

COMPLIANCE REVIEW REPORT

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Compliance Review Division
State Personnel Board
January 16, 2026

TABLE OF CONTENTS

INTRODUCTION	1
EXECUTIVE SUMMARY	2
BACKGROUND	3
SCOPE AND METHODOLOGY	4
FINDINGS AND RECOMMENDATIONS	6
EXAMINATIONS.....	6
APPOINTMENTS.....	9
EQUAL EMPLOYMENT OPPORTUNITY	13
PERSONAL SERVICES CONTRACTS	14
MANDATED TRAINING	17
COMPENSATION AND PAY	20
LEAVE.....	27
POLICY AND PROCESSES.....	32
DEPARTMENTAL RESPONSE.....	34
CORRECTIVE ACTIONS	34

INTRODUCTION

Established by the California Constitution, the State Personnel Board (the SPB or Board) is charged with enforcing and administering the civil service statutes, prescribing probationary periods and classifications, adopting regulations, and reviewing disciplinary actions and merit-related appeals. The SPB oversees the merit-based recruitment and selection process for the hiring of over 200,000 state employees. These employees provide critical services to the people of California, including but not limited to, protecting life and property, managing emergency operations, providing education, promoting the public health, and preserving the environment. The SPB provides direction to departments through the Board's decisions, rules, policies, and consultation.

Pursuant to Government Code section 18661, the SPB's Compliance Review Division (CRD) conducts compliance reviews of appointing authorities' personnel practices in five areas: examinations, appointments, equal employment opportunity (EEO), personal services contracts (PSC's), and mandated training, to ensure compliance with civil service laws and Board regulations. The purpose of these reviews is to ensure state agencies are in compliance with merit related laws, rules, and policies and to identify and share best practices identified during the reviews.

Pursuant to Government Code section 18502, subdivision (c), the SPB and the California Department of Human Resources (CalHR) may "delegate, share, or transfer between them responsibilities for programs within their respective jurisdictions pursuant to an agreement." SPB and CalHR, by mutual agreement, expanded the scope of program areas to be audited to include more operational practices that have been delegated to departments and for which CalHR provides policy direction. Many of these delegated practices are cost drivers to the state and were not being monitored on a statewide basis.

As such, SPB also conducts compliance reviews of appointing authorities' personnel practices to ensure that state departments are appropriately managing the following non-merit-related personnel functions: compensation and pay, leave, and policy and processes. These reviews will help to avoid and prevent potential costly litigation related to improper personnel practices, and deter waste, fraud, and abuse.

The SPB conducts these reviews on a three-year cycle.

The CRD may also conduct special investigations in response to a specific request or when the SPB obtains information suggesting a potential merit-related violation.

It should be noted that this report only contains findings from this hiring authority's compliance review. Other issues found in SPB appeals and special investigations as well as audit and review findings by other agencies such as the CalHR and the California State Auditor are reported elsewhere.

EXECUTIVE SUMMARY

The CRD conducted a routine compliance review of the California Department of Veterans Affairs (CalVet) personnel practices in the areas of examinations, appointments, EEO, PSC's, mandated training, compensation and pay, leave, and policy and processes. The following table summarizes the compliance review findings.

Area	Compliance	Finding
Examinations	In Compliance	Examinations Complied with Civil Service Laws and Board Rules
Examinations	In Compliance	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Out of Compliance	Unlawful Appointment
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	Out of Compliance	Unions Were Not Notified of Personal Services Contracts
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
Compensation and Pay	Out of Compliance	Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment
Compensation and Pay	Out of Compliance	Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Area	Compliance	Finding
Compensation and Pay	In Compliance	Bilingual Pay Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
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	In Compliance	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Substantial Compliance ¹	Incorrect Application of State Service and Leave Transaction
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	In Compliance	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Out of Compliance	Performance Appraisals Were Not Provided to All Employees

BACKGROUND

The CalVet works to serve California veterans and their families. With nearly 1.6 million veterans living in the state, the CalVet strives to ensure that its veterans of every era, and their families, get the state and federal benefits and services they have earned and deserve as a result of selfless and honorable military service.

¹ The department has achieved 90% or more compliance in this area and has provided a response sufficient to address full compliance in the future; therefore, no corrective action is required.

The CalVet strives to serve veterans and their families with dignity and compassion and to help them achieve their highest quality of life. The CalVet has approximately 3,700 employees, including clinical, administrative, analytical, and clerical staff, in support of eight veterans homes, three state-operated veterans cemeteries, three veterans services district offices, a Veterans Board, and a headquarters office located in Sacramento.

SCOPE AND METHODOLOGY

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

A cross-section of the CalVet's examinations was selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRD examined the documentation that the CalVet provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRD also reviewed the CalVet's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

A cross-section of the CalVet's appointments was selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRD examined the documentation that the CalVet 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 CRD also reviewed the CalVet's policies and procedures concerning unlawful appointments to ensure departmental practices conform to state civil service laws and Board regulations.

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

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

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 CalVet did not issue or authorize red circle rate requests or arduous pay.

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

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

The CalVet's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, that all supervisors, managers, and those serving in Career Executive Assignments (CEA) were provided leadership and development training, that all employees were provided sexual harassment prevention training, and that all officials with authority to represent the state in a tribal government-to-government consultation were provided tribal consultations training within statutory timelines.

The CRD reviewed the CalVet's monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely and ensure the department certified that all leave records have been reviewed and corrected if necessary. The CRD selected a small cross-section of the CalVet's units in order to ensure they maintained accurate and timely leave accounting records. Part of this review also examined a cross-section of the CalVet's employees' employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the CRD reviewed a selection of the CalVet employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRD reviewed a selection of CalVet positive paid employees

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.

whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

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

The CRD received and carefully reviewed the CalVet's written response on January 9, 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, February 1, 2025, through July 31, 2025, the CalVet conducted 155 examinations. The CRD reviewed 20 of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
CEA B, Agency Information Officer	CEA	Statement of Qualifications (SOQ) ⁴	6/7/2025	11
CEA B, Human Resources Director	CEA	SOQ	5/5/2025	25
Activity Coordinator, Veterans Home and Medical Center	Open	Training and Experience (T&E) ⁵	5/1/2025	1
Associate Property Agent	Open	T&E	4/1/2025	1
Chief of Plant Operations I	Open	T&E	5/1/2025	1
Dental Laboratory Technician	Open	T&E	2/1/2025	3
Firefighter/Security Officer	Open	Qualification Appraisal Panel ⁶	5/1/2025	1
Food Manager	Open	QAP	7/1/2025	1
Food Service Supervisor I	Open	QAP	5/1/2025	7
Food Service Technician II	Open	QAP	7/1/2025	7
Health and Safety Officer	Open	QAP	6/1/2025	1
Laundry Supervisor I	Open	QAP	7/1/2025	1
Lead Security Guard	Open	QAP	4/1/2025	6
Licensed Vocational Nurse	Open	QAP	2/1/2025	25
Occupational Therapist	Open	QAP	2/1/2025	1
Resident Care Specialist	Open	QAP	7/1/2025	20
Security Guard	Open	QAP	3/1/2025	38
Senior Property Agent	Open	QAP	2/1/2025	1
Supervising Property Agent	Open	QAP	6/1/2025	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 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.

⁶ The Qualification Appraisal Panel interview is the oral component of an examination whereby competitors appear before a panel of two or more evaluators. Candidates are rated and ranked against one another based on an assessment of their ability to perform in a job classification.

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Supervising Rehabilitation Therapist	Open	QAP	4/1/2025	2

FINDING NO. 1	EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRD reviewed 2 CEA and 18 open examinations which the CalVet administered in order to create eligible lists from which to make appointments. The CalVet published and distributed examination bulletins containing the required information for all examinations. Applications received by the CalVet 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 CalVet 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, February 1, 2025, through July 31, 2025, the CalVet conducted 28 permanent withhold actions. The CRD reviewed 17 of these permanent withhold actions, which are listed below:

Exam Title	Reason Candidate Placed on Withhold	No. of Withholds
Accounting Officer (Specialist)	Failed to Meet Minimum Qualifications	1
Associate Governmental Program Analyst	Failed to Meet Minimum Qualifications	3
Custodian II	Failed to Meet Minimum Qualifications	1
Groundskeeper	Failed to Meet Minimum Qualifications	3
Information Technology Supervisor II	Failed to Meet Minimum Qualifications	3
Laundry Worker	Failed to Meet Minimum Qualifications	2
Office Technician (Typing)	Failed to Meet Minimum Qualifications	2
Stationary Engineer	Failed to Meet Minimum Qualifications	1
Supervising Registered Nurse	Failed to Meet Minimum Qualifications	1

FINDING NO. 2	PERMANENT WITHHOLD ACTIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRD found no deficiencies in the permanent withhold actions undertaken by the department during the compliance review period.

Appointments

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

same classification. (Cal. Code Regs., tit. 2, § 250, subd. (d).) While persons selected for appointment may meet some or most of the preferred or desirable qualifications, they are not required to meet all the preferred or desirable qualifications. (*Ibid.*) This section does not apply to intra-agency job reassignments. (Cal. Code Regs., tit. 2, § 250, subd. (e).)

During the period under review, July 1, 2024, through December 31, 2024, the CalVet made 359 appointments. The CRD reviewed 53 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accountant I (Specialist)	Certification List	Permanent	Full Time	1
Accounting Administrator I (Supervisor)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	3
Associate Governmental Program Analyst	Certification List	Limited Term	Full Time	1
Associate Management Auditor	Certification List	Permanent	Full Time	1
Associate Property Agent	Certification List	Permanent	Full Time	1
Automotive Equipment Operator I	Certification List	Permanent	Full Time	1
Business Service Assistant (Specialist)	Certification List	Permanent	Full Time	1
Certified Nursing Assistant	Certification List	Permanent	Full Time	8
Clinical Social Worker (Health Facility)	Certification List	Permanent	Full Time	1
Cook Specialist I	Certification List	Permanent	Full Time	1
Custodian I	Certification List	Permanent	Full Time	2
Food Service Technician I	Certification List	Permanent	Full Time	3
Groundskeeper	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Information Technology Supervisor II	Certification List	Permanent	Full Time	1
Licensed Vocational Nurse	Certification List	Permanent	Full Time	3
Office Technician (Typing)	Certification List	Permanent	Full Time	2
Registered Nurse	Certification List	Permanent	Full Time	5
Resident Care Specialist	Certification List	Permanent	Full Time	1
Security Guard	Certification List	Permanent	Full Time	1
Staff Services Analyst	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Staff Services Manager I	Certification List	Permanent	Full Time	1
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Stock Clerk	Certification List	Permanent	Full Time	1
Supervising Cook I	Certification List	Permanent	Full Time	1
Supervising Registered Nurse	Certification List	Permanent	Full Time	1
Custodian I	Reinstatement	Permanent	Full Time	1
Information Technology Specialist II	Reinstatement	Permanent	Full Time	1
Licensed Vocational Nurse	Reinstatement	Permanent	Full Time	1
Office Technician (Typing)	Reinstatement	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	1
Food Service Technician I	Transfer	Limited Term	Full Time	1
Staff Services Analyst	Transfer	Permanent	Full Time	1

FINDING NO. 3	UNLAWFUL APPOINTMENT
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Summary: The CRD found one unlawful appointment during the course of its regular review. The CalVet made one appointment utilizing the certification list for the Associate Governmental Program Analyst. The hired candidate did not meet minimum qualifications for the classification.

The appointment will stand as more than one year has elapsed and there is no evidence of other than good faith by the employee or the department.

Criteria: Pursuant to Government Code section 18931, subdivision (a), the Board shall establish minimum qualifications for determining the fitness and qualifications of employees for each class of position. In accordance with California Code of Regulations, title 2, section 249.4, appointing powers shall verify that the candidate satisfies the minimum qualifications of the classification before the candidate is appointed.

FINDING NO. 4	PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED AND SOME THAT WERE PROVIDED WERE UNTIMELY
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Summary: The CalVet did not provide 23 of the 93 probationary reports of performance reviewed by the CRD. In addition, the CalVet did not provide two 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 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. 5	APPOINTMENT DOCUMENTATION WAS NOT KEPT FOR THE APPROPRIATE AMOUNT OF TIME
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Summary: Of the 53 appointments reviewed, the CalVet did not retain 11 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 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. 6	COMPLAINANTS WERE NOT NOTIFIED OF THE REASONS FOR DELAYS IN DECISIONS WITHIN THE PRESCRIBED TIME PERIOD
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Summary: The CalVet provided evidence that four discrimination complaints related to a disability, medical condition, or denial of reasonable accommodation were filed during the compliance review period of September 1, 2024, through September 1, 2025. Three of the four complaint investigations exceeded 90 days and the CalVet 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. PSC's that are of a type enumerated in subdivision (b) of Government Code section 19130 are also permissible. Subdivision (b) contracts include, but are not limited to, private contracts for a new state function, services that are not available within state service, services that are incidental to a contract for the purchase or lease of real or personal property, and services that are of an urgent, temporary, or occasional nature.

For cost-savings PSC's, a state agency is required to notify SPB of its intent to execute such a contract. (Gov. Code, § 19131.) For subdivision (b) contracts, the SPB reviews the adequacy of the proposed or executed contract at the request of an employee organization representing state employees. (Gov. Code, § 19132.)

During the period under review, February 1, 2025, through July 31, 2025, the CalVet had 131 PSC's that were in effect. The CRD reviewed 30 of those, which are listed below:

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Alpha Enterprise Corp.	Janitorial Equipment Repairs	\$46,080	Yes	Yes
Antelope Valley HealthCare District	Hospital Services	\$125,000	Yes	Yes
Armed Force Pest Control Inc.	Pest Control	\$6,480	Yes	No
Atodor LLC	Automatic Door Maintenance and Repair Services	\$406,900	Yes	Yes
Bishop-Wisecarver, Corporation	Supervisory Control and Data Acquisition	\$144,800	Yes	Yes

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
California Association of Health Facilities	Annual Membership Dues	\$37,555	Yes	No
Champion Fire Systems Inc	Fire Suppression System Services	\$172,890	Yes	Yes
Champion Fire Systems, Inc.	Fire Alarm and Kitchen Hood Maintenance and Testing	\$377,024	Yes	No
EagleShield Pest Control, Inc.	Gopher Eradication Services	\$19,200	Yes	Yes
Global Power Group, Inc	Generator Maintenance and Repair Services	\$393,150	Yes	No
HCI Systems, Inc.	Fire Safety Services	\$899,735	Yes	Yes
Ideal Locum LLC	Speech Language Pathology Services	\$822,228	Yes	Yes
J & L Roberts Investments Inc.	Small Engine Maintenance Service	\$9,900	Yes	No
Jamboor Medical Corporation	Dialysis Services	\$3,150	Yes	Yes
John Harrington dba Power Up Electric	Generator Maintenance and Incidental Repair	\$9,925	Yes	Yes
Kan-Di-Ki, LLC	Diagnostic Services	\$375,970	Yes	Yes
Machado Brothers, Inc.	Emergency Water Main Repair	\$57,603	Yes	No
Martha E. Lozano, MD, Inc.	Pulmonary Services	\$10,000	Yes	Yes
Medi-Tek Inc.	Biomedical Equipment, Bed Maintenance, and Repair Services	\$59,382	Yes	Yes
Mohammed Elhatoum dba Cal Providers	Biomedical Equipment Maintenance and Repair Services	\$215,835	Yes	Yes

Vendor	Services	Contract Amount	Justification Identified?	Union Notification?
Myneika White	Restorative Nursing Services	\$333,333	Yes	No
Peterson Mechanical Inc.	Chiller Repair	\$252,100	Yes	Yes
Prestige Radiology, Inc.	On-Site Portable Imaging / Radiologic Services	\$9,000	Yes	Yes
Radford Overhead Doors, Inc.	Rolling Fire Door Drop Test Services	\$7,609	Yes	No
Seacliff Mechanical Services, LLC	Freezer Cooler Condenser Retrofit	\$136,950	Yes	Yes
Shanti Chapman	Speech Therapy Services	\$9,999	Yes	No
Shasta Eye Medical Group, Inc	Ophthalmology Services	\$21,000	Yes	No
Stead Backflow Prevention Services, Inc.	Cross-Connection Control Program	\$150,000	Yes	Yes
Surf to Snow Environmental Resource Management, Inc.	Water Line Repairs	\$26,910	Yes	Yes
Victoria Ventura Healthcare LLC	Skilled Nursing Services	\$9,999	Yes	No

FINDING NO. 7	UNIONS WERE NOT NOTIFIED OF PERSONAL SERVICES CONTRACTS⁷
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Summary: The CalVet did not notify unions prior to entering into 11 of the 30 PSC's reviewed.

Criteria: Before a state agency executes a contract or amendment to a contract for personal services conditions specified within Government Code section 19130, subdivision (b), the agency shall notify all organizations that represent state employees who perform or could perform the type of work that is called for within the contract,

⁷ Repeat finding; see reports dated June 17, 2022, and October 31, 2019.

unless exempted under Government Code section 19132, subdivision (b)(1). (Cal. Code Regs., tit. 2, § 547.60.2.)

Mandated Training

Each member, officer, or designated employee of a state agency who is required to file a statement of economic interest (referred to as “filers”) because of the position he or she holds with the agency is required to take an orientation course on the relevant ethics statutes and regulations that govern the official conduct of state officials. (Gov. Code, §§ 11146 & 11146.1.) State agencies are required to offer filers the orientation course on a semi-annual basis. (Gov. Code, § 11146.1.) New filers must be trained within six months of appointment and at least once during each consecutive period of two calendar years, commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3.)

Upon the initial appointment of any employee designated in a supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by the CalHR. (Gov. Code, § 19995.4, subd. (b).) The training addresses such topics as the role of the supervisor, techniques of supervision, performance standards, and sexual harassment and abusive conduct prevention. (Gov. Code, §§ 12950.1, subds. (a) and (b), & 19995.4, subd. (b).) Additionally, the training must be successfully completed within the term of the employee’s probationary period or within six months of the initial appointment, unless it is demonstrated that to do so creates additional costs or that the training cannot be completed during this time period due to limited availability of supervisory training courses. (Gov. Code, § 19995.4, subd. (c).)

Within 12 months of the initial appointment of an employee to a management or CEA position, the employee shall be provided leadership training and development, as prescribed by CalHR. (Gov. Code, § 19995.4, subds. (d) & (e).) For management employees the training must be a minimum of 40 hours and for CEAs the training must be a minimum of 20 hours. (*Ibid.*)

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

The Legislature encourages the state and its agencies to consult on a government-to-government basis with federally recognized tribes and with nonfederally recognized tribes

and tribal organizations in order to allow tribal officials the opportunity to provide meaningful and timely input in the development of policies, programs, and projects that have tribal implications. (Gov. Code, § 11019.81, sub. (c).) Each official specified in Government Code section 11019.81 subdivision (f)⁸ shall complete tribal consultations training by January 1, 2025, or, for officials appointed after that date, within six months of their appointment or confirmation of appointment, whichever is later. (Gov. Code, § 11019.81, sub. (h).) Each official shall retake the training annually. (*Ibid.*)

The Board may conduct reviews of any appointing power's personnel practices to ensure compliance with civil service laws and Board regulations. (Gov. Code, § 18661, subd. (a).) In particular, the Board may audit personnel practices related to such matters as selection and examination procedures, appointments, promotions, the management of probationary periods, and any other area related to the operation of the merit principle in state civil service. (*Ibid.*) Accordingly, the CRD reviews documents and records related to training that appointing powers are required by the afore-cited laws to provide its employees.

The CRD reviewed the CalVet's mandated training program that was in effect during the compliance review period, August 1, 2023, through July 31, 2025. The CalVet's tribal consultations training was found to be in compliance, while the CalVet's ethics training, supervisory training, and sexual harassment prevention training were found to be out of compliance.

FINDING NO. 8	ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS⁹
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Summary: The CalVet did not provide ethics training to 13 of 45 existing filers. In addition, the CalVet did not provide ethics training to 25 of 29 new filers within 6 months of their appointment.

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

⁸ Within the executive branch, the following officials have authority to represent the state in a tribal government-to-government consultation: the governor, the attorney general, each constitutional officer and statewide elected official, the director of each state agency and department, the chair and executive officer of each state commission and task force, and the chief counsel of any state agency. (Gov. Code, § 11019.81, sub. (f) (1).) Each authorized official may formally designate another agency official to conduct preliminary tribal consultations, and each designated official may have the authority to act on behalf of the state during a government-to-government consultation. (Gov. Code, § 11019.81, sub. (f) (2).)

⁹ Repeat finding; see report dated June 17, 2022.

FINDING NO. 9	SUPERVISORY TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS, MANAGERS, AND CEAs
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Summary: The CalVet did not provide basic supervisory training to 4 of 62 new supervisors within 12 months of appointment; did not provide manager training to 2 of 5 new managers within 12 months of appointment; and did not provide CEA training to 4 of 7 new CEAs within 12 months of appointment.

Criteria: Each department must provide its new supervisors 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).)

FINDING NO. 10	SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES¹⁰
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Summary: The CalVet did not provide sexual harassment prevention training to 45 of 90 new supervisors within 6 months of their appointment. In addition, the CalVet did not provide sexual harassment prevention training to 35 of 279 existing supervisors every 2 years.

The CalVet did not provide sexual harassment prevention training to 3 of 124 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

¹⁰ Repeat finding; see report dated June 17, 2022.

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 rate¹¹ 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, July 1, 2024, through December 31, 2024, the CalVet made 359 appointments. The CRD reviewed 24 of those appointments to determine if the CalVet applied salary regulations accurately and correctly processed employees' compensation.

FINDING NO. 11	INCORRECT APPLICATIONS OF SALARY DETERMINATION LAWS, RULES, AND CALHR POLICIES AND GUIDELINES FOR APPOINTMENT
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Summary: The CRD found 3 errors in the 24 salary determinations reviewed:

Classification	Description of Findings	Criteria
Accountant I (Specialist)	Employee did not receive an accelerated Merit Salary Adjustment resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, § 599.674, subd. (a)
Cook Specialist I	Employee did not receive a Special In-Grade Salary Adjustment, and an incorrect anniversary date was determined, resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, § 599.683, subd. (a) & Cal. Code Regs., tit. 2, § 599.685

¹¹ "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).

Classification	Description of Findings	Criteria
Licensed Vocational Nurse	Incorrect anniversary date determined resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, § 599.674, subd. (c)

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, July 1, 2024, through December 31, 2024, the CalVet employees made 21 alternate range movements within a classification. The CRD reviewed 13 of those alternate range movements to determine if the CalVet 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	\$8,708
Certified Nursing Assistant	A	B	\$3,718
Certified Nursing Assistant	A	B	\$3,716
Certified Nursing Assistant	A	B	\$3,716
Certified Nursing Assistant	A	B	\$3,716
IT Technician	B	C	\$4,878
Office Assistant (Typing)	A	B	\$4,166
Personnel Specialist	B	C	\$4,885

Classification	Prior Range	Current Range	Salary (Monthly Rate)
Staff Services Analyst	A	B	\$4,137
Staff Services Analyst	A	B	\$4,933
Staff Services Analyst	B	C	\$5,335
Staff Services Analyst	B	C	\$4,982
Staff Services Analyst	B	C	\$5,335

FINDING NO. 12	ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES
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Summary: The CRD found 3 errors in the 13 alternate range movements reviewed:

Classification	Description of Findings	Criteria
Certified Nursing Assistant	Employee met the criteria for Range B in June 2024, but was not moved until December 2024, resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, § 599.676 & Alternate Range Criteria 348
Certified Nursing Assistant	Incorrect salary determination resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, § 599.676
Personnel Specialist	Incorrect salary determination resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, § 599.674, subd. (a)

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, July 1, 2024, through December 31, 2024, the CalVet issued bilingual pay to one employee. The CRD reviewed the one bilingual pay authorization to ensure compliance with applicable CalHR policies and guidelines. This is listed below:

Classification	No. of Appts.
Associate Governmental Program Analyst	1

FINDING NO. 13	BILINGUAL PAY AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRD found that the bilingual pay authorized to one employee during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

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, July 1, 2024, through December 31, 2024, the CalVet authorized 349 pay differentials¹². 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
Automotive Equipment Operator I (4 positions)	409	5%
Building Maintenance Worker	409	5%
Chief Engineer I	435	\$100
Chief Engineer I	436	5%
Groundskeeper (2 positions)	409	5%
Materials And Stores Specialist	409	5%
Office Technician (Typing)	441	\$250
Physician And Surgeon (2 positions)	413	15%
Registered Nurse (4 positions)	161	\$150
Registered Nurse	496	2%
Registered Nurse (2 positions)	496	3%
Respiratory Care Practitioner	136	\$1,000
Stationary Engineer	233	\$100
Stationary Engineer	435	\$100
Stationary Engineer	436	9%
Water And Sewage Plant Supervisor	234	6%

FINDING NO. 14	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
Chief Engineer I	Employee did not receive the correct pay differential rate based on years of service, resulting in the employee being undercompensated.	Pay Differential 436

¹² For the purposes of CRD's review, only monthly pay differentials were selected for review at this time.

Classification	Description of Findings	Criteria
Office Technician (Typing)	Employee's worksite is not located in an eligible county to receive the pay differential, resulting in the employee being overcompensated.	Pay Differential 441
Registered Nurse (4 positions)	Employees are not in the correct pay range to be eligible to receive the pay differential, resulting in the employees being overcompensated ¹³ .	Pay Differential 161

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

¹³ Although the CalVet is asking CalHR for approval for these pay differentials, employees received the pay differential without final approval.

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.

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, July 1, 2024, through December 31, 2024, the CalVet issued OOC pay to four employees. The CRD reviewed three 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
Associate Governmental Program Analyst	R01	Staff Services Manager I	12/2/24 - 3/31/25
Cook Specialist I	R15	Cook Specialist II	4/1/24 - 7/29/24
Food Service Technician II	R15	Cook Specialist I	7/1/24 - 10/28/24

FINDING NO. 15	INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY¹⁵
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Summary: The CRD found two errors in the three OOC pay assignments reviewed:

Classification	Out-of-Class Classification	Description of Findings	Criteria
Cook Specialist I	Cook Specialist II	Incorrect out-of-class rate calculated resulting in the employee being undercompensated.	Pay Differential 91
Food Service Technician II	Cook Specialist I	Incorrect out-of-class rate calculated resulting in the employee being undercompensated.	Pay Differential 91

Criteria: An employee may be temporarily required to perform out-of-class work by his/her department for up to one hundred twenty (120) calendar days in any twelve (12) consecutive calendar months when

¹⁵ Repeat finding; see report dated June 17, 2022.

it determines that such an assignment is of unusual urgency, nature, volume, location, duration, or other special characteristics; and, cannot feasibly be met through use of other civil service or administrative alternatives. Departments may not use out-of-class assignments to avoid giving civil service examinations or to avoid using existing eligibility lists created as the result of a civil service examination.

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-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

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

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

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

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

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

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

At the time of the review, the CalVet had 23 positive paid employees whose hours were tracked. The CRD reviewed 16 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Hours Worked
Accounting Officer (Specialist)	Retired Annuitant	Fiscal Year	955
Associate Governmental Program Analyst	Retired Annuitant	Fiscal Year	846.5
Associate Governmental Program Analyst	Retired Annuitant	Fiscal Year	148.5
Associate Personnel Analyst	Retired Annuitant	Fiscal Year	960
Attorney IV	Retired Annuitant	Fiscal Year	959
Business Services Officer I (Specialist)	Retired Annuitant	Fiscal Year	514
Clinical Social Worker (Health Facility)	Retired Annuitant	Fiscal Year	352
Clinical Social Worker (Health Facility)	Retired Annuitant	Fiscal Year	204
Dental Laboratory Technician	Retired Annuitant	Fiscal Year	365.5
Jewish Chaplain	Retired Annuitant	Fiscal Year	898.25
Occupational Therapist	Retired Annuitant	Fiscal Year	539.5
Pharmacist I	Retired Annuitant	Fiscal Year	858
Pharmacist I	Retired Annuitant	Fiscal Year	723
Pharmacy Technician	Retired Annuitant	Fiscal Year	903.5
Staff Service Manager I	Retired Annuitant	Fiscal Year	471
Staff Services Analyst	Retired Annuitant	Fiscal Year	488.5

FINDING NO. 16	POSITIVE PAID EMPLOYEES' TRACKED HOURS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the positive paid employees reviewed during the compliance review period. The CalVet provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

Administrative Time Off

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

During the period under review, May 1, 2024, through April 30, 2025, the CalVet authorized 31 ATO transactions. The CRD reviewed 25 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines.

FINDING NO. 17	ADMINISTRATIVE TIME OFF AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD found no deficiencies in the ATO transactions reviewed during the compliance review period. The CalVet provided the proper documentation justifying the use of ATO and adhered to applicable laws, regulations and CalHR policy and guidelines.

Leave Accounting

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

During the period under review, January 31, 2025, through April 30, 2025, the CalVet reported 951 units. The CRD reviewed 30 units within 3 pay periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 18	LEAVE ACCOUNTING COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD reviewed leave records from three different leave periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRD found no deficiencies. The CalVet utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

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.¹⁸ (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.

¹⁸ 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 employees¹⁹ 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, January 1, 2025, through June 30, 2025, the CalVet had 40 employees with qualifying and non-qualifying pay period transactions. The CRD reviewed 30 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines.

FINDING NO. 19	INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTION
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Summary: The CRD found the following errors in the CalVet's state service transactions:

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

Criteria: In the application of Government Code section 19837, an employee shall be considered to have a month of state service if the employee either: (1) has had 11 or more working days of service in a monthly pay period; or (2) would have had 11 or more working days of service in a monthly pay period but was laid off or on a leave of absence for the purpose of lessening the impact of an impending layoff. (Cal. Code Regs., tit.2, § 599.608.) Absences from state service resulting from permanent separation for more than 11 consecutive working days which fall into two consecutive pay periods shall disqualify one of the pay periods. (*Ibid.*)

Hourly or daily rate employees working in a state agency in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods

¹⁹ 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.

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

Workers' Compensation

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

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

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

FINDING NO. 21	WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRD verified that the CalVet provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law. Furthermore, the CRD verified that when the CalVet received workers' compensation claims, they properly provided claim forms within one working day of notice or knowledge of injury.

Performance Appraisals

According to Government Code section 19992.2, subdivision (a), appointing powers must "prepare performance reports." Furthermore, California Code of Regulations, title 2, section 599.798, directs supervisors to conduct written performance appraisals and discuss overall work performance with permanent employees at least once in each twelve calendar months after the completion of the employee's probationary period.

The CRD selected 86 permanent CalVet 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. 22	PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES²⁰
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Summary: The CalVet did not provide annual performance appraisals to 40 of 86 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 CalVet's response is attached as Attachment 1.

CORRECTIVE ACTIONS

A written corrective action response addressing all areas identified as out of compliance, along with supporting documentation demonstrating the implementation of the specified corrective actions, must be submitted to the CRD within 90 days of the date of this report.

²⁰ Repeat finding; see report dated June 17, 2022.

DEPARTMENT OF VETERANS AFFAIRS

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January 9, 2026

Suzanne Ambrose, Executive Officer
State Personnel Board
801 Capitol Mall
Sacramento, CA 95814

Dear Ms. Ambrose,

The California Department of Veterans Affairs (CalVet) appreciates the opportunity to provide a response to the State Personnel Board's Compliance Review Draft Report provided on December 19, 2025. CalVet takes compliance issues seriously and is committed to adhering to the rules and regulations of the State of California.

The following details are CalVet's responses for the findings identified in the compliance review.

Finding No. 3 – Unlawful Appointment

Cause: At the time of the appointment, minimum qualification requirements were not consistently applied due to insufficient standardization in the review process, which resulted in an incorrect determination that the employee met the required experience criteria.

Corrective Action: CalVet is currently centralizing Classification and Pay units and will standardize training and processes for all recruitment analysts to prevent future misinterpretations and errors. Training has been provided to all recruitment analysts during the months of November 2025 and January 2026 to ensure consistent interpretation on the review of minimum qualifications.

Finding No. 4 - Probationary Evaluations Were Not Provided for All Appointments Reviewed and Those That Were Reviewed Were Untimely

Cause: Although CalVet has a process in place to track and notify supervisors and managers of probationary evaluation requirements, enforcement and accountability mechanisms were insufficient. As a result, some supervisors did not complete evaluations within required timeframes and did not consistently submit signed evaluations to the appropriate parties for proper retention.

Corrective Action: CalVet will strengthen compliance with probationary evaluation requirements by reinforcing accountability for supervisors and managers to complete and distribute evaluations within required timeframes. This will include general announcements during the department leadership roundtable meetings.

Finding No. 5 - Appointment Documentation Was Not Kept for the Appropriate Amount of Time

Cause: High turnover among Personnel Specialists resulted in inconsistent communication and enforcement of procedures for obtaining and retaining signed Notices of Personnel Action (NOPAs). In addition, the absence of a documented, standardized process contributed to inconsistent retention of NOPAs for the required duration.

Corrective Action: CalVet will address appointment documentation deficiencies by implementing a documented step-by-step process for obtaining and retaining signed NOPAs. These procedures will be stored electronically and in Personnel Specialist's reference binders with supervisory oversight to ensure documentation is completed and retained for the required duration.

Finding No. 6 - Complainants Were Not Notified of the Reasons for Delays in Decisions Within the Prescribed Time Period

Cause: In three out of four cases, the department's investigations into complaints were delayed and exceeded the 90-day timeframe. Additionally, the department failed to provide written status updates to the complainants. These delays were caused by missed reminders and inadequate tracking of scheduled communications.

Corrective Action: The department understands the requirements to issue a written decision to the complainant within 90-days of an EEO complaint being filed and if unable to do so, the complainant must be informed in writing of the reasons for the delay. The department realizes that a tracking system needs to be implemented to ensure notifications are sent within the 90-day requirement and will work on implementing a process and system.

Finding No. 7 – Unions Were Not Notified of Personal Services Contracts

Cause: The department's process for notifying unions of Personal Services Contracts was not consistently followed, resulting in missed or delayed notifications.

Corrective Action: This has been addressed with staff. Processes will be reviewed and improved, and training will be scheduled annually to ensure this requirement is followed moving forward.

Finding No. 8 - Ethics Training Was Not Provided for All Filers

Cause: High turnover within the Training and Staff Development units led to inconsistent assignment and tracking of ethics training, resulting in both existing and newly designated filers not completing the required training within the prescribed timeframe.

Corrective Action: CalVet will ensure all designated filers complete ethics training within required timeframes by centralizing oversight within the Training and Staff Development Unit. Ethics training will be assigned through the Relias Learning Management System (LMS) and incorporated into New Employee Orientation, with completion monitored to ensure compliance.

Finding No. 9 – Supervisory Training Was Not Provided for All Supervisors, Managers, and CEAs

Cause: Incomplete tracking and inconsistent oversight of training assignments, combined with insufficient support for new supervisors, managers, and CEAs, resulted in required supervisory training not being completed within the prescribed timeframes.

Corrective Action: CalVet will improve compliance with supervisory training requirements by updating tracking procedures and assigning training staff to provide direct outreach and assistance to new supervisors, managers, and CEAs. Training completion will be monitored to ensure all required courses are completed within prescribed timeframes.

Finding No. 10 – Sexual Harassment Prevention Training Was Not Provided for All Employees

Cause: Upon review, it was discovered that there was a glitch in the LMS and that some staff were provided with incorrect training. In addition to inadequate tracking and assignment of training through the LMS, combined with inconsistent oversight of employee training status, resulted in sexual harassment prevention training not being provided timely to new supervisors, existing supervisors, and non-supervisory staff.

Corrective Action: CalVet will correct and mitigate training noncompliance by updating the LMS employee profiles and hierarchies to ensure appropriate course assignments based on supervisory status. The Training and Staff Development Unit will work with the Relias LMS helpdesk to resolve system issues and monitor ongoing compliance with initial and biennial training requirements.

Finding No. 11 – Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment

Cause: Inconsistent adherence to established laws, rules, and CalHR guidelines by Personnel Specialists, combined with lapses in supervisory review of PAR packages, resulted in errors in salary determinations going undetected.

Corrective Action: CalVet has corrected all identified salary determination errors and submitted required documentation to State Controller's Office (SCO). To mitigate recurrence, staff will complete SCO salary determination training, reference materials will be developed, and periodic refresher training will be conducted. Supervisory review requirements will be reinforced to ensure compliance with CalHR policies.

Finding No. 12 – Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Cause: Inconsistent adherence to Civil Service laws, Board rules, and CalHR policies by Personnel Specialists, coupled with lapses in supervisory review and incomplete documentation of PARs, led to errors in alternate range movements and incorrect salary determinations.

Corrective Action: CalVet has corrected all identified incorrect salaries and Alternate Range Movements and submitted all required documentation to SCO for processing of underpayments and overpayments. An accounts receivable letter has been issued to recover the identified overpayment. To mitigate recurrence, CalVet will develop and distribute a standardized, documented review process for alternate range criteria to all Personnel Specialists, with required use and supervisory oversight to ensure consistent and accurate processing.

Finding No. 14 – Incorrect Authorization of Pay Differentials

Cause: Incorrect authorization of pay differentials occurred because CalVet did not have consistent processes to review, identify, and update pay differentials for transferring employees or for those whose eligibility changed over time. Additionally, the absence of formal reminders or monitoring mechanisms contributed to pay differentials being continued in error.

Corrective Action: CalVet has corrected all identified incorrect or outdated pay differentials. To mitigate recurrence, the department will implement a standardized process requiring verification of pay differential eligibility at hire, transfer, and tenure-based milestones. A departmental reference list of applicable pay differentials will be maintained, and reminders will be established to ensure timely updates. CalVet will also continue coordination with CalHR to establish range criteria for Pay Differential 161.

Finding No. 15 – Incorrect Authorization of Out-of-Class Pay

Cause: Out-of-class (OOC) pay was incorrectly authorized because the department did not have a documented processes in place to ensure that OOC pay was calculated using the correct salary, resulting in employees being undercompensated.

Corrective Action: CalVet will ensure accurate calculation of OOC pay by conducting training for Personnel Specialists and distributing standardized procedures and reference materials.

Compliance will be monitored to ensure calculations are consistently performed using the correct salary basis.

Finding No. 22 – Performance Appraisals Were Not Provided to All Employees

Cause: CalVet lacks sufficient enforcement and accountability mechanisms to ensure all managers complete performance appraisals, resulting in inconsistent compliance despite reminders and notifications.

Corrective Action: CalVet will continue centralized tracking and reminder notifications for performance appraisals while reinforcing managerial accountability for timely completion. This will include general announcements during the department leadership roundtable meetings.

Thank you for the opportunity to respond to the draft report. If you have any questions, please contact Samantha Rose, Human Resources Manager of Personnel Operations at Samantha.Rose@calvet.ca.gov or (916) 653-1956.

Sincerely,

Sonya Baland

SONYA BALAND
Assistant Deputy Secretary
Human Resources Branch

Cc: Geraldine Gillen, Director of Policy and Compliance
Trisha Smith, Deputy Secretary Administration