



COMPLIANCE REVIEW REPORT

CALIFORNIA DEPARTMENT OF TAX

AND FEE ADMINISTRATION

Compliance Review Unit
State Personnel Board
January 19, 2021

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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.

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

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

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

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

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

EXECUTIVE SUMMARY

The CRU conducted a routine compliance review of the California Department of Tax and Fee Administration’s¹ (CDTFA) personnel practices in the areas of examinations, appointments, EEO, PSC’s, mandated training, compensation and pay, leave, and policy and processes. The following table summarizes the compliance review findings.

Area	Severity	Finding
Examinations	In Compliance	Examinations Complied with Civil Service Laws and Board Rules
Examinations	In Compliance	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Serious	Probationary Evaluations Were Not Provided for All Appointments Reviewed and Those That Were Provided Were Untimely ²
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied With All Civil Service Laws and Board Rules
Personal Services Contracts	Serious	Unions Were Not Notified of Personal Services Contracts
Mandated Training	Very Serious	Ethics Training Was Not Provided for All Filers ³
Mandated Training	Very Serious	Sexual Harassment Prevention Training Was Not Provided for All Supervisors

¹ Effective July 1, 2017, the Taxpayer Transparency and Fairness Act of 2017, restructured the California State Board of Equalization (BOE) and separated its functions among three separate entities. As a result, the CDTFA was created. The bulk of employees and the human resources functions transferred to the CDTFA. The previous BOE compliance review reports will be utilized for the purposes of identifying repeat findings in this report.

² Repeat finding. January 5, 2018, the BOE’s compliance review report identified 18 missing probation reports of the 117 appointment files reviewed. The April 14, 2015, report identified 183 missing probation reports of the 389 appointment files reviewed.

³ Repeat finding. The January 5, 2018, report identified 1,661 of 2,374 existing filers did not receive ethics training, and 568 of 749 new filers did not receive ethics training within six months of appointment.

Area	Severity	Finding
Compensation and Pay	In Compliance	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Very Serious	Alternate Range Movements Did Not Comply with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	Very Serious	Incorrect Authorization of Bilingual Pay
Compensation and Pay	In Compliance	Pay Differential Authorizations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Very Serious	Incorrect Authorization of Out-of-Class Pay
Leave	In Compliance	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Serious	Administrative Time Off Was Not Properly Documented
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Very Serious	Incorrect Application of State Service and Leave Transactions
Policy	In Compliance	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	In Compliance	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Serious	Performance Appraisals Were Not Provided to All Employees

BACKGROUND

The CDTFA administers California's sales and use, fuel, tobacco, alcohol, and cannabis taxes, as well as a variety of other taxes and fees that fund specific state programs. CDTFA administered programs collect over \$70 billion annually, which in turn supports local essential services such as transportation, public safety and health, libraries, schools,

social services, and natural resource management programs through the distribution of tax dollars going directly to local communities.

Tax programs administered by the CDTFA are concentrated in two general areas – sales and use; and, special taxes and fees. To best serve their customers, the CDTFA has offices throughout the state along with offices located in New York, Chicago, and Houston. While the CDTFA team is spread out geographically, they are united in working together to serve taxpayers and fee payers.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the CDTFA's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes⁴. The primary objective of the review was to determine if the CDTFA's personnel practices, policies, and procedures complied with state civil service laws and Board regulations, Bargaining Unit Agreements, CalHR policies and guidelines, CalHR Delegation Agreements, and to recommend corrective action where deficiencies were identified.

A cross-section of the CDTFA'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 CDTFA provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the CDTFA's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

A cross-section of the CDTFA'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 CDTFA provided, which included Notice of Personnel Action (NOPA) forms, Request for Personnel Actions (RPA's), vacancy postings, certification lists, transfer movement worksheets, employment history records, correspondence, and probation reports. The CDTFA did not conduct any unlawful appointment investigations during the compliance review period. Additionally, the CDTFA did not make any additional appointments during the compliance review period.

⁴ Timeframes of the compliance review varied depending on the area of review. Please refer to each section for specific compliance review timeframes.

The CDTFA's appointments were also selected for review to ensure the CDTFA applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the CDTFA 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: bilingual pay, monthly pay differentials, alternate range movements, and out-of-class assignments. During the compliance review period, the CDTFA did not issue or authorize hiring above minimum (HAM) requests, red circle rate requests, or arduous pay.

The review of the CDTFA'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 CDTFA's PSC's were also reviewed.⁵ It was beyond the scope of the compliance review to make conclusions as to whether the CDTFA's justifications for the contracts were legally sufficient. The review was limited to whether the CDTFA's practices, policies, and procedures relative to PSC's complied with procedural requirements.

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

The CRU reviewed the CDTFA's Leave Activity and Correction Certification forms to verify that the CDTFA 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 CDTFA'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 CDTFA'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 CDTFA employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU

⁵If 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.

reviewed a selection of the CDTFA positive paid employees whose hours are tracked during the compliance review period in order to ensure that they adhered to procedural requirements.

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

On December 8, 2020, an exit conference was held with the CDTFA to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the CDTFA's written response on January 4, 2021, which is attached to this final compliance review report.

FINDINGS AND RECOMMENDATIONS

Examinations

Examinations to establish an eligible list must be competitive and of such character as fairly to test and determine the qualifications, fitness, and ability of competitors to perform the duties of the class of position for which he or she seeks appointment. (Gov. Code, § 18930.) Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skills, or any combination of those tests. (*Ibid.*) The Board establishes minimum qualifications for determining the fitness and qualifications of employees for each class of position and for applicants for examinations. (Gov. Code, § 18931, subd. (a).) Within a reasonable time before the scheduled date for the examination, the designated appointing power shall announce or advertise the examination for the establishment of eligible lists. (Gov. Code, § 18933, subd. (a).) The advertisement shall contain such information as the date and place of the examination and the nature of the minimum qualifications. (*Ibid.*) Every applicant for examination shall file an application with the department or a designated appointing power as directed by the examination announcement. (Gov. Code, § 18934, subd. (a)(1).) The final earned rating of each person competing in any examination is to be determined by the weighted average of the earned ratings on all phases of the examination. (Gov. Code, § 18936.) Each competitor shall be notified in writing of the results of the examination when the employment list resulting from the examination is established. (Gov. Code, § 18938.5.)

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA conducted eight examinations. The CRU reviewed six of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Associate Forest Property Appraiser (Board of Equalization)	Departmental Open	Education and Experience (E&E) ⁶	7/9/19	1
Career Executive Assignment (CEA) A, Chief, Headquarters Operation Bureau	CEA	Statement of Qualifications (SOQ) ⁷	11/14/19	6
CEA B, Assistant Chief Counsel, Tax and Fee Programs Bureau	CEA	SOQ	1/17/20	4
Office Services Supervisor II	Promotional	E&E	2/21/20	9
Office Services Supervisor III	Promotional	E&E	2/21/20	9
Property Controller II	Promotional	E&E	12/19/19	3

IN COMPLIANCE	FINDING NO. 1 EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRU reviewed one departmental open, two CEA, and three promotional examinations, which the CDTFA administered in order to create eligible lists from which to make appointments. The CDTFA published and distributed examination bulletins containing the required information for all examinations. Applications received by the CDTFA 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 CDTFA conducted during the compliance review period.

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

⁷ In a Statement of Qualifications examination, applicants submit a written summary of their qualifications and experience related to a published list of desired qualifications. Raters, typically subject matter experts, evaluate the responses according to a predetermined rating scale designed to assess their ability to perform in a job classification, assign scores and rank the competitors in a list.

Permanent Withhold Actions

Departments are granted statutory authority to permit withhold of eligibles from lists based on specified criteria. (Gov. Code, § 18935.) Permanent appointments and promotions within the state civil service system shall be merit-based, ascertained by a competitive examination process. (Cal. Const., art. VII, § 1, subd. (b).) If a candidate for appointment is found not to satisfy the minimum qualifications, the appointing power shall provide written notice to the candidate, specifying which qualification(s) are not satisfied and the reason(s) why. The candidate shall have an opportunity to establish that s/he meets the qualifications. (Cal. Code Regs., tit. 2, § 249.4, subd. (b).) If the candidate fails to respond, or fails to establish that s/he meets the minimum qualification(s), the candidate's name shall be removed from the eligibility list. (Cal. Code Regs., tit. 2, § 249.4, subd. (b)(1), (2)), (HR Manual, section 1105.) The appointing authority shall promptly notify the candidate in writing, and shall notify the candidate of his or her appeal rights. (*Ibid.*) A permanent withhold does not necessarily permanently restrict a candidate from retaking the examination for the same classification in the future; however, the appointing authority may place a withhold on the candidate's subsequent eligibility record if the candidate still does not meet the minimum qualifications or continues to be unsuitable. (HR Manual, Section 1105). State agency human resources offices are required to maintain specific withhold documentation for a period of five years. (*Ibid.*)

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA conducted three permanent withhold actions. The CRU reviewed two of these permanent withhold actions, which are listed below:

Exam Title	Exam ID	Date List Eligibility Began	Date List Eligibility Ended	Reason Candidate Placed on Withhold
Business Taxes Representative	7PB48	10/16/19	10/16/20	Failed to Meet Minimum Qualifications
Tax Auditor, Board of Equalization	8PB12	9/6/19	9/6/20	Failed to Meet Minimum Qualifications

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

Appointments

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

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA made 436 appointments. The CRU reviewed 50 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Accounting Administrator III	Certification List	Permanent	Full Time	1
Associate Forest Property Appraiser (Board Of Equalization)	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	3
Business Service Officer I (Supervisor)	Certification List	Permanent	Full Time	1
Business Taxes Administrator I, Board Of Equalization	Certification List	Permanent	Full Time	4
Business Taxes Administrator III, Board of Equalization	Certification List	Permanent	Full Time	2
Business Taxes Compliance Specialist	Certification List	Permanent	Full Time	1
Business Taxes Representative	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Business Taxes Specialist I, Board of Equalization	Certification List	Permanent	Full Time	1
Business Taxes Specialist II, Board of Equalization	Certification List	Permanent	Full Time	1
Business Taxes Specialist III, Board of Equalization	Certification List	Permanent	Full Time	1
Executive Assistant	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	1
Legal Secretary	Certification List	Permanent	Full Time	1
Personnel Specialist	Certification List	Permanent	Full Time	1
Senior Personnel Specialist	Certification List	Permanent	Full Time	1
Supervising Tax Auditor II, Board of Equalization	Certification List	Permanent	Full Time	2
Supervising Tax Auditor III, Board of Equalization	Certification List	Permanent	Full Time	1
Tax Auditor, Board of Equalization	Certification List	Permanent	Full Time	1
Tax Counsel III (Specialist)	Certification List	Permanent	Full Time	1
Tax Technician I, Board of Equalization	Certification List	Limited Term	Full Time	1
Tax Technician I, Board of Equalization	Certification List	Permanent	Full Time	1
Tax Technician II, Board of Equalization	Certification List	Permanent	Full Time	1
Tax Technician III, Board of Equalization	Certification List	Permanent	Full Time	2
Associate Accounting Analyst	Transfer	Permanent	Full Time	1
Associate Personnel Analyst	Transfer	Limited Term	Full Time	1
Associate Tax Auditor, Board of Equalization	Transfer	Permanent	Full Time	1
Business Taxes Administrator I, Board of Equalization	Transfer	Permanent	Full Time	2
Business Taxes Administrator II, Board of Equalization	Transfer	Permanent	Full Time	1
Business Taxes Specialist I, Board of Equalization	Transfer	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Information Technology Associate	Transfer	Permanent	Full Time	1
Mailing Machines Operator I	Transfer	Permanent	Full Time	1
Office Technician (General)	Transfer	Permanent	Full Time	2
Staff Services Manager I	Transfer	Permanent	Full Time	1
Staff Services Manager II (Supervisory)	Transfer	Permanent	Full Time	1
Tax Auditor, Board of Equalization	Transfer	Permanent	Full Time	1
Tax Technician II, Board of Equalization	Transfer	Permanent	Full Time	1
Tax Technician III, Board of Equalization	Transfer	Permanent	Full Time	1
Office Technician (Typing)	Training and Development	Permanent	Full Time	1
Tax Technician III, Board of Equalization	Training and Development	Permanent	Full Time	1

SEVERITY: SERIOUS	FINDING NO. 3 PROBATIONARY EVALUATIONS WERE NOT PROVIDED FOR ALL APPOINTMENTS REVIEWED AND THOSE THAT WERE REVIEWED WERE UNTIMELY
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Summary: The CDTFA did not provide 5 probationary reports of performance for 5 of the 50 appointments reviewed by the CRU. In addition, the CDTFA did not provide four probationary reports of performance in a timely manner, as reflected in the table below. This is the third consecutive time this has been a finding for the CDTFA.

Classification	Appointment Type	Number of Appointments	Total Number of Missing Probation Reports
Associate Governmental Program Analyst	Certification List	1	1
Business Taxes Administrator I, Board of Equalization	Certification List	1	1

Classification	Appointment Type	Number of Appointments	Total Number of Missing Probation Reports
Business Taxes Administrator III, Board of Equalization	Certification List	1	1
Business Taxes Specialist III, Board of Equalization	Certification List	1	1
Senior Personnel Specialist	Certification List	1	1

Classification	Appointment Type	Number of Appointments	Total Number of Late Probation Reports
Business Taxes Compliance Specialist	Certification List	1	1
Business Taxes Specialist I, Board of Equalization	Certification List	1	1
Tax Counsel III (Specialist)	Certification List	1	1
Tax Technician III, Board of Equalization	Certification List	1	1

Criteria: The service of a probationary period is required when an employee enters or is promoted in the state civil service by permanent appointment from an employment list; upon reinstatement after a break in continuity of service resulting from a permanent separation; or after any other type of appointment situation not specifically excepted from the probationary period. (Gov. Code, § 19171.) During the probationary period, the appointing power shall evaluate the work and efficiency of a probationer in the manner and at such periods as the department rules may require. (Gov. Code, § 19172.) A report of the probationer's performance shall be made to the employee at sufficiently frequent intervals to keep the employee adequately informed of progress on the job. (Cal. Code Regs., tit. 2, § 599.795.) A written appraisal of performance shall be made to the Department

within 10 days after the end of each one-third portion of the probationary period. (*Ibid.*) The Board's record retention rules require that appointing powers retain all probationary reports for five years from the date the record is created. (Cal. Code Regs., tit. 2, § 26, subd. (a)(3).)

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 CDTFA states that despite numerous methods used by their Human Resources Bureau (HRB) to inform their supervisors and managers of the requirement to complete timely probationary reports, some of their supervisors and managers failed to provide timely probationary reports.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to demonstrate conformity with the probationary requirements of Government Code section 19172 and California Code of Regulations, title 2, section 599.795. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Equal Employment Opportunity

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

who shall report directly to, and be under the supervision of, the director of the department to develop, implement, coordinate, and monitor the department's EEO program. (Gov. Code, § 19795, subd. (a).)

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

IN COMPLIANCE	FINDING NO. 4 EQUAL EMPLOYMENT OPPORTUNITY PROGRAM COMPLIED WITH ALL CIVIL SERVICE LAWS AND BOARD RULES
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After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the CDTFA'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 CDTFA. The CDTFA also provided evidence of its efforts to promote EEO in its hiring and employment practices and to increase its hiring of persons with a disability.

Personal Services Contracts

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

incidental to a contract for the purchase or lease of real or personal property, and services that are of an urgent, temporary, or occasional nature.

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

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA had 17 PSC's that were in effect. The CRU reviewed seven of those, which are listed below:

Vendor	Services	Contract Date(s)	Contract Amount	Justification Identified?	Union Notification?
Atlantic Relocation Systems	Moving and Furniture Services	11/5/19 – 6/30/22	\$200,000	Yes	No
Class Act Alliance, Inc.	On-call, Real-Time, Captioning and Interpreter Services	1/15/19 – 6/30/20	\$9,999	Yes	No
Metropolitan Van and Storage Inc.	Surplus Removal	12/23/19 – 6/30/22	\$300,000	Yes	No
Platinum Security Inc.	Security Services	2/1/20 – 6/30/22	\$4,800,000	Yes	No
Seth Alstrom Cimino dba Cimino Training & Consulting, LLC	Cannabis Law Training	1/27/20 – 4/20/20	\$3,000	Yes	No
Sierra Valley Moving & Storage	Moving Services	11/1/19 – 2/29/20	\$50,000	Yes	No
Skillpath Seminars	Training Classes	11/22/19 – 5/22/20	\$49,000	Yes	No

SEVERITY: SERIOUS	FINDING No. 5 UNIONS WERE NOT NOTIFIED OF PERSONAL SERVICES CONTRACTS
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Summary: The CDTFA did not notify unions prior to entering into any of the seven PSC's reviewed.

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 personal services contracts in order to ensure they are aware contracts are being proposed for work that their members could perform.

Cause: The CDTFA states that the unions were not notified due to lack of training and human error.

Corrective Action: It is the contracting department's responsibility to identify and notify any unions whose members could potentially perform the type of work to be contracted prior to executing the PSC. Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure ongoing conformity with the requirements of Government Code section 19132. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Mandated Training

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

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.)

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

The CRU reviewed the CDTFA’s mandated training program that was in effect during the compliance review period, May 1, 2018, through April 30, 2020. The CDTFA’s ethics training and sexual harassment prevention training were found to be out of compliance.

SEVERITY: VERY SERIOUS	FINDING NO. 6 ETHICS TRAINING WAS NOT PROVIDED FOR ALL FILERS
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Summary: The CRU reviewed 199 of 1,577 CDTFA existing filers. The CDTFA provided ethics training to all 199 existing filers reviewed. In addition, the CRU reviewed 67 of 535 CDTFA new filers. The CDTFA did not provide ethics training, within six months of appointment, to 11 of the 67 new filers. This is the second consecutive time this has been a finding for the CDTFA.

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

Severity: Very Serious. The department does not ensure that its filers are aware of prohibitions related to their official position and influence.

Cause: The CDTFA states that although they implemented a Learning Management System (LMS), their team did not master the functionality of the system and reminder notifications were not sent timely to their filers. Further, the CDTFA inadvertently reported inaccurate Ethics training data and states that several employees they reported as new filers were actually existing filers in previous positions prior to their appointment at the CDTFA. The CDTFA notes that, as of January 4, 2021, they verified that 3 of the 11 employees identified as noncompliant new filers should have been reported as existing filers.

SPB Response: The CDTFA was given ample opportunity to provide accurate data throughout the compliance review process. The CRU cannot verify the CDTFA’s assertion that three employees included in the finding were not new filers.

Corrective Action: Within 90 days of this report, the CDTFA must submit to the SPB a written correction action response which addresses the corrections the department will implement to demonstrate conformity with Government Code section 11146.3. Further, the corrective action response should also address how the CDTFA will ensure that accurate data is provided to the CRU during future compliance reviews. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

SEVERITY: VERY SERIOUS	FINDING NO. 7 SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL SUPERVISORS
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Summary: The CDTFA did not provide sexual harassment prevention training to 8 of 27 new supervisors within 6 months of their appointment. In addition, the CDTFA did not provide sexual harassment prevention training, every two years, to 311 of 477 existing supervisors.

Criteria: Each department must provide its supervisors two hours of sexual harassment prevention training every two years. New supervisors must be provided sexual harassment prevention training within six months of appointment. (Gov. Code, § 12950.1, subds. (a) and (b); Gov. Code § 19995.4.)

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

Cause: The CDTFA states that they changed LMS platforms and the archived LMS did not have the capability to track training and enable notifications for upcoming sexual harassment prevention training due dates. Further, the CDTFA inadvertently reported inaccurate sexual harassment prevention training data. The CDTFA states that the sexual harassment prevention training data provided to the SPB reflected training completion dates for all current supervisors and managers, and they were not able to accurately distinguish between first-time supervisors versus existing supervisors who had previously met the new supervisor training requirement. As a result, the CDTFA states that the noncompliant numbers are inflated.

SPB Response: The CDTFA was given ample opportunity to provide accurate data throughout the compliance review process. The CRU relies on departments to provide accurate data, in a timely manner, in order to determine compliance. The numbers reflected in the finding are based upon the data provided by the CDTFA.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that supervisors are provided sexual harassment prevention training in accordance with Government Code section 12950.1. Further, the corrective action response should also address how the CDTFA will ensure that accurate data is provided to the CRU during future compliance reviews. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Compensation and Pay

Salary Determination

The pay plan for state civil service consists of salary ranges and steps established by CalHR. (Cal. Code Regs., tit. 2, § 599.666.) Several salary rules dictate how departments calculate and determine an employee's salary rate⁸ upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA made 436 appointments. The CRU reviewed 25 of those appointments to determine if the CDTFA accurately applied salary regulations, and correctly processed employees' compensation, as listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$5,149
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$5,149
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	\$5,149
Associate Forest Property Appraiser (Board of Equalization)	Certification List	Permanent	Full Time	\$5,406
Business Service Officer (Supervisor)	Certification List	Permanent	Full Time	\$4,636
Business Taxes Administrator I, Board of Equalization	Certification List	Permanent	Full Time	\$6,571

⁸ "Rate" is any one of the salary rates in the resolution by CalHR which establishes the salary ranges and steps of the Pay Plan (Cal. Code Regs., tit. 2, section 599.666).

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Business Taxes Administrator I, Board of Equalization	Certification List	Permanent	Full Time	\$8,607
Business Taxes Administrator I, Board of Equalization	Certification List	Permanent	Full Time	\$7,464
Business Taxes Administrator III, Board of Equalization	Certification List	Permanent	Full Time	\$10,943
Business Taxes Compliance Specialist	Certification List	Permanent	Full Time	\$6,208
Information Technology Associate	Certification List	Permanent	Full Time	\$5,304
Supervising Tax Auditor II Board of Equalization	Certification List	Permanent	Full Time	\$8,607
Tax Auditor, Board of Equalization	Certification List	Permanent	Full Time	\$4,182
Tax Counsel III (Specialist)	Certification List	Permanent	Full Time	\$9,463
Tax Technician I, Board of Equalization	Certification List	Permanent	Full Time	\$2,668
Tax Technician I, Board of Equalization	Certification List	Limited Term	Full Time	\$2,668
Associate Accounting Analyst	Transfer	Permanent	Full Time	\$6,517
Associate Personnel Analyst	Transfer	Limited Term	Full Time	\$5,961
Business Taxes Administrator I, Board of Equalization	Transfer	Permanent	Full Time	\$8,391
Business Taxes Specialist I, Board of Equalization	Transfer	Permanent	Full Time	\$7,959
Office Technician (General)	Transfer	Permanent	Full Time	\$3,868
Staff Services Manager I	Transfer	Permanent	Full Time	\$7,608
Staff Services Manager II (Supervisory)	Transfer	Permanent	Full Time	\$8,352
Tax Technician II, Board of Equalization	Transfer	Permanent	Full Time	\$3,088

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Tax Technician III, Board of Equalization	Transfer	Permanent	Full Time	\$3,755

IN COMPLIANCE	FINDING NO. 8 SALARY DETERMINATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the salary determinations that were reviewed. The CDTFA appropriately calculated and keyed the salaries for each appointment and correctly determined employees' anniversary dates ensuring that subsequent merit salary adjustments will satisfy civil service laws, Board rules and CalHR policies and guidelines.

Alternate Range Movement Salary Determination (within same classification)

If an employee qualifies under established criteria and moves from one alternate range to another alternate range of a class, the employee shall receive an increase or a decrease equivalent to the total of the range differential between the maximum salary rates of the alternate ranges. (Cal. Code Regs., tit. 2, § 599.681.) However, in many instances, the CalHR provides salary rules departments must use when employees move between alternate ranges. These rules are described in the alternate range criteria. (CalHR Pay Scales). When no salary rule or method is cited in the alternate range criteria, departments must default to Rule 599.681.

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA made 52 alternate range movements within a classification. The CRU reviewed 14 of those alternate range movements to determine if the CDTFA applied salary regulations accurately and correctly processed each employee's compensation, which are listed below:

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Business Taxes Representative	A	B	Full Time	\$4,008
Business Taxes Representative	B	C	Full Time	\$4,721
Information Technology Specialist I	B	C	Full Time	\$7,621

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)
Information Technology Specialist I	B	C	Full Time	\$8,197
Office Assistant (General)	A	B	Full Time	\$2,675
Staff Services Analyst (General)	B	C	Full Time	\$4,692
Staff Services Analyst (General)	B	C	Full Time	\$4,692
Tax Auditor, Board of Equalization	A	B	Full Time	\$4,721
Tax Auditor, Board of Equalization	A	B	Full Time	\$4,721
Tax Counsel	C	D	Full Time	\$7,818
Tax Counsel	C	D	Full Time	\$7,818
Tax Counsel	C	D	Full Time	\$7,818
Tax Technician I, Board of Equalization	A	B	Full Time	\$2,941
Tax Technician I, Board of Equalization	A	B	Full Time	\$2,941

SEVERITY: VERY SERIOUS	FINDING NO. 9 ALTERNATE RANGE MOVEMENTS DID NOT COMPLY WITH CIVIL SERVICE LAWS, RULES, AND CALHR POLICIES AND GUIDELINES
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Summary: The CRU found the following errors in the CDTFA's determination of employee compensation:

Classification	Description of Finding(s)	Criteria
Office Assistant (General)	Incorrect anniversary date keyed resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, § 599.674, subd. (b)
Tax Counsel	Incorrect anniversary date keyed resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, § 599.676
Tax Counsel	Employee was moved to Range D of the classification before they met the criteria for movement resulting in the employee being overcompensated.	Alternate Range Criteria 315

Criteria: Alternate ranges are designed to recognize increased competence in the performance of class duties based upon experience obtained while in the class. The employee gains status in the alternate range as though each range were a separate classification. (Classification and Pay Guide Section 220.)

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. In three circumstances, the CDTFA failed to comply with the requirements outlined in the state civil service pay plan. Incorrectly applying compensation laws and rules not in accordance with CalHR's policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay amounts.

Cause: The CDTFA states that these findings were the result of human error.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that employees are compensated correctly. The CDTFA must establish an audit system to correct current compensation transactions as well as future transactions. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Bilingual Pay

A certified bilingual position is a position where the incumbent uses bilingual skills on a continuous basis and averages 10 percent or more of the total time worked. According to the Pay Differential 14, the 10 percent time standard is calculated based on the time spent conversing, interpreting, or transcribing in a second language and time spent on closely related activities performed directly in conjunction with the specific bilingual transactions.

Typically, the department must review the position duty statement to confirm the percentage of time performing bilingual skills and verify the monthly pay differential is granted to a certified bilingual employee in a designated bilingual position. The position, not the employee, receives the bilingual designation and the department must verify that

the incumbent successfully participated in an Oral Fluency Examination prior to issuing the additional pay.

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA issued bilingual pay to 42 employees. The CRU reviewed 15 of these bilingual pay authorizations to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Bargaining Unit	Time Base	No. of Appts.
Business Taxes Compliance Specialist	R01	Full Time	2
Business Taxes Representative	R01	Full Time	3
Tax Auditor, Board of Equalization	R01	Full Time	2
Tax Technician I, Board of Equalization	R04	Full Time	1
Tax Technician II, Board of Equalization	R04	Full Time	2
Tax Technician III, Board of Equalization	R04	Full Time	5

SEVERITY: VERY SERIOUS	FINDING No. 10 INCORRECT AUTHORIZATION OF BILINGUAL PAY
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Summary: The CRU found errors in all 15 of the CDTFA's authorizations of bilingual pay:

Classification	Description of Finding(s)	Criteria
Business Taxes Compliance Specialist (2 positions)	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14
Business Taxes Representative (2 positions)	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14
Business Taxes Representative	Department failed to supply supporting documentation demonstrating the need for bilingual services. Additionally, the department failed to provide the employee's oral fluency exam results to certify that the employee is a qualified bilingual employee.	Government Code section 7296 and Pay Differential 14
Tax Auditor, Board Of Equalization (2 positions)	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14

Classification	Description of Finding(s)	Criteria
Tax Technician I, Board Of Equalization	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14
Tax Technician II, Board Of Equalization (2 positions)	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14
Tax Technician III, Board Of Equalization (5 positions)	Department failed to supply supporting documentation demonstrating the need for bilingual services.	Government Code section 7296 and Pay Differential 14

Criteria: For any state agency, a “qualified” bilingual employee, person, or interpreter is someone who CalHR has tested and certified, someone who was tested and certified by a state agency or other approved testing authority, and/or someone who has met the testing or certification standards for outside or contract interpreters as proficient in both the English language and the non-English language to be used. (Gov. Code, § 7296, subd. (a)(3).) An individual must be in a position that has been certified by the department as a position which requires the use of bilingual skills on a continuing basis averaging 10 percent of the time spent either conversing, interpreting or transcribing in a second language and time spent on closely related activities performed directly in conjunction with specific bilingual transactions. (Pay Differential 14.)

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

Cause: The CDTFA states that their HRB works in conjunction with its Diversity & Inclusion Office on bilingual language needs. Due to turnover in both areas, the appropriate application and processing of bilingual pay was inconsistently applied and documented.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Government Code section 7296, and Pay Differential 14. Copies of relevant documentation demonstrating that the corrective action has

been implemented must be included with the corrective action response.

Pay Differentials

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

California State Civil Service Pay Scales Section 14 describes the qualifying pay criteria for the majority of pay differentials. However, some of the alternate range criteria in the pay scales function as pay differentials. Generally, departments issuing pay differentials should, in order to justify the additional pay, document the following: the effective date of the pay differential, the collective bargaining unit identifier, the classification applicable to the salary rate and conditions along with the specific criteria, and any relevant documentation to verify the employee meets the criteria.

During the period under review, November 1, 2019, through April 30, 2020, the CDTFAs issued pay differentials⁹ to 261 employees. The CRU reviewed 31 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Number of Positions	Pay Differential	Monthly Amount
Associate Tax Auditor, Board of Equalization	8	102	\$346
Business Taxes Specialist I, Board of Equalization	5	102	\$346
Business Taxes Specialist II, Board of Equalization	1	102	\$346
Supervising Tax Auditor II Board of Equalization	2	102	\$419
Tax Auditor, Board of Equalization	4	102	\$346

⁹ For the purposes of CRU's review, only monthly pay differentials were selected for review at this time.

Classification	Number of Positions	Pay Differential	Monthly Amount
Tax Technician I, Board of Equalization	8	186	\$150
Tax Technician II, Board of Equalization	1	186	\$150
Tax Technician III, Board of Equalization	2	186	\$150

IN COMPLIANCE	FINDING NO. 11	PAY DIFFERENTIAL AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the pay differentials that the CDTFA authorized during the compliance review period. Pay differentials were issued correctly in recognition of unusual competencies, circumstances, or working conditions in accordance with applicable rules and guidelines.

Out-of-Class Assignments and Pay

For excluded¹⁰ and most rank and file employees, out-of-class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

According to the Classification and Pay Guide, OOC assignments should only be used as a last resort to accommodate temporary staffing needs. All civil service alternatives should be explored first before using OOC assignments. However, certain MOU provisions and the California Code of Regulations, title 2, section 599.810 allow for short-term OOC assignments to meet temporary staffing needs. Should OOC work become necessary, the assignment would be made pursuant to the applicable MOU provisions or salary regulations. Before assigning the OOC work, the department should have a plan to correct the situation before the 120-day time period expires. (Classification and Pay Guide Section 375.)

¹⁰ "Excluded employee" means an employee as defined in section 3527, subd. (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.

During the period under review, November 1, 2019, through April 30, 2020, the CDTFA issued OOC pay to seven employees. The CRU reviewed four of these OOC assignments to ensure compliance with applicable MOU provisions, salary regulations, and CalHR policies and guidelines. These are listed below:

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Business Taxes Compliance Specialist	R01	Business Taxes Administrator I, Board of Equalization	1/2/20 – 2/29/20
Business Taxes Compliance Specialist	R01	Business Taxes Administrator I, Board of Equalization	4/22/20 – 8/20/20
Business Taxes Specialist I, Board of Equalization	R01	Supervising Tax Auditor II, Board of Equalization	2/13/20 – 6/12/20
Staff Services Analyst (General)	R01	Associate Governmental Program Analyst	7/31/19 – 11/27/19

SEVERITY: VERY SERIOUS	FINDING NO. 12 INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY
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Summary: The CRU found three error(s) in the CDTFA’s authorization of OOC pay:

Classification	Out-of-Class Classification	Description of Finding(s)	Criteria
Business Taxes Compliance Specialist	Business Taxes Administrator I, Board of Equalization	OOO pay was incorrectly calculated for the January and February 2020 pay periods. As such, the employee was overcompensated for the January pay period and was undercompensated for the February pay period.	Pay Differential 91

Classification	Out-of-Class Classification	Description of Finding(s)	Criteria
Business Taxes Compliance Specialist	Business Taxes Administrator I, Board of Equalization	The employee worked OOC over the 120-calendar day limit.	Pay Differential 91
Business Taxes Specialist I, Board of Equalization	Supervising Tax Auditor II, Board of Equalization	The employee worked OOC over the 120-calendar day limit.	Pay Differential 91

Criteria: An employee may be temporarily required to perform out-of-class work by his/her department for up to one hundred twenty (120) calendar days in any twelve (12) consecutive calendar months when it determines that such an assignment is of unusual urgency, nature, volume, location, duration, or other special characteristics; and, cannot feasibly be met through use of other civil service or administrative alternatives. Departments may not use out-of-class assignments to avoid giving civil service examinations or to avoid using existing eligibility lists created as the result of a civil service examination.

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

Cause: The CDTFA states that these findings were the result of human error.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Gov. Code, § 599.810 and Pay Differential 91. The CDTFA states that they have corrected one of the identified errors. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Leave

Positive Paid Employees

Actual Time Worked (ATW) is a method that can be used to keep track of a Temporary Authorization Utilization (TAU) employee's time to ensure that the Constitutional limit of 9 months in any 12 consecutive months is not exceeded. The ATW method of counting time is used in order to continue the employment status for an employee until the completion of an examination, for seasonal type work, while attending school, or for consulting services.

An employee is appointed TAU-ATW when he/she is not expected to work all of the working days of a month. When counting 189 days, every day worked, including partial 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. (Cal. Code Regs., tit. 2, § 265.1, subd. (f).)

For student assistants, graduate student assistants, youth aides, and seasonal classifications a maximum work-time limit of 1500 hours within 12 consecutive months 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 1500 hours in any calendar year. (Applicable Bargaining Unit Agreements.) However, Bargaining Unit 6 employees may work up to 2000 hours in any calendar year.

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

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

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

At the time of the review, the CDTFA had 34 positive paid employees whose hours were tracked. The CRU reviewed 14 of those positive paid appointments to ensure compliance with applicable laws, regulations, policies and guidelines, which are listed below:

Classification	Tenure	Time Frame	Time Worked
Associate Governmental Program Analyst	Retired Annuitant	7/1/18 – 6/30/19	482 hours
Business Tax Specialist I, Board of Equalization	Retired Annuitant	7/1/18 – 6/30/19	943 hours
Business Tax Specialist I, Board of Equalization	Retired Annuitant	7/1/18 – 6/30/19	951 hours
Business Tax Specialist I, Board of Equalization	Retired Annuitant	7/1/18 – 6/30/19	960 hours
Business Tax Specialist III, Board of Equalization	Retired Annuitant	7/1/18 – 6/30/19	944 hours
Information Technology Associate	Retired Annuitant	7/1/18 – 6/30/19	294 hours
Staff Services Manager I	Retired Annuitant	7/1/18 – 6/30/19	324.25 hours
Tax Technician II, Board of Equalization	Retired Annuitant	7/1/18 – 6/30/19	88 hours
Student Assistant	Temporary	5/1/19 – 4/30/20	911 hours
Student Assistant	Temporary	6/1/19 – 4/30/20	1,291 hours
Student Assistant	Temporary	5/1/19 – 4/30/20	1,300 hours
Student Assistant	Temporary	5/1/19 – 4/30/20	811.5 hours
Student Assistant	Temporary	7/1/19 – 4/30/20	1,045.5 hours
Student Assistant	Temporary	5/1/19 – 4/30/20	1,339 hours

IN COMPLIANCE	FINDING NO. 13 POSITIVE PAID EMPLOYEES' TRACKED HOURS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the positive paid employees reviewed during the compliance review period. The CDTFA provided sufficient justification and adhered to applicable laws, regulations and CalHR policy and guidelines for positive paid employees.

Administrative Time Off

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

During the period under review, February 1, 2019, through January 31, 2020, the CDTFA placed 180 employees on ATO. The CRU reviewed 29 of these ATO appointments to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	Amount of Time on ATO
Associate Tax Auditor, Board of Equalization	5/9/19 – 5/15/19	40 hours
Business Taxes Administrator I, Board of Equalization	10/31/19	8 hours
Business Taxes Administrator III, Board of Equalization	6/5/19 – 6/11/19	40 hours
Business Taxes Compliance Specialist	6/28/19 – 7/5/19	40 hours
Business Taxes Representative	2/13/19 – 2/15/19	24 hours
Business Taxes Representative	5/9/19 – 5/15/19	40 hours
Business Taxes Representative	9/30/19 – 10/9/19	64 hours
Business Taxes Representative	7/26/19 – 7/30/19	24 hours

Classification	Time Frame	Amount of Time on ATO
Business Taxes Specialist I, Board of Equalization	4/23/19	8 hours
Business Taxes Specialist I, Board of Equalization	10/29/19 – 10/30/19	16 hours
Business Taxes Specialist I, Board of Equalization	11/15/19 – 11/21/19	40 hours
Information Officer I Specialist	4/16/19 – 4/22/19	40 hours
Information Technology Specialist I	10/25/19	8 hours
Mailing Machines Operator II	7/5/19 – 7/11/19	40 hours
Office Technician (General)	12/3/19 – 12/9/19	40 hours
Office Technician (Typing)	10/9/19	8 hours
Office Technician (Typing)	10/25/19	8 hours
Senior Accounting Officer (Specialist)	7/10/19 7/24/19	2 hours 2 hours
Supervising Tax Auditor II Board of Equalization	4/8/19 – 4/12/19	40 hours
Tax Auditor, Board of Equalization	3/18/19 – 3/22/19	40 hours
Tax Auditor, Board of Equalization	6/10/19	4 hours
Tax Auditor, Board of Equalization	10/10/19 10/11/19	2 hours 2 hours
Tax Technician I, Board of Equalization	10/24/19 10/25/19	.5 hours 7.5 hours
Tax Technician II, Board of Equalization	2/13/19 – 2/15/19	24 hours
Tax Technician II, Board of Equalization	3/22/19 – 3/28/19	40 hours
Tax Technician II, Board of Equalization	10/11/19 10/30/19	8 hours 8 hours
Tax Technician III, Board of Equalization	2/27/19 2/28/19	4 hours 4 hours
Tax Technician III, Board of Equalization	2/27/19	4 hours
Tax Technician III, Board of Equalization	11/1/19	5.5 hours

SEVERITY: SERIOUS	FINDING NO. 14 ADMINISTRATIVE TIME OFF WAS NOT PROPERLY DOCUMENTED
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Summary: The CDTFA did not key one employee’s ATO hours correctly into the Leave Accounting System.

Criteria: Appointing authorities are authorized to approve ATO for up to five (5) working days. (Gov. Code, § 19991.10.) Furthermore, they “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 the CalHR. (*Ibid.*) In most cases, if approved, the extension will be for an additional 30 calendar days. (*Ibid.*) The appointing authority is responsible for submitting ATO extension requests to CalHR at least 5 working days prior to the expiration date of the approved leave. (*Ibid.*)

When requesting an ATO extension, the appointing authority 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 CalHR denies a request to extend ATO, or the appointing authority fails to request approval from CalHR to extend the ATO, the employee must be returned to work in some capacity. (*Ibid.*)

Regardless of the length of 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: The CDTFA states that this finding was the result of human error.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Government Code section 19991.10 and Human Resources Manual

Section 2121. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

Leave Auditing and Timekeeping

Departments must keep complete and accurate time and attendance records for each employee and officer employed within the agency over which it has jurisdiction. (Cal. Code Regs., tit. 2, § 599.665.)

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

During the period under review, October 31, 2019, through January 30, 2020, the CDTFA reported 84 units comprised of 3,826 active employees. The pay periods and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	Unit Reviewed	Number of Employees	Number of Timesheets Reviewed	Number of Missing Timesheets
November 2019	317	22	22	0
November 2019	473	31	31	0
December 2019	327	54	54	0
January 2020	113	36	36	0
January 2020	378	15	15	0

IN COMPLIANCE	FINDING NO. 15 LEAVE AUDITING AND TIMEKEEPING COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU reviewed employee leave records from three different leave periods to ensure compliance with applicable laws, regulations and CalHR policy and guidelines. Based on our review, the CRU found no deficiencies. The CDTFA 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.

State Service

The state recognizes two different types of absences while an employee is on pay status; paid or unpaid. The unpaid absences can affect whether a pay period is considered to be a qualifying or non-qualifying pay period for state service and leave accruals.

Generally, an employee who has 11 or more working days of service in a monthly pay period shall be considered to have a complete month, a month of service, or continuous service.¹³ (Cal. Code Regs., tit. 2, § 599.608.) Full time and fractional employees who work less than 11 working days in a pay period will have a non-qualifying month and will not receive state service or leave accruals for that month.

Hourly or daily rate employees working at a department in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods shall be considered to have a complete month, a month of service, or continuous service. (Cal. Code Regs., tit. 2, § 599.609.)

For each qualifying monthly pay period, the employee shall be allowed credit for vacation with pay on the first day of the following monthly pay period. (Cal. Code Regs. tit. 2, § 599.608.) When computing months of total state service to determine a change in the monthly credit for vacation with pay, only qualifying monthly pay periods of service before and after breaks in service shall be counted. (Cal. Code Regs. tit. 2, § 599.739.) Portions of non-qualifying monthly pay periods of service shall not be counted nor accumulated.

¹³ Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, 19997.4 and California Code of Regulations, title 2, sections 599.609, 599.682, 599.683, 599.685, 599.687, 599.737, 599.738, 599.739, 599.740, 599.746, 599.747, 599.776.1, 599.787, 599.791, 599.840 and 599.843 provide further clarification for calculating state time.

(*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees¹⁴ 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, October 31, 2019, through April 30, 2020, the CDTFA had 35 employees with non-qualifying pay period transactions. The CRU reviewed 14 transactions to ensure compliance with applicable laws, regulations and CalHR policy and guidelines, which are listed below:

Type of Transaction	Time base	Number Reviewed
Non-Qualifying Pay Period	Full Time	10
Qualifying Pay Period	Full Time	4

SEVERITY: VERY SERIOUS	FINDING NO. 16 INCORRECT APPLICATION OF STATE SERVICE AND LEAVE TRANSACTIONS
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Summary: The CRU found the following error in the CDTFA’s state service transactions:

Type of Transaction	Time base	State Service Incorrectly Posted	Leave Accruals Incorrectly Posted
Qualifying Pay Period	Full Time	1	1

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

¹⁴ As identified in Government Code sections 19858.3, subdivision (a), 19858.3, subdivision (b), or 19858.3, subdivision (c), or as it applies to employees excluded from the definition of state employee under Government Code section 3513, subdivision (c), or California Code of Regulations, title 2, section 599.752, subdivision (a), and appointees of the Governor as designated by the Department and not subject to section 599.752.1.

from permanent separation for more than 11 consecutive working days which fall into two consecutive pay periods shall disqualify one of the pay periods. (*Ibid.*)

Hourly or daily rate employees working in a state agency in which the full-time workweek is 40 hours who earn the equivalent of 160 hours of service in a monthly pay period or accumulated pay periods shall be considered to have a complete month, a month of service, or continuous service. (Cal. Code Regs., tit.2, § 599.609.) When an employee has a break in service or changes to full-time, any combination of time worked which does not equal one qualifying month of full-time service shall not be accumulated or counted. (*Ibid.*)

Severity: Very Serious. For audit purposes, accurate and timely attendance reporting is required of all departments. If the length of an informal leave results in a non-qualifying pay period, a state service transaction must be processed. Inappropriately authorizing state service credits and leave accruals to employees who did not earn them results in a monetary loss for the department.

Cause: The CDTFA states that this finding was the result of human error. Further, they have several new Personnel Specialists who have not attended the State Controller Office's training due to in-person training being suspended during the COVID-19 pandemic.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure state service transactions are keyed accurately. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

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 association by blood, adoption, marriage and/or cohabitation. (*Ibid.*) All department nepotism policies should emphasize that nepotism is antithetical to a merit-based personnel system and that the department is committed to the state policy of recruiting, hiring and assigning employees on the basis of merit. (*Ibid.*)

IN COMPLIANCE	FINDING NO. 17 NEPOTISM POLICY COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU verified that the policy was disseminated to all staff and emphasized the CDTFA’s commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the CDTFA’s nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

Workers’ Compensation

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

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

IN COMPLIANCE	FINDING NO. 18 WORKERS' COMPENSATION PROCESS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU verified that the CDTFA provides notice to their employees to inform them of their rights and responsibilities under California's Workers' Compensation Law. Furthermore, the CRU verified that when the CDTFA received workers' compensation claims, they properly provided claim forms within one working day of notice or knowledge of injury.

Performance Appraisals

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

The CRU selected 86 permanent CDTFA employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies and guidelines. These are listed below:

Classification	Date Performance Appraisals Due
Assistant Tax Service Specialist	2/28/2019
Associate Tax Auditor, Board of Equalization	12/1/2019
Associate Tax Auditor, Board of Equalization	9/17/2019
Associate Tax Auditor, Board of Equalization	10/1/2019
Associate Tax Auditor, Board of Equalization	12/1/2019
Associate Tax Auditor, Board of Equalization	1/31/2019
Associate Tax Auditor, Board of Equalization	9/25/2019
Associate Tax Auditor, Board of Equalization	1/20/2019
Associate Tax Auditor, Board of Equalization	3/1/2019

Classification	Date Performance Appraisals Due
Associate Tax Auditor, Board of Equalization	8/15/2019
Associate Tax Auditor, Board of Equalization	10/16/2019
Associate Tax Auditor, Board of Equalization	6/27/2019
Associate Tax Auditor, Board of Equalization	2/19/2019
Associate Tax Auditor, Board of Equalization	8/1/2019
Associate Tax Auditor, Board of Equalization	1/31/2019
Associate Tax Auditor, Board of Equalization	5/30/2019
Business Taxes Administrator I, Board of Equalization	9/30/2019
Business Taxes Administrator I, Board of Equalization	9/30/2019
Business Taxes Administrator I, Board of Equalization	7/30/2019
Business Taxes Administrator I, Board of Equalization	4/31/19
Business Taxes Administrator I, Board of Equalization	9/30/2019
Business Taxes Administrator I, Board of Equalization	9/30/2019
Business Taxes Administrator II, Board of Equalization	9/30/2019
Business Taxes Administrator II, Board of Equalization	4/30/2019
Business Taxes Administrator II, Board of Equalization	1/31/2019
Business Taxes Administrator III, Board of Equalization	1/29/2019
Business Taxes Administrator III, Board of Equalization	6/4/2019
Business Taxes Compliance Specialist	4/21/2019
Business Taxes Compliance Specialist	8/20/2019
Business Taxes Representative	9/30/2019
Business Taxes Representative	9/18/2019

Classification	Date Performance Appraisals Due
Business Taxes Representative	9/30/2019
Business Taxes Representative	8/31/2019
Business Taxes Representative	9/25/2019
Business Taxes Representative	6/19/2019
Business Taxes Representative	8/31/2019
Business Taxes Representative	6/7/2019
Business Taxes Representative	4/2/2019
Business Taxes Representative	1/18/2019
Business Taxes Representative	6/11/2019
Business Taxes Specialist I, Board of Equalization	3/31/2019
Business Taxes Specialist I, Board of Equalization	11/30/2019
Business Taxes Specialist I, Board of Equalization	5/31/2019
Business Taxes Specialist I, Board of Equalization	1/31/2019
Business Taxes Specialist I, Board of Equalization	6/15/2019
Business Taxes Specialist I, Board of Equalization	11/13/2019
Business Taxes Specialist II, Board of Equalization	2/14/2019
Business Taxes Specialist II, Board of Equalization	5/31/2019
Business Taxes Specialist II, Board of Equalization	3/31/2019
Business Taxes Specialist II, Board of Equalization	6/15/2019
Business Taxes Specialist III, Board of Equalization	4/21/2019
Digital Print Operator II	7/16/2019
Executive Secretary I	12/30/2019
Information Officer I (Specialist)	2/21/2019
Information Technology Associate	5/12/2019
Information Technology Associate	11/19/2019
Information Technology Associate	6/28/2019
Information Technology Manager I	10/14/2019

Classification	Date Performance Appraisals Due
Information Technology Manager I	6/15/2019
Information Technology Specialist I	6/25/2019
Information Technology Specialist I	12/27/2019
Information Technology Specialist I	4/15/2019
Information Technology Specialist I	4/30/2019
Information Technology Specialist II	1/1/2019
Information Technology Specialist II	11/13/2019
Office Assistant (General)	9/24/2019
Office Technician (Typing)	10/30/2019
Office Technician (Typing)	11/29/2019
Staff Services Manager I	4/30/2019
Staff Services Manager II (Supervisory)	11/30/2019
Supervising Tax Auditor I, Board of Equalization	1/29/2019
Supervising Tax Auditor I, Board of Equalization	9/7/2019
Supervising Tax Auditor I, Board of Equalization	1/13/2019
Supervising Tax Auditor II, Board of Equalization	1/30/2019
Supervising Tax Auditor II, Board of Equalization	9/20/2019
Supervising Tax Auditor II, Board of Equalization	2/9/2019
Supervising Tax Auditor II, Board of Equalization	8/10/2019
Supervising Tax Auditor II, Board of Equalization	2/14/2019
Supervising Tax Auditor II, Board of Equalization	8/29/2019
Supervising Tax Auditor II, Board of Equalization	3/14/2019
Supervising Tax Auditor II, Board of Equalization	6/15/2019
Supervising Tax Auditor III, Board of Equalization	10/9/2019
Tax Auditor, Board of Equalization	8/31/2019
Tax Counsel IV	6/30/2019

Classification	Date Performance Appraisals Due
Tax Technician II, Board of Equalization	7/7/2019
Tax Technician III, Board of Equalization	10/24/2019

SEVERITY: SERIOUS	FINDING NO. 19 PERFORMANCE APPRAISALS WERE NOT PROVIDED TO ALL EMPLOYEES
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Summary: The CDTFA did not provide annual performance appraisals to 61 of 86 employees reviewed after the completion of the employee’s probationary period.

Criteria: Appointing powers shall prepare performance reports and keep them on file as prescribed by department rule. (Gov. Code, § 19992.2, subd. (a).) Each supervisor, as designated by the appointing power, shall make an appraisal in writing and shall discuss with the employee overall work performance at least once in each twelve calendar months following the end of the employee’s probationary period. (Cal. Code Regs., tit. 2, § 599.798.)

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

Cause: The CDTFA states that despite numerous methods used by their HRB to remind all of their supervisors of performance appraisal due dates, not all supervisors completed timely annual performance appraisals.

Corrective Action: Within 90 days of the date of this report, the CDTFA must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with Government Code section 19992.2 and California Code of Regulations, title 2, section 599.798. Copies of relevant documentation demonstrating that the corrective action has been implemented must be included with the corrective action response.

DEPARTMENTAL RESPONSE

The CDTFA's response is attached as Attachment 1.

SPB REPLY

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



STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

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GAVIN NEWSOM
Governor

YOLANDA RICHARDSON
Secretary, Government Operations Agency

NICOLAS MADUROS
Director

January 4, 2021

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

Re: California Department of Tax and Fee Administration Compliance Review Report

Dear Ms. Ambrose:

The California Department of Tax and Fee Administration (CDTFA), Human Resources Bureau (HRB), has reviewed the draft Compliance Review Report received December 1, 2020. We appreciate the State Personnel Board's (SPB) review and the opportunity to respond to the findings. We take our responsibilities seriously and have already begun addressing and improving our processes to ensure compliance.

Below are our responses to the items that require attention:

Finding 3: Probationary evaluations were not provided for all appointments reviewed and those that were reviewed timely.

Cause:

Despite the numerous methods used by HRB to inform supervisors and managers of the requirement to complete and issue timely probationary reports, not all supervisors provided timely probationary reports.

Response:

When a probationary team member is hired, HRB actively sends reminders to all supervisors notifying them of the specific probationary report due dates. CDTFA also provides quarterly metrics to senior staff, highlighting the completion rates of probationary reports and annual appraisals.

HRB is currently working with our Technology Services Division (TSD) to create a Probation and Performance Appraisal Summary (PAS) reporting application. This application has been in rigorous testing and is scheduled to go live across the department in January 2021. This new tool should significantly increase compliance in completing probationary reports and performance appraisal summaries by providing advance notice of upcoming due dates.

Finding 5: Unions Were Not Notified of Personal Services Contracts

Cause:

Despite having an experienced team, lack of training and human error caused this miscommunication.

Response:

Five (5) of the seven (7) contracts listed were Leverage Procurement Agreements (LPA). Additional training has been provided to ensure Acquisitions Branch (AB) team members understand LPAs are subject to union notification.

Two (2) of the seven (7) contracts listed were the result of human error. Since the compliance review, a pre-procurement process has been developed by AB and the Labor Relations Office to remediate the notification review and approval process.

Finding 6: Ethics Training Was Not Provided for All Filers**Cause:**

As acknowledged by the SPB, several team members listed as first-time SEI-filers were existing filers in previous positions prior to their appointment to CDTFA. As of the date of this response, we have verified that three (3) of the 11 noted team members deemed out-of-compliance were not first-time SEI-filers.

Although we implemented a Learning Management System (LMS), our team did not master the functionality of the system, and reminder notifications of mandatory training due dates, including Ethics Training, were not sent timely to SEI-filers.

Response:

In January 2020, we implemented a new LMS which offers robust functionality, including training reminders. The team is working with TSD to utilize this functionality to the fullest to better track mandatory training compliance data. Additionally, beginning in January 2021, we will be switching to a biannual training cycle. Half of all mandatory training will be due from all team members on June 30 each year and the second half will be due from all team members on December 31, placing all team members on the same cycles and due dates, enabling easier notification and tracking of training completion. We also produce a monthly report tracking Ethics Training compliance.

Finding 7: Sexual Harassment Prevention Training Was Not Provided for All Supervisors**Cause:**

We changed LMS platforms and the archived LMS did not have the capability to track training and enable notifications for upcoming training due dates. As acknowledged by the SPB, the data which resulted in this finding exceeded the time frame originally requested. The reports provided to SPB reflected training completion dates for all current leaders, not just those in the requested date range, was not able to be separated out between first-time leaders versus existing leaders who had previously met the first-time requirement. Thus, the out-of-compliance numbers were inflated.

Response:

We announced SHP training requirements to all team members, consistent with Senate Bill 778, which amended section 12950.1 of the California Government Code. Additionally, we are implementing an annual training schedule effective January 1, 2021, as noted above, and we implemented a new LMS to track training and enable notifications for upcoming training due dates. Moving forward, we expect these changes to correct the errors noted in this finding. We will also notify the remaining team members deemed out-of-compliance to immediately complete the required training.

Finding 9: Alternate Range Movements Did Not Comply with Civil Service Laws, Rules, and CalHR Policies and Guidelines**Cause:**

In the noted cases, human errors were made in these complex calculations.

Response:

We are actively working to correct the three (3) noted deficiencies. In order to mitigate these errors in the future, the Talent Acquisition Section will provide additional training and procedures to all team members conducting Alternate Range Determination (ARD) evaluations.

Finding 10: Incorrect Authorization of Bilingual Pay**Cause:**

HRB works in conjunction with the Diversity & Inclusion (D&I) Office on bilingual language needs of the department. Due to turnover in both areas, the appropriate application and processing of bilingual pay has been inconsistently applied and documented.

Response:

We are updating the processes and procedures for bilingual services to validate positions and determine if team members are tested, certified, and documented on the required tally sheets. HRB has assigned the duties of Bilingual Coordinator to a Staff Services Manager I Specialist. The HRB Bilingual Coordinator, in partnership with the D&I team, will be responsible for establishing an electronic Bilingual Pay filing system which will include the tracking of bilingual position designations, duty statements, and the authorization of the bilingual pay.

Finding 12: Incorrect Authorization of Out-of-Class-Pay**Cause:**

In the noted cases, human errors were made in these complex calculations.

Response:

We have corrected one (1) of the identified errors and are actively working to correct the remaining two (2) noted deficiencies. In the future, HRB will utilize a date calculation tool to minimize the chance of future errors.

Finding 14: Administrative Time Off Was Not Properly Documented**Cause:**

In the noted cases, human errors were made.

Response:

In the future, an ATO Log will be utilized and audited to ensure ATO was accurately recorded on both the timesheet as well as in California Leave Accounting System (CLAS).

Finding 16: Incorrect Application of State Service and Leave Transactions**Cause:**

In the noted case, human errors were made. We have several new Personnel Specialists that have not attended SCO's CLAS training due to in-person training being suspended as a result of the COVID-19 pandemic.

Response:

In the future, team members will utilize the online SCO CLAS Manual and internal SMEs for assistance.

Finding 19: Performance Appraisals Were Not Provided to All Employees

Cause:

As noted above in Finding #3, despite the numerous methods used by HRB to inform supervisors and managers of the requirement to complete and issue timely performance appraisals, not all supervisors provided timely annual performance appraisals.

Response:

HRB actively sends reminders to all supervisors notifying them of the specific annual appraisal due dates. We also provide quarterly metrics to senior staff highlighting the completion rates of probationary reports and annual appraisals.

HRB is currently working with TSD to create a Probation and Performance Appraisal Summary (PAS) reporting application. This application has been in rigorous testing and is scheduled to go live across the department in January 2021. This new tool should significantly increase the timely completion of probationary reports and performance appraisal summaries.

If you have any questions concerning the CDTFA response, please contact me at (916) 309-0101 or Amanda Reed at (916) 309-0195.

Sincerely,

Kathleen Chaussee
Chief, Human Resources Bureau

cc: Sharon Louie, Deputy Director, Administration Division
Sara Sheikholislam, Chief, Internal Audit Bureau

The Corrective Action Response (CAR) is an opportunity for departments to demonstrate necessary steps have been implemented to correct the non-compliant Findings (deficiency) found as a result of the Compliance Review.

For each non-compliant Finding, refer to the Corrective Action section of that Finding in the review report. Copies of relevant documentation demonstrating that the Corrective Action has been or is in the process of being corrected must be included with the CAR. Examples include, but are not limited to, updated internal policies or procedures (should be included for most findings), a training log for mandated training, and/or any new or updated forms, plans, or documents that have been implemented.

CORRECTIVE ACTION RESPONSE

DEPARTMENT: CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION	BRANCH/DIVISION/PROGRAM: HUMAN RESOURCES BRANCH
CONTACT PERSON (NAME AND TITLE): Kirsten Stark, Interim Human Resources Chief	CORRECTIVE ACTION RESPONSE DATE: April 1, 2021 (will update when this returns from GovOps and prior to sending to SPB)

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
Finding as stated in the report, by number	Description of 1) completed or planned corrective action(s) and 2) of supporting documentation	Actual or Estimated Completion Date	Is a copy of the updated Policy or Procedure Included?
Finding 3: Probationary evaluations were not provided for all appointments reviewed and those that were reviewed timely.	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> HRB actively sends reminders to all supervisors notifying them of the specific probation report due dates. We also provide quarterly metrics to Senior Staff highlighting the completion rates of probationary reports and annual appraisals. <p>Corrective Actions In Progress:</p> <ul style="list-style-type: none"> HRB is currently working with our Technology Services Division (TSD) to create a Probation and Performance Appraisal Summary (PAS) reporting application. This application has been in rigorous testing and is scheduled to go live department wide on May 1, 2021. This new tool should significantly increase the timely completion of probationary reports and performance appraisal summaries. HRB Performance Management Unit employees will monitor the application weekly. To ensure compliance with due dates, the application provides the following features: 	<p>January 2020</p> <p>The application is currently being piloted and will be implemented Department-wide on 5/1/2021</p>	No

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<p>Supervisors and Managers</p> <ul style="list-style-type: none"> • Lists all probation and PAS dates for every employee with indicators for upcoming, timely (complete with no errors), incomplete (past due date and not yet filed), and late (complete but not timely). • Portal for uploading completed probation and PAS reports • Provides reminders to supervisors 60 and 30 days prior to the date the report is due and additional reminders if the report is not filed timely • Second line managers and supervisors can view all items for their first line supervisors. • Reporting functionality for identifying timely and late reports for a division or bureau <p>Human Resources Bureau</p> <ul style="list-style-type: none"> • Ability to monitor all probation and PAS reports and filter data as needed • Notification of probation and PAS reports uploaded to the application. • Ability to review reports for completion and notify the supervisor or manager the report is incomplete or has errors. • Download the completed report for filing in the employee's official personnel file • Mark as completed in the application, automatically setting the due date for the next report. <p>Policy Update</p> <ul style="list-style-type: none"> • The Performance Management Unit is reviewing the current Probation and Performance Appraisal Policy and plans to update this policy. Our current policy (see Attachments A1 and A2) has been to make the next PAS due twelve months after the last report was issued. However, if the PAS was issued more than twelve months after the prior PAS, employees do not receive them every twelve months as specified in the bargaining contract. Our revised policy will specify that performance appraisal reports are due annually on the anniversary date of completing probation. This will ensure our employees are receiving them annually and there is a clear due date that must be adhered to. We are piloting this change as part of our Probation and PAS Report application rollout and will need to provide notice to the union with the associated procedural changes once we have determined the system is providing the expected result. 	<p>Please see email. Policy Revision Date- Summer 2021</p>	<p>Attachment A1 – BEAM Sections 1650-1665</p> <p>Attachment A2 – Circular HRB18002</p> <p>Attachment – A3 – Email to all managers and supervisor</p>

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<ul style="list-style-type: none"> We provided notice of the change in policy to all CDTFA managers and supervisors via email on 03/30/21. (See attachment A3) Once the revised policy and new procedures are complete, they will be shared with the union and then distributed electronically to all CDTFA employees. 		
Finding 5: Unions Were Not Notified of Personal Services Contracts	Completed Corrective Actions: <ul style="list-style-type: none"> The Acquisitions Branch and the Labor Relations Office (LRO) have developed a pre-procurement process to remediate the notification review and approval process. An email was sent to the Senior Leadership team on December 22, 2020, providing the revised CDTFA Acquisitions Guide, which includes new section 2.4.5, <i>Labor Relations Office (LRO) Notification Process</i>. The new procedure requires requestors to obtain LRO approval in BAS (our acquisition system) when submitting a requisition of personal services contracts. If there is not an LRO approval on the BAS request, the Acquisitions Branch will not approve the contract and will return the BAS request to the requestor. 	Completed: December 22, 2020 Email Announcement	Yes –Email to Senior Leadership team Attachment -B CDTFA Acquisitions Guide – Attachment – C Section 2.4.5
Finding 6: Ethics Training Was Not Provided for All Filers	Completed Corrective Actions: <ul style="list-style-type: none"> Developed a report tracking Ethics Training compliance which is provided to the Senior Leadership team monthly. See Corrective Actions in Progress for additional information. Ethics Policy was updated in June 2019 to clearly define ethical behavior and consequences of violations of ethical conduct, including specific examples of each. In addition, all references to BOE were updated to CDTFA. CDTFA will review this policy every two years for any necessary updates. The next review is scheduled for June 2021. There are no planned changes to the policy, but it will be verified whether anything needs to be updated. Corrective Actions In Progress: <ul style="list-style-type: none"> Collaborate with TSD and Cornerstone LMS to utilize the full functionality of the newly implemented Learning Management System to better track mandatory training compliance data. This will include automatic scheduling of Ethics training with reminders of both upcoming and past due training sent to the employee and supervisor. We initially had Cornerstone system training scheduled for the team members supporting the system configuration and administration April 2020, but Cornerstone cancelled the training due to the pandemic. The training has been 	A monthly report was developed in August 2019. The CDTFA biannual training cycle was implemented 02/09/2021. All CDTFA team members were notified via email of the new training cycle on 2/9/2021. All SEI Filers were notified on 2/26/2021 via email that they are required to complete their Ethics Training by 4/1/2021.	Yes – CMAP Policy 1226 Attachment – D Attachment – E Email to all employees detailing the new process for mandatory training, including Ethics Training. Attachment - F

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<p>rescheduled for April 2021. The Training and Employee Development unit has two employees that will monitor the LMS and provide reminders to managers and supervisors in addition to the automated reminders.</p> <ul style="list-style-type: none"> • CDTFA has reviewed its mandatory training schedule to determine how best to ensure timely completion of all mandatory training. In February 2021, we implemented a biannual training schedule, with half of the courses due by June 30 of each year and the remaining half due by December 31 each year. However, after implementation, we learned that this process made it extremely difficult for our managers and supervisors to track their employees training and created unintended confusion. As a result, beginning January 1, 2022, we will be implementing a new policy requiring all mandatory training to be completed each year by March 30. • To ensure accurate data will be provided to the CRU during future compliance reviews, a single point of contact will be assigned to collect and review all documents prior to submitting to CRU. Additionally, CDTFA will ask clarifying questions to help ensure a common understanding of the data definitions and data request (i.e. new filers are any new employee to the agency, or new filers are first-time ever filers). 	1/1/2022	
<p>Finding 7: Sexual Harassment Prevention Training Was Not Provided for All Supervisors</p>	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> • On 03/10/2021, the Sexual Harassment Prevention (SHP) training requirements were announced to all team members, consistent with Senate Bill 778 which amended section 12950.1 of the California Government Code. • As of March 23, 2021, all team members have completed the SHP training. • To ensure accurate data will be provided to the CRU during future compliance reviews, a single point of contact will be coordinating and collecting all data for all audits. Additionally, CDTFA will ask clarifying questions to help ensure a common understanding of the data definitions and data request (i.e. determining which managers and supervisors were included in the SHP training data request for the period May 1, 2018 through October 31, 2019). <p>Corrective Actions In Progress:</p> <ul style="list-style-type: none"> • Collaborate with TSD and Cornerstone LMS to utilize the full functionality of the newly implemented Learning Management System to better track mandatory training compliance data. This will include automatic scheduling of Ethics training with reminders of both upcoming and past due training sent to the employee and supervisor. We initially had Cornerstone system training scheduled for the team members supporting the system configuration and administration April 2020, but 	<p>Email to Senior Staff sent 3/10/2021 Email from Training Unit.</p> <p>Completion confirmed on 03/23/2021.</p> <p>The CDTFA biannual training cycle was implemented 02/09/2021. All CDTFA team members were notified via email of the new training cycle on 2/9/2021.</p> <p>4/2021</p>	<p>Yes – CMAP Policy Attachment – G</p> <p>Attachment – H1 – Email explaining training requirements Attachment – H2 Email documentation completed of training</p> <p>Attachment – E Email to all employees detailing the new process for mandatory training, including SHP Training.</p>

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<p>Cornerstone cancelled the training due to the pandemic. The training has been rescheduled for April 2021. The Training and Employee Development unit has two employees that will monitor the LMS and provide reminders to manager and supervisors in addition to the automated reminders.</p> <ul style="list-style-type: none"> • CDTFA has reviewed its mandatory training schedule to determine how best to ensure timely completion of all mandatory training. In February 2021, we implemented a biannual training schedule, with half of the courses due by June 30 of each year and the remaining half due by December 31 each year. However, after implementation, we learned that this process made it extremely difficult for our managers and supervisors to track their employees training and created unintended confusion. As a result, beginning January 1, 2022, we will be implementing a new policy requiring all mandatory training to be completed each year by March 30. 		
<p>Finding 9: Alternate Range Movements Did Not Comply with Civil Service Laws, Rules, and CalHR Policies and Guidelines</p>	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> • The Talent Acquisition Section provided Alternate Range Determination training (see attachment I) to all Talent Acquisition Section Analysts on 9/22/2020. • The training provided an overview of the Alternate Range Determination process including: the definition of alternate range criteria; the concepts and standards of alternate ranges; the salary rate rules per the provisions of the California Code of Regulations; the identification and difference between Deep and Non-Deep Classes; executing an alternate range determination; and denying an alternate range determination. The training also provided each Talent Acquisition Section Analyst the applicable CDTFA and CalHR resources required to execute an Alternate Range Determination including civil service pay scales, a review of HRNet's list of alternate range criteria, and CDTFA Alternate Range Determination templates. • The Talent Acquisition Section received Classification and Compensation training from the CPS HR Consulting Training Center on October 5th, 9th, 29th and 30th of 2020. This training provided an overview of the functions executed in the role of the Classification and Pay Analyst. The training covered various Classification and Pay functions including HR, Technical, Behavioral Competencies, classification plans, the compensation process, and organizational allocations. • The Talent Acquisition Section (TAS) and Transactions Section have established a new process. The alternate range determination (ARD) is provided by TAS to 	<p>Training was provided on the following dates: 9/22/2020; 10/5/2020; 10/9/2020; 10/29/2020; and, 10/30/2020.</p> <p>Completed 10/30/2020</p> <p>Completed 10/30/2020</p>	<p>Yes - Procedures</p> <p>Alternate Range Determination training materials</p> <p>Attachment - I</p> <p>CPS HR Consulting Training Center Workbook Attachment - J1</p>

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<p>the Transactions personnel specialist (PS) along with the appointment docs and checklist (see attachment J2, pages 2 & 3) once an incumbent has been identified. The PS will key the change and the Transactions supervisor will review the keying to confirm it's correct.</p> <p>Planned Corrective Action:</p> <ul style="list-style-type: none"> The Special Projects Unit (SPU) in HRB will audit alternative range movements on a quarterly basis to ensure accuracy. If any discrepancies are identified, SPU will investigate and work with TAS to make the appropriate adjustments, as necessary, to employee compensation. This will be implemented once the unit employees have received Salary Determination training. 	<p>Expected completion Summer 2021</p>	
<p>Finding 10: Incorrect Authorization of Bilingual Pay</p>	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> Duties of the Bilingual Coordinator have been assigned to a Staff Services Manager I Specialist to be the liaison between our Diversity and Inclusion office (which includes our Equal Employment Opportunity functions) and the Classification and Pay function within TAS to ensure this is a coordinated process/effort between the two units. <p>Planned Corrective Actions:</p> <ul style="list-style-type: none"> Update the processes and procedures for bilingual services to validate positions and determine if team members are tested, certified, and documented on the required tally sheets. Collaborate with Diversity and Inclusion office to establish an electronic Bilingual Pay filing system which will include the tracking of bilingual position designations, copies of approved duty statements, and the authorization of the bilingual pay. Audit and reconcile records to ensure incumbents receiving pay have the appropriate duty statement on file. Verify with requestor if bilingual pay duties meet appropriate guidelines and standards. Correct as necessary. Issue monthly MIRs reports that identify any new team members who receive bilingual pay. 	<p>Date duties assigned to SSMI, Talent Acquisition Section, 12/4/2020</p> <p>Projected timeline for new processes and procedures: 7/1/2021</p> <p>Date for electronic system: 1/1/2022</p> <p>Estimated date for contract: 7/1/ 2021</p>	<p>Yes – Policy and Procedures Attachment – K</p> <p>Attachment - L</p>

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<ul style="list-style-type: none"> • Cross reference MIRs reports to ensure the requests have followed all the corrective action and procedure steps. • Create a checklist for all required documentation for Bilingual Pay and disseminate the information to staff, Diversity and Inclusion office, and all parties in HRB. (HRB will not approve any new request unless all documentation is submitted). • Initiate contract with Language Line Solutions (in progress). 		
Finding 12: Incorrect Authorization of Out-of-Class-Pay	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> • HRB is utilizing a date calculation tool to minimize the chance of future errors. <i>(We received the OOC tools from Department of Public Health, tools attached).</i> • Employee Singh– HRB has corrected this finding by calculating an Accounts Receivable (A/R) for overcompensating the employee in January 2020 and issued the remaining pay due the employee for February 2020. The A/R for January 2020 is for six cents and has not officially been established by SCO, as the amount is less than the \$10.00 minimum A/R threshold. The OOC pay due to EE for February 2020 was issued 10/02/20. Transactions Supervisors will review and provide approval prior Personnel Specialist keying OOC payments. • Employees Siu and Arreola- These employees each worked in their OOC capacity for 121 days at the direction of HRB. Since the pay is not due to the employees, CDTFA established an A/R for the additional one day of out of class pay for Siu (\$18.10) and Arreola (\$14.79). 	<p>The OOC calculator tools became available in October 2020</p> <p>Completed October 2020</p> <p>Completed 4/01/2021</p>	<p>Yes – Procedures</p> <p>One for non-furlough, one with furlough. Attachment – M1 Attachment - M2</p> <p>Attachment - N 1 L Singh Payment History</p> <p>Attachment N2 – AR for Siu</p> <p>Attachment N3 – AR for Arreola</p>
Finding 14: Administrative Time Off Was Not Properly Documented	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> • An ATO Log is utilized and audited by the Transactions Unit in HRB to ensure ATO was accurately recorded on both the timesheet as well as in California Leave Accounting System (CLAS). <p>Planned Corrective Actions:</p> <ul style="list-style-type: none"> • The Special Projects Unit in HRB will audit ATO on a quarterly basis to ensure accuracy. This will be implemented once the unit employees have received training. 	<p>CDTFA utilizes a ATO Log. The data was entered into the log correctly. The ATO entry into CLAS was keyed incorrectly. Completed 09/22/20</p>	<p>No ATO log.</p> <p>Attachment - O</p>
Finding 16: Incorrect Application of State Service and Leave Transactions	<p>Completed Corrective Actions:</p> <ul style="list-style-type: none"> • Team members utilize the online SCO CLAS Manual and internal SMEs for assistance. <p>Planned Corrective Actions:</p> <ul style="list-style-type: none"> • Send all Personnel Specialists to refresher training when available. 	<p>The CLAS manual was shared with Transactions in November 2019. Once SCO begins offering CLAS</p>	<p>Yes – Procedures</p> <p>CLAS Manual https://sco.ca.gov/ppsd_clas.html Attachment - P</p>

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
		Training, all Personnel Specialists (PS) will attend a refresher training. PSs can reach out to SMEs in Transactions now.	

<p>Finding 19: Performance Appraisals Were Not Provided to All Employees</p>	<p>Completed Corrective Actions</p> <ul style="list-style-type: none"> • HRB actively sends reminders to all supervisors notifying them of the specific probation report due dates. We also provide quarterly metrics to Senior Staff highlighting the completion rates of probationary reports and annual appraisals. <p>Corrective Actions In Progress:</p> <ul style="list-style-type: none"> • HRB is currently working with our Technology Services Division (TSD) to create a Probation and Performance Appraisal Summary (PAS) reporting application. This application has been in rigorous testing and is scheduled to go live department wide on May 1, 2021. This new tool should significantly increase the timely completion of probationary reports and performance appraisal summaries. • HRB Performance Management Unit employees will monitor the application weekly. To ensure compliance with due dates, the application provides the following features: <ul style="list-style-type: none"> Supervisors and Managers <ul style="list-style-type: none"> • Lists all probation and PAS dates for every employee with indicators for upcoming, timely (complete with no errors), incomplete (past due date and not yet filed), and late (complete but not timely). • Portal for uploading completed probation and PAS reports • Provides reminders to supervisors 60 and 30 days prior to the date the report is due and additional reminders if the report is not filed timely • Second line managers and supervisors can view all items for their first line supervisors. • Reporting functionality for identifying timely and late reports for a division or bureau Human Resources Bureau <ul style="list-style-type: none"> • Ability to monitor all probation and PAS reports and filter data as needed • Notification of probation and PAS reports uploaded to the application. • Ability to review reports for completion and notify the supervisor or manager the report is incomplete or has errors. • Download the completed report for filing in the employee's official personnel file • Mark as completed in the application, automatically setting the due date for the next report. 	<p>The application is currently being piloted and will be implemented Department-wide in May 1, 2021.</p>	<p>No</p>
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FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)	POLICY/PROCEDURE
	<p>Policy Update</p> <ul style="list-style-type: none"> The Performance Management Unit is reviewing the current Probation and Performance Appraisal Policy and plans to update this policy. Our current policy (see Attachments A1 and A2) has been to make the next PAS due twelve months after the last report was issued. However, if the PAS was issued more than twelve months after the prior PAS, employees do not receive them every twelve months as specified in the bargaining contract. Our revised policy will specify that performance appraisal reports are due annually on the anniversary date of completing probation. This will ensure our employees are receiving them annually and there is a clear due date that must be adhered to. We are piloting this change as part of our Probation and PAS Report application rollout and will need to provide notice to the union with the associated procedural changes once we have determined the system is providing the expected result. We provided notice of the change in policy to all CDTFA managers and supervisors via email on 03/30/21. (See attachment A3) Once the revised policy and new procedures are complete, they will be shared with the union and then distributed electronically to all CDTFA employees. 	<p>Policy Revision Date- Summer 2021</p>	<p>Yes - Attachment A1 – BEAM Sections 1650-1665</p> <p>Attachment A2 – Circular HRB18002</p> <p>Attachment – A3 – Email to all managers and supervisor</p>