



***Additional Appointments Review
Summary Report
for the
Employment Development Department
May 2013***

Table of Contents

SUMMARY REPORT – EMPLOYMENT DEVELOPMENT DEPARTMENT– MAY 20132

SUMMARY OF GENERAL FINDINGS 2

CORRECTIVE ACTION PLAN 3

CONCLUSION 5

Summary Report – Employment Development Department May 2013

California Department of Human Resources (CalHR) reviewed the documentation Employment Development Department (EDD) provided for the California Unemployment Insurance Appeals Board (CUIAB). In conducting the review, CalHR requested and reviewed the following documentation provided by EDD and the State Controller's Office (SCO): 1) employment and pay history; 2) duty statements; 3) organizational charts; and 4) timesheets. CalHR held discussions with EDD to clarify specific individual employee appointments. At times, these discussions resulted in additional documentation clarifying the appointments.

The review found that as of January 11, 2013, CUIAB had four (4) managers or supervisors who held an additional appointment in a rank-and-file position. CalHR reviewed the proper use of these additional appointments and the accuracy of the salary paid.

In addition, CalHR also reviewed employees who are exempt from the Fair Labor Standards Act's (FLSA) overtime requirements in their primary position to determine whether their status as exempt employees was altered by the additional appointment.

CalHR's review of CUIAB's additional appointments for managers or supervisors is now complete. On May 8, 2013, a copy of CalHR's draft report and a detailed list of the additional appointments was provided to EDD, a copy of which is also attached to this report.

EDD was given 24 hours to identify any of their concerns with the draft report and to provide any supplemental information for CalHR's consideration prior to CalHR finalizing the report. Over the next sixty (60) days, CalHR will continue to work with EDD on their corrective action plan that is described in further detail below.

Summary of General Findings

The following is a summary of CalHR's findings incorporating EDD's responses to the proper use of the positions and pay inconsistencies as of January 2013:

- Four employees in additional appointments were improper because the employees' primary positions were supervisory and the additional position was a rank and file classification.
 - Personnel Management Policy and Procedures Manual (PMPPM) Section 350 states, additional appointments must be made to a distinctly different employment situation than the employee's initial appointment; typically, this would involve appointment to a different class, department or State facility.

Summary Report – Employment Development Department
May 2013

- One employee did not work in his additional position in 2012.
- One employee in an additional position was accurately paid.
- Two employees were paid incorrectly which resulted in the employees being underpaid.
 - The total gross estimated amount of underpayments is: \$690.84. EDD will issue warrants to employees for the remaining total estimated gross owed to employees of \$690.84.
 - Example: PLP was deducted from the employees' additional appointment when it should have only been deducted from the primary position or clerical errors that resulted in compensation to employees for less hours than were actually worked.
- The employees who are exempt from the overtime requirements of the FLSA in their primary position retained their status as exempt employees.

A detailed list of the additional appointments reviewed can be found in Attachment A.

Corrective Action Plan

On May 16, 2013, EDD was also provided a copy of CalHR's final report. A detailed list of the additional appointments reviewed was also provided to EDD and is attached to this report.

CalHR recognizes that CUIAB made the additional appointments prior to contracting with EDD to process their personnel transactions. As the contracted agency, EDD will be responsible for completing the Corrective Action Plan for CUIAB.

EDD was reminded to adhere to PMLs 2013-007 and 2013-015 and that EDD is not authorized to make any additional appointments for managers and supervisors. Further, EDD was instructed not to work managers and supervisors in additional positions they may currently hold. EDD was also advised that in order to separate a permanent employee from their additional appointment, the employee must voluntarily resign.

Options for EDD and CUIAB to consider include:

- For extended periods of time and if specific conditions are met, Arduous Pay may be considered for supervisors and managers if the situation is covered in Pay Differential 62. Arduous Pay – Pay Differential 62 provides compensation to

Summary Report – Employment Development Department
May 2013

excluded employees that are exempt from FLSA who meet specific conditions and upon approval of the appointing authority (See PML 2013-006).

- Mandatory overtime for rank-and-file employees in the appropriate classifications may be utilized when funding permits.
- Limited-term appointments may be used when funding is available and there is a management need to address backlogs.
- Temporary reassignments of available employees in appropriate classifications to perform work in different program areas.
- Training and development (T&D) assignments may be considered when there is a management need to address work backlog and existing staffing is inadequate to meet those needs. T&D assignments require that the new assignment be outside of the employee's current promotional path. T&D assignments are limited to two years.
- Acting assignments may be authorized pursuant to State Personnel Board (SPB) Rule 302.3 to make emergency appointments on an acting basis to established positions for 20 to 60 working days. These appointments shall meet a specific and reasonable operational need and involve a substantial change in duties.

EDD is to process personnel employment history and payroll documentation to correct underpayments or overpayments. In addition, EDD is to ensure that salary and overtime payments for time worked in the additional appointment are made according to salary rules, the FLSA, and in accordance with attendance and payroll processing procedures.

To minimize the error rates for appointments and payment of employees in the future, EDD's Chief of Human Resources is to ensure that all staff are adequately trained and provided with periodic refresher training. EDD is to develop and implement internal audit programs to ensure standardized methods of personnel processing are used within its department.

In addition, CalHR will continue to work with EDD to correct the current additional positions and pay inconsistencies outlined in the attached list and will provide training as necessary. EDD is reminded to utilize all available resources to ensure proper appointments are made according to civil service laws, rules, and policies.

Suggested training topics include:

- Attendance Timesheet Documentation, Processing and Auditing
- Employment History Documentation and Processing
- Payroll Documentation and Processing

Summary Report – Employment Development Department
May 2013

All corrective actions as discussed with EDD and outlined in the attached listing are due to be completed by EDD and reported to CalHR within 60 calendar days from the date of this report.

Conclusion

CalHR would like to express our thanks to all of the Employment Development Department staff for your cooperation.

Questions and all responses regarding this report should be directed to CalHR Personnel Services Branch, Kim Herlache at kim.herlache@calhr.ca.gov or at 916-324-9411.

Attachment A – Additional Appointments Review Findings

CIVIL SERVICE EMPLOYEES WITH ADDITIONAL POSITIONS IN THE SAME DEPARTMENT, WHERE THE PRIMARY POSITION IS NOT RANK AND FILE

SORTED BY DEPARTMENT, PRIMARY POSITION

DATA AS OF 1/11/2013

AUDIT FINDINGS AS OF 4/15/2013

DEPARTMENT NAME	PSN SEQ	TIME BASE	APPT TENURE	CBID	WWG	PAY FREQ	PRIMARY PSN	POSITION NUMBER	CLASS TITLE	MONTHLY SALARY TOTAL	HOURLY RATE TOTAL	Proper Use of Additional Appointment	Why the Additional Appointment was properly or improperly used?	DID NOT WORK IN 2012	NO PAY DISCREPANCIES	PAY ESTIMATED GROSS UNDER PAYMENTS	PAY ESTIMATED GROSS OVER PAYMENTS
EMPLOYMENT DEVELOPMENT DEPT	01	FT	P	S01	E	M	Y	279-375-4800-001	STAFF SVS MANGER I	\$5,843.93							
EMPLOYMENT DEVELOPMENT DEPT	02	INT	P	R04	2	M		279-332-3224-966	SR LEGAL TYPYST		\$19.35	No	Supervisory staff working an additional position in a rank and file position in the same program.		X		
EMPLOYMENT DEVELOPMENT DEPT	01	FT	P	S01	E	M	Y	279-333-4801-002	STF SVS MGR II/SUP	\$6,416.21							
EMPLOYMENT DEVELOPMENT DEPT	02	INT	P	R04	2	M		279-332-3224-966	SR LEGAL TYPYST		\$19.35	No	Supervisory staff working an additional position in a rank and file position in the same program.			\$130.67	
EMPLOYMENT DEVELOPMENT DEPT	01	FT	P	S01	E	M	Y	279-333-4800-100	STAFF SVS MANGER I	\$5,843.93							
EMPLOYMENT DEVELOPMENT DEPT	02	INT	P	R04	2	M		279-332-3224-966	SR LEGAL TYPYST		\$19.35	No	Supervisory staff working an additional position in a rank and file position in the same program.	X			
EMPLOYMENT DEVELOPMENT DEPT	01	FT	P	S01	E	M	Y	279-333-4801-003	STF SVS MGR II/SUP	\$6,416.21							
EMPLOYMENT DEVELOPMENT DEPT	02	INT	P	R04	2	M		279-332-3224-966	SR LEGAL TYPYST		\$19.35	No	Supervisory staff working an additional position in a rank and file position in the same program.			\$560.17	