

**EMPLOYEE RELATIONS**  
**CALIFORNIA STATE UNIVERSITY,**  
**NORTHRIDGE**

**Report Number 03-14**  
**September 12, 2003**

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## **ABBREVIATIONS**

APC	Academic Professionals of California
CBA	Collective Bargaining Agreement
CFA	California Faculty Association
CSEA	California State Employees' Association
CSU	California State University
CSUN	California State University, Northridge
EO	Executive Order
FTE	Full-Time Employment
HEERA	Higher Education Employee-Employer Relations Act
IUOE	International Union of Operating Engineers
MPP	Management Personnel Plan
OED	Office of Equity and Diversity
SAM	State Administrative Manual
SETC	State Employee Trades Council
SUPA	State University Police Association
UAPD	California Federation of the Union of American Physicians and Dentists

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## **EXECUTIVE SUMMARY**

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2003 meeting, directed that *Employee Relations* be reviewed.

We visited the California State University, Northridge (CSUN) campus from March 10, 2003, through April 4, 2003, and audited the procedures in effect at that time.

In our opinion, controls within selected areas of the employee relations function at CSUN were operating effectively and in compliance with existing CSU policies. Via the Professional Development Master Plan, campus employees were provided avenues for targeted development and training that included, but was not limited to, a monthly new employee orientation, a human resources orientation program for managers and department chairs, employee wellness seminars, and a comprehensive program for supervisory and management staff that covered critical and emerging employee relations issues.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

### **EMPLOYEE RELATIONS ADMINISTRATION [6]**

Certain activities that impact the control environment and administration of the employee relations function needed improvement. In particular, written campus policies and procedures for addressing allegations of sexual harassment and reporting and resolving incidents of discrimination and harassment were outdated and no longer used by the Office of Equity and Diversity for processing internal complaints, and department guidelines for handling discipline cases had not been documented.

### **PERFORMANCE MANAGEMENT [7]**

Campus practices did not ensure that human resources services received performance evaluations for all campus employees. Our review of the official personnel files for selected represented and non-represented employees disclosed that various performance evaluations could not be located for certain represented employees with probationary or temporary status and for Management Personnel Plan (MPP) employees.

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## INTRODUCTION

### BACKGROUND

With the passage of major employment legislation since the 1960s, human resources management practices at the California State University (CSU) have evolved from the traditional role of hiring and record keeping to include administering labor contracts, providing employee assistance, and ensuring civil rights and other regulatory compliance. These activities embody the employee relations function within the human resources area and help ensure mutually satisfying working conditions and a viable employee-employer relationship.

The campus human resources departments that provide support for all respective employees typically administer the employee relations function. At the CSU, there are two main classes of employees that are designated in accordance with the provisions of the Higher Education Employee-Employer Relations Act (HEERA) of 1979. These classes are as follows:

**Represented employees** are individuals who belong to one of ten bargaining units at the CSU and whose duties do not include managerial activities as defined by HEERA.

**Non-represented employees** are individuals who are not included in a bargaining unit and are hired as Management Personnel Plan (MPP), confidential, or excluded employees.

Total full-time employment (FTE) at the CSU has grown from 31,361 to 39,440 active and on-leave employees (excluding hourly employees), which represents a 25.7% increase from October 1995 to October 2002. For administrative and reporting purposes, CSU has further grouped the represented and non-represented employees into staff, faculty, and MPP categories of which all are provided employee relations support by the campus and designated chancellor's office departments, and reported as follows:

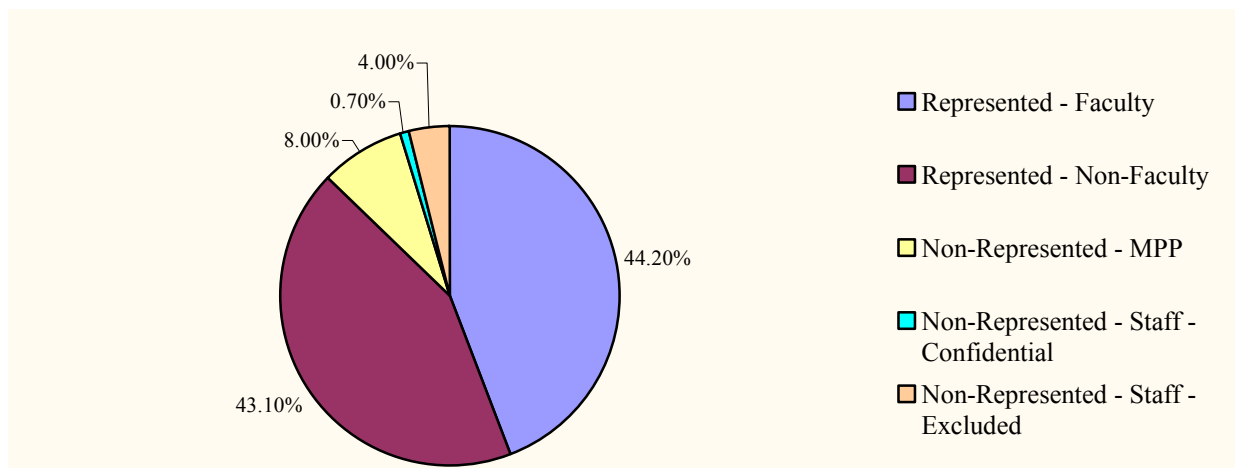
Class	Employee Type	2002	%
Represented	Staff	16,997	43.1
	Faculty	17,422	44.2
Non-Represented	MPP	3,142	8.0
	Staff - Confidential	315	0.7
	Staff – Excluded	1,564	4.0
<b>Total FTE</b>		<b>39,440</b>	<b>100.0</b>

Presently, seven unions represent the 34,419 FTE employees that belong to ten bargaining units. In October 2002, the California Faculty Association (CFA) and the California State Employees' Association (CSEA) included 31,077 total FTE (17,422, and 13,655, respectively), with the remaining 3,342 FTE dispersed between the following unions:

Union	2002 FTE
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California Federation of the Union of American Physicians and Dentists (UAPD)	71
Academic Professionals of California (APC)	1,996
State Employee Trades Council (SETC)	973
State University Police Association (SUPA)	288
International Union of Operating Engineers (IUOE)	13
<b>Total</b>	<b>3,342</b>

In the CSU Staffing Trends and Analysis report, dated February 2003, the percentage distribution of total FTEs at the CSU is graphically represented as follows:



### PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the employee relations function and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit, specific goals included making a determination as to whether:

- ▶ Administration and management of the employee relations function provide effective internal controls, clear lines of organizational authority, delegations of authority, and documented policies and procedures.
- ▶ Processes and procedures ensure timely and effective interpretation and communication of CSU policies and other directives impacting the employee-employer relationship, channels for reporting improprieties and escalating grievances and complaints, and resources for resolving both work and non-work related problems.

- ▶ Campus procedures provide for timely reimbursement of union leave.
- ▶ Managers are appropriately trained and knowledgeable of assigned employee relations responsibilities.
- ▶ Complaints and reconsideration requests are handled in compliance with applicable CSU policy and other directives.
- ▶ Employees are provided timely feedback and guidance for performance development and improvement.
- ▶ Disciplinary action is performed in accordance with collective bargaining agreements, CSU policy, and other directives.
- ▶ Whistleblower disclosures are handled in compliance with CSU policy and shared only with individuals who have a legitimate business reason to know.
- ▶ Confidential hardcopy and system information assets such as information pertaining to complaints, reconsideration requests, and performance management activities are reasonably secure.

### **SCOPE AND METHODOLOGY**

The proposed scope of the audit as presented in Attachment B, Audit Item 2 of the January 28-29, 2003, meeting of the Committee on Audit stated that the review would include negotiating and administering collective bargaining agreements with represented employees, administering the management personnel plan for non-represented employees, and the systems for addressing staff grievances and complaints. Potential impacts include inordinate costs, unfavorable contracts, increased exposure to litigation, and unfair labor practices. The Office of the University Auditor has not previously reviewed *Employee Relations*.

Our study and evaluation were conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect during fiscal year 2002-2003. Throughout this report, we will refer to employee relations as the primary audit subject. At CSUN, the director of human resource services, the employee relations manager, and other responsible individuals administer the employee relations function.

We focused primarily upon internal, administrative, compliance, and operational controls over the management of the employee relations function. Specifically, we reviewed and tested:

- ▶ Administrative policies, procedures, and processes.
- ▶ Interpretation and communication of CSU policies, union provisions, and other directives.
- ▶ Reimbursements for union leave provided to represented employees in all bargaining units.
- ▶ Training provided to campus managers with employee relations responsibilities.

- ▶ Complaint handling for non-represented and certain represented employees.
- ▶ Reconsideration requests from non-represented employees.
- ▶ Performance management for non-represented and represented employees, excluding the CFA.
- ▶ Disciplinary actions for non-represented and represented employees, excluding the CFA.
- ▶ Processing of involuntary terminations for non-represented employees.
- ▶ Handling of whistleblower disclosures and complaints of alleged retaliation.
- ▶ Maintenance and protection of confidential employee relations information.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **EMPLOYEE RELATIONS ADMINISTRATION**

Policies and procedures that impact the administration of the employee relations function were outdated, no longer used by the campus, and/or not documented.

We noted that:

- ▶ Written campus policies and procedures for addressing allegations of sexual harassment and reporting and resolving incidents of discrimination and harassment were outdated and no longer used by the Office of Equity and Diversity (OED) for processing internal complaints.
- ▶ Department guidelines for handling discipline cases had not been documented by the employee relations department.

State Administrative Manual (SAM) §20050 states that one symptom of a deficient internal control system is policy and procedural or operational manuals that are either not currently maintained or are non-existent.

The interim OED director stated that the procedures were developed a number of years ago under a former president and are currently not used to research and investigate internal complaints. The human resources services director stated that the office of general counsel reviews disciplinary documentation and that the campus had not required written procedures for processing disciplinary files.

A lack of current and complete policies, procedures, and guidelines increases the risk of misunderstandings related to the performance of duties and functions and inconsistencies in complying with relevant CSU policies and/or directives.

#### **Recommendation 1**

We recommend that the campus:

- a. Update or replace the existing policies and procedures for addressing allegations of sexual harassment and reporting and resolving incidents of discrimination and harassment to reflect current practice.
- b. Document guidelines for handling discipline cases that are processed by the employee relations department.

#### **Campus Response**

We concur. We have revised our policies and procedures for addressing allegations of sexual harassment and reporting and resolving incidents of discrimination and harassment to reflect current practice. The revised policies and procedures are being developed and will be implemented effective November 17, 2003.

Written guidelines for handling discipline cases processed by the employee relations department have been developed and were implemented effective July 1, 2003.

## **PERFORMANCE MANAGEMENT**

Performance evaluations for campus employees were not always received by human resource services.

During a review of official personnel files for 25 represented and 15 non-represented employees, we noted that:

- ▶ A six-month performance evaluation could not be located by the campus for four Management Personnel Plan (MPP) employees.
- ▶ A 3-, 6-, and/or 11-month performance evaluation could not be located for three represented probationary employees, and the most recent annual performance evaluation could not be located by the campus for one represented temporary employee.

Title 5 §43550 states that it is the policy of the California State University to require periodic performance appraisals for each permanent, probationary, or Management Personnel Plan employee.

Article 10.4 of the California State Employees' Association (CSEA) bargaining agreement, for July 1, 2002, through June 30, 2005, states that a probationary employee shall be evaluated by the end of the third, sixth, and eleventh month of the probationary period, unless the employee has earlier been rejected during probation.

Article 18.1.A.1. of the Academic Professionals of California (APC) bargaining agreement, for July 1, 2000, through June 30, 2003, states that employees shall be evaluated on at least an annual basis.

The human resources services director stated that due to functionality issues with the current human resources system, the campus was unable to effectively track performance evaluations for represented and non-represented employees.

Inadequate control over the performance management process increases the risk of non-compliance with collective bargaining agreements, poor staff morale, and possible unjustifiable disciplinary and termination actions.

### **Recommendation 2**

We recommend that the campus implement effective monitoring controls to ensure that performance evaluations are performed for all represented and non-represented staff. In this regard, management should pursue discussions with system technology personnel to review and resolve the functionality constraints with the existing human resources system that inhibit the tracking of performance evaluations.

### **Campus Response**

We concur. We have discussed the functionality constraints with systems technology personnel and have concluded that it would not be cost effective at this time to use the existing human resources system to track performance evaluations.

Effective October 31, 2003, we will implement an Access database for tracking the receipt of performance evaluations. In order to ensure that all evaluations are completed and submitted, human resource services will conduct follow up with campus management.

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## **APPENDIX A: PERSONNEL CONTACTED**

### **Name**

### **Title**

Jolene Koester	President
John Daly	Manager, Employee Relations
Barbara Gross	Interim Director, Office of Equity and Diversity (OED)
Howard Lutwak	University Internal Auditor
John Mason	Associate Vice President, Faculty Affairs
Stephen Montgomery	Director, Human Resources Services
Gordon Nakagawa	Interim Chair, Asian American Studies, and Former Director, OED
Mohammad Qayoumi	Vice President, Administration and Finance and Chief Financial Officer
Mika Williamson	Manager, Compensation and Employment Programs

Jolene Koester  
President

September 30, 2003

RECEIVED  
UNIVERSITY AUDITOR

OCT 10 2003

THE CALIFORNIA STATE  
UNIVERSITY

Mr. Larry Mandel, University Auditor  
Office of the University Auditor  
The California State University  
401 Golden Shore, 4<sup>th</sup> Floor  
Long Beach, CA 90802

Subject: Campus Response to Recommendations of Audit Report 03-14  
Employee Relations at California State University, Northridge

Dear Mr. Mandel:

I am forwarding the California State University, Northridge (CSUN) response to the recommendations of the audit, as requested in your letter of September 16, 2003.

We have read the report including the observations and recommendations, and we agree with them. CSUN has taken corrective action to implement all of the recommendations.

We appreciate the recommendations to improve CSUN's systems of internal control.

Sincerely,

  
Jolene Koester  
President

JK:mh

Enclosure

cc: Mo Qayoumi  
Howard Lutwak

CALIFORNIA STATE UNIVERSITY,  
NORTHRIDGE

EMPLOYEE RELATIONS  
AUDIT REPORT NO. 03-14

**EMPLOYEE RELATIONS ADMINISTRATION**

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THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR

BAKERSFIELD

October 21, 2003

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

FRESNO

TO: Mr. Larry Mandel  
University Auditor

FULLERTON

HAYWARD

FROM: Charles B. Reed  
Chancellor

HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 03-14 on *Employee Relations*,  
California State University, Northridge

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of October 21, 2003, I accept the response as submitted with the draft final report on *Employee Relations*, California State University, Northridge.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/bth

SACRAMENTO

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Dr. Jolene Koester, President  
Mr. Mohammad Qayoumi, Vice President for Administration and Finance and  
Chief Financial Officer

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS