

The Board of Equalization building is seen in Sacramento on Monday, June 12, 2014. Brian Nguyen  
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## **The State Worker**

Chronicling civil-service life for California state workers

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### **‘Pretty much a family affair’: Audit reveals relatives abound at California tax agency**

By Adam Ashton

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About 1 in 5 employees at a California tax department works with a relative, and several families there have nepotism conflicts within their chains of supervision, according to sources who are familiar with an ongoing [personnel audit at the Board of Equalization](#).

The State Personnel Board launched the audit last year after elected members at the [tax-collecting Board of Equalization](#) began receiving anonymous complaints about nepotism within the agency’s Special Taxes and Fees Division.

“Still pretty much a family affair at the BOE. Just got out of the elevators full of all related family members,” read a March 2017 message from the anonymous whistleblower who initially called attention to family relationships in the department a year earlier.

Four current and former Board of Equalization employees who’ve received updates on the audit said it found that more than 800 of the agency’s 4,200 workers had relatives on staff. They spoke on condition of anonymity because the audit is not complete.

In the vast majority of those cases, the employees did not work directly with their relatives. But, up to five families had nepotism conflicts that concerned leaders at the agency, the sources said.

Board member Fiona Ma requested the audit last year when she was chairwoman of the agency. She has not seen a report on its findings after it expanded beyond the investigation into family relationships at the Special Taxes and Fees Department.

“We just knew it was bad in that one department,” she said.

State government has a general policy discouraging nepotism because the perception of favoritism can taint the “merit-based” hiring system departments are supposed to use for hiring and promotions.

At the Board of Equalization’s Special Taxes and Fees department last year, family connections among some employees fostered a sense that others could not advance in their careers, according to the anonymous messages that were sent to board members.

“You get hired by who your (sic) related to or friends with. There is a clic (sic) you need to be part of to have any chance of excelling here,” read a July 2016 message from the whistleblower.

The tax board’s concern about family connections in certain offices prompted it last year to develop a nepotism policy that would have required all employees to fill out forms answering whether they were related to someone else at the agency. It also would have spelled out procedures to reassign employees with inappropriate family connections in their offices.

A March message to board members from the Board of Equalization’s human resources director shows the agency planned to begin management training on the policy in May.

But that schedule changed first when the State Personnel Board in April asked for more detailed information about family connections at the agency, and then in June when the Legislature voted to [strip the Board of Equalization of most of its responsibilities and staff](#).

Now, the State Personnel Board is finishing its audit for a workforce that largely reports to a new tax-collecting department under the control of Gov. Jerry Brown.

### **Assemblyman Phil Ting doubts BOE can fix itself**

At an April 6, 2017 Assembly budget hearing, Phil Ting of San Francisco said he had "zero faith" that California's Board of Equalization can correct misuses of public resources that a recent audit identified.

Adam Ashton The Sacramento Bee

The new California Department of Tax and Fee Administration has inherited almost all of the Board of Equalization’s employees. For the most part, former Board of Equalization employees are working in the same offices they used before the new department launched on July 1.

The new tax department is developing a nepotism policy, its director said in a written statement.

“As part of our effort to stand up the new department, we’ve been working on putting in place a strong anti-nepotism policy that will apply to all current and future CDFTA team members. The policy will

prohibit any attempt to exert influence over CDTFAs personnel matters involving relatives or others with whom employees have strong personal relationships,” Tax and Fee Department Director Nicolas Maduros said. “In addition, we’re committed to working with the State Personnel Board once it issues its investigation in order to rectify any ongoing issues.”

The personnel audit was one of several investigations launched last year into allegations of misconduct at the tax agency. One in March by the Department of Finance persuaded lawmakers to gut the tax agency. [That report detailed questionable uses of state resources](#), misallocated tax revenue and elected board members inappropriately intervening in the agency’s daily operations.

At the request of the State Personnel Board, the tax agency in April sent a survey to its employees asking them whether relatives of theirs also were employed by the Board of Equalization.

The Bee on Aug. 21 requested a summary of the survey through the California Public Records Act. The agency denied The Bee’s request on Sept. 7, writing that the summary contained some confidential information that it could not disclose.

A spokeswoman for the agency said she did not know why its attorneys did not redact the confidential portion of the summary and release the rest of the document.

It’s not clear when the State Personnel Board will complete its audit. An initial timeline provided to Board of Equalization members suggested it should have been finished in March.

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