



COMPLIANCE REVIEW REPORT

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Compliance Review Unit
State Personnel Board
March 26, 2020

TABLE OF CONTENTS

Introduction	1
Executive Summary	2
Background	3
Scope and Methodology.....	3
Findings and Recommendations	5
Appointments	5
Equal Employment Opportunity	6
Mandated Training	8
Compensation and Pay	9
Leave	11
Policy and Processes.....	13
Departmental Response.....	16
SPB Reply	16

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 Unit (CRU) 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 CRU 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 CRU conducted a routine compliance review of the California Debt Limit Allocation Committee (CDLAC) 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	Finding
Appointments	Appointments Complied with Civil Service Laws and Board Rules
Equal Employment Opportunity	A Disability Advisory Committee Has Not Been Established
Mandated Training	Mandated Training Complied with Statutory Requirements
Compensation and Pay	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Department Does Not Maintain a Current Written Nepotism Policy
Policy	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Performance Appraisal Policy and Processes Complied with Civil Service Laws and Regulations and CalHR Policies and Guidelines

A color-coded system is used to identify the severity of the violations as follows:

- Red = Very Serious
- Orange = Serious
- Yellow = Technical
- Green = In Compliance

BACKGROUND

Federal law limits how much tax-exempt debt a state can issue in a calendar year for private projects that have a qualified public benefit. This cap is determined by a population-based formula. The CDLAC was created to set and allocate California's annual debt ceiling, and administer the State's tax-exempt bond program to issue the debt. The CDLAC's programs are used to finance affordable housing developments for low-income Californians, build solid waste disposal and waste recycling facilities, and finance direct loans used by in-need college students and their parents. The CDLAC's mission is to ensure its bond allocation is fully and efficiently used to finance projects and programs while providing maximum public benefit and contributing to the economic vitality of California.

The California State Treasurer's Office (STO) performs human resources operations for the CDLAC.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the CDLAC's appointments, EEO program, mandated training, compensation and pay, leave, and policy and processes¹. The primary objective of the review was to determine if the CDLAC's personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines, CalHR Delegation Agreements, and to recommend corrective action where deficiencies were identified.

The CDLAC did not conduct any examinations or permanent withhold actions during the compliance review period.

A cross-section of the CDLAC's appointments were selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the CDLAC provided, which included Notice of Personnel Action (NOPA) forms, Request for Personnel Actions (RPA's), vacancy

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

postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports.

The CDLAC did not conduct any unlawful appointment investigations during the compliance review period. Additionally, the CDLAC did not make any additional appointments during the compliance review period.

The CDLAC's appointments were also selected for review to ensure the CDLAC applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the CDLAC 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 CRU reviewed specific documentation for alternate range movements.

During the compliance review period, the CDLAC did not issue or authorize hiring above minimum (HAM) requests, red circle rate requests, arduous pay, bilingual pay, monthly pay differentials, or out-of-class assignments.

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

The CDLAC's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, and that all supervisors, managers, and CEAs were provided leadership and development training and sexual harassment prevention training within statutory timelines.

The CDLAC did not have any employees whose current annual leave, or vacation leave credits, exceeded established limits during the compliance review period.

The CRU reviewed the CDLAC's Leave Activity and Correction Certification forms to verify that the CDLAC created a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely. The CRU selected one CDLAC unit to review in order to ensure it maintained accurate and timely leave accounting records. Further, the CRU reviewed a selection of CDLAC's positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements. During the compliance review

period, the CDLAC did not have any employees with non-qualifying pay period transactions, and the CDLAC also did not authorize Administrative Time Off (ATO).

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

An exit conference was not held with the CDLAC to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the CDLAC's written response on February 28, 2020, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

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, November 1, 2018, through October 30, 2019, the CDLAC made four appointments. The CRU reviewed two of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Staff Services Manager I	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	1

FINDING NO. 1 – Appointments Complied with Civil Service Laws and Board Rules

The CDLAC measured each applicant's ability to perform the duties of the job by conducting hiring interviews and selecting the best-suited candidates. For the list appointment reviewed, the CDLAC ordered a certification list of candidates ranked competitively. After properly clearing the certification list including SROA, the selected candidate was appointed based on eligibility attained by being reachable within the first three ranks of the certification list.

The CRU reviewed one CDLAC appointment made via transfer. A transfer of an employee from a position under one appointing power to a position under another appointing power may be made if the transfer is to a position in the same class or in another class with substantially the same salary range and designated as appropriate by the executive officer. (Cal. Code Regs., tit. 2, § 425.) The CDLAC verified the eligibility of the candidate to his appointed class.

The CRU found no deficiencies in the appointments that the CDLAC initiated during the compliance review period. Accordingly, the CRU found that the CDLAC's appointments processes and procedures utilized during the compliance review period satisfied civil service laws and Board rules.

Equal Employment Opportunity

Each state agency is responsible for an effective EEO program. (Gov. Code, § 19790.) The appointing power for each state agency has the major responsibility for monitoring the effectiveness of its EEO program. (Gov. Code, § 19794.) To that end, the appointing power must issue a policy statement committed to EEO; issue procedures for filing, processing, and resolving discrimination complaints; and cooperate with the CalHR, in accordance with Civil Code section 1798.24, subdivisions (o) and (p), by providing access to all required files, documents and data necessary to carry out these mandates. (*Ibid.*) In addition, the appointing power must appoint, at the managerial level, an EEO Officer, who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department's EEO program. (Gov. Code, § 19795, subd. (a).)

Pursuant to Government Code section 19795, subdivision (a), in a state agency with less than 500 employees, like the CDLAC, the EEO Officer may be the Personnel Officer.

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

FINDING NO. 2 – A Disability Advisory Committee Has Not Been Established

Summary: The CDLAC does not have an active DAC.

Criteria: 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).)

Severity: Very Serious. The agency head does not have direct information on issues of concern to employees or other persons with disabilities and input to correct any underrepresentation. The lack of a DAC may limit an agency's ability to recruit and retain a qualified workforce, impact productivity, and subject the agency to liability.

Cause: The CDLAC states that it is a member of the STO's DAC, however it did not actively participate in the DAC during the time period identified in the compliance audit. As recently as December 2019, the EEO Officer e-mailed all CDLAC employees seeking volunteers who were willing to serve as members of the DAC, however no one volunteered.

Corrective Action: Within 90 days of the date of this report, the CDLAC must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that the CDLAC is an active participant on the STO's DAC. Copies of relevant

documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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), (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).) As to the sexual harassment and abusive-conduct prevention component, the training must thereafter be provided to supervisors once every two years. (Gov. Code, § 12950.1.)

Within 12 months of the initial appointment of an employee to a management or Career Executive Assignment (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.*) Thereafter, for both categories of appointment, the employee must be provided a minimum of 20 hours of leadership training on a biennial basis. (*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 CRU reviews documents and records related to training that appointing powers are required by the afore-cited laws to provide its employees.

The CRU reviewed the CDLAC's mandated training program that was in effect during the compliance review period, November 1, 2017, through October 31, 2019.

FINDING NO. 3 – Mandated Training Complied with Statutory Requirements

The CDLAC provided ethics training to its one new filer within six months of appointment. The CDLAC also provided manager training to its one new manager within 12 months of appointment. In addition, the CDLAC provided sexual harassment prevention training to its one new supervisor within six months of appointment. Thus, the CDLAC complied with mandated training requirements within statutory timelines.

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 rate² 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, November 1, 2018, through October 30, 2019, the CDLAC made four appointments. The CRU reviewed two of those appointments to determine if the CDLAC applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

² "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	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Staff Services Manager I	Certification List	Permanent	Full Time	\$6,869
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	\$6,228

FINDING NO. 4 – Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the salary determinations that were reviewed. The CDLAC appropriately calculated and keyed the salaries for each appointment and correctly determined employees’ anniversary dates ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

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, August 1, 2018, through July 30, 2019, the CDLAC made one alternate range movement within a classification. The CRU reviewed this alternate range movement to determine if the CDLAC applied salary regulations accurately and correctly processed each employee’s compensation, which are listed below:

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Staff Services Analyst	Range A	Range B	Full Time	\$3,692

FINDING NO. 5 – Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU determined that the alternate range movement the CDLAC made during the compliance review period satisfied civil service laws, Board rules and CalHR policies and guidelines.

Leave

Positive Paid Employees

Actual Time Worked (ATW) is a method that can be used to keep track of a Temporary Authorization Utilization (TAU) employee's time to ensure that the Constitutional limit of 9 months in any 12 consecutive months is not exceeded. The ATW method of counting time is used in order 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 of the working days of a month. When counting 189 days, every day worked, including partial days³ worked and paid absences,⁴ is counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day is 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).)

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.

³ For example, two hours or ten hours counts as one day.

⁴ For example, vacation, sick leave, compensating time off, etc.

At the time of the review, the CDLAC had one positive paid employee whose hours were tracked. The CRU reviewed this positive paid appointment to ensure compliance with applicable laws, regulations, policies and guidelines, which is listed below:

Classification	Time Base	Time Frame	Time Worked
Associate Governmental Program Analyst	Retired Annuitant	10/8/18 – 6/30/19	830 hours

FINDING NO. 6 – Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found no deficiencies in the positive paid employee reviewed during the compliance review period. The CDLAC provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

Leave Auditing and Timekeeping

Departments must 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 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, May 1, 2019, through July 30, 2019, the CDLAC reported one unit comprised of 27 active employees. The pay period and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	Unit Reviewed	Number of Employees	Number of Timesheets Reviewed	Number of Missing Timesheets
July 2019	001	8	8	0

FINDING NO. 7 – Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU reviewed employee leave records from one leave period to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRU found no deficiencies. The CDLAC kept complete and accurate time and attendance records for each employee and officer employed within the department and utilized a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely.

Policy and Processes

Nepotism

It is the policy of the State of California to recruit, hire and assign all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. (Human Resources Manual Section 1204.) Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (*Ibid.*) Nepotism is defined as the practice of an employee using his or her influence or power to aid or hinder another in the employment setting because of a personal relationship. (*Ibid.*) Personal relationships for this purpose include but are not limited to, association by blood, adoption, marriage and/or cohabitation. (*Ibid.*) In addition, there may be personal relationships beyond this general definition that could be subject to these policies. (*Ibid.*) All department nepotism policies should emphasize that nepotism is antithetical to a merit-based personnel system and that the department is committed to the state policy of recruiting, hiring and assigning employees on the basis of merit. (*Ibid.*)

FINDING NO. 8 – Department Does Not Maintain a Current Written Nepotism Policy

Summary: The CDLAC does not maintain a current written nepotism policy designed to prevent favoritism or bias in the recruiting, hiring, or assigning of employees.

Criteria: It is the policy of the State of California to recruit, hire and assign all employees on the basis of fitness and merit in accordance with civil service statutes, rules and regulations. (Human Resources Manual Section 1204). All department policies should emphasize that nepotism is antithetical to a merit-based personnel system and that the department is committed to the state policy of recruiting, hiring, and assigning employees on the basis of merit. (*Ibid.*)

Severity: Very Serious. Nepotism is expressly prohibited in the state workplace because it is antithetical to California's merit based civil service. Departments must take proactive steps to ensure that the recruitment, hiring, and assigning of all employees is done on the basis of merit and fitness in accordance with civil service statutes. The maintaining of a current written nepotism policy, and its dissemination to all staff, is the basis for achieving these ends.

CDLAC Reply: The STO states that pursuant to Government Code section 8869.86, subdivision (b), the STO is the chair of CDLAC, appoints the executive director, and determines the duties of the executive director and other staff as necessary. The CDLAC is required to comply with the STO departmental policies as described in the STO's Department Administrative Manual. The STO respectfully disagrees with this finding because the STO does maintain a current nepotism policy in the Department Administrative Manual that the CDLAC must follow.

SPB Response: CDLAC is a distinctly different agency than STO. STO's Nepotism policy does not specifically mention that it applies to CDLAC, nor could STO produce documentation that CDLAC's employees have been specifically informed that CDLAC uses STO's Nepotism policy.

Corrective Action: Within 90 days of the date of this report, the CDLAC must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Human Resources Manual Section 1204. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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 subds. (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 CDLAC did not employ volunteers during the compliance review period.

FINDING NO. 9 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
--

The CRU verified that the CDLAC provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law.

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 CRU selected two permanent CDLAC employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines. These are listed below:

Classification	Date Performance Appraisals Due
Associate Governmental Program Analyst	9/05/19
Associate Governmental Program Analyst	2/04/19

FINDING NO. 10 – Performance Appraisal Policy and Processes Complied with Civil Service Laws and Regulations and CalHR Policies and Guidelines

The CRU found no deficiencies in the performance appraisals selected for review. Accordingly, the CDLAC performance appraisal policy and processes satisfied civil service laws, Board rules, policies and guidelines.

DEPARTMENTAL RESPONSE

The CDLAC’s response is attached as Attachment 1.

SPB REPLY

Based upon the CDLAC’s written response, the CDLAC will comply with the corrective actions specified in these report findings. Within 90 days of the date of this report, a written corrective action response including documentation demonstrating implementation of the corrective actions specified, must be submitted to the CRU.



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
 Sacramento, CA 95814
 p (916) 653-3255
 f (916) 653-6827
 cdlac@treasurer.ca.gov
 www.treasurer.ca.gov/cdlac

MEMBERS

FIONA MA, CPA, CHAIR
 STATE TREASURER
 GAVIN NEWSOM
 GOVERNOR
 BETTY T. YEE
 STATE CONTROLLER
 EXECUTIVE DIRECTOR
 JUDITH BLACKWELL

February 27, 2020

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

Dear Ms. Ambrose,

Response to Compliance Review Report

The State Treasurer's Office (STO) provides personnel services for the California Debt Limit Allocation Committee (CDLAC). On behalf of CDLAC, the STO submits this letter in response to the State Personnel Board's (SPB) compliance review of the CDLAC personnel practices for the period November 1, 2018 through October 30, 2019. CDLAC and the STO appreciate SPB's review and the opportunity to respond to its findings. Please reference the enclosed Attachment A for detailed responses.

The STO, on behalf of CDLAC, respectfully disagrees with the two findings, as noted on Attachment A. That said, CDLAC in coordination with the STO has taken or will take immediate steps to develop and submit a Corrective Action Plan within 60 days of the release of the report to address the deficiencies identified.

Thank you for the opportunity to respond to your draft report. If you have any questions, or require additional information, please do not hesitate to contact me at (916) 653-3382, or by email at csneed@treasurer.ca.gov.

Sincerely,

Christopher Sneed
 Chief of Management Services

Enclosure

cc: Rebecca Grajski, Administration Division Director, STO
 Genevieve Jopanda, Chief Deputy Treasurer, STO
 Judith Blackwell, Acting Executive Director, CDLAC

ATTACHMENT A
Page 1 of 4

FINDING No. 1 – Appointments Complied with Civil Service Laws and Board Rules

Cause: None

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

FINDING No. 2 – Equal Employment Opportunity - A Disability Advisory Committee Has Not Been Established

Cause: The CDLAC does not have an active DAC.

Department's Response: Pursuant to Government Code § 8869.83(b), the Treasurer shall serve as chairperson of the committee and the office of the Treasurer shall provide an executive director and any administrative assistance and support staff that is needed for the committee to operate. Given the Treasurer is the appointing power for CDLAC, pursuant to Government Code § 19795, the Treasurer's equal employment opportunity officer (EEOC) is charged with developing, implementing, coordinating and monitoring the organization's equal employment opportunity program.

CDLAC does in fact have an active Disability Advisory Committee (DAC) that meets regularly to discuss issues of concern to employees with disabilities; and as such, CDLAC is in compliance with Government Code § 19795, subd. (b)(1). As specified in law, the State Treasurer's Office's (STO) EEOC and DAC chairperson invite all STO employees and all employees of the Boards, Commissions, and Authorities under the purview of the Treasurer to participate in the DAC. However, during the time period identified in the compliance audit, no CDLAC employees had volunteered to actively participate on the DAC.

As recently as December 2019, the EEOC again emailed all STO and BCA employees seeking volunteers who were willing and able to serve as members, pursuant to Gov. Code § 19795, subd. (b)(2). However, given the law specifically states that departments "shall invite all employees to serve on the committee", the STO does not have the authority to require participation from its employees. Consequently, the STO is limited in its ability to mandate active participation from each of the BCAs.

FINDING No. 3 – Mandated Training Complied with Statutory Requirements

Cause: None

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

ATTACHMENT A
Page 2 of 4

FINDING No. 4 – Compensation and Pay - Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

Cause: None

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

FINDING No. 5 – Compensation and Pay - Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

Cause: None

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

FINDING No. 6 – Leave - Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Cause: None

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

FINDING No. 7 – Leave - Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Cause: None

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

FINDING No. 8 – Policy – Department Does Not Maintain a Current Nepotism Policy

Cause: The CDLAC does not maintain a current written nepotism policy designed to prevent favoritism or bias in recruiting, hiring, or assigning of employees

Department's Response: Pursuant to Government Code § 8869.83(b), the Treasurer shall serve as chairperson of the committee and the office of the Treasurer shall provide an executive director and any administrative assistance and support staff that is needed for the committee to operate. As such, CDLAC, as well as all of the Boards, Commissions, and Authorities (BCAs) that fall under the purview of the Treasurer, are required to comply with the departmental policies authorized by the Treasurer, as described in the Treasurer's Department Administrative Manual (DAM) sections 0200 and 0601.2:

"The State Treasurer is responsible for the policies, overall direction and administration of the State Treasurer's Office and for the performance of all its programs and activities.

ATTACHMENT A
Page 3 of 4

“Division Directors, Directors and Executive Directors will participate in the development and implementation of departmental/Authority policies.”

Specific to nepotism, the DAM outlines the following policy under section 0614:

“STO employment decisions shall be free of favoritism, nepotism and other nonjob related considerations. Maintaining the integrity of the civil service merit system requires the elimination of nepotism and all forms of favoritism. Nepotism is generally defined as the practice of an employee using his/her personal power or influence to either assist or interfere with the employment of another individual solely because of a personal relationship between the individuals.

*Responsibility for conforming to this policy lies with **all levels** of managers and supervisors. They must make every effort to ensure that no situations arise that could be interpreted as favoritism or patronage based on a personal relationship rather than merit.*

Personal relationships include, but are not limited to, associations with individuals by blood, adoption, marriage, and/or cohabitation; e.g., husband, wife, father, mother, son, daughter, brother, sister, grandparent, grandchild, uncle, aunt, first cousin, nephew, niece, in-laws, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister or two people living together outside marriage.

Specific prohibitions include employment of relatives and cohabitants (same and different sex) where:

- *One is the supervisor of the other. The term supervisor in this context includes individuals who fill out or review performance reports of the lower level individual and thus encompasses first- and second-level managers and supervisors;*
- *They work under the same immediate supervisor;*
- *One is within the organizational jurisdiction or control of the other; i.e. chain of command.*
- *One is within a position to grant special privileges to the other or to influence the appointment, promotion or work of the other.*

Temporary Authorization Utilization (TAU) appointments and appointments to non-testing classes (such as seasonal clerk, student assistant, etc.) are particularly susceptible to charges of nepotism. In addition to the above prohibitions, appointments to Student Assistant, Graduate Student Assistant and Youth Aide are prohibited for any person with one of the above relationships to an STO supervisory or managerial employee. Exceptions to this policy may be justified where a clear benefit to the Department would exist, normally due to extreme recruiting difficulty. Requests for exceptions to this policy must be made in writing and approved in advance by the Personnel Office.

Managers and supervisors should be aware of potentially sensitive situations and avoid any personal relationships within their area of responsibility which may:

- *Interfere with the fair and impartial supervision and evaluation of employees;*
- *Adversely affect the safety and morale of employees; or*
- *Hamper work production.*

ATTACHMENT A

Page 4 of 4

STO recognizes personal relationships may develop between coworkers, and they may continue to work together in the same programs, activities and location without adverse impact. However, in some instances, a personal relationship may demonstrably adversely affect the work and/or the fair and impartial supervision and evaluation of employees. If this happens, the employees may be accommodated by the reassignment of one or the other to the next available vacancy in his/her classification in another work location.

Employees should bring situations which may involve nepotism or favoritism to the Personnel Office's attention."

The DAM is discussed with all CDLAC employees in the mandatory *New Employee Orientation* training class, and is easily accessible to CDLAC employees via the department's intranet. Additionally, when an organizational policy is first implemented or when a policy is revised, the Treasurer's Personnel Office distributes the information to all employees within the organization, which includes the employees of the BCAs that fall under the Treasurer's reporting relationship. CDLAC employees, as well as all of the employees of the STO's BCAs, share a common email address of "sto.ca.gov", and all policy memos are sent to all employees with that address.

In conclusion, we respectfully disagree with this finding because CDLAC does indeed maintain a current nepotism policy, as evidenced above.

FINDING No. 9 – Policy – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Cause: None

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

FINDING No. 10 – Performance Appraisal Policy and Process Complied with Civil Service Laws, Regulations and CalHR Policies and Guidelines

Cause: None

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