

COMPLIANCE REVIEW REPORT

CALIFORNIA BUSINESS, CONSUMER SERVICES & HOUSING AGENCY

Compliance Review Division
State Personnel Board
October 24, 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 Business, Consumer Services & Housing Agency (BCSH) 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	In Compliance	Examinations Complied with Civil Service Laws and Board Rules
Examinations	In Compliance	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	In Compliance	Appointments Complied with Civil Service Laws and Board Rules
Equal Employment Opportunity	Out of Compliance	A Disability Advisory Committee Has Not Been Actively Maintained
Personal Services Contracts	In Compliance	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Out of Compliance	Ethics Training Was Not Provided for All Filers
Mandated Training	Out of Compliance	Sexual Harassment Prevention Training Was Not Provided for All Employees
Compensation and Pay	In Compliance	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	Out of Compliance	Administrative Time Off Was Not Properly Documented
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Area	Compliance	Finding
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 BCSH oversees departments, boards, and commissions whose mission is to protect consumers by licensing and regulating California professionals and businesses. The BCSH also promotes and funds safe, affordable, and dignified rental and homeownership opportunities and partners with local communities to prevent and end homelessness. In addition, the BCSH guards the civil rights of all Californians from acts of hate violence and unlawful discrimination in employment, housing, and public accommodations; and helps build strong, equitable, and vibrant communities. The BCSH employs approximately 56 employees in order to service the state of California.

The Department of General Services performs human resources operations for BCSH.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the BCSH's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes¹. The primary objective of the review was to determine if the BCSH's personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines, CalHR Delegation Agreements, and to recommend corrective action where deficiencies were identified.

A cross-section of the BCSH'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 BCSH provided, which included examination

¹ Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

plans, examination bulletins, job analyses, and scoring results. The CRD also reviewed the BCSH's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

A cross-section of the BCSH'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 BCSH 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 BCSH did not conduct any unlawful appointment investigations during the compliance review period.

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

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

The BCSH's PSCs were also reviewed.² It was beyond the scope of the compliance review to make conclusions as to whether the BCSH's justifications for the contracts were legally sufficient. The review was limited to whether the BCSH's practices, policies, and procedures relative to PSC's complied with procedural requirements.

The BCSH's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, that all supervisors,

²If 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.

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

The CRD reviewed the BCSH'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 BCSH's units in order to ensure they maintained accurate and timely leave accounting records.

Additionally, the CRD reviewed a selection of the BCSH employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered.

During the compliance review period, the BCSH did not have any employees with non-qualifying pay period transactions. Additionally, the BCSH did not track any temporary intermittent employees by actual time worked during the compliance review period.

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

The CRD received and carefully reviewed the BCSH's written response on October 15, 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, May 1, 2024, through April 30, 2025, the BCSH conducted one examination. The CRD reviewed the examination, which is listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
CEA A, Assistant Deputy Secretary, Legislation	CEA	Statement of Qualifications ³	5/1/2024	11

FINDING NO. 1	EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRD reviewed one CEA examination which the BCSH administered in order to create an eligible list from which to make appointments. The BCSH published and distributed the examination bulletin containing the required information for the examination. Applications received by the BCSH 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 CRD found no deficiencies in the examination that the BCSH conducted during the compliance review period.

³ In a Statement of Qualifications examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

Permanent Withhold 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, May 1, 2024, through April 30, 2025, the BCSH 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 Withhold
Associate Governmental Program Analyst	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, May 1, 2024, through April 30, 2025, the BCSH made 11 appointments. The CRD reviewed five of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	1
Staff Services Manager III	Certification List	Permanent	Full Time	1
Staff Services Manager III	Certification List	Permanent	Full Time	1

FINDING NO. 3	APPOINTMENTS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The BCSH measured each applicant's ability to perform the duties of the job by conducting hiring interviews and selecting the best-suited candidates. For each of the five list appointments reviewed, the BCSH ordered a certification list of candidates ranked competitively. After properly clearing the certification lists including SROA, the selected candidates were appointed based on eligibility attained by being reachable within the first three ranks of the certification lists.

The CRD found no deficiencies in the appointments that the BCSH initiated during the compliance review period. Accordingly, the CRD found that the BCSH's appointments processes and procedures utilized during the compliance review period satisfied civil service laws and Board rules.

Equal Employment Opportunity

Each state agency is responsible for an effective EEO program. (Gov. Code, § 19790.) The appointing power for each state agency has the major responsibility for monitoring the effectiveness of its EEO program. (Gov. Code, § 19794.) To that end, the appointing power must issue a policy statement committed to EEO; issue procedures for filing, processing, and resolving discrimination complaints; and cooperate with the CalHR, in accordance with Civil Code section 1798.24, subdivisions (o) and (p), by providing access to all required files, documents and data necessary to carry out these mandates. (*Ibid.*) In addition, the appointing power must appoint, at the managerial level, an EEO Officer, who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department's EEO program. (Gov. Code, § 19795, subd. (a).) Pursuant to Government Code section 19795, subdivision (a), in a state agency with less than 500 employees, like BCSH, the EEO Officer may be the Personnel Officer.

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

FINDING NO. 4	A DISABILITY ADVISORY COMMITTEE HAS NOT BEEN ACTIVELY MAINTAINED
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Summary: The BCSH does not have an active DAC.

Criteria: 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).)

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, May 1, 2024, through April 30, 2025, the BCSH had four PSC's that were in effect. The CRD reviewed the four PSC's, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Beth Wonson & Company	Professional Development Program	\$42,250	Yes	Yes
Beth Wonson & Company	Professional Development Program	\$43,250	Yes	Yes
Beth Wonson & Company	Professional Development Program	\$48,835	Yes	Yes
ICF Incorporated	Technical Assistance	\$3,113,091	Yes	Yes

FINDING NO. 5**PERSONAL SERVICES CONTRACTS COMPLIED WITH
PROCEDURAL REQUIREMENTS**

The total dollar amount of all the PSC's reviewed was \$3,247,426. It was beyond the scope of the review to make conclusions as to whether the BCSH justifications for the contract were legally sufficient. For all PSC's reviewed, the BCSH provided specific and detailed factual information in the written justifications as to how each of the contracts met at least one condition set forth in Government Code section 19130, subdivision (b). Additionally, the BCSH 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 BCSH 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, 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)⁴ shall complete tribal consultations training by January 1, 2025, or, for officials appointed after that date, within six months of 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 BCSH's mandated training program that was in effect during the compliance review period, May 1, 2023, through October 31, 2024. The BCSH's supervisory and tribal consultations training were found to be in compliance, while the BCSH's ethics and sexual harassment prevention training were found to be out of compliance.

⁴ 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).)

FINDING NO. 6	ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS⁵
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Summary: The BCSH did not provide ethics training to 7 of 24 existing filers. In addition, the BCSH did not provide ethics training to 2 of 24 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	SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES⁶
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Summary: The BCSH provided sexual harassment prevention training to all 7 new supervisors within 6 months of their appointment. However, the BCSH did not provide sexual harassment prevention training to 5 of 13 existing supervisors every 2 years.

Additionally, the BCSH did not provide sexual harassment prevention training to 6 of 52 existing non-supervisors every 2 years.

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

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

⁵ Repeat finding; see report dated October 20, 2022.

⁶ Repeat finding; see report dated October 20, 2022.

calculate and determine an employee's salary rate⁷ upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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

During the period under review, May 1, 2024, through April 30, 2025, the BCSH made 11 appointments. The CRD reviewed two of those appointments to determine if the BCSH applied salary regulations accurately and correctly processed employees' compensation.

FINDING NO. 8	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 BCSH 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.

Out-of-Class Assignments and Pay

For excluded⁸ 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-

⁷ "Rate" is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (Cal. Code Regs., tit. 2, section 599.666).

⁸ "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, May 1, 2024, through April 30, 2025, the BCSH issued OOC pay to two employees. The CRD reviewed both of the 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 Governmental Program Analyst	R01	Staff Services Manager I	6/2024
Research Data Specialist II	R01	Staff Services Manager II	6/2024-10/2024

FINDING NO. 9	OUT OF CLASS PAY AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the OOC pay assignments that the BCSH authorized during the compliance review period. OOC pay was issued appropriately to employees performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment.

Leave

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, February 1, 2024, through January 31, 2025, the BCSH authorized three ATO transactions. The CRD reviewed all three ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

FINDING NO.10	ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED
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Summary: The BCSH did not grant ATO in conformity with the established policies and procedures. Of the three ATO authorizations reviewed by the CRD, one was found to be out of compliance for failing to document justification for ATO.

Specifically, the BCSH did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for one employee.

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 justification establishing good cause for maintaining the employee on ATO for an 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.*)

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, November 1, 2024, through January 31, 2025, the BCSH reported two units. The CRD reviewed the two units within three pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO.11	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 BCSH utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

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.12	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 BCSH’s commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the BCSH’s nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

Workers’ Compensation

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

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

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

FINDING NO.13	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 BCSH 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 BCSH 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 eight permanent BCSH 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. 14	PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES⁹
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Summary: The BCSH did not provide annual performance appraisals to two of eight 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.)

⁹ Repeat finding; see report dated October 20, 2022.

DEPARTMENTAL RESPONSE

The BSCH'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.



State of California

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

Gavin Newsom, Governor
Tomiquia Moss, Secretary

October 15, 2025

Suzanne M. Ambrose
Executive Officer
State Personnel Board
801 Capitol Mall, Suite 1200
Sacramento, CA 95814

RE: Response to SPB Compliance Review Draft Report

Dear Ms. Ambrose,

The Business, Consumer Services and Housing Agency (BCSH) acknowledges receipt of the California State Personnel Board's (SPB) Compliance Review Draft Report (Draft Report). BCSH has reviewed the Draft Report and respectfully submits the following responses to the 5 out of 14 findings that require correction.

Finding No. 4 – A Disability Advisory Committee Has Not Been Actively Maintained

Summary: The BCSH does not have an active DAC.

Response: BCSH acknowledges the above finding and is committed to reestablishing its Disability Advisory Committee (DAC) in full compliance with the requirements. BCSH is preparing to issue an agency-wide invitation to encourage participation from employees at all levels and is actively working to formalize the DAC's structure, including its bylaws, operating protocols, and quarterly meeting schedule.

To ensure sustainability and alignment with state requirements, BCSH will collaborate with the Statewide Disability Advisory Committee (SDAC), the California Department of Human Resources (CalHR), and other relevant partners to establish a robust and sustainable framework to support DAC's operations.

Implementation efforts are currently underway and progress will be monitored by BCSH's Equal Employment Opportunity (EEO) Officer to ensure ongoing compliance and continuous improvement.

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Alcoholic Beverage Control Appeals Board | Department of Alcoholic Beverage Control | California Civil Rights Department | California Horse Racing Board
California Housing Finance Agency | Cannabis Control Appeals Panel | Department of Cannabis Control | Department of Consumer Affairs
Department of Financial Protection and Innovation | Department of Housing and Community Development | Department of Real Estate
California Interagency Council on Homelessness

October 15, 2025

RE: Response to SPB Compliance Review Draft Report

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Finding No. 6 – Ethics Training Was Not Provided For All Filers

Summary: BCSH did not provide ethics training to 7 of 24 existing filers. In addition, the BCSH did not provide ethics training to 2 of 24 new filers within six months of their appointment.

Response: BCSH acknowledges the above finding and is committed to ensuring full compliance with the Ethics training requirements. BCSH has identified a new Learning Management System (LMS) to strengthen its capacity to assign, track, and report completion of Ethics training for all designated filers. Implementation of the new LMS is underway and will enhance monitoring and accountability across BCSH.

In addition, BCSH is revising its internal protocols to ensure that Ethics training requirements are clearly communicated to all new employees upon appointment and to existing filers during each two-year period. Compliance will be actively monitored, and follow-up will occur with filers and their supervisors, as appropriate to ensure timely completion and documentation of all required training.

Implementation is currently underway, and oversight will be provided by the Administrative Operations Unit to ensure ongoing adherence to the Ethics training requirements.

Finding No. 7 – Sexual Harassment Prevention Training Was Not Provided For All Employees

Summary: The BCSH provided sexual harassment prevention training to all 7 new supervisors within 6 months of their appointment. However, the BCSH did not provide sexual harassment prevention training to 5 of 13 existing supervisors every 2 years.

Additionally, the BCSH did not provide sexual harassment prevention training to 6 of 52 existing non-supervisors every 2 years.

Response: BCSH acknowledges the above finding and remains committed to ensuring all employees complete the required Sexual Harassment Prevention training. In alignment with the corrective actions discussed above in BCSH's response to the Ethics training finding, BCSH is implementing a new LMS that will improve its ability to assign, track, and report completion of all mandatory training requirements, including Sexual Harassment Prevention training.

In addition to the LMS implementation, BCSH is updating its internal protocols to ensure that new employees and existing employees receive and timely complete the required training. Compliance reports will be reviewed regularly, and BCSH will follow up with the employees and supervisors to ensure timely completion and documentation.

Implementation is currently underway, and oversight will be provided by the Administrative Operations Unit to ensure ongoing adherence to the mandatory training requirements.

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RE: Response to SPB Compliance Review Draft Report

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Finding No. 10 – Administrative Time Off Was Not Properly Documented

Summary: The BCSH did not grant ATO in conformity with the established policies and procedures. Of the three ATO authorizations reviewed by the CRD, one was found to be out of compliance for failing to document justification for ATO.

Specifically, the BCSH did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for one employee.

Response: BCSH acknowledges the above finding and has taken corrective action to strengthen its internal controls and documentation related to Administrative Time Off (ATO). BCSH previously utilized an automated timekeeping system that limited the Administrative Operations Unit's ability to review and flag ATO usage. To address this, BCSH has discontinued use of that system and now requires completion of the Standard (STD) Form 674 – Absence and Additional Time Worked Report for all employees.

All completed STD 674 forms are submitted to the Administrative Operations Unit, whose staff have been trained on the appropriate criteria and documentation requirements for ATO. In addition, the Unit has conducted training sessions to advise staff on completion of the STD. 674, proper coding of leave, and the criteria governing ATO usage.

The Administrative Operations Unit will continue to provide periodic training and perform regular reviews of submitted reports to ensure ongoing compliance with timekeeping and documentation requirements. Oversight of these procedures will be maintained by the Administrative Operations Unit.

Finding No. 14 – Performance Appraisals Were Not Provided to All Employees

Summary: The BCSH did not provide annual performance appraisals to two of eight employees reviewed after the completion of the employee's probationary period.

Response: BCSH acknowledges the above finding and is committed to ensuring performance appraisals are completed timely and consistently for all employees. BCSH previously utilized Microsoft Office tools such as Outlook email and calendaring to communicate probationary report deadlines; however, these tools alone were insufficient to ensure comprehensive tracking and compliance.

To address this, BCSH is implementing a centralized tracking and reporting tool to assist managers and supervisors in monitoring and completing performance appraisals within required timeframes. BCSH will continue to emphasize the importance of timely evaluations and will reinforce these expectations through regular supervisory meetings and training sessions.

Additionally, BCSH has developed new performance management resources to support managers and supervisors in proactively engaging employees throughout the appraisal process. These resources outline evaluation criteria, standards for performance, and strategies

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RE: Response to SPB Compliance Review Draft Report

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for maintaining ongoing dialogue to promote accountability, alignment, and employee development.

Oversight will be provided by the Administrative Operations Unit to ensure continued compliance.

BCSH appreciates the opportunity to respond to SPB's findings and has taken comprehensive steps to strengthen its internal controls, compliance processes, and organizational accountability. The corrective actions outlined above reflect BCSH's ongoing commitment to operational excellence and compliance with civil services laws.

Questions may be directed to Alana Bui, Assistant Deputy Secretary of Administration, at Alana.Bui@bcsh.ca.gov.

Sincerely,

A handwritten signature in black ink that reads "Amy Manasero". The script is cursive and fluid.

Amy Manasero
Deputy Secretary of Fiscal Policy and Administration
Business, Consumer Services and Housing Agency

Cc: Tomiquia Moss, Secretary
Melinda Grant, Undersecretary
Alana Bui, Assistant Deputy Secretary of Administration