

COMPLIANCE REVIEW REPORT

CANNABIS CONTROL APPEALS PANEL

Compliance Review Division
State Personnel Board
September 22, 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." The SPB and the 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 the 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, the 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 the SPB's 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 Cannabis Control appeals Panel (CCAP) personnel practices in the areas of EEO, mandated training, leave, and policy and processes. The following table summarizes the compliance review findings.

Area	Compliance	Finding
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules
Mandated Training	Out of Compliance	Ethics Training Was Not Provided for All Filers
Leave	In Compliance	Leave Accounting Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
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	In Compliance	Performance Appraisal Policy and Processes Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

BACKGROUND

The CCAP is a quasi-judicial body whose mission is to ensure due process, fairness, and transparency in the cannabis regulatory system by providing independent administrative review of decisions made by the Department of Cannabis Control which includes licensing denials, suspensions, and revocations. The CCAP's goal is to uphold the integrity of the state's cannabis regulatory framework by ensuring that all parties—license applicants, licensees, and regulators—are held to consistent legal standards. The CCAP's scope of operations includes reviewing appeals, holding hearings, issuing written decisions, and maintaining an accessible appeals process that supports lawful participation in the regulated cannabis market. The Panel operates independently within the Business,

Consumer Services and Housing Agency. It is composed of three Governor-appointed members, one Speaker-appointed member, and one Senate-appointed member. The panel members are supported by legal, administrative, and support staff who manage case intake, docketing, research, and hearing logistics. Through its impartial oversight, the CCAP plays a critical role in maintaining public trust in California's cannabis licensing and enforcement system.

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

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the CCAP'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 CCAP'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 CCAP did not conduct any examinations during the compliance review period. The CCAP did not conduct any permanent withhold actions during the compliance review period.

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

The CCAP did not conduct any salary determinations during the compliance review period. In addition, the CCAP 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 CCAP'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).

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

The CCAP did not execute any PSC's during the compliance review period.

The CCAP's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training and that all employees were provided sexual harassment prevention training. During the compliance review period, the CCAP did not have any new supervisors, managers, or Career Executive Assignments (CEA) that were required to take leadership and development training.

The CRD reviewed the CCAP'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 CCAP's units to ensure they maintained accurate and timely leave accounting records. During the compliance review period, the CCAP did not have any employees with non-qualifying pay period transactions. The CCAP did not authorize Administrative Time Off. Additionally, the CCAP did not track any temporary intermittent employees by actual time worked during the compliance review period.

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

The CCAP declined an exit conference to explain and discuss the CRD's initial findings and recommendations. The CRD received and carefully reviewed the CCAP's written response on September 15, 2025, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Equal Employment Opportunity

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

to develop, implement, coordinate, and monitor the department's EEO program. (Gov. Code, § 19795, subd. (a).)

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

FINDING NO. 1	EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES
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After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRD determined that the CCAP'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 CCAP's Executive Director. The CCAP 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.

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.)

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 CCAP's mandated training program that was in effect during the compliance review period, May 1, 2022, through April 30, 2024. The CCAP's sexual harassment prevention training was found to be in compliance, while the CCAP's ethics training was found to be out of compliance.

FINDING NO. 2	ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS
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Summary: The CCAP did not provide ethics training to two of eight existing filers.

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).)

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

Leave

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, February 1, 2023, through January 30, 2024, the CCAP reported two units. The CRD reviewed both units within two pay periods to ensure compliance with applicable laws, regulations and the CalHR's policy and guidelines.

FINDING NO. 3	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 two 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 CCAP 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. 4	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 CCAP's commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the CCAP'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 CCAP did not employ volunteers during the compliance review period.

FINDING NO. 5	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 CCAP 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 CCAP 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 four permanent CCAP 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. 6	PERFORMANCE APPRAISAL POLICY AND PROCESSES COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the performance appraisals selected for review. Accordingly, the CCAP's performance appraisal policy and processes satisfied civil service laws, Board rules, policies and guidelines.

DEPARTMENTAL RESPONSE

The CCAP's departmental response is attached as Attachment 1.

SPB REPLY

Based on the CCAP's written response, the department will comply with the corrective actions specified in the report's findings. The causes of each finding are detailed in the departmental response attached at the end of this report. Within 90 days of the date of this report, a written corrective action response, including documentation demonstrating implementation of the specified corrective actions, must be submitted to the CRD.



GOVERNOR GAVIN NEWSOM
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
Secretary Tomiquia Moss



September 15, 2025

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

Subject: Cannabis Control Appeals Panel's response to draft State Personnel Board Compliance Review Report

Dear Ms. Ambrose,

This letter responds to the draft State Personnel Board (SPB) Compliance Review Report for the Cannabis Control Appeals Panel (CCAP). CCAP has reviewed the report and prepared a cause analysis and action plan for each finding.

CCAP takes these compliance issues seriously. We have begun the corrective actions necessary to achieve full compliance.

Finding No. 1 — Ethics Training Was Not Provided in a Timely Manner

Cause: CCAP acknowledges this finding. CCAP did not have an automated training-tracking system. Because tracking was manual and internal procedures were insufficient, some ethics trainings were not completed on time.

Action: CCAP recognizes the importance of complying with mandatory training requirements. Upon appointment, CCAP now creates individualized monthly Outlook reminders for new employees, panel members, and the Executive Director. CCAP has also added recurring reminders for existing filers to complete ethics training "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).)

Conclusion

CCAP appreciates the opportunity to address the report's findings and to implement process changes that improve compliance. We anticipate these changes will positively affect future outcomes.

Please let me know if we can provide additional information. I can be reached at 916-322-6870.

Best regards,

Anne Hawley

Anne Hawley
Executive Director