June 26, 2017

Charlton H. Bonham, Director
California Department of Fish and Wildlife
1416 9th Street
Sacramento, CA 95814

Dear Mr. Bonham:

The State Controller’s Office has reviewed the California Department of Fish and Wildlife (CDFW) payroll process for the period of July 1, 2010, through June 30, 2013. CDFW management is responsible for maintaining a system of internal control over the payroll process within its organization, and for ensuring compliance with various requirements under state laws and regulations regarding payroll and payroll-related expenditures.

Our limited review identified material weaknesses in internal control over the CDFW payroll process that leave CDFW at risk of improper payments if not mitigated. Specifically, CDFW lacked sufficient controls over the processing of payroll-related transactions to ensure that CDFW complied with collective bargaining agreements and state laws, and only valid and authorized payments were processed.

The control deficiencies contributed to the improper payments for uniform allowance, award/bonus pay, bilingual differential pay, commercial driver’s license differential pay, education differential pay, arduous pay, longevity pay, recruitment and retention geographic differential pay, out-of-class compensation, overtime compensation, dual-position compensation, separation lump-sum pay, and improper accruals of holiday credit, costing the State an estimated $550,158. Our review was performed on a limited number of transactions only; a more extensive review may find that the amount of improper payments is higher than what we identified.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by phone at (916) 324-6310.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as
cc: Kevin Hunting, Chief Deputy Director
    California Department of Fish and Wildlife
Scott Marengo, Chief, Audits Branch
    California Department of Fish and Wildlife
Gabe Tiffany, Deputy Director, Administration Division
    California Department of Fish and Wildlife
Dan Reagan, Assistant Deputy Director, Fiscal Operations
    California Department of Fish and Wildlife
Melinda Peacock, Chief, Accounting Services Branch
    California Department of Fish and Wildlife
Lisa Gallegos, Assistant Deputy Director, Business Operations
    California Department of Fish and Wildlife
Terri Trim, Chief, Human Resources Branch
    California Department of Fish and Wildlife
Mark Rodriguez, Chief, Administrative Services Division
    California Department of Human Resources
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Attachment—California Department of Fish and Wildlife’s Response to Draft Review Report
Review Report

Summary

The State Controller’s Office (SCO) reviewed the California Department of Fish and Wildlife (CDFW) payroll process for the period of July 1, 2010, through June 30, 2013. CDFW management is responsible for maintaining a system of internal control over the payroll process within its organization, and for ensuring compliance with various requirements under state laws and regulations regarding payroll and payroll-related expenditures.

Our limited review identified material weaknesses in internal control over the CDFW payroll process that leave CDFW at risk of improper payments if not mitigated. We found that CDFW has a combination of deficiencies in internal control over its payroll process such that there is a reasonable possibility that a material misstatement in financial information, or noncompliance with provisions of laws, regulations, or contracts will not be prevented, or detected and corrected in a timely manner.

Specifically, CDFW lacked sufficient controls over the processing of specific payroll-related transactions to ensure CDFW complies with collective bargaining agreements and state laws, and only valid and authorized payments are processed. As summarized in the table on page 2, the control deficiencies contributed to improper payments and improper accruals of holiday credit, costing the State an estimated $550,158. Our review was performed on a limited number of transactions only; a more extensive review may find that the amount of improper payments is higher than what we identified.
The following table summarizes our review results:

<table>
<thead>
<tr>
<th>Finding Number</th>
<th>Issues</th>
<th>Number of Selections Reviewed</th>
<th>Selection Unit</th>
<th>Dollar Amount of Selections Reviewed</th>
<th>Number of Selections with Issues</th>
<th>Issues as a Percentage of Selections Reviewed*</th>
<th>Approximate Dollar Amount</th>
<th>Dollar Amount of Selections Reviewed *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inadequate controls over uniform allowance, resulting in improper payments</td>
<td>1,002</td>
<td>Payment transaction</td>
<td>$ 592,878</td>
<td>75</td>
<td>7%</td>
<td>$ 34,960</td>
<td>6%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over award/bonus pay, resulting in improper payments</td>
<td>15</td>
<td>Payment transaction</td>
<td>6,000</td>
<td>13</td>
<td>87%</td>
<td>5,600</td>
<td>93%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over bilingual differential pay, resulting in questioned payments</td>
<td>221</td>
<td>Payment transaction</td>
<td>22,100</td>
<td>221</td>
<td>100%</td>
<td>22,100</td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over commercial driver’s license differential pay, resulting in questioned payments</td>
<td>461</td>
<td>Payment transaction</td>
<td>69,378</td>
<td>461</td>
<td>100%</td>
<td>69,378</td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over education differential pay, resulting in improper payments</td>
<td>570</td>
<td>Payment transaction</td>
<td>55,114</td>
<td>159</td>
<td>28%</td>
<td>13,105</td>
<td>24%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over arduous pay, resulting in improper payments</td>
<td>7</td>
<td>Payment transaction</td>
<td>4,200</td>
<td>3</td>
<td>43%</td>
<td>1,500</td>
<td>36%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over longevity pay, resulting in improper overpayments and underpayments</td>
<td>328</td>
<td>Payment transaction</td>
<td>129,675</td>
<td>91</td>
<td>28%</td>
<td>3,992</td>
<td>3%</td>
</tr>
<tr>
<td>1</td>
<td>Inadequate controls over recruitment and retention geographic differential pay, resulting in improper payments</td>
<td>5,226</td>
<td>Payment transaction</td>
<td>1,536,721</td>
<td>1,213</td>
<td>23%</td>
<td>375,551</td>
<td>24%</td>
</tr>
<tr>
<td>2</td>
<td>Inadequate controls over out-of-class compensation, resulting in improper payments and questioned costs</td>
<td>137</td>
<td>Employee</td>
<td>217,811</td>
<td>60</td>
<td>44%</td>
<td>25,706</td>
<td>12%</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate controls over accounting for employee time, resulting in improper payments</td>
<td>15</td>
<td>Payment transaction</td>
<td>48,827</td>
<td>3</td>
<td>20%</td>
<td>4,448</td>
<td>9%</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate controls over accounting for dual-position time, resulting in improper overpayments and underpayments</td>
<td>3</td>
<td>Payment transaction</td>
<td>79,763</td>
<td>1</td>
<td>33%</td>
<td>73</td>
<td>–</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate controls over accounting for employee holiday credits, resulting in inaccurate leave balances</td>
<td>21</td>
<td>Accrual transaction</td>
<td>13,221</td>
<td>10</td>
<td>48%</td>
<td>6,925</td>
<td>52%</td>
</tr>
<tr>
<td>4</td>
<td>Inadequate controls over separation lump-sum pay, resulting in improper payments</td>
<td>10</td>
<td>Employee</td>
<td>952,235</td>
<td>3</td>
<td>30%</td>
<td>(13,180)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>8,016</td>
<td></td>
<td>$3,727,923</td>
<td>2,313</td>
<td></td>
<td>$550,158</td>
<td></td>
</tr>
</tbody>
</table>

* All percentages are rounded to the nearest full percentage point.
Background

In 1979, the State of California adopted collective bargaining for state employees. The adoption of collective bargaining created a significant workload increase for the SCO’s Personnel and Payroll Services Division (PPSD), as PPSD was the State’s centralized payroll processing center for all payroll related-transactions. As such, PPSD decentralized the processing of payroll, allowing state agencies and departments to process their own payroll-related transactions. Periodic reviews of the decentralized payroll processing at state agencies and departments ceased due to the budget constraints in the late 1980s.

In 2013, the California State Legislature reinstated these payroll reviews to gain assurance that state agencies and departments maintain an adequate internal control structure over the payroll function, provide proper oversight over their decentralized payroll processing, and comply with various state laws and regulations regarding payroll processing and related transactions.

Review Authority

Authority for this review is provided by California Government Code (GC) section 12476, which states, “The Controller may audit the uniform state pay roll system, the State Pay Roll Revolving Fund, and related records of state agencies within the uniform state pay roll system, in such manner as the Controller may determine.” In addition, GC section 12410 stipulates that “The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.”

Objectives, Scope, and Methodology

The objectives of this review were to determine whether:

- Payroll and payroll-related disbursements were accurate and in accordance with collective bargaining agreements and state laws, regulations, policies, and procedures.

- CDFW had established adequate internal control for payroll, to meet the following control objectives:
  - Payroll and payroll-related transactions are properly approved and certified by authorized personnel;
  - Only valid and authorized payroll and payroll-related transactions are processed;
  - Payroll and payroll-related transactions are accurate and properly recorded;
  - Payroll systems, records, and files are adequately safeguarded; and
  - State laws, regulations, policies, and procedures are complied with regarding payroll and payroll-related transactions.

- CDFW complied with existing controls as part of the ongoing management and monitoring of payroll and payroll-related expenditures.
• CDFW maintained accurate records of leave balances.
• CDFW properly administered and recorded salary advances in accordance with state laws, regulations, policies, and procedures.

We reviewed the CDFW payroll process and transactions for the period of July 1, 2010, through June 30, 2013.

To achieve our review objectives, we:
• Reviewed state and CDFW policies and procedures related to payroll process to understand the practice of processing various payroll and payroll-related transactions;
• Interviewed CDFW payroll personnel to understand the practice of processing various payroll and payroll-related transactions, determine their level of knowledge and ability relating to the payroll transaction processing, and obtain or confirm our understanding of existing internal control over the payroll process and systems;
• Selected transactions recorded in the State’s payroll database based on risk factors and other criteria for review;
• Analyzed and tested transactions recorded in the State’s payroll database and reviewed relevant files and records to determine the accuracy of payroll and payroll-related payments, accuracy of leave transactions, proper review and approval of transactions, adequacy of internal control over the payroll process and systems, and compliance with collective bargaining agreements and state laws, regulations, policies, and procedures (errors found were not projected to the intended population); and
• Reviewed salary advances to determine whether they were properly administered and recorded in accordance with state laws, regulations, policies, and procedures.

Conclusion

Our limited review identified material weaknesses in internal control over the CDFW payroll process that leave CDFW at risk of additional improper payments if not mitigated.

CDFW has a combination of deficiencies in internal control over its payroll process such that there is reasonable possibility that a material misstatement in financial information or noncompliance with provisions of laws, regulations, or contracts will not be prevented, or detected and corrected on a timely basis. Specifically, CDFW lacked sufficient controls

1 An evaluation of an entity’s payroll process may identify internal control deficiencies in its internal control over such a process. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements in financial information, impairments of effectiveness or efficiency of operations, or noncompliance. Control deficiencies, either individually or in combination with other control deficiencies, may be evaluated as significant deficiencies or material weaknesses. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement in financial information, impairment of effectiveness or efficiency of operations, or noncompliance with provisions of laws, regulations, or contracts will not be prevented, or detected and corrected on a timely basis.
over the processing of specific payroll-related transactions to ensure that the CDFW complies with collective bargaining agreements and state laws, and only valid and authorized payments are processed.

These control deficiencies contributed to the improper payments for uniform allowance, award/bonus pay, bilingual differential pay, commercial driver’s license differential pay, education differential pay, arduous pay, longevity pay, recruitment and retention geographic differential pay, out-of-class compensation, overtime compensation, dual-position, separation lump-sum pay, and improper accrual of holiday credit, costing the State an estimated $550,158. Our review was performed on a limited number of transactions only; a more extensive review may find that amount of improper payments is higher than what we identified.

**Views of Responsible Officials**

We issued a draft review report on May 11, 2017. Gabe Tiffany, Deputy Director, Administration Division, responded by letter dated May 26, 2017 (Attachment), concurring with the recommendations. This final review report includes CDFW’s response in its entirety as an attachment.

**Restricted Use**

This report is solely for the information and use of CDFW and SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

June 26, 2017
Findings and Recommendations

FINDING 1—Inadequate controls over pay differentials, resulting in improper and questioned costs

CDFW lacked adequate controls to ensure that the payroll transactions unit staff processes only valid and authorized payments that comply with collective bargaining agreements and state laws. Consequently, CDFW improperly paid pay differentials in the amount of $436,398, undercompensated employees in the amount of $1,690, and had questioned costs in the amount of $63,268. These control deficiencies also leave CDFW at risk of additional improper payments if not mitigated.

Uniform Allowance

Pursuant to collective bargaining agreements between the State and Bargaining Units 1, 10, and 11, when the State requires the represented employees to wear a uniform as a condition of employment and does not provide the uniforms, the employees are entitled to a uniform replacement allowance, based on actual costs, to a maximum of $450 per year. In addition, California Code of Regulations section 599.733 allows for non-represented employees to receive a uniform allowance consistent with the allowance received by subordinate, represented employees in related classifications when their appointed position requires the purchase and regular, continuing wear of uniforms as a condition of employment.

Between July 2010 and June 2013, CDFW paid 499 employees uniform allowances a combined $739,312 between 1,484 payment transactions. We reviewed 1,002 uniform allowance transactions to 413 employees for a total of $592,878. One employee received two payments in the same year, exceeding the maximum annual allowance by $380. In addition, 53 employees were compensated a combined $34,580 between 74 transactions without documentation to support the actual costs. Moreover, 13 out-of-class compensation transactions were erroneously coded as uniform allowance payments.

Award/Bonus Pay

Pursuant to CalHR guidelines, nominations for a Superior Accomplishment Award must be submitted on the Superior Accomplishment Gift or Cash Award Recommendation form (STD 278), which requires, among other fields, employee(s) name(s), description of accomplishment, selection of specified accomplishment type (Silver, Gold, or Sustained Superior Accomplishment), and signature of both nominating supervisor and department director.

Between July 2010 and June 2013, CDFW awarded $26,776 in award/bonus pay to 67 employees between 68 payment transactions. We reviewed 15 award/bonus payments to 15 employees, for a combined total of $6,000. CDFW could not provide a STD 278 for 11 of the 15 transactions. Two of the 15 transactions had STD 278 forms, but the forms were incomplete, as they lacked a department director signature. The 13 unsupported award/bonus pay transactions amount to $5,600.
Pay Differential 14 - Bilingual Differential Pay

Pursuant to CalHR guidelines, in order to receive bilingual differential pay, an individual must be in a position that has been certified, or designated, by the department as a position requiring the use of bilingual skills on a continuing basis averaging at least 10% of the time. The employees are eligible to receive the bilingual differential pay once the department approves the pay request. In addition, all departments are required to maintain information and document files of all positions qualified to received bilingual pay for audit purposes.

Between July 2010 and June 2013, CDFW awarded $22,100 in bilingual differential payments to eight employees between 221 payment transactions. We reviewed the documentation maintained by the CDFW for the eight positions in which bilingual differential pay was issued. The documentation lacked support for all eight employees for one or both of the following required criteria:

- The position was designated by CDFW as a position requiring the use of bilingual skills on a continuing basis averaging at least 10% of the time.
- The CDFW approved the pay request.

The entire $22,100 in bilingual differential pay is questioned.

Pay Differential 31 - Commercial Driver’s License Differential Pay

Pursuant to CalHR guidelines, employees assigned to positions requiring regular operation of vehicles, that requires a class A or B commercial driver’s license, are eligible for the commercial driver’s license differential (CDLD) pay.

Between July 2010 and June 2013, CDFW awarded $466,388 in CDLD pay to 106 employees between 3,021 payment transactions. We reviewed the documentation maintained by CDFW for 20 employees who received the CDLD pay for a combined total of $69,378 between 461 transactions. CDFW lacked supporting documentation for one or more of the following to support eligibility for all 20 employees selected for review:

- Possession of commercial license
- Department of Motor Vehicle medical examiner certificate
- Position designated as needing a commercial driver’s license

The entire $69,378 in CDLD pay reviewed is questioned.

Pay Differential 244 - Education Differential Pay

Pursuant to CalHR guidelines, Bargaining Unit 7 employees and select excluded employees who possess an associate degree or intermediate Peace Officer Standards and Training (POST) certificate are eligible to receive an additional $50 per month upon approval from the department. Bargaining Unit 7 employees and select excluded employees who possess a bachelor’s degree or advanced POST certificate are eligible to receive
an additional $100 per month upon approval from the department. Employees must submit proof of attainment to receive the education differential pay.

Between July 2010 and June 2013, CDFW awarded $950,170 in education differential pay to 338 employees between 10,462 payment transactions. We reviewed the documentation for 19 employees to support eligibility for education differential pay, for a combined 570 payment transactions totaling $55,114. We noted improper payments made to nine of the 19 employees reviewed.

Two of the 19 employees received a combined $1,300 between 13 transactions without sufficient documentation to support eligibility. Four of the 19 employees received a combined $6,705 between 67 transactions while in an excluded classification not eligible for the pay differential. One of the 19 employees received 22 payment transactions prior to completion of an intermediate certificate, and received 14 payment transactions at the advanced certificate rate while being eligible only for the intermediate rate, resulting in a combined total of $2,900 in overpayments. One of 19 employees received 42 transaction payments at the $100 rate when the employee qualified only for the $50 rate, resulting in 42 transactions being overpaid at an amount of $50 per transaction, or $2,100 in total. One of 19 employees received a payment transaction of $100 prior to approval from CDFW.

**Pay Differential 62 - Arduous Pay**

Pursuant to CalHR guidelines, represented employees exempt from Fair Labor Standards Act (FLSA) may be eligible to receive the arduous pay differential when there is no other way to recognize performance of additional duties and responsibilities that exceed the normal demands of an employee’s classification/position. A request for arduous pay must be approved by the employing department, which has delegated responsibility from CalHR to evaluate and approve requests. The approval by the department is based on whether the duties satisfy all of the following elements:

- Nonnegotiable deadline or extreme urgency
- Work exceeds normal work hours and normal productivity
- Work is unavoidable
- Work involves extremely heavy workload
- No other compensation

Between July 2010 and June 2013, CDFW awarded $4,200 in arduous pay to six employees between seven payment transactions. We reviewed the documentation for all seven transactions and noted insufficient documentation to support the payments made for three of the seven payment transactions.

One of the seven transactions, for $600, did not include evidence of CDFW director approval and all of the elements listed items above. One of the seven transactions, for $300, did not include all of the listed
elements above. Finally, one of the seven transactions, for $600, did not include evidence of CDFW director approval.

**Pay Differential 245 - Longevity Pay**

Pursuant to CalHR guidelines, designated peace officers and firefighters who qualify for Peace Officer/Firefighter retirement are eligible for the longevity pay differential, receiving additional compensation based on the number of years of service and a percentage of the employees’ base salary as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage of Base Salary</th>
<th>Earning ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 - 18</td>
<td>1%</td>
<td>8LG1</td>
</tr>
<tr>
<td>19</td>
<td>2%</td>
<td>8LG2</td>
</tr>
<tr>
<td>20</td>
<td>3%</td>
<td>8LG3</td>
</tr>
<tr>
<td>21</td>
<td>4%</td>
<td>8LG4</td>
</tr>
<tr>
<td>22 - 24</td>
<td>5%</td>
<td>8LG5</td>
</tr>
<tr>
<td>25</td>
<td>7%</td>
<td>8LG7</td>
</tr>
</tbody>
</table>

Between July 2010 and June 2013, CDFW awarded $964,409 in longevity pay to 105 employees between 3,644 payment transactions. We reviewed the eligibility for longevity pay of 10 employees, for a combined 328 transactions in the amount of $129,675. We noted improper payments to four of the 10 employees reviewed.

One employee was eligible for Earning ID 8LG7 19 pay periods prior to CDFW transitioning from 8LG5 to 8LG7, resulting in undercompensation of the employee by a cumulative $1,690. A second employee received Earning ID 8LG5 21 pay periods prior to eligibility, resulting in overcompensation of the employee by a cumulative $945. A third employee received Earning ID 8LG7 23 pay periods prior to eligibility, resulting in overcompensation of the employee by a cumulative $2,595. A fourth employee received Earning ID 8LG5 20 pay periods prior to eligibility, and 8LG7 for eight pay periods within the scope of the engagement while ineligible, resulting in overcompensation of the employee by a cumulative $2,142.

**Pay Differential 142 - Recruitment and Retention Geographic Differential Pay**

Pursuant to CalHR guidelines, select Bargaining Unit 7 and excluded employees are entitled to receive the recruitment and retention pay differential if permanently headquartered and residing in specific eligible counties.

Between July 2010 and June 2013, CDFW awarded $1,536,721 for the specific recruitment and retention pay differential to 171 employees between 5,226 payment transactions. We reviewed the eligibility for all 171 employees, and identified 49 employees who received the pay differential who were headquartered in ineligible locations. The total improper payments to the 49 ineligible employees amounted to 1,213 payment transactions totaling $375,551.
GC sections 13402 and 13403 require state agencies to establish and maintain internal controls that include a system of authorization and recordkeeping procedures over expenditures, and an effective system of internal review. State agencies are also responsible for ensuring that these controls are functioning as prescribed.

**Recommendation**

CDFW should:

- Establish adequate internal controls to ensure that pay differential payments comply with collective bargaining agreements and CalHR guidelines. Specifically:
  - Establish policies and procedures to ensure employee eligibility for the pay differential(s).
  - Ensure proper calculation of the pay differential payment(s).
  - Provide training to managers, supervisors, and staff regarding the eligibility requirements and proper calculation of the pay differentials CDFW employees are eligible to receive.
  - Provide adequate review of transactions performed.

- Perform a review of all pay differential payments issued during the past three years to ensure all transactions were proper payments, and take corrective action on overpayments and underpayments identified during the review.

CDFW lacked adequate controls to ensure that the payroll transactions unit processes only valid and authorized out-of-class compensation, in accordance with collective bargaining agreements and state regulations. CDFW lacked proper documentation to support 40 (29%) of the 137 out-of-class assignments reviewed for the period from July 2010 through June 2013. CDFW improperly granted out-of-class compensation to 20 (15%) of the 137 employee records reviewed, costing the State approximately $25,706. If not corrected, this control deficiency leaves CDFW at risk of additional improper payments to employees who do not meet the requirements to receive the pay.

**Out-of-class assignments lacked proper supporting documentation**

CDFW paid out-of-class compensation transactions to 137 employees from July 2010 through June 2013. Of the 137 employees, we selected 40 for out-of-class package review. The sample of 40 individuals had 59 different assignments within the scope of the engagement. Ten of the 59 out-of-class assignments and extensions lacked any documentation to support proper approval. The remaining 49 out-of-class assignments and extensions lacked one or more of the following supporting elements:

- Assignment made in writing
- Assignment made in advance
- Job description for the out-of-class assignment
- Out-of-class assignment justification
• An organizational chart
• Proper approval

Payments made for out-of-class assignments exceeded limits set by collective bargaining agreements and state policies, resulting in overpayments

Of the 137 employees that received out-of-class compensation at CDFW, 80 were rank-and-file and 57 were non-represented employees.

CalHR guidelines and collective bargaining agreements require CalHR approval for rank-and-file employees to work an out-of-class assignment beyond 120 days, and such assignments are limited to one year. Also, CalHR guidelines and collective bargaining agreements limit out-of-class compensation as a result of a grievance to one year. Sixteen of the 80 rank-and-file employees were compensated beyond 120 days without CalHR approval. One of the 16 employees was compensated beyond one year. In addition, one of the 80 rank-and-file employees (not included in the previous 16) received out-of-class compensation through a grievance that extended beyond one year. As a result, an estimated total of $24,576 in compensation for out-of-class assignments exceeded the limits set by collective bargaining agreements and CalHR guidelines.

CalHR guidelines limit out-of-class assignments for excluded employees to one year. In addition, managerial out-of-class assignments are not compensated for the first 90 days, which results in a total of nine months of out-of-class compensation for managerial out-of-class assignments. Two of the 57 non-represented employees received out-of-class compensation beyond one year. In addition, one of the 57 non-represented employees, who was in a managerial out-of-class assignment, received out-of-class compensation beyond nine months. As a result, an estimated total of $1,130 in compensation for out-of-class assignments exceeded the limits set by CalHR guidelines for non-represented employees.

In addition, seven uniform allowance payments were erroneously coded as out-of-class compensation payments.

GC sections 13402 and 13403 mandate state agencies to establish and maintain internal controls, including a system of authorization and recordkeeping procedures over expenditures, and an effective system of internal review. State agencies are also responsible for ensuring that these controls are functioning as prescribed.

Recommendation

CDFW should conduct a review of out-of-class compensation during the past three years to ensure that it complies with collective bargaining agreements and state regulations. If CDFW made overpayments to employees, it should seek reimbursement through an agreed-upon collection method in accordance with GC section 19838.
To prevent improper out-of-class compensation from recurring, CDFW should:

- Implement controls over out-of-class assignments and compensation, including existing policies and procedures prescribed by CalHR and collective bargaining agreements. CDFW should conduct ongoing monitoring of controls to ensure that they are consistently implemented and operating effectively; and

- Provide adequate oversight to ensure that the payroll transactions unit staff processes only valid and authorized out-of-class compensation that complies with collective bargaining agreements and state and CDFW policies.

CDFW lacked adequate controls over the processing of employee time records and leave credit accounting. During our review of overtime paid to employees and leave accrued, we noted errors in the calculation of overtime paid to employees and erroneous holiday credit accruals. CDFW internal controls failed to ensure proper payment and accruals, and failed to identify and correct the errors after the payments and accruals were made.

**Overcompensation of overtime**

Between July 2010 and June 2013, CDFW paid overtime payments to 1,196 employees for a combined $13,425,747. Fifteen transactions totaling $48,827 were reviewed.

One of the 15 transactions was a cash-out of 148.5 hours of compensating time off (CTO). However, the employee’s CTO balance was only 96 hours. Therefore, the employee was overcompensated 52.5 hours, costing $1,109.

One of the 15 transactions was for 126 hours of overtime, costing $2,661. However, no documentation was provided to support that the employee worked the 126 hours of overtime. Therefore, the employee was overcompensated 126 hours of overtime, for $2,661.

One of the 15 transactions involved a total of 135.5 hours of overtime. However, the employee’s timesheet was improperly completed, resulting in a miscalculation of regular and overtime hours. As a result, the employee was overcompensated by $678.

**Miscalculated hours for dual position**

We reviewed a combined 20 pay periods during our review of three individuals working dual positions, for a combined $79,763 in total gross regular pay. We noted that one employee was overcompensated three hours for $109 for one pay period, and undercompensated one hour, for $36, during another pay period due to incorrect calculation of hours worked, as reported on the employee’s timesheets.
Overaccrual of holiday credit

Collective bargaining agreements and GC section 19853 specify the number of hours of holiday credit an employee may receive per qualifying holiday. Leave accounting records indicated that CDFW had 10,503 holiday credit accrual transactions from July 2010 through June 2013. We reviewed 21 holiday credit accrual transactions for a combined 490 hours accrued, with a combined value of $13,221. We noted improper holiday credit accruals for 10 of the 21 reviewed due to errors made by CDFW staff during timesheet processing. As a result, 10 employees’ holiday credit balances were overstated by a combined 289 hours, with a combined value of $6,925.

GC sections 13402 and 13403 mandated state agencies to establish and maintain internal controls, including a system of authorization and recordkeeping procedures over expenditures, as well as an effective system of internal review. State agencies are also responsible for ensuring that these controls are functioning as prescribed.

Recommendation

CDFW should conduct a review of overtime payments during the past three years to ensure that they comply with collective bargaining agreements and state law. If CDFW made overpayments to employees, it should seek reimbursement through an agreed-upon collection method in accordance with GC section 19838.

To prevent improper overtime payments from recurring, CDFW should:

- Establish adequate internal controls to ensure that payments of overtime compensation comply with collective bargaining agreements and state law. These controls should require payroll transactions unit office staff to verify that payment does not exceed the amount set by collective bargaining agreements and state law;
- Provide adequate oversight to ensure that payroll transactions unit staff process only valid and authorized payments that comply with collective bargaining agreements and state law; and
- Provide adequate oversight to ensure data entered into the payroll accounting system reflect the reported time on employee timesheets.

In addition, CDFW should conduct a review of the leave accounting system to ensure that the accrual of holiday credits complies with collective bargaining agreements and state law. CDFW should correct any improper holiday credits in its leave accounting system.

To prevent recording improper holiday credits in the leave accounting system from recurring, CDFW should:

- Provide adequate oversight to ensure that payroll transactions unit staff accurately record leave transactions; and
- Provide training to payroll transactions unit staff members involved in keying transactions into the leave accounting system to ensure that they understand the requirements under collective bargaining agreements and State law regarding holiday credits.
CDFW lacked adequate controls over the processing of employee separation lump-sum pay. We reviewed 10 separation lump-sum calculations and payments to determine whether the payments were accurately calculated, properly processed and recorded, and in accordance with state laws and regulations.

Pursuant to collective bargaining agreements and state law, employees are entitled to receive cash for accrued eligible leave credits when separating from state employment. Payroll records indicated that CDFW processed separation lump-sum payments for 532 employees between July 2010 and June 2013, for a total of $5,721,037.

We reviewed the calculations and payment of 10 of these lump-sum payments, with a combined total of $952,235 in payments, and noted that three of the 10 were calculated inaccurately, with all three employees undercompensated by a combined $13,180. The undercompensation was the result of miscalculations by payroll transaction unit staff. We found no evidence to support that an authorized individual reviewed the processing of these separation lump-sum payments. The following table shows the amounts of improper lump-sum payments:

<table>
<thead>
<tr>
<th>Employee</th>
<th>Leave Hours</th>
<th>Estimated Dollar Amount of Underpayment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid</td>
<td>Earned</td>
</tr>
<tr>
<td>A</td>
<td>1,962</td>
<td>1,976</td>
</tr>
<tr>
<td>B</td>
<td>2,165</td>
<td>2,189</td>
</tr>
<tr>
<td>C</td>
<td>2,102</td>
<td>2,403</td>
</tr>
<tr>
<td>Total</td>
<td>6,229</td>
<td>6,568</td>
</tr>
</tbody>
</table>

GC sections 13402 and 13403 require state agencies to establish and maintain internal controls that include a system of authorization and recordkeeping procedures and an effective system of internal review. State agencies are also responsible for ensuring that these controls are functioning as prescribed.

These control deficiencies leave CDFW at risk of making additional improper separation lump-sum payments if not mitigated.

**Recommendation**

CDFW should:

- Establish adequate controls to ensure accurate calculation and review of separation lump-sum payments, in accordance with the California Government Code; and

- Conduct a review of employee separation lump-sum payments during the past three years to ensure that the payments are accurate and in compliance with collective bargaining agreements and state law. If inaccurate payments are identified, CDFW should take action to recover overpayments and properly compensate those who were undercompensated, in accordance with applicable state laws and the State Administrative Manual.
Attachment—
California Department of Fish and Wildlife’s
Response to Draft Review Report
May 26, 2017

Andrew Finlayson, Chief
State Agency Audits Bureau
State Controller's Office – Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Mr. Finlayson:

The California Department of Fish and Wildlife (CDFW) appreciates the opportunity to respond to the State Controller's Office (SCO) draft Payroll Process Review Report for the period of July 1, 2010 through June 30, 2013.

While we concur with the recommendations set forth in this report, the CDFW has instituted controls addressing the majority of the weaknesses identified. Of the issues with improper payments identified in the report, the CDFW has put controls in place since the review period that address issues associated with 95% of the dollar amounts identified (See Attachment 1). Attachment 2 describes each control in more detail.

The CDFW is committed to strengthening the control environment, communication, and monitoring of existing processes to reduce the recurrence of issues discussed in the review report. If you have any questions, please contact me at (916) 653-4325.

Sincerely,

[Signature]

Gabe Tiffany
Deputy Director
Administration Division

Enclosures: Attachment 1 – Summary of Controls
Attachment 2 – CDFW Response to Payroll Process Review Report
Attachment 3 – ASB Memorandum – Uniform Allowance
Attachment 4 – Draft HRB Memorandum - Commercial Driver’s License Differential Procedures
Attachment 5 – HRB Memorandum 15-030 - Canine, Education & Geographic Pay Differentials
Attachment 6 – HRB Memorandum 15-039 - Out-of-Class Assignments
Attachment 7 – HRB Memorandum 15-012 - Accurate and Timely Leave Accounting

Conserving California's Wildlife Since 1870
<table>
<thead>
<tr>
<th>Issues Identified by State Controller’s Office</th>
<th>Approximate Dollar Value</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate controls over salary advancement</td>
<td>$54,260</td>
<td>ASB Memo 17-008</td>
</tr>
<tr>
<td>Inadequate controls over overtime pay</td>
<td>$5,920</td>
<td>Discontinued</td>
</tr>
<tr>
<td>Inadequate controls over bilingual differential pay</td>
<td>$22,100</td>
<td>N/A</td>
</tr>
<tr>
<td>Inadequate controls over contract drivers' expense differential pay</td>
<td>$69,374</td>
<td>Draft Policy</td>
</tr>
<tr>
<td>Inadequate controls over dated differential pay</td>
<td>$18,103</td>
<td>HRM Memo 15-050</td>
</tr>
<tr>
<td>Inadequate controls over arduous pay</td>
<td>$1,500</td>
<td>N/A</td>
</tr>
<tr>
<td>Inadequate controls over longevity pay</td>
<td>$3,392</td>
<td>N/A</td>
</tr>
<tr>
<td>Inadequate controls over contract drivers' expense</td>
<td>$75,951</td>
<td>HRM Memo 15-030</td>
</tr>
<tr>
<td>Inadequate controls over overtime pay</td>
<td>$22,706</td>
<td>HRM Memo 15-058</td>
</tr>
<tr>
<td>Inadequate controls over accounting (employee time)</td>
<td>$1,646</td>
<td>HRM Memo 15-021</td>
</tr>
<tr>
<td>Inadequate controls over contract drivers' expense</td>
<td>$77,292</td>
<td>Implement new reporting system January 2017</td>
</tr>
<tr>
<td>Inadequate controls over contract drivers' expense</td>
<td>$157,078</td>
<td></td>
</tr>
<tr>
<td>Inadequate controls over overtime lump sum</td>
<td>$157,419</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$650,158</td>
<td></td>
</tr>
</tbody>
</table>

Issues with controls in place: 552,266 out of 650,158 = 95%
Response to the State Controller's Office Payroll Process Review Report
Department of Fish and Wildlife

The California Department of Fish and Wildlife (CDFW) provides the following response to each of the findings noted in the payroll process review report.

Finding 1 - Inadequate controls over pay differentials, resulting in improper and questioned costs

SCO Recommendation

- Establish adequate internal controls to ensure that pay differential payments comply with collective bargaining agreements and CalHR guidelines. Specifically:
  - Establish policies and procedures to ensure employee eligibility for the pay differential(s).
  - Ensure proper calculation of the pay differential payment(s).
  - Provide training to managers, supervisors, and staff regarding the eligibility requirements and proper calculation of the pay differentials CDFW employees are eligible to receive.
- Perform a review of all pay differential payments issued during the past three years to ensure all transactions were proper payments, and take corrective action on overpayments and underpayments identified during the review.

CDFW Response

Uniform Allowance

The CDFW's Accounting Services Branch (ASB) released a memorandum (Attachment 3) on February 24, 2017 that provided direction on allowance and reimbursement limitations, the claim process and instructions for Personnel Specialists to process the payment.

Award/Bonus Pay

In 2016, the CDFW discontinued the Award/Bonus Pay program and replaced it with a non-monetary recognition program; therefore, this issue is no longer applicable. If the program is reinstated, the HRB will issue a policy and procedure that describes the eligibility criteria, required documentation and necessary approvals.

Bilingual Pay

The CDFW/Equal Employment Opportunity Office (EEO) will issue a policy and procedure within the next three months that describes the eligibility requirements to receive bilingual pay and instructions for Personnel Specialists to process the payment. The current internal process requires the employee to complete an application, sign it, and send the application to their supervisor for approval. Once approved, the application is sent to the CDFW EEO office where a testing date is set up for the employee with CalHR. If the employee receives a score of 70% or greater the employee passes and is eligible for bilingual pay. At that time, an
authorization form is forwarded to the Personnel Specialist to process the payment. The EEO retains the records.

**Commercial Driver’s License Differential Pay**

The department is operating under a draft policy and procedure (Attachment 4) and is currently following this process that requires supervisors to submit the Commercial Drivers’ License Differential form, a signed duty statement that requires the license, copy of Commercial Drivers’ License, and Medical Examiners’ Certificate. HRB Personnel Analysts review the requests and upon approval, the Personnel Specialist processes the payment. CDFW will issue the policy and procedure within the next six months that describes the eligibility requirements to receive commercial driver’s license differential and instructions for Personnel Specialists to process the payment. HRB retains the records.

**Education/Geographic Differential Pay**

The CDFW issued HRB Memorandum 15-030 dated October 16, 2015 (Attachment 5), that addressed both Educational and Geographic Pay eligibility requirements and the process to receive payment. The memorandum lists eligible classifications, the rate of pay, and requires completion of the Education Incentive Certification form with the accredited degree or POST certification attached. The Geographic Affidavit form requires a copy of the drivers' license or valid documentation that certifies permanent residence in one of the eligible counties. HRB Personnel Analysts review requests and upon approval, the Personnel Specialist processes the payment. HRB retains the records.

**Arduous Pay**

The HRB implemented an internal process that requires employees to submit their approved timesheet and the “Arduous Work Pay Request” CalHR 777 form to HRB’s Transactions Unit. The Transactions Unit Manager reviews the requests to ensure eligibility. The Director or designee reviews and approves all eligible requests. Signature approval is required before the Personnel Specialist will process the payment. CDFW will issue a policy and procedure within the next six months that describes the eligibility requirements to receive arduous pay and instructions for Personnel Specialists to process the payment. HRB retains the records.

**Longevity Pay**

HRB’s Transactions Unit will run monthly Management Information Retrieval System (MIRS) reports to identify eligible employees. The Personnel Supervisor II and/or Transactions Unit Manager will review the monthly report and provide the Personnel Specialist direction and instructions to process the payment(s). Additionally, CDFW will issue a policy and procedure within the next six months to describe the eligibility requirements, the process to receive the longevity pay differential and instructions for Personnel Specialists to process the payment. HRB retains the records.
Summary:
In addition to issuing policies and procedures for the above pay differentials, the HRB will provide annual refresher training, checklists/process guides for all Personnel Specialists/Analysts. Two years ago, the department began hosting monthly Personnel Specialist meetings that provide additional training and educational resources. The CDFW will perform a review of all pay differentials issued during the past three years to ensure the applicable transactions are proper payments and take corrective action on overpayments and underpayments identified during the review.

Finding 2 - Inadequate controls over out-of-class compensation, resulting in improper and questioned costs

SCO Recommendation
- Conduct a review of out-of-class compensation during the past three years to ensure that it complies with collective bargaining agreements and state regulations. If CDFW made overpayments to employees, it should seek reimbursement through an agreed-upon collective method in accordance with GC section 19838.

CDFW Response

Out-of-Class Pay
The CDFW issued HRB Memorandum 15-039 dated December 28, 2015 (Attachment 6) that defines an out-of-class assignment (OOC), responsibilities, and the request and selection procedures. HRB requires a Request for Personnel Action (RPA) that must be approved by an Executive Review Committee. The Personnel Analyst reviews the RPA request to ensure all of the required documentation is attached. An approval letter is issued to the employee outlining the terms of the assignment. The Personnel Analyst completes an OOC authorization form and forwards to the Personnel Specialist to process the payment.

HRB requires a new RPA to request OOC extensions. HRB retains the records. HRB currently covers this subject in the CDFW bi-annual supervisory training. The HRB will provide annual refresher training, checklists/process guides for the Personnel Specialists/Analysts. HRB requires Personnel Specialists/Analysts to utilize a "ticker" system to ensure time limits are not exceeded. HRB will conduct a review of out-of-class compensation during the past three years to ensure that it complies with collective bargaining agreements and state regulations. If CDFW made overpayments to employees, it will seek reimbursement through an agreed-upon collective method in accordance with GC section 19838.
Finding 3 - Inadequate controls over accounting for employee time and leave credits, resulting in improper payments and inaccurate leave balances

**SCO Recommendation**

CDFW should conduct a review of overtime payments during the past three years to ensure that they comply with collective bargaining agreements and state law. If CDFW made overpayments to employees, it should see reimbursement through an agreed-upon collection method in accordance with GC Section 19838.

To prevent improper overtime payments from recurring, CDFW should:

- Establish adequate internal controls to ensure that payments of overtime compensation comply with collective bargaining agreements and state law. These controls should require payroll transactions unit office staff to verify that payment does not exceed the amount set by collective bargaining agreements and state law;
- Provide adequate oversight to ensure that payroll transactions unit staff process only valid and authorized payments that comply with collective bargaining agreements and state law; and
- Provide adequate oversight to ensure data entered into the payroll accounting system reflect the reported time on employee timesheets.

In addition, CDFW should conduct a review of the leave accounting system to ensure that the accrual of holiday credits complies with collective bargaining agreements and state law. CDFW should correct any improper holiday credits in its leave accounting system.

**CDFW Response**

Accounting for Employee Time and Leave Credits

In January 2017, the CDFW introduced an automated time reporting system. This system automatically calculates the pay period’s holiday credit earned, and excess hours earned for employees on an alternate workweek schedule. The system warns both the employee and supervisor of potential reporting errors that require verification before submitting and/or approving the timesheet. Supervisor approved timesheets are routed electronically to the HRB Personnel Specialists for their review. HRB approved timesheets are processed or rejected requiring both the employee and supervisor to correct and resubmit. The CDFW is drafting a new automated time reporting policy and procedures for distribution in the next nine months. This policy will inform employees and supervisors of the holiday accruals for intermittent and reduced time base employees. Job Aids and Frequently Asked Questions and other reference materials is available to employees on the system’s home page.

The CDFW issued HRB Memorandum 15-012 dated, March 5, 2016 (Attachment 7), which describes the new monthly internal audit process required by CalHR. On a monthly basis, Personnel Specialists perform a peer review of each other’s Leave Activity and Balance (LAB) report and timesheets, or an Administrative Officer or designee reviews to ensure accurate reporting.
The HRB’s Transactions Unit runs a monthly Aging Compensating Time Off report to identify cash out payments in accordance with collective bargaining agreements. Two years ago, the department began hosting monthly Personnel Specialist meetings that provide additional training, general information, etc. The CDFW will provide annual refresher training, and checklists/process guides for the Personnel Specialists.

The system’s database records are retained for a minimum of four years.

In addition, CDFW will conduct a review of the leave accounting system to ensure that the accrual of holiday credits complies with collective bargaining agreements and state law. CDFW will correct any improper holiday credits in its leave accounting system.

Finding 4 - Inadequate controls over separation – lump sum pay

SCO Recommendation

Establish adequate controls to ensure accurate calculation and review of separation lump sum payments, in accordance with the California Government Code; and

Conduct a review of employee separation lump sum payments during the past three years to ensure that the payments are accurate and in compliance with collective bargaining agreements and state law. If inaccurate payments are identified, CDFW should take action to recover payments and properly compensate those who were undercompensated, in accordance with applicable state laws and the State Administrative Manual.

CDFW Response

Lump Sum

In 2013, the SCO provided Lump Sum training/instructions to Personnel Specialists. An instruction checklist was implemented that requires the Personnel Action Request (PAR), working calendar, and leave credits to determine an accurate calculation. All separation lump sum pay is now reviewed by either the Personnel Supervisor II or the Transactions Unit Manager prior to processing the payment. The Transactions Unit Manager will provide additional direction and instruction at future monthly Personnel Specialist meetings and invite SCO to provide refresher Lump Sum training within the next six months. The HRB will conduct a review of employee separation lump sum payments during the past three years to ensure that the payments are accurate and in compliance with collective bargaining agreements and state law. If inaccurate payments are identified, CDFW will take action to recover payments and properly compensate those who were undercompensated, in accordance with applicable state laws and the State Administrative Manual.
Attachment 3

Department of Fish and Wildlife
Accounting Services Branch

**Accounting Services Memorandum**

<table>
<thead>
<tr>
<th>SUBJECT:</th>
<th>NUMBER:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified Usage of: Form FG-183 Uniform Replacement Allowance</td>
<td>ASB 17-003</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATE ISSUED:</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 24, 2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISTRIBUTION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>All CDFW Administrative Officers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPIRES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Until Superseded</td>
</tr>
</tbody>
</table>

Effective immediately, please discontinue using the FG-183 Uniform Replacement Allowance form, except for non-BU 07 managers and supervisors, who will continue to submit the FG-183 directly to HRB. HRB is required to process non-BU 07 uniform reimbursement claims through the SCO payroll system which requires the FG-183 to be used for audit purposes. All other uniform replacement allowance claims shall be submitted using the Global CalATERS system.

In accordance with the Bargaining Unit Contracts, uniform allowances will be paid to all authorized employees in accordance to the rules and allowances stipulated in the negotiated labor contracts. Uniform allowances will be paid on or after an employee’s anniversary date for the position in which the uniform is required.

When approving the employee’s uniform replacement allowance, the supervisor must verify with their Human Resources Personnel Specialist that the employee meets the anniversary date requirement, and is fully eligible for a uniform allowance. Please note, a uniform replacement allowance is considered a business expense and requires a second-level approval in CalATERS.

If you have any question related to this subject, please contact Fey Saechao at (916) 653-1425 or Fey.Saechao@wildlife.ca.gov.

Melinda Peacock, Chief
Accounting Services Branch
This memorandum describes the criteria and procedures for eligible employees in Bargaining Unit (BU) 11 to receive Commercial Driver’s License (CDL) Differential Pay. The BU contract, Section 11.41 states that the Department of Fish and Wildlife (CDFW) shall pay a differential of $155.00 per month to employees who meet the following criteria:

Criteria:

- Are full-time employees.
- Hold a Class A or B CDL, with appropriate endorsements and medical examiner’s certificate required by the Department of Motor Vehicles, and
- Employee is assigned to a CDFW designated position requiring the regular operation of vehicles that require a Class A or B CDL.

*Per BU Section 11.41, regular employees, including personal, shall be eligible for CDL differential pay on a pro rata basis.

Procedures to Request Commercial Drive Pay

Supervisor and Employee Roles

- The supervisor must inform the employee that s/he is subject to periodic drug or alcohol testing in accordance with CDFW’s CDL Drug and Alcohol Testing Policy and provide the employee the following materials:
  1. A Commercial Driver’s Letter signed by the Chief of CDFW’s Human Resources Branch (HRB);
  2. A copy of CDFW’s Substance Abuse Testing Guide describing the Federal Department of Transportation (DOT) Alcohol and Controlled Substance Misuse Prevention Program; the CDFW’s Alcohol and Controlled Substance Testing Program Policy and Procedures;
  3. Information on the State of California’s Employee Assistance Program (EAP);
  4. An educational pamphlet regarding the effects of alcohol and controlled substance use in general; and
5. A CDFW Alcohol/Controlled Substance Prevention Program Acknowledgment Form (FG HRB 849).

All of the above documents can be found on HRB’s intranet website at the following link:

- The employee completes the CDFW Alcohol/Controlled Substance Prevention Program Acknowledgment Form (FG HRB 849) certifying that s/he has received the above information and has provided a copy of his/her current CDL, with appropriate endorsement(s) along with the Medical Examiner’s certificate to his/her supervisor.

- The supervisor will submit a completed CDL Authorization Form, along with copies of the of the CDFW Alcohol/Controlled Substance Prevention Program Acknowledgment Form, current, signed duty statement, employee’s current commercial driver’s license and the medical examiner’s certificate, to the appropriate Personnel Analyst in HRB. The CDL Differential Authorization Form can be found on HRB’s intranet website: ____________

**Personnel Analyst Responsibilities**

- The Personnel Analyst will review the documents for accuracy, and approve or deny the request.

- If approved, the Personnel Analyst will send a letter to the employee, and send a copy of all approved paperwork to the Personnel Specialist for processing the differential. A copy will also be sent to HRB’s Drug Testing Coordinator.

- If denied, specific reasons will be provided to the employee and the supervisor with a copy to the respective Personnel Specialist.

- The Personnel Analyst will file a copy of the approval letter, and supporting documentation in the CDL Differential Binder.

- The Personnel Analyst will track that drivers submit an updated medical exam certificate every two years and that commercial licenses are up-to-date.

**Personnel Specialist**

- If approved by the Personnel Analyst, the Personnel Specialist will add the differential to the employee’s Personnel Action Request (PAR) to generate the new salary.

- The Personnel Specialist will file the approval letter, and all supporting documents, in the employee’s official Personnel File.

**NOTE:** The Personnel Specialist must have authorization from the Classification & Pay Analyst prior to processing the pay differential.

Should you have any questions, you may contact your assigned Personnel Analyst.
This memorandum provides eligibility criteria and procedures to implement Canine, Education, and Geographic pay differentials for law enforcement employees in the California Department of Fish and Wildlife (CDFW).

**Canine Pay Differential**
Employees in the classification of Fish and Game Warden (Class Code 8421), who are assigned to canine duty on a regular basis and canine duty constitutes the main assignment occupying a minimum of 50% of the employee's time, are eligible for canine pay differential at the rate of $189 per pay period. To receive this pay differential, employees must also possess a current Canine Handler Certificate issued by the CDFW and continue to meet the program standards upon which the certification was issued.

Subject to prior approval from their supervisor, employees performing canine duty may also receive overtime compensation for transporting the canine to and from an animal hospital or veterinarian for medical care if the transport cannot be done during the officer's regularly assigned hours.

**Education Pay Differential**
Employees in the following classifications are eligible to receive the education pay differential:

<table>
<thead>
<tr>
<th>Eligible Class Title</th>
<th>Class Code</th>
<th>Rate of Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish &amp; Game Warden</td>
<td>8421</td>
<td>$50 (Associate Degree or Intermediate POST Certificate)</td>
</tr>
<tr>
<td>Fish and Game Warden Pilot</td>
<td>8410</td>
<td>Or</td>
</tr>
<tr>
<td>Fish &amp; Game Lieutenant (Specialist)</td>
<td>8005</td>
<td>$100 (Bachelor Degree or Advanced POST Certificate)</td>
</tr>
<tr>
<td>Fish &amp; Game Patrol Lieutenant (Supervisor)</td>
<td>8418</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; Game Senior Warden-Pilot</td>
<td>8407</td>
<td></td>
</tr>
</tbody>
</table>

Employees in the above classifications, who possess an Associate Degree or Intermediate POST Certificate, shall be eligible to receive an additional $50 per month and employees who possess a Bachelor Degree or Advanced POST Certificate, shall
be eligible to receive an additional $100 per month upon approval of the CDFW. However, the eligibility criteria may not be combined and rates are not cumulative. When an employee meets two of the criteria, he/she shall be eligible for only one rate of pay, but not both. The degrees must be obtained from an accredited college or university. Employees who submit proof of attainment of the degree or POST certificate, shall begin receiving the Educational Pay effective with the pay period following the month in which proof was submitted.

Geographic Pay Differential
Employees in the following classifications, who are permanently headquarted and reside in the counties indicated, shall receive the recruitment and retention geographic pay differential.

<table>
<thead>
<tr>
<th>Eligible Class Title</th>
<th>Class Code</th>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish &amp; Game Patrol Lieutenant (Specialist) ($350 per pay period)</td>
<td>8005</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; Game Warden, DFG (Range A) ($220 per pay period)</td>
<td>8421</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; Game Warden, DFG (Range B) ($300 per pay period)</td>
<td>8421</td>
<td></td>
</tr>
<tr>
<td>Lieutenant Fish &amp; Game Patrol Boat ($350 per pay period)</td>
<td>8416</td>
<td></td>
</tr>
<tr>
<td>Warden – Pilot, DFG ($350 per pay period)</td>
<td>8410</td>
<td></td>
</tr>
<tr>
<td><strong>Excluded</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Captain Fish &amp; Game Patrol Boat ($350 per pay period)</td>
<td>8415</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; Game Patrol Captain ($350 per pay period)</td>
<td>8412</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; Game Patrol Lieutenant (Supervisor) ($350 per pay period)</td>
<td>8418</td>
<td></td>
</tr>
<tr>
<td>Assistant Chief, DFG ($350 per pay period)</td>
<td>8406</td>
<td></td>
</tr>
<tr>
<td>Senior Warden-Pilot, DFG ($350 per pay period)</td>
<td>8407</td>
<td></td>
</tr>
</tbody>
</table>

Eligibility for the pay differential will terminate upon an employee’s reassignment for any reason to a city or county that is not listed above. Part-time and intermittent employees shall receive a pro-rated share of the monthly pay differential, based on the total number of hours worked within the monthly pay period.

Procedures for Requesting Canine, Education or Geographic pay
Eligible employees must complete the appropriate affidavit or certification form and submit it to his/her supervisor as follows:

- For **Canine Pay Differential** complete the Canine Differential Affidavit form (Attachment A), Canine Handler Certificate, and a current signed duty statement.

- For **Education Pay Differential** complete the Education Incentive Certification form (Attachment B) along with the accredited degree or POST certificate.
For Geographic Pay Differential complete the Geographic Differential Affidavit form (Attachment C); attach a copy of his/her driver’s license or other valid documentation that certifies permanent residence in one of the counties listed above.

Supervisor submits the completed affidavit or certification form to the appropriate Personnel Analyst for review and approval.

- The Personnel Analyst will review all documents for accuracy and completeness, and approve or deny the request.

- The Personnel Analyst will send a letter to the employee and his/her supervisor, advising them if the request has been approved or denied.

- If the request is denied, specific reasons for the denial will be provided in the letter to the employee, respective supervisor, with a copy to the appropriate Personnel Specialist.

- If approved, a copy of the approval letter, along with supporting documentation, will be sent by the Personnel Analyst to the appropriate Personnel Specialist for processing the pay differential.

- The Personnel Analyst will file a copy of the approval/denial letter, along with supporting documentation, in the appropriate HRB pay differential binder.

Upon receipt of the approval letter, the Personnel Specialist will:

- Add the appropriate Earnings ID to the employee’s Personnel Action Request (PAR).

- File the approval/denial letter and all supporting documents in the employee’s Official Personnel File.

NOTE: The Personnel Specialist must have authorization from the Personnel Analyst prior to processing the differential.
Canine Differential Affidavit

I certify that I'm a certified Canine Handler and possess a Canine Handler Certificate.

I have provided a copy of my Canine Certificate.

I understand that falsification of the above information may result in loss of benefit and/or adverse action.

Printed Name: ____________________________

Signature: ________________________________  ________________________________

(Employee)  (Supervisor)

Date: ________________________________

Please return form to:

California Department of Fish and Wildlife
Human Resources Branch
1416 3rd Street, Room 1217-B
Sacramento, CA 95814
Attention: Cindy Ng
Phone: 916-651-8308
State of California  
Department of Fish and Wildlife

Memorandum

Date:  

To:  
Name
Title
Human Resources Branch
Department of Fish and Wildlife

From:  
Name
Personnel Analyst
Human Resources Branch
Department of Fish and Wildlife

Subject: Canine Pay Differential

The Classification and Pay Unit has received your Affidavit of Eligibility for the Canine Pay Differential. We have determined you are eligible and approved to receive the following:

$189.00 per month

The effective date for payment is _______. If you have any questions, need clarification, or have updated/additional information that affects the payment of any of this benefit, please contact me at (916) _______.

cc: Program
Official Personnel File
DEPARTMENT OF FISH AND GAME
EDUCATION INCENTIVE CERTIFICATION FORM
Bargaining Unit 7 Peace Officers

**Employee's Statement**

I understand that as a peace officer in a rank and file or first line supervisor classification, I will be eligible to receive a monthly differential of $50 if I possess either an Associate Degree from an accredited college or university, or an Intermediate POST certificate. I also understand that if I possess an Advanced POST certificate, a Bachelor's Degree, or post-graduate degree from an accredited college or university, I will be eligible to receive a monthly differential of $100. I have presented to my supervisor a copy of my

<table>
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<tr>
<th>[ ] AA Degree ($50)</th>
<th>[ ] Bachelor's Degree or Post Graduate Degree ($100)</th>
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<tbody>
<tr>
<td>[ ] Intermediate POST Certificate ($50)</td>
<td>[ ] Advanced POST Certificate ($100)</td>
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</table>

...and request payment of the education incentive differential pursuant to the Bargaining Unit 7 collective bargaining agreement or Department of Personnel Administration directive.

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<thead>
<tr>
<th>Printed Name</th>
<th>SSN</th>
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<tr>
<th>Signature</th>
<th>Classification</th>
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<tr>
<th>Date</th>
<th>Position Number</th>
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**Supervisor's Certification**

I received a copy of the ________________ from the above named employee on ________________, I am familiar with the requirements for payment of the education incentive differential described in the Unit 7 collective bargaining agreement and Department of Personnel Administration directive, and acknowledge that this employee is in an eligible classification. I have reviewed, and am satisfied that the document presented to me is a true and correct copy of the degree/certificate it purports to represent and satisfies the requirements for payment of the $________ education incentive differential. Therefore, I certify that the employee is eligible for payment of the [ ] $50, [ ] $100 education incentive differential.

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<tr>
<th>Printed Name of Supervisor</th>
<th>Title/Classification</th>
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</thead>
</table>

<table>
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<tr>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
</table>
State of California
Department of Fish and Wildlife

Memorandum

Date: 

To: Name
Title
Human Resources Branch
Department of Fish and Wildlife

From: Name
Personnel Analyst
Human Resources Branch
Department of Fish and Wildlife

Subject: Educational Pay Differential

The Classification and Pay Unit has received your Education Incentive Certification Form for the Educational Pay Differential. We have determined you are eligible and approved to receive the following:

$50.00 per month - Associate of Arts or Science degree; OR Intermediate POST certificate

$100.00 per month - Bachelor of Arts or Science degree; OR an Advanced POST certificate

The effective date for payment is ______________. If you have any questions, need clarification, or have updated/additional information that affects the payment of any of these benefits, please contact me at (916) __________.

c: Program
   Official Personnel File
Attachment C

Geographic Differential Affidavit

I certify that my permanent work location is in __________________ County.

I further certify that my permanent residence is in _________________ County.

I understand that falsification of the above information may result in loss of benefit and/or adverse action.

Printed Name: __________________________

Signature: ___________________________  Employee  ___________________________ Date

Signature: ___________________________  Supervisor  ___________________________ Date

Please return form to:

California Department of Fish and Wildlife
Human Resources Branch
1416 9th Street, Room 1217-B
Sacramento, CA  95814
Attention: Cindy Ng
Phone: 916-551-8308
State of California  
Department of Fish and Wildlife

Memorandum

Date: xoxoxoxoxoxoxoxoxoxox

To: Name  
Title  
Human Resources Branch  
Department of Fish and Wildlife

From: Name  
Personnel Analyst  
Human Resources Branch  
Department of Fish and Wildlife

Subject: Geographic Pay Differential

The Classification and Pay Unit has received your Affidavit of Eligibility for the Geographic Pay Differential. We have determined you are eligible and approved to receive the following:

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$220.00

$300.00

$350.00

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The effective date for payment is _________, the effective date of your appointment to the (Region) and permanent residence in _______ County. If you have any questions, need clarification, or have updated/additional information that affects the payment of this benefit, please contact me at (916) ________.

cc: Program  
Official Personnel File
The Human Resources Branch (HRB) recognizes that under extraordinary, temporary, or emergency situations an employee may be required to perform work other than that described in the job specification for his/her classification. It is the policy of the California Department of Human Resources (CalHR) to consider out-of-class (OOC) assignments as the “last resort” in these situations. The following information provides guidelines regarding the appropriate use of OOC assignments.

**Definition**

Bargaining Unit (BU) Contracts and California Code of Regulations Section 599.810 (Excluded Employees) state that OOC work is defined as performing **more than 50 percent of the time and for more than 15 consecutive work days** duties and responsibilities not described in the employee's current job specification for his/her classification in which the employee has a legal appointment. OOC assignments are typically short-term not to exceed 120 consecutive calendar days during any 12-month period. Please refer to the appropriate Bargaining Contract regarding the specific terms and conditions of OOC assignments for rank-and-file employees.

**Excluded Employees - Confidential, Excluded, and Supervisory**

Employees performing duties and responsibilities in a higher class **more than 50 percent of the time and for more than 15 consecutive work days** shall receive out-of-class assignment pay. Assignments may exceed 120 calendar days, up to one year.

**Managerial Employees**

Out-of-class compensation for managerial employees will commence on the 91st day. OOC compensation shall not exceed nine months. Any additional questions regarding OOC assignments for managerial employees should be referred to your assigned Personnel Analyst in the HRB.

**Responsibilities**

It is the responsibility of supervisors to avoid and correct OOC work situations and ensure that the duties and responsibilities assigned to their employees are consistent with the job specification for their classification. If there is a need to work an employee OOC, it should be to meet temporary staffing and/or operational needs (i.e., temporary assignment while going through the advertising process to fill a position on a permanent basis; waiting for the results of a recent examination; a special assignment that will be of short duration; a temporary situation that will be resolved soon).

If at any time, a supervisor determines that the duties and responsibilities being performed by an employee are of a higher class, **prior to receiving OOC approval - see procedures below** the supervisor should relieve the employee of the assignment and assign the employee duties and responsibilities consistent with his/her classification. Questions concerning long-term deviations from the approved duty statement should be discussed with your assigned Personnel Analyst to consider options to correct the situation.
Alternatives to OOC Assignments
Whenever possible or practical, temporary staffing needs should be accommodated by the use of civil service alternatives rather than the assignment of OOC work. Managers and supervisors should explore the feasibility of using alternatives with their assigned Personnel Analyst any time an OOC assignment is being considered. Such alternatives include, but are not limited to:

- Limited-Term Appointment (from an appointment list)
- Temporary Reassignment of Work to Appropriately Classified Positions
- Rotating Assignments
- Training and Development (T&D) Assignments

Procedures for Requesting OOC Assignments
All requests for OOC assignments must be submitted on a Request for Personnel Action (RPA) to the HRB for approval. The RPA package must include a proposed duty statement, an organizational chart, and a justification memo that includes the following information:

- A reason why the OOC assignment is absolutely essential to the continued operation of the organizational unit.
- An explanation why an alternative appointment is not an option.
- A plan for resolving the OOC situation.
- The requested start date of the OOC assignment.
- The name of the employee to be assigned.

NOTE: OOC assignments must be approved in advance by the respective Branch Chief or Regional Manager, HRB Chief, and the Executive Review Committee (ERC).

Process for Selecting OOC Candidates
When considering OOC assignments, the hiring supervisor should consider the following:

- Canvass your region, branch, or unit for staff who are eligible and/or interested in the OOC assignment.

- It's recommended that at least two people are involved in making the selection for the OOC assignment based on established criteria (i.e., what duties will the employee be performing; what type of experience, education, license, special skills and/or abilities will they need in order to be successful). You need to give each eligible candidate the opportunity to provide information on why they feel they are the best candidate for the temporary assignment.

- After a candidate is selected, the Personnel Analyst in HRB will send the employee a letter outlining the terms of the OOC; complete the OOC authorization form, and forward it to the appropriate Personnel Specialist who will sign and date the form; and prepare the necessary documents to process appropriate payment.

NOTE: An OOC assignment may not be backdated and any extension of an OOC assignment must also be requested on an RPA and approved by the respective Branch Chief or Regional Manager, HRB Branch Chief and the ERC.
OOC Grievances (Represented and Excluded Employees)
If the work is determined to be consistent with the employee's classification, but the employee disagrees, the employee has the option to file an OOC grievance. As stipulated in the respective BU contracts, represented employees must complete an Employee Contract Grievance form (STD. 630) along with a Job Description Form (CallHR 651). Excluded employees must file an Excluded Employee Grievance form (STD 631) along with a Job Description form (CallHR 651). OOC Grievance forms shall be submitted to the HRB's Labor Relations Office.

If you have any questions, please contact your assigned Personnel Analyst in HRB.
Accurate and Timely Leave Accounting

Cell HR has distributed instructions for a new process regarding the Department's responsibility to maintain accurate and timely leave accounting records. This memorandum is to provide clear direction to all Administrative Officers and Personnel Specialists regarding the new process.

Effective immediately, a monthly internal audit process must be followed to verify all leave input into the Leave Accounting System (LAS). This process is to ensure the accuracy and timeliness of the Leave Activity & Balances Report (LAB). This includes all leave types accrued/earned or used by all employees on a monthly basis.

In order for leave accounting reports to reflect accurate data, the review of the leave accounting records and corrections, if necessary, are to be completed by the end of the following pay period. For example: the February timesheet is keyed into LAS in the beginning of March. The review and correction of leave errors (after the March LAB is run) must be completed by the following month prior to the LAB report being produced which would be in the middle of April.

The audit processes shall include the following elements:

- Compare what has been recorded in LAS as accrued/earned or used by each employee to their attendance record for the pay period.
- For those Regions that do not have a second Personnel Specialist, the Administrative Officer or designee should be auditing the Personnel Specialists work.
- Identify and record all errors found during the comparison pay period utilizing a Leave Activity and Correction Certification form (Certification).
- Certify that all leave records for the unit/pay period identified on the Certification form have been reviewed.
- If necessary, obtain corrected attendance records and correct errors in LAS.
- Certify that all leave errors identified on the Certification form have been corrected.
- File and maintain the Certification form with the STD-672 form for each unit and retain based on the Department’s retention schedule for the STD. 672 forms.
- 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. Attendance records shall be corrected by the pay period following the pay period in which the error occurred.
For each scenario below, CDFW shall verify the accuracy of the employee’s leave records:

- New employee waiting period dates for leaves such as vacation or personal holiday.
- Confirm all applicable leave balances have been cleared from LAS for each employee upon separation.
- Confirm attendance records are accurate in LAS prior to completing a STD. 812 form when an employee is transferring to another department.
- Confirm the correct CLAS codes and accurate balances are input into LAS for all transferring employees, using information on the STD. 612 form received from the former department.

As a reminder, accurate and timely attendance reporting is required and is subject to audit.

If you have any questions, you may call Dawn Weiss at (916) 651-8587 or Cathy SooHoo at (916) 653-9075.