



COMPLIANCE REVIEW REPORT

DEPARTMENT OF HEALTH CARE SERVICES

Compliance Review Division
State Personnel Board
June 29, 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 Department of Health Care Services (DHCS) personnel practices in the areas of examinations, appointments, EEO, PSC's, mandated training, compensation and pay, leave, and policy and processes. The following table summarizes the compliance review findings.

Area	Compliance	Finding
Examinations	In Compliance	Examinations Complied with Civil Service Laws and Board Rules
Examinations	Out of Compliance	Department Did Not Properly Process Permanent Withholds Actions
Appointments	Out of Compliance	Probationary Evaluations Were Not Provided for All Appointments Reviewed and Some That Were Provided Were Untimely
Appointments	Out of Compliance	Appointment Documentation Was Not Kept for the Appropriate Amount of Time
Equal Employment Opportunity	Out of Compliance	Complainants Were Not Notified of the Reasons for Delays in Decisions Within the Prescribed Time Period
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	Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs
Mandated Training	Out of Compliance	Sexual Harassment Prevention Training Was Not Provided for All Employees

Area	Compliance	Finding
Compensation and Pay	Substantial Compliance ¹	Salary Determinations Complied With Laws, Rules, and CalHR Policies and Guidelines With One Exception
Compensation and Pay	Out of Compliance	Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Out of Compliance	Incorrect Authorization of Bilingual Pay
Compensation and Pay	Out of Compliance	Incorrect Authorization of Pay Differentials
Compensation and Pay	Out of Compliance	Incorrect Authorization of Out-of-Class Pay
Leave	Out of Compliance	Positive Paid Temporary Employees' Work Exceeded Time Limitations
Leave	Out of Compliance	Administrative Time Off Was Not Properly Documented
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 Transactions
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

¹The 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.

BACKGROUND

The DHCS' mission is to provide Californians with access to affordable, integrated, high quality health care, including medical, dental, mental health, substance use treatment services, and long-term care. To fulfill its mission, DHCS finances and administers a number of individual health care service delivery programs, including the state's Medicaid Program (also known as Medi-Cal), which provides health care services to low-income persons and families who meet defined eligibility requirements. This important state/federal partnership provides vital health care to over 14 million or about one in three Californians.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the DHCS' examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes². The primary objective of the review was to determine if the DHCS' 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 DHCS' 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 DHCS provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRD also reviewed the DHCS' permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

A cross-section of the DHCS' 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 DHCS provided, which included Notice of Personnel Action (NOPA) forms, Request for Personnel Actions (RPA's), vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports. The DHCS did not conduct any unlawful appointment investigations during the compliance review period.

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

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

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

The DHCS' 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 DHCS' 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 DHCS' units in order to ensure they maintained accurate and timely leave accounting records. Part of this review also examined a cross-section of the DHCS' employees' employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not

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

receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the CRD reviewed a selection of the DHCS employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRD reviewed a selection of DHCS 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 DHCS' policies and processes concerning nepotism, workers' compensation, and performance appraisals. The review was limited to whether the DHCS' policies and processes adhered to procedural requirements.

The CRD received and carefully reviewed the DHCS' written response on June 18, 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, December 1, 2023, through May 30, 2024, the DHCS conducted 28 examinations. The CRD reviewed 11 of these examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
CEA B, Chief, Health Information Management Division	CEA	Statement of Qualifications (SOQ) ⁴	3/26/2024	20
CEA B, Deputy Chief Counsel	CEA	SOQ	12/4/2023	6
Health Program Auditor II	Promotional	Education and Experience (E&E) ⁵	12/28/2023	8
Health Program Auditor II	Promotional	E&E	3/29/2024	6
Associate Medi-Cal Eligibility Analyst	Open	E&E	1/31/2024	3
Medical Consultant I	Open	E&E	1/31/2024	3
Medical Consultant	Open	E&E	3/29/2024	5
Nurse Consultant I	Open	Training and Experience (T&E) ⁶	2/29/2024	11
Nurse Consultant II	Open	T&E	12/28/2023	2

⁴ 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.

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

⁶ The Training and Experience examination is administered either online or in writing, and asks the applicant to answer multiple-choice questions about his or her level of training and/or experience performing certain tasks typically performed by those in this classification. Responses yield point values.

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Pharmaceutical Consultant I	Open	T&E	12/28/2023	1
Pharmaceutical Consultant I	Open	T&E	2/29/2024	22

FINDING NO. 1	EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRD reviewed two CEA, two departmental promotional and seven open examinations which the DHCS administered in order to create eligible lists from which to make appointments. The DHCS published and distributed examination bulletins containing the required information for all examinations. Applications received by the DHCS 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 examinations that the DHCS 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, December 1, 2023, through May 30, 2024, the DHCS conducted 14 permanent withhold actions. The CRD reviewed 10 of these permanent withhold actions, which are listed below:

Exam Title	Reason Candidate Placed on Withhold	No. of Withholds
Accountant Trainee	Failed to Meet Minimum Qualifications	1
Associate Governmental Program Analyst	Failed to Meet Minimum Qualifications	1
Associate Management Auditor	Failed to Meet Minimum Qualifications	1
Attorney IV	Failed to Meet Minimum Qualifications	1
Health Program Specialist I	Failed to Meet Minimum Qualifications	2
Information Technology Specialist I	Failed to Meet Minimum Qualifications	1
Nurse Evaluator II	Failed to Meet Minimum Qualifications	1
Research Data Analyst II	Failed to Meet Minimum Qualifications	1
Research Data Specialist II	Failed to Meet Minimum Qualifications	1

FINDING NO. 2	DEPARTMENT DID NOT PROPERLY PROCESS PERMANENT WITHHOLDS ACTIONS
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Summary: In one instance, the DHCS failed to complete a permanent withhold action in the Examination and Certification Online System (ECOS) resulting in one candidate retaining Research Data Analyst II list eligibility despite not meeting the minimum qualification requirements.

Criteria: According to HR Manual section 1105, a person who successfully completes an examination process may not be, in fact, eligible for appointment. During the hiring process, the appointing authority must diligently verify a person’s eligibility prior to appointment. During this process, the hiring authority may determine that a person does not have eligibility for appointment. Once determined, the department, agency or other appointing authority who discovers this ineligibility during a recruitment process has an obligation to withhold

the person’s eligibility for appointment and to diligently complete the withhold process.

Appointments

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

During the period under review, May 1, 2023, through October 31, 2023, the DHCS made 775 appointments. The CRD reviewed 92 of these appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accountant I (Specialist)	Certification List	Permanent	Full Time	1
Accountant Trainee	Certification List	Permanent	Full Time	1
Accounting Administrator I (Supervisor)	Certification List	Permanent	Full Time	1
Accounting Officer (Specialist)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	3
Associate Personnel Analyst	Certification List	Permanent	Full Time	2
Attorney	Certification List	Permanent	Full Time	1
Attorney III	Certification List	Permanent	Full Time	1
Attorney, Assistant Chief Counsel	Certification List	Permanent	Full Time	1
Auditor I	Certification List	Permanent	Full Time	1
Business Service Officer I (Supervisor)	Certification List	Permanent	Full Time	1
Consulting Psychologist	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Health Education Consultant III (Specialist)	Certification List	Permanent	Full Time	1
Health Program Audit Manager I	Certification List	Permanent	Full Time	1
Health Program Audit Manager II	Certification List	Permanent	Full Time	1
Health Program Auditor III	Certification List	Permanent	Full Time	1
Health Program Auditor IV	Certification List	Permanent	Full Time	1
Health Program Manager I	Certification List	Permanent	Full Time	1
Health Program Manager II	Certification List	Permanent	Full Time	1
Health Program Specialist I	Certification List	Permanent	Full Time	1
Health Program Specialist I	Certification List	Limited Term	Full Time	1
Health Program Specialist II	Certification List	Permanent	Full Time	1
Information Officer II	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Manager I	Certification List	Permanent	Full Time	1
Information Technology Manager II	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	1
Information Technology Specialist II	Certification List	Permanent	Full Time	1
Information Technology Specialist III	Certification List	Permanent	Full Time	1
Information Technology Supervisor II	Certification List	Permanent	Full Time	1
Investigator	Certification List	Permanent	Full Time	1
Legal Analyst	Certification List	Permanent	Full Time	1
Legal Secretary	Certification List	Permanent	Full Time	1
Management Services Technician	Certification List	Permanent	Full Time	1
Medical Consultant I	Certification List	Permanent	Full Time	1
Medical Consultant II	Certification List	Permanent	Full Time	1
Nurse Consultant III (Specialist)	Certification List	Permanent	Full Time	1
Nurse Evaluator II	Certification List	Permanent	Full Time	2
Office Services Supervisor II (General)	Certification List	Permanent	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	2

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Personnel Specialist	Certification List	Permanent	Full Time	1
Pharmaceutical Consultant I	Certification List	Permanent	Full Time	1
Pharmaceutical Consultant II (Specialist)	Certification List	Permanent	Full Time	1
Pharmaceutical Program Consultant	Certification List	Permanent	Full Time	1
Public Health Medical Administrator I	Certification List	Permanent	Full Time	1
Research Data Analyst I	Certification List	Permanent	Full Time	1
Research Data Analyst II	Certification List	Permanent	Full Time	1
Research Data Manager	Certification List	Permanent	Full Time	1
Research Data Specialist I	Certification List	Permanent	Full Time	1
Research Data Specialist II	Certification List	Permanent	Full Time	1
Research Data Specialist III	Certification List	Permanent	Full Time	1
Research Scientist I (Epidemiology/Biostatistics)	Certification List	Permanent	Full Time	1
Research Scientist II (Epidemiology/Biostatistics)	Certification List	Permanent	Full Time	1
Research Scientist II (Social/Behavioral Sciences)	Certification List	Permanent	Full Time	1
Senior Accounting Officer (Supervisor)	Certification List	Permanent	Full Time	1
Staff Services Analyst	Certification List	Permanent	Full Time	2
Staff Services Analyst	Certification List	Limited Term	Full Time	1
Staff Services Management Auditor	Certification List	Permanent	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	2
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	2
Staff Services Manager III	Certification List	Limited Term	Full Time	1
Supervising Fraud Investigator I	Certification List	Permanent	Full Time	1
Supervising Fraud Investigator II	Certification List	Permanent	Full Time	1
Nurse Evaluator II	Demotion	Permanent	Full Time	1
Information Technology Specialist II	Reinstatement	Permanent	Full Time	1
Nurse Consultant II	Reinstatement	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Nurse Consultant III (Specialist)	Reinstatement	Permanent	Full Time	1
Research Data specialist I	Reinstatement	Limited Term	Full Time	1
Associate Accounting Analyst	Transfer	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	1
Dental Program Consultant	Transfer	Permanent	Full Time	1
Health Facilities Evaluator Nurse	Transfer	Permanent	Full Time	1
Health Program Specialist I	Transfer	Permanent	Full Time	1
Information Technology Associate	Transfer	Permanent	Full Time	1
Medical Consultant I	Transfer	Permanent	Full Time	1
Medical Consultant II	Transfer	Permanent	Full Time	1
Office Technician (General)	Transfer	Permanent	Full Time	1
Personnel Specialist	Transfer	Permanent	Full Time	1
Staff Services Analyst	Transfer	Permanent	Full Time	1
Staff Services Manager I	Transfer	Permanent	Full Time	1
Accounting Officer Specialist	Training & Development (T&D)	Permanent	Full Time	1
Associate Governmental Program Analyst	T&D	Permanent	Full Time	1
Health Program Manager II	T&D	Permanent	Full Time	1
Staff Services Manager I	T&D	Permanent	Full Time	1

FINDING NO. 3	PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED AND SOME THAT WERE PROVIDED WERE UNTIMELY⁷
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Summary: The DHCS did not provide 170 of the 231 probationary reports of performance requested for review by the CRD. In addition, the DHCS did not provide four probationary reports of performance in a timely manner.

Criteria: The service of a probationary period is required when an employee enters or is promoted in the state civil service by permanent appointment from an employment list; upon reinstatement after a

⁷ Repeat finding; see reports dated November 28, 2022, February 19, 2019, and August 28, 2015.

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).)

FINDING NO. 4	APPOINTMENT DOCUMENTATION WAS NOT KEPT FOR THE APPROPRIATE AMOUNT OF TIME⁸
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Summary: Of the 92 appointments reviewed, the DHCS did not retain 51 NOPAs.

Criteria: As specified in section 26 of the Board's Regulations, appointing powers are required to retain records related to affirmative action, equal employment opportunity, examinations, merit, selection, and appointments for a minimum period of five years from the date the record is created. These records are required to be readily accessible and retained in an orderly and systematic manner. (Cal. Code Regs., tit. 2, § 26.)

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

⁸ Repeat finding; see report dated November 28, 2022.

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. 5	COMPLAINANTS WERE NOT NOTIFIED OF THE REASONS FOR DELAYS IN DECISIONS WITHIN THE PRESCRIBED TIME PERIOD
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Summary: The DHCS provided evidence that five discrimination complaints related to a disability, medical condition, or denial of reasonable accommodation were filed during the compliance review period of September 1, 2023, through September 30, 2024. Three of the five complaint investigations exceeded 90 days and the DHCS failed to provide written communication to the complainant regarding the status of the complaint.

Criteria: The appointing power must issue a written decision to the complainant within 90 days of the complaint being filed. (Cal. Code Regs., tit. 2, § 64.4, subd. (a).) If the appointing power is unable to issue its decision within the prescribed time period, the appointing power must inform the complainant in writing of the reasons for the delay. (*Ibid.*)

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. PSCs 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, December 1, 2023, through May 30, 2024, the DHCS had 23 PSC’s that were in effect. The CRD reviewed 11 of these, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
LexisNexis Risk Solutions FL Inc.	Periodic Data Matching Services	\$10,108,698	Yes	Yes
Educate 360 Holdings LLC dba New Horizons	Professional Development Training	\$750,000	Yes	Yes
Health Management Systems, Inc.	Discovery and Recovery of Amounts Owed by Third Parties for Medi-Cal Health Care Services	\$152,000,000	Yes	Yes
One Ergo Net, Inc.	Ergonomic Evaluations	\$95,000	Yes	Yes
Public Consulting Group LLC	Third Party Administrator for Providing Access and Transforming Health	\$1,889,500,000	Yes	Yes

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Maximus Health Services, Inc.	Administration and Operation for the Medi-Cal Access Program, County Children's Health Initiative, and Readability, Translation, Printing, and Focus Group Services	\$360,992,653	Yes	Yes
The Terrell Group, Inc.	Legal Writing Training	\$13,500	Yes	Yes
Certifix, Inc.	Live Scan Fingerprinting	\$9,999	Yes	Yes
Wallace Safe & Lock Co. Inc	Locksmith Services	\$4,500	Yes	Yes
Gainwell Technologies LLC	Fiscal Intermediary Functions for Medi-Cal Dental Program	\$14,766,493,739	Yes	Yes
Wind Dancer Moving Company	Moving Services and Installation	\$249,999	Yes	Yes

FINDING NO. 6	PERSONAL SERVICES CONTRACTS COMPLIED WITH PROCEDURAL REQUIREMENTS
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The total dollar amount of all the PSC’s reviewed was \$17,180,218. It was beyond the scope of the review to make conclusions as to whether DHCS justifications for the contract were legally sufficient. For all PSC’s reviewed, the DHCS 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, DHCS 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 DHCS 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 with 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 doing 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 with 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 DHCS' mandated training program that was in effect during the compliance review period, June 1, 2022, through May 30, 2024.

FINDING NO. 7	ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS
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Summary: The DHCS did not provide ethics training to 237 of 1,319 existing filers. In addition, the DHCS did not provide ethics training to 764 of 1,071 new filers within 6 months of their appointment.

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

FINDING NO. 8	SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAS
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Summary: The DHCS did not provide basic supervisory training to 21 of 145 new supervisors within 12 months of appointment; did not provide manager training to 18 of 45 new managers within 12 months of appointment; and did not provide CEA training to 7 of 12 new CEAs within 12 months of appointment.

Criteria: Each department must provide its new supervisors with a minimum of 80 hours of supervisory training within the probationary period. (Gov. Code, § 19995.4, subd. (b).)

Upon initial appointment of an employee to a managerial position, each employee must receive 40 hours of leadership training within 12 months of appointment. (Gov. Code, § 19995.4, subd. (d).)

Upon initial appointment of an employee to a Career Executive Assignment position, each employee must receive 20 hours of leadership training within 12 months of appointment. (Gov. Code, § 19995.4, subd. (e).) [only include this language when manager and CEA training is reviewed]

FINDING NO. 9**SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES⁹****Summary:**

The DHCS did not provide sexual harassment prevention training to 6 of 234 new supervisors within 6 months of their appointment. In addition, the DHCS did not provide sexual harassment prevention training to 79 of 701 existing supervisors every 2 years.

The DHCS did not provide sexual harassment prevention training to 4 of 98 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 rate¹⁰ upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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

During the period under review, May 1, 2023, through October 31, 2023, the DHCS made 775 appointments. The CRD reviewed 43 of these appointments to determine if the DHCS applied salary regulations accurately and correctly processed employees' compensation.

⁹ Repeat finding; see reports dated November 28, 2022, and February 19, 2019.

¹⁰ "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).

FINDING NO. 10	SALARY DETERMINATIONS COMPLIED WITH CIVIL LAWS, RULES, AND CALHR POLICIES AND GUIDELINES WITH ONE EXCEPTION¹¹
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Summary: The CRD found 1 error in the 43 salary determinations reviewed:

Classification	Description of Finding	Criteria
Staff Services Analyst	Incorrect anniversary date determined resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, section 599.683, subd. (a)

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

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, May 1, 2023, through October 31, 2023, the DHCS employees made 40 alternate range movements within a classification. The CRD reviewed 24 of these alternate range movements to determine if the DHCS applied salary regulations accurately and correctly processed each employee’s compensation, which are listed below:

Classification	Prior Range	Current Range	Salary (Monthly Rate)
Attorney	A	B	\$8,937
Attorney	A	B	\$8,964
Information Technology Associate	C	D	\$7,866
Information Technology Associate	A	B	\$5,113

¹¹ Repeat finding; see report dated November 28, 2022.

Classification	Prior Range	Current Range	Salary (Monthly Rate)
Information Technology Specialist I	B	C	\$7,443
Information Technology Specialist I	B	C	\$9,262
Medical Consultant II	B	C	\$13,435
Personnel Specialist	B	C	\$4,451
Personnel Specialist	C	D	\$5,946
Personnel Specialist	B	C	\$4,451
Personnel Specialist	A	B	\$4,037
Staff Services Analyst	A	B	\$4,430
Staff Services Analyst	B	C	\$4,588
Staff Services Analyst	A	C	\$4,588
Staff Services Analyst	B	C	\$4,726
Staff Services Analyst	B	C	\$4,726
Staff Services Analyst	B	C	\$4,726
Staff Services Analyst	A	C	\$4,726
Staff Services Analyst	B	C	\$4,789
Staff Services Analyst	B	C	\$4,588
Staff Services Analyst	B	C	\$4,726
Staff Services Management Auditor	A	B	\$4,425
Staff Services Management Auditor	A	B	\$4,425
Staff Services Management Auditor	A	B	\$4,296

FINDING NO. 11	ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES¹²
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Summary: The CRD found 7 errors in the 24 alternate range movements reviewed:

Classification	Description of Findings	Criteria
Attorney	Incorrect anniversary date resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, section 599.683, subd. (a)
Information Technology Associate	The employee was placed in Range B before meeting the criteria resulting in the employee being overcompensated for six days. In addition, the salary determination was incorrect which resulted in the employee being undercompensated.	ARC 483 Cal. Code Regs., tit. 2, section 599.674, subd. (b)

¹² Repeat finding; see report dated November 28, 2022.

Classification	Description of Findings	Criteria
Information Technology Specialist I (2 Positions)	Incorrect salary determination resulting in the employee being overcompensated	ARC 484 Cal. Code Regs., tit. 2, section 599.674, subd. (a)
Personnel Specialist (2 Positions)	Incorrect salary determination and anniversary date resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, section 599.674, subd. (a) Cal. Code Regs., tit. 2, section 599.683, subd. (a)
Staff Services Analyst	The employee did not meet the alternate range criteria resulting in the employee being overcompensated. As a result, the subsequent anniversary date was incorrect.	ARC 069 Cal. Code Regs., tit. 2, section 599.683, subd. (a)

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

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

Bilingual Pay

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

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

During the period under review, May 1, 2023, through October 31, 2023, the DHCS issued bilingual pay to 58 employees. The CRD reviewed 20 of these bilingual pay authorizations to ensure compliance with applicable CalHR policies and guidelines, which are listed below:

Classification	No. of Appts.
Associate Governmental Program Analyst	6
Health Program Audit Manager I	1
Investigator	3
Office Technician (General)	1
Staff Services Analyst	3
Staff Services Manager I	1
Supervising Fraud Investigator I	3
Supervising Fraud Investigator II	1
Word Processing Technician	1

FINDING NO. 12 | INCORRECT AUTHORIZATION OF BILINGUAL PAY

Summary: The CRD found 5 errors in the 20 bilingual pay authorizations reviewed:

Classification	Description of Findings	Criteria
Associate Governmental Program Analyst (2 Positions)	Department failed to provide supporting documentation demonstrating the need for bilingual services.	Pay Differential 14
Staff Services Manager I	Department failed to provide supporting documentation demonstrating the need for bilingual services or that the employee’s duties required use of bilingual skills for at least 10% of their time.	Pay Differential 14
Supervising Fraud Investigator I (2 Positions)	Department failed to provide supporting documentation demonstrating the need for bilingual services.	Pay Differential 14

Criteria: An individual must be in a position that has been certified by the department as a position which requires the use of bilingual skills on a continuing basis averaging 10 percent of the time spent either conversing, interpreting or transcribing in a second language and

time spent on closely related activities performed directly in conjunction with specific bilingual transactions. (Pay Differential 14.)

Pay Differentials

A pay differential is special additional pay recognizing unusual competencies, circumstances, or working conditions applying to some or all incumbents in select classes. A pay differential may be appropriate in those instances when a subgroup of positions within the overall job class might have unusual circumstances, competencies, or working conditions that distinguish these positions from other positions in the same class. Typically, pay differentials are based on qualifying pay criteria such as: work locations or shift assignments; professional or educational certification; temporary responsibilities; special licenses, skills or training; performance-based pay; incentive-based pay; or recruitment and retention. (Classification and Pay Manual Section 230.)

California State Civil Service Pay Scales Section 14 describes the qualifying pay criteria for the majority of pay differentials. However, some of the alternate range criteria in the pay scales function as pay differentials. Generally, departments issuing pay differentials should, in order to justify the additional pay, document the following: the effective date of the pay differential, the collective bargaining unit identifier, the classification applicable to the salary rate and conditions along with the specific criteria, and any relevant documentation to verify the employee meets the criteria.

During the period under review, May 1, 2023, through October 31, 2023, the DHCS authorized 358 pay differentials¹³. The CRD reviewed 25 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Monthly Amount
Administrative Law Judge	84	5%
Administrative Law Judge	84	5%
Health Program Audit Manager II	441	\$250
Investigator	244	\$240
Investigator	244	\$240
Investigator	244	5%
Nurse Evaluator II	441	\$250
Nurse Evaluator II	441	\$250
Pharmaceutical Consultant I	269	\$1500
Pharmaceutical Consultant I	269	\$1500

¹³ For the purposes of CRD's review, only monthly pay differentials were selected for review at this time.

Classification	Pay Differential	Monthly Amount
Pharmaceutical Consultant I	269	\$1500
Pharmaceutical Consultant II	269	\$2000
Pharmaceutical Program Consultant	269	\$2000
Research Data Specialist I	412	5%
Research Data Specialist I	412	5%
Research Data Specialist I	412	5%
Research Data Specialist II	412	5%
Research Scientist III (Epidemiology/Biostatistics)	434	2%
Research Scientist IV (Epidemiology/Biostatistics)	434	3%
Research Scientist Supervisor I (Social/Behavioral Sciences)	434	3%
Supervising Administrative Law Judge	84	5%
Supervising Fraud Investigator I	244	2.5%
Supervising Fraud Investigator I	245	9%
Supervising Fraud Investigator I	245	2%
Supervising Fraud Investigator I	245	9%

FINDING NO. 13	INCORRECT AUTHORIZATION OF PAY DIFFERENTIALS
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Summary: The CRD found 6 errors in the 25 pay differentials reviewed:

Classification	Description of Findings	Criteria
Investigator (2 Positions)	The employee did not receive the correct rate for this pay differential.	Pay Differential 244
Research Data Specialist I (3 Positions)	The employee did not receive the correct rate for this pay differential.	Pay Differential 412
Supervising Fraud Investigator I	The employee did not receive the correct rate for this pay differential.	Pay Differential 244

Criteria: A pay differential may be appropriate when a subgroup of positions within the overall job class might have unusual circumstances, competencies, or working conditions that distinguish these positions from other positions in the same class. Pay differentials are based on qualifying pay criteria such as: work locations or shift assignments; professional or educational certification; temporary responsibilities; special licenses, skills or training; performance-based pay; incentive-based pay; or recruitment and retention. (CalHR Classification and Pay Manual Section 230.)

Out-of-Class Assignments and Pay

For excluded¹⁴ and most rank-and-file employees, out-of-class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

According to the Classification and Pay Guide, OOC assignments should only be used as a last resort to accommodate temporary staffing needs. All civil service alternatives should be explored first before using OOC assignments. However, certain MOU provisions and the California Code of Regulations, title 2, section 599.810, allow for short-term OOC assignments to meet temporary staffing needs. Should OOC work become necessary, the assignment would be made pursuant to the applicable MOU provisions or salary regulations. Before assigning the OOC work, the department should have a plan to correct the situation before the time period outlined in applicable law, policy or MOU expires. (Classification and Pay Guide Section 375.)

During the period under review, May 1, 2023, through October 31, 2023, the DHCS issued OOC pay to 26 employees. The CRD reviewed 17 of these OOC assignments to ensure compliance with applicable MOU provisions, salary regulations, and CalHR policies and guidelines. These are listed below:

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Attorney IV	R02	Attorney, Assistant Chief Counsel	9/29/2023
Attorney IV	R02	Attorney, Assistant Chief Counsel	9/11/2023-1/8/2024
Attorney, Assistant Chief Counsel	M02	CEA B	9/9/2023-1/6/2024
Health Program Audit Manager I	S01	Health Program Audit Manager II	5/24/2023-6/13/2023
Health Program Audit Manager I	S01	Health Program Audit Manager II	8/7/2023-8/31/2023

¹⁴ “Excluded employee” means an employee as defined in Government Code section 3527, subdivision (b) (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to Government Code section 18801.1.

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Health Program Auditor III	R01	Health Program Auditor IV	9/1/2023-12/30/2023
Health Program Auditor III	R01	Health Program Auditor IV	10/2/2023-1/29/2024
Health Program Auditor III	R01	Health Program Audit Manager I	9/5/2023-10/9/2023
Health Program Auditor IV	R01	Health Program Audit Manager I	8/28/2023-12/22/2023
Health Program Auditor IV	R01	Health Program Audit Manager I	10/2/2023-1/29/2024
Health Program Auditor IV	R01	Health Program Audit Manager I	5/17/2023-8/14/2023
Health Program Auditor IV	R01	Health Program Audit Manager I	9/5/2023-10/23/2023
Health Program Specialist I	R01	Staff Services Manager I	5/2/2023-5/12/2023
Health Program Specialist II	R01	Staff Services Manager II	2/13/2023-5/31/2023
Information Officer II	S01	Staff Services Manager II	8/31/2023-9/25/2023
Information Technology Specialist I	R01	Information Technology Specialist II	10/2/2023-10/31/2023
Research Scientist Supervisor I (Epidemiology/Biostatistics)	S10	Research Scientist Supervisor II (Epidemiology/Biostatistics)	9/1/2023-12/30/2023

FINDING NO. 14 | INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY¹⁵

Summary: The CRD found 2 errors in the 17 OOC pay assignments reviewed:

Classification	Out-of-Class Classification	Description of Findings	Criteria
Health Program Auditor III	Health Program Audit Manager I	Incorrect number of days paid in October 2023, resulting in the employee being overcompensated.	Pay Differential 91

¹⁵ Repeat finding; see report dated November 28, 2022.

Classification	Out-of-Class Classification	Description of Findings	Criteria
Health Program Auditor IV	Health Program Audit Manager I	Incorrect number of days paid in May 2023, resulting in the employee being undercompensated.	Pay Differential 91

Criteria: BU 1: When an employee is assigned out-of-class work for two (2) consecutive work weeks or more, the employee shall receive the rate of pay the employee would have received pursuant to Rule Sections 599.673, 599.674, or 599.676 (difference between the classes) if appointed to the higher classification. Out-of-Class pay shall not be considered as part of the employee’s base pay when computing the rate due upon promotion to the higher level. Pay shall be limited to out-of-class work performed (a) during the one (1) year calendar period before the employee’s grievance was filed; and (b) the time between the grievance was filed and finally decided by an arbitrator.

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 days¹⁶ worked and paid absences¹⁷, 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-day 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.*)

¹⁶ For example, two hours or ten hours count as one day.

¹⁷ For example, vacation, sick leave, compensating time off, etc.

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

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

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

At the time of the review, the DHCS had 63 positive paid employees whose hours were tracked. The CRD reviewed 25 of these positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Hours Worked
Special Consultant	Retired Annuitant	7/1/23 - 6/30/24	591
Health Program Auditor IV	Retired Annuitant	7/1/23 - 6/30/24	563
Staff Services Manager III	Retired Annuitant	7/1/23 - 6/30/24	198
Health Program Auditor IV	Retired Annuitant	7/1/23 - 6/30/24	664.5
Health Program Specialist I	Retired Annuitant	7/1/23 - 6/30/24	432.75
Information Technology Specialist I	Retired Annuitant	7/1/23 - 6/30/24	860
Research Data Specialist II	Retired Annuitant	7/1/23 - 6/30/24	724
Nurse Evaluator II	Retired Annuitant	7/1/23 - 6/30/24	749
Research Data Specialist II	Retired Annuitant	7/1/23 - 6/30/24	896

Classification	Tenure	Time Frame	Hours Worked
Special Consultant	Retired Annuitant	7/1/23 - 6/30/24	749
Staff Services Manager I	Retired Annuitant	7/1/23 - 6/30/24	948.5
Health Program Specialist I	Retired Annuitant	7/1/23 - 6/30/24	924
Information Technology Specialist II	Retired Annuitant	7/1/23 - 6/30/24	960
Information Technology Specialist I	Retired Annuitant	7/1/23 - 6/30/24	957
Nurse Evaluator II	Retired Annuitant	7/1/23 - 6/30/24	960
Student Assistant	Temporary	4/1/23-3/31/24	1696
Student Assistant	Temporary	6/1/23-5/30/24	1747
Student Assistant	Temporary	2/1/23-1/31/24	1401
Student Assistant	Temporary	5/1/23-4/30/24	1424
Seasonal Clerk	Temporary	6/1/23-5/30/24	1377.25
Student Assistant	Temporary	10/1/23-9/30/24	1920
Seasonal Clerk	Temporary	7/1/23-6/30/24	1318.5
Student Assistant	Temporary	3/1/23-2/28/24	1087.75
Student Assistant	Temporary	10/1/23-9/30/24	1996
Student Assistant	Temporary	3/1/23-2/28/24	1001

FINDING NO. 15	POSITIVE PAID TEMPORARY EMPLOYEES' WORK EXCEEDED TIME LIMITATIONS¹⁸
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Summary: The DHCS did not consistently monitor the actual number of days and/or hours worked to ensure that four positive paid employees did not exceed the 189-day or 1,500-hour limitation in any 12-consecutive month period.

Criteria: If any employee is appointed to an intermittent time base position on a TAU basis, there are two controlling time limitations that must be considered. The first controlling factor is the constitutional limit of

¹⁸ Repeat finding; see report dated November 28, 2022.

nine months in any 12 consecutive months for temporary appointments that cannot be extended for any reason. (Cal Const., art. VII, § 5.) Time worked shall be counted on a daily basis with every 21 days worked counting as one month or 189 days equaling nine months. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) Another controlling factor limits the maximum work time for students, youth, and seasonal classifications to 1,500 hours. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).) According to Government Code Section 21224, retired annuitant appointments shall not exceed a maximum of 960 hours in any fiscal year (July-June) for all state employers without reinstatement or loss or interruption of benefits.

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, 2023, through February 29, 2024, the DHCS authorized 114 ATO transactions. The CRD reviewed 25 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

FINDING NO. 16	ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED
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Summary: The DHCS did not grant ATO in conformity with the established policies and procedures. Of the 25 ATO authorizations reviewed by the CRD, 3 were found to be out of compliance for failing to document justification for ATO.

Criteria: Appointing authorities are authorized to approve ATO for up to five (5) working days. (Gov. Code, § 19991.10.) Furthermore, they “have delegated authority to approve up to 30 calendar days.” (Human Resources Manual Section 2121.) Any ATO in excess of 30 calendar days must be approved in advance by the CalHR. (*Ibid.*) In most cases, if approved, the extension will be for an additional 30 calendar

days. *(Ibid.)* The appointing authority is responsible for submitting ATO extension requests to CalHR at least 5 working days prior to the expiration date of the approved leave. *(Ibid.)*

When requesting an ATO extension, the appointing authority must provide a justification establishing good cause for maintaining the employee on ATO for an additional period of time. *(Ibid.)* ATO may not be used and will not be granted for an indefinite period. *(Ibid.)* If CalHR denies a request to extend ATO, or the appointing authority fails to request approval from CalHR to extend the ATO, the employee must be returned to work in some capacity. *(Ibid.)*

Regardless of the length of ATO, appointing authorities must maintain thorough documentation demonstrating the justification for the ATO, the length of the ATO, and the approval of the ATO. *(Ibid.)*

Leave Accounting

Departments are directed to create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) Departments shall create an audit process to review and correct leave input errors on a monthly basis. The review of leave accounting records shall be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. *(Ibid.)* If an employee's attendance record is determined to have errors or it is determined that the employee has insufficient balances for a leave type used, the attendance record must be amended. *(Ibid.)* Attendance records shall be corrected by the pay period following the pay period in which the error occurred. *(Ibid.)* Accurate and timely attendance reporting is required of all departments and is subject to audit. *(Ibid.)*

During the period under review, December 1, 2023, through February 29, 2024, the DHCS reported 161 total units. The CRD reviewed 28 units within 3 pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 17	DEPARTMENT DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED
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Summary: The DHCS failed to certify that leave records have been reviewed and corrected timely for all 28 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.¹⁹ (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.

¹⁹ 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.

(*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees²⁰ shall be allowed credit for annual leave with pay. (Cal. Code Regs., tit. 2, § 599.752.)

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

During the period under review, November 1, 2023, through April 30, 2024, the DHCS had 31 employees with qualifying and non-qualifying pay period transactions. The CRD reviewed 25 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 18	INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTIONS
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Summary: The CRD found the following errors in the DHCS’ state service transactions:

Type of Transaction	State Service Incorrectly Posted	Leave Accruals Incorrectly Posted
Non-Qualifying Pay Period	0	1
Qualifying Pay Period	8	6

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.*)

²⁰ 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.

Hourly or daily rate employees working in a state agency in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods shall be considered to have a complete month, a month of service, or continuous service. (Cal. Code Regs., tit.2, § 599.609.) When an employee has a break in service or changes to full-time, any combination of time worked which does not equal one qualifying month of full-time service shall not be accumulated or counted. (*Ibid.*)

Policy and Processes

Nepotism

It is the policy of the State of California to hire, transfer, and promote all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (Cal. Code Regs., tit. 2, § 87.) (*Ibid.*) All appointing powers shall adopt an anti-nepotism policy that includes the following components: (1) a statement that the appointing power is committed to merit-based hiring and that nepotism is antithetical to a merit-based civil service system; (2) a definition of “nepotism” as an employee’s use of influence or power to hire, transfer, or promote an applicant or employee because of a personal relationship; (3) a definition of “personal relationship” as persons related by blood, adoption, current or former marriage, domestic partnership or cohabitation; (4) a statement that prohibits participation in the selection of an applicant for employment by anyone who has a personal relationship with the applicant, as defined in section 83.6; (5) a statement that prohibits the direct or first-line supervision of an employee with whom the supervisor has a personal relationship, as defined in section 83.6; (6) a process for addressing issues of direct supervision when personal relationships between employees exist. (*Ibid.*)

FINDING NO. 19	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 DHCS’ commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the DHCS’ 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 DHCS did not employ volunteers during the compliance review period.

FINDING NO. 20	INJURED EMPLOYEE DID NOT RECEIVE CLAIM FORM WITHIN ONE WORKING DAY OF NOTICE OR KNOWLEDGE OF INJURY
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Summary: Out of the five workers' compensation claim forms reviewed by the CRD, one was not provided to the employee within one working day of the employer's notice or knowledge of the 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 100 permanent DHCS 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. 21	PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES²¹
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Summary: The DHCS did not provide annual performance appraisals to 90 of 100 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 DHCS’ 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.

²¹ Repeat finding; see reports dated November 28, 2022, and February 19, 2019.

Date: June 18, 2026

THIS LETTER SENT VIA EMAIL

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

DEPARTMENT OF HEALTH CARE SERVICES' RESPONSE TO STATE PERSONNEL BOARD
COMPLIANCE REVIEW REPORT

Dear Ms. Ambrose:

Pursuant to Government Code section 18661, the State Personnel Board (SPB/Board) Compliance Review Division (CRD) conducted a compliance review of the Department of Health Care Services' (DHCS/Department) personnel practices to ensure compliance with civil service laws and regulations. On May 28, 2026, DHCS received CRD's draft Compliance Review Report. DHCS has reviewed the Compliance Review findings and is committed to correcting the issues identified. Below are DHCS' responses to each of the findings identified as deficient in the SPB Compliance Review Report:

Finding No. 2 — Department Did Not Properly Process Permanent Withholds Actions

Summary: The DHCS failed to complete a permanent withhold action in ECOS, resulting in a candidate retaining list eligibility despite not meeting minimum qualifications.

Cause: Inconsistent ECOS data entry and a lack of secondary verification processes resulted in incomplete withhold records.

Response: Based on DHCS and ECOS records, the application reviewed in 2024 was for the Nurse Evaluator II classification. For this application, DHCS did not complete a permanent withhold action in ECOS. DHCS acknowledges prior delays related to the withhold backlog, which has since been eliminated. HRD has reinforced timely withhold processing and is revising its minimum qualifications verification process to reduce review volume and prevent future backlogs.

Finding No. 3 — Probationary Evaluations Were Not Provided for All Appointments Reviewed and Some Were Untimely

Summary: DHCS did not provide 170 of 231 requested probationary reports and several were untimely.

Cause: Supervisors did not consistently submit probationary evaluations due to decentralized monitoring and reliance on manual tracking.

Response: DHCS recognizes the importance of timely and complete probationary evaluations. The department will reinforce internal procedures and provide additional guidance to managers and supervisors regarding probationary reporting. The Human Resources Division (HRD) is developing a Human Capital Management System (HCMS) to automate probationary evaluation tracking, generate reminders for supervisors, and centralize report retention to ensure compliance with the requirement to issue probationary reports. In the interim, DHCS has implemented an automated probationary evaluation tracking system using DocuSign. The DocuSign process automates monthly notifications to managers and supervisors who are required to complete probation reports. Additionally, HRD can monitor progress and completion of probationary reports and notify managers and supervisors of late submissions accordingly.

Furthermore, HRD will reemphasize the importance of completing probationary reports with managers and supervisors.

Finding No. 4 — Appointment Documentation Was Not Kept for the Appropriate Amount of Time

Summary: DHCS did not retain 51 NOPAs for the required five-year period.

Cause: Records were lost during the transition from paper files to digital storage without fully established retention controls.

Response: DHCS acknowledges the gaps in record retention during the transition to digital repositories. The department will reinforce procedures to ensure all appointment documentation is captured, indexed, and retained for the required period. Guidance will be provided to appropriate team members to verify digital retention before disposing of hard copies. DHCS will implement periodic audits to ensure compliance with record retention requirements.

Furthermore, DHCS will utilize a Human Capital Management System (HCMS) to automate document archiving, enforce retention policies, and provide audit trails for appointment records. This will ensure compliance and facilitate easy retrieval of records.

Finding No. 5 — Complainants Were Not Notified of Reasons for Delays Within the Prescribed Time Period

Summary: The DHCS provided evidence that five discrimination complaints related to a disability, medical condition, or denial of reasonable accommodation were filed during the compliance review period of September 1, 2023, through September 30, 2024. Three of the five complaint investigations exceeded 90 days and the DHCS failed to provide written communication to the complainant regarding the status of the complaint.

Cause: No standardized process existed to ensure written notifications were issued when investigations exceeded required timeframes.

Response: DHCS recognizes the importance of timely communication with complainants. The department has established an internal process to ensure that a letter is sent to complainants to advise them when investigations extend beyond 90 days.

Finding No. 7 — Ethics Training Was Not Provided for All Filers

Summary: DHCS did not provide ethics training to 237 of 1,319 existing filers. In addition, the DHCS did not provide ethics training to 764 of 1,071 new filers within 6 months of their appointment.

Cause: Manual tracking and inconsistent enrollment processes led to delayed or missed ethics training assignments.

Response: DHCS acknowledges the gaps in training initiation and completion. The department will audit and enforce completion of Ethics training within required timeframes. Manual enrollment workflows will be replaced with automated triggers, and course availability will be expanded. Escalation procedures will be implemented to meet approaching deadlines.

Further, all employees who are not in compliance will be notified of their requirement to complete the necessary training. Those who do not complete the training within the initial timeframe will receive a reminder and an additional opportunity to fulfill the

requirement. Employees who remain non-compliant after the extended period may be subject to administrative action. Additionally, the DHCS Director's Office will emphasize the importance of completing mandatory training during meetings with all managers and supervisors.

Finding No. 8 — Supervisory/Manager/CEA Training Was Not Provided Within Timelines

Summary: DHCS did not provide required training for 21 new supervisors, 18 new managers, and 7 new CEAs within 12 months of appointment.

Cause: Lack of automated tracking and limited training availability contributed to missed statutory training deadlines.

Response: DHCS acknowledges the gaps in training initiation and completion. The department will audit and enforce completion of supervisory, manager, and CEA training within required timeframes. Manual enrollment workflows will be replaced with automated triggers, and course availability will be expanded. Escalation procedures will be implemented to meet approaching deadlines.

Further, all employees who are not in compliance will be notified of their requirement to complete the necessary training. Those who do not complete the training within the initial timeframe will receive a reminder and an additional opportunity to fulfill the requirement. Employees who remain non-compliant after the extended period may be subject to administrative action. Additionally, the DHCS Director's Office will emphasize the importance of completing mandatory training during meetings with all managers and supervisors.

Finding No. 9 — Sexual Harassment Prevention Training Was Not Provided for All Employees

Summary: DHCS did not provide SHP training to 6 new supervisors, 79 existing supervisors, and 4 existing non-supervisors within required timeframes.

Cause: Inconsistent monitoring and absence of automated reminders led to failure to complete required SHP training.

Response: DHCS recognizes the importance of SHP training compliance. The department will schedule mandatory SHP training for all supervisors and employees and

monitor compliance through automated reminders. Biennial recurrence tracking will be centralized in the Learning Management System to prevent missed cycles.

Further, all employees who are not in compliance will be notified of their requirement to complete the necessary training. Those who do not complete the training within the initial timeframe will receive a reminder and an additional opportunity to fulfill the requirement. Employees who remain non-compliant after the extended period may be subject to administrative action. Additionally, the DHCS Director's Office will emphasize the importance of completing mandatory training during meetings with all managers and supervisors.

FINDING NO. 10 — SALARY DETERMINATIONS COMPLIED WITH ONE EXCEPTION

Summary: One SSA appointment had an incorrect anniversary date, resulting in overpayment.

Cause: Manual computation errors occurred due to lack of a secondary review of salary determination dates.

Response: DHCS acknowledges the error in salary determination. The department will reinforce procedures for manual date computation and validation against CCR 599.683 timing rules. Additional training and peer/supervisory review will be implemented to prevent future errors.

FINDING NO. 11 — ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH LAWS, RULES, AND CALHR POLICIES

Summary: Errors occurred in alternate range movements for several classifications due to misapplied criteria and manual calculations.

Cause: Misapplication of complex criteria and reliance on manual calculations resulted in incorrect range movements.

Response: The Department recognizes the importance of utilizing correct civil service laws, rules, and CalHR policies and guidelines to determine pay after movement to an alternate range. Payroll senior staff will provide updated training on "Alternate Range Change" procedures and management will ensure that applicable procedures are up-to-date and include checklists to use as review tools. Management will ensure all PS's and Personnel Supervisors complete the SCO's Introduction to Salary Determination and

Advanced Salary Determination courses. Additionally, all salary determinations will be reviewed by a Payroll Manager prior to final approval.

FINDING NO. 12 — INCORRECT AUTHORIZATION OF BILINGUAL PAY

Summary: Bilingual pay was granted without sufficient documentation for $\geq 10\%$ bilingual duties.

Cause: Approvals were granted without standardized documentation requirements or consistent verification of bilingual duties.

Response: DHCS acknowledges existing gaps in the bilingual pay authorization process. To address these issues, the department will develop a formal policy to ensure consistency and mitigate discrepancies. Additionally, DHCS will create designation and justification checklists and require duty statements and oral fluency certification records for all bilingual pay requests. The department will also provide enhanced training for analysts to support proper implementation of these requirements.

FINDING NO. 13 — INCORRECT AUTHORIZATION OF PAY DIFFERENTIALS

Summary: Rate application errors occurred due to outdated differential tables and misread criteria.

Cause: Outdated differential tables and inconsistent interpretation of eligibility rules led to misapplied differential pay.

Response: DHCS recognizes the importance of accurate pay differential application. The department will update differential tables and provide refresher training to payroll staff. Peer/supervisory review of differential entries will be implemented to ensure accuracy.

FINDING NO. 14 — INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY

Summary: Timekeeping inaccuracies and late reconciliation resulted in over and underpayments for two assignments.

Cause: Timekeeping discrepancies and late reconciliation caused inaccurate out-of-class pay calculations.

Response: DHCS acknowledges the importance of accurate out-of-class pay authorization. The department will align assignment memos, payroll input, and grievance-period limits under applicable BU provisions. Standardized templates and centralized repositories will be implemented for OOC documentation.

Further, the Payroll staff will be provided training for “Out-of-Class Payment Procedures” and management will ensure that applicable procedures are in place and up to date. In addition, the payroll management staff will develop a communication plan for ensuring staff understand new communication on pay differentials released from control agencies.

FINDING NO. 15 — POSITIVE PAID TEMPORARY EMPLOYEES’ WORK EXCEEDED TIME LIMITATIONS

Summary: Four employees exceeded statutory caps due to delayed aggregation across pay periods.

Cause: Manual aggregation of hours/days delayed identification of employees approaching statutory limits.

Response: DHCS recognizes the importance of monitoring Temporary Authorization Utilization (TAU) Actual Time Worked (ATW) days/hours and student/seasonal limits. The department will implement a consolidated dashboard and automated aggregation to prevent statutory cap exceedances. Additionally, Payroll staff will be provided additional training and will work with program partners to ensure days/hours are monitored appropriately.

FINDING NO. 16 — ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED

Summary: Three ATO authorizations lacked written justification and approval trail.

Cause: ATO approvals were issued without standardized forms or consistent documentation practices.

Response: DHCS acknowledges the gaps in ATO documentation. The department will implement a standardized ATO template and centralized repository for all authorizations. Additional training will be provided for HR staff.

FINDING NO. 17 — DEPARTMENT DID NOT CERTIFY THAT ALL LEAVE RECORDS WERE REVIEWED

Summary: Certification steps and error-correction attestations were unevenly applied.

Cause: Inconsistent application of required certification steps and insufficient audit controls resulted in incomplete reviews.

Response: DHCS recognizes the importance of leave record certification. The department will fully implement the monthly internal audit process for all units and ensure certification steps are consistently applied. Periodic audits will be conducted to verify compliance.

FINDING NO. 18 — INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTIONS

Summary: Analysts inconsistently applied qualifying/nonqualifying month rules, leading to mis-posted state service and leave accruals.

Cause: Staff inconsistently applied qualifying month rules due to complex criteria and limited system automation.

Response: DHCS acknowledges the importance of accurate state service and leave transaction application. The department will provide refresher training for payroll staff and implement automated validations in the leave system. Peer review will be conducted for complex cases.

FINDING NO. 20 — INJURED EMPLOYEE DID NOT RECEIVE CLAIM FORM WITHIN ONE WORKING DAY

Summary: One case was not issued a claim form timely due to staff oversight.

Cause: Staff oversight and lack of a backup sender process contributed to failure to issue the claim form within one working day.

Response: DHCS recognizes the importance of timely workers' compensation notification. The department will update workflows to include same-day escalation and backup sender protocols. Staff will receive additional training in statutory requirements.

FINDING NO. 21 — PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES

Summary: The annual appraisal cycle lacked enforced due dates and automated prompts post-probation.

Cause: Manual, decentralized appraisal scheduling and inconsistent supervisor compliance led to missed appraisal deadlines.

Response: DHCS acknowledges the gaps in performance appraisal compliance and recognizes the importance of completing written performance appraisals for all non-probationary employees at least once every twelve calendar months. HRD is developing an HCMS that will automate appraisal cycles, send reminders to supervisors, and track completion rates, ensuring all employees receive timely performance appraisals to ensure compliance on the issuance of performance appraisals. Additional training will be provided for managers and supervisors.

Further, HRD will reemphasize the importance of completing performance appraisals with managers and supervisors.

CONCLUSION

DHCS appreciates the opportunity to address the findings in this report and our proposed policy, process, and technology changes for increasing compliance. We anticipate that the proposed changes will positively impact future outcomes. If you have any questions, please contact me at (916) 345-7949 or via email at Christina.Soares@dhcs.ca.gov.

Sincerely,

Christina Soares, Chief
Human Resources Division

cc: Michelle Baass, Director
Department of Health Care Services

Lindy Harrington
Chief Deputy Director
Policy and Program Support
Department of Health Care Services

Brian Dougherty
Deputy Director
Administration
Department of Health Care Services