



# **COMPLIANCE REVIEW REPORT**

## **CAPITAL PROGRAMS & CLIMATE FINANCING AUTHORITY**

Compliance Review Division  
State Personnel Board  
May 4, 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 Capital Programs & Climate Financing Authority (CPCFA)<sup>1</sup> 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	Examination 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	Appointment Complied with Civil Service Laws and Board Rules
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	Out of Compliance	Tribal Consultations Training Was Not Provided for All Officials
Compensation and Pay	In Compliance	Salary Determination Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	In Compliance	Alternate Range Movements Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

<sup>1</sup> Formerly known as the California Pollution Control Financing Authority prior to January 1, 2026.

Area	Compliance	Finding
Leave	In Compliance	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
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**

Established within the State Treasurer's Office (STO) in 1972, the CPCFA administers programs that encourage capital investment in projects advancing California's environmental, economic, and climate policy goals. Over the decades, its role has broadened significantly, expanding from serving as a conduit for raising capital for pollution control projects through tax-exempt bonds to supporting initiatives that address climate change and other sustainability challenges. The California Legislature passed Assembly Bill 786, updating the Authority's name to better reflect its expanded mission. Today, the CPCFA administers several major financing programs that foster sustainable development, support small businesses, and revitalize communities—helping advance California's transition to a cleaner, more resilient economy.

The STO performs human resources operations for the CPCFA.

## **SCOPE AND METHODOLOGY**

The scope of the compliance review was limited to reviewing the CPCFA'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 CPCFA personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines, CalHR Delegation Agreements, and to recommend corrective actions where deficiencies were identified.

A cross-section of the CPCFA'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 CPCFA provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRD also reviewed the CPCFA permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

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

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

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

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

The CPCFA'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.

The CRD reviewed the CPCFA'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 CPCFA'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 CPCFA's employees' employment and pay history. During the compliance review period, the CPCFA did not have any employees with non-qualifying pay period transactions. Additionally, the CRD reviewed a selection of the CPCFA employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRD reviewed a selection of CPCFA positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

Moreover, the CRD reviewed the CPCFA's policies and processes concerning nepotism, workers' compensation, and performance appraisals. The review was limited to whether the CPCFA'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 CPCFA did not request an exit conference to explain and discuss the CRD’s initial findings and recommendations. The CRD received and carefully reviewed the CPCFA’s written response on April 21, 2026, 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, January 1, 2025, through December 31, 2025, the CPCFA conducted one examination. The CRD reviewed this examination, which is listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Career Executive Assignment (CEA) A	CEA	Statement of Qualifications (SOQ) <sup>4</sup>	3/27/25	2

<sup>4</sup> In a Statement of Qualifications examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

<b>FINDING NO. 1</b>	<b>EXAMINATION COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES</b>
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The CRD reviewed one CEA examination, which the CPCFA administered in order to create an eligible list from which to make an appointment. The CPCFA published and distributed an examination bulletin containing the required information for the examination. Applications received by the CPCFA 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 CPCFA conducted during the compliance review period.

#### Permanent Withhold Actions

Departments are granted statutory authority to permit withhold of eligibles from lists based on specified criteria. (Gov. Code, § 18935.) Permanent appointments and promotions within the state civil service system shall be merit-based, ascertained by a competitive examination process. (Cal. Const., art. VII, § 1, subd. (b).) If a candidate for appointment is found not to satisfy the minimum qualifications, the appointing power shall provide written notice to the candidate, specifying which qualification(s) are not satisfied and the reason(s) why. The candidate shall have an opportunity to establish that s/he meets the qualifications. (Cal. Code Regs., tit. 2, § 249.4, subd. (b).) If the candidate fails to respond or fails to establish that s/he meets the minimum qualification(s), the candidate's name shall be removed from the eligibility list. (Cal. Code Regs., tit. 2, § 249.4, subd. (b)(1), (2)), (HR Manual, section 1105.) The appointing authority shall promptly notify the candidate in writing and shall notify the candidate of his or her appeal rights. (*Ibid.*) A permanent withhold does not necessarily permanently restrict a candidate from retaking the examination for the same classification in the future; however, the appointing authority may place a withhold on the candidate's subsequent eligibility record if the candidate still does not meet the minimum qualifications or continues to be unsuitable. (HR Manual, Section 1105). State agency human resources offices are required to maintain specific withhold documentation for a period of five years. (*Ibid.*)

During the period under review, January 1, 2025, through December 31, 2025, the CPCFA conducted 28 permanent withhold actions from servicewide examination lists. The CRD reviewed 17 of these permanent withhold actions, which are listed below:

Exam Title	Reason Candidate Placed on Withhold	No. of Withholds
Associate Governmental Program Analyst	Failed to Meet Minimum Qualifications	8
Office Technician (Typing)	Failed to Meet Minimum Qualifications	7
Staff Services Analyst	Failed to Meet Minimum Qualifications	1
Staff Services Manager I	Failed to Meet Minimum Qualifications	1

<b>FINDING NO. 2</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, January 1 2025, through December 31, 2025, the CPCFA made one appointment. The CRD reviewed this appointment, which is listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Staff Services Analyst	Certification List	Permanent	Full Time	1

<b>FINDING NO. 3</b>	<b>APPOINTMENT COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES</b>
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The CPCFA measured each applicant's ability to perform the duties of the job by conducting hiring interviews and selecting the best-suited candidates. For the one list appointment reviewed, the CPCFA 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.

### **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 CPCFA, 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. 4</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 CPCFA'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 CPCFA. The CPCFA 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, January 1, 2025, through December 31, 2025, the CPCFA had two PSC’s that were in effect. The CRD reviewed both PSC’s, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Management Concepts, Inc.	Detecting and Preventing Fraud	\$5,172	Yes	Yes
Community Capital Alliance, LLC	CalCAP SSBCI Loan Participation Project	\$1,800,000	Yes	Yes

<b>FINDING NO. 5</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 \$1,805,172. It was beyond the scope of the review to make conclusions as to whether CPCFA's justifications for the contracts were legally sufficient. For all PSC's reviewed, the CPCFA 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, CPCFA 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 CPCFA 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)<sup>5</sup> 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 CPCFA's mandated training program that was in effect during the compliance review period, January 1, 2024, through December 31, 2025. The CPCFA's sexual harassment prevention training and supervisory training were found to be in compliance, while the CPCFA's ethics training and tribal consultation training were found to be out of compliance.

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<sup>5</sup> 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).)

<b>FINDING NO. 6</b>	<b>ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS<sup>6</sup></b>
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**Summary:** The CPCFA did not provide ethics training to one of the two new filers within six months of their appointment date.

**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).)

<b>FINDING NO. 7</b>	<b>TRIBAL CONSULTATIONS TRAINING WAS NOT PROVIDED FOR ALL OFFICIALS</b>
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**Summary:** The CPCFA did not provide tribal consultations training to their one existing official annually as required.

**Criteria:** Each department must provide annual tribal consultations training to its officials with authority to represent the state in a tribal government-to-government consultation. New officials must be provided tribal consultations training within six months of their appointment or confirmation, whichever is later. (Gov. Code, § 11019.81, sub. (h).)

**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>7</sup> upon appointment depending on the appointment type, the employee’s state employment and pay history, and tenure.

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

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<sup>6</sup> Repeat Finding; see report dated November 29, 2021.

<sup>7</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).

During the period under review, January 1, 2025, through December 31, 2025, the CPCFA made one appointment. The CRD reviewed this appointment to determine if the CPCFA applied salary regulations accurately and correctly processed the employee's compensation.

<b>FINDING NO. 8</b>	<b>SALARY DETERMINATION 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 determination that were reviewed. The CPCFA appropriately calculated and keyed the salaries for each appointment and correctly determined the employee's anniversary date ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

Alternate Range Movement Salary Determination (within same classification)

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

During the period under review, January 1, 2025, through December 31, 2025, the CPCFA employees made three alternate range movements within a classification. The CRD reviewed all three of these alternate range movements to determine if the CPCFA applied salary regulations accurately and correctly processed each employee's compensation, which are listed below:

Classification	Prior Range	Current Range	Salary (Monthly Rate)
Staff Services Analyst	A	C	\$4,868
Staff Services Analyst	A	C	\$4,868
Staff Services Analyst	A	C	\$4,868

<b>FINDING NO. 9</b>	<b>ALTERNATE RANGE MOVEMENTS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
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The CRD determined that the alternate range movements the CPCFA made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

**Leave**

**Positive Paid Employees**

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

An employee is appointed TAU-ATW when he/she is not expected to work all the working days of a month. When counting 189 days, every day worked, including partial days<sup>8</sup> worked and paid absences<sup>9</sup>, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day are not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

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

For student assistants, graduate student assistants, youth aides, and seasonal classifications a maximum work-time limit of 1500 hours within 12 consecutive months

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<sup>8</sup> For example, two hours or ten hours count as one day.

<sup>9</sup> For example, vacation, sick leave, compensating time off, etc.

may be used rather than the 189-day calculation. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).)

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

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

Classification	Tenure	Time Frame	Time Worked
Associate Personnel Analyst	Retired Annuitant	7/1/2024 – 6/30/2025	294 hours
Office Technician (Typing)	Retired Annuitant	7/1/2024 – 6/30/2025	893.5 hours
Office Technician (Typing)	Retired Annuitant	7/1/2024 – 6/30/2025	685 hours
Office Technician (Typing)	Retired Annuitant	7/1/2024 – 6/30/2025	899.5 hours

<b>FINDING NO. 10</b>	<b>POSITIVE PAID EMPLOYEES' TRACKED HOURS 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 positive paid employees reviewed during the compliance review period. The CPCFA provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

#### Administrative Time Off

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

During the period under review, October 1, 2024, through September 30, 2025, the CPCFA authorized 36 ATO transactions. The CRD reviewed 25 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

<b>FINDING NO. 11</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 CPCFA 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, July 1, 2025, through September 30, 2025, the CPCFA reported one unit. The CRD reviewed this unit within three pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

<b>FINDING NO. 12</b>	<b>LEAVE ACCOUNTING COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
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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 CPCFA 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.*)

<b>FINDING NO. 13</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 CPCFA's commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the CPCFA'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. 14</b>	<b>WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES</b>
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The CRD verified that the CPCFA 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 CPCFA 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 14 permanent CPCFA 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. 15</b>	<b>PERFORMANCE APPRAISAL POLICY AND PROCESSES COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES</b>
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The CRD found no deficiencies in the 14 performance appraisals reviewed. Accordingly, the CPCFA performance appraisal policy and processes satisfied civil service laws, Board rules, policies and guidelines

### **DEPARTMENTAL RESPONSE**

The CPCFA'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.



CAPITAL PROGRAMS & CLIMATE FINANCING AUTHORITY

**Members**

Fiona Ma, CPA, Chair, State Treasurer

Malia M. Cohen, State Controller

Joe Stephenshaw, Director of Finance



*Shela Tobias-Daniel, Executive Director*

April 21, 2026

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


Dear Ms. Ambrose,

Response to Compliance Review Report

The State Treasurer's Office (STO) provides personnel services for the Capital Programs and Climate Financing Authority (CPCFA). On behalf of CPCFA, the STO submits this letter in response to the State Personnel Board's (SPB) compliance review of the CPCFA personnel practices for the period January 1, 2025, through December 31, 2025. CPCFA and the STO appreciate SPB's review and the opportunity to respond to its findings. Please reference the enclosed Attachment A for detailed responses.

Thank you for the opportunity to respond to your draft report. If you have any questions, or require additional information, please do not hesitate to contact me at (916) 653-3463, or by email at [charles.jewell@treasurer.ca.gov](mailto:charles.jewell@treasurer.ca.gov).

Sincerely,

DocuSigned by:  
  
C2200D072F9E44A...  
Charles Jewell  
Personnel Officer

Enclosure

Cc: Karma Manni, Administration Division Director, STO  
Shela Tobias-Daniel, Executive Secretary, CPCFA

**FINDING No. 1 – Examination Compiled with Civil Service Laws and Board Rules**

**Cause:** None

**Department’s Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 2 – Permanent Withhold Action Compiled with Civil Service Laws and Board Rules**

**Cause:** None

**Department’s Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 3 – Appointments Compiled with Civil Service Laws and Board Rules**

**Cause:** None

**Department’s Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 4 – Equal Employment Opportunity Compiled with all Civil Service Laws and Board Rules**

**Cause:** None

**Department’s Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 5 – Personal Services Contracts Compiled with Procedural Requirements**

**Cause:** None

**Department’s Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 6 – Ethics Training was not Provided for all Filers**

**Cause:** The CPCFA did not provide ethics training to one of the two new filers within six months of their appointment date.

**Department’s Response:** CPCFA, in coordination with the STO, requires all employees in positions identified in the agency’s Conflict of Interest Code (known as “filing positions”) to complete Ethics training in accordance with Government Code § 11146.1. These identified employees must complete Ethics training within 6 months of appointment and every two years thereafter. STO utilizes an electronic software system to manage the notification process and storage of ethics training certificates. At the time

of this employee's promotion to a filing position, this employee was not added to the system due to insufficient tracking procedures. When the error was found, the employee was added to the system which triggered the mandatory training notification, however by this time the employee passed the training deadline, at no fault of the employee. STO has since updated our tracking procedures to ensure all employees in filing positions are added to the database timely.

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**FINDING No. 7 – Tribal Consultations Training was not Provided for all Officials**

**Cause:** The CPCFA did not provide tribal consultations training to their one existing official annually as required.

**Department's Response:** CPCFA, in coordination with the STO, requires agency directors and designated officials to complete Tribal Consultations training in accordance with Government Code §11019.81. These identified employees must complete Tribal Consultations training annually. Due to a procedural oversight, the employee was not notified to complete Tribal Consultations training in 2025. When the error was found, the employee was notified to complete the Training. STO has since updated our tracking procedures to ensure all employees required to complete Tribal Consultations training receive notification timely, on an annual basis.

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**FINDING No. 8 – Salary Determination Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 9 – Alternate Range Movements Compiled with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 10 – Positive Pay Employees' Tracked Hours Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 11 – Administrative Time Off Authorizations Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 12 – Leave Accounting Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 13 – Nepotism Policy Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 14 – Workers' Compensation Process Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.

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**FINDING No. 15 – Performance Appraisal Policy and Processes Compiled with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

**Cause:** None

**Department's Response:** No adverse findings were reported during the Compliance Review.