an effective system to monitor timely completion of required training. The Staff Development Unit (SDU) will take additional steps to ensure compliance within the required time periods, which will include direct follow-up with the Executive Management team prior to the end of the 6-month period.

**Finding No. 8 – Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs**

*The CALPIA did not provide basic supervisory training to 15 of 73 new supervisors within 12 months of appointment; did not provide manager training to 4 of 7 new managers within 12 months of appointment; and did not provide CEA training to 1 new CEA within 12 months of appointment. This is the second consecutive time this has been a finding for the CALPIA.*

Cause: CALPIA agrees with this finding. This is a significant decrease compared to the prior reported finding. Following the last compliance review, SDU developed an email notification and reminder process to ensure that new CALPIA supervisors attend new State supervisory training within 12 months of appointment. CALPIA has experienced issues with the California Department of Human Resources (CalHR) regarding limited class availability. In some cases, this has made it difficult to schedule the training within the required timeframe. However, the SDU will take additional steps to ensure compliance within the required time periods, which will include direct follow-up with the Executive Management team and progressive discipline for staff who fail to complete the required training.

**Finding No. 9 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors**

*The CALPIA did not provide sexual harassment prevention training to 8 of 64 new supervisors within 6 months of their appointment. In addition, the CALPIA did not provide sexual harassment prevention training to 26 of 491 existing supervisors every 2 years. This is the second consecutive time this has been a finding for the CALPIA.*

Cause: CALPIA agrees with this finding. This is a significant decrease compared to the prior reported finding. After the previous compliance review, CALPIA incorporated Sexual Harassment Prevention Training into every employees' New Employee Orientation and the Learning Management System through automated email notifications and reminders for all current staff and supervisors. These changes resulted in a 66% decrease for new supervisors and a 93% decrease for existing supervisors. The newly established automated process failed to implement an effective system to monitor timely completion of required training. The SDU will take additional steps to ensure compliance within the required time periods, which will include direct follow-up with the Executive Management team and progressive discipline for staff who fail to complete the required training.

**Finding No. 10 – Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment**

*The CRU found the following error in the CALPIA's determination of employee compensation:*

<b><i>Classification</i></b>	<b><i>Description of Finding</i></b>	<b><i>Criteria</i></b>
<i>Accounting Administrator I, Specialist</i>	<i>Employee should not have received a 5% increase when appointed to their new classification, resulting in an overpayment</i>	<i>Cal. Code Regs., tit. 2 section 599.674, subd. (a)</i>

Cause: CALPIA agrees with this finding. Due to a complete turnover of the staff assigned to the C&R Unit in 2022-2023, staff training for salary determinations may not have occurred timely. CALPIA will take immediate action to correct the overpayment and ensure the appropriate CCR section is applied. In addition, CALPIA will ensure all C&R analysts complete the required training.

**Finding No. 14 – Incorrect Authorization of Out-Of-Class Pay**

*The CRU found 7 errors in the 13 OOC pay assignments reviewed:*

<b>Classification</b>	<b>Out-of-Class Classification</b>	<b>Description of Findings</b>	<b>Criteria</b>
<i>Associate Accounting Analyst</i>	<i>Accounting Administrator I (Specialist)</i>	<i>Employee was overcompensated for January 2023</i>	<i>Pay Differential 91</i>
<i>Associate Governmental Program Analyst</i>	<i>Staff Services Manager I</i>	<i>Employee was undercompensated for January 2023</i>	<i>Pay Differential 91</i>
<i>Custodian Supervisor I</i>	<i>Industrial Warehouse and Distribution Specialist, Prison Industries</i>	<i>Employee was undercompensated for January – June 2023</i>	<i>Pay Differential 101</i>
<i>Custodian Supervisor II</i>	<i>Prison Industries Superintendent II</i>	<i>Employee was undercompensated for February – November 2023</i>	<i>Pay Differential 101</i>
<i>Prison Industries Administrator</i>	<i>CEA A Branch Manager, Manufacturing</i>	<i>Employee was undercompensated for February – May 2023</i>	<i>Pay Differential 101</i>
<i>Prison Industries Superintendent II (Maintenance &amp; Repair)</i>	<i>Prison Industries Manager</i>	<i>Employee was overcompensated for February 2023</i>	<i>Pay Differential 101</i>
<i>Staff Services Analyst</i>	<i>Associate Governmental Program Analyst</i>	<i>Employee was undercompensated for September 2022 and overcompensated for January 2023</i>	<i>Pay Differential 91</i>

Cause: CALPIA agrees with this finding. Due to a complete turnover of the staff assigned to the Transactions Unit in 2022-2023, staff training may not have included verification of specific Pay Differentials associated with OOC payment. CALPIA will determine the cause of the error and take appropriate action to correct the overpayment and/or underpayment for each individual and ensure on-going compliance with CalHR's policies and guidelines.



**Finding No. 15 – Positive Paid Temporary Employee’s Work Exceeded Time Limitations**

*The CALPIA did not consistently track and monitor one retired annuitant’s total hours worked, allowing the employee to work over the 960-hour limitation in any fiscal year. This is the second consecutive time this has been a finding for the CALPIA.*

Cause: CALPIA agrees with this finding. Due to a complete turnover of the staff assigned to the Transactions Unit in 2022-2023, staff training may not have included tracking hours for retired annuitants. Since the compliance review, CALPIA has taken the necessary action to correct this issue. Additionally, steps will be taken to ensure on-going compliance with Government Code Section 21224.

**Finding No. 16 – Administrative Time Off Was Not Properly Documented**

*The CALPIA did not grant ATO in conformity with the established policies and procedures. Specifically, the CALPIA did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for 4 employees. This is the second consecutive time this has been a finding for the CALPIA.*

*In addition, the CALPIA did not key four employees’ ATO hours into a Leave Accounting System.*

Cause: CALPIA agrees with this finding. In most cases, CALPIA is unable to remove employees from ATO due to CDCR processing time of related investigations and the Warden implementing a “gate block” for the CALPIA employee being investigated. CALPIA has begun redirecting staff to positions outside the secured perimeter when appropriate and is working with CalHR and CDCR to develop a long-term solution. In addition, keying errors were made by CALPIA and/or CDCR Personnel Specialists. CALPIA will key the appropriate ATO hours and develop an internal audit process to ensure on-going compliance.

**Finding No. 17 – Department Did Not Certify That All Leave Records Were Reviewed**

*The CALPIA failed to certify that all leave records have been reviewed and corrected if necessary for five out of the six units/pay periods reviewed.*

Cause: CALPIA agrees with this finding. The timekeeping and payroll process for all CALPIA employees involves using more than 32 Personnel Specialists at 32 separate locations/institutions by both CALPIA and CDCR. CDCR institutional personnel offices provide transactions support and are responsible for collecting timesheets and posting leave usage and leave credit for CALPIA employees located at their institutions. Because of the separation of duties between two agencies, CALPIA failed to monitor CDCR’s process and only monitored CALPIA’s Central Office processes. CALPIA will work in conjunction with CDCR to develop a process to ensure on-going compliance with the California Code of Regulations, Title 2, Section 599.665.

**Finding No. 21 – Performance Appraisals Were Not Provided to All Employees**

*The CALPIA did not provide annual performance appraisals to 72 of 86 employees reviewed after the completion of the employee's probationary period. This is the second consecutive time this has been a finding for the CALPIA.*

Cause: CALPIA agrees with this finding. While CALPIA understands the importance and requirement for supervisors to complete annual performance appraisals for all staff, the Official Personnel Files for employees are maintained at 32 separate CDCR and CALPIA locations/institutions throughout the state and there was no tracking mechanism in place to track completion and receipt of annual performance reports from supervisors. This is an ongoing issue and CALPIA has added a position tasked with compliance enforcement of this activity. This position has been advertised with the intent to select and appoint a candidate no later than May 30, 2024. In addition, HR has begun sending automated monthly reminders to supervisors and has created a dedicated email address for all Probationary and Annual Performance Reports to be submitted to HR.

If you have questions or need additional information, please contact Stachia Lueth, HR Chief, at 916-358-2654 or via email at [Stachia.Lueth@calpia.ca.gov](mailto:Stachia.Lueth@calpia.ca.gov).

Sincerely,



DEBI KAMAKANI  
Assistant General Manager  
Administration Division

cc: William Davidson, General Manager, CALPIA  
Suzie Changus, Chief Assistant General Manager, CALPIA  
Stachia Lueth, Chief, Human Resources, CALPIA