

COMPLIANCE REVIEW REPORT

OFFICE OF SYSTEMS INTEGRATION

Compliance Review Unit
State Personnel Board
March 2, 2021

TABLE OF CONTENTS

Introduction	1
Executive Summary	2
Background	3
Scope and Methodology.....	3
Findings and Recommendations	6
Examinations	6
Permanent Withhold Actions.....	7
Appointments	9
Equal Employment Opportunity	10
Personal Services Contracts.....	12
Mandated Training.....	15
Compensation and Pay.....	17
Leave	22
Policy and Processes.....	28
Departmental Response.....	31
SPB Reply	31

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), and 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 Office of Systems Integration (OSI) 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	Finding
Examinations	Examinations Complied with Civil Service Laws and Board Rules
Examinations	Permanent Withhold Actions Complied with Civil Service Laws and Board Rules
Appointments	Probationary Evaluations Were Not Provided for All Appointments Reviewed ¹
Equal Employment Opportunity	Equal Employment Opportunity Program Complied With All Civil Service Laws and Board Rules
Personal Services Contracts	Personal Services Contracts Complied with Procedural Requirements
Mandated Training	Ethics Training Was Not Provided for All Filers
Mandated Training	Sexual Harassment Prevention Training Was Not Provided for All Supervisors
Compensation and Pay	Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines
Compensation and Pay	Alternate Range Movements Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Compensation and Pay	Hiring Above Minimum Requests Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Positive Paid Employees' Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

¹ Repeat Finding. November 30, 2016, the OSI's Compliance Review Report identified 10 missing probation reports out of the 12 appointment files reviewed.

Area	Finding
Leave	Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Leave	Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records
Leave	Service and Leave Transactions Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Workers' Compensation Process Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines
Policy	Performance Appraisals Were Not Provided to All Employees

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

- Red = Very Serious
- Orange = Serious
- Yellow = Technical
- Green = In Compliance

BACKGROUND

The OSI was established in 2005 to manage a portfolio of large, complex health and human services information technology projects. The agency provides project management, oversight, procurement, and support services for a multi-billion dollar portfolio of high criticality projects. In this capacity, the OSI coordinates communication, collaboration and decision making among project stakeholders and program-side sponsors of the projects. The OSI manages the procurement, contract negotiations and contract management aspects of the acquisition of technology (IT) systems and services. After the procurement phase, the OSI oversees the design, development, governance, and implementation of IT systems that serve health and human services programs. Since its inception, the OSI has developed a track record of successfully managing and deploying large, complex, mission critical systems to support health and human services programs at the state, federal, and local level.

SCOPE AND METHODOLOGY

The scope of the compliance review was limited to reviewing the OSI'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 OSI'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 OSI'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 OSI provided, which included examination plans, examination bulletins, job analyses, and scoring results. The CRU also reviewed the OSI's permanent withhold actions documentation, including Withhold Determination Worksheets, State applications (STD. 678), class specifications, and withhold letters.

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

The OSI's appointments were also selected for review to ensure the OSI applied salary regulations accurately and correctly processed employees' compensation and pay. The CRU examined the documentation that the OSI provided, which included employees' employment and pay history and any other relevant documentation such as certifications, degrees, and/or the appointee's application. Additionally, the CRU reviewed specific documentation for the following personnel functions related to compensation and pay: hiring above minimum (HAM) requests and alternate range movements. During the compliance review period, the OSI did not issue or authorize red circle rate requests, arduous pay, bilingual pay, monthly pay differentials, or out-of-class assignments.

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

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

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

The CRU reviewed the OSI's Leave Activity and Correction Certification forms to verify that the OSI 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 OSI'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 OSI'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 OSI employees who used Administrative Time Off (ATO) in order to ensure that ATO was appropriately administered. Further, the CRU reviewed a selection of OSI 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 OSI's policies and processes concerning nepotism, workers' compensation, and performance appraisals. The review was limited to whether the OSI's policies and processes adhered to procedural requirements.

The OSI declined an exit conference to explain and discuss the CRU's initial findings and recommendations. The CRU received and carefully reviewed the OSI's written response on January 27, 2021, which is attached to this final compliance review report.

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.

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, 2019, through September 30, 2019, the OSI conducted two examinations. The CRU reviewed those examinations, which are listed below:

Classification	Exam Type	Exam Components	Final File Date	No. of Apps
Career Executive Assignment (CEA) B, Deputy Director	CEA	Statement of Qualifications (SOQ) ⁴	9/15/19	13
CEA B, Deputy Project Director	CEA	SOQ	2/24/19	10

⁴ 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.

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

The CRU reviewed two open examinations that the OSI administered in order to create eligible lists from which to make appointments. The OSI published and distributed examination bulletins containing the required information for all examinations. Applications received by the OSI 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 OSI 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 review period, January 1, 2019, through September 30, 2019, the OSI conducted 16 permanent withhold actions. The CRU reviewed 13 of these permanent withhold actions, which are listed below:

Exam Title	Exam ID	Date List Eligibility Began	Date List Eligibility Ended	Reason Employee Placed on Withhold
Associate Governmental Program Analyst	10269180	11/1/2018	11/1/2019	Failed to Meet Minimum Qualifications
Associate Governmental Program Analyst	10274675	3/2/2019	3/2/2020	Failed to Meet Minimum Qualifications
Information Technology Associate	10277951	5/1/2019	5/1/2020	Failed to Meet Minimum Qualifications
Information Technology Associate	10274229	11/6/2018	11/6/2019	Failed to Meet Minimum Qualifications
Information Technology Associate	10274229	4/3/2019	4/3/2020	Failed to Meet Minimum Qualifications
Information Technology Associate	10285354	8/14/2018	8/14/2019	Failed to Meet Minimum Qualifications
Information Technology Manager	10260293	7/16/2018	7/16/2019	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10267943	3/20/2019	3/20/2020	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10273125	2/1/2019	2/1/2020	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10277256	1/22/2019	1/22/2020	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10273640	2/6/2019	2/6/2020	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10277745	4/10/2019	4/10/2020	Failed to Meet Minimum Qualifications
Information Technology Specialist I	10277745	12/23/2018	12/23/2019	Failed to Meet Minimum Qualifications

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

The CRU found no deficiencies in the permanent withhold actions undertaken by the 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, 2018, through July 31, 2019, the OSI made 97 appointments. The CRU reviewed 31 of those appointments, which are listed below:

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Associate Governmental Program Analyst	Certification List	Permanent	Full Time	1
Career Executive Assignment	Certification List	Permanent	Full Time	1
Information Technology Associate	Certification List	Permanent	Full Time	2
Information Technology Manager I	Certification List	Permanent	Full Time	2
Information Technology Manager II	Certification List	Permanent	Full Time	2
Information Technology Specialist I	Certification List	Permanent	Full Time	8

Classification	Appointment Type	Tenure	Time Base	No. of Appts.
Information Technology Specialist I	Certification List	Permanent	Full Time	2
Information Technology Supervisory II	Certification List	Permanent	Full Time	3
Staff Services Manager II	Certification List	Permanent	Full Time	1
Associate Governmental Program Analyst	Transfer	Permanent	Full Time	2
Information Technology Associate	Transfer	Permanent	Full Time	1
Information Technology Specialist I	Transfer	Permanent	Full Time	2
Information Technology Specialist II	Transfer	Permanent	Full Time	2
Office Technician (Typing)	Transfer	Permanent	Full Time	1
Senior Personnel Specialist	Transfer	Permanent	Full Time	1

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

Summary: The OSI did not provide 5 probationary reports of performance for 4 of the 31 appointments reviewed by the CRU, as reflected in the table below. This is the second consecutive time this has been a finding for the OSI.

Classification	Appointment Type	Number of Appointments	Total Number of Missing Probation Reports
Information Technology Associate	Certification List	1	1
Information Technology Specialist II	Certification List	1	2
Information Technology Specialist II	Transfer	2	2

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 OSI acknowledges that not all supervisors and managers consistently meet this requirement. The OSI states that a good faith effort is made to inform supervisors and managers regarding the requirements of completing probationary evaluations.

Corrective Action: The OSI provides it has taken steps since the review to create a probationary tracking log, and follows up with the supervisor and manager if the probationary evaluations are not completed. Within 90 days of the date of this report, the OSI must submit to the SPB relevant documentation demonstrating that the corrective action has been implemented.

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).)

Pursuant to Government Code section 19795, subdivision (a), in a state agency with less than 500 employees, like OSI, the EEO Officer may be the Personnel Officer.

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

FINDING NO. 4 – Equal Employment Opportunity Program Complied With All Civil Service Laws and Board Rules

After reviewing the policies, procedures, and programs necessary for compliance with the EEO program's role and responsibilities according to statutory and regulatory guidelines, the CRU determined that the OSI'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 Executive Director of the OSI. The OSI 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, 2019, through September 30, 2019, the OSI had 44 PSC's that were in effect. The CRU reviewed 22 of those, which are listed below:

Vendor	Services	Contract Dates	Contract Amount	Justification Identified?	Union Notification?
909 Technologies, Inc.	Enterprise Application Architect	8/12/19-2/11/20	\$250,000	Yes	Yes
Advanced Technical Solutions, Inc.	Aruba Engineering Services	7/16/19-9/30/19	\$23,060	Yes	Yes
Aegis Solutions	Certification Consultant Services	4/22/19-4/9/20	\$500,000	Yes	Yes
Celer Systems, Inc.	Perform C# and VB .Net Programming Services	1/24/17-5/31/20	\$1,047,090	Yes	Yes
Civic Actions, Inc.	Digital Services Training	6/24/19-2/28/20	\$40,000	Yes	Yes
Civic Makers, LLC	Human Centered Design and Innovation Methodology Training	6/24/19-2/28/20	\$39,300	Yes	Yes
Cooperative Personnel Services	Consulting and Personal Services	7/1/19-6/60/20	\$50,000	Yes	Yes
County of Yolo	SME Services	7/1/19-6/30/22	\$535,844	Yes	Yes

Vendor	Services	Contract Dates	Contract Amount	Justification Identified?	Union Notification?
County Welfare Directors Association of California	SME Services	7/1/19-6/30/22	\$892,500	Yes	Yes
Deloitte Consulting, LLP	System Development Maintenance and Operations	9/16/19-6/30/24	\$485,260,302	Yes	Yes
Enterprise Training Solutions, Inc.	E-Learning Training	8/1/19-6/30/20	\$5,000	Yes	Yes
Estrada Consulting, Inc.	Jira Administrator and Scheduler Services	4/15/19-4/14/21	\$491,400	Yes	Yes
Infiniti Consulting Group, LLC	IV&V Services	7/1/19-6/30/20	\$900,000	Yes	Yes
Public Consulting Group, Inc.	IV&V Services	8/19/19-6/30/23	\$3,318,400	Yes	Yes
Quantum Consulting Services, Inc.	Project Scheduler Services	2/20/19-2/19-21	\$244,000	Yes	Yes
RMA Consulting Group, Inc.	OCM and Training Services	5/15/19-5/14/20	\$499,999.99	Yes	Yes
RMA Consulting Group, Inc.	EVV PM Support Services	8/1/19-1/31/21	\$831,600	Yes	Yes
Tech Contracts Academy, LLC	IT Contract Drafting and Negotiation Training	4/1/19-3/31/20	\$12,500	Yes	Yes
The iFish Group, Inc.	Natural/ADABAS Programming Services	1/17/17-5/31/20	\$655,809	Yes	Yes
Unleashing Leaders, Inc.	OCM Training	5/1/19-12/31/19	\$38,000	Yes	Yes
VITALSMART, LLC	Focused Training Services	4/1/19-12/31/19	\$48,000	Yes	Yes

Vendor	Services	Contract Dates	Contract Amount	Justification Identified?	Union Notification?
Wind Dancer Moving Company	Office Moving Services	8/1/19-7/31/20	\$9,500	Yes	Yes

FINDING NO. 5 – Personal Services Contracts Complied with Procedural Requirements

The total dollar amount of all the PSC's reviewed was \$495,692,304.99. It was beyond the scope of the review to make conclusions as to whether OSI justifications for the contracts were legally sufficient. For all PSC's reviewed, the OSI 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, OSI complied with proper notification to all organizations that represent state employees who perform the type or work contracted. Accordingly, the OSI 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.)

Additionally, new supervisors 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 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 OSI's mandated training program that was in effect during the compliance review period, November 1, 2018, to July 31, 2019.

FINDING NO. 6 – Ethics Training Was Not Provided for All Filers

Summary: The OSI did not provide ethics training to 39 of 190 existing filers. In addition, the OSI did not provide ethics training to 2 of 54 new filers within 6 months of their appointment.

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 OSI states there were failures at several points in the ethics training process: automatic reminder letters to employees were erroneously curtailed by the software, there was no follow-up by responsible parties, and there were no appropriate escalation methods in effect. The OSI states that, on an annual basis, employees designated to complete Form 700 and ethics training are alerted through a general email with links to the form.

Corrective Action: The OSI indicates it has taken preliminary steps to create an automated system to ensure filers receive ethics training in a timely manner. Within 90 days of this report, the OSI must submit to the SPB copies of relevant documentation demonstrating that the corrective action has been implemented.

FINDING NO. 7 – Sexual Harassment Prevention Training Was Not Provided for All Supervisors

Summary: The OSI did not provide sexual harassment prevention training to four of seven new supervisors within six months of their appointment.

In addition, the OSI did not provide sexual harassment prevention training to seven of 58 existing supervisors every two years.

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, subd. (a).)

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 OSI states that the lack of automation has been an issue with its ability to enroll and track sexual harassment prevention training consistently for all managers and supervisors.

Corrective Action: The OSI states that, since the review, it has developed numerous strategies to ensure that sexual harassment prevention training is delivered as required. Within 90 days of the date of this report, the OSI must submit to the SPB copies of relevant documentation demonstrating that the corrective action has been implemented.

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 rate⁵ 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

⁵ "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).

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, 2018, through July 31, 2019, the OSI made 31 appointments. The CRU reviewed 14 of those appointments to determine if the OSI applied salary regulations accurately and correctly processed employees' compensation, which are listed below:

Classification	Appointment Type	Tenure	Time Base	Salary (Monthly Rate)
Associate Governmental Program Analyst	List Certification	Permanent	Full Time	\$6,446
Career Executive Assignment	List Certification	Permanent	Full Time	\$11,465
Information Technology Associate	List Certification	Permanent	Full Time	\$3,900
Information Technology Associate	List Certification	Permanent	Full Time	\$5,125
Information Technology Manager II	List Certification	Permanent	Full Time	\$9,598
Information Technology Specialist I	List Certification	Permanent	Full Time	\$5,484
Information Technology Specialist I	List Certification	Permanent	Full Time	\$8,280
Information Technology Specialist I	List Certification	Permanent	Full Time	\$5,941
Information Technology Specialist II	List Certification	Permanent	Full Time	\$8,163
Information Technology Supervisor II	List Certification	Permanent	Full Time	\$6,683
Staff Services Manager II (Supervisory)	List Certification	Permanent	Full Time	\$7,212
Information Technology Associate	Transfer	Permanent	Full Time	\$5,381
Information Technology Specialist I	Transfer	Permanent	Full Time	\$6,313
Information Technology Specialist II	Transfer	Permanent	Full Time	\$8,694

FINDING NO. 8 – Salary Determinations Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU found no deficiencies in the salary determinations that were reviewed. The OSI 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, 2018, through July 31, 2019, the OSI employees made four alternate range movements within a classification. The CRU reviewed those alternate range movements to determine if the OSI 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)
Information Technology Associate	Range A	Range C	Full Time	\$5,027
Information Technology Specialist I	Range A	Range C	Full Time	\$7,202
Information Technology Specialist I	Range B	Range C	Full Time	\$7,011
Staff Services Analyst (General)	Range A	Range C	Full Time	\$4,136

FINDING NO. 9 – Alternate Range Movements Complied with Civil Service Laws, Board Rules, and CalHR Policies and Guidelines

The CRU determined that the alternate range movements the OSI made, during the compliance review period, satisfied civil service laws, Board rules and CalHR policies and guidelines.

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.*)

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

If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Government Code section 3517.5, the memorandum of understanding shall be controlling without further legislative action.⁶ (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

⁶ 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.

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 and 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 that 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, November 1, 2018, through July 31, 2019, the OSI authorized eight HAM requests. The CRU reviewed all of those authorized HAM requests to determine if the OSI correctly applied Government Code section 19836 and appropriately verified, approved and documented candidates' extraordinary qualifications that are listed below:

Classification	Appointment Type	Status	Salary Range	Salary (Monthly Rate)
Information Technology Manager I	Certification List	Permanent	\$7,376 - \$9,884	\$9,884
Information Technology Manager I	Certification List	Permanent	\$7,376 - \$9,884	\$9,504
Information Technology Manager I	Certification List	Permanent	\$7,376 - \$9,884	\$9,884
Information Technology Specialist I	Certification List	Permanent	\$6,179 - \$8,280	\$6,700
Information Technology Specialist I	Certification List	Permanent	\$6,179 - \$8,280	\$8,280
Information Technology Specialist I	Certification List	Permanent	\$5,628 - \$7,543	\$6,920
Information Technology Specialist I	Certification List	Permanent	\$6,179 - \$8,280	\$7,100
Information Technology Specialist II	Certification List	Permanent	\$6,777 - \$9,081	\$9,081

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

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

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 days⁷ worked and paid absences,⁸ 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-day 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).)

⁷ For example, two hours or ten hours counts as one day.

⁸ For example, vacation, sick leave, compensating time off, etc.

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.

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 OSI had 20 positive paid employees whose hours were tracked. The CRU reviewed 16 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	11/1/18 – 7/31/19	365.5
Associate Personnel Analyst	Retired	11/1/18 – 7/31/19	233
Chief Counsel II, CEA	Retired	11/1/18 – 7/31/19	480
Graduate Student Assistant	Temporary	7/3/19 – 7/31/19	75
Graduate Student Assistant	Temporary	7/3/19 – 7/31/19	53
Information Technology Specialist I	Retired	11/1/18 – 7/31/19	954
Information Technology Specialist I	Retired	11/1/18 – 7/31/19	584.25
Information Technology Specialist I	Retired	11/1/18 – 7/31/19	659
Information Technology Specialist I	Retired	11/1/18 – 7/31/19	687
Information Technology Specialist I	Retired	11/1/18 – 7/31/19	200
Information Technology Specialist II	Retired	11/1/18 – 7/31/19	959
Staff Services Manager II (Managerial)	Retired	11/1/18 – 7/31/19	878.5
Student Assistant	Temporary	2/7/19 – 7/31/19	172
Student Assistant	Temporary	7/1/19 – 7/31/19	37

Classification	Tenure	Time Frame	Time Worked
Student Assistant	Temporary	4/10/19 – 7/31/19	148
Student Assistant	Temporary	6/18/19 – 7/31/19	56

FINDING NO. 11 – Positive Paid Employees’ Tracked Hours Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found no deficiencies in the employees reviewed whose hours were tracked during the compliance review period. The OSI 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, July 1, 2018, through June 30, 2019, the OSI placed one employee on ATO. The CRU reviewed this ATO appointment to ensure compliance with applicable laws, regulations, and CalHR policy and guidelines, which are listed below:

Classification	Time Frame	Amount of Time on ATO
Information Technology Manager I	9/5/18 – 9/13/18	56 Hours

FINDING NO. 12 – Administrative Time Off Authorizations Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU found no deficiencies in the ATO transactions reviewed during the compliance review period. The OSI 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, April 1, 2019, through June 30, 2019, the OSI reported 10 units comprised of 325 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
April 2019	730	51	51	0
May 2019	222	18	18	0
June 2019	750	23	23	0

FINDING NO. 13 – Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records Reviewed

Summary: The OSI failed to provide completed Leave Activity and Correction Certification forms for two out of three units reviewed during the May and June 2019 pay periods.

Criteria: Departments are responsible for maintaining accurate and timely leave accounting records for their employees. (Cal. Code Regs., tit.

2, § 599.665.) Departments shall identify and record all errors found using a Leave Activity and Correction form. (Human Resources Manual Section 2101.) Furthermore, departments shall certify that all leave records for the unit/pay period identified on the certification form have been reviewed and all leave errors identified have been corrected. (*Ibid.*)

Severity: Technical. Departments must document that they reviewed all leave inputted into their leave accounting system to ensure accuracy and timeliness. For post-audit purposes, the completion of Leave Activity and Correction Certification forms demonstrates compliance with CalHR policies and guidelines.

Cause: The OSI states that its lack of auditing measures and human error contributed to the errors identified in this finding.

Corrective Action: The OSI states that, since the review, it has updated its internal processes. Within 90 days of the date of this report, the OSI must submit to the SPB copies of relevant documentation demonstrating that the corrective action has been implemented.

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.⁹ (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

⁹ 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.

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 employees¹⁰ 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, November 1, 2018, through July 31, 2019, the OSI had 16 employees with non-qualifying pay period transactions. The CRU reviewed 16 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	5
Qualifying Pay Period	Full Time	11

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

The CRU determined that the OSI 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.

¹⁰ As identified in Government Code section 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.

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.*)

FINDING NO. 15 – Nepotism Policy Complied with Civil Service Laws, Board Rules, and/or CalHR Policies and Guidelines

The CRU verified that the policy was disseminated to all staff and emphasized the OSI's commitment to the state policy of recruiting, hiring and assigning employees on the basis of merit. Additionally, the OSI'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 subds. (c)(7) & (8).) Additionally, within one working day of receiving notice or knowledge that the employee has suffered a work related injury or illness, employers shall provide a claim form and 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 OSI did not employ volunteers during the compliance review period.

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

The CRU verified that the OSI 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 OSI received worker's 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 26 permanent OSI 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
Associate Budget Analyst	1/26/2018
Associate Governmental Program Analyst	5/5/2018
Associate Personnel Analyst	4/15/2018
Attorney IV	11/13/2017
Information Technology Associate	11/30/2017
Information Technology Associate	1/23/2018
Information Technology Associate	4/1/2018
Information Technology Associate	5/15/2018

Classification	Date Performance Appraisals Due
Information Technology Manager I	3/1/2018
Information Technology Specialist I	5/31/2018
Information Technology Specialist I	1/9/2018
Information Technology Specialist I	7/17/2018
Information Technology Specialist I	6/30/2018
Information Technology Specialist I	11/30/2017
Information Technology Specialist I	7/24/2018
Information Technology Specialist I	2/13/2018
Information Technology Specialist I	3/17/2018
Information Technology Specialist I	11/21/2017
Information Technology Specialist I	11/14/2017
Information Technology Specialist I	2/13/2018
Information Technology Specialist I	7/29/2018
Information Technology Specialist I	4/30/2018
Information Technology Specialist II	11/1/2017
Information Technology Specialist II	11/1/2017
Office Technician (Typing)	2/28/2018
Staff Services Manager I	11/30/2017

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

Summary: The OSI did not provide annual performance appraisals to any of the 26 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's 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 OSI acknowledges its performance appraisals were not provided to all employees. The OSI states that a departmental notice is sent annually requiring supervisors and managers to conduct performance appraisals for each of their staff. However, it is the responsibility of the supervisors and managers to conduct the performance evaluations.

Corrective Action: The OSI states that preliminary steps are being taken to establish a performance review tracking process for performance appraisals. However, within 90 days of the date of this report, the OSI must submit to the SPB a written corrective action response which addresses the corrections the department has implemented 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 OSI's response is attached as Attachment 1.

SPB REPLY

Based upon the OSI's written response, the OSI 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.



California Health and Human Services Agency
Office of Systems Integration
2495 Natomas Park Drive, Ste. 655
Sacramento, California 95833



January 27, 2021

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

Dear Ms. Ambrose:

SUBJECT: State Personnel Board (SPB) Compliance Review (CR) – Corrective Action Plan

The Office of Systems Integration (OSI) thanks the Compliance Review Unit (CRU) staff for their dedication and professionalism throughout the audit process. We understand that external audits are an important component of evaluating and ensuring the management and integrity of the State's personnel practices and procedures and mandated training in order to comply with all applicable laws, rules, and regulations. In whole, the audit contributes to the overall effectiveness and efficiency of the OSI's business practices.

The OSI takes the compliance findings very seriously and has taken into consideration the findings identified in the CR and immediately began the corrective actions below to bring the Department into compliance.

Finding 3: Probationary Evaluations Were Not Provided for all Appointments Reviewed

Cause: The OSI concurs with the finding. The OSI is also aware of the requirement and importance to evaluate the work and efficiency of a probationer to keep the probationer adequately informed of performance on the job. The Human Resources Division (HRD) makes a good faith effort to inform supervisors and managers regarding the requirements of completing probationary evaluations. Upon appointment of probationary employees, the HRD notifies supervisors and managers of the probationary dates of each employee and it is the responsibility of the supervisors and managers to forward the completed evaluations to the HRD for filing in the official personnel file (OPF).

Corrective Action: Since the 2019 audit, the HRD created a Probationary Tracking Log and follows up with the supervisor and manager if the probationary evaluations are not completed and received by the HRD. Most recently, the HRD has enhanced the process to remind each supervisor and manager that the probationary evaluations are due within thirty (30) days prior to the due date. Additionally, to streamline the probationary report process, we are exploring options for an automated system that will track, remind, and

State Personnel Board – OSI Corrective Action Plan

January 27, 2021

Page 2

file employee's probationary reports. The OSI is also finalizing a Probationary Period Business Process in addition to providing training to managers and supervisors.

6: Ethics Training Was Not Provided for All Filers

Cause: The OSI concurs with the finding. There were failures at several points in the training process: automatic reminder letters to employees were curtailed by the software in error, no follow-up by responsible parties, and no appropriate escalation methods in effect. OSI includes the policy, Form 700, Statement of Economic Interests, on the OSI intranet and sends an acknowledgment of policies to employees on an annual basis to read, abide by and sign. Employee positions designated to complete Form 700 and Ethics training are noted in job postings and Form 700 requirements are explained at orientation. On an annual basis, employees designated to complete Form 700 and Ethics training are alerted through a general email with links to the form.

Corrective Action: Several improvement methods have made an impact on compliance.

- Automation implemented that controls when and how many reminder notifications are sent via the new system to employees required to complete ethics training.
- Created a coordinated Conflict of Interest Program, which addresses compliance with Ethics Training:
 - Instituted project/division Liaisons for further dissemination efforts for Ethics training.
 - Conflict of Interest (COI) filing officer provides Conflict of Interest training, including compliance and deadlines for taking ethics training.
 - COI filing officer ensures liaisons are performing COI duties appropriately.
 - Monthly review is conducted to ensure training has been taken.
 - Escalation procedures have been implemented to alert management of non-compliance.

Review of mitigation efforts affecting the FPPC approved Netfile software and updates to OSI's COI program are ongoing and we are seeing promising results for the improvements being implemented.

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

Cause: The OSI concurs with the finding. Lack of automation has been an issue with the ability to enroll and track Sexual Harassment Prevention Training consistently for all managers and supervisors.

Corrective Action: Since the SPB review, OSI has made several improvements;

- Incorporated Sexual Harassment Prevention Training into every new employee's orientation, which includes links to sexual harassment prevention training for supervisory and non-supervisory staff.

State Personnel Board – OSI Corrective Action Plan

January 27, 2021

Page 3

- OSI uses California Department of Technology (CDT) sponsored, Premier Advantage California eLearning,” or **PACe for our E-learning resource**. PACe also houses the Sexual Harassment Prevention training. Once both non-supervisory employees and supervisory employees are set up for harassment prevention training, regular email reminders are sent to employees needing to complete the training by the deadline.
- Updated the OSI Equal Employment Opportunity (EEO) Policy to reinforce that sexual harassment prevention training is mandatory and must be taken.
- Harassment prevention training is reviewed by Human Resources on a monthly basis to ensure compliance and contact is made with those employees who are out of compliance.
- Escalation to management is done as necessary prior to the deadline.
- The OSI is implementing a new automated Learning Management System, which will assist Human Resources with tracking and managing sexual harassment training.

Finding 13: Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records Reviewed

Cause: The OSI concurs with the finding. The lack of auditing measures and human error contributed to the errors identified in this finding.

Corrective Action: The OSI has updated its internal process and the Transaction Unit’s Monthly Checklist to reconcile leave utilizing the Payroll Exceptions Report (STD 666) and Leave Accounting Audit form (CalHR 139) on a monthly basis.

Finding 17: Performance Appraisals Were Not Provided to All Employees

Cause: The OSI concurs with the finding. The OSI acknowledges that performance appraisals were not provided to all employees. On an annual basis the HRD sends a departmental notice requiring supervisors and managers to conduct Performance Appraisals for each of their staff however, it is the responsibility of the supervisors and managers to conduct the performance evaluations.

Corrective Action: The OSI is in the development of establishing a performance review tracking process to ensure all Performance Appraisals are completed. Additionally, the OSI is exploring options for an automated system to track, remind, and file employee’s Performance Appraisals.

The OSI takes our compliance responsibilities very serious. We will continue to improve our processes to ensure the areas identified with deficiencies will improve and establish strategies to ensure compliance with civil service laws, rules, regulations, and policies.

Thank you for the opportunity to revisit our processes in support of our ongoing process improvement.

State Personnel Board – OSI Corrective Action Plan


January 27, 2021

Page 4

If you have any questions or concerns, please contact Yolanda Rodriguez, Chief of Human Resources at (916) 263-3265 or Yolanda.Rodriguez@osi.ca.gov.

Sincerely,

DocuSigned by:


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Robert Huskison

Chief Administrative Officer

cc: Dan Kalamaras, Director

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, a training log for supervisory training, leave reduction policy and/or any new procedures that have been implemented.

CORRECTIVE ACTION RESPONSE

DEPARTMENT: OFFICE OF SYSTEMS INTEGRATION	BRANCH/DIVISION/PROGRAM: HUMAN RESOURCES DIVISION
CONTACT PERSON (NAME AND TITLE): YOLANDA RODRIGUEZ, HR CHIEF	CORRECTIVE ACTION RESPONSE DATE: JUNE 1, 2021

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)
Finding as stated in the report, by number	Description of 1) completed or planned corrective action(s) and 2) of supporting documentation (if applicable)	Actual or Estimated Completion Date
Finding 3: Probationary Evaluations Were Not Provided for all Appointments Reviewed	Since the 2019 audit, the HRD created a Probationary Tracking Log and follows up with the supervisor and manager if the probationary evaluations are not completed and received by the HRD. Most recently, the HRD has enhanced the process to remind each supervisor and manager that the probationary evaluations are due within thirty (30) days prior to the due date. Additionally, to streamline the probationary report process, we are exploring options for an automated system that will track, remind, and file employee's probationary reports. The OSI is also finalizing a Probationary Period Business Process and provided probationary and performance appraisal training conducted by the CPS HR Consultant.	Estimated Completion Date: 12/31/2021
Finding 6: Ethics Training Was Not Provided for All Filers	Since the 2019 audit, OSI has put in place all of the corrective action items. OSI is also in the process of changing to a new vendor for ethics filing management. The new filing system should be completely up and running in the middle of June. It is a better system that will help with the notification of ethics deadlines. As of June 2021, all OSI employees are in compliance with Ethics Training	Estimated completion date for new Ethics system: 6/15/21
Finding 7: Sexual Harassment Prevention Training Was Not Provided for All Supervisors	Since the 2019 audit, OSI has put several improvements in place including; regular email reminders to supervisors and the link to take their mandated sexual harassment prevention training, monthly review of harassment prevention training for non-compliance and contacting employees who need to take training, escalation to management is done as necessary prior to deadline, nearing implementation of a Learning Management System which will assist in tracking and managing sexual harassment prevention training ensuring all supervisors, (and non-supervisory employees), are in compliance.	Estimated completion date for LMS: 7/1/21

FINDING (DEFICIENCY) BY NUMBER	ACTION ITEM(S) ALREADY OR TO BE COMPLETED	TIMEFRAME(S)
Finding 13: Leave Activity and Correction Certification Forms Were Not Completed For All Leave Records Reviewed	The OSI has updated its internal process and the Transaction Unit's Monthly Checklist to reconcile leave utilizing the Payroll Exceptions Report (STD 666) and Leave Accounting Audit form (CalHR 139) on a monthly basis.	Completed on: 1/29/2021
Finding 17: Performance Appraisals Were Not Provided to All Employees	The OSI is in the development of establishing a performance review tracking process to ensure all Performance Appraisals are completed. Additionally, the OSI is exploring options for an automated system to track, remind, and file employee's Performance Appraisals.	Estimated Completion Date: 12/31/2021