



COMPLIANCE REVIEW REPORT

DEPARTMENT OF VETERANS AFFAIRS

Compliance Review Unit
State Personnel Board
[October 31, 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), CalHR and 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 Department of Veterans Affairs (CalVet)'s personnel practices in the areas of examinations, appointments, EEO, PSC's, mandated training, compensation and pay, leave, and policy and processes¹. The following table summarizes the compliance review findings.

Area	Finding
Examinations	Examinations Complied with Civil Service Laws and Board Rules
Examinations	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed
Appointments	Appointment Documentation Was Not Kept for the Appropriate Amount of Time
Equal Employment Opportunity	Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules
Personal Services Contracts	Unions Were Not Notified of Personal Services Contracts
Mandated Training	Mandated Training Complied with Statutory Requirements
Compensation and Pay	Incorrect Application of Compensation Laws, Board Rules, and/or CalHR Policies and Guidelines for Appointment
Compensation and Pay	Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Alternate Range Movement
Compensation and Pay	Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	Incorrect Authorization of Bilingual Pay
Compensation and Pay	Errors in Pay Differentials

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

Area	Finding
Compensation and Pay	Errors in Out-of-Class Pay
Leave	Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, Policy and Guidelines
Leave	Administrative Time Off (ATO) Was Not Properly Documented
Leave	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits
Leave	Departmental Leave Reduction Policy Was Not Developed
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 Appraisal Policy and Processes Complied with Civil Service Laws and Regulations, Policy and Guidelines

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 CalVet's mission is to serve California and their families. With approximately 1.8 million veterans living in the State, the CalVet strives to ensure that its veterans of every era and their families get the state and federal benefits and services they have earned and deserve as a result of selfless and honorable military service. The CalVet strives to serve veterans and their families with dignity and compassion and help them achieve their highest quality of life.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the CalVet's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes². The primary objective of the review was to determine if the CalVet's personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, the CalHR's policies and guidelines, and the CalHR's Delegation Agreements, and to recommend corrective action where deficiencies were identified.

A cross-section of the CalVet's examinations were selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRU examined the documentation that the CalVet provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the CalVet's Permanent Withhold Actions documentation, including withhold determination worksheets, state applications (STD 678), class specifications, and withhold letters.

A cross-section of the CalVet's appointments were selected for review to ensure that samples of various appointment types, classifications, and levels were reviewed. The CRU examined the documentation that the CalVet provided, which included Notice of Personnel Action (NOPA) forms, Request for Personnel Actions (RPA's), vacancy postings, application screening criteria, hiring interview rating criteria, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports.

The CalVet did not conduct any unlawful appointment investigations during the compliance review period.

The CalVet's appointments were also selected for review to ensure the CalVet applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the CalVet 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, monthly pay differentials, and

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

out-of-class assignments. During the compliance review period, the CalVet did not issue or authorize red circle rate requests and arduous pay.

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

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

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

The CRU also identified the CalVet'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 CalVet to provide a copy of their leave reduction policy.

The CRU reviewed the CalVet's Leave Activity and Correction Certification forms to verify that the CalVet 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 CalVet's units in order to ensure they maintained accurate and timely leave accounting records. Part of this review also examined a cross-section of the CalVet's employees' employment and pay history, state service records, and leave accrual histories to ensure employees with non-qualifying pay periods did not receive vacation/sick leave and/or annual leave accruals or state service credit. Additionally, the CRU reviewed a selection of the CalVet's employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Additionally, the CRU reviewed a selection of the CalVet's positive paid employees whose hours are tracked

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

during the compliance review period in order to ensure that they adhered to procedural requirements.

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

The CalVet declined an exit conference to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the CalVet's written response on October 3, 2019, 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. (*Ibid.*) Every applicant for examination shall file an application in the office of the department or a designated appointing power as directed by 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, March 1, 2018 through August 30, 2018, the CalVet conducted 223 examinations. The CRU reviewed 20 of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
CEA B, Agency Information Officer	CEA	Statement of Qualifications (SOQ) ⁴	02/09/2018	13
CEA B, Chief of Postsecondary Education	CEA	SOQ	04/25/2018	5
Associate Property Agent	Open	Supplemental Application ⁵	04/03/2018	4
Associate Property Agent	Open	SA	05/01/2018	4
Automotive Equipment Operator I	Open	SA	04/03/2018	5
Automotive Equipment Operator I	Open	SA	05/01/2018	5
Captain Firefighter/Security Officer	Open	SA	04/03/2018	4
Cook Specialist I	Open	SA	04/03/2018	6
Electronics Technician	Open	SA	04/06/2018	3
Food Service Technician I	Open	SA	05/24/2018	17
Food Service Technician II	Open	SA	04/06/2018	8
Laundry Worker	Open	SA	04/06/2018	2

⁴ In a Statement of Qualifications (SOQ) examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

⁵ In 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.

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Lead Security Guard	Open	SA	08/03/2018	3
Pharmacist I	Open	SA	04/06/2018	2
Pharmacist I	Open	SA	08/03/2018	2
Pharmacy Technician	Open	SA	08/03/2018	3
Rehabilitation Therapist (Music)	Open	SA	08/06/2018	3
Supervising Cook I	Open	SA	05/24/2018	4
Supervising Registered Nurse	Open	SA	04/03/2018	4
Supervising Registered Nurse	Open	SA	05/24/2018	2

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

The CRU reviewed CEA and open examinations that the CalVet administered in order to create eligible lists from which to make appointments. The CalVet published and distributed examination bulletins containing the required information for all examinations. Applications received by the CalVet were accepted prior to the final filing date. Applicants were notified about the next phase of the examination process. After all phases of the examination process were completed, the score of each competitor was computed, and a list of eligible candidates was established. The examination results listed the names of all successful competitors arranged in order of the score received by rank. The CRU found no deficiencies in the examinations that the CalVet conducted during the compliance review period.

Permanent Withhold Actions

Departments are granted statutory authority to permit withhold of eligibles from lists based on specified criteria. (Gov. Code, § 18935 and CalHR Withhold Delegation Memo.) Permanent appointments and promotions within the state civil service system are merit-based, ascertained by a competitive examination process. 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. As of February 12, 2013, 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 CalVet conducted 16 permanent withhold actions. The CRU reviewed five of those, which are listed below:

Exam Title	Exam ID	Date List Eligibility Began	Date List Eligibility Ended	Reason Employee Placed on Withhold
Staff Services Manager II (Supervisory)	9PB16	05/09/2017	04/10/2018	Failed to Meet Minimum Qualifications
Associate Property Agent	8VAC6	04/18/2018	04/18/2019	Failed to Meet Minimum Qualifications
Materials and Stores Specialist	6PB03	04/27/2018	08/21/2018	Failed to Meet Minimum Qualifications
Accountant I (Specialist)	0PB31	01/05/2018	01/05/2019	Failed to Meet Minimum Qualifications
Staff Services Analyst	7PB34	11/08/2017	08/21/2018	Failed to Meet Minimum Qualifications

FINDING NO. 2 – Permanent Withhold Actions Complied with Civil Service Laws and Board Rules

The CRU found no deficiencies in the permanent withhold actions undertaken by the CalVet during the compliance review period.

Appointments

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

During the period under review, January 31, 2018 through July 31, 2018, the CalVet made 448 appointments. The CRU reviewed 41 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
CEA B, Agency Information Officer	Certification List	CEA	Full Time	1
CEA B, Chief of Private Postsecondary Education	Certification List	CEA	Full Time	1
Accountant I (Specialist)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	2
Attorney	Certification List	Permanent	Full Time	1
Certified Nursing Assistant	Certification List	Permanent	Full Time	1
Cook Specialist I	Certification List	Permanent	Full Time	1
Custodian (LEAP)	Certification List	Limited Term	Full Time	1
Custodian Supervisor III	Certification List	Permanent	Full Time	1
Hospital Administrator I, General Services	Certification List	Permanent	Full Time	1
Junior Property Agent	Certification List	Permanent	Full Time	1
Lead Custodian	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Legal Analyst	Certification List	Limited Term	Full Time	1
Licensed Vocational Nurse	Certification List	Limited Term	Full Time	1
Materials and Stores Supervisor	Certification List	Limited Term	Full Time	1
Office Technician (Typing), (LEAP)	Certification List	Limited Term	Full Time	1
Office Technician (Typing)	Certification List	Permanent	Full Time	1
Physical Therapist II	Certification List	Permanent	Full Time	1
Physician and Surgeon	Certification List	Permanent	Full Time	1
Registered Nurse	Certification List	Permanent	Full Time	1
Resident Care Specialist	Certification List	Permanent	Full Time	3
Respiratory Care Practitioner	Certification List	Permanent	Full Time	1
Security Guard	Certification List	Permanent	Full Time	1
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	1
Supervising Registered Nurse	Certification List	Permanent	Full Time	1
Supervising Rehabilitation Therapist	Certification List	Permanent	Full Time	1
Building Maintenance Worker	Permissive Reinstatement	Permanent	Full Time	1
Electronics Technician	Permissive Reinstatement	Permanent	Full Time	1
Licensed Vocational Nurse	Permissive Reinstatement	Limited Term	Full Time	1
Registered Nurse	Permissive Reinstatement	Permanent	Full Time	1
Associate Governmental Program Analyst	Training and Development (T&D)	Permanent	Full time	1
Health Record Technician II	T&D	Permanent	Full time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full time	1
Electrician I	Transfer	Permanent	Full time	1
Executive Secretary I	Transfer	Permanent	Full time	1

Classification	Appointment Type	Tenure	Time Base	No. of Apts.
Office Technician (Typing)	Transfer	Permanent	Full time	1
Pharmacist I	Transfer	Limited Term	Full time	1
Staff Services Manager III	Transfer	Permanent	Full time	1

FINDING NO. 3 – Probationary Evaluations Were Not Provided for All Appointments Reviewed

Summary: Eight probationary reports were not prepared, completed and/or provided.

Classification	Appointment Type	Number of Appointments	Total Number of Missing or Late Probation Reports
Associate Governmental Program Analyst	Transfer	1	1
Attorney	Certification List	1	1
Electrician I	Transfer	1	2
Electronics Technician	Permissive Reinstatement	1	2
Staff Services Manager II (Supervisory)	Certification List	1	1
Staff Services Manager III	Transfer	1	1
Total		6	8

Criteria: The service of a probationary period is required when an employee enters in the state civil service by permanent appointment from an employment list. (Gov. Code, § 19171.) A report of the probationer’s performance shall be made to the employee at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Cal. Code Regs., tit. 2, § 599.795.) A written appraisal of performance shall be made to the Department within 10 days after the end of each one-third portion of the probationary period. (*Ibid.*)

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 CalVet did not follow internal processes in place to ensure that all probationary reports were completed timely.

Action: The CalVet currently tracks all probationary reports to ensure they are completed timely and must continue to monitor probationary reports to ensure conformity with Government Code section 19171 and California Code of Regulations, title 2, section 599.795. Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, the CalVet must submit corrective actions to improve their current processes. Copies of relevant documentation including improvements to the current probation report process shall be submitted to the CRU.

FINDING NO. 4 – Appointment Documentation Was Not Kept for the Appropriate Amount of Time

Summary: Two NOPA's were not retained.

Criteria: Appointing powers are required to retain records related to affirmative action, equal employment opportunity, examinations, merit, selection, and appointment for a minimum period of five years from the date the record is created. These records are required to be readily accessible and retained in an orderly and systemic manner. (Cal. Code Regs., tit. 2, § 26.)

Severity: Technical. Without documentation, the CRU could not verify if the appointments were properly conducted.

Cause: Human error and lack of follow up by HR supervisors and managers to ensure that NOPAs were signed by the employee and retained.

Action: The CalVet currently trains staff on the importance of receiving and maintaining signed NOPAs for all employees. However, the CalVet must continue to monitor NOPAs to ensure conformity with California Code of Regulations, title 2, section 26. Within 60 days of the SPB

Executive Officer's approval of these findings and recommendations, the CalVet must submit corrective actions to improve their current processes. Copies of relevant documentation such as improvements to NPOA procedures to ensure all NOPAs are signed and retained shall be submitted to the CRU.

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 California Department of Human Resources 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.)

Because the EEO Officer investigates and ensures proper handling of discrimination, sexual harassment and other employee complaints, the position requires separation from the regular chain of command, as well as regular and unencumbered access to the head of the organization.

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

FINDING NO. 5 – Equal Employment Opportunity Program Complied with Civil Service Laws and Board Rules

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 CalVet'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 CalVet. In addition, the CalVet has an established DAC that reports to the director on issues affecting persons with disabilities. The CalVet also provided evidence of its efforts to promote EEO in its hiring and employment practices, to increase its hiring of persons with disabilities. Accordingly, the CalVet'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 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, March 1, 2018 through August 30, 2018, the CalVet had 31 PSC's that were in effect. The CRU reviewed 16 of those.

FINDING NO. 6 – Unions Were Not Notified of Personal Services Contracts

Summary: 11 PSC's were executed before unions were notified.

Vendor	Services	Contract Dates	Contract Amount	Union Notified
All's Well Health Care	Temporary/Relief Occupational	07/01/2018 – 6/30/2021	\$279,056.73	No

Vendor	Services	Contract Dates	Contract Amount	Union Notified
Services	Therapy Services			
Asereth, Inc.	Temporary/Relief Nursing Services	07/01/2018 – 6/30/2021	\$117,859.00	No
Cell Staff, LLC.	Temporary/Relief Physical Therapy	07/01/2018 – 6/30/2021	\$417,321.60	No
Healthcare Staffing Professionals, Inc.	Registered Dietitian and Food Service Technician Services	07/01/2018 – 6/30/2021	\$588,129.64	No
Healthcare Staffing Professionals, Inc.	Temporary/Relief Physical Therapy	07/01/2018 – 6/30/2021	\$343,476.00	No
Intuitive Health Services, Inc., APC	Licensed Vocational Nurse and Certified Nursing Assistant Temporary/Relief Staff Services	05/01/2018 – 06/30/2020	\$465,327.72	No
Intuitive Health Services	Temporary/Relief Nursing Services	07/01/2019 – 6/30/2021	\$117,843.00	No
Kay Services	Temporary/Relief Occupational Therapy Services	07/01/2018 – 6/30/2021	\$241,979.21	No
Ro Health, Inc.	Temporary/Relief Occupational Therapy Services	07/01/2018 – 6/30/2021	\$93,522.41	No
Ro Health, Inc.	Temporary/Relief Physical Therapy	07/01/2018 – 6/30/2021	\$109,063.20	No
Valley Cal Rehab, LLC	Temporary/Relief Physical Therapy	07/01/2018 – 6/30/2021	\$268,795.20	No

Criteria: The contract shall not be executed until the state agency proposing to execute the contract has notified all organizations that represent state employees who perform the type of work to be contracted. (Gov. Code, § 19132, subd. (b)(1).)

Severity: Serious. Unions must be notified of impending PSC's in order to ensure they are aware contracts are being proposed for work that their members could perform.

Cause: Staff turnover, human error and lack of follow up by HR supervisors and managers to ensure that NOPAs were retained.

Action: The CalVet currently trains contract staff on contract processing for PSC's and must continue to monitor all PSC's to ensure conformity with the requirements of Government Code section 19132 (b)(1). Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, the CalVet must submit corrective actions to improve their current PSC process. Copies of relevant documentation such as improvements to the current PSC processes, as well as procedures for secondary management review of PSC's and any tools implemented such as a checklist for contract staff to utilize to ensure that unions are notified prior to contract execution shall be submitted to the CRU.

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 CalVet's mandated training program that was in effect during the compliance review period.

FINDING NO. 7 – Mandated Training Complied with Statutory Requirements

The CalVet provided ethics training to its new filer within six months of appointment and, for existing filers, "at least once during each consecutive period of two calendar years, commencing on the first odd-numbered year thereafter." The CalVet also provided supervisory training to its new supervisors within 12 months of appointment. In addition, the CalVet provided sexual harassment prevention training its new supervisor within six months of appointment, and sexual harassment prevention training to its existing supervisors every two years. Thus, the CalVet complied with mandated training requirements within statutory timelines.

Compensation and Pay

Salary Determination

The pay plan for state civil service consists of salary ranges and steps established by the CalHR. (Cal. Code Regs., tit. 2, § 599.666). Several salary rules dictate how departments calculate and determine an employee's salary rate⁶ 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, January 31, 2018 through July 31, 2018, the CalVet made 448 appointments. The CRU reviewed 37 of those appointments to determine if the CalVet applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Accountant I (Specialist)	Certification List	Permanent	Full Time	\$3,120
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$4,784
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$4,784
Attorney	Certification List	Permanent	Full Time	\$5,387
Certified Nursing Assistant	Certification List	Permanent	Full Time	\$2,480
Cook Specialist I	Certification List	Permanent	Full Time	\$3,014
Custodian (LEAP)	Certification List	Limited Term	Full Time	\$2,350
Custodian Supervisor III	Certification List	Permanent	Full Time	\$3,695

⁶ "Rate" is any one of the salary rates in the resolution by the CalHR that 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)
Hospital Administrator I, General Services	Certification List	Permanent	Full Time	\$4,578
Junior Property Agent	Certification List	Permanent	Full Time	\$3,063
Lead Custodian	Certification List	Permanent	Full Time	\$2,521
Legal Analyst	Certification List	Limited Term	Full Time	\$4,743
Licensed Vocational Nurse	Certification List	Limited Term	Full Time	\$4,032
Materials and Stores Supervisor	Certification List	Limited Term	Full Time	\$3,568
Office Technician (Typing)	Certification List	Permanent	Full Time	\$3,038
Office Technician (Typing), (LEAP)	Certification List	Limited Term	Full Time	\$2,921
Physical Therapist II	Certification List	Permanent	Full Time	\$6,727
Physician and Surgeon	Certification List	Permanent	Full Time	\$17,969
Registered Nurse	Certification List	Permanent	Full Time	\$7,544
Resident Care Specialist	Certification List	Permanent	Full Time	\$3,365
Resident Care Specialist	Certification List	Permanent	Full Time	\$3,063
Resident Care Specialist	Certification List	Permanent	Full Time	\$3,171
Respiratory Care Practitioner	Certification List	Permanent	Full Time	\$3,463
Security Guard	Certification List	Permanent	Full Time	\$2,362
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	\$7,421
Supervising Registered Nurse	Certification List	Permanent	Full Time	\$8,287
Supervising Rehabilitation Therapist	Certification List	Permanent	Full Time	\$6,911
Building Maintenance Worker	Permissive Reinstatement	Permanent	Full Time	\$4,051
Electronics Technician	Permissive Reinstatement	Permanent	Full Time	\$3,654
Registered Nurse	Permissive Reinstatement	Permanent	Full Time	\$8,993

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Registered Nurse	Permissive Reinstatement	Permanent	Full Time	\$8,993
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	\$5,689
Electrician I	Transfer	Permanent	Full Time	\$4,656
Executive Secretary I	Transfer	Permanent	Full Time	\$3,381
Office Technician (Typing)	Transfer	Permanent	Full Time	\$3,067
Pharmacist I	Transfer	Limited Term	Full Time	\$9,719
Staff Services Manager III	Transfer	Permanent	Full Time	\$8,621

The CRU found no deficiencies in 36 of 37 salary determinations that the CalVet made during the compliance review period. The CalVet appropriately calculated and keyed the salaries for each appointment and correctly determined employees' anniversary dates ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

However, the CalVet incorrectly applied compensation laws, rules and/or CalHR policies and guidelines for one salary determination reviewed.

FINDING No. 8 – Incorrect Application of Compensation Laws, Board Rules, and/or CalHR Policies and Guidelines for Appointment

Summary: One employee's salary determination was miscalculated.

Classification	Description of Findings	Criteria
Building Maintenance Worker	Employee's salary was incorrect due to math error. Additionally, his/her anniversary date was also incorrect. Employee was overpaid.	CCR, tit. 2, § 599.674a CCR, tit. 2, § 599.683a CCR, tit. 2, § 599.683b

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 in accordance with the CalHR's policies and guidelines, results in the civil service employees receiving incorrect and/or inappropriate compensation.

Cause: Inconsistent training and direction from management resulted in inconsistent processing of transactions.

Action: The CalVet has recently centralized all transactions functions under the same management team for consistent transaction processing. However, the CalVet must continue to monitor the salary determinations to ensure conformity with California Code of Regulations, title 2, section 599.666. Within 60 days of the SPB Executive Officer's approval of the findings and recommendations, copies of relevant documentation including procedures for secondary review of salary determinations by higher-level staff and any process improvements and tools implemented such as a checklist for the Personnel Specialists to utilize 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. They 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, January 31, 2018 through July 31, 2018, the CalVet made 18 alternate range movements within a classification. The CRU reviewed six of those alternate range movements to determine if the CalVet applied salary regulations accurately and correctly processed employee's compensation.

FINDING NO. 9 – Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Alternate Range Movement

Summary: One error was found in employee compensation.

Classification	Description of Finding(s)	Criteria
Clinical Social Worker (Health Facility)	Employee's anniversary date and salary were incorrectly calculated when the employee qualified to move from Range U to Range V. Employee was underpaid.	Alternate Range Criteria 471 and CCR, tit. 2, § 599.681

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 in accordance with the CalHR's policies and guidelines, results in the civil service employees receiving incorrect and/or inappropriate compensation.

Cause: Inconsistent training and direction from management resulted in inconsistent processing of transactions.

Action: The CalVet has recently centralized all transactions functions under the same management team to ensure transactions are processed consistently. However, the CalVet must continue to monitor the alternate range movements to ensure conformity with California Code of Regulations, title 2, section 599.666. Within 60 days of the SPB Executive Officer's approval of the findings and recommendations, copies of relevant documentation including procedures for secondary review of salary determinations by higher level staff, and any process improvements and tools implemented such as a checklist for the Personnel Specialists to utilize 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, to obtain a person who has extraordinary qualifications, to correct salary inequities, or to give credit for prior state service. (Gov.

Code § 18936.) For all employees new to state service, appointing authorities are delegated to approve HAMS for extraordinary qualifications without review/approval by the CalHR's Personnel Services Branch. (Human Resources Manual Section 1707.) Appointing authorities may request HAMS for 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. 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. 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.⁷ (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.*)

⁷ Except that if the provisions of the a memorandum of understanding requires the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

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, January 31, 2018 through July 31, 2018, the CalVet authorized four HAM requests. The CRU reviewed three of those authorized HAM requests to determine if the CalVet correctly applied Government Code section 19836 and appropriately verified, approved and documented candidates' extraordinary qualifications, which are listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Occupational Therapist	Certification List	New to State	Range U	\$7,367
Physician and Surgeon	Certification List	New to State	Range V	\$17,969
Supervising Registered Nurse	Certification List	Current State Employee	Range T	\$8,784

FINDING NO. 10 – Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found that the HAM requests the CalVet 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's 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, January 31, 2018 through July 31, 2018, the CalVet issued bilingual pay to five employees that the CRU reviewed to ensure compliance with applicable CalHR policies and guidelines:

Classification	Bargaining Unit	Time Base
Associate Governmental Program Analyst	R01	Full Time
Associate Governmental Program Analyst	R01	Full Time
Institutional Personnel Officer II	S01	Full Time
Personnel Specialist	R01	Full Time
Senior Personnel Specialist	R01	Full Time

FINDING NO. 11 – Incorrect Authorization of Bilingual Pay

Summary: Three employees did not qualify to receive bilingual pay.

Classification	Description of Finding(s)	Criteria
Institutional Personnel Officer II	Duty statement does not mention necessity of bilingual skills. Also, tally sheet was not provided. Employee was overpaid.	Pay Differential 14
Personnel Specialist	Duty statement does not mention necessity of bilingual skills. Tally sheet and Oral Fluency Examination results were not provided. Employee was overpaid.	Pay Differential 14 & Gov. Code, § 7296
Senior Personnel Specialist	Duty statement does not mention necessity of bilingual skills. Employee was overpaid.	Pay Differential 14

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 state civil service pay plan by incorrectly applying compensation laws and rules in accordance with CalHR's policies and guidelines, results in civil service employees receiving incorrect and/or inappropriate compensation.

Cause: Insufficient training on the requirements to receive bilingual pay and lack of internal review process.

Action: The CalVet must submit a corrective action plan to ensure that transactions staff are sufficiently trained to issue bilingual pay; and initiate accounts receivables to collect the amounts that employees were overpaid and correct this employee's pay records. Furthermore, the CalVet shall continue to monitor bilingual pay authorizations to ensure conformity with Pay Differential 14 requirements. Within 60 days of the SPB Executive Officer's approval of the findings and recommendations, copies of relevant documentation including: 1) collections initiated, 2) corrections to employee leave records and 3) any new processes or process improvements and tools for the Personnel Specialists to utilize shall be submitted to the CRU.

Pay Differentials

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

California State Civil Service Pay Scales Section 14 describes the qualifying pay criteria for the majority of pay differentials. However, some of the alternate range criteria in the pay scales function as pay differentials. Generally, departments issuing pay differentials should, in order to justify the additional pay, document the following: the effective date of the pay differential, the collective bargaining unit identifier, the classification applicable to

the salary rate and conditions along with the specific criteria, and any relevant documentation to verify the employee meets the criteria.

During the period under review, January 31, 2018 through July 31, 2018, the CalVet issued pay differentials⁸ to 71 employees. The CRU reviewed 19 pay differentials to ensure compliance with applicable CalHR policies and guidelines, which are listed below:

Classification	Pay Differential	Monthly Amount
Captain Firefighter/Security Officer	244	\$50
Captain Firefighter/Security Officer	245	2%
Certified Nursing Assistant	26	\$150
Certified Nursing Assistant	26	\$150
Chief, Domiciliary Services	210	10%
Dental Assistant	244	\$25
Dental Assistant	38	\$25
Firefighter/Security Officer	245	\$75
Groundskeeper	6	\$50
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Registered Nurse	161	\$150
Stationary Engineer	233	\$100
Water and Sewage Plant Supervisor	234	6%

FINDING NO. 12– Errors in Pay Differentials

Summary: Two employees’ pay differentials were miscalculated.

Criteria: Departments are required to calculate and apply salary rules for each appointed employee accurately based on the pay plan for the state

⁸ For the purposes of CRU’s review, only monthly pay differentials were selected for review at this time.

civil service. All civil service classes have salary ranges with minimum and maximum rates. (Cal. Code Regs., tit. 2, § 599.666.)

Classification	Description of Finding(s)	Criteria
Captain Firefighter/Security Officer (Napa)	Employee's pay differential was incorrect due to math error. Employee was underpaid.	Pay Differential 244
Stationary Engineer	Department failed to remove pay differential after his/her certificate expired. Employee was overpaid.	Pay Differential 233

Severity: Very Serious. Failure to comply with the state civil service pay plan by incorrectly applying compensation laws and rules in accordance with the CalHR's policies and guidelines, results in civil service employees receiving incorrect and/or inappropriate compensation.

Cause: Inconsistent direction and training for calculating pay differentials and lack of internal review process.

Action: The CalVet must submit a corrective action plan to ensure that transactions staff are sufficiently trained in issuing pay differentials. Furthermore, the CalVet shall continue to monitor pay differentials to ensure conformity with applicable pay differential requirements. Within 60 days of the SPB Executive Officer's approval of the findings and recommendations, copies of relevant documentation including the internal audit and pay differential review process and any tools for the Personnel Specialists to utilize shall be submitted to the CRU.

Out-of-Class Assignments and Pay

For excluded⁹ and most rank and file employees, out of class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

⁹ "Excluded employee" means an employee as defined in section 3572(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.

According to the Classification and Pay Guide, OOC assignments should only be used as a last resort to accommodate temporary staffing needs. All civil service alternatives should be explored first before using OOC assignments. However, certain MOU provisions and California Code of Regulations Rule 599.810 allow for short-term OOC assignments to meet temporary staffing needs. Should OOC work become necessary, the assignment would be made pursuant to the applicable MOU provision 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. (Classification and Pay Guide Section 375.)

During the period under review, January 31, 2018 through July 31, 2018, the CalVet issued out-of-class pay¹⁰ to 63 employees. The CRU reviewed four of those out-of-class assignments to ensure compliance with applicable CalHR policies and guidelines, which are listed below:

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Clinical Social Worker (Health Facility)	R19	Supervising Psychiatric Social Worker I	01/11/2018 – 03/11/2018
Office Technician (Typing)	R04	Training Officer I	11/20/2017 – 03/19/2017
Staff Services Manager I	S01	Chief of Plant Operations III	07/20/2018 – 02/18/2019
Supervising Nurse II	S17	Supervising Nurse III	01/15/2018 – 02/15/2018

FINDING NO. 13 – Errors in Out-of-Class Pay

Summary: Three employees' out-of-class pay was miscalculated.

Classification	Out-of-Class Classification	Description of Finding(s)	Criteria
Clinical Social Worker	Supervising Psychiatric Social Worker I	OOO pay issued in January 2018 was incorrect due to math error. Employee was overpaid.	Pay Differential 100

¹⁰ Excluding bilingual and arduous pay.

Classification	Out-of-Class Classification	Description of Finding(s)	Criteria
Staff Services Manager I	Chief of Plant Operations III	OOB pay issued from July through November 2018 was incorrect due to math errors. Employee was underpaid.	Pay Differential 91
Supervising Nurse II	Supervising Nurse III	OOB pay issued from January and February 2018 was incorrect due to math errors. Employee was underpaid.	Pay Differential 90

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 in accordance with CalHR’s policies and guidelines, results in civil service employees receiving incorrect and/or inappropriate pay amounts.

Cause: Inconsistent processing of transactions documents and lack of internal review process.

Action: The CalVet has recently centralized all transactions functions under the same management team to ensure transactions are processed consistently. However, the CalVet must continue to monitor OOB payments to ensure conformity with California Code of Regulations, title 2, section 599.666. Within 60 days of the SPB Executive Officer’s approval of the findings and recommendations, copies of relevant documentation including any process improvements, procedures and tools for the Personnel Specialists to utilize shall be submitted to the CRU.

Leave

Positive Paid Employees

Actual Time Worked (ATW) is a method that can be used to keep track of a Temporary Authorization Utilization (TAU) employee’s time to ensure that the constitutional limit of

nine months in any 12 consecutive months is not exceeded. The ATW method of counting time is used in order to continue the employment status for an employee until the completion of an examination, for seasonal type work, while attending school, or for consulting services.

An employee is appointed TAU-ATW when he/she is not expected to work all of the working days of a month. When counting 189 days, every day worked, including partial days¹¹ worked and paid absences,¹² is counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).) The hours worked in one day is not limited by this rule. (*Ibid.*) The 12-consecutive month timeframe begins by counting the first pay period worked as the first month of the 12-consecutive month timeframe. (*Ibid.*) The employee shall serve no longer than 189 days in a 12 consecutive month period. (*Ibid.*) A new 189-days working limit in a 12-consecutive month timeframe may begin in the month immediately following the month that marks the end of the previous 12-consecutive month timeframe. (*Ibid.*)

It is an ATW appointment because the employee does not work each workday of the month, and it might become desirable or necessary for the employee to work beyond nine calendar months. The appointing power shall monitor and control the days worked to ensure the limitations set forth are not exceeded.¹³ (Cal. Code Regs., tit. 2, § 265.1, subd. (f).)

For student assistants, graduate student assistants, youth aides, and seasonal classifications, a maximum work-time limit of 1,500 hours within 12 consecutive months may be used rather than the 189-day calculation. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).)

Generally, permanent intermittent employees may work up to 1,500 hours in any calendar year. (Applicable Bargaining Unit Agreements.) However, Bargaining Unit 6 employees may work up to 2,000 hours in any calendar year.

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

¹¹ For example, two hours or ten hours counts as one day.

¹² For example, vacation, sick leave, compensating time off, etc.

¹³ "California Code of Regulation section 265.1 became effective July 1, 2017, and did not apply at the time of all of these appointments. The current regulation sets forth the method for counting time for temporary appointments. The cap under the current regulation is 189 days.

At the time of the review, the CalVet had seven employees whose hours were tracked. The CRU reviewed all seven of those positive paid appointments to ensure compliance with applicable laws, regulations and the CalHR’s policy and guidelines, which are listed below:

Classification	Time Base	Time Frame	Time Worked
Associate Governmental Program Analyst	Intermittent	07/01/2017 – 06/30/2018	539
Information Technology Specialist I	Intermittent	07/01/2017 – 06/30/2018	960
Custodian (LEAP)	Intermittent	09/01/2017 – 09/01/2018	1,036.75
Pharmacist I	Intermittent	09/01/2017 – 09/01/2018	880 Hours
Research Data Specialist I	Intermittent	09/01/2017 – 09/01/2018	290
Student Assistant	Intermittent	09/01/2017 – 09/01/2018	290.5
Student Assistant	Intermittent	09/01/2017 – 09/01/2018	629.75

FINDING NO. 14 – Positive Paid Employees Tracked Hours Complied with Civil Service Laws, Board Rules, Policy and Guidelines

The CRU found no deficiencies in the employees’ positive paid hours that were tracked during the compliance review period. The CalVet provided sufficient justification for positive pay and adhered to applicable laws, regulations, policies and guidelines.

Administrative Time Off

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

During the period under review, June 1, 2017 through May 31, 2018, the CalVet placed eight employees on ATO. The CRU reviewed all eight ATO appointments to ensure

compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	No. of Days on ATO
Administrator	12/13/2017 – 01/10/2018	21 Days
Certified Nursing Assistant	12/04/2017 – 02/23/2018	82 Days
Certified Nursing Assistant	05/07/2018 – 05/14/2018	8 Days
Custodian Supervisor II	12/01/2017 – 01/29/2018	60 Days
Health and Safety Officer	05/22/2018 – 07/21/2018	61 Days
Office Technician (Typing)	05/21/2018 – 07/24/2018	60 Days
Patient Benefit and Insurance Officer I	12/29/2017 – 01/15/2018	18 Days
Staff Services Manager II (Supervisory)	08/30/2017 – 09/08/2017	10 Days

FINDING NO. 15 – Administrative Time Off Was Not Properly Documented

Summary: The CalVet did not obtain approval from the CalHR prior to authorizing ATO in excess of 30 days for one employee.

Classification	Time Frame	No. of Days on ATO
Certified Nursing Assistant	12/4/2017 – 2/23/2018	82

Criteria: Appointing authorities are authorized to approve ATO for up to five (5) working days under Government Code section 19991.10, and have delegated authority to approve up to 30 calendar days. (Human Resources Manual Section 2121.) Any ATO in excess of 30 calendar days must be approved in advance by CalHR. (*Ibid.*) In most cases, if approved, the approval will be for an additional 30 calendar days. (*Ibid.*) The appointing authority is responsible for submitting ATO extension requests to the CalHR at least 5 working days prior to the expiration date of the approved leave. (*Ibid.*)

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

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

Severity: Serious. Because an employee on ATO is being paid while not working, a failure to closely monitor ATO usage could result in costly abuse. The use of ATO is subject to audit and review by CalHR and other control agencies to ensure policy compliance. Findings of non-compliance may result in the revocation of delegated privileges.

Cause: Insufficient communication between the field and the headquarters office resulted in the failure to follow the CalVet's established internal process for ATO approvals.

Action: The CalVet must submit a corrective action plan to improve its existing ATO approval process. The CalVet must also reconcile this ATO approval against its leave accounting system and correct this employee's leave errors in their LAS. Furthermore, the CalVet must continue to monitor ATO to ensure conformity with Human Resources Manual Section 2121. Within 60 days of the SPB Executive Officer's approval of these findings and recommendations, copies of any relevant documentation including: 1) the reconciliation and correction of the employee's leave records, 2) any collection of overpayments made and 3) improvements to the current ATO process and procedures and any tools implemented such as a checklist for ATO approvals shall be submitted to the CRU.

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, March 1, 2018 through May 30, 2018, the CalVet reported 318 units comprised of 2,847 active employees during the March 2018 pay period, 315 units comprised of 2,825 active employees during the April 2018 pay period, and 323 units comprised of 2,926 active employees during the May 2018 pay period. The pay periods and timesheets reviewed by the CRU are summarized as follows:

Timesheet Leave Period	No. Units Reviewed	Number of Employees	No. of Timesheets Reviewed	No. of Missing Timesheets
May 2018	37	75	75	0

FINDING NO. 16 – Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

Leave Reduction Efforts

Departments must create a leave reduction policy for their organization and monitor employee’s 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 Agreement 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.”¹⁴ (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 amount¹⁵ 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 by 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.

As of December 2017, 361 CalVet employees exceeded the established limits of vacation or annual leave. The CRU reviewed 17 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
Associate Governmental Program Analyst	R01	550.5	No
Associate Governmental Program Analyst	R01	472.75	No

¹⁴ For represented employees, the established limit for annual or vacation leave accruals is 640 hours; however, for bargaining unit 06 there is no established limit and for bargaining unit 05 the established limit is 816 hours.

¹⁵ Excluded employees shall not accumulate more than 80 days.

Classification	Collective Bargaining Identifier	Total Hours Over Established Limit	Leave Reduction Plan Provided
Hospital General Services Administrator II	S01	1,112.25	No
Licensed Vocational Nurse	R20	687.25	No
Pharmacist I	R19	338.5	No
Staff Information Systems Analyst (Specialist)	R01	380.25	No
Staff Services Analyst (General)	R01	473	No
Total		4,014.5	

FINDING NO. 17 – Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits

Summary: The CalVet did not provide leave reduction plans for seven employees reviewed 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 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; and ensure employees who have significant “over-the-cap” leave balances have a leave reduction plan in place and are 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 need to be addressed immediately.

Cause: Insufficient follow up to ensure that all employees with “over the cap” leave balances submitted leave reduction plans timely and were actively reducing their leave balances.

Action: The CalVet has a process in place to request leave reduction plans from employees who are projected to be “over the cap” to ensure they are actively reducing their excess hours. However, the CalVet must continue to monitor the leave reduction plans to ensure conformity with Government Code 19991.1 and the Human Resources Manual Section 2121. Furthermore, within 60 days of the SPB Executive Officer’s approval of the findings and recommendations, the CalVet must submit a corrective action plan to improve its current leave reduction processes and procedures. Copies of relevant documentation including the improved process and any additional procedures shall be submitted to the CRU.

FINDING NO. 18 – Departmental Leave Reduction Policy Was Not Developed

Summary: The CalVet did not develop a general departmental leave reduction policy, procedures, and practices.

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 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 the departmental policy. (*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 need to be addressed immediately.

Cause: The CalVet was not aware that a general departmental leave reduction policy, procedures and practices are required.

Action: The CalVet has submitted a corrective action plan to develop a departmental leave reduction policy in accordance with Human Resources Manual Section 2124. Within 60 days of the SPB Executive Officer’s approval of the findings and recommendations, the CalVet must submit copies of relevant documentation including

the distribution of the department-wide leave reduction policy to the CRU.

State Service

The state recognizes two different types of absences while an employee is on pay status; paid or unpaid.

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.¹⁶ (Cal. Code Regs., tit. 2, § 599.608.)

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 additional qualifying monthly pay period, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. (Cal. Code Regs., tit. 2, § 599.608.) When computing months of total state service to determine a change in the monthly credit for vacation with pay, only qualifying monthly pay periods of service before and after breaks in service shall be counted. (Cal. Code Regs., tit. 2, § 599.739.) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees¹⁷ 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, February 1, 2018 through July 31, 2018, the CalVet had 136 employees with non-qualifying pay period transactions. The CRU reviewed 15

¹⁶ Except as provided in sections 599.609 and 599.776.1(b) of those 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 those regulations.

¹⁷ As identified in Government Code sections 19858.3(a), 19858.3(b), or 19858.3(c) as it applies to employees excluded from the definition of state employee under section Government Code 3513(c), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

transactions to ensure compliance with applicable laws, regulations and the CalHR’s policy and guidelines, which are listed below:

Type of Transaction	Time base	Number Reviewed
Non-Qualifying Pay Period	Full Time	14
Qualifying Pay Period	Full Time	1

FINDING NO. 19 – Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found no deficiencies with the service and leave transactions the CalVet made. Employees with non-qualifying pay periods did not receive vacation/sick leave, annual leave, and/or state service accruals.

Policy and Processes

Nepotism

It is the policy of the State of California to recruit, hire and assign all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. (Human Resources Manual Section 1204.) Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (*Ibid.*) Nepotism is defined as the practice of an employee using his or her influence or power to aid or hinder another in the employment setting because of a personal relationship. (*Ibid.*) Personal relationships for this purpose include but are not limited to, association by blood, adoption, marriage and/or cohabitation. (*Ibid.*) In addition, there may be personal relationships beyond this general definition that could be subject to those policies. (*Ibid.*) All departmental 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. 20 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU verified that the nepotism policy was disseminated to all staff and emphasized the CalVet’s commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the CalVet’s nepotism policy was comprised of specific

and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

Workers' Compensation

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

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

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

FINDING NO. 21 – Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

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

Performance Appraisals

According to Government Code section 19992.2, appointing agencies 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 25 permanent CalVet employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Classification	Date Performance Appraisals Due
Alcohol Treatment Counselor, Veterans Home and Medical Center	12/4/2018
Associate Governmental Program Analyst	2/28/2018
Associate Governmental Program Analyst	4/13/2018
Associate Governmental Program Analyst	2/29/2018
Associate Property Agent	1/10/2018
Automotive Equipment Operator I	11/2/2018
Automotive Equipment Operator I	3/7/2018
Automotive Equipment Operator I	6/7/2018
Certified Nursing Assistant	2/9/2018
Certified Nursing Assistant	12/6/2018
Certified Nursing Assistant	12/10/2018
Certified Nursing Assistant	1/1/2018
Certified Nursing Assistant	1/13/2018
Certified Nursing Assistant	12/6/2018
Certified Nursing Assistant	4/14/2018
Certified Nursing Assistant	3/31/2018
Certified Nursing Assistant	3/31/2018
Certified Nursing Assistant	2/29/2018
Certified Nursing Assistant	2/29/2018
Certified Nursing Assistant	2/29/2018
Chief, Restorative Care Service	3/16/2018
Clinical Social Worker (Health Facility)	1/19/2018
Cook Specialist II	10/14/2018
Cook Specialist II	3/31/2018
Custodian	4/13/2018

FINDING NO. 22 – Performance Appraisal Policy and Processes Complied with Civil Service Laws and Regulations, Policy and Guidelines

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

DEPARTMENTAL RESPONSE

The CalVet's departmental response is attached as Attachment 1.

SPB REPLY

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

CalVet Personnel Specialists currently meet with or send out the NOPA to the employee for signature and place a copy in a pending file. When the signed NOPA is returned, the Specialist removes the pending copy and provides the signed copy to support staff for filing in the Official Personnel File. The NOPA is retained for a minimum of 5 years.

CalVet will continue to provide training to staff on the importance to receive a signed NOPA from all employees and will ensure they are following up if the NOPA has not been returned. CalVet has recently centralized the Transactions functions to our Headquarters office and all Transactions staff now receive direction and training from the same management team. This will allow for consistent processing of transactions documents.

Finding No. 6 - Unions Were Not Notified of Personal Services Contracts

SPB reviewed 16 Personal Services Contracts (PSC) that were in effect during the review period. SPB identified that 11 PSC's were executed before unions were notified.

CalVet acknowledges the findings and understands the importance of notifying the Unions. Unions were not notified due to staff turnover and error. CalVet will ensure that all staff are properly trained and maintain knowledge and expertise in contract processing and management will conduct reviews of PSC packages to ensure notification requirements are met.

Finding No. 8 - Incorrect Application of Compensation Laws, Board Rules, and/or CalHR Policies and Guidelines for Appointment

SPB reviewed 37 appointments made during the review period. SPB identified one employee's salary determination was miscalculated.

CalVet Personnel Specialists are required to complete salary determinations and site the salary rule used when calculating the new salary. Staff will continue to be trained and salary determinations will be reviewed by higher level staff in the Transactions Unit. CalVet has recently centralized the Transactions functions to our Headquarters office and all Transactions staff now receive direction and training from the same management team. This will allow for consistent processing of transactions documents.

Finding No. 9 - Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Alternate Range Movement

SPB reviewed six CalVet alternate range movements made during the review period. SPB identified that one error was found in employee compensation.

CalVet Personnel Specialists are required to review alternate range criteria to ensure appropriate salary rules are used to complete movement between alternate ranges. Staff will continue to be trained and alternate range movement will be reviewed by higher level staff in the Transactions Unit. CalVet has recently centralized the Transactions functions to our Headquarters office and all Transactions staff now receive direction and training from the same management team. This will allow for consistent processing of transactions documents.

Finding No. 11 - Incorrect Authorization of Bilingual Pay

SPB reviewed five employees who received Bilingual Pay during the review period. SPB identified that three of these employees did not qualify to receive bilingual pay.

CalVet acknowledges the findings and removed bilingual pay from the employees identified. CalVet will review the bilingual criteria and ensure positions are approved as bilingual. Transactions staff will be trained on the requirements to receive bilingual pay.

Finding No. 12 – Errors in Pay Differentials

SPB reviewed 71 employees who received pay differentials during the review period. SPB identified that two of these employees pay differentials were miscalculated.

CalVet Personnel Specialists are required to review pay differentials to ensure they are calculated and paid appropriately. Staff will continue to be trained and changes to pay differentials will be reviewed by higher level staff in the Transactions Unit. CalVet has implemented an internal audit to review pay differentials received by employees to ensure accuracy. CalVet has recently centralized the Transactions functions to our Headquarters office and all Transactions staff now receive direction and training from the same management team. This will allow for consistent processing of transactions documents.

Finding No. 13 – Errors in Out-of-Class Pay

SPB reviewed 63 employees who received out-of-class pay during the review period. SPB identified that 3 of these employees out-of-class were miscalculated.

CalVet transactions staff were processing partial out-of-class payments incorrectly. The discrepancies have been corrected and staff have received training on the correct process to calculate payments. Staff will continue to be trained and out-of-class payments will be reviewed by higher level staff in the Transactions Unit. CalVet has recently centralized the Transactions functions to our Headquarters office and all Transactions staff now receive direction and training from the same management team. This will allow for consistent processing of transactions documents.

Finding No. 15 – Administrative Time Off Was Not Properly Documented

SPB reviewed eight employees who were placed on ATO during the review period. SPB identified that CalVet did not obtain approval from CalHR prior to authorizing ATO in excess of 30 days for one employee.

It is standard practice for CalVet's Headquarters Human Resources Division (HRD) to submit requests to CalHR for ATO in excess of 30 days. HRD was not notified that an employee who works in one of our Veterans Homes continued to be on ATO in excess of 30 days. The appropriate staff was counseled on the ATO process.

Finding No. 17 – Leave Reduction Plans Were Not Provided to Employees Whose Leave Balances Exceeded Established Limits

SPB reviewed 17 employees who exceeded the established limits of vacation or annual leave during the review period. SPB identified that CalVet did not provide leave reduction plans for 7 of these employees.

CalVet acknowledges the findings and understands the unfunded liability of accumulated leave on the Departmental budget. It is a standard practice of CalVet Human Resources to review employee leave balances each year and request reduction plans from employees who are projected to be over the maximum hours by the beginning of the following year. CalVet will continue its practice and will implement additional procedures to ensure that all plans are submitted and that employees are following their plans to reduce the leave hours.

Finding No. 18 – Department Leave Reduction Policy Was Not Developed

SPB identified that CalVet did not develop a general departmental leave reduction policy, procedures, and practices

CalVet currently follows Laws and Rules, and Bargaining Unit Contracts. CalVet's Administrative Manual includes language regarding maximum accumulation of vacation and annual leave hours. Calvet will review the Administrative Manual to ensure it accurately details the Department procedures and practices regarding leave reduction.

On behalf of CalVet, again, I would like to thank the SPB and the CRU for working collaboratively with the agency throughout the process. If you have any questions or need additional information, please do not hesitate to contact me at (916) 653-2178.

Sincerely,

A handwritten signature in black ink, appearing to read 'Trisha Z. Bauman', with a long horizontal line extending to the right.

TRISHA Z. BAUMAN
Assistant Human Resources Director