

# **COMPLIANCE REVIEW REPORT**

## **CALIFORNIA WORKFORCE DEVELOPMENT BOARD**

Compliance Review Division  
State Personnel Board  
January 20, 2026

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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 Workforce Development Board (CWDB) 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	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Out of Compliance	Probationary Evaluations Were Not Provided for All Appointments Reviewed
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules
Personal Services Contracts	In Compliance	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Out of Compliance	Ethics Training Was Not Provided for All Filers
Mandated Training	Substantial Compliance <sup>1</sup>	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
Leave	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

<sup>1</sup> 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
Leave	Out of Compliance	Department Did Not Certify That All Leave Records Were Reviewed
Leave	Out of Compliance	Incorrect Application of State Service and Leave Transaction
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Out of Compliance	Injured Employee Did Not Receive Claim Form Within One Working Day of Notice or Knowledge of Injury
Policy	Out of Compliance	Performance Appraisals Were Not Provided to All Employees

### **BACKGROUND**

The CWDB is the Governor's agent for the development, oversight, and continuous improvement of California's workforce development system. The CWDB assists the Governor in setting and guiding workforce development policy, developing innovative initiatives through statewide programs, and expanding the High Road vision through its field branch.

The workforce development system is comprised of 45 Local Workforce Development Areas, each with its own business-led Local Workforce Development Board (Local Board). These Local Boards work together with the state and their local Chief Elected Officials to oversee the delivery of workforce services relevant to their residents and businesses. The California Unemployment Insurance Code sections 14200 –14531 and the Workforce Innovation and Opportunity Act give authority to CWDB to carry out the tasks associated with furthering a High Road workforce system.

The Employment Development Department performs human resources operations for the CWDB.

### **SCOPE AND METHODOLOGY**

The scope of the compliance review was limited to reviewing the CWDB's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave,

and policy and processes<sup>2</sup>. The primary objective of the review was to determine if the CWDB'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.

The CRD reviewed the CWDB's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

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

The CWDB's appointments were also selected for review to ensure the CWDB applied salary regulations accurately and correctly processed employees' compensation and pay. The CRD examined the documentation that the CWDB provided, which included employees' employment and pay history and any other relevant documentation such as certifications, degrees, and/or the appointee's application.

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

The review of the CWDB'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 .

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

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

The CWDB'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 in a tribal government-to-government consultation were provided tribal consultations training within statutory timelines. During the compliance review period, the CWDB reported no existing officials with authority to represent the state in tribal government-to-government consultations.

The CRD reviewed the CWDB'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 CWDB'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 CWDB'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 CWDB employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered.

The CWDB did not track any temporary intermittent employees by actual time worked during the compliance review period.

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

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

The CWDB did not request an exit conference to explain and discuss the CRD's initial findings and recommendations. The CRD received and carefully reviewed the CWDB's written response on January 8, 2026, which is attached to this final compliance review report.

## **FINDINGS AND RECOMMENDATIONS**

### **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, September 1, 2024, through May 31, 2025, the CWDB conducted two permanent withhold actions. The CRD reviewed both permanent withhold actions, which are listed below:

Exam Title	Reason Candidate Placed on Withhold	No. of Withholds
Information Technology Associate	Failed to Meet Minimum Qualifications	1
Research Data Specialist II	Failed to Meet Minimum Qualifications	1



<b>FINDING NO. 1</b>	<b>PERMANENT WITHHOLD ACTIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES</b>
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The CRD found no deficiencies in the permanent withhold actions undertaken by the department during the compliance review period.

### **Appointments**

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

During the period under review, June 1, 2024, through February 28, 2025, the CWDB made five appointments. The CRD reviewed three 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	2

<b>FINDING NO. 2</b>	<b>PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED<sup>4</sup></b>
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**Summary:** The CWDB did not provide one of seven probationary reports of performance.

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<sup>4</sup> Repeat finding; see report dated April 30, 2024.

**Criteria:** The service of a probationary period is required when an employee enters or is promoted in the state civil service by permanent appointment from an employment list; upon reinstatement after a break in continuity of service resulting from a permanent separation; or after any other type of appointment situation not specifically excepted from the probationary period. (Gov. Code, § 19171.) During the probationary period, the appointing power shall evaluate the work and efficiency of a probationer in the manner and at such periods as the department rules may require. (Gov. Code, § 19172.) A report of the probationer's performance shall be made to the employee at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Cal. Code Regs., tit. 2, § 599.795.) A written appraisal of performance shall be made to the Department within 10 days after the end of each one-third portion of the probationary period. (*Ibid.*) The Board's record retention rules require that appointing powers retain all probationary reports for five years from the date the record is created. (Cal. Code Regs., tit. 2, § 26, subd. (a)(3).)

### **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 CWDB, 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).)

<b>FINDING NO. 3</b>	<b>EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES</b>
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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 CWDB'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 CWDB. The CWDB 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, September 1, 2024, through May 31, 2025, the CWDB had four PSC's that were in effect. The CRD reviewed all four PSC's, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
ThinkDev, LLC	Strategic Planning	\$29,700	Yes	Yes
34 Strong, Inc.	Non-IT Training Services	\$3,997	Yes	Yes
Global Knowledge, LLC	Training	\$30,000	Yes	Yes
Enterprise Networking Solutions, Inc.	Information Technology Consulting Services	\$499,720	Yes	Yes

<b>FINDING NO. 4</b>	<b>PERSONAL SERVICES CONTRACTS COMPLIED WITH PROCEDURAL REQUIREMENTS</b>
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The total dollar amount of all the PSC's reviewed was \$563,417. It was beyond the scope of the review to make conclusions as to whether CWDB justifications for the contract were legally sufficient. For all PSC's reviewed, the CWDB 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, CWDB 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 CWDB 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 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 CWDB's mandated training program that was in effect during the compliance review period, June 1, 2023, through May 31, 2025. The CWDB's supervisory training was found to be in compliance, while the CWDB's ethics training was found to be out of compliance, and sexual harassment prevention training found to be in substantial compliance.

<b>FINDING NO. 5</b>	<b>ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS</b>
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**Summary:** The CWDB provided ethics training to all of its 17 new filers within six months of their appointment. However, the CWDB did not provide ethics training to 8 of 72 existing filers.

**Criteria:** 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).)

<b>FINDING NO. 6</b>	<b>SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES</b>
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**Summary:** The CWDB provided sexual harassment prevention training to all six of its new supervisors within six months of appointment. In addition, the CWDB provided sexual harassment prevention training to its 28 existing supervisors every 2 years.

However, the CWDB did not provide sexual harassment prevention training to 3 of 87 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 calculate and determine an employee's salary rate<sup>5</sup> upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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<sup>5</sup> "Rate" is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (Cal. Code Regs., tit. 2, section 599.666).

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, June 1, 2024, through February 28, 2025, the CWDB made five appointments. The CRD reviewed one of those appointments to determine if the CWDB applied salary regulations accurately and correctly processed employees' compensation.

<b>FINDING NO. 7</b>	<b>SALARY DETERMINATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
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The CRD found no deficiencies in the salary determinations that were reviewed. The CWDB 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.

## **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, March 1, 2024, through February 28, 2025, the CWDB authorized five ATO transactions. The CRD reviewed all five ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

<b>FINDING NO. 8</b>	<b>ADMINISTRATIVE TIME OFF AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
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The CRD found no deficiencies in the ATO transactions reviewed during the compliance review period. The CWDB 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, December 1, 2024, through February 28, 2025, the CWDB reported two units. The CRD reviewed these two units within two pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

<b>FINDING NO. 9</b>	<b>DEPARTMENT DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED</b>
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**Summary:** The CWDB failed to certify that all leave records have been reviewed and corrected if necessary for the two units reviewed.

**Criteria:** Each appointing power shall keep complete and accurate time and attendance records for each employee and officer employed within the agency over which it has jurisdiction. (Cal. Code Regs., tit. 2, § 599.665.) Departments are directed to create an audit process to verify all leave input is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall identify and record all errors found and shall certify that all leave records for the unit/pay period identified have been reviewed and all leave errors



identified have been corrected. (*Ibid.*) Attendance records shall be corrected by the pay period following the pay period in which the error occurred. (*Ibid.*)

## State Service

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

Generally, an employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous service.<sup>6</sup> (Cal. Code Regs., tit. 2, § 599.608.) Full time and fractional employees who work less than 11 working days in a pay period will have a non-qualifying month and will not receive state service or leave accruals for that month.

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

For each qualifying monthly pay period, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. (Cal. Code Regs., tit. 2, § 599.608.) When computing months of total state service to determine a change in the monthly credit for vacation with pay, only qualifying monthly pay periods of service before and after breaks in service shall be counted. (Cal. Code Regs., tit. 2, § 599.739.) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees<sup>7</sup> shall be allowed credit for annual leave with pay. (Cal. Code Regs., tit. 2, § 599.752.)

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

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<sup>6</sup> Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, and 19997.4 and California Code of Regulations, title 2, sections 599.609, 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.776.1, 599.787, 599.791, 599.840 and 599.843 provide further clarification for calculating state time.

<sup>7</sup> As identified in Government Code sections 19858.3, subdivisions (a), (b), or (c), or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subdivision (c), or California Code of Regulations, title 2, section 599.752, subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

During the period under review, September 1, 2024, through May 31, 2025, the CWDB had one employee with a non-qualifying pay period transaction. The CRD reviewed this transaction to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

<b>FINDING NO. 10</b>	<b>INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTION</b>
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**Summary:** The CRD found the following errors in the CWDB's state service transaction:

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

**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 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.*)

<b>FINDING NO. 11</b>	<b>NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
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The CRD verified that the policy was disseminated to all staff and emphasized the CWDB's commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the CWDB's nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

### **Workers' Compensation**

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

notice or knowledge that the employee has suffered a work-related injury or illness, employers shall provide a claim form and notice of potential eligibility for benefits to the injured employee. (Labor Code, § 5401, subd. (a).)

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

<b>FINDING NO. 12</b>	<b>INJURED EMPLOYEE DID NOT RECEIVE CLAIM FORM WITHIN ONE WORKING DAY OF NOTICE OR KNOWLEDGE OF INJURY</b>
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**Summary:** The workers' compensation claim form reviewed by the CRD was not provided to the employee within one working day of notice or knowledge of injury.

**Criteria:** An employer shall provide a claim form and notice of potential eligibility for workers' compensation benefits to its employee within one working day of notice or knowledge that the employee has suffered a work related injury or illness. (Cal. Lab. Code, § 5401, subd. (a).)

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

<b>FINDING NO. 13</b>	<b>PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES<sup>8</sup></b>
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**Summary:** The CWDB did not provide annual performance appraisals to 6 of 18 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 CWDB'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.

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<sup>8</sup> Repeat finding; see report dated April 30, 2024.



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Joanna Rees, Chair

▪ Kaina Pereira, Executive Director

▪ Gavin Newsom, Governor

January 8, 2026

State Personnel Board  
Attention: Diana Campbell

Dear Diana Campbell:

This memorandum serves as a response to the findings of the 2025 Compliance Review Report for the California Workforce Development Board (CWDB). The Department takes compliance issues very seriously and has taken steps to ensure both current and future compliance with the State Personnel Board (SPB) audit findings.

The following plan will address the issues pointed out in the following findings:

- **Finding No. 2** – Probationary Evaluations Were Not Provided for All Appointments Reviewed
- **Finding No. 5** – Ethics Training Was Not Provided for All Filers
- **Finding No. 9** – Department Did Not Certify That All Leave Records Were Reviewed
- **Finding No. 10** – Incorrect Application of State Service and Leave Transaction
- **Finding No. 12** – Injured Employee Did Not Receive Claim Form Within One Working Day of Notice or Knowledge of Injury
- **Finding No. 13** – Performance Appraisals Were Not Provided to All Employees

Finding No. 2 – Probationary Evaluations Were Not Provided for All Appointments Reviewed

Summary: The CWDB did not provide one of seven probationary reports of performance.

Cause: The CWDB implemented probationary reports in the Employment Development Department (EDD)'s Talent Management System (TMS) in September 2024. Although the TMS has led to improved compliance of probationary report completion, some system limitations and restrictions may lead to risks for non-compliance. Additionally, there are some manual onboarding processes that must be completed prior to the probationary reports being launched in the TMS. In this case, the onboarding paperwork for the employee was submitted late, which resulted in TMS failing to launch the first probationary report timely. The CWDB and EDD will continue to evaluate processes to improve future compliance.

**Finding No. 5 – Ethics Training Was Not Provided for All Filers**

Summary: The CWDB provided ethics training to all of its 17 new filers within six months of their appointment. However, the CWDB did not provide ethics training to 8 of 72 existing filers.

Cause: The CWDB recognizes the importance of timely Ethics training for filers of Statements of Economic Interest. In recent years, the CWDB has used the EDD's Learning Management System (LMS) to automatically assign trainings to eligible staff members on a recurring basis. Although the LMS has led to improved compliance of mandated training completion, some system limitations and restrictions may lead to risks for non-compliance. Three of the eight incomplete trainings were successfully assigned to the staff, but the staff failed to complete the trainings timely due to workload constraints or absences. One of the trainings was assigned to the employee late because the employee had recently taken the same training at a previous partner agency. Lastly, four of the trainings failed to successfully assign to staff due to a system limitation that caused the LMS to no longer recognize the training requirement for the employees. The CWDB and EDD will continue to evaluate processes to improve future compliance.

**Finding No. 9 – Department Did Not Certify That All Leave Records Were Reviewed**

Summary: The CWDB failed to certify that all leave records have been reviewed and corrected if necessary for the two units reviewed.

Cause: As the personnel transaction processing entity for the CWDB, the EDD recognizes the importance of ensuring the accuracy of all leave input keyed. The delays in certifying leave records were caused by a lack of training and oversight of the leave certification process. The EDD will continue to evaluate processes to improve future compliance.

**Finding No. 10 – Incorrect Application of State Service and Leave Transaction**

Summary: The CWDB made one error in state service transactions and one error in leave accrual transactions.

Cause: As the personnel transaction processing entity for the CWDB, the EDD recognizes the importance of ensuring the accuracy of all state service and leave transactions keyed. The errors were caused by a system issue in the State Controller's Office Leave Accounting System (LAS). The EDD keyed four separate transactions in the LAS over the course of five days, and the multiple transactions led to the system misinterpreting the voided 715 transaction as a qualifying pay period. The system issue automatically generated the employee's accruals of state service, vacation, and sick leave in the LAS. The errors that were found have been corrected. The EDD will continue to evaluate processes to remedy system errors and improve future compliance.



Joanna Rees, Chair

▪ Kaina Pereira, Executive Director

▪ Gavin Newsom, Governor

Finding No. 12 – Injured Employee Did Not Receive Claim Form Within One Working Day of Notice or Knowledge of Injury

Summary: The workers' compensation claim form reviewed by the CRD was not provided to the employee within one working day of notice or knowledge of injury.

Cause: The CWDB recognizes the importance of timely notification for employees that suffer a work-related injury. The delays in providing employees with claim forms were caused by CWDB's lack of training and oversight of the workers' compensation requirements. The CWDB will continue to evaluate processes to improve future compliance.

Finding No. 13 – Performance Appraisals Were Not Provided to All Employees

Summary: The CWDB did not provide annual performance appraisals to 6 of 18 employees reviewed after the completion of the employee's probationary period.

Cause: The CWDB implemented performance appraisals in the EDD's TMS in September 2024. Although the TMS has led to improved compliance of performance appraisal completion, the CWDB ultimately has little power to enforce the completion of the mandatory performance appraisals or support negative consequences of non-compliance. The CWDB and EDD will continue to evaluate processes to improve future compliance.

If you have any questions or need additional information, please contact Haley Versoza at (916) 982-1848 or [Haley.Versoza@edd.ca.gov](mailto:Haley.Versoza@edd.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Jacobstein'.

JEFFREY JACOBSTEIN, Section Manager  
Human Resources and Communications