



COMPLIANCE REVIEW REPORT

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Compliance Review Unit
State Personnel Board
August 5, 2015

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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 authority's personnel practices in four areas: examinations, appointments, equal employment opportunity (EEO), and personal services contracts (PSC's) 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. 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 California Public Employees' Retirement System (CalPERS) personnel practices in the areas of examinations, appointments, EEO, and PSC's from November 1, 2012, through October 31, 2013.

The following table summarizes the compliance review findings.

Area	Finding	Severity
Examinations	Equal Employment Opportunity Questionnaires Were Not Separated from Applications	Very Serious
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed	Serious
Equal Employment Opportunity	Equal Employment Opportunity Officer Does Not Monitor the Composition of Oral Panels in Departmental Exams	Very Serious

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

The CalPERS manages pension and health benefits for more than 1.6 million members and administers health and retirement benefits on behalf of more than 3,000 employers. The CalPERS is supported by 2,696 employees and is headquartered in Sacramento with eight regional offices located in Fresno, Glendale, Orange, Sacramento, San Bernardino, San Diego, San Jose, and Walnut Creek.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing CalPERS examinations, appointments, EEO program, and PSC's from November 1, 2012, through October 31, 2013. The primary objective of the review was to determine if CalPERS personnel practices, policies, and procedures complied with state civil service laws and board regulations, and to recommend corrective action where deficiencies were identified.

A cross-section of CalPERS examinations and appointments were selected for review to ensure that samples of various examinations and appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the CalPERS provided, which included examination plans, examination bulletins, job analyses, 511b's, scoring results, vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports.

The review of the CalPERS EEO program included examining written EEO policies and procedures; the EEO officer's role, duties, and reporting relationship; the internal discrimination complaint process; the upward mobility program; the reasonable accommodation program; the discrimination complaint process; and the Disability Advisory Committee (DAC). The CRU also interviewed appropriate CalPERS staff.

The CalPERS contracted for consulting in specialized fields, workshops, conference facilities, and administration of surveys and health benefits.¹ However, these contracts were not subject to CRU review.

On May 8, 2015, an exit conference was held with the CalPERS to explain and discuss the CRU's initial findings and recommendations contained in the CRU draft report. The CalPERS submitted a written response to the draft report on May 26, 2015, which was revised on June 5, 2015, and July 8, 2015. The CRU received and carefully reviewed the response, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Examinations

Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov. Code, § 18930.) Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skills, or any combination of those tests. (*Ibid.*) The Board establishes minimum qualifications for determining the fitness and qualifications of employees for each class of position and for applicants for examinations. (Gov. Code, § 18931.) Within a reasonable time before the scheduled date for the examination, the designated appointing power shall announce or advertise the examination for the establishment of eligible lists. (Gov. Code, § 18933, subd. (a).) The advertisement shall contain such information as the date and place of the examination and the nature of the minimum qualifications (MQs). (*Ibid.*) Every applicant for examination shall file an application in the office of the department or a designated appointing power as directed in the examination announcement. (Gov. Code, § 18934.) Generally, the final earned rating of each person competing in any examination is to be determined by the weighted average of the earned ratings on all phases of the examination. (Gov. Code, § 18936.) Each competitor shall be notified in writing of the results of the examination when the employment list resulting from the examination is established. (Gov. Code, § 18938.5.)

During the period under review, the CalPERS conducted 36 examinations. The CRU reviewed 14 of these examinations, which are listed below:

¹ 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.

Classification	Exam Type	Exam Components	Final File Date	No. of Applications
Accounting Administrator II	Open Promotional	Written ²	11/15/2013	74
Associate Program Evaluator, CALPERS	Open	Written	1/03/2013	45
Career Executive Assignment (CEA), Chief, Information Officer	CEA	Statement of Qualifications (SOQ) ³	4/30/2013	25
CEA, Chief, Financial Planning & Policy Division	CEA	SOQ	4/16/2013	19
Investment Officer I	Open	Supplemental Application (SA) ⁴	Continuous	966
Investment Officer II	Open	SA	Continuous	622
Investment Officer III	Open	SA	Continuous	456
Nurse Consultant I	Open	Training & Experience (T&E) ⁵	5/17/2013	3
Portfolio Manager	Departmental Open Spot	SA	Continuous	22
Programmer I	Open	T&E	9/16/2013	12

² A written examination is a testing procedure in which candidates' job-related knowledge and skills are assessed through the use of a variety of item formats. Written examinations are either objectively scored or subjectively scored.

³ In a statement of qualifications (SOQ's) examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

⁴ In a supplemental application (SA) examination, applicants are not required to present themselves in person at a predetermined time and place. Supplemental applications are in addition to the regular application and must be completed in order to remain in the examination. Supplemental applications are also known as "rated" applications.

⁵ The training and experience (T&E) examination is administered either online or in writing, and asks the applicant to answer multiple-choice questions about his or her level of training and/or experience performing certain tasks typically performed by those in this classification. Responses yield point values, which are totaled by the online system or a department exam analyst, and then assigned a percentage score.

Classification	Exam Type	Exam Components	Final File Date	No. of Applications
Research Manager II	Departmental Promotional	Qualification Appraisal Panel (QAP)	4/22/2013	11
Secretary	Department Promotional	Qualifications Assessment	9/07/2012	15
Staff Administrative Analyst	Open Promotional	QAP	9/30/2013	7
Supervising Pension Actuary	Open	Education & Experience (E&E) ⁶	1/15/2012	5

FINDING NO. 1 – Equal Employment Opportunity Questionnaires Were Not Separated from Applications

Summary: The CalPERS did not separate 45 out of 74 EEO questionnaires from the STD. 678 employment application for the Accounting Administrator II examination.

Criteria: Government Code section 19704 makes it unlawful for a hiring department to require or permit any notation or entry to be made on any application indicating or in any way suggesting or pertaining to any protected category listed in Government Code section 12940, subdivision (a) (e.g., a person's race, religious creed, color, national origin, age, or sexual orientation). Applicants for employment in state civil service are asked to provide voluntarily ethnic data about themselves where such data is determined by the California Department of Human Resources (CalHR) to be necessary to an assessment of the ethnic and sex fairness of the selection process and to the planning and monitoring of affirmative action efforts. (Gov. Code, § 19705.) The EEO questionnaire of the state application form (STD 678) states, “This questionnaire will be separated from the application prior to the examination and will not be used in any employment decisions.”

⁶ In an education and experience (E&E) examination, one or more raters reviews the applicants’ Standard 678 application forms, and scores and ranks them according to a predetermined rating scale that may include years of relevant higher education, professional licenses or certifications, and/or years of relevant work experience.

Severity: Very Serious. The applicants' protected classes were visible, subjecting the agency to potential liability.

Cause: The CalPERS states that their Examinations Unit did not have procedures in place to ensure removal of the EEO questionnaire portion from the STD 678, and did not see a conflict with Government Code section 19704 because the applications are only used for examination purposes.

Action: CalPERS has submitted a corrective action plan for ensuring EEO questionnaires are separated from the STD 678 employment application as part of its department response, therefore no further action is required at this time.

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).)

During the compliance review period, the CalPERS made 1,174 appointments. The CRU reviewed 93 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Accountant Trainee	Certification List	Permanent	Full Time	1
Actuarial Assistant Trainee, CALPERS	Certification List	Permanent	Full Time	1
Assistant Information Systems Analyst	Certification List	Limited Term	Part Time	1
Benefit Program Specialist	Certification List	Permanent	Full Time	2
Data Processing Manager II	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Executive Secretary I	Certification List	Permanent	Full Time	1
Graphic Designer I	Certification List	Permanent	Full Time	1
Health Program Manager II	Certification List	Permanent	Full Time	1
Investigator	Certification List	Permanent	Full Time	1
Investment Officer II, CALPERS	Certification List	Permanent	Full Time	1
Labor Relations Analyst	Certification List	Permanent	Full Time	1
Office Assistant (General)	Certification List	Limited Term	Full Time	1
Office Technician (General)	Certification List	Permanent	Full Time	1
Office Technician (General) (LEAP)	Certification List	Limited Term	Full Time	2
Office Technician (Typing)	Certification List	Limited Term	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	2
Office Technician (Typing) (LEAP)	Certification List	Limited Term	Full Time	1
Personnel Specialist	Certification List	Permanent	Full Time	2
Research Analyst II (General)	Certification List	Permanent	Full Time	3
Research Program Specialist II	Certification List	Permanent	Full Time	1
Retirement Program Specialist I	Certification List	Permanent	Full Time	1
Senior Information Systems Analyst (Specialist)	Certification List	Permanent	Full Time	2
Staff Program Evaluator	Certification List	Permanent	Full Time	2
Staff Programmer Analyst (Specialist)	Certification List	Permanent	Full Time	3
Staff Services Analyst (General)	Certification List	Permanent	Full Time	2

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Staff Services Analyst (LEAP)	Certification List	Limited Term	Full Time	1
Systems Software Specialist I (Technical)	Certification List	Permanent	Full Time	1
CEA, Chief, Financial Planning & Policy Division	Information List	Permanent	Full Time	1
CEA, Chief, Information Officer	Information List	Permanent	Full Time	1
Attorney IV	Reinstatement	Permanent	Full Time	1
Associate Program Evaluator	Reinstatement	Permanent	Full Time	1
Retirement Program Specialist I	Reinstatement	Permanent	Full Time	1
Retirement Program Specialist II	Reinstatement	Permanent	Full Time	1
Staff Services Manager I	Reinstatement	Permanent	Full Time	1
Special Consultant	Temporary Authorization	Limited Term	Full Time	1
Accounting Administrator I (Specialist)	Transfer	Permanent	Full Time	1
Associate Accounting Analyst	Transfer	Permanent	Full Time	3
Associate Administrative Analyst	Transfer	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	3
Associate Information Systems Analyst	Transfer	Permanent	Full Time	1
Associate Program Evaluator	Transfer	Permanent	Full Time	2
Benefit Program Specialist	Transfer	Permanent	Full Time	1
Investment Officer I, Retirement Systems	Transfer	Permanent	Full Time	3
Office Technician (General)	Transfer	Permanent	Full Time	1
Personnel Specialist	Transfer	Permanent	Full Time	1
Research Manager II (General)	Transfer	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appointments
Research Program Specialist I	Transfer	Permanent	Full Time	1
Research Program Specialist II	Transfer	Permanent	Full Time	1
Retirement Program Specialist I	Transfer	Permanent	Full Time	7
Retirement Program Specialist II (Technical)	Transfer	Permanent	Full Time	1
Senior Accounting Officer	Transfer	Permanent	Full Time	1
Senior Personnel Specialist	Transfer	Permanent	Full Time	1
Senior Programmer Analyst (Specialist)	Transfer	Permanent	Full Time	1
Senior Pension Program Representative	Transfer	Permanent	Full Time	1
Staff Program Evaluator	Transfer	Permanent	Full Time	1
Staff Services Analyst (General)	Transfer	Limited Term	Full Time	1
Staff Services Analyst (General)	Transfer	Permanent	Full Time	5
Staff Services Manager I	Transfer	Permanent	Full Time	1
Associate Accounting Analyst	Voluntary Demotion	Permanent	Full Time	1
Associate Personnel Analyst	Voluntary Demotion	Permanent	Full Time	1
Benefit Program Specialist	Voluntary Demotion	Permanent	Part Time	1
Data Processing Manager II	Voluntary Demotion	Permanent	Full Time	1
Personnel Specialist	Voluntary Demotion	Permanent	Full Time	1
Retirement Program Specialist II (Technical)	Voluntary Demotion	Permanent	Full Time	2

FINDING NO. 2 – Probationary Evaluations Were Not Provided For All Appointments Reviewed

Summary: The CalPERS did not prepare, complete, and/or retain required probationary reports of performance for 18 of the 93 appointments reviewed by CRU.

Classification	Appointment Type	No. of Appointments	No. of Uncompleted Prob. Reports
Benefit Program Specialist (CALPERS)	Certification List	1	1
Labor Relations Analyst	Certification List	1	1
Office Technician (General)	Certification List	1	3
Personnel Specialist	Certification List	1	1
Research Analyst II (General)	Certification List	3	8
Retirement Program Specialist I	Certification List	1	1
Staff Program Evaluator	Certification List	1	3
Staff Programmer Analyst (Specialist)	Certification List	1	1
Staff Services Analyst (General)	Certification List	1	1
Associate Administrative Analyst (Accounting)	Transfer	1	3
Associate Accounting Analyst	Transfer	2	3
Associate Information Systems Analyst	Transfer	1	3
Benefit Program Specialist (CALPERS)	Transfer	1	3
Senior Programmer Analyst (Specialist)	Transfer	1	3
Staff Services Analyst (General)	Transfer	1	2
Total		18	37

Criteria: During the probationary period, the appointing power is required to evaluate the work and efficiency of a probationer at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Gov. Code, § 19172; Cal. Code Regs., tit. 2, § 599.795.) The appointing power must prepare a written appraisal of performance each one-third of the probationary period. (Cal. Code Regs., tit. 2, § 599.795.)

- Severity:** Serious. The probationary period is the final step in the selection process to ensure that the individual selected can successfully perform the full scope of their job duties. Failing to use the probationary period to assist an employee in improving his or her performance or terminating the appointment upon determination that the appointment is not a good job/person match is unfair to the employee and serves to erode the quality of state government.
- Cause:** The CalPERS states their Human Resources Division did not conduct audits of official personnel file to ensure probation reports were completed and filed as required.
- Action:** CalPERS has submitted a corrective action plan for ensuring full compliance in meeting the probationary requirements of Government Code § 19172 as part of its department response; therefore no further action is required at this time.

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 committing to equal employment opportunity; issue procedures for filing, processing, and resolving discrimination complaints; issue procedures for providing equal upward mobility and promotional opportunities; and cooperate with the CalHR by providing access to all required files, documents and data. (*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.)

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).)

The CRU reviewed the CalPERS EEO program that was in effect during the compliance review period. In addition, the CRU interviewed appropriate CalPERS staff.

FINDING NO. 3 – Equal Employment Opportunity Officer Does Not Monitor the Composition of Oral Panels in Departmental Exams

Summary: The CalPERS' EEO Officer does not monitor the composition of the oral panels for departmental exams.

Criteria: The EEO Officer at each department must monitor the composition of oral panels in departmental examinations (Gov. Code, § 19795, subd. (a)).

Severity: Very Serious. Requiring the EEO Officer to monitor oral panels is intended to ensure protection against discrimination in the hiring process.

Cause: The CalPERS states that their EEO Office and HRSD did not have a documented, coordinated process to ensure compliance with Government Code, section 19795, subd. (a).

Action: CalPERS has submitted a corrective action plan for ensuring full compliance in meeting the requirements of Government Code section 19795, subd. (a) as part of its department response; therefore no further action is required at this time.

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 Reg., 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 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 the 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.)

When a state agency requests approval from the Department of General Services (DGS) for a subdivision (b) contract, the agency must include with its contract transmittal 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 19131, subdivision (b). (Cal. Code Reg., tit. 2, § 547.60.)

During the compliance review period, the CalPERS Board of Administration (BOA) had 186 PSC's that were in effect. Per Proposition 162, the CalPERS BOA has plenary authority over all CalPERS administrative areas including contracts. Therefore, none of CalPERS PSC's are subject to the DGS approval, and thus are not subject to CRU procedural review.

OTHER ISSUE – Non-Departmental Finding

The CRU discovered that the Investment Officer I, II, and III series examination, which was developed by SPB Exam Services in 2006, was not developed based upon a valid job analysis (JA). The CalHR's Test Validation & Construction Unit has developed a new Investment Officer series exam for the CalPERS which is based upon a valid JA. CalHR will work with the CalPERS to implement the new Investment Officer series examination, and cancel the current non-validated examination and abolish the existing lists.

DEPARTMENTAL RESPONSE

The CalPERS' response is attached as Attachment 1.

SPB REPLY

Based upon the CalPERS written response, the CalPERS will comply with the CRU recommendations and findings. The CalPERS submitted corrective action plans for all three departmental findings.

It is further recommended that the CalPERS comply with the afore-stated recommendations within 60 days of the Executive Officer's approval and submit to the CRU a written report of compliance.



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Memorandum

July 8, 2015

To: ALTON FORD, Manager
Policy and Compliance Review Division
State Personnel Board
801 Capitol Mall
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From: TINA CAMPBELL, Chief 
Human Resources Division

Subject: CALPERS RESPONSE TO THE STATE PERSONNEL BOARD DRAFT
COMPLIANCE REVIEW REPORT

Thank you for the opportunity to provide comments to the draft "COMPLIANCE REVIEW REPORT, CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)" dated July 2015.

CalPERS appreciates the State Personnel Board's collaboration throughout this process. We are also pleased to be recognized for many of our CalPERS hiring processes and tools that are considered "best practices" such as: CalPERS online applicant tracking system (NEOGOV), Transfer Worksheet, Hiring Above Minimum procedures and forms, and Guidelines for Accepting Late Applications.

CalPERS takes good employment practices seriously and strives for continuous improvement in developing practices that are both innovative and fall within the State's civil service standards.

The CalPERS Human Resources Division (HRSD) provides the following responses to each of the findings as presented by the State Personnel Board (SPB).

Finding No. 1- CalPERS did not separate 45 EEO questionnaires from the STD. 678 employment application for the Accounting Administrator II examination.

Of the 14 examination files reviewed by the SPB, only one, the Accounting Administrator II examination file contained EEO questionnaires. The EEO

questionnaires attached as part of the STD. 678 Examination/Employment Application were for examination purposes only, and were not provided to managers making hiring decisions.

The examination files are kept in locked cabinets with limited access. The STD. 678s filed for an examination are part of the examination file and again, are **not** provided to a hiring manager.

To ensure removal of the EEO Questionnaire from examination applications, the CalPERS HRSD Examination Services Unit (ESU) has updated its desk procedures, including the utilization of an examination closeout checklist (see attached). To further reinforce compliance, staff conducts a final file review of the applications to verify the EEO Questionnaires are removed.

This update was presented at the September 2014 HRSD ESU all staff meeting. Additionally, the unit supervisor continues to present this information in unit staff meetings to provide continuous reinforcement of this rule.

Cause: CalPERS HRSD Examinations unit did not have procedures in place to ensure removal of the EEO questionnaire portion (flap) from the STD. 678. CalPERS HRSD did not see a conflict with Government Code, Section 19704 because these applications are only used for examination purposes.

Finding No. 2- Probationary Evaluations were not provided for all appointments reviewed.

In the vast majority of cases (75 of the 93 appointments), the probation reports were prepared and filed in the Official Personnel File (OPF). Due to the critical nature of the probationary reports in evaluating the probationer's performance, and to ensure compliance, HRSD has assigned a dedicated resource to monitor and retain the probation reports in the employees OPF. Additionally, CalPERS is in the process of automating our annual performance evaluations and probationary reports and will be tracking completion through the PeopleSoft HCM system. This provides electronic copies associated with the employee's automated employment record and reinforces compliance.

Cause: In accordance with Government Code, Sections 19172 and CA Code of Regulations, Title 2, Section 599.795, CalPERS has a Probationary Report Policy outlining the probationary process and provides training for new managers and supervisors as well as refresher training. CalPERS HRSD did not conduct audits of the Official Personnel File (OPF) to ensure probation reports were completed and filed as required.

Finding No. 3 - Equal Employment Opportunity Officer does not monitor the composition of oral panels in departmental exams.

Effective March 1, 2015, CalPERS has documented and implemented processes and monitoring systems between the CalPERS HRSD Examination unit and CalPERS EEO Office. Both areas have been involved in the design of the procedures, guidelines, and monitoring. Attached are the supporting documents to ensure CalPERS is in compliance with California Government Code, Section 19795, subdivision (a). Additionally both the HRSD Examinations Unit and the EEO Office are conducting training to ensure reinforcement of these updated procedures and monitoring activities to reinforce our commitment to compliance.

Cause: CalPERS EEO Office and HRSD did not have a documented, coordinated process to ensure compliance.

Personal Services Contracts complied with Civil Service Laws and Board Rules.

No action necessary.

OTHER ISSUE – Non-Departmental Finding

The Investment Officer I, II, and III series examination, which was developed by SPB Exam Services in 2006, was not developed based upon a valid job analysis (JA). In May 2013, CalPERS contracted with CalHR's Testing Validation & Construction Unit to develop new examinations for the series including the validation of a JA to accompany the examinations. In May 2014, CalHR completed the development of the examinations.

CalPERS is prepared to coordinate with the State Personnel Board and CalHR to transition to the new examinations, cancel the current non-validated examination, and abolish the existing lists.

Again, thank you for the opportunity to comment on the draft report. CalPERS remains committed to working with the State Personnel Board and we look forward to obtaining any additional guidance or best practice tools to strengthen our processes.