

COMPLIANCE REVIEW REPORT

CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

Compliance Review Division
State Personnel Board
December 12, 2025

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INTRODUCTION

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

Pursuant to Government Code section 18661, the SPB's Compliance Review Division (CRD) conducts compliance reviews of appointing authorities' personnel practices in five areas: examinations, appointments, equal employment opportunity (EEO), personal services contracts (PSC's), and mandated training, to ensure compliance with civil service laws and Board regulations. The purpose of these reviews is to ensure state agencies are in compliance with merit related laws, rules, and policies and to identify and share best practices identified during the reviews.

Pursuant to Government Code section 18502, subdivision (c), the SPB and the California Department of Human Resources (CalHR) may "delegate, share, or transfer between them responsibilities for programs within their respective jurisdictions pursuant to an agreement." SPB and CalHR, by mutual agreement, expanded the scope of program areas to be audited to include more operational practices that have been delegated to departments and for which CalHR provides policy direction. Many of these delegated practices are cost drivers to the state and were not being monitored on a statewide basis.

As such, SPB also conducts compliance reviews of appointing authorities' personnel practices to ensure that state departments are appropriately managing the following non-merit-related personnel functions: compensation and pay, leave, and policy and processes. These reviews will help to avoid and prevent potential costly litigation related to improper personnel practices, and deter waste, fraud, and abuse.

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

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

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

EXECUTIVE SUMMARY

The CRD conducted a routine compliance review of the California Department of Alcoholic Beverage Control (ABC) 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	Compliance	Finding
Examinations	Out of Compliance	Candidates Who Did Meet the Minimum Qualifications Were Not Admitted Into the Examination
Examinations	In Compliance	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Out of Compliance	Probationary Evaluations Were Not Provided for All Appointments Reviewed and Some That Were Provided Were Untimely
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules
Personal Services Contracts	Out of Compliance	Unions Were Not Notified of Personal Services Contracts
Mandated Training	Out of Compliance	Ethics Training Was Not Provided for All Filers
Mandated Training	Out of Compliance	Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs
Mandated Training	Substantial Compliance ¹	Sexual Harassment Prevention Training Was Not Provided for All Employees

¹ The department has achieved 90% or more compliance in this area and has provided a response sufficient to address full compliance in the future; therefore, no corrective action is required.

Area	Compliance	Finding
Compensation and Pay	In Compliance	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Exceptions to Salary Rules Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Substantial Compliance	Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Bilingual Pay Authorizations 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
Leave	In Compliance	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Out of Compliance	Incorrect Application of State Service and Leave Transactions
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	In Compliance	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Out of Compliance	Performance Appraisals Were Not Provided to All Employees

BACKGROUND

The mission of the ABC focuses on protecting California communities by educating both licensees and the public about health, safety, and legal matters related to the alcoholic beverage industry. This includes programs such as LEAD training, Responsible Beverage Service training, merchant education, and the dissemination of industry advisories.

The ABC offers essential information on rules, policies, and regulations that impact the alcoholic beverage industry. This includes updates on legislation, disciplinary guidelines, rulemaking, precedential decisions, and industry advisories to ensure compliance with the ABC Act. The Licensing Division provides resources and services for both prospective and current ABC licenses. Meanwhile, the Enforcement Division safeguards the public by enforcing the ABC Act through programs like TRACE, Alcohol Policing Partnerships, Trade Enforcement, the Minor Decoy Program, and the Shoulder Tap Program. They also address complaints related to licenses that pose significant public safety challenges.

The ABC has approximately 539 authorized positions and 22 district offices across the State. Each district office provides direct customer service to the public, applicants, and licenses.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the ABC's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes². The primary objective of the review was to determine if the ABC's personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines, CalHR Delegation Agreements, and to recommend corrective actions where deficiencies were identified.

A cross-section of the ABC's examinations was selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRD examined the documentation that the ABC provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRD also reviewed the ABC's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

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

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

The ABC did not conduct any unlawful appointment investigations during the compliance review period.

The ABC's appointments were also selected for review to ensure the ABC applied salary regulations accurately and correctly processed employees' compensation and pay. The CRD examined the documentation that the ABC provided, which included employees' employment and pay history and any other relevant documentation such as certifications, degrees, and/or the appointee's application. Additionally, the CRD reviewed specific documentation for the following personnel functions related to compensation and pay: bilingual pay, monthly pay differentials, and alternate range movements. During the compliance review period, the ABC did not issue or authorize red circle rate requests, arduous pay, or out-of-class assignments.

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

The ABC'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, that all employees were provided sexual harassment prevention training, and that all officials with authority to represent the state

³If an employee organization requests the SPB to review any personal services contract during the SPB compliance review period or prior to the completion of the final compliance review report, the SPB will not audit the contract. Instead, the SPB will review the contract pursuant to its statutory and regulatory process. In this instance, none of the reviewed PSC's were challenged.

in a tribal government-to-government consultation were provided tribal consultations training within statutory timelines.

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

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

The CRD received and carefully reviewed the ABC's written response on December 8, 2025, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Examinations

Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov. Code, § 18930.) Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skills, or any combination of those tests. (*Ibid.*) The Board establishes minimum qualifications for determining the fitness and qualifications of employees for each class of position and for applicants for examinations. (Gov. Code, § 18931, subd. (a).) Within a reasonable time before the scheduled date for the examination, the designated appointing power shall announce or advertise the examination for the establishment of eligible lists. (Gov. Code, § 18933, subd. (a).) The advertisement shall contain such information as the date and place of the examination

and the nature of the minimum qualifications. (*Ibid.*) Every applicant for examination shall file an application with the department or a designated appointing power as directed by the examination announcement. (Gov. Code, § 18934, subd. (a)(1).) The final earned rating of each person competing in any examination is to be determined by the weighted average of the earned ratings on all phases of the examination. (Gov. Code, § 18936.) Each competitor shall be notified in writing of the results of the examination when the employment list resulting from the examination is established. (Gov. Code, § 18938.5.)

During the period under review, November 1, 2024, through July 31, 2025, the ABC conducted four examinations. The CRD reviewed the four examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Agent, ABC	Open	Written ⁴	2/17/25	95
Agent, ABC	Open	Written	4/19/25	147
Agent, ABC	Open	Written	6/23/25	153
Licensing Representative I, ABC	Promotional	Education and Experience ⁵	11/25/24	16

FINDING NO. 1	CANDIDATES WHO DID MEET THE MINIMUM QUALIFICATIONS WERE NOT ADMITTED INTO THE EXAMINATION
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Summary: The ABC did not admit four candidates who met the minimum qualifications into the Agent, ABC examinations. Specifically, the ABC mistakenly rejected two candidates from participating in the examination. In addition, the ABC failed to provide evidence that two candidates who met the minimum qualifications were invited to participate in the examination.

Criteria: According to Human Resources Manual Section 3002, during the examination process and before appointment, information submitted in the application process from all candidates, except those who are on reemployment lists or who have reinstatement rights, must be

⁴ A written examination is a testing procedure in which candidates' job-related knowledge and skills are assessed through the use of a variety of item formats. Written examinations are either objectively scored or subjectively scored.

⁵ In an Education and Experience examination, one or more raters reviews the applicants' Standard 678 application forms, and scores and ranks them according to a predetermined rating scale that may include years of relevant higher education, professional licenses or certifications, and/or years of relevant work experience.

evaluated for verification of meeting the minimum qualifications of the classification established by the Board.

Additionally, except as otherwise provided by law or regulation, any person who establishes that he or she satisfies the minimum qualifications for any state position, as defined in Government Code section 18522, is eligible, regardless of his or her age, to take any civil service examination given for that position. (Cal. Code Reg., tit. 2, § 171.2.)

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, November 1, 2024, through July 31, 2025, the ABC conducted one permanent withhold action. The CRD reviewed the permanent withhold action, which is listed below:

Exam Title	Reason Candidate Placed on Withhold	No. of Withholds
Licensing Representative II, ABC	Failed to Meet Minimum Qualifications	1

FINDING NO. 2	PERMANENT WITHHOLD ACTIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRD found no deficiencies in the permanent withhold action undertaken by the department during the compliance review period.

Appointments

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

During the period under review, July 1, 2024, through March 31, 2025, the ABC made 94 appointments. The CRD reviewed 28 of these appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accountant Trainee	Certification List	Permanent	Full Time	1
Agent, ABC	Certification List	Limited Term	Full Time	2
Agent, ABC	Certification List	Permanent	Full Time	2
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
District Administrator, ABC	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	2
Information Technology Specialist II	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Licensing Representative I, ABC	Certification List	Permanent	Full Time	2
Licensing Representative II, ABC	Certification List	Permanent	Full Time	2
Office Technician (General)	Certification List	Permanent	Full Time	1
Personnel Specialist	Certification List	Permanent	Full Time	1
Program Technician II (Limited Examination and Appointment Program)	Certification List	Limited Term	Full Time	1
Senior Personnel Specialist	Certification List	Permanent	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	2
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Supervising Investigator, ABC	Certification List	Permanent	Full Time	1
Supervising Program Technician I	Certification List	Permanent	Full Time	1
Agent, ABC	Transfer	Permanent	Full Time	1
Information Technology Specialist I	Transfer	Permanent	Full Time	1
Supervising Investigator, ABC	Transfer	Permanent	Full Time	1
Office Technician (General)	Training & Development	Permanent	Full Time	1

FINDING NO. 3	PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED AND SOME THAT WERE PROVIDED WERE UNTIMELY⁶
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Summary: The ABC did not provide 8 of the 28 probationary reports of performance reviewed by the CRD. In addition, the ABC did not provide one probationary report of performance in a timely manner.

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

⁶ Repeat finding; see reports dated January 19, 2023, and October 4, 2019.

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).)

Equal Employment Opportunity

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

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

FINDING NO. 4	EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES
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After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRD determined that the ABC's EEO program provided employees with information and guidance on the EEO process including instructions on how to file discrimination claims. Furthermore, the EEO program outlines the roles and responsibilities of the EEO Officer, as well as supervisors and managers. The EEO Officer, who is at a managerial level, reports directly to the Executive Director of the ABC. The ABC 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, November 1, 2024, through July 31, 2025, the ABC had 14 PSC's that were in effect. The CRD reviewed seven of these, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Hooman Ghazanfari	Mediation Services	\$9,999	Yes	Yes
Jean Holsten	Executive Mentorship	\$2,000	Yes	No

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Kennedy Court Reporters, Inc.	Court Reporters and Moderators	\$249,500	Yes	No
Southern California Shredding, Inc.	Confidential Document Destruction Services	\$15,000	Yes	No
SyTech Solutions	Document Scanning Services	\$964,260	Yes	No
Viking Shred LLC	Confidential Document Destruction Services	\$25,000	Yes	No
Viking Shred LLC	Confidential Document Destruction Services	\$1,000	Yes	No

FINDING NO. 5	UNIONS WERE NOT NOTIFIED OF PERSONAL SERVICES CONTRACTS⁷
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Summary: The ABC did not notify unions prior to entering into six of the seven PSC's reviewed.

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

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

⁷ Repeat finding; see reports dated January 19, 2023, and October 4, 2019.

of appointment and at least once during each consecutive period of two calendar years, commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3.)

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

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

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

The Legislature encourages the state and its agencies to consult on a government-to-government basis with federally recognized tribes and with nonfederally recognized tribes and tribal organizations in order to allow tribal officials the opportunity to provide meaningful and timely input in the development of policies, programs, and projects that have tribal implications. (Gov. Code, § 11019.81, sub. (c).) Each official specified in Government Code section 11019.81 subdivision (f)⁸ shall complete tribal consultations training by January 1, 2025, or, for officials appointed after that date, within six months of

⁸ Within the executive branch, the following officials have authority to represent the state in a tribal government-to-government consultation: the governor, the attorney general, each constitutional officer and statewide elected official, the director of each state agency and department, the chair and executive officer of each state commission and task force, and the chief counsel of any state agency. (Gov. Code, § 11019.81, sub. (f) (1).) Each authorized official may formally designate another agency official to conduct preliminary tribal consultations, and each designated official may have the authority to act on behalf of the state during a government-to-government consultation. (Gov. Code, § 11019.81, sub. (f) (2).)

their appointment or confirmation of appointment, whichever is later. (Gov. Code, § 11019.81, sub. (h).) Each official shall retake the training annually. (*Ibid.*)

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

The CRD reviewed the ABC's mandated training program that was in effect during the compliance review period, August 1, 2023, through January 31, 2025. The ABC's tribal consultations training was found to be in compliance, while the ABC's ethics training, supervisory training, and sexual harassment prevention training were found to be out of compliance.

FINDING NO. 6	ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS⁹
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Summary: The ABC did not provide ethics training to 9 of 100 existing filers. In addition, the ABC did not provide ethics training to 15 of 70 new filers within 6 months of their appointment.

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

FINDING NO. 7	SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAs
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Summary: The ABC provided manager training to its 3 new managers and provided CEA training to its 4 new CEAs within 12 months of appointment. However, the ABC did not provide basic supervisory training to 2 of 12 new supervisors within 12 months of appointment.

⁹ Repeat finding; see reports dated January 19, 2023, and October 4, 2019.

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).)

FINDING NO. 8	SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES¹⁰
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Summary: The ABC provided sexual harassment prevention training to its 84 existing non-supervisors every 2 years. However, the ABC did not provide sexual harassment prevention training to 1 of 34 new supervisors within 6 months of their appointment. In addition, the ABC did not provide sexual harassment prevention training to 1 of 113 existing supervisors every 2 years.

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

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

¹⁰ Repeat finding; see reports dated January 19, 2023, and October 4, 2019.

calculate and determine an employee's salary rate¹¹ 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, July 1, 2024, through March 31, 2025, the ABC made 94 appointments. The CRD reviewed 13 of those appointments to determine if the ABC applied salary regulations accurately and correctly processed employees' compensation.

FINDING NO. 9	SALARY DETERMINATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the salary determinations that were reviewed. The ABC appropriately calculated and keyed the salaries for each appointment and correctly determined employees' anniversary dates ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

Exceptions to Salary

California Code of Regulations sections 599.674 and 599.676 allow employees to receive a salary rate up to one step (5%) above the salary rate they last received. In those instances when these rules do not provide employees with the equivalent rate last received (1) upon transfer to a deep class or (2) in their former class, then under the authority of Government Code section 19836, an exception to these salary rules can be made. Exceptions to these rules should be applied uniformly for all employees. (Classification and Pay Guide Section 285.)

For those affected employees incurring salary loss upon transfer to a deep class, CalHR recommends placing the employee on a T&D Assignment for a period of time sufficient to meet the higher alternate range criteria. Upon successful completion of the T&D assignment, the employee may be transferred to the transferable range, and then moved to the next higher alternate range effective the same day. If this does not provide the

¹¹ "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).

employee their current salary, departments may process an exception so the employee does not incur a salary loss. (*Ibid.*)

Delegation agreements with CalHR give departments the delegated authority to approve an exception to the salary rules under the following circumstances: when there is a salary loss upon transfer to a deep class; when there is a reappointment or reinstatement without a break in service.

During the period under review, July 1, 2024, through March 31, 2025, the ABC authorized one salary exception request. The CRD reviewed the authorized salary exception request, listed below, to determine if the ABC correctly verified, approved and documented the salary exception authorization process:

Classification	Prior Classification	T&D Assignment? (Y/N)	Approved Salary
Accountant Trainee	Office Technician (General)	Yes	\$4,326

FINDING NO. 10	EXCEPTIONS TO SALARY RULES COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found that the exception to salary determination the ABC made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Alternate Range Movement Salary Determination (within same classification)

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

During the period under review, July 1, 2024, through March 31, 2025, the ABC employees made 17 alternate range movements within a classification. The CRD

reviewed 14 of these alternate range movements to determine if the ABC applied salary regulations accurately and correctly processed each employee's compensation, which are listed below:

Classification	Prior Range	Current Range	Salary (Monthly Rate)
Agent, ABC (3 Positions)	A	B	\$7,195
Agent, ABC	A	B	\$7,705
Information Technology Specialist I	A	B	\$8,887
Licensing Representative II, ABC (5 Positions)	A	B	\$5,504
Licensing Representative II, ABC	A	B	\$6,047
Licensing Representative II, ABC	A	B	\$5,893
Licensing Representative II, ABC	A	B	\$5,857
Staff Services Analyst (General)	B	C	\$4,977

FINDING NO. 11	ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES
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Summary: The CRD found 1 error in the 14 alternate range movements reviewed:

Classification	Description of Finding	Criteria
Agent, ABC	Incorrect salary determination resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, section 599.675

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

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

Bilingual Pay

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

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

During the period under review, July 1, 2024, through March 31, 2025, the ABC issued bilingual pay to 63 employees. The CRD reviewed 24 of these bilingual pay authorizations to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	No. of Appts.
Agent, ABC	6
Associate Governmental Program Analyst	2
Licensing Representative II, ABC	7
Program Technician II	3
Staff Services Manager I	4
Supervising Investigator, ABC	2

FINDING NO. 12	BILINGUAL PAY AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found that the bilingual pay authorized to employees 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, July 1, 2024, through March 31, 2025, the ABC authorized 167 pay differentials¹². The CRD reviewed 19 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Monthly Amount
Agent, ABC	244	2%
Agent, ABC (3 Positions)	244	2.5%
Agent, ABC (3 Positions)	244	5%
Agent, ABC (2 Positions)	244	\$240
Licensing Representative II, ABC	245	2%
Licensing Representative II, ABC	245	3%
Program Technician II (2 Positions)	441	\$250
Staff Services Manager I	244	\$250
Supervising Investigator, ABC (5 Positions)	244	5%

FINDING NO. 13	PAY DIFFERENTIAL AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the pay differentials that the ABC authorized during the compliance review period. Pay differentials were issued correctly in recognition of unusual competencies, circumstances, or working conditions in accordance with applicable rules and guidelines.

Leave

¹² For the purposes of CRD's review, only monthly pay differentials were selected for review at this time.

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 days¹³ worked and paid absences¹⁴, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day are not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

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

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

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

¹³ For example, two hours or ten hours count as one day.

¹⁴ For example, vacation, sick leave, compensating time off, etc.

At the time of the review, the ABC had 31 positive paid employees whose hours were tracked. The CRD reviewed 22 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Hours Worked
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	348
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	480
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	700
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	873
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	940
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	952
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	954
Associate Governmental Program Analyst	Retired Annuitant	7/1/25-6/30/26	960
Information Technology Specialist I	Retired Annuitant	7/1/25-6/30/26	952
Licensing Representative II, ABC	Retired Annuitant	7/1/25-6/30/26	533
Staff Services Manager I	Retired Annuitant	7/1/25-6/30/26	887
Staff Services Manager II (Supervisory)	Retired Annuitant	7/1/25-6/30/26	282
Staff Services Manager II (Supervisory)	Retired Annuitant	7/1/25-6/30/26	754
Staff Services Manager II (Supervisory)	Retired Annuitant	7/1/25-6/30/26	957
Student Assistant	Temporary	6/23/25-8/31/25	100
Student Assistant	Temporary	7/1/25-8/31/25	124
Student Assistant	Temporary	6/23/25-8/31/25	173
Student Assistant	Temporary	6/23/25-8/31/25	220
Student Assistant	Temporary	5/1/24-5/1/25	788
Student Assistant	Temporary	12/5/24-8/31/25	831
Student Assistant	Temporary	8/1/24-8/1/25	1028

Classification	Tenure	Time Frame	Hours Worked
Student Assistant	Temporary	6/1/24-6/1/25	1486

FINDING NO. 14	POSITIVE PAID EMPLOYEES' TRACKED HOURS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the positive paid employees reviewed during the compliance review period. The ABC provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

Administrative Time Off

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

During the period under review, May 1, 2024, through April 30, 2025, the ABC authorized 16 ATO transactions. The CRD reviewed 14 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

FINDING NO. 15	ADMINISTRATIVE TIME OFF AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the ATO transactions reviewed during the compliance review period. The ABC provided the proper documentation justifying the use of ATO and adhered to applicable laws, regulations and CalHR policy and guidelines.

Leave Accounting

Departments are directed to create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall create an audit process to review and correct leave input errors on a monthly basis. The review of leave accounting records

shall be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. (*Ibid.*) If an employee's attendance record is determined to have errors or it is determined that the employee has insufficient balances for a leave type used, the attendance record must be amended. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*) Accurate and timely attendance reporting is required of all departments and is subject to audit. (*Ibid.*)

During the period under review, January 31, 2025, through April 30, 2025, the ABC reported 151 units. The CRD reviewed 30 units within 3 pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 16	LEAVE ACCOUNTING COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD reviewed leave records from three different leave periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRD found no deficiencies. The ABC utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

State Service

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

Generally, an employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous service.¹⁵ (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

¹⁵ 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.

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 employees¹⁶ 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, 2024, through June 30, 2025, the ABC had four employees with qualifying and non-qualifying pay period transactions. The CRD reviewed 19 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 17	INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTION
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Summary: The CRD found the following errors in the ABC's state service transactions:

Type of Transaction	State Service Incorrectly Posted	Leave Accruals Incorrectly Posted
Non-Qualifying Pay Period	1	2

Criteria: In the application of Government Code section 19837, an employee shall be considered to have a month of state service if the employee either: (1) has had 11 or more working days of service in a monthly pay period; or (2) would have had 11 or more working days of service

¹⁶ 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.

in a monthly pay period but was laid off or on a leave of absence for the purpose of lessening the impact of an impending layoff. (Cal. Code Regs., tit.2, § 599.608.) Absences from state service resulting from permanent separation for more than 11 consecutive working days which fall into two consecutive pay periods shall disqualify one of the pay periods. (*Ibid.*)

Hourly or daily rate employees working in a state agency 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.) When an employee has a break in service or changes to full-time, any combination of time worked which does not equal one qualifying month of full-time service shall not be accumulated or counted. (*Ibid.*)

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.*)

FINDING NO. 18	NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD verified that the policy was disseminated to all staff and emphasized the ABC's commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the ABC'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.*)

FINDING NO. 19	WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD verified that the ABC provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law. Furthermore, the CRD verified that when the ABC received workers' compensation claims, they properly provided claim forms within one working day of notice or knowledge of injury.

Performance Appraisals

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

The CRD selected 67 permanent ABC employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines.

FINDING NO. 20	PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES
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Summary: The ABC did not provide annual performance appraisals to 31 of 67 employees reviewed after the completion of the employee’s probationary period.

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.)

DEPARTMENTAL RESPONSE

The ABC’s response is attached as Attachment 1.

CORRECTIVE ACTIONS

A written corrective action response addressing all areas identified as out of compliance, along with supporting documentation demonstrating the implementation of the specified corrective actions, must be submitted to the CRD within 90 days of the date of this report.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

3927 Lennane Drive, Suite 100
Sacramento, CA 95834
(916) 419-2510



December 5, 2025

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

Dear Ms. Ambrose:

The Department of Alcoholic Beverage Control (ABC) would like to thank the State Personnel Board's Compliance Review Division (CRD) for undertaking the 2025 ABC Compliance Review. The ABC has reviewed the report and provides the following response to the findings.

Specific Findings and Responses:

Finding #1: Candidates who did meet the minimum qualifications were not admitted into the examination. ABC did not admit four candidates who met the minimum qualifications into the Agent, ABC examinations. Specifically, the ABC mistakenly rejected two candidates from participating in the examination. In addition, the ABC failed to provide evidence that two candidates who met the minimum qualifications were invited to participate in the examination.

Cause: When CalHR transitioned from the Legacy examination system to the ECOS examination system, ABC was tasked with learning the new system and developing procedures for our examination practices. The Agent, ABC classification is our most frequently administered examination, and each examination receives a high volume of candidates. After initial deployment, ABC developed a system that involved multiple spreadsheets outside of the ECOS system. These procedures became overly complex and caused confusion for examination staff, which resulted in the errors listed above.

Response: ABC has streamlined its external tracking process by consolidating candidate information into a single spreadsheet, which is cross-referenced with ECOS records. In addition, ABC has developed written procedures specific to the Agent, ABC examination to ensure staff consistently and accurately track candidate information.

Finding #3: Probationary evaluations were not provided for all appointments reviewed and some that were provided were untimely. The ABC did not provide 8 of the 28 probationary reports of performance reviewed by the CRD. In addition, the ABC did not provide one probationary report of performance in a timely manner.

Cause: Managers receive monthly notifications regarding probationary reports; however, due to workload demands and competing priorities, some evaluations are not completed despite these reminders.

Response: ABC recognizes the importance of timely performance feedback. While informal feedback is often provided through check-ins, group discussions, and project reviews, ABC will explore strategies to improve manager participation in formal evaluations. To support this effort, the Human Resources Branch will develop and deliver training to managers on completing performance appraisals, with the goal of increasing compliance and consistency.

Finding #5: Unions were not notified of personal services contracts (PSC). The ABC did not notify unions prior to entering six of the seven PSC's reviewed.

Cause: In most cases, ABC contract analysts provided union notification prior to the contract start date, rather than prior to execution.

Response: Staff in the Business Management Branch have been informed of the requirement to notify unions prior to sending contract to the contractor for signature and documenting the contract file appropriately. ABC will revise Section 5.13 of the Procurement and Contract Services Policy and Procedure Manual to ensure compliance with this requirement.

Finding #6: Ethics training was not provided for all filers. The ABC did not provide ethics training to 9 of 100 existing filers. In addition, the ABC did not provide ethics training to 15 of 70 new filers within 6 months of their appointment.

Cause: ABC experienced ongoing challenges with the Learning Management System (LMS), which lacked functionality for employees to upload training certificates after completion. While LMS allowed self-certification, it could not automatically track completion status. As a result, ABC did not achieve full compliance, although completion rates improved to 88% for existing filers and 29% for new filers.

Response: ABC recognizes the importance of ethics training and acknowledges that this issue has been cited three times. To improve oversight, ABC transitioned ethics training tracking from LMS to the Administration Division in 2025. Employees are notified well in advance of training deadlines, and non-compliance is escalated to their management team with a firm deadline for completion.

Finding #7: Supervisory training was not provided for all supervisors, managers, and CEAs. The ABC provided manager training to its 3 new managers and provided CEA training to its 4 new CEAs within 12 months of appointment. However, the ABC did not provide basic supervisory training to 2 of 12 new supervisors within 12 months of appointment.

Cause: ABC faced ongoing challenges with the Learning Management System (LMS), which did not allow employees to upload training certificates after completion. While LMS permitted self-certification, it lacked the ability to automatically track training completion. As a result, ABC was unable to achieve full compliance.

Response: ABC recognizes the importance of completing supervisory training within the first 12 months to ensure new leaders are equipped with the necessary skills and knowledge. In 2025, ABC transitioned training oversight from LMS to the Administration Division to provide more consistent monitoring. New supervisors are notified of the training requirement within their first month, and the Division follows up to confirm enrollment and timely completion. If an employee does not respond to the initial

notification, the matter is escalated to their management team with a firm deadline for compliance.

Finding #17: Incorrect application of state service transactions. For non-qualifying pay period, one transaction state service incorrectly posted, and two leave accruals incorrectly posted.

Cause: The ABC Medical Coordinator was not aware employee had exhausted all leave credits prior to obtaining approval for non-industrial disability leave. This resulted in the employee inadvertently obtaining incorrect state service and leave accruals.

Response: The ABC corrected the errors upon discovery. The Medical Coordinator now has direct internal communication with the Transactions Specialists to ensure all changes to state service and leave transactions are accurate and prevent similar errors in the future.

Finding #20: Performance appraisals were not provided to all employees. The ABC did not provide annual performance appraisals to 31 of 67 employees reviewed after the completion of the employee's probationary period.

Cause: The completion of annual performance appraisals has been significantly impacted by a combination of organizational challenges. This includes competing priorities that demand immediate attention, often diverting focus away from administrative tasks like performance evaluations. Additionally, minimal staffing levels have led to an increased workload for managers, leaving them with limited capacity to dedicate the time and attention required for thorough appraisals.

Response: To support the timely completion of annual performance appraisals, the Human Resources Branch will continue to distribute monthly reports to managers detailing upcoming and overdue evaluations. These reports are designed to help managers stay informed and prioritize appraisal tasks amid competing responsibilities. Additionally, reminders will be given at executive leadership meetings to reinforce the importance of performance evaluations, increase organizational visibility, and promote greater accountability across departments. Additionally, the Human Resources Branch will develop and provide training to managers on writing performance appraisals to increase compliance.

Thank you for the opportunity to respond to SPB's findings. Should you have any questions please contact, Human Resources Branch Chief, Jessi Nobbe at (916) 419-2557.

Sincerely,



Paul Tupy
Director