



# **COMPLIANCE REVIEW REPORT**

## **CALIFORNIA STUDENT AID COMMISSION**

Compliance Review Unit  
State Personnel Board  
October 4, 2019

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## **INTRODUCTION**

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

Pursuant to Government Code section 18661, the SPB's Compliance Review 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.

Effective July 1, 2012, the Governor's Reorganization Plan Number One (GRP1) of 2011 consolidated all of the functions of the Department of Personnel Administration and the merit-related operational functions of the State Personnel Board (SPB) into the California Department of Human Resources (CalHR).

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

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

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

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

### **EXECUTIVE SUMMARY**

The CRU conducted a routine compliance review of the California Student Aid Commission (CSAC)'s personnel practices in the areas of examinations, appointments, EEO, PSC's, mandated training, compensation and pay, leave, and policy and processes<sup>1</sup>. The following table summarizes the compliance review findings.

Area	Finding
Examinations	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Appointments Complied with Civil Service Laws and Board Rules
Equal Employment Opportunity	Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
Personal Services Contracts	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Sexual Harassment Prevention Training Was Not Provided for All Supervisors
Compensation and Pay	Incorrect Application of Salary Determination Laws, Board Rules, and CalHR Policies and Guidelines for Appointment
Compensation and Pay	Incorrect Application of Salary Determination Laws, Board Rules, and CalHR Policies and Guidelines for Alternate Range Movements
Compensation and Pay	Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Bilingual Pay Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Leave	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

Area	Finding
Leave	Department Has Not Implemented a Monthly Internal Audit Process to Verify Timesheets are Keyed Accurately and Timely
Leave	Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits
Leave	Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Performance Appraisals Were Not Provided to all Employees

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

- Red = Very Serious
- Orange = Serious
- Yellow = Non-serious or Technical
- Green = In Compliance

### **BACKGROUND**

Since its creation by the Legislature in 1955, the CSAC has continued to operate as the principal state agency responsible for administering financial aid programs for students attending public and private universities, colleges, and vocational schools in California. The vision of the CSAC is toward a California that invests in educational opportunity, fosters an active, effective citizenry, and provides a higher quality of social and economic life for its citizens. The department's central mission is to make education beyond high school financially accessible to all Californians. The CSAC provides financial aid policy analysis and leadership, in partnership with California's colleges, universities, financial institutions, and financial associations.

### **SCOPE AND METHODOLOGY**

The scope of the compliance review was limited to reviewing the CSAC's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave,

and policy and processes<sup>2</sup>. The primary objective of the review was to determine if CSAC personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, and the CalHR's policies and guidelines, CalHR Delegation Agreements, and to recommend corrective action where deficiencies were identified.

During the compliance review period, the CSAC did not conduct examinations. The CRU reviewed the CSAC's permanent withhold actions documentation, including withhold determination worksheets, state applications (STD 678), class specifications, and Withhold letters.

A cross-section of the CSAC'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 CSAC 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 CSAC did not conduct any unlawful appointment investigations during the compliance review period. Additionally, the CSAC did not make any additional appointments during the compliance review period.

The CSAC's appointments were also selected for review to ensure the CSAC applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the CSAC 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 the following personnel functions related to compensation and pay: hiring above minimum (HAM) requests, bilingual pay, and out-of-class assignments.

During the compliance review period, the CSAC did not issue or authorize red circle rate requests, arduous pay, or monthly pay differentials.

The review of the CSAC'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).

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

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

The CSAC'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 were provided supervisory training and sexual harassment prevention training within statutory timelines.

The CRU also identified the CSAC's employees whose current annual leave, or vacation leave credits, exceeded established limits. The CRU reviewed a cross-section of these identified employees to ensure that employees who have significant "over-the-cap" leave balances have a leave reduction plan in place. Additionally, the CRU asked the CSAC to provide a copy of their leave reduction policy.

The CRU reviewed the CSAC's Leave Activity and Correction Certification forms to verify that the CSAC created a monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely. The CRU selected a small cross-section of the CSAC'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 CSAC'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 CRU reviewed a selection of the CSAC employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered.

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

On September 3, 2019, an exit conference was held with the CSAC to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the CSAC's written response on September 19, 2019, which is attached to this final compliance review report.

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

## **FINDINGS AND RECOMMENDATIONS**

### **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).) Once a candidate has obtained list eligibility, a department may discover information pertaining to that eligible which raises concerns regarding his/her eligibility or suitability for employment with the state. (CalHR Withhold Manual, p. 3.) A permanent withhold action is valid for the duration of the eligible's list eligibility. (*Ibid.*) Departments are required to maintain a separate file for each withhold action and the file should include a copy of the withhold notification letter sent to the eligible, as well as all supporting documentation which form the basis of the withhold action. (CalHR Withhold Manual, p. 2.)

During the review period, the CSAC conducted one permanent withhold action that the CRU reviewed, which is listed below:

Exam Title	Exam ID	Date List Eligibility Began	Date List Eligibility Ended	Reason Employee Placed on Withhold
Program Technician II	2PB30	04/07/2018	06/27/2018	Failed to Meet Minimum Qualifications

### **FINDING NO. 1 – Permanent Withhold Actions Complied with Civil Service Laws and Board Rules**

The CRU found no deficiencies in the permanent withhold action the CSAC made 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.) Appointments made from eligible lists, by way of transfer, or by way of reinstatement, must be made on the basis of merit and fitness,



which requires consideration of each individual’s job-related qualifications for a position, including his or her knowledge, skills, abilities, experience, and physical and mental fitness. (Cal. Code Regs., tit. 2, § 250 subd. (a).)

For the purposes of temporary appointments, an employment list is considered not to exist where there is an open eligible list that has three or fewer names of persons willing to accept appointment and no other employment list for the classification is available. In such a situation, an appointing power may make a temporary appointment in accordance with section 265.1. (Cal. Code Regs., tit. 2, § 265.) A Temporary Authorization Utilization (TAU) appointment shall not exceed nine months in a 12-month period. (Cal. Const., art. VII, § 5. ) In addition, when a temporary appointment is made to a permanent position, an appropriate employment list shall be established for each class to which a temporary appointment is made before the expiration of the appointment. (Gov. Code, § 19058.)

During the period under review, January 1, 2018 through September 30, 2018, the CSAC made 44 appointments. The CRU reviewed 18 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accounting Administrator I (Supervisor)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	3
Office Technician (Typing) – LEAP	Certification List	Limited Term	Full Time	1
Research Program Specialist I	Certification List	Permanent	Full Time	1
Senior Accounting Officer (Specialist)	Certification List	Limited Term	Full Time	1
Staff Services Manager I	Certification List	Permanent	Full Time	1
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Accounting Officer (Specialist)	Retired Annuitant (RA)	Limited Term	Intermittent	1
Administrative Assistant II	RA	Limited Term	Intermittent	1
Youth Aid	Temporary Authorization Utilization (TAU)	Temporary	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Associate Governmental Program Analyst	Transfer	Limited Term	Full Time	1
Information Technology Specialist I	Transfer	Permanent	Full Time	1
Senior Management Auditor	Transfer	Permanent	Full Time	1
Staff Services Analyst (General)	Transfer	Permanent	Full Time	2

**FINDING NO. 2 – Appointments Complied with Civil Service Laws and Board Rules**

The CSAC measured each applicant’s ability to perform the duties of the job by conducting hiring interviews and selecting the best-suited candidates. For each of the 10 list appointments reviewed, the CSAC ordered a certification list of candidates ranked competitively. After properly clearing the certification lists including SROA, the selected candidates were appointed based on eligibility attained by being reachable within the first three ranks of the certification lists.

The CSAC made five appointments 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 CSAC verified the eligibility of each candidate to their appointed class.

The CSAC made two retired annuitant appointments. The retirees submitted their applications and were eligible to be hired as retired annuitants, not to exceed 960 hours in a fiscal year.

The CSAC made a TAU appointment. A temporary appointment may be made to a position for which there is no employment list. (Cal. Const., art. VII, § 5. ) No person may serve in one or more positions under temporary appointment longer than nine months in a 12 consecutive month period. (Ibid.) The CSAC complied with the rules and laws governing TAU appointments.

The CRU found no deficiencies in the appointments that the CSAC initiated during the compliance review period. Accordingly, the CRU found that the CSAC’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).)

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

<b>FINDING NO. 3 – Equal Employment Opportunity Program Complied With Civil Service Laws and Board Rules</b>
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After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the CSAC's EEO program provided employees with information and guidance on the EEO process including instructions on how to file discrimination claims. Furthermore, the EEO program outlines the roles and responsibilities of the EEO Officer, as well as supervisors and managers. The EEO Officer, who is at a managerial level, reports directly to the Director of the CSAC. In addition, the CSAC has an established DAC, which reports to the Director on issues affecting persons with disabilities. The CSAC also provided evidence of its efforts to promote EEO in its hiring and employment practices, and to increase its hiring of persons with disabilities. Accordingly, the CSAC's EEO program complied with civil service laws and Board rules.

## Personal Services Contracts

A PSC includes any contract, requisition, or purchase order under which labor or personal services is a significant, separately identifiable element, and the business or person performing the services is an independent contractor that does not have status as an employee of the state. (Cal. Code Regs., tit. 2, § 547.59.) The California Constitution has an implied civil service mandate limiting the state's authority to contract with private entities to perform services the state has historically or customarily performed. Government Code section 19130, subdivision (a), however, codifies exceptions to the civil service mandate where PSC's achieve cost savings for the state. PSC's that are of a type enumerated in subdivision (b) of Government Code section 19130 are also permissible. Subdivision (b) contracts include but are not limited to private contracts for a new state function, services that are not available within state service, services that are incidental to a contract for the purchase or lease of real or personal property, and services that are of an urgent, temporary, or occasional nature.

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

During the period under review, January 1, 2018 through September 30, 2018, the CSAC had 12 PSC's that were in effect, which the CRU reviewed, listed below:

Vendor	Services	Contract Dates	Contract Amount	Justification Identified
Celer Systems, Inc.	Application Developer III	1/2018 – 1/2019	\$149,760.00	Yes
Celer Systems, Inc.	Technical Architect Services	10/2018 – 6/2020	\$638,465.00	Yes
CPS HR Consulting	Employee Investigation	11/2017 – 1/2018	\$13,170.00	Yes
CPS HR Consulting	Employee Investigation	2/2018 – 4/2018	\$18,055.00	Yes
CPS HR Consulting	Investigator to Prep Report for Hearing	3/2018 – 4/2018	\$1,480.00	Yes
Fusion Technologies	Senior Project Manager and Senior Technical Lead	5/2018 – 11/2018	\$153,090.00	Yes
Global Touchpoints	Project Manager	9/2018 – 6/2020	\$635,040.00	Yes

Vendor	Services	Contract Dates	Contract Amount	Justification Identified
IS, Inc.	Employee Training	6/2018 – 6/2019	\$49,000.00	Yes
Leading Resources	Governance Training for Commissioners	9/2018 – 6/2019	\$5,500.00	Yes
Peter Barron Stark Companies	Leadership Training for Managers	7/2018 – 6/2019	\$42,900.00	Yes
RELX, Inc.	Electronic Library Service	7/2017 – 6/2020	\$34,043.10	Yes
The Century Foundation	Consultant to Streamline Financial Aid Programs	10/2017 – 3/2018	\$87,236.00	Yes

**FINDING NO. 4 – Personal Services Contracts Complied with Procedural Requirements**

When an agency executes a personal services contract under Government Code section 19130, subdivision (b), the department must document a written justification that includes specific and detailed factual information that demonstrates how the contract meets one or more conditions specified in Government Code section 19130, subdivision (b). (Cal. Code Regs., tit. 2, § 547.60, subd. (a).) In addition to a written justification, the department shall not execute any contract until they have notified all organizations that represent state employees who perform the type of work to be contracted. (Gov. Code, § 19132, subd. (b)(1).)

The total dollar amount of all the PSC’s reviewed was \$1,827,739.10. It was beyond the scope of the review to make conclusions as to whether the CSAC’s justifications for the contract were legally sufficient. For all PSC’s reviewed, the CSAC provided specific and detailed factual information in the written justifications as to how each of the 12 contracts met at least one condition set forth in Government Code section 19130, subdivision (b). Additionally, the CSAC complied with proper notification to all organizations that represent state employees who perform the type or work contracted. Accordingly, the CSAC’s PSC’s complied with civil service laws and board rules.

**Mandated Training**

Each member, officer, or designated employee of a state agency who is required to file a statement of economic interest (referred to as “filers”) because of the position he or she holds with the agency is required to take an orientation course on the relevant ethics

statutes and regulations that govern the official conduct of state officials. (Gov. Code, §§ 11146 & 11146.1.) State agencies are required to offer filers the orientation course on a semi-annual basis. (Gov. Code, § 11146.1.) New filers must be trained within six months of appointment and at least once during each consecutive period of two calendar years, commencing on the first odd-numbered year thereafter. (Gov. Code, § 11146.3.)

Upon the initial appointment of any employee designated in a supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by the CalHR. (Gov. Code, § 19995.4, subd. (b).) The training addresses such topics as the role of the supervisor, techniques of supervision, performance standards, and sexual harassment and abusive conduct prevention. (Gov. Code, §§ 12950.1, subds. (a), (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 the 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 biannual 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 all the records for the CSAC's mandated training program that was in effect during the compliance review period. The CSAC's ethics training and supervisory

training were found to be in compliance. However, the CSAC's sexual harassment prevention training was found to be out of compliance.

**FINDING NO. 5 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors**

**Summary:** The CSAC did not provide sexual harassment prevention training to seven of 16 new supervisors within six months of their appointment. In addition, the CSAC did not provide sexual harassment prevention training to one of 12 existing supervisors every two years.

**Criteria:** Each department must provide its supervisors two hours of sexual harassment prevention training every two years. (Gov. Code, § 12950.1, subd. (a).) New supervisors must be provided sexual harassment prevention training within six months of appointment. (*Ibid.*)

**Severity:** Very Serious. The department does not ensure that all new and existing supervisors are properly trained to respond to sexual harassment or unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. This limits the department's ability to retain a quality workforce, impacts employee morale and productivity, and subjects the department to litigation.

**Cause:** The CSAC states it offers onsite mandatory sexual harassment training every two years. However, four supervisors did not complete the training within six months of appointment due to inconsistent follow-up by HR to ensure completion.

**Action:** The CSAC implemented a new process with a training database to track sexual harassment prevention training (SHPT) to ensure timely completion. However, the CSAC must continue to monitor SHPT to ensure conformity with Government Code section 12950.1, subdivision (a). Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, copies of relevant documentation including the new SHPT process and examples of notification reminders sent out after this review shall be submitted to the CRU.

## **Compensation and Pay**

### **Salary Determination**

The pay plan for state civil service consists of salary ranges and steps established by the CalHR. (Cal. Code Regs., tit. 2, § 599.666.) Several salary rules dictate how departments calculate and determine an employee's salary rate<sup>4</sup> upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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

During the period under review, December 1, 2017 through August 30, 2018, the CSAC made 44 appointments. The CRU reviewed 18 of those appointments to determine if the CSAC applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Accounting Administrator I (Supervisor)	Certification List	Permanent	Full Time	\$6,297
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$4,784
Information Technology Specialist I	Certification List	Permanent	Full Time	\$5,941
Information Technology Specialist I	Certification List	Permanent	Full Time	\$7,600
Information Technology Specialist I	Certification List	Permanent	Full Time	\$7,962
Office Technician (Typing) - LEAP	Certification List	Limited Term	Full Time	\$2,921
Research Program Specialist I	Certification List	Permanent	Full Time	\$6,578
Senior Accounting Officer (Specialist)	Certification List	Limited Term	Full Time	\$5,077
Staff Services Manager I	Certification List	Permanent	Full Time	\$5,689

<sup>4</sup> "Rate" is any one of the salary rates in the resolution by the CalHR which establishes the salary ranges and steps of the Pay Plan. (Cal. Code Regs., tit. 2, § 599.666.)



Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	\$7,421
Accounting Officer (Specialist)	Retired Annuitant	Limited Term	Intermittent	\$5,077
Administrative Assistant II	Retired Annuitant	Limited Term	Intermittent	\$5,988
Youth Aid	Temporary Authorization Utilization (TAU)	Temporary	Full Time	\$11/Hour
Associate Governmental Program Analyst	Transfer	Limited Term	Full Time	\$5,275
Information Technology Specialist I	Transfer	Permanent	Full Time	\$6,168
Senior Management Auditor	Transfer	Permanent	Full Time	\$8,148
Staff Services Analyst (General)	Transfer	Permanent	Full Time	\$4,030
Staff Services Analyst (General)	Transfer	Permanent	Full Time	\$3,690

**FINDING NO. 6 – Incorrect Application of Salary Determination Laws, Board Rules, and CalHR Policies and Guidelines for Appointment**

**Summary:** There was one error in employee compensation.

Classification	Description of Finding(s)	Criteria
Information Technology Specialist I	The employee's salary was not properly reconstructed upon his/her return from separation. Therefore, the employee was underpaid and the new anniversary date was incorrectly established.	CCR, tit.2, § 599.678 CCR, tit. 2, § 599.674(a) CCR, tit. 2, § 599.683(b)

**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.)

**Severity:** Very Serious. Failure to comply with the state civil service pay plan by incorrectly applying compensation laws and rules not in accordance with the CalHR's policies and guidelines, results in civil

service employees receiving incorrect and/or inappropriate pay amounts.

**Cause:** An employee’s salary was not properly reconstructed upon her return from separation. An error was made and the employee was underpaid due to the miscalculation.

**Action:** The CSAC will issue retroactive pay and correct the employee’s pay history. However, the CSAC must continue to monitor salary determinations to ensure conformity with California Code of Regulations, title 2, section 599.666. Furthermore, within 60 days of the SPB Executive Officer’s approval of these findings and recommendations, copies of relevant documentation including any updates to the current process and procedures such as the third level of review for salary determinations, as well as the corrective documents for the pay adjustments, shall be submitted to the CRU.

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. (California Civil Service 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, December 1, 2017 through August 30, 2018, the CSAC made 10 alternate range movements within a classification that the CRU reviewed to determine if the CSAC applied salary regulations accurately and correctly processed employee’s compensation, which are listed below:

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Information Technology Specialist I	Range A	Range C	Full Time	\$7,616
Information Technology Specialist I	Range A	Range C	Full Time	\$7,390

Information Technology Specialist I	Range A	Range C	Full Time	\$6,081
Information Technology Specialist I	Range A	Range C	Full Time	\$5,941
Staff Services Analyst (General)	Range A	Range B	Full Time	\$4,030
Staff Services Analyst (General)	Range B	Range C	Full Time	\$4,360
Information Technology Specialist I	Range B	Range C	Full Time	\$7,616
Staff Services Analyst (General)	Range B	Range C	Full Time	\$3,977
Information Technology Associate	Range C	Range D	Full Time	\$5,878
Information Technology Associate	Range C	Range D	Full Time	\$6,055

**FINDING NO. 7 – Incorrect Application of Civil Service Laws, Board Rules, and CalHR Policies and Guidelines for Alternate Range Movements**

**Summary:** There were three errors in employee compensation.

Classification	Description of Finding(s)	Criteria
Information Technology Associate	Employee was incorrectly overpaid as a result of the IT consolidation process.	Pay Letter 18-04 and Pay Letter 18-007
Information Technology Associate	Employee was incorrectly overpaid as a result of the IT consolidation process.	Pay Letter 18-04 and Pay Letter 18-007
Staff Services Analyst (General)	Employee’s salary was not properly calculated. Employee was undercompensated.	CCR tit. 2, § 599.676 and Pay Letter 18-015

**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.)

**Severity:** Very Serious. Failure to comply with the state civil service pay plan by incorrectly applying compensation laws and rules, results in civil service employees receiving incorrect and/or inappropriate pay amounts.

**Cause:** Misinterpretations of salary rules for two range changes, and merit salary and general salary adjustments occurring on the same day resulted in overpayments to three employees. Additionally, the CSAC staff have not been able to attend salary determination classes for some time due to workload and the limited availability of Sacramento based trainings by the SCO.

**Action:** The CSAC submitted a corrective action plan to ensure that all eligible HR staff will be registered to attend the next available introductory and advance salary determination trainings offered by the SCO. However, the CSAC must continue to monitor salary determinations to ensure conformity with California Code of Regulations, title 2, section 599.666 and applicable alternate range criteria. Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, copies of relevant documentation including the documents for necessary pay and salary history corrections shall be submitted to the CRU.

### Hiring Above Minimum Requests

The CalHR may authorize payment at any step above-the minimum limit to classes or positions to meet recruiting problems, or to obtain a person who has extraordinary qualifications. (Gov. Code § 19836.) For all employees new to state service, departments are delegated to approve HAMs for extraordinary qualifications. (Human Resources Manual Section 1707.) Appointing authorities may request HAMs for current state employees with extraordinary qualifications. (*Ibid.*) Delegated HAM authority does not apply to current state employees. (*Ibid.*)

Persons with extraordinary qualifications should contribute to the work of the department significantly beyond that which other applicants offer. (*Ibid.*) Extraordinary qualifications may provide expertise in a particular area of a department's program. (*Ibid.*) This expertise should be well beyond the minimum qualifications of the class. (*Ibid.*) Unique talent, ability or skill as demonstrated by previous job experience may also constitute extraordinary qualifications. (*Ibid.*) The scope and depth of such experience should be more significant than its length. (*Ibid.*) The degree to which a candidate exceeds minimum qualifications should be a guiding factor, rather than a determining one. (*Ibid.*) When a number of candidates offer considerably more qualifications than the minimum, it may not be necessary to pay above the minimum to acquire unusually well-qualified people. (*Ibid.*) The qualifications and hiring rates of state employees already in the same class should

be carefully considered, since questions of salary equity may arise if new higher entry rates differ from previous ones. (*Ibid.*) Recruitment difficulty is a factor to the extent that a specific extraordinary skill should be difficult to recruit, even though some applicants are qualified in the general skills of the class. (*Ibid.*)

If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action.<sup>5</sup> (Gov. Code § 19836 subd. (b).)

Appointing authorities may request/approve HAMs for former Legislative employees who are appointed to a civil service class and received eligibility for appointment pursuant to Government Code section 18990. (Human Resources Manual Section 1707.) The salary received upon appointment to civil service shall be in accordance with the salary rules specified in the California Code of Regulations. (*Ibid.*) A salary determination is completed comparing the maximum salary rate of the former legislative class and the maximum salary rate of the civil service class to determine applicable salary and anniversary regulation. (*Ibid.*) Typically, the legislative employees are compensated at a higher rate of pay; therefore, they will be allowed to retain the rate they last received, not to exceed the maximum of the civil service class. (*Ibid.*)

Appointing authorities may request/approve HAMs for former exempt employees appointed to a civil service class. (Human Resources Manual Section 1707.) The salary received upon appointment to civil service shall be in competitive with the employee's salary in the exempt appointment. (*Ibid.*) For example: An employee appointed to a civil service class which is preceded by an exempt appointment may be appointed at a salary rate comparable to the exempt appointment up to the maximum of the salary range for the civil service class. (*Ibid.*)

During the period under review, December 1, 2017 through August 30, 2018, the CSAC authorized one HAM request, which the CRU reviewed to determine if the CSAC correctly applied Government Code section 19836 and appropriately verified, approved and documented candidate's extraordinary qualifications, which is listed below:

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<sup>5</sup> Except that if the provisions of the memorandum of understanding requires the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Information Technology Specialist I	Certification List	Permanent	\$4,921 - \$7,962	\$7,600

**FINDING NO. 8 – Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

The CRU found that the HAM request the CSAC made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Bilingual Pay

A certified bilingual position is a position where the incumbent uses bilingual skills on a continuous basis and averages ten percent or more of the total time worked. According to the Pay Differential 14, the ten 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, December 1, 2017 through August 30, 2018, the CSAC issued bilingual pay to seven employees. The CRU reviewed all seven of these bilingual pay authorizations to ensure compliance with applicable CalHR policies and guidelines, which are listed below:

Classification	Bargaining Unit	Time Base
Associate Governmental Program Analyst	R01	Full Time
Associate Governmental Program Analyst	R01	Full Time
Management Services Technician	R01	Full Time
Staff Services Analyst (General)	R01	Full Time
Staff Services Analyst (General)	R01	Full Time

Staff Services Manager I	S01	Full Time
Staff Services Manager I	S01	Full Time

**FINDING NO. 9 – Bilingual Pay Authorization Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

The CRU found that the bilingual pay authorized to employees during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Out-of-Class Assignments and Pay

For excluded<sup>6</sup> 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.)

According to the Classification and Pay Guide, OOC assignments should only be used as a last resort to accommodate temporary staffing needs. All civil service alternatives should be explored first before using OOC assignments. (Classification and Pay Guide Section 375.) 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. (*Ibid.*) Should OOC work become necessary, the assignment would be made pursuant to the applicable MOU provisions or salary regulations. (*Ibid.*) Before assigning the OOC work, the department should have a plan to correct the situation before the 120-day time period expires. (*Ibid.*)

During the period under review, December 1, 2017 through August 30, 2018, the CSAC issued OOC pay to three employees, which the CRU reviewed to ensure compliance with applicable MOU provisions, salary regulations, and CalHR policies and guidelines.

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Research Data Analyst II	R01	Research Program Specialist I	12/18/2017 – 4/16/2018
Research Data Analyst II	R01	Research Program Specialist I	12/18/2017 – 04/16/2018
Senior Personnel Specialist	R01	Associate Personnel Analyst	11/27/2017 – 1/15/2018

<sup>6</sup> “Excluded employee” means an employee as defined in section 3527(b) of the Government Code (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to section 18801.1 of the Government Code.

**FINDING NO. 10 – Out of Class Pay Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines**

The CRU found no deficiencies in the OOC pay assignments that the CSAC authorized. The OOC pay was issued appropriately to employees 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.

**Leave**

**Administrative Time Off (ATO)**

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, July 1, 2017 through June 30, 2018, the CSAC placed 66 employees on ATO. The CRU reviewed nine of these ATO appointments to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	No. of Hours on ATO
Associate Governmental Program Analyst	7/7/2017	6 Hours
Associate Governmental Program Analyst	7/7/2017	4 Hours
Associate Personnel Analyst	7/7/2017	6 Hours
Associate Personnel Analyst	7/7/2017	5.5 Hours
Associate Personnel Analyst	6/14/2018 6/15/2018 6/18/2018	24 Hours
Management Service Technician	7/7/2017	6 Hours



Classification	Time Frame	No. of Hours on ATO
Management Service Technician	7/7/2017	5.5 Hours
Systems Software Specialist II (Technical)	7/24/2017 – 10/31/2017	560 Hours
Systems Software Specialist III (Supervisor)	7/12/2017 – 1/19/2018	1,048 Hours

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

The CRU found no deficiencies in the ATO transactions the CSAC made. Sufficient justification was provided for the use of ATO. Furthermore, the CSAC adhered to applicable laws, regulations and the CalHR’s policy and guidelines.

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.) 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, April 1, 2018 through June 30, 2018, the CSAC reported six units comprised of 359 active employees. The pay periods and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	No. of Units Reviewed	No. of Employees	No. of Timesheets Reviewed	No. of Missing Timesheets
April 2018	1	1	1	0

Timesheet Leave Period	No. of Units Reviewed	No. of Employees	No. of Timesheets Reviewed	No. of Missing Timesheets
May 2018	1	46	46	0
June 2018	1	23	23	0

**FINDING NO. 12 – Department Has Not Implemented a Monthly Internal Audit Process to Verify Timesheets are Keyed Accurately and Timely**

**Summary:** The CSAC failed to implement a monthly internal audit process to verify all timesheets were keyed accurately and timely. Leave Activity and Correction Certification forms for all three units reviewed were not completed. Leave accounting system reports and timesheets were not reconciled on a monthly basis.

**Criteria:** Each appointing power shall keep complete and accurate time and attendance records for each employee and officer employed within the agency over which it has jurisdiction. (Cal. Code Regs., tit. 2, § 599.665.) Departments are directed to create an audit process to verify all leave input is keyed accurately and timely. (Human Resources Manual Section 2101.) Attendance records shall be corrected in by the pay period following the pay period in which the error occurred. (*Ibid.*)

**Severity:** Serious. In order for departmental leave accounting reports to reflect accurate data, the review of the leave accounting records and corrections, if necessary, are to be completed by the pay period following the pay period in which the leave was keyed into the leave accounting system. This means corrections are to be made prior to

**Cause:** The CSAC states it did not have a documented process for conducting monthly leave audits and failed to complete the required Leave Activity and Correction Certification forms during the compliance review period.

**Action:** The CSAC implemented a monthly internal audit process to ensure all leave is input accurately and timely. However, the CSAC must continue to monitor and reconcile leave usage against timesheets and the LAB reports to ensure conformity with California Code of

Regulations, title 2, section 599.665 and Human Resources Manual Section 2101. Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, copies of relevant documentation including the new monthly audit process and procedures shall be submitted to the CRU.

### Leave Reduction Efforts

Departments must create a leave reduction policy for their organization and monitor employees' leave to ensure compliance with the departmental leave policy; and ensure employees who have significant "over-the-cap" leave balances have a leave reduction plan in place. (Human Resources Manual Section 2124.)

Applicable Bargaining Unit (BU) Agreements and the California Code of Regulations prescribe the maximum amount of vacation or annual leave permitted. If a represented employee is not permitted to use all of the vacation to which he or she is entitled in a calendar year, "the employee may accumulate the unused portion."<sup>7</sup> (Cal. Code Regs., tit. 2, § 599.737.) If it appears an excluded employee will have a vacation or annual leave balance that will be above the maximum amount<sup>8</sup> as of January 1 of each year, the appointing power shall require the supervisor to notify and meet with each employee so affected by the preceding July 1, to allow the employee to plan time off, consistent with operational needs, sufficient to reduce their balance to the amount permitted by the applicable regulation, prior to January 1. (Cal. Code Regs., tit. 2, § 599.742.1.)

It is the intent of the state to allow employees to utilize credited vacation or annual leave each year for relaxation and recreation, (Cal. Code Regs., tit. 2, § 599.742.1.) ensuring employees maintain the capacity to optimally perform their jobs. For excluded employees, "the employee shall also be notified by July 1 that, if the employee fails to take off the required number of hours by January 1, the appointing power shall require the employee to take off the excess hours over the maximum permitted by the applicable regulation at the convenience of the agency during the following calendar year. (*Ibid.*) To both comply with existing civil service rules and adhere to contemporary human resources principles, state managers and supervisors must cultivate healthy work-life balance by granting reasonable employee vacation and annual leave requests when operationally feasible. (Human Resources Manual Section 2124.)

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<sup>7</sup> For represented employees, the established limit for annual or vacation leave accruals is 640 hours, however for bargaining units 06 there is no established limit and for bargaining unit 05 the established limit is 816 hours.

<sup>8</sup> Excluded employees shall not accumulate more than 80 days.

As of December 2017, four CSAC employees exceeded the established limits of vacation or annual leave. The CRU reviewed all of those employees' leave reduction plans to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
CEA (Career Executive Assignment)	M01	4	Yes
CEA	M01	244	No
CEA	M01	266	Yes
Staff Services Manager II	S01	35	No
<b>Total</b>		<b>549</b>	

**FINDING NO. 13 – Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits**

**Summary:** The CSAC has a leave reduction policy in place. However, leave reduction plans were not provided for two employees whose leave balances significantly exceeded established limits.

**Criteria:** It is the policy of the state to foster and maintain a workforce that has the capacity to effectively produce quality services expected by both internal customers and the citizens of California. (Human Resources Online Manual Section 2124.) Therefore, appointing authorities and state managers and supervisors must create a leave reduction policy for the organization and monitor employees' leave to ensure compliance with the departmental leave policy. Employees who have significant "over-the-cap" leave balances must have a leave reduction plan in place and be actively reducing hours. (*ibid.*)

**Severity:** Non-Serious or Technical. California state employees have accumulated significant leave hours creating an unfunded liability for departmental budgets. The value of this liability increases with each passing promotion and salary increase. Accordingly, leave balances exceeding established limits needs to be addressed immediately.

**Cause:** The CSAC states that Human Resources (HR) annually notifies all employees that have excessive leave balances to develop a leave reduction plan with their supervisor and submit to HR.

**Action:** The CSAC has a process in place to ensure leave reduction plans are submitted to HR timely and employees with significant “over the cap” leave balances that exceed the established limit are actively reducing leave balances. However, it is recommended that within 60 days of the SPB Executive Officer’s approval of these findings and recommendations, the CSAC must submit corrective actions to improve their current processes. Furthermore, the CSAC must continue to monitor leave reduction plans to ensure conformity with Human Resources Manual Section 2124. Copies of relevant documentation including any process improvements that have been implemented since the review must be submitted to the CRU.

### 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 considered to be a qualifying or non-qualifying pay period for state service and leave accruals.

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.<sup>9</sup> (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, §

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<sup>9</sup> Except as provided in sections 599.609 and 599.776.1(b) of these regulations, in the application of Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, 19997.4 and sections 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.787, 599.791, 599.840 and 599.843 of these regulations.

599.739.) 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. (*Ibid.*) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees<sup>10</sup> 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, December 1, 2017 through August 30, 2018, the CSAC had one employee with non-qualifying pay period transactions, which the CRU reviewed to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of Transaction	Time base	Number Reviewed
Non-Qualifying Pay Period	Full Time	1

**FINDING NO. 14 – Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

The CRU determined that the CSAC ensured the employee with a non-qualifying pay period did not receive vacation/sick leave, annual leave, and/or state service accruals. The CSAC adhered to applicable laws, regulations, and the CalHR’s policy and guidelines.

**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.*)

<sup>10</sup> As identified in Government Code sections 19858.3(a), 19858.3(b), or 19858.3(c) or as it applies to employees excluded from the definition of state employee under Government Code section 3513(c) or California Code of Regulations section 599.752 subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

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. 15 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

The CRU verified that the policy was disseminated to all staff and emphasized the CSAC's commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the CSAC'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 CSAC did not employ volunteers during the compliance review period.

**FINDING NO. 16 – Workers’ Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines**

The CRU verified that the CSAC provides notice to their employees to inform them of their rights and responsibilities under California’s Workers’ Compensation law. Furthermore, the CRU verified that when the CSAC received notice or knowledge that an employee suffered a work related injury or illness, they provided claim forms within one working day.

Performance Appraisals

According to Government Code section 19992.2 subsection (a), appointing authorities 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 15 permanent CSAC employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies, and guidelines, which are listed below:

Classification	Date Performance Appraisals Due
Accounting Officer (Specialist)	8/5/2018
Accounting Technician	2/16/2018
Associate Budget Analyst	8/23/2018
Associate Governmental Program Analyst	7/6/2018
Associate Governmental Program Analyst	2/1/2016
Associate Management Auditor	4/1/2018
Associate Personnel Analyst	10/1/2018
Business Service Assistant (Specialist)	6/3/2018
Program Technician II	10/1/2018
Program Technician II	4/24/2018
Staff Services Analyst	11/24/2018
Staff Services Analyst	11/24/2018
Staff Services Manager I	3/23/2018
Staff Services Manager II	10/1/2018



Classification	Date Performance Appraisals Due
Staff Services Manager II (Spec)	10/1/2018

**FINDING NO. 17 – Performance Appraisals Were Not Provided to All Employees**

**Summary:** Two employees were not provided performance appraisals at least once in each twelve calendar month period 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.)

**Severity:** Serious. The department does not ensure that all of its employees are apprised of work performance issues and/or goals in a systematic manner.

**Cause:** HR has not provided training regarding performance appraisals. Additionally, there are many new managers and supervisors who have not gone through the performance appraisal process before.

**Action:** The CSAC has a process in place to ensure annual performance appraisals are submitted to HR timely. However, it is recommended that within 60 days of the SPB Executive Officer’s approval of these findings and recommendations, the CSAC must submit corrective actions to improve their current processes. Furthermore, the CSAC must continue to monitor performance appraisals to ensure conformity with Government Code section 19992.2 and California Code of Regulations, title 2, section 599.798. Copies of relevant documentation including any process improvements that have been implemented since the review must be submitted to the CRU.

## **DEPARTMENTAL RESPONSE**

The CSAC's response is attached as Attachment 1.

## **SPB REPLY**

It is further recommended that the CSAC will comply with the afore-stated recommendations and submit documentation to the CRU within 60 days that shows the corrective actions have been implemented.



## EXECUTIVE OFFICE

September 19, 2019

Ms. Suzanne Ambrose, Executive Officer  
State Personnel Board  
Policy and Compliance Review Division  
801 Capitol Mall  
Sacramento CA 95814

Re: California Student Aid Commission Response to Draft State Personnel Board  
Compliance Report

Dear Ms. Ambrose:

The California Student Aid Commission (CSAC) is in receipt of the State Personnel Board's (SPB) compliance review report of CSACs personnel practices. Based on the compliance review conducted, CSACs Human Resources unit has provided the following responses to the findings as presented by the SPB.

**Finding #5: Sexual Harassment Prevention Training was Not Provided for All Supervisors**

**Cause:** The CSAC states, in accordance with Government Code Section 12940.1, CSAC offers onsite mandatory sexual harassment training every two years. However, four supervisors did not complete the training within 6 months of appointment due to inconsistent follow up by HR to ensure completion.

**Corrective Action:** The CSAC Human Resources (HR) has implemented a process effective September 2019 in which a training database is used to track staff new to the agency and ensure registration and completion of sexual harassment prevention training occurs for all new staff within the 6-month mandate. HR will improve the process by training supervisors on the importance of staff completing their mandatory training requirements.

**Finding #6: Incorrect Application of Salary Determination Laws, Board Rules, and CalHR Policies and Guidelines for Appointment**

**Cause:** HR staff utilize the rules, regulations and guidelines set forth for salary determinations; however, an error was made during the reconstruction of salary history. The employee's salary was not properly reconstructed upon her return from separation and was underpaid due to the miscalculation.

**Corrective Action:** CSAC HR will receive training and processing procedures are in place to ensure accurate salary determinations. The employee will be issued retroactive pay to correct the underpayment and the employee pay history will be corrected. Going forward, HR will continue to monitor salary determinations for accuracy and to ensure conformity with civil service laws and applicable salary regulations. Additionally, a secondary review by an analyst and a third review by the Personnel Officer will be incorporated into the process prior to keying any salary changes.

**Finding #7: Incorrect Application of Salary Determination Laws, Board Rules, and CalHR Policies and Guidelines for Appointment**

**Cause:** Two employees affected by the 2018 IT classification consolidation were entitled to a range change from B to D based on meeting the alternate range criteria. A misinterpretation of a salary rule for range changes resulted in a two step increase for the employees and overpayment occurred. The CSAC HR is a small office and the staff have not been able to attend salary determination classes for some time due to workload and the limited availability of Sacramento based trainings by SCO.

A third employee was eligible for a merit salary adjustment, range change and general salary increase on the same day. The merit salary adjustment and range change were calculated prior to the general salary increase, which resulted in an underpayment.

**Corrective Action:** The original range changes must be corrected with the appropriate salary, and a request for an account receivable will be sent to the SCO for collection of the overpaid employees.

HR will correct the salary history of the third employee affected, taking into consideration any increases that have occurred since the original miscalculation. Pay will be generated to the employee based on the corrections.

HR Staff will be registered to attend the next available introduction and advanced salary determination trainings.

**Finding #12: Department Has Not Implemented a Monthly Internal Audit Process to Verify Timesheets are Keyed Accurately and Timely**

**Cause:** The CSAC states it did not have a documented process for conducting monthly leave audits during the review period April through June 2018 and failed to complete the Leave Activity and Correction Certification forms.

**Corrective Action:** CSAC has implemented a monthly internal audit process effective September 2019, in which all leave usage on the STD 634 is validated against the Leave Accounting and Balance reports (LAB) provided by SCO. CSAC has adopted the process for completing the Leave Activity and Correction Certification forms for each unit; the forms are retained separately as required by the process outlined in the HR Manual Section 2101. This process ensures leave usage and leave earned is reported correctly and that CSAC receives a copy of the LAB report with updated balances.

**Finding #13: Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits**

**Cause:** CSAC states, in accordance with CalHR Manual Section 2124, and to reduce liability of staff accumulating significant leave balances, Human Resources (HR) annually notifies all employees that have excessive leave balances to develop a leave reduction plan with their supervisor and submit to HR. While this effort did reduce leave balances, there were two employees identified who did not submit a plan to HR.

**Corrective Action:** CSAC has a policy and process in place to ensure leave reduction plans are submitted to HR in a timely manner. Additionally, CSAC's leadership team will emphasize the importance of submitting and adhering to the leave reductions plans to reduce the liability to the agency. All employees with "over the cap" leave balances will receive a leave reduction plan annually, and the Personnel Officer will meet with the employee and supervisor to ensure completion and submittal. Continuous follow up and audit of leave usage will occur, as monitored by the Personnel Officer.

**Finding #17: Performance Appraisals Were Not Provided to All Employees**

**Cause:** CSAC HR acknowledges two employees did not receive performance appraisals for the periods reviewed by SPB. Notices are provided by HR to all supervisors and managers regarding upcoming performance appraisal due dates, with two additional follow up notices providing the form and reminder to submit performance appraisals. However, HR has not provided training regarding probation reports, performance appraisals, or IDPs and the changes in the process. Additionally, there are many new managers and supervisors who have not gone through these processes previously.

**Corrective Action:** CSAC HR has a process in place to ensure the timely submission of annual performance appraisals. The Personnel Officer will be providing training at a leadership meeting to ensure all managers and supervisors are aware of the process and importance of completing performance appraisals. HR will continue to monitor and track the submission of performance appraisals to ensure conformity with Government Code Section 19992.2 and the California Code of Regulations, Title 2, Section 599.798.

CSACs leadership team will emphasize the importance of completing performance appraisals in management and executive meetings.

Sincerely,

A handwritten signature in blue ink, appearing to read "Virginia Jo Dunlap", written in a cursive style.

Virginia Jo Dunlap  
Chief Deputy Director  
Executive Office  
California Student Aid Commission

cc: Jennifer Donoho, Personnel Officer