



COMPLIANCE REVIEW REPORT

STATE COMPENSATION INSURANCE FUND

Compliance Review Unit
State Personnel Board
May 6, 2024

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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 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 State Compensation Insurance Fund (SCIF) 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	In Compliance	Appointments Complied with Civil Service Laws and Board Rules
Appointments	In Compliance	Unlawful Appointment Investigation Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Equal Employment Opportunity	In Compliance	Equal Employment Opportunity Program Complied with All Civil Service Laws and Board Rules
Personal Services Contracts	In Compliance	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Very Serious	Sexual Harassment Prevention Training Was Not Provided for All Employees
Compensation and Pay	Very Serious	Incorrect Application of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment
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	In Compliance	Hire Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

Area	Severity	Finding
Compensation and Pay	Very Serious	Incorrect Authorization of Bilingual Pay ¹
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	In Compliance	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Leave Auditing and Timekeeping Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	In Compliance	Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
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	In Compliance	Performance Appraisal Policy and Processes Complied with Civil Service Laws and Regulations and CalHR Policies and Guidelines

BACKGROUND

For more than 100 years, the SCIF has proudly served California's diverse businesses and workers by helping to ensure the workers' compensation system works today and in

¹ Repeat finding. The August 4, 2020, compliance review report identified 58 errors in the SCIF's authorization of bilingual pay.

the future. The SCIF supports approximately 112,000 policyholders and plays a stabilizing role in the economy by providing workers' compensation insurance to any business owner who needs it. Providing and serving California business owners and injured workers is at the heart of everything the SCIF does. Fundamentally different than other workers' compensation carriers, the SCIF's revenue is generated by premium and investment income, without the support of taxpayers or public funds.

As a not-for-profit organization, employing approximately 3,800 employees, the SCIF serves policyholders through experienced claims adjusters, professional loss control representatives, industrial hygienists, and ergonomics specialists located throughout the state. The SCIF's expertise ensures policyholders get maximum value for their workers' compensation policy through customized loss control services, medical cost management, and anti-fraud efforts. The SCIF's core values are to respect everyone, be innovative, do what is right, and show that they care. The SCIF's vision is to become California's workers' compensation carrier of choice.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the SCIF's examinations, appointments, EEO program, PSC's, mandated training, compensation and pay, leave, and policy and processes². The primary objective of the review was to determine if the SCIF'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 SCIF's examinations was selected for review to ensure that samples of various examination types, classifications, and levels were reviewed. The CRU examined the documentation that the SCIF provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the SCIF's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD 678), class specifications, and withhold letters.

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

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

lists, transfer movement worksheets, employment history records, correspondence, and probation reports. The CRU also reviewed SCIF's policies and procedures concerning unlawful appointments to ensure departmental practices conform to state civil service laws and Board regulations. Additionally, SCIF did not make any additional appointments during the compliance review period.

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

The review of the SCIF'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.

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

The SCIF's mandated training program was reviewed to ensure all employees required to file statements of economic interest were provided ethics training, that all supervisors, managers, and those serving in Career Executive Assignments (CEA) were provided leadership and development training, and that all employees were provided sexual harassment prevention training within statutory timelines.

The CRU reviewed the SCIF's monthly internal audit process to verify all leave input into any leave accounting system was keyed accurately and timely and ensure the department certified that all leave records have been reviewed and corrected if necessary. The CRU

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

selected a small cross-section of the SCIF'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 SCIF'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 SCIF employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU reviewed a selection of SCIF 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 SCIF's policies and processes concerning nepotism, workers' compensation, performance appraisals. The review was limited to whether the SCIF's policies and processes adhered to procedural requirements.

The SCIF declined an exit conference to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the SCIF's written response on April 12, 2024, 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, January 1, 2023, through June 30, 2023, the SCIF conducted five examinations. The CRU reviewed four of those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Area Manager, Cal/OSHA Consultation Service	Departmental Open	Training and Experience (T&E) ⁴	Continuous	35
Associate Safety Engineer	Departmental Open	T&E	Continuous	33
CEA B, Senior Vice President, Regional Operations	CEA	Supplemental	3/29/23	6
Regional Manager, Division of Occupational Safety and Health	Departmental Open	T&E	Continuous	30

IN COMPLIANCE	FINDING NO. 1 EXAMINATIONS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The CRU reviewed four open examinations which the SCIF administered in order to create eligible lists from which to make appointments. The SCIF published and distributed examination bulletins containing the required information for all examinations. Applications received by the SCIF 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

⁴ The Training and Experience examination is administered either online or in writing and asks the applicant to answer multiple-choice questions about his or her level of training and/or experience, performing certain tasks typically performed by those in this classification. Responses yield point values.

no deficiencies in the examinations that the SCIF conducted during the compliance review period.

Permanent Withhold Actions

Departments are granted statutory authority to permit withhold of eligibles from lists based on specified criteria. (Gov. Code, § 18935.) 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, January 1, 2023, through June 30, 2023, the SCIF 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
Associate Governmental Program Analyst	9PB04	3/31/22	3/31/23	Failed to Meet Minimum Qualifications
Manager I, SCIF	8PB10	3/29/23	3/29/24	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, July 1, 2022, through December 31, 2022, the SCIF made 372 appointments. The CRU reviewed 54 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
CEA C, Deputy General Counsel	CEA	Permanent	Full Time	2
Accounting Administrator II	Certification List	Permanent	Full Time	1
Actuary	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Associate Personnel Analyst	Certification List	Permanent	Full Time	1
Associate Safety Engineer	Certification List	Permanent	Full Time	1
Attorney	Certification List	Permanent	Full Time	2
Attorney III	Certification List	Permanent	Full Time	1
Attorney V	Certification List	Permanent	Full Time	1
Business Service Assistant (Specialist)	Certification List	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Chief Engineer II	Certification List	Permanent	Full Time	1
Information Technology Manager II	Certification List	Permanent	Full Time	1
Information Technology Specialist I	Certification List	Permanent	Full Time	1
Information Technology Specialist II	Certification List	Permanent	Full Time	1
Legal Analyst	Certification List	Permanent	Full Time	1
Legal Assistant	Certification List	Permanent	Full Time	2
Office Technician (General)	Certification List	Permanent	Full Time	2
Personnel Specialist	Certification List	Permanent	Full Time	1
Program Manager II, SCIF	Certification List	Permanent	Full Time	1
Research Data Specialist I	Certification List	Permanent	Full Time	1
Senior Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	3
Staff Services Analyst	Certification List	Permanent	Full Time	2
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	2
Staff Services Manager III	Certification List	Permanent	Full Time	1
Supervising Program Technician III	Certification List	Permanent	Full Time	1
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	3
Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	1
Workers' Compensation Insurance Technician	Certification List	Permanent	Full Time	3
Associate Governmental Program Analyst Manager I, SCIF	Promotion	Permanent	Full Time	1
Research Data Specialist II	Promotion	Permanent	Full Time	1
Special Investigator	Demotion	Permanent	Full Time	1
Actuarial Analyst	Reinstatement	Permanent	Full Time	1
Office Technician (General)	Reinstatement	Permanent	Full Time	1
Workers' Compensation Claims Adjuster	Reinstatement	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	1
Associate Safety Engineer	Transfer	Permanent	Full Time	1
Attorney IV	Transfer	Permanent	Full Time	1

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Information Technology Specialist I	Transfer	Permanent	Full Time	1
Manager I, SCIF	Transfer	Permanent	Full Time	1
Personnel Specialist	Transfer	Permanent	Full Time	1
Program Technician	Transfer	Limited Term	Full Time	1

IN COMPLIANCE	FINDING NO. 3 APPOINTMENTS COMPLIED WITH CIVIL SERVICE LAWS AND BOARD RULES
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The SCIF measured each applicant’s ability to perform the duties of the job by conducting hiring interviews and selecting the best-suited candidates. For each of the 43 list appointments reviewed, the SCIF ordered a certification list of candidates ranked competitively. After properly clearing the certification lists including SROA, the selected candidates were appointed based on eligibility attained by being reachable within the first three ranks of the certification lists.

The CRU reviewed 11 SCIF appointments made via transfer. A transfer of an employee from a position under one appointing power to a position under another appointing power may be made if the transfer is to a position in the same class or in another class with substantially the same salary range and designated as appropriate by the executive officer. (Cal. Code Regs., tit. 2, § 425.) The SCIF verified the eligibility of each candidate to their appointed class.

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

Unlawful Appointment Investigations

Departments that entered into an Unlawful Appointment Investigation Delegation Agreement between their executive management and the CalHR have the authority to manage their own unlawful appointment investigations. The Delegation Agreement defines the reporting requirements, responsibilities, obligations, and expectations of the department in this process. The delegation agreement mandates that departments maintain up-to-date records on each unlawful appointment investigation including, at a minimum: the specific facts surrounding the appointment in question, a description of the

circumstances which may have resulted in the unlawful appointment, copies of relevant appointment documents, and any documentation which may demonstrate that the agency and employee acted in good faith when the appointment was offered and accepted. Departments must also maintain a tracking system to monitor its unlawful appointments.

During the period under review, June 1, 2020, through June 30, 2023, the SCIF conducted one unlawful appointment investigation. The CRU reviewed the unlawful appointment investigation, which is listed below:

Classification	Date Investigation Initiated	Date Investigation Concluded
Workers' Compensation Insurance Representative	8/9/2021	9/30/2021

IN COMPLIANCE	FINDING NO. 4 UNLAWFUL APPOINTMENT INVESTIGATION COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The SCIF's unlawful appointment investigation was found to comply with the rules set forth in the signed Delegation Agreement with the CalHR.

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. 5 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 SCIF’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 Chief Executive Officer of the SCIF. The SCIF 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, January 1, 2023, through June 30, 2023, the SCIF had 300 PSC's that were in effect. The CRU reviewed 30 of those, which are listed below.⁵

Contract Number	Services	Contract Amount	Justification Identified?	Union Notification?
CW2278565	Information Technology	\$520,000	Yes	Yes
CW2274303	Chronic Pain Program	\$500,000	Yes	Yes
CW2277747	Designer/Developer	\$239,200	Yes	Yes
CW2278838	Information Technology	\$999,999	Yes	Yes
CW2277595	Information Technology	\$2,035,000	Yes	Yes
CW2278128	Senior Net Developer	\$228,800	Yes	Yes
CW2278309	Engineering Project	\$1,243,380	Yes	Yes
CW2278699	Test Automation Project Lead	\$228,800	Yes	Yes
CW2279297	Supply Services	\$500,000	Yes	Yes
CW2279653	Supplier Personnel	\$500,000	Yes	Yes
CW2277990	Information Technology	\$50,000	Yes	Yes
CW2278585	Information Technology	\$136,721	Yes	Yes
CW2278267	Programming	\$10,000	Yes	Yes
CW2279587	Information Technology	\$232,960	Yes	Yes
CW2263241	Big Data Quality Engineer	\$187,200	Yes	Yes
CW2263531	External Claims	\$265,000	Yes	Yes
CW2273772	A.I. Engineering	\$270,400	Yes	Yes
CW2274526	Actuarial Analysis	\$60,000	Yes	Yes
CW2257669	Maintenance Agreement	\$5,141,277	Yes	Yes
CW2262980	Consulting Services	\$2,517,840	Yes	Yes
CW2263627	Maintenance Services	\$400,000	Yes	Yes

⁵ Due to the confidentiality requirements specified in Government Code Section 6254(ad), the names of the SCIF's PSC's are being withheld from disclosure.

Contract Number	Services	Contract Amount	Justification Identified?	Union Notification?
CW2274504	Information Technology	\$7,427,420	Yes	Yes
CW2256364	Consulting Services	\$160,000	Yes	Yes
CW2259695	Consulting Services	\$1,437,367	Yes	Yes
CW2263884	Landscape Services	\$468,612	Yes	Yes
CW2261700	Installation Services	\$5,799,378	Yes	Yes
CW2261693	Installation Services	\$1,267,426	Yes	Yes
CW2249045	Financial	\$90,000	Yes	Yes
CW2247329	Consulting Services	\$1,185,000	Yes	Yes
CW2263625	Maintenance Services	\$400,000	Yes	Yes

IN COMPLIANCE	FINDING NO. 6 PERSONAL SERVICES CONTRACTS COMPLIED WITH PROCEDURAL REQUIREMENTS
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The total dollar amount of all the PSC’s reviewed was \$34,501,780. It was beyond the scope of the review to make conclusions as to whether the SCIF justifications for the contract were legally sufficient. For all PSC’s reviewed, the SCIF provided specific and detailed factual information in the written justifications as to how each of the contracts met at least one condition set forth in Government Code section 19130, subdivision (b). Additionally, the SCIF complied with proper notification to all organizations that represent state employees who perform or could perform the type or work contracted as required by California Code of Regulations section 547.60.2. Accordingly, the SCIF PSC’s complied with civil service laws and board rules.

Mandated Training

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

Upon the initial appointment of any employee designated in a supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by the CalHR. (Gov. Code, § 19995.4, subd. (b).) The training addresses such topics as the role

of the supervisor, techniques of supervision, performance standards, and sexual harassment and abusive conduct prevention. (Gov. Code, §§ 12950.1, subds. (a) and (b), & 19995.4, subd. (b).) Additionally, the training must be successfully completed within the term of the employee’s probationary period or within six months of the initial appointment, unless it is demonstrated that to do so creates additional costs or that the training cannot be completed during this time period due to limited availability of supervisory training courses. (Gov. Code, § 19995.4, subd. (c).)

Within 12 months of the initial appointment of an employee to a management or CEA position, the employee shall be provided leadership training and development, as prescribed by CalHR. (Gov. Code, § 19995.4, subds. (d) & (e).) For management employees the training must be a minimum of 40 hours and for CEAs the training must be a minimum of 20 hours. (*Ibid.*)

New employees must be provided sexual harassment prevention training within six months of appointment. Thereafter, each department must provide its supervisors two hours of sexual harassment prevention training and non-supervisors one hour of sexual harassment prevention training every two years. (Gov. Code, § 12950.1, subds. (a) and (b); Gov. Code, § 19995.4.)

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 SCIF’s mandated training program that was in effect during the compliance review period, July 1, 2021, through December 31, 2022. The SCIF’s ethics training and supervisory training was found to be in compliance, while the SCIF’s sexual harassment prevention training was found to be out of compliance.

SEVERITY: VERY SERIOUS	FINDING NO. 7 SEXUAL HARASSMENT PREVENTION TRAINING WAS NOT PROVIDED FOR ALL EMPLOYEES
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Summary: The SCIF provided sexual harassment prevention training to all 74 new supervisors within 6 months of their appointment. In addition,

the SCIF provided sexual harassment prevention training to all 626 existing supervisors every two years.

The SCIF did not provide sexual harassment prevention training to 16 of 350 existing non-supervisors reviewed.

Criteria: Each department must provide its supervisors two hours of sexual harassment prevention training every two years and non-supervisory employees one hour of sexual harassment prevention training every two years. New employees 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 employees 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 SCIF states that some of the employees that were on a leave of absence or separated in 2021 and returned in 2022, were erroneously missed and not automatically enrolled for the new training.

Corrective Action: Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure that all employees are provided sexual harassment prevention training in accordance with Government Code section 12950.1. 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 rate⁶ upon appointment depending on the appointment type, the employee's state employment and pay history, and tenure.

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

During the period under review, July 1, 2022, through December 31, 2022, the SCIF made 54 appointments. The CRU reviewed 25 of those appointments to determine if the SCIF applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Accounting Administrator II	Certification List	Permanent	Full Time	\$8,732
Associate Personnel Analyst	Certification List	Permanent	Full Time	\$6,031
Attorney V	Certification List	Permanent	Full Time	\$15,227
CEA C, Deputy General Counsel	Certification List	Permanent	Full Time	\$16,790
Chief Engineer II	Certification List	Permanent	Full Time	\$7,264
Information Technology Manager II	Certification List	Permanent	Full Time	\$12,088
Information Technology Specialist I	Certification List	Permanent	Full Time	\$8,398
Legal Analyst	Certification List	Permanent	Full Time	\$5,583
Manager I SCIF	Certification List	Permanent	Full Time	\$7,119
Office Technician (General)	Certification List	Permanent	Full Time	\$3,308

⁶ "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)
Program Manager II SCIF	Certification List	Permanent	Full Time	\$10,949
Research Data Specialist I	Certification List	Permanent	Full Time	\$6,357
Staff Services Analyst	Certification List	Permanent	Full Time	\$4,588
Staff Services Analyst	Certification List	Permanent	Full Time	\$4,588
Staff Services Manager II (Supervisory)	Certification List	Permanent	Full Time	\$8,561
Staff Services Manager III	Certification List	Permanent	Full Time	\$9,398
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$4,091
Workers' Compensation Claims Adjuster	Certification List	Permanent	Full Time	\$5,335
Workers' Compensation Insurance Representative	Certification List	Permanent	Full Time	\$4,130
Workers' Compensation Insurance Technician	Certification List	Permanent	Full Time	\$4,322
Office Technician	Reinstatement	Permanent	Full Time	\$4,145
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	\$6,741
Associate Safety Engineer	Transfer	Permanent	Full Time	\$10,992
Attorney V	Transfer	Permanent	Full Time	\$14,463
Information Technology Specialist I	Transfer	Permanent	Full Time	\$9,408

SEVERITY: VERY SERIOUS	FINDING NO. 8 INCORRECT APPLICATIONS OF SALARY DETERMINATION LAWS, RULES, AND CALHR POLICIES AND GUIDELINES FOR APPOINTMENT
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Summary: The CRU found 3 errors in the 25 salary determinations reviewed:

Classification	Description of Findings	Criteria
Information Technology Specialist I	Employees' salary was not properly reconstructed with the general salary increases. Therefore, upon transfer the employee was not provided the correct salary, resulting in the employee being undercompensated.	Cal. Code Regs., tit. 2, section 599.677
Research Data Specialist I	Incorrect salary determination resulting in the employee being undercompensated.	Cal. Code Regs., tit.2 section 599.676
Workers' Compensation Insurance Representative	Incorrect salary determination resulting in the employee being undercompensated.	Cal. Code Regs., tit.2 section 599.676

Criteria: Departments are required to calculate and apply salary rules for each appointed employee accurately based on the pay plan for the state civil service. All civil service classes have salary ranges with minimum and maximum rates. (Cal. Code Regs., tit. 2, § 599.666.)

Severity: Very Serious. In three circumstances, SCIF failed to comply with the requirements outlined in the state civil service pay plan. Incorrectly applying compensation laws and rules in accordance with CalHR's policies and guidelines results in civil service employees receiving incorrect and/or inappropriate pay amounts.

Cause: The SCIF states that the incorrect salary determinations were the result of miscalculations due to human error.

Corrective Action: Within 90 days of the date of this report, the SCIF 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 SCIF 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.

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 July 1, 2022, through December 31, 2022, the SCIF employees made 75 alternate range movements within a classification. The CRU reviewed 29 of those alternate range movements to determine if the SCIF 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)	No of Positions
Attorney	A	B	Full Time	\$7,551	1
Attorney	C	D	Full Time	\$9,911	1
Information Technology Associate	C	D	Full Time	\$7,637	1
Information Technology Associate	B	C	Full Time	\$5,426	1
Information Technology Specialist I	A	B	Full Time	\$8,387	1
Information Technology Specialist I	B	C	Full Time	\$7,876	1
Information Technology Specialist I	B	C	Full Time	\$9,223	1
Information Technology Specialist I	B	C	Full Time	\$8,654	1
Information Technology Specialist I	A	B	Full Time	\$6,901	1
Information Technology Technician	B	C	Full Time	\$5,776	1

Classification	Prior Range	Current Range	Time Base	Salary (Monthly Rate)	No of Positions
Personnel Specialist	B	C	Full Time	\$4,387	1
Program Manager II SCIF	A	B	Full Time	\$11,671	1
Research Data Analyst I	B	C	Full Time	\$5,020	1
Staff Services Analyst	B	C	Full Time	\$5,028	1
Workers' Compensation Claims Adjuster	B	C	Full Time	\$5,579	3
Workers' Compensation Claims Adjuster	A	B	Full Time	\$4,511	1
Workers' Compensation Insurance Representative	B	C	Full Time	\$5,579	4
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,337	1
Workers' Compensation Insurance Representative	A	B	Full Time	\$4,511	4
Workers' Compensation Insurance Technician	A	B	Full Time	\$3,745	2

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 1 error in the 29 alternate range movements reviewed:

Classification	Description of Finding	Criteria
Attorney	Incorrect salary determination resulting in the employee being overcompensated.	Cal. Code Regs., tit. 2, section 599.675

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 one circumstance, SCIF 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 SCIF states that the cause of the finding was the result of a miscalculation due to human error.

Corrective Action: Within 90 days of the date of this report, the SCIF 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 SCIF 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.

Hiring Above Minimum Requests

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

Extraordinary qualifications may provide expertise in a particular area of a department's program. (*Ibid.*) This expertise should be well beyond the minimum qualifications of the class. (*Ibid.*) Unique talent, ability or skill as demonstrated by previous job experience may also constitute extraordinary qualifications. (*Ibid.*) The scope and depth of such an experience should be more significant than its length. (*Ibid.*) The degree to which a candidate exceeds minimum qualifications should be a guiding factor, rather than a determining one. (*Ibid.*) The qualifications and hiring rates of state employees already in the same class should be carefully considered, since questions of salary equity may arise if new higher entry rates differ from previous ones. (*Ibid.*) Recruitment difficulty is a factor to the extent that a specific extraordinary skill should be difficult to recruit, even though some applicants are qualified in the general skills of the class. (*Ibid.*)

If the provisions of this section conflict with the provisions of a memorandum of understanding reached pursuant to Government Code section 3517.5, the memorandum of understanding shall be controlling without further legislative action.⁷ (Gov. Code, § 19836, subd. (b).)

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

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

During the period under review, July 1, 2022, through December 31, 2022, the SCIF authorized 11 HAM requests. The CRU reviewed nine of those authorized HAM requests to determine if the SCIF correctly applied Government Code section 19836 and appropriately verified, approved, and documented candidates’ extraordinary qualifications which are listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)	No of Positions
Accounting Administrator II	Certification List	New to State	\$7,204-\$8,950	\$8,732	1
Information Technology Specialist I	Certification List	New to State	\$5,960-\$9,643	\$9,643	2

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

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)	No of Positions
Information Technology Specialist I	Certification List	New to State	\$5,960-\$9,643	\$9,400	1
Information Technology Specialist II	Certification List	New to State	\$7,893-\$10,576	\$10,576	3
Information Technology Specialist III	Certification List	New to State	\$8,700-\$11,659	\$11,375	1
Senior Workers' Compensation Claims Adjuster	Certification List	New to State	\$6,082-\$7,618	\$7,618	1

IN COMPLIANCE	FINDING NO 10 HIRE ABOVE MINIMUM REQUESTS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND CALHR POLICIES AND GUIDELINES
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The CRU found that the HAM requests the SCIF made during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

Bilingual Pay

A certified bilingual position is a position where the incumbent uses bilingual skills on a continuous basis and averages 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, July 1, 2022, through December 31, 2022, the SCIF issued bilingual pay to 134 employees. The CRU reviewed 25 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.
Associate Safety Engineer	R09	Full Time	1
Legal Secretary	R04	Full Time	1
Manager I SCIF	S01	Full Time	4
Program Technician	R04	Full Time	1
Senior Legal Analyst	R01	Full Time	1
Senior Worker's Compensation Claims Adjuster	R01	Full Time	5
Senior Worker's Compensation Insurance Representative	R01	Full Time	2
Special Investigator	R07	Full Time	2
Worker's Compensation Claims Adjuster	R01	Full Time	1
Worker's Compensation Insurance Representative	R01	Full Time	4
Worker's Compensation Insurance Technician	R01	Full Time	3

SEVERITY: VERY SERIOUS	FINDING NO 11 INCORRECT AUTHORIZATION OF BILINGUAL PAY
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Summary: The CRU found seven errors in the SCIF's authorization of bilingual pay. This is the second consecutive time this has been a finding for the SCIF.

Classification	Description of Findings	Criteria
Program Technician	Department failed to supply supporting documentation demonstrating the positions utilized bilingual services on a continuous basis.	Pay Differential 14
Special Investigator		
Worker's Compensation Insurance Technician		
Worker's Compensation Insurance Technician		
Worker's Compensation Insurance Representative		
Manager I, SCIF	Department failed to provide supporting documentation demonstrating the employee's duties required use of bilingual skills for at least 10% of the time.	
Senior Worker's Compensation Claims Adjuster		

Criteria: 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.)

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 SCIF states they were unaware that supporting documentation was needed for each appointment transaction, resulting in not having updated bilingual pay authorization forms on file.

SPB Reply: Pay Differential 14 requires departments to maintain documentation, for audit purposes, of all positions qualified to receive bilingual pay. Once all of the documentation supporting the bilingual pay is obtained, it should be kept as long as the employee is receiving the pay differential.

Corrective Action: Within 90 days of the date of this report, the SCIF 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/or 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, July 1, 2022, through December 31, 2022, the SCIF authorized 597 pay differentials.⁸ The CRU reviewed 24 of these pay differentials to ensure compliance with applicable CalHR policies and guidelines. These are listed below:

Classification	Pay Differential	Monthly Amount	No of Positions
Area Manager, CAL/OSHA Consultation Service	433	5.50%	1
Associate Governmental Program Analyst	441	\$250	2
Associate Safety Engineer	433	5.50%	1
Chief Engineer II	435	\$100	1
Chief Engineer II	436	7%	1
Information Technology Associate	13	5%	2
Information Technology Specialist I	441	\$250	1
Legal Secretary	141	2 Steps	3
Legal Secretary	141	1 Step	1
Manager I SCIF	441	\$250	2

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

Classification	Pay Differential	Monthly Amount	No of Positions
Program Technician	441	\$250	1
Senior Personnel Specialist	211	5%	1
Senior Workers' Compensation Claims Adjuster	441	\$250	3
Stationary Engineer	409	5%	1
Warehouse Worker	409	5%	1
Workers' Compensation Claims Adjuster	441	\$250	2

IN COMPLIANCE	FINDING NO 12 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 SCIF 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 excluded⁹ and most rank-and-file employees, out-of-class (OOC) work is defined as performing, more than 50 percent of the time, the full range of duties and responsibilities allocated to an existing class and not allocated to the class in which the person has a current, legal appointment. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(2).) A higher classification is one with a salary range maximum that is any amount higher than the salary range maximum of the classification to which the employee is appointed. (Cal. Code Regs., tit. 2, § 599.810, subd. (a)(3).)

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

⁹ "Excluded employee" means an employee as defined in Government Code section 3527, subdivision (b) (Ralph C. Dills Act) except those excluded employees who are designated managerial pursuant to Government Code section 18801.1.

to correct the situation before the time period outlined in applicable law, policy or MOU expires. (Classification and Pay Guide Section 375.)

During the period under review, July 1, 2022, through December 31, 2022, the SCIF issued OOC pay to 33 employees. The CRU reviewed 20 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
Accounting Administrator I (Specialist)	R01	Information Technology Specialist I	6/2022-10/2022
Accounting Administrator II	S01	Accounting Administrator III	1/2022-3/2022
Information Technology Associate	R01	Information Technology Specialist I	1/2022-2/2022
Information Technology Manager I	M01	Information Technology Manager II	1/2022-3/2022
Manager I SCIF	S01	Manager II	1/2022-2/2022
Manager II SCIF	M01	Program Manager II	10/4/2022-12/2022
Personnel Specialist	R01	Senior Personnel Specialist	1/2022
Personnel Specialist	R01	Senior Personnel Specialist	1/3/22-1/31/22
Program Technician	R04	Workers' Compensation Insurance Technician	2/2022-6/2022
Staff Services Manager II (Supervisory)	S01	Program Manager II	2/2022-4/2022
Staff Services Manager II (Supervisory)	S01	Program Manager II	4/2022-5/2022
Staff Services Manager II (Supervisory)	S01	program Manger II	1/2022-2/2022
Supervising Special Investigator I (Non-Peace Officer)	S07	Supervising Special Investigator II (Non-Peace Officer)	12/27/21-1/21/22
Supervising Special Investigator I (Non-Peace Officer)	S07	Supervising Special Investigator II (Non-Peace Officer)	2/2022-3/2022

Classification	Bargaining Unit	Out-of-Class Classification	Time Frame
Supervising Special Investigator I (Non-Peace Officer)	S07	Supervising Special Investigator II (Non-Peace Officer)	1/2022-2/2022
Workers' Compensation Insurance Technician	R01	Workers' Compensation Claims Adjuster	12/1/2022 - 3/30/23
Workers' Compensation Insurance Technician	R01	Workers' Compensation Claims Adjuster	1/2022-2/2022
Workers' Compensation Insurance Technician	R01	Workers' Compensation Claims Adjuster	1/2022-2/2022
Workers' Compensation Insurance Technician	R01	Workers' Compensation Claims Adjuster	11/2022-3/2023
Workers' Compensation Insurance Technician	R01	Workers' Compensation Claims Adjuster	1/2022-5/2022

SEVERITY: VERY SERIOUS	FINDING NO 13 INCORRECT AUTHORIZATION OF OUT-OF-CLASS PAY
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Summary: The CRU found 6 errors in the 23 OOC pay assignments reviewed:

Classification	Out-of-Class Classification	Description of Findings	Criteria
Accounting Administrator I (Specialist)	Information Technology Specialist I	Employee was undercompensated for the month of October 2022	Pay Differential 91
Information Technology Associate	Information Technology Specialist I	Employee overcompensated for the month of February 2022	Pay Differential 91
Information Technology Manager I	Information Technology Manager II	Incorrect calculation of OOC pay which resulted in the employee being undercompensated	Pay Differential 101
Manager II SCIF	Program Manager II	OOO pay for managerial employee commenced before the 91 st day.	Pay Differential 101

Classification	Out-of-Class Classification	Description of Findings	Criteria
Staff Services Manager II (Supervisory)	Program Manager II	Employee was undercompensated for the month of June 2022	Pay Differential 101
Workers' Compensation Insurance Technician	Workers' Compensation Claims Adjuster	Employee was undercompensated for the month of November 2022	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-assignments to avoid giving civil service examinations or to avoid using existing eligibility lists created as the result of a civil service examination.

Employees may be compensated for performing duties of a higher classification provided that: the assignment is made in advance in writing and the employee is given a copy of the assignment; and the duties performed by the employee are not described in a training and development assignment or by the specification for the class to which the excluded employee is appointed and, are fully consistent with the types of jobs described in the specification for the higher classification; and the employee does not perform such duties for more than 120 days in a fiscal year. (Cal. Code Regs., tit. 2, § 599.810, subd. (b)(1)(3)(4).)

For excluded employees, there shall be no compensation for assignments that last for 15 consecutive working days or less. (Cal. Code Regs., tit. 2, § 599.810, subd. (c).) An excluded employee performing in a higher class for more than 15 consecutive working days shall receive the rate of pay the excluded employee would receive if appointed to the higher class for the entire duration of the assignment, not to exceed one year. (Cal. Code Regs., tit. 2, § 599.810, subd. (d).) An excluded employee may be assigned out-of-

class work for more than 120 calendar days during any 12-month period only if the appointing power files a written statement with the CalHR certifying that the additional out-of-class work is required to meet a need that cannot be met through other administrative or civil service alternatives. (Cal. Code Regs., tit. 2, § 599.810, subd. (e).)

Severity: Very Serious. The SCIF 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 SCIF states that the OOC findings identified were the result of miscalculations due to human error.

Corrective Action: Within 90 days of the date of this report, the SCIF must submit to the SPB a written corrective action response which addresses the corrections the department will implement to ensure conformity with California Code of Regulations, title 2, section 599.810 and Pay Differential 91 and 101. 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 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 the working days of a month. When counting 189 days, every day worked, including partial days¹⁰ worked and paid absences¹¹, are counted. (Cal. Code Regs., tit. 2, § 265.1, subd. (b).)

¹⁰ For example, two hours or ten hours count as one day.

¹¹ For example, vacation, sick leave, compensating time off, etc.

The hours worked in one day are 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 1,500 hours within 12 consecutive months may be used rather than the 189-day calculation. (Cal. Code Regs., tit. 2, § 265.1, subd. (d).)

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 SCIF had 55 positive paid employees whose hours were tracked. The CRU reviewed 25 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 (Hours)
Attorney V	Retired Annuitant	7/1/22-6/1/23	942.5
Attorney V	Retired Annuitant	7/1/22-6/1/23	767.5
Attorney V	Retired Annuitant	7/1/22-6/1/23	959
Information Technology Specialist II	Retired Annuitant	7/1/22-6/1/23	956
Program Manager II, SCIF	Retired Annuitant	7/1/22-6/1/23	774
Program Manager II, SCIF	Retired Annuitant	7/1/22-6/1/23	440.51
Seasonal Clerk	Temporary	1/1/22-12/31/22	1,146.75
Senior Workers' Compensation Claims Adjuster	Retired Annuitant	7/1/22-6/1/23	920.75

Classification	Tenure	Time Frame	Time Worked (Hours)
Senior Workers' Compensation Claims Adjuster	Retired Annuitant	7/1/22-6/1/23	920.75
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	865
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	957.5
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	957
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	955
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	777
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	815
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	953
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	952
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	917.7
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	957
Senior Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	941
Staff Services Manager I	Retired Annuitant	7/1/22-6/1/23	678.5
Staff Services Manager I	Retired Annuitant	7/1/22-6/1/23	455.5
Staff Services Manager III	Retired Annuitant	7/1/22-6/1/23	773.5
Student Assistant	Temporary	9/18/21-9/17/22	921.75
Workers' Compensation Insurance Representative	Retired Annuitant	7/1/22-6/1/23	363

IN COMPLIANCE	FINDING NO 14 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 SCIF 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, April 1, 2022, through March 31, 2023, the SCIF authorized 920 ATO transactions. The CRU reviewed 25 of these ATO transactions to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	Amount of Time on ATO (Hours)
Associate Governmental Program Analyst	6/6/22-6/10/22	38.5
Business Service Assistant (Specialist)	7/5/22-3/2/23-	44
CEA, Chief Counsel	6/6/22-1/6/23	48
Custodian I	6/24/22-3/30/22	28
Information Technology Specialist I	11/2/22	8
Information Technology Specialist I	6/20/22-6/24/22	40
Legal Secretary	6/20/22-6/23/22	35.5
Manager I SCIF	6/27/22-6/30/22	36
Program Technician	9/21/22	1.25
Senior Personnel Specialist	5/16/22-5/18/22	19
Senior Workers' Compensation Claims Adjuster	6/7/22-3/15/23	32.5
Senior Workers' Compensation Claims Adjuster	5/12/22	2

Classification	Time Frame	Amount of Time on ATO (Hours)
Senior Workers' Compensation Claims Adjuster	6/27/22-7/8/22	70.5
Senior Workers' Compensation Claims Adjuster	5/3/22 & 6/3/22	14
Senior Workers' Compensation Insurance Representative	7/18/22-7/22/22	40
Senior Workers' Compensation Insurance Representative	10/17/22	3
Workers' Compensation Claims Adjuster	3/22/23-3/30/23	50
Workers' Compensation Claims Adjuster	12/27/22-12/30/22	40
Workers' Compensation Insurance Representative	5/19/22-6/23/22	49.25
Workers' Compensation Insurance Representative	8/4/22	3
Workers' Compensation Insurance Representative	8/29/22-9/2/22	40
Workers' Compensation Insurance Representative	8/26/22-9/1/22	40
Workers' Compensation Insurance Technician	2/9/23-2/24/23	91
Workers' Compensation Insurance Technician	2/21/23-2/22/23	16
Workers' Compensation Insurance Technician	7/21/22-7/27/22	21.25

IN COMPLIANCE	FINDING NO 15 ADMINISTRATIVE TIME OFF AUTHORIZATIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the ATO transactions reviewed during the compliance review period. The SCIF provided the proper documentation justifying the use of ATO and adhered to applicable laws, regulations and CalHR policy and guidelines.

Leave Auditing and Timekeeping

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

Departments are directed to create a monthly internal audit process to verify all leave input into any leave accounting system is keyed accurately and timely. (Human Resources Manual Section 2101.) 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, January 1, 2023, through March 31, 2023, the SCIF reported 175 units comprised of 3,983 active employees. The pay periods and timesheets reviewed by the CRU are summarized below:

Timesheet Leave Period	Unit Reviewed	No. of Employees	No. of Timesheets Reviewed	No. of Missing Timesheets
January 2023	108	30	30	0
January 2023	263	10	10	0
January 2023	466	6	6	0
February 2023	108	31	31	0
February 2023	278	4	4	0
February 2023	477	5	5	0
February 2023	589	3	3	0
March 2023	236	10	10	0
March 2023	432	10	10	0
March 2023	806	5	5	0

IN COMPLIANCE	FINDING NO 16 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 SCIF 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 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.¹² (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. (*Ibid.*) On the first day following a qualifying monthly pay period, excluded employees¹³ 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, January 1, 2023, through June 30, 2023, SCIF had seven employees with qualifying and non-qualifying pay period transactions. The CRU reviewed

¹² Government Code sections 19143, 19849.9, 19856.1, 19858.1, 19859, 19861, 19863.1, and 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.

¹³ As identified in Government Code sections 19858.3, subdivisions (a), (b), or (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.

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

Type of Transaction	Time base	No. Reviewed
Non-Qualifying Pay Period	Full Time	1
Qualifying Pay Period	Full Time	5

IN COMPLIANCE	FINDING NO 17 SERVICE AND LEAVE TRANSACTIONS COMPLIED WITH CIVIL SERVICE LAWS, BOARD RULES, AND/OR CALHR POLICIES AND GUIDELINES
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The CRU determined that the SCIF ensured employees with non-qualifying pay periods did not receive vacation/sick leave, annual leave, and/or state service accruals. The CRU found no deficiencies in this area.

Policy and Processes

Nepotism

It is the policy of the State of California to hire, transfer, and promote all employees on the basis of merit and fitness in accordance with civil service statutes, rules and regulations. Nepotism is expressly prohibited in the state workplace because it is antithetical to California’s merit based civil service. (Cal. Code Regs., tit. 2, § 87.) (*Ibid.*) All appointing powers shall adopt an anti-nepotism policy that includes the following components: (1) a statement that the appointing power is committed to merit-based hiring and that nepotism is antithetical to a merit-based civil service system; (2) a definition of “nepotism” as an employee’s use of influence or power to hire, transfer, or promote an applicant or employee because of a personal relationship; (3) a definition of “personal relationship” as persons related by blood, adoption, current or former marriage, domestic partnership or cohabitation; (4) a statement that prohibits participation in the selection of an applicant for employment by anyone who has a personal relationship with the applicant, as defined in section 83.6; (5) a statement that prohibits the direct or first-line supervision of an employee with whom the supervisor has a personal relationship, as defined in section 83.6; (6) a process for addressing issues of direct supervision when personal relationships between employees exist. (*Ibid.*)

IN COMPLIANCE	FINDING No 18 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 SCIF’s commitment to the state policy of hiring, transferring, and promoting employees on the basis of merit. Additionally, the SCIF’s nepotism policy was comprised of specific and sufficient components intended to prevent favoritism, or bias, based on a personal relationship from unduly influencing employment decisions.

Workers’ Compensation

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

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

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

IN COMPLIANCE	FINDING No 19 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 SCIF 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 SCIF 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 100 permanent SCIF employees to ensure that the department was conducting performance appraisals on an annual basis in accordance with applicable laws, regulations, policies, and guidelines.

SEVERITY: IN COMPLIANCE	FINDING NO 20	PERFORMANCE APPRAISAL POLICY AND PROCESSES COMPLIED WITH CIVIL SERVICE LAWS AND REGULATIONS AND CALHR POLICIES AND GUIDELINES
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The CRU found no deficiencies in the performance appraisals selected for review. Accordingly, the SCIF performance appraisal policy and processes satisfied civil service laws, Board rules, policies and guidelines.

DEPARTMENTAL RESPONSE

The SCIF's Departmental Response is attached as Attachment 1.

SPB REPLY

Based upon the SCIF written response, the SCIF 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.

April 12, 2024

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

Subject: State Compensation Insurance Fund's Responses to State Personnel Board Compliance Review Report

Dear Executive Director Ambrose,

This letter is in response to the State Personnel Board (SPB) Compliance Review draft report submitted to State Compensation Insurance Fund (State Fund) on April 8, 2024. State Fund has reviewed the report and the findings found within. As requested, the following are State Fund's responses to the specific findings:

Finding No.7 – Sexual Harassment Prevention Training was not provided to all employees

Cause/Department Response: State Fund acquired a new Sexual Harassment Prevention training effective 1/1/22 and in the transition, some employees that were on a leave of absence or separated in 2021 and returned in 2022, were erroneously missed and not automatically enrolled for the new training. In 2023 when State Fund launched the Sexual Harassment Prevention training, the auto - enroll feature was enabled. With this feature enabled, the training is auto assigned to all current and/or returning employees.

Finding No. 8 – Incorrect Applications of Salary Determination Laws, Rules, and CalHR Policies and Guidelines for Appointment

Cause/Department Response: State Fund attributes these findings to miscalculations due to human error. State Fund takes matters impacting pay very seriously and will ensure additional review steps of the work is completed to minimize/eliminate discrepancies and errors. Further, through these reviews, if there are repeated trends or concerns, training opportunities for individual/team will be provided to ensure Staff are current with all pay rules and regulations.

Finding No. 9 – Alternate Range Movements did not comply with Civil Service Laws, Rules, and CalHR policies and guidelines

Cause/Department Response: State Fund attribute this finding to a miscalculation due to human error. State Fund takes matters impacting pay very seriously and will ensure additional review steps of the work is completed to minimize/eliminate discrepancies and errors. Further, through these reviews, if there are repeated trends or concerns, training opportunities for individual/team will be provided to ensure Staff are current with all pay rules and regulations.

Finding No. 11 – Incorrect Authorization of Bilingual Pay

Cause/Department Response: State Fund was not aware that supporting documentation was needed for each appointment transaction, thus resulting in not having updated bilingual pay authorization forms on file for each transaction. State Fund will complete an in-depth review of all employees receiving bilingual pay and ensure existing forms are consistent with their current position. We will also provide training to our department.

Finding No. 13 – Incorrect Authorization of Out of Class Pay

Cause/Department Response: State Fund attributes these findings to miscalculations due to human error. State Fund takes matters impacting pay very seriously and will ensure additional review steps of the work is completed to minimize/eliminate discrepancies and errors. Further, through these reviews, if there are repeated trends or concerns, training opportunities for individual/team will be provided to ensure Staff are current with all pay rules and regulations.

State Fund would like to thank the State Personnel Board staff for their work on this report and allowing State Fund the opportunity to review and respond to the findings. We have gained invaluable insight to help us continually improve our personnel practices. We appreciate the open communication, collaboration and information during this process. It has been a pleasure to work with them, and we look forward to any future collaboration.

If you have any questions regarding our department responses or if you would like to discuss these matters further, please contact me at (916) 796-3389 or annunez@scif.com.

Sincerely,



Amy Nunez
Vice President, Human Resources Connect