

**EMPLOYEE RELATIONS**  
**CALIFORNIA STATE UNIVERSITY,**  
**FULLERTON**

**Report Number 03-20**  
**February 26, 2004**

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**Members, Committee on Audit**

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## **ABBREVIATIONS**

APC	Academic Professionals of California
CFA	California Faculty Association
CSEA	California State Employees' Association
CSU	California State University
EO	Executive Order
FTE	Full-Time Employment
HEERA	Higher Education Employee-Employer Relations Act
IUOE	International Union of Operating Engineers
MPP	Management Personnel Plan
SAM	State Administrative Manual
SETC	State Employees 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, Fullerton campus from September 22, 2003, through October 17, 2003, and audited the procedures in effect at that time.

In our opinion, controls within selected areas of the employee relations function were operating effectively and in compliance with existing CSU policies with the exception of those areas identified herein.

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 In particular, the campus sexual harassment and non-discrimination policy and related procedures included outdated information and did not incorporate the timeframes and protocols for complaint resolution required by Executive Order No. 675. Controls to ensure that campus managers were appropriately trained in assigned employee relations responsibilities also needed improvement since interviews with five campus managers disclosed that three had not received any training on handling employee complaints, two had not received any training on sexual harassment, and four were unable to identify the campus administrator responsible for handling whistleblower disclosures.

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

Human resources did not always receive performance evaluations for campus employees. Specifically, the most recent annual evaluation could not be located for one confidential and six Management Personnel Plan (MPP) employees; and a six-month evaluation could not be provided for two MPP employees. We also noted that the campus extended the deadline for submitting performance evaluations for MPP employees by three months for the 2002-2003 review period. Due to this extension, performance evaluations for MPP employees were not administered until four and a half months following the end of the review period.

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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.

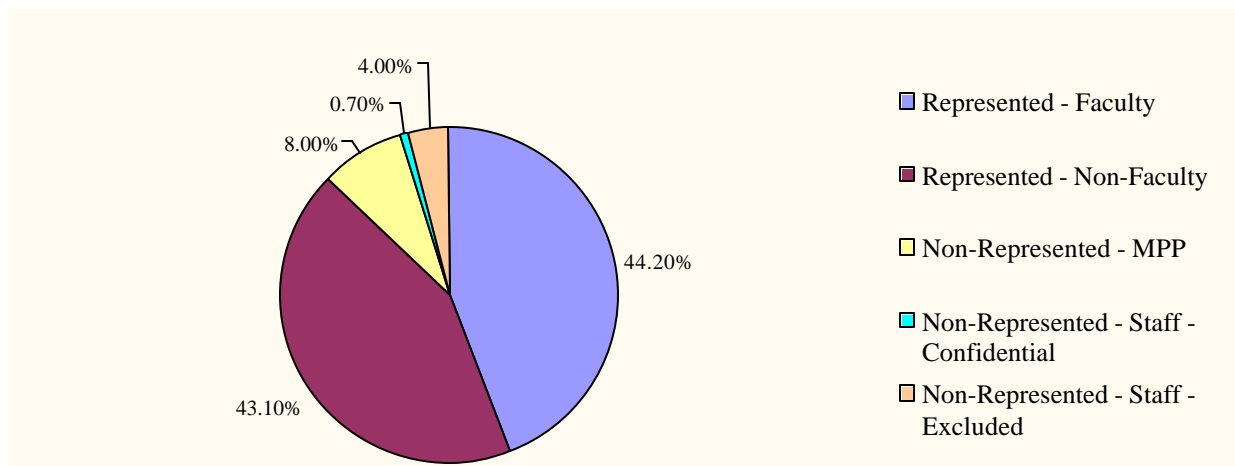
Total full-time employment (FTE) at the CSU has grown from 31,361 to 39,440 active and on-leave employees (excluding hourly employees), which represents a 25.7% increase from October 1995 to October 2002. For administrative and reporting purposes, the CSU has further grouped the represented and non-represented 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 3,341 FTE dispersed between the following unions:

Union	2002 FTE
California Federation of the Union of American Physicians and Dentists (UAPD)	71
Academic Professionals of California (APC)	1,996
State Employees Trades Council (SETC)	973
State University Police Association (SUPA)	288
International Union of Operating Engineers (IUOE)	13
<b>Total</b>	<b>3,341</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:

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## INTRODUCTION

- ▶ 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 California State University, Fullerton, the director of human resources, the director of diversity and equity programs, the director of internal audit, 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

Controls to ensure that campus policies were current and complete and managers were appropriately trained in assigned employee relations responsibilities needed improvement.

We noted that the campus sexual harassment and non-discrimination policy and related procedures included outdated information and did not incorporate the currently required timeframes and protocols for complaint resolution. Specifically:

- ▶ The campus Sexual Harassment Policy, Non-Discrimination Policy: A Commitment to Valuing Diversity, and Procedures for Resolution of Complaints Filed under the Non-Discrimination Policy, each referenced Executive Order (EO) No. 419 rather than the superseding EO No. 675.
- ▶ The campus procedures for the implementation of the sexual harassment policy and resolution of employee complaints had not been updated since 1996 and did not incorporate the timeframes for complaint resolution as required by EO No. 675 and applicable collective bargaining agreements. We also noted that the campus no longer used the procedures for handling such complaints.

Interviews with five campus managers also noted that:

- ▶ Three had not received any training on handling employee complaints.
- ▶ Two had not received any training on sexual harassment.
- ▶ Four were not aware of the campus administrator handling whistleblower disclosures.

EO No. 345, *Prohibition of Sexual Harassment*, dated May 29, 1981, states that to maintain learning and working environment free from sexual harassment, the campuses are encouraged to educate the campus community, students, and employees regarding sexual harassment.

EO No. 675, *Systemwide Complaint Procedure for Discrimination Complaints by Employees Not Eligible to File a Discrimination Complaint or Grievance Under a Collective Bargaining Agreement*, dated January 21, 1998, establishes a systemwide procedure for discrimination complaints by employees not eligible to file a discrimination complaint under a collective bargaining agreement.

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, and that the elements of a satisfactory system of internal accounting and administrative controls, shall include, but are not limited to, an established system of practices to be followed in performance of duties and functions, and personnel of a quality commensurate with their responsibilities. Sound business practice mandates that a campus develop processes to ensure persons with managerial and oversight responsibilities are trained in campus and California State University (CSU) policies and other employee relations areas.

The director of diversity and equity programs indicated that the outdated EO reference and failure to update campus procedures for the implementation of the sexual harassment policy and resolution of employee complaints were an oversight. The executive director of human resources and the director of diversity and equity programs both indicated that campus training in this area was not mandated which may account for the noted exceptions. The director of internal audit stated that the campus has communicated the appointed campus contact to all employees and believes that appropriate notifications would be made to the designated administrator.

Providing inaccurate references and information in campus policies and procedures may cause confusion regarding the processing of complaints, greater difficulty in explaining the process to complainants, and may ultimately lead to employees seeking legal or other off campus counsel, and not implementing effective training programs increases the risk of employee complaints, improper handling of whistleblower disclosures, and potential lawsuits against the campus and the CSU.

### **Recommendation 1**

We recommend that the campus:

- a. Include appropriate references to EO No. 675 in campus sexual harassment and non-discrimination policies and procedures.
- b. Update the existing procedures for handling sexual harassment complaints to reflect current practice and compliance with EO No. 675 and collective bargaining agreements.
- c. Ensure management attendance at sexual harassment training, including the handling of employee complaints.
- d. Provide appropriate training to managers to make them aware of the administrator handling whistleblower disclosures.

### **Campus Response**

Campus sexual harassment and non-discrimination policies and procedures will be updated by May 2004. Since October 2003, the campus website has only directed personnel to current executive orders and collective bargaining agreements for guidance on the handling of sexual harassment complaints. In June 2004, managers will be provided sexual harassment training and online tutorials. Managers have received training on who to contact or refer personnel to for whistleblower/protected disclosures.

## **PERFORMANCE MANAGEMENT**

Human resources did not always receive performance evaluations for campus employees.

During a review of official personnel files for 20 represented and 15 non-represented employees, we noted the following:

- ▶ The most recent annual evaluation could not be provided for one confidential and six Management Personnel Plan (MPP) employees. Further review of this situation indicated that for the 2002-2003 review period, the campus extended the deadline for submitting performance evaluations for MPP employees by three months. During our manager interviews, one manager indicated that this occurred every year. Due to this extension, performance evaluations for MPP employees were not administered for four and a half months following the end of the review period.
- ▶ A six-month evaluation could not be provided for two MPP employees.
- ▶ For the four California State Employees' Association (CSEA) employees who had evaluations on file, evidence that the evaluator submitted a draft evaluation for the employees' review, input, and discussion could not be provided.

Title 5 §42722 states that MPP employees shall be evaluated after six-months and one year of service, and subsequently, at one-year intervals.

Title 5 §43550 states that it is the policy of the CSU to require periodic performance appraisals for each permanent, probationary, or MPP employee.

Article 10.3 of the CSEA bargaining agreement, for July 1, 2002, through June 30, 2005, requires that all permanent and temporary employees be evaluated annually, and that a probationary employee 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 10.6 states that the evaluator shall submit a draft evaluation for the employee's review, input, and discussion.

The executive director of human resources indicated that the missing evaluations were the result of an oversight. The employee relations manager stated that the campus had not provided a place to indicate that a draft evaluation form had been submitted for the employee's review on the CSEA performance evaluation form because this was not a requirement of the CSEA collective bargaining agreement. The executive director of human resources stated that the deadline for returning MPP performance evaluations was extended because the president's office was behind in completing the administrative review process.

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:

- a. Implement effective monitoring controls to ensure that performance evaluations are performed for all represented and non-represented staff on a timely basis.
- b. Develop a method for CSEA employees to evidence that a draft evaluation was provided for their review, input, and discussion.

### **Campus Response**

The campus is now notifying supervisors when performance reviews are due, following up if they are not provided by the due date, and sending a notice to respective vice president/division head if the review is not timely. The campus has added a place to the evaluation form where the date the employee received their draft evaluation can be recorded.

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## **APPENDIX A: PERSONNEL CONTACTED**

<b><u>Name</u></b>	<b><u>Title</u></b>
Milton A. Gordon	President
Margaret Atwell	Associate Vice President, Academic Affairs
Dick Bednar	Senior Director, Information Technology Services
John Beisner	Director, University Risk Management
Robert M. Gill	Environmental Compliance Manager, Environmental Health and Instructional Safety
Rosamaria Gomez-Amaro	Director, Diversity and Equity Programs
Naomi Goodwin	Assistant Vice President, Administration
Willie Hagan	Vice President, Administration
Christopher Hall	Employee Relations Manager
Maryalyce Jeremiah	Head Women's Basketball Coach
Denise Johnson	Director, Human Resources Operations
Mark Lopez	Executive Assistant to the Chief Financial Officer
John Lynn	Executive Director, Human Resources
Harry L. Norman	Dean, University Extended Education
Gayle Rogers	Accountant
Ephram Smith	Vice President, Academic Affairs
Keiko Takahashi	Senior Director, Business Systems
Alex Tzoumas	Director, Internal Audit
Mary Watkins	Director, Faculty Affairs and Records



Office of the President  
(714) 278-3456 / Fax (714) 278-2649

DATE: April 1, 2004

TO: Larry Mandel  
University Auditor

FROM: Milton A. Gordon  
President *maf*

SUBJECT: Response for *Employee Relations Audit Incomplete Draft*,  
Report Number 03-20



I am pleased to forward California State University, Fullerton's official response to the recommendations in the Incomplete Draft of the *Employee Relations* audit, report number 03-20.

Once again, we would like to thank the University Auditor and his staff for conducting the audit in a professional manner and identifying meaningful ways to improve our internal controls and processes.

The Campus Auditor, Alex Tzoumas, will also forward the responses to you electronically for your convenience. Should you have questions, please contact Alex at 714-278-5760 or [atzoumas@fullerton.edu](mailto:atzoumas@fullerton.edu).

Attachment

cc: Willie J. Hagan, Vice President for Administration  
Alexander G. Tzoumas, Director Internal Audit

EMPLOYEE RELATIONS  
CALIFORNIA STATE UNIVERSITY,  
FULLERTON

REPORT NO. 03-20

**EMPLOYEE RELATIONS ADMINISTRATION**

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**PERFORMANCE MANAGEMENT**

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THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR

BAKERSFIELD

May 19, 2004

CHANNEL ISLANDS

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

FRESNO

FULLERTON

TO: Mr. Larry Mandel  
University Auditor

HAYWARD

FROM: Charles B. Reed  
Chancellor

HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 03-20 on *Employee Relations*,  
California State University, Fullerton

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of May 19, 2004, I accept the response as  
submitted with the draft final report on *Employee Relations*, California State  
University, Fullerton.

NORTHRIDGE

POMONA

SACRAMENTO

CBR/bth

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Dr. Milton A. Gordon, President  
Mr. Alex Tzoumas, Director of Internal Audit

SAN FRANCISCO

SAN JOSE

SAN JIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS