



Santa Clara Valley Water District Board Audit Committee Meeting

Headquarters Building Conference Room A-124
5700 Almaden Expressway
San Jose, CA 95118

10:00 AM BOARD AUDIT COMMITTEE MEETING AGENDA

**Wednesday, June 26, 2019
10:00 AM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD AUDIT COMMITTEE

Barbara Keegan, Chair, District 2
Nai Hsueh, Vice Chair, District 5
Gary Kremen, District 7

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

DARIN TAYLOR
Committee Liaison

MAX OVERLAND
Assistant Deputy Clerk II
Office/Clerk of the Board
(408) 630-2749
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Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

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Santa Clara Valley Water District
Board Audit Committee
10:00 AM BOARD AUDIT COMMITTEE MEETING
AGENDA

Wednesday, June 26, 2019

10:00 AM

Headquarters Building Conference Room A-124

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[19-0621](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 012219 BAC Minutes](#)
[Attachment 2: 050219 BAC Minutes](#)

4. ACTION ITEMS:

4.1. Board Audit Committee Audit Charter.

[19-0563](#)

Recommendation: Approve final draft Audit Charter to be presented to the full Board.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Draft Audit Charter - Version A](#)
[Attachment 2: Draft Audit Charter - Version B](#)

- 4.2. Review and Update 2019 Board Audit Committee Work Plan. [19-0561](#)

Recommendation: Review and make necessary adjustments to the 2019 Board Audit Committee Work Plan.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: 2019 BAC Work Plan Rev12](#)

5. INFORMATION ITEMS:

- 5.1. CalPERS Office of Audit Services review of Valley Water's Employment of Retired Annuitants. [19-0588](#)

Recommendation: Receive information on April 2019 CalPERS Office of Audit Services Employment of Retired Annuitants Review.

Manager: Anna Noriega, 408-630-3089

Attachments: [Attachment 1: CalPERS Final Report](#)

- 5.2. Board Independent Auditor Report Update - TAP International, Inc. [19-0560](#)

Recommendation: A. Discuss the Annual Audit Work Plan and update, if necessary; and

B. Discuss the status of on-going audits.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Draft Annual Audit Work Plan](#)

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

7. ADJOURN:

- 7.1. Adjourn to Regular Meeting as set by the Committee.



Santa Clara Valley Water District

File No.: 19-0621

Agenda Date: 6/26/2019

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Committee discussions, and details of all actions taken by the Board Audit Committee, during all open and public Committee meetings, is transcribed and submitted to the Committee for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the Committee's historical records archives and serve as historical records of the Committee's meetings.

ATTACHMENTS:

Attachment 1: 012219 BAC Minutes

Attachment 2: 050219 BAC Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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BOARD AUDIT COMMITTEE MEETING

MINUTES

**TUESDAY JANUARY 22, 2018
2:00 P.M.**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (District) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 2:00 p.m.

1. CALL TO ORDER:

- 1.1. Committee members in attendance were District 5 Director N. Hsueh, District 7 Director G. Kremen, and District 2 Director B. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were M. Heller, F. Hernandez, D. Taylor, B. Hopper, M. King, A. Noriega, and M. Overland.

- 1.2. Time Open for Public Comment on Any Item Not on The Agenda

Chairperson Keegan declared time open for public comment on any subject not on the agenda. There was no one present who wished to speak.

2. APPROVAL OF MINUTES

- 2.1. Approval of Minutes.

The Committee considered the attached minutes of the December 3, 2018 meeting.

It was moved by Director Hsueh, seconded by Director Kremen, and unanimously carried that the minutes be approved as presented.

3. ACTION ITEMS

- 3.1 Board Independent Auditor Report Update – TAP International, Inc.

Recommendation: A. Discuss the status of the Draft Audit Work Plan, Draft Audit Charter, and potential audits with the Board's Independent Auditor, TAP International, Inc.;

- B. Receive and discuss draft task orders for audits #1, 5, and 6;
- C. Receive copies of TAP International, Inc. task orders and invoice tracking sheet; and
- D. Direct TAP to present task orders for audits #1, 5, and 6 to the full Board for approval to initiate.

Ms. Denise Callahan, TAP International, Inc., reviewed the information on this item per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- Ms. Tina Yoke, Chief Operating Officer, to provide a CAS update to the Committee in six months.
- TAP to present task orders 1, 5, and 6 to the full Board for approval. After which TAP to re-interview Board members as part of determining the audit scope.
- TAP to finalize the Annual Audit Work Plans for 2019 through 2020.
- Committee Chair to work with Mr. Brian Hopper, Assistant District Counsel, to prepare the final draft BAC charter for presentation to the full Board for approval.
- Staff not to include copies of task orders in future BAC agendas.

3.2 Final Draft Audit Report and Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

- Recommendation:
- A. Discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G;
 - B. Discuss the Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; and
 - C. Direct staff to have PMA Consultants present the final draft audit report and management response to the Board of Directors.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- Staff to use QEMS (CPAR) to initiate response to PMA's audit-as-you-to recommendation.
- Ms. Anna Noriega, Assistant Officer, to return to the BAC in 3 months to provide an update on recommendation RG (Form 700 procedure for employee promotions).

3.3 District Internal Audit Schedule and Board Audit Committee Review.

Recommendation: Discuss methods of Board Audit Committee monitoring of District Internal Audits.

The Committee continued this Item to the next Committee meeting.

3.4 Review 2019 Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

The Committee continued this Item to the next Committee meeting.

4. INFORMATION ITEMS

4.1 Quality Environmental Management Systems (QEMS Compliance Update)

Recommendation: Receive information regarding the Quality and Environmental Management System.

Ms. Felicia Hernandez, Program Administrator, reviewed the information on this item per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- TAP to research if it is typical that other government agencies are ISO certified.
- Staff to research the approximate cost of ISO certification and provide pros and cons of certification.

5. ADJOURN

5.1 Clerk Review and Clarification of Committee Requests.

Mr. Overland read the new Committee requests into the record, as follows:

5.2 Adjourn to Regular Meeting as set by the Committee Chair.

Chairperson Keegan adjourned the meeting at 4:00 p.m. to the next meeting, which will be scheduled and posted in accordance with the Brown Act.

Max Overland
Assistant Deputy Clerk II

Approved:

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BOARD AUDIT COMMITTEE MEETING

MINUTES

THURSDAY, MAY 2, 2019
11:00 A.M.

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 11:00 a.m.

1. CALL TO ORDER:

- 1.1. Committee members in attendance were District 5 Director N. Hsueh, District 7 Director G. Kremen, and District 2 Director B. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were D. Callahan, A. Cruz, M. Heller, F. Hernandez, B. Hopper, M. Meredith, A. Noriega, D. Taylor, T. Yoke, and M. Overland.

2. TIME OPEN FOR PUBLIC COMMENT:

- 2.1. Time Open for Public Comment on Any Item Not on The Agenda

Chairperson Keegan declared time open for public comment on any subject not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES

None.

4. ACTION ITEMS

- 4.1 District Internal Audit Schedule and Board Audit Committee Review.

Recommendation: Discuss methods of Board Audit Committee monitoring of Santa Clara Valley Water District Internal Audits.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- The Internal Audit Schedule should include management reviews, CEO audits, and Board Audits. Add the purchasing management review to the schedule.
- TAP International, Inc. (TAP) to incorporate the internal audit schedule into the Annual Audit Work Plan.

4.2 Review 2019 Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

Mr. Max Overland, Assistant Deputy Clerk II, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- TAP to update the BAC Work Plan using the new format.
- TAP to add scheduled Audit Charter items to the BAC Work Plan.

4.3 Board Audit Committee Audit Charter.

Recommendation: Approve final draft Audit Charter to be presented to the full Board.

Mr. Brian Hopper, Assistant District Counsel, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- Director Hsueh to work with Mr. Hopper to prepare the final draft Committee Charter.
- Mr. Hopper to present the final Committee Charter to the full Board for approval at a future Board meeting.

5. INFORMATION ITEMS

5.1 Form 700 Procedure for Employee Promotions.

Recommendation: Review and discuss the Form 700 procedure for employee promotions.

Ms. Anna Noriega, Interim Administrative Officer, and Ms. Angelica Cruz, Employment Services Manager, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee took no formal action.

5.2 Board Independent Auditor Report Update – TAP International, Inc.

- Recommendation: A. Discuss the status of the Draft Annual Audit Work Plan; and
 B. Discuss the status of the Contract Change Order Audit.

Ms. Denise Callahan, TAP International, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- To minimize staff burden, conduct no more than two audits in one operational area per year.
- TAP to add as-needed hours for QEMS review to the Non-Audit Services section.
- TAP to move Construction Project Management, and Risk Management audits higher on the priority list.
- TAP to move Community Engagement audits lower on the priority list.
- TAP to bring the revised Annual Audit Work Plan to the full Board.

5.3 Quality Environmental Management System (QEMS) and ISO Certification.

- Recommendation: Receive and discuss information regarding the Quality and Environmental Management System and ISO Certification.

Ms. Felicia Hernandez, Program Administrator, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee took no formal action.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS

6.1 Clerk Review and Clarification of Committee Requests.

Mr. Overland read the new Committee requests into the record.

7. ADJOURN:

7.1 Adjourn to Regular Meeting as set by the Committee Chair.

Chairperson Keegan adjourned the meeting at 1:00 p.m. to the next meeting, which will be scheduled and posted in accordance with the Brown Act.

Max Overland
Assistant Deputy Clerk II

Approved:

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Santa Clara Valley Water District

File No.: 19-0563

Agenda Date: 6/26/2019

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Audit Committee Audit Charter.

RECOMMENDATION:

Approve final draft Audit Charter to be presented to the full Board.

SUMMARY:

The Board Audit Committee (BAC) was established to assist the Board of Directors (Board), consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

On September 26, 2018, the Board Audit Committee directed the following:

- BAC Chair to meet with TAP International Inc. (TAP), Brian Hopper, and Michele King to develop a Draft Board Audit Committee Charter to bring to the full Board for discussion.

On October 3, 2018, a meeting was held to discuss an Audit Committee Charter was then held that was attended by the Clerk of the Board, District Counsel staff, Independent Auditor, and the BAC Chair.

TAP discussed leading practices in Audit Charter development, such as roles and responsibilities of the BAC and the Independent Auditor, communication protocols, audit processes, and audit committee authority. District Counsel staff discussed actual implementation practices and the Audit Committee Chair provided guidance and direction. District Counsel staff agreed to develop an initial working draft of the Audit Committee Charter.

On December 3, 2018, the Board Audit Committee directed staff and TAP to return to the Committee to further discuss the draft Audit Charter.

On January 22, 2019, TAP and Brian Hopper presented a draft Audit Charter to the BAC. The Board Audit Committee directed the following:

- BAC Chair to work with Brian Hopper to prepare final draft BAC Charter
- BAC Charter to be presented to full Board for approval

On February 20, 2019, Brian Hopper received additional input on the Audit Charter from Director Hsueh, and modifications were made based on her input and the input from the Committee on

January 22, 2019.

On May 2, 2019, the final draft Audit Charter was presented to the BAC. The BAC directed that Brian Hopper work with Director Hsueh to incorporate additional edits and then present the Audit Charter to the full Board. This meeting took place, and additional changes were incorporated.

Subsequently, District Counsel determined that it would be beneficial to return to the BAC to clarify some items before presenting the Audit Charter to the full Board -specifically whether the BAC will have a direct role in reviewing and commenting upon draft Management responses to Third-Party and Management Initiated audits. Attachment 1 is a version of the Draft Audit Charter that does not provide for such review and comment (Version A). Attachment 2 is a version of the Draft Audit Charter that specifically allows for such review and comment (Version B). The red-lined changes in Attachment 2 detail the differences between the two versions. It is requested that the BAC select one of these two versions for final approval. Upon such approval, the Audit Charter will proceed to the Board for approval at the next available Board meeting.

ATTACHMENTS:

Attachment 1: Draft Audit Charter - Version A

Attachment 2: Draft Audit Charter - Version B

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



SANTA CLARA VALLEY WATER DISTRICT BOARD AUDIT COMMITTEE AUDIT CHARTER

ARTICLE I - PURPOSE

1. This Charter shall govern the operation of the Santa Clara Valley Water District Board Audit Committee (Committee).
2. The Santa Clara Valley Water District's Board of Directors (Board) is responsible for ensuring that the District provides Silicon Valley with safe, clean water for a healthy life, environment, and economy.
3. Audits constitute an important oversight tool as they provide independent and fact-based information to an agency's elected officials and management. Information derived from audits can be used by those responsible with governance and oversight to use it to improve program performance and operations, confirm regulatory compliance, reduce costs, and facilitate decision making.
4. The Committee shall assist the Board, consistent with direction from the full Board, by identifying potential areas for audit and audit priorities, and to review, update, plan and coordinate execution of Board audits.
5. Through its oversight of the audit process, the Committee serves a critical role in providing oversight of the District's governance, risk management, ethics program, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. It is the Committee's responsibility to provide the Board with independent, objective advice on the adequacy of District management's arrangements with respect to the aspects of the management of the District being evaluated.
6. In carrying out its functions, the Committee shall emphasize: (a) the identification of organizational risk; (b) service delivery; (c) operational efficiency; (d) effectiveness of District programs; (e) project delivery; (f) establishment of an Annual Workplan and an Annual Audit Workplan to guide the Committee's work; and (g) oversight and monitoring of District operations and compliance with all applicable regulatory requirements.
7. In addition to carrying out audits in a Board approved Annual Audit Work Plan, the Committee's purpose also includes oversight of audits initiated by District management, review of final audits initiated by third-party governmental or administrative agencies, and the conduct of Limited Investigations of potential fraud, waste or violations of law or policy as set forth herein. The Committee's oversight of

Annual Financial Statement Audits shall include the additional elements set forth in Article VIII herein.

8. The Committee shall serve to reinforce the wholeness of the Board's job and shall never interfere with delegation from the Board to the Board Appointed Officers.
9. Through its oversight of the audit process, the Committee shall provide the Board with independent advice and guidance regarding the adequacy and effectiveness of the District's management practices and potential improvements to those practices.

ARTICLE II - COMPOSITION

1. Number of Committee members/Appointment - The Committee shall consist of at least three members of the Board and shall be appointed by the Board in accordance with the Board's Governance Policies. Committee members shall serve one-year terms.
2. Quorum - The quorum for the Committee shall be a majority of the members.
3. Committee Chair - A Committee Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Committee Chair shall be responsible for approving agendas for Committee meetings, approving the payment of invoices to Auditors, and making all initial efforts to resolve any conflicts that may arise during an audit. To the extent the Chair is unable to resolve conflicts arising during the audit, the matter shall be referred to the Committee for attempted resolution.
4. Committee Vice-Chair - A Committee Vice-Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Vice-Chair shall assume the duties of the Chair during the Chair's absence.

ARTICLE III – OPERATIONAL PRINCIPLES

1. Committee Values. The Committee shall conduct itself in accordance with the District's values as set forth in the District's Governance Policies of the Board of Directors, Governance Process No. GP-7 (Values Statement).
2. Communications – The Committee expects that all communication with management and staff of the District as well as with any external auditors will be direct, open, and complete. The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Committee

will communicate directly with the Board and will not exercise actual authority over District employees.

3. Access to Information - Except where action by the full Board is required (such as for the waiver of a legal privilege), the Committee shall have unrestricted access to records, data, reports, and all other relevant information it consider necessary to discharge its duties. If access to requested documents is denied due to legal or confidentiality reasons, the Committee shall follow any prescribed, Board approved mechanism for resolution of the matter.
4. Authority – This Charter sets out the authority of the Committee to carry out the responsibilities established for it by the Board. In the event of any conflict between this Charter and either the District Act or the Board Governance Policies, the provisions of the District Act and Board Governance Policies shall prevail.
5. Annual Work Plan –
 - 5.1. Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by District staff. Work Plans are dynamic documents managed by Committee chairs, and are subject to change. Annual Work Plans establish a framework for committee discussion and action during the annual meeting schedule. Committee Work Plans also serve as Annual Committee Accomplishments Reports.
 - 5.2. The Committee shall, in coordination with the District’s Clerk of the Board, develop a proposed Annual Work Plan. Items shall be included in the Annual Work Plan based upon a majority vote of the Committee.
6. Annual Audit Work Plan
 - 6.1. While the Annual Work Plan governs the overall work of the Committee, the Committee shall also develop a proposed “Annual Audit Work Plan” which shall list each of the individual audits to be performed over the course of the year.
 - 6.2. At least annually, the Committee shall develop and submit a proposed Annual Audit Work Plan to the full Board for consideration and approval. Following such Board consideration and approval, the Annual Audit Work Plan shall be automatically updated to include any additional audits formally referred to the Committee by the full Board.

- 6.3. Only audits properly included in an approved Annual Audit Work Plan, as set forth in section 6.2 above, may be undertaken by the Committee.
- 6.4. Risk Assessment – The Committee shall endeavor to complete a District-wide risk assessment, at a minimum, tri-annually and to annually update the District-wide audit risk assessment to include objectively recommended audits ranked based upon the potential level of risk to the District. The results of this District-wide audit risk assessment should be relied upon to develop the proposed Annual Audit Work Plan.
7. District Independent Auditor – Upon approval of the Board following recommendation by the Committee, the District may retain an Independent Auditor to serve as support to the Committee, to recommend audits, and to conduct a broad scope of audits in an approved Annual Audit Work Plan. The Independent Auditor shall not be an employee of the District. The Independent Auditor must report directly to the Audit Committee and District staff shall not direct or attempt to direct the work of the Independent Auditor. The District's retention of an Independent Auditor shall not preclude the retention of additional Auditors to perform individual audits.
8. Committee Evaluation of Auditor Performance – The Committee shall evaluate the performance of the Independent Auditor and any other Auditor retained by the Board. The Committee may make a recommendation to the Board to discharge such Independent Auditors or other Auditors where they are not adequately fulfilling their contracted duties.
9. Preparation and Attendance – Committee members are obligated to prepare for and participate in Committee meetings.
10. Conflicts of Interest – It is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee regarding any matters coming before or considered by the Committee.

ARTICLE IV – MEETINGS

1. Meeting Agendas – Guided by the Annual Work Plan and Annual Audit Work Plan, the Committee Chair will establish agendas for Committee meetings in consultation with Committee members, District Management, and the Clerk of the Board.
2. Meetings – The Committee will conduct its meetings in accordance with the provisions of the Brown Act. The Committee shall meet at least four times per year.

Beyond this minimum, there shall be no limit to the number of meetings held over the course of the year.

ARTICLE V – AUDIT PRINCIPLES

1. Audit Purposes – Audits can serve several purposes including, but not limited to:
 - a. Verifying that programs, services, and operations are working based upon the Committee’s understanding;
 - b. Assuring efficiency and effectiveness;
 - c. Identifying the root cause of any problems experienced by the District;
 - d. Assessing future risks facing the District;
 - e. Assessing the progress of prior audit recommendations;
 - f. Identifying any impact that changes in District operations have had on financial performance and service delivery;
 - g. Identifying leading practices;
 - h. Assessing regulatory compliance;
 - i. Developing policy options; and
 - j. Assessing the accuracy of financial information reported by the District.
2. Audit Types – The types of audits that may be conducted on behalf of the District include, but are not limited to, the following:
 - a. Financial audits – The District hires an outside independent audit firm to perform the District’s financial statement audit;
 - b. Internal audits – Internal audits review the environment, information, and activities that are designed to provide proper accountability over District operations;
 - c. Compliance audits – Compliance audits review adherence to District policies and procedures, state regulatory requirements, or federal regulatory requirements;
 - d. Performance audits – Performance audits review the economy, efficiency, and effectiveness of the District’s programs, services and operations. Performance audits can evaluate current impact or assess operations prospectively;
 - e. Desk reviews – Small and quick audits of limited size or duration;
 - f. Follow up audits – Audits evaluating to what extent prior audit recommendations have been implemented. Follow up audits may also assess other actions taken to respond to or prevent the occurrence of problems;

- g. Best practice reviews – Audits which compare current District operations to best practices.
- 3. Audit Objectives – Audit objectives must be developed for every audit conducted on behalf of the District. These audit objectives are questions posed by management, Committee members, or Board members about the specific nature of the issue or concern that is the subject of the audit. Suggested Audit Objectives shall be referenced in the Annual Audit Work Plan for every audit listed therein. The audit objectives may be subject to revision as necessary during the planning phase of the audit.
- 4. Audit Standards – Audits conducted by or on behalf of the Committee shall conform with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards) (RED Book) and the Generally Accepted Government Auditing Standards established by the U.S. Government Accountability Standards (YELLOW Book).
- 5. Limited Investigations.
 - a) Purpose. In lieu of an audit, the Committee shall also have discretion to conduct or request Limited Investigations to address any discrete issue or concern regarding fraud, waste, or violations of law or policy at the District. The Committee shall not have jurisdiction to conduct Limited Investigations on any other matters. Prior Board approval is not required for the initiation of Limited Investigations.
 - b) Scope. Such Limited Investigations may or may not be subject to the Audit Standards set forth above and shall be undertaken only where: (1) the Limited Investigation is designed to determine the existence or nonexistence of discrete facts involving alleged fraud, waste, or violations of law or policy at the District; (2) the Committee has determined that an audit is not appropriate to address the concern; and (3) the Limited Investigation does not address any matters covered or potentially covered by Board Governance Policy GP-6 (Board Members' Code of Conduct).
 - c) Classified Employees. Classified employees who are parties to any Limited Investigation shall be afforded all applicable rights under the Meyers-Miliias-Brown Act and the Memorandum of Understanding then in effect with the employee's union.
 - d) Timely completion. All Limited Investigations must be completed in a timely manner.
 - e) Report of Results. The Committee shall advise the Board of the results of all completed Limited Investigations.

6. Protection of Confidential or Privileged Information – The Committee shall take all necessary steps to prevent the unnecessary disclosure of privileged or confidential information arising in the audit process, arising in the final reports on the audits, arising in the Limited Investigation process, or arising in final reports issued on Limited Investigations.

ARTICLE VI – COMMITTEE OVERSIGHT OF BOARD INITIATED AUDITS

1. Committee recommendation of Auditors – The Committee shall make recommendations to the full Board for the selection of all Auditors to perform audits in the approved Annual Audit Work Plan. Following such recommendation, the Board shall make the final decision regarding the selection of such auditors.
2. Board Auditors and District Staff – District staff may assist the Committee in its work and may provide information to, assist, or work with Auditors retained by the Board, as necessary. District staff shall not, however, attempt to direct any Auditors retained by the Board. Auditors retained by the Board shall have a duty to the Board and shall not take direction from District staff.
3. Communications with Auditors – Individual Committee members shall have the right to speak with Auditors directly regarding the Auditor's assignments. However, direction to Auditors shall come from the Committee as a whole.
4. Completion of Annual Audit Work Plan – The Committee shall ensure that audits on the Annual Audit Work Plan are initiated and completed in an accurate and timely manner.
5. Review of Audit Results/Notice to Board – The Committee shall review the observations and conclusions of all audits conducted pursuant to the Annual Audit Work Plan. Upon finalization of the audits and any related reports, the Committee shall provide the Board with the results and make any recommendations to the Board regarding improvement of program performance and operations, cost reductions, and best practices.
6. Draft Audit Reports - The Committee may request the opportunity to review and comment on any draft audit reports before such reports are finalized by the auditor.

7. District Management Response to Audits - District Management must review and respond to any Board Initiated audits before they are final.
8. Board Monitoring of Committee Performance – The Committee shall provide the Board with timely and periodic reports regarding its activities, its progress on individual audits, its progress on the Annual Work Plan, its progress on the Annual Audit Work Plan, the results of completed audits, and the Committee's recommendations based upon the audit results. The Committee may also identify any recognizable trends in the audit results as part of its periodic reports. The Committee shall provide such reports to the Board at least four times per calendar year.

ARTICLE VII – THIRD-PARTY AND MANAGEMENT INITIATED AUDITS

1. Third-Party Audits – Third-Party Audits are audits initiated by a separate governmental agency (entities other than the District).
2. Management Initiated Audits – Management Initiated Audits are audits requested by District management. Nothing in this Charter shall restrict the ability or discretion of District management to undertake any audits it deems required or recommended.
3. Notice to Committee of Third-Party Audits – The Committee shall be promptly notified in writing of the existence and results of any Third-Party audits of the District. The Committee shall be provided with copies of any final reports on Third-Party Audits.
4. Notice to Committee of Management Initiated Audits – District management shall notify the Committee in writing of any planned Management Initiated Audits before commencing the same. District management shall provide a report to the Committee of the scope and nature of all planned Management Initiated Audits. Where circumstances require any Management Initiated Audit to commence before the next regularly scheduled Committee meeting, the Committee Chair shall be advised of this need, and the audit need not be delayed. The Committee shall be provided with copies of any final reports on Management Initiated Audits.
5. Audit Results – The Committee may request a report by District Staff on any response to Management Initiated or Third-Party Audits and any plans by District staff to implement changes as a result of the audits.

6. Board Report of Audit Results – In its periodic reports to the full Board, the Committee may include information regarding Third-Party Audits or Management Initiated Audits.

ARTICLE VIII – ANNUAL FINANCIAL STATEMENT AUDIT

1. Annual Financial Statement Audit - The Committee shall participate in the District's procurement process for the District's annual financial statement audit.
2. The Committee's participation shall include, but not be limited to, providing input to District management on the selection criteria and desired qualifications of the public accounting firm. The selected external financial auditor shall submit to the Committee the District's audited financial statements annually, including all related management letters to the Committee for review and comment.

ARTICLE IX – PERFORMANCE MANAGEMENT

1. The Committee shall periodically review the Audit Charter and shall make any recommendations regarding changes to the Board for final approval.
2. The Board may make any changes to the Audit Charter it deems to be appropriate.
3. Education – The Annual Work Plan shall include some component of Committee training on audit principles, practices, or standards. At least annually, the Independent Auditor shall provide Committee training and other knowledge transfer on some component of audit principles, practices, and standards
4. At least annually, the Committee shall conduct an evaluation of its performance to determine whether it is functioning effectively and to discuss with the Independent Auditor any observations related to the effectiveness of the Committee. The Committee shall prepare a formal report based upon each such self-evaluation and shall provide such report to the full Board following its adoption by the Committee.



SANTA CLARA VALLEY WATER DISTRICT BOARD AUDIT COMMITTEE AUDIT CHARTER

ARTICLE I - PURPOSE

1. This Charter shall govern the operation of the Santa Clara Valley Water District Board Audit Committee (Committee).
2. The Santa Clara Valley Water District's Board of Directors (Board) is responsible for ensuring that the District provides Silicon Valley with safe, clean water for a healthy life, environment, and economy.
3. Audits constitute an important oversight tool as they provide independent and fact-based information to an agency's elected officials and management. Information derived from audits can be used by those responsible with governance and oversight to use it to improve program performance and operations, confirm regulatory compliance, reduce costs, and facilitate decision making.
4. The Committee shall assist the Board, consistent with direction from the full Board, by identifying potential areas for audit and audit priorities, and to review, update, plan and coordinate execution of Board audits.
5. Through its oversight of the audit process, the Committee serves a critical role in providing oversight of the District's governance, risk management, ethics program, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. It is the Committee's responsibility to provide the Board with independent, objective advice on the adequacy of District management's arrangements with respect to the aspects of the management of the District being evaluated.
6. In carrying out its functions, the Committee shall emphasize: (a) the identification of organizational risk; (b) service delivery; (c) operational efficiency; (d) effectiveness of District programs; (e) project delivery; (f) establishment of an Annual Workplan and an Annual Audit Workplan to guide the Committee's work; and (g) oversight and monitoring of District operations and compliance with all applicable regulatory requirements.
7. In addition to carrying out audits in a Board approved Annual Audit Work Plan, the Committee's purpose also includes oversight of audits initiated by District management, review and comment upon ~~of~~ final audits initiated by third-party governmental or administrative agencies, and the conduct of Limited Investigations of potential fraud, waste or violations of law or policy as set forth herein The

Committee's oversight of Annual Financial Statement Audits shall include the additional elements set forth in Article VIII herein.

8. The Committee shall serve to reinforce the wholeness of the Board's job and shall never interfere with delegation from the Board to the Board Appointed Officers.
9. Through its oversight of the audit process, the Committee shall provide the Board with independent advice and guidance regarding the adequacy and effectiveness of the District's management practices and potential improvements to those practices.

ARTICLE II - COMPOSITION

1. Number of Committee members/Appointment - The Committee shall consist of at least three members of the Board and shall be appointed by the Board in accordance with the Board's Governance Policies. Committee members shall serve one-year terms.
2. Quorum - The quorum for the Committee shall be a majority of the members.
3. Committee Chair - A Committee Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Committee Chair shall be responsible for approving agendas for Committee meetings, approving the payment of invoices to Auditors, and making all initial efforts to resolve any conflicts that may arise during an audit. To the extent the Chair is unable to resolve conflicts arising during the audit, the matter shall be referred to the Committee for attempted resolution.
4. Committee Vice-Chair - A Committee Vice-Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Vice-Chair shall assume the duties of the Chair during the Chair's absence.

ARTICLE III – OPERATIONAL PRINCIPLES

1. Committee Values. The Committee shall conduct itself in accordance with the District's values as set forth in the District's Governance Policies of the Board of Directors, Governance Process No. GP-7 (Values Statement).
2. Communications – The Committee expects that all communication with management and staff of the District as well as with any external auditors will be direct, open, and complete. The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Committee

will communicate directly with the Board and will not exercise actual authority over District employees.

3. Access to Information - Except where action by the full Board is required (such as for the waiver of a legal privilege), the Committee shall have unrestricted access to records, data, reports, and all other relevant information it consider necessary to discharge its duties. If access to requested documents is denied due to legal or confidentiality reasons, the Committee shall follow any prescribed, Board approved mechanism for resolution of the matter.
4. Authority – This Charter sets out the authority of the Committee to carry out the responsibilities established for it by the Board. In the event of any conflict between this Charter and either the District Act or the Board Governance Policies, the provisions of the District Act and Board Governance Policies shall prevail.
5. Annual Work Plan –
 - 5.1. Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by District staff. Work Plans are dynamic documents managed by Committee chairs, and are subject to change. Annual Work Plans establish a framework for committee discussion and action during the annual meeting schedule. Committee Work Plans also serve as Annual Committee Accomplishments Reports.
 - 5.2. The Committee shall, in coordination with the District’s Clerk of the Board, develop a proposed Annual Work Plan. Items shall be included in the Annual Work Plan based upon a majority vote of the Committee.
6. Annual Audit Work Plan
 - 6.1. While the Annual Work Plan governs the overall work of the Committee, the Committee shall also develop a proposed “Annual Audit Work Plan” which shall list each of the individual audits to be performed over the course of the year.
 - 6.2. At least annually, the Committee shall develop and submit a proposed Annual Audit Work Plan to the full Board for consideration and approval. Following such Board consideration and approval, the Annual Audit Work Plan shall be automatically updated to include any additional audits formally referred to the Committee by the full Board.

- 6.3. Only audits properly included in an approved Annual Audit Work Plan, as set forth in section 6.2 above, may be undertaken by the Committee.
- 6.4. Risk Assessment – The Committee shall endeavor to complete a District-wide risk assessment, at a minimum, tri-annually and to annually update the District-wide audit risk assessment to include objectively recommended audits ranked based upon the potential level of risk to the District. The results of this District-wide audit risk assessment should be relied upon to develop the proposed Annual Audit Work Plan.
7. District Independent Auditor – Upon approval of the Board following recommendation by the Committee, the District may retain an Independent Auditor to serve as support to the Committee, to recommend audits, and to conduct a broad scope of audits in an approved Annual Audit Work Plan. The Independent Auditor shall not be an employee of the District. The Independent Auditor must report directly to the Audit Committee and District staff shall not direct or attempt to direct the work of the Independent Auditor. The District's retention of an Independent Auditor shall not preclude the retention of additional Auditors to perform individual audits.
8. Committee Evaluation of Auditor Performance – The Committee shall evaluate the performance of the Independent Auditor and any other Auditor retained by the Board. The Committee may make a recommendation to the Board to discharge such Independent Auditors or other Auditors where they are not adequately fulfilling their contracted duties.
9. Preparation and Attendance – Committee members are obligated to prepare for and participate in Committee meetings.
10. Conflicts of Interest – It is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee regarding any matters coming before or considered by the Committee.

ARTICLE IV – MEETINGS

1. Meeting Agendas – Guided by the Annual Work Plan and Annual Audit Work Plan, the Committee Chair will establish agendas for Committee meetings in consultation with Committee members, District Management, and the Clerk of the Board.
2. Meetings – The Committee will conduct its meetings in accordance with the provisions of the Brown Act. The Committee shall meet at least four times per year.

Beyond this minimum, there shall be no limit to the number of meetings held over the course of the year.

ARTICLE V – AUDIT PRINCIPLES

1. Audit Purposes – Audits can serve several purposes including, but not limited to:
 - a. Verifying that programs, services, and operations are working based upon the Committee’s understanding;
 - b. Assuring efficiency and effectiveness;
 - c. Identifying the root cause of any problems experienced by the District;
 - d. Assessing future risks facing the District;
 - e. Assessing the progress of prior audit recommendations;
 - f. Identifying any impact that changes in District operations have had on financial performance and service delivery;
 - g. Identifying leading practices;
 - h. Assessing regulatory compliance;
 - i. Developing policy options; and
 - j. Assessing the accuracy of financial information reported by the District.
2. Audit Types – The types of audits that may be conducted on behalf of the District include, but are not limited to, the following:
 - a. Financial audits – The District hires an outside independent audit firm to perform the District’s financial statement audit;
 - b. Internal audits – Internal audits review the environment, information, and activities that are designed to provide proper accountability over District operations;
 - c. Compliance audits – Compliance audits review adherence to District policies and procedures, state regulatory requirements, or federal regulatory requirements;
 - d. Performance audits – Performance audits review the economy, efficiency, and effectiveness of the District’s programs, services and operations. Performance audits can evaluate current impact or assess operations prospectively;
 - e. Desk reviews – Small and quick audits of limited size or duration;
 - f. Follow up audits – Audits evaluating to what extent prior audit recommendations have been implemented. Follow up audits may also assess other actions taken to respond to or prevent the occurrence of problems;

- g. Best practice reviews – Audits which compare current District operations to best practices.
- 3. Audit Objectives – Audit objectives must be developed for every audit conducted on behalf of the District. These audit objectives are questions posed by management, Committee members, or Board members about the specific nature of the issue or concern that is the subject of the audit. Suggested Audit Objectives shall be referenced in the Annual Audit Work Plan for every audit listed therein. The audit objectives may be subject to revision as necessary during the planning phase of the audit.
- 4. Audit Standards – Audits conducted by or on behalf of the Committee shall conform with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards) (RED Book) and the Generally Accepted Government Auditing Standards established by the U.S. Government Accountability Standards (YELLOW Book).
- 5. Limited Investigations.
 - a) Purpose. In lieu of an audit, the Committee shall also have discretion to conduct or request Limited Investigations to address any discrete issue or concern regarding fraud, waste, or violations of law or policy at the District. The Committee shall not have jurisdiction to conduct Limited Investigations on any other matters. Prior Board approval is not required for the initiation of Limited Investigations.
 - b) Scope. Such Limited Investigations may or may not be subject to the Audit Standards set forth above and shall be undertaken only where: (1) the Limited Investigation is designed to determine the existence or nonexistence of discrete facts involving alleged fraud, waste, or violations of law or policy at the District; (2) the Committee has determined that an audit is not appropriate to address the concern; and (3) the Limited Investigation does not address any matters covered or potentially covered by Board Governance Policy GP-6 (Board Members' Code of Conduct).
 - c) Classified Employees. Classified employees who are parties to any Limited Investigation shall be afforded all applicable rights under the Meyers-Miliias-Brown Act and the Memorandum of Understanding then in effect with the employee's union.
 - d) Timely completion. All Limited Investigations must be completed in a timely manner.
 - e) Report of Results. The Committee shall advise the Board of the results of all completed Limited Investigations.

6. Protection of Confidential or Privileged Information – The Committee shall take all necessary steps to prevent the unnecessary disclosure of privileged or confidential information arising in the audit process, arising in the final reports on the audits, arising in the Limited Investigation process, or arising in final reports issued on Limited Investigations.

ARTICLE VI – COMMITTEE OVERSIGHT OF BOARD INITIATED AUDITS

1. Committee recommendation of Auditors – The Committee shall make recommendations to the full Board for the selection of all Auditors to perform audits in the approved Annual Audit Work Plan. Following such recommendation, the Board shall make the final decision regarding the selection of such auditors.
2. Board Auditors and District Staff – District staff may assist the Committee in its work and may provide information to, assist, or work with Auditors retained by the Board, as necessary. District staff shall not, however, attempt to direct any Auditors retained by the Board. Auditors retained by the Board shall have a duty to the Board and shall not take direction from District staff.
3. Communications with Auditors – Individual Committee members shall have the right to speak with Auditors directly regarding the Auditor's assignments. However, direction to Auditors shall come from the Committee as a whole.
4. Completion of Annual Audit Work Plan – The Committee shall ensure that audits on the Annual Audit Work Plan are initiated and completed in an accurate and timely manner.
5. Review of Audit Results/Notice to Board – The Committee shall review the observations and conclusions of all audits conducted pursuant to the Annual Audit Work Plan. Upon finalization of the audits and any related reports, the Committee shall provide the Board with the results and make any recommendations to the Board regarding improvement of program performance and operations, cost reductions, and best practices.
6. Draft Audit Reports - The Committee may request the opportunity to review and comment on any draft audit reports before such reports are finalized by the auditor.

7. District Management Response to Audits - District Management must review and respond to any Board Initiated audits before they are final. The Committee may request the opportunity to review any draft responses District staff intends to submit. The Committee may ask questions about or make comments on any such draft responses. However, the Committee shall not attempt to direct District staff in its response to any audit. Where such review is requested, District staff shall provide at least fifteen working days for such review unless the Auditor requires the Management response in a shorter amount of time.
8. Board Monitoring of Committee Performance – The Committee shall provide the Board with timely and periodic reports regarding its activities, its progress on individual audits, its progress on the Annual Work Plan, its progress on the Annual Audit Work Plan, the results of completed audits, and the Committee’s recommendations based upon the audit results. The Committee may also identify any recognizable trends in the audit results as part of its periodic reports. The Committee shall provide such reports to the Board at least four times per calendar year.

ARTICLE VII – THIRD-PARTY AND MANAGEMENT INITIATED AUDITS

1. Third-Party Audits – Third-Party Audits are audits initiated by a separate governmental agency (entities other than the District).
2. Management Initiated Audits – Management Initiated Audits are audits requested by District management. Nothing in this Charter shall restrict the ability or discretion of District management to undertake any audits it deems required or recommended.
3. Notice to Committee of Third-Party Audits – The Committee shall be promptly notified in writing of the existence and results of any Third-Party audits of the District. Where the District has been given an opportunity to submit a response before the Third-Party audit is finalized, the Committee Chair shall be immediately notified by email or telephone and shall determine whether to have the Committee review and comment upon any draft District response at a regularly scheduled or specially noticed Committee meeting. Where possible, District management shall provide the Committee with at least fifteen days for such review and comment. Where timely review and comment by the full Committee is not reasonably possible, the Committee Chair may conduct such review and comment himself/herself and shall report upon such review and comment at the next scheduled Committee meeting. The Committee Chair may also delegate this responsibility to the Vice Chair for any particular Third Party

Audit, where the Committee Chair is unavailable. The Committee shall be provided with copies of any final reports on Third-Party Audits.

4. Notice to Committee of Management Initiated Audits – District management shall notify the Committee in writing of any planned Management Initiated Audits before commencing the same. Upon request by the Board Chair, District management shall provide a report to the Committee of the scope and nature of all planned Management Initiated Audits at the next scheduled Committee meeting. Where circumstances require any Management Initiated Audit to commence before the next regularly scheduled Committee meeting, the Committee Chair shall be advised of this need, and the audit need not be delayed. Where the Management Initiated Audit allows for a response by District staff before it is finalized, the Committee Chair shall be immediately notified by email or telephone and shall determine whether to have the Committee review and comment on any draft District response at a regularly scheduled or specially noticed Committee meeting. Where possible, District management shall provide the Committee with at least fifteen days for such review and comment. Where timely review and comment by the full Committee is not reasonably possible, the Committee Chair may conduct such review and comment himself/herself and shall report upon such review and comment at the next scheduled Committee meeting. The Committee Chair may also delegate this responsibility to the Vice Chair for any particular Management Initiated Audit, where the Committee Chair is unavailable. The Committee shall be provided with copies of any final reports on Management Initiated Audits.

- 4.5. Comment Upon Draft Audit Responses. The Committee Chair and the Committee may ask questions about or make comments upon any draft audit responses. However, they shall not attempt to direct District staff in its response to any audit.

- 5.6. Audit Results – The Committee may request a report by District Staff on any response to Management Initiated or Third-Party Audits and any plans by District staff to implement changes as a result of the audits.

7. Board Report of Audit Results – In its periodic reports to the full Board, the Committee may include information regarding Third-Party Audits or Management Initiated Audits.

ARTICLE VIII – ANNUAL FINANCIAL STATEMENT AUDIT

1. Annual Financial Statement Audit - The Committee shall participate in the District's procurement process for the District's annual financial statement audit.
2. The Committee's participation shall include, but not be limited to, providing input to District management on the selection criteria and desired qualifications of the public accounting firm. The selected external financial auditor shall submit to the Committee the District's audited financial statements annually, including all related management letters to the Committee for review and comment.

ARTICLE IX – PERFORMANCE MANAGEMENT

1. The Committee shall periodically review the Audit Charter and shall make any recommendations regarding changes to the Board for final approval.
2. The Board may make any changes to the Audit Charter it deems to be appropriate.
3. Education – The Annual Work Plan shall include some component of Committee training on audit principles, practices, or standards. At least annually, the Independent Auditor shall provide Committee training and other knowledge transfer on some component of audit principles, practices, and standards
4. At least annually, the Committee shall conduct an evaluation of its performance to determine whether it is functioning effectively and to discuss with the Independent Auditor any observations related to the effectiveness of the Committee. The Committee shall prepare a formal report based upon each such self-evaluation and shall provide such report to the full Board following its adoption by the Committee.

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Santa Clara Valley Water District

File No.: 19-0561

Agenda Date: 6/26/2019

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review and Update 2019 Board Audit Committee Work Plan.

RECOMMENDATION:

Review and make necessary adjustments to the 2019 Board Audit Committee Work Plan.

SUMMARY:

Under direction of the Clerk, work plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs and are subject to change. Committee Work Plans also serve as Annual Committee Accomplishments Reports.

The 2019 Board Audit Committee Work Plan is included in Attachment 1.

ATTACHMENTS:

Attachment 1: 2019 Committee Work Plan

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

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BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	NOTES
Board Audit Committee Meeting Dates														
1	Meeting Dates	X				X	X			X			X	On-going.
Board Audit Committee Management														
2	Draft Audit Charter	X												Complete.
3	Finalize Audit Charter						X							Full Board approval of audit charter planned for July 2019.
4	Review and update BAC Work Plan	X				X	X			X			X	On-going.
5	Review and Update Annual Audit Work Plan						X			X			X	Full Board approval of Annual Audit Work Plan scheduled for 6/25/19.
6	Prepare risk assessment tri-annually													Next Risk Assessment scheduled to be completed in October 2021.
7	Evaluate Board Auditor performance												X	
8	Provide status report to full Board quarterly													Report to be provided to Board in non-agenda the month after each BAC meeting.
9	Receive training from independent auditor annually													Scheduled for first meeting in 2020.
10	Conduct self evaluation annually													Scheduled for first meeting in 2020.
Board Audit Committee Special Requests														
11	Review staff CAS update every 6 months									X				On-going. Combined with Procurement/CAS Mgmt Audit Review for Sept 2019 BAC mtg.
12	Review staff Form 700 procedure presentation					X								Complete.
13	Review staff presentation on QEMS & ISO Certification					X								Complete.
14	Review information on ISO Certification at other agencies					X								Complete.
Management and 3rd Party Audits														
15	Review QEMS Annual Report													Scheduled for early 2020.
16	Participate in financial statement audit procurement process													Next procurement scheduled for January 2022.

BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	NOTES
17	Review draft audited financial statements												X	
18	Review Procurement/CAS Management Audit Report									X				
Audit - Lower Silver Creek														
19	Review Lower Silver Creek Final Draft Audit Report	X												Complete. Final Audit Report presented to full Board on 2/26/19.
20	Review Lower Silver Creek Final Draft Mgmt Response	X												Complete.
Audit - Change Order														
21	Initiate Change Order Audit			X										Complete.
22	Review Change Order Audit Progress Report						X			X			X	On-going until audit complete.
23	Review Change Order Audit Draft Report Presentation									X				
24	Review Response to Change Order Audit Final Draft Report												X	
Audit - District Counsel (Tentative)														
25	Initiate District Counsel Audit					X								
26	Review District Counsel Audit Progress Report						X			X			X	On-going until audit complete.
27	Review District Counsel Audit Draft Report Presentation												X	
28	Review Response to District Counsel Audit Final Draft Report												X	
Audit - Real Estate (Tentative)														
29	Initiate Real Estate Audit					X								
30	Review Real Estate Audit Progress Report						X			X			X	On-going until audit complete.
31	Review Real Estate Audit Draft Report Presentation												X	
32	Review Response to Real Estate Audit Final Draft Report												X	



Santa Clara Valley Water District

File No.: 19-0588

Agenda Date: 6/26/2019

Item No.: 5.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

CalPERS Office of Audit Services review of Valley Water's Employment of Retired Annuitants.

RECOMMENDATION:

Receive information on April 2019 CalPERS Office of Audit Services Employment of Retired Annuitants Review.

SUMMARY:

This item pertains to information on a recently completed CalPERS Office of Audit Services on Valley Water's employment of retired annuitants. Government Code sections 21221, 21224, 21229, and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment.

CalPERS has conducted employer compliance reviews since 1991 to provide assurance to both CalPERS and contracting agencies of compliance with the Public Employees' Retirement Law and agencies' retirement contracts with CalPERS.

In November 2018, CalPERS conducted an audit of our hiring practices pertaining to the employment of CalPERS retired annuitants. Valley Water was one of 60 other agencies selected to participate in the audit. The objective of their review was to determine if these public agencies properly enrolled CalPERS retired annuitants with service retirement into the CalPERS system and accurately tracked and reported their hours to ensure the retired annuitants did not work more than 960 hours in a fiscal year.

Valley Water's audit was limited to review of a sample of retired annuitant records for the period July 1, 2014, through June 30, 2017. CalPERS requested the records of 30 individuals that Valley Water hired as temporary workers during this period of time.

The audit results found that Valley Water did not fully complete the process of enrolling and/or reporting the hours of three (3) retired annuitants. One (1) retired annuitant exceeded the 960-hour limit by 24 hours in the fiscal year 2014-2015. The audit also pointed to five (5) retired annuitants that worked for Valley Water for multiple fiscal years. Government Code Section 7522.56 indicates that agencies can hire a retired annuitant without reinstatement to perform work of "limited duration." Valley Water responded to this observation with a letter to CalPERS stating that in the absence of a defined cap on the number of permitted hours in successive fiscal years, Valley Water implemented a Policy that attempted to capture the intent by limiting retired annuitants to a *lifetime* total of 1920

hours (equivalent to two fiscal years/960 hours each).

Since this audit was conducted, the staff has made the required adjustments to enroll and report the hours of the retired annuitants identified. The retired annuitant that exceeded the 960-hour limit will be required to repay Valley Water the 24 hours in order to rectify the violation. CalPERS has indicated that the repayment notifications have been put on hold pending the passing of the amended post-retirement employment regulations towards the end of 2019.

The results of this audit have been used to improve and streamline our processes to ensure that retired annuitants are now enrolled and reported to CalPERS timely and accurately.

ATTACHMENTS:

Attachment 1: CalPERS Final Report

UNCLASSIFIED MANAGER:

Anna Noriega, 408-630-3089

Employment of Retired Annuitants

CalPERS Office of Audit Services Public Agency Review

Job Number: P17-004

April 2019





California Public Employees' Retirement System
Office of Audit Services

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-0422
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

Memorandum

April 25, 2019

To: CALPERS CONTRACTING AGENCIES AND GOVERNING BODIES PER ATTACHMENT

Original signed by Beliz Chappuie

From: BELIZ CHAPPUIE, Chief
Office of Audit Services

Subject: Employment of Retired Annuitants Review

Enclosed is our final report on the results of our Employment of Retired Annuitants Review for 38 public agencies and 23 schools. The Office of Audit Services (OFAS) prepared one final report that includes the results of the 61 agencies reviewed. The observations identified and the details of the impacted employees have been shared with each agency through a draft report. Agencies' responses have been summarized in their respective final reports included in the appendix to this report. Agencies' full responses to the draft reports have been forwarded to the appropriate CalPERS divisions and are also on file at OFAS and are available upon request.

In accordance with our resolution policy, we have referred the issues identified in the report to the appropriate divisions at CalPERS. Agencies should work with the divisions to address the recommendations specified in our report. It was our pleasure to work with each agency, and we appreciate their time and assistance during this review.

Attachment

cc: Risk and Audit Committee Members
Matthew G. Jacobs, General Counsel, CalPERS
Donna R. Lum, Deputy Executive Officer, CSS, CalPERS
Anthony Suine, Chief, BNSD, CalPERS
Renee Ostrander, Chief, EAMD, CalPERS
Don Martinez, Chief, MAMD, CalPERS

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Objective

The objective of our review was to determine whether public agencies and schools properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year in compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Government Code sections 21221, 21224, 21229 and 7522.56 stipulate that retired annuitants cannot work more than 960 hours in a fiscal year for all employers combined without reinstatement. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year. CalPERS informed public agencies and schools of the requirement to enroll retired annuitants and report hours worked in the my|CalPERS system via Circular Letter 200-002-14 in January 2014. In addition, the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes.

Scope

To achieve the review objective, the Office of Audit Services (OFAS) selected a sample of 61 contracting agencies comprised of 23 schools and 38 public agencies for examination. The review was limited to the examination of employer records for retirees who retired with service retirement and worked after retirement

with a CalPERS contracting school or public agency employer during the period of July 1, 2014 through June 30, 2017. Unless otherwise specified, OFAS did not review the agencies' compliance with the PERL or PEPRA in regard to any other issue, including but not limited to payroll and contribution reporting, membership enrollment, reported pay rates, or other aspects of employment after retirement which fell outside the scope of the review, such as minimum and maximum pay rates, bona-fide separation, additional benefits, interim appointment, duration of employment, specialized skills, during an emergency or disability retirement.

Results in Brief

OFAS completed the review of 61 contracting agencies and included agencies' individual final reports in Appendix A. OFAS noted that 44 agencies (72 percent) had one or more instances of non-compliance with the PERL and/or PEPRA. Specifically, 32 agencies (52 percent) had one or more sampled retired annuitants exceed 960 hours worked in one or more fiscal years without reinstatement, 24 agencies (39 percent) did not enroll one or more sampled retired annuitants and/or did not report hours worked, 11 agencies (18 percent) enrolled one or more sampled retired annuitants, but did not report any hours worked, and one agency (2 percent) could not provide records to demonstrate whether a sampled retired annuitant worked over 960 hours in a fiscal year (Figure 1).

Figure 1

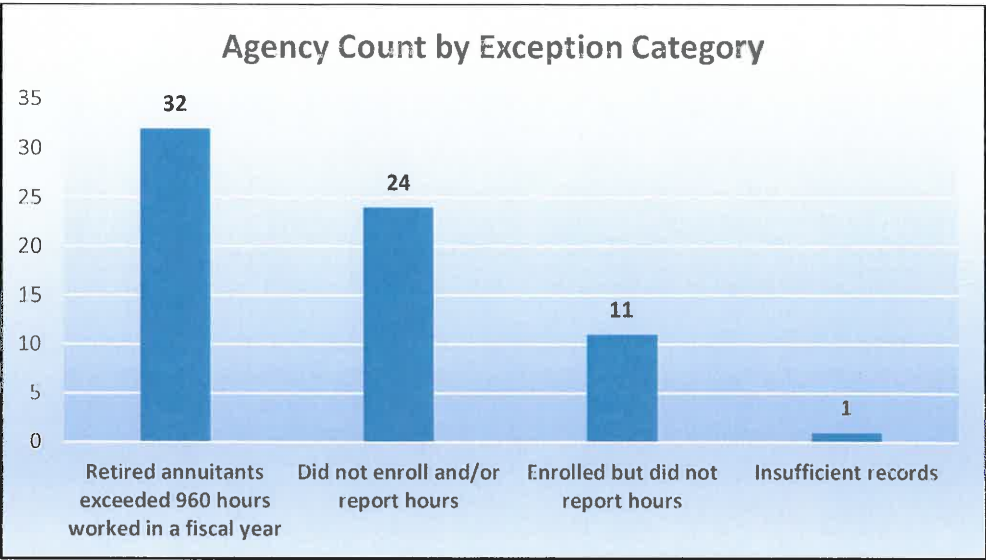


Table 1 on page four lists Observations by Agency with the appendix page number for each agency’s individual report.

Other Matters

OFAS identified other matters which were outside the scope of this review. We noted 39 agencies employed one or more retired annuitants for several years which indicated these retired annuitants may not have been performing work during an emergency, or in connection with an interim appointment, or of limited duration pursuant to Government Code sections 21221, 21224 and 7522.56. In addition, 12 agencies did not enroll temporary or part-time employees when eligible for membership in one or more areas of membership eligibility. Specifically, agencies did not enroll temporary or part-time employees into membership when those employees completed 1,000 hours of compensated service in a fiscal year pursuant to Government Code section 20305, agencies did not enroll and report compensation for temporary or part-time employees who were CalPERS members at the time they rendered service to the agencies in accordance with the same section, and one agency appears to have enrolled employees in a different retirement system instead of CalPERS which is not in compliance with Government Code section 20502. Also, 11 agencies provided retired annuitants with benefits whereas Government Code sections 21221, 21224 and 21229 state that a retired annuitant shall not receive any benefit, incentive, compensation in lieu of benefits, or other form of compensation in addition to the hourly pay rate. Furthermore, one agency rehired an employee to work as a retired annuitant less than 180 days after the individual retired. Government Code section

7522.56 prohibits employment after retirement for a period of 180 days following the date of retirement where the retirement date is on or after January 1, 2013. Finally, one agency reported special compensation as regular earnings in a lump sum amount. These matters were discussed with the agencies. OFAS encourages the agencies to work with CalPERS to ensure the Other Matters noted in the course of the reviews are corrected where necessary (Figure 2).

Figure 2

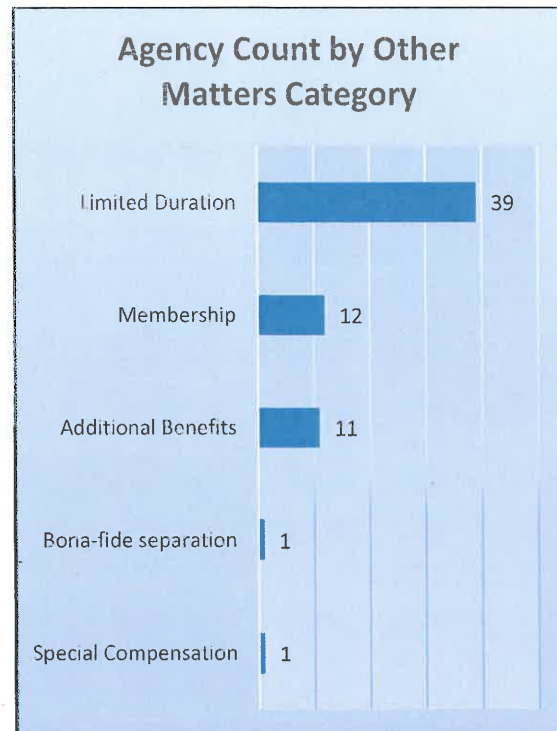


Table 2 on page seven lists Other Matters by Agency with the appendix page number for each agency's individual report.

Table 1
Summary of Agency Observations

#	Agency	No Observation	Did Not Enroll and/or Report Hours	Enrolled but Did Not Report Hours	Exceeded 960 Hours Worked in a Fiscal Year	Insufficient Records	Appendix Page Number
1	Lodi Unified School District		X		X		A-1
2	City of Glendale		X	X	X		A-5
3	City of Long Beach				X		A-9
4	City of Chula Vista				X		A-11
5	Coast Community College District				X		A-15
6	City of Alhambra	X					A-19
7	City of Brentwood	X					A-21
8	County of Yuba				X		A-23
9	County of Nevada	X					A-27
10	County of Monterey		X	X	X		A-29
11	County of Riverside			X	X		A-33
12	County of San Benito		X				A-37
13	County of Solano	X					A-41
14	City of Escondido	X					A-43
15	City of Oakland		X	X	X		A-45
16	City of Anaheim				X		A-49
17	City of Santa Monica	X					A-51
18	Sacramento Municipal Utility District	X					A-53
19	Metropolitan Water District of Southern California					X	A-55
20	City of Oxnard		X		X		A-59
21	County of Humboldt		X				A-63
22	City of Pasadena		X				A-67
23	City of Palo Alto		X				A-71
24	Santa Clara Valley Water District		X	X	X		A-75
25	Housing Authority of the City of Los Angeles		X				A-79
26	Golden Gate Bridge Highway and Transportation District		X				A-83
27	County of Calaveras			X			A-87
28	Regional Center of Orange County		X	X			A-91

#	Agency	No Observation	Did Not Enroll and/or Report Hours	Enrolled but Did Not Report Hours	Exceeded 960 Hours Worked in a Fiscal Year	Insufficient Records	Appendix Page Number
29	Tri-Counties Association for the Developmentally Disabled	X					A-95
30	City of Ontario		X		X		A-97
31	State Bar of California		X	X			A-101
32	City of Daly City	X					A-105
33	City of Desert Hot Springs	X					A-107
34	City and County of San Francisco		X		X		A-109
35	County of El Dorado		X				A-113
36	Georgetown Fire Protection District		X				A-115
37	City of West Sacramento		X		X		A-119
38	County of Yolo				X		A-123
39	San Diego Community College District				X		A-127
40	Long Beach Unified School District				X		A-131
41	Moreno Valley Unified School District		X		X		A-135
42	Mt. Diablo Unified School District		X		X		A-139
43	San Bernardino City Unified School District				X		A-143
44	West Contra Costa Unified School District		X		X		A-145
45	Vallejo City Unified School District				X		A-149
46	Inglewood Unified School District				X		A-153
47	City of Clovis				X		A-157
48	El Camino Community College District			X	X		A-161
49	Orange Unified School District				X		A-165
50	Burbank Unified School District	X					A-169
51	Chico Unified School District				X		A-171
52	Los Angeles County Office of Education	X					A-175
53	Fontana Unified School District				X		A-177
54	Riverside Unified School District	X					A-179
55	Hanford Elementary School District	X					A-181

#	Agency	No Observation	Did Not Enroll and/or Report Hours	Enrolled but Did Not Report Hours	Exceeded 960 Hours Worked in a Fiscal Year	Insufficient Records	Appendix Page Number
56	San Diego Unified School District		X	X	X		A-183
57	San Juan Unified School District		X	X	X		A-187
58	Woodland Joint Unified School District				X		A-191
59	Alta CA Regional Center, Inc.	X					A-193
60	Banning Unified School District	X					A-195
61	Ripon Unified School District	X					A-197

Table 2
Summary of Agency Other Matters

#	Agency	Linked Duration	Membership	Additional Benefits	Bona-fide Separation	Special Compensation	Appendix Page Number
1	Lodi Unified School District	X					A-3
2	City of Glendale	X					A-7
3	City of Long Beach						
4	City of Chula Vista	X					A-12
5	Coast Community College District	X	X	X			A-16
6	City of Alhambra						
7	City of Brentwood	X					A-22
8	County of Yuba	X					A-24
9	County of Nevada						
10	County of Monterey	X					A-31
11	County of Riverside	X					A-35
12	County of San Benito	X					A-38
13	County of Solano	X		X			A-42
14	City of Escondido	X					A-44
15	City of Oakland		X				A-47
16	City of Anaheim	X					A-50
17	City of Santa Monica	X					A-52
18	Sacramento Municipal Utility District	X					A-54
19	Metropolitan Water District of Southern California						
20	City of Oxnard	X			X		A-61
21	County of Humboldt	X		X			A-65
22	City of Pasadena	X					A-68
23	City of Palo Alto	X	X	X			A-72
24	Santa Clara Valley Water District	X					A-77
25	Housing Authority of the City of Los Angeles		X				A-80
26	Golden Gate Bridge Highway and Transportation District	X	X	X			A-84
27	County of Calaveras	X					A-88
28	Regional Center of Orange County	X					A-92

#	Agency	Limited Duration	Membership	Additional Benefits	Bona-fide Separation	Special Compensation	Appendix Page Number
29	Tri-Counties Association for the Developmentally Disabled						
30	City of Ontario	X					A-99
31	State Bar of California		X				A-102
32	City of Daly City	X					A-106
33	City of Desert Hot Springs						
34	City and County of San Francisco	X	X				A-111
35	County of El Dorado						
36	Georgetown Fire Protection District	X		X			A-116
37	City of West Sacramento	X					A-121
38	County of Yolo		X				A-124
39	San Diego Community College District	X		X			A-128
40	Long Beach Unified School District			X			A-132
41	Moreno Valley Unified School District						
42	Mt. Diablo Unified School District	X		X			A-141
43	San Bernardino City Unified School District						
44	West Contra Costa Unified School District	X	X				A-147
45	Vallejo City Unified School District	X		X			A-150
46	Inglewood Unified School District	X	X				A-154
47	City of Clovis	X	X	X			A-158
48	El Camino Community College District	X					A-163
49	Orange Unified School District	X					A-166
50	Burbank Unified School District	X					A-170
51	Chico Unified School District					X	A-172
52	Los Angeles County Office of Education						
53	Fontana Unified School District						
54	Riverside Unified School District	X					A-180
55	Hanford Elementary School District						

#	Agency	Limited Duration	Membership	Additional Benefits	Bona-fide Separation	Special Compensation	Appendix Page Number
56	San Diego Unified School District	X					A-185
57	San Juan Unified School District						
58	Woodland Joint Unified School District						
59	Alta CA Regional Center, Inc.	X					A-194
60	Banning Unified School District						
61	Ripon Unified School District		X				A-198

Conclusion

Based on the information reviewed, OFAS noted instances of non-compliance with the PERL and PEPRA with respect to agencies' employment of retired annuitants. The non-compliance and reporting errors included not enrolling retired annuitants and not reporting hours worked, enrolling retired annuitants but not reporting hours worked, and retired annuitants working over 960 hours in a fiscal year. OFAS also noted several other matters which were outside the scope of this review.

Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination in regard to the results noted within the report. The appropriate CalPERS divisions will notify the agencies of the final determinations and provide appeal rights, if applicable, at that time.

Respectfully submitted,

Original signed by Beliz Chappuie

BELIZ CHAPPUIE, CPA, MBA, CISA
Chief, Office of Audit Services

Staff: Alan Feblowitz, CFE, Assistant Division Chief
Steve McKee, CPA, Senior Audit Manager
Dennis Szeto, Staff Management Auditor

LODI UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2645338905	4P17-001	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for a sampled retired annuitant during Fiscal Year 2016-17. The Agency stated that new Agency staff checked my CalPERS for this individual but did not identify that the individual was a retiree. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist

LODI UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	Four sampled retired annuitants, including the retired annuitant noted in Observation 1, worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,069.75 hours during Fiscal Year 2014-15, another retired annuitant worked 1,010.50 hours during Fiscal Year 2015-16 and 1,012.75 hours during Fiscal Year 2016-17, another retired annuitant worked 1,055.50 hours during Fiscal Year 2016-17, and the fourth retired annuitant worked 967.25 hours during Fiscal Year 2016-17. The Agency stated this occurred because they had issues at the time with its payroll system tracking retirees. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

LODI UNIFIED SCHOOL DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. The two retired annuitants were also noted in Observation 2.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not indicate agreement or disagreement with the Observation noted in the report.

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CITY OF GLENDALE

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
7588227145	4P17-002	July 1, 1945	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report hours worked for one sampled retired annuitant during Fiscal Years 2014-15 and 2016-17 and did not report the hours worked for another enrolled retired annuitant during Fiscal Year 2014-15. The Agency did not provide a cause for this Observation. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours

CITY OF GLENDALE

	Area	Exception	Observation
			worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	In addition to the retired annuitants noted in Observation 1, two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 962 hours during Fiscal Year 2014-15 and the other retired annuitant worked 962 hours during Fiscal Year 2016-17. The Agency did not provide a cause for this Observation. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

CITY OF GLENDALE

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. Two of the retired annuitants were noted in Observation 2.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not provide a response to the report.

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CITY OF LONG BEACH

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
5919361285	4P17-003	July 1, 1950	Miscellaneous Safety – Police Officers Safety – Ocean Beach Lifeguards Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 972.5 hours and the other worked 967 hours during Fiscal Year 2014-15. The Agency explained they were unaware the affected retirees exceeded the 960 hours limit during the fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants

Employment of Retired Annuitants

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CITY OF LONG BEACH

	Area	Exception	Observation
			cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

CITY OF CHULA VISTA

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
4698580102	4P17-004	October 1, 1948	Miscellaneous Safety – Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	A sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 986 hours during Fiscal Year 2015-16. The Agency explained that one of the retired annuitant's timesheets was misplaced and the hours worked during the period were not reported. Government Code sections 21220, 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044

CITY OF CHULA VISTA

	Area	Exception	Observation
			defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired nine retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

CITY OF CHULA VISTA

Summarized Response

The Agency agreed with the Observation noted in the report and has started to resolve the Observation.

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COAST COMMUNITY COLLEGE DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5340774417	4P17-005	March 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,075.50 hours during Fiscal Year 2014-15 and the other retired annuitant worked 1,110.50 hours during Fiscal Year 2014-15 and 966.50 hours during Fiscal Year 2016-17. The Agency explained the error occurred because they tracked hours worked by pay period and not by date from July 1st through June 30th. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants

COAST COMMUNITY COLLEGE DISTRICT

	Area	Exception	Observation
			cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired five retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
2	Additional Benefits	The Agency provided vacation and sick leave benefits to a retired annuitant; however, retired annuitants are not allowed to receive any benefits in addition to the hourly rate of pay per Government Code sections 21221 and 21224.
3	Membership	The Agency did not enroll into CalPERS membership two part-time employees who worked over 1,000 hours in Fiscal Year 2016-17. One employee worked a total of 1,325.50 hours and the other part-time employee worked a total of 1,155.25 hours. Government Code section 20305 requires Agencies to enroll part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.

COAST COMMUNITY COLLEGE DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report and provided additional information. OFAS reviewed the information and concluded the Observation and Other Matters will remain as stated.

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CITY OF ALHAMBRA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2546057773	4P17-006	October 1, 1944	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF ALHAMBRA

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CITY OF BRENTWOOD

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7588583620	4P17-007	June 1, 1968	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF BRENTWOOD

Other Matters

OFAS identified other matters that was outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

COUNTY OF YUBA

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
3649506927	4P17-008	February 1, 1960	Miscellaneous Safety – County Peace Officers

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief			
	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	One sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 988 hours during Fiscal Year 2015-16. The Agency explained that the annuitant worked a lot of hours near the end of the fiscal year and the Agency didn't realize in time.

COUNTY OF YUBA

	Area	Exception	Observation
			that the annuitant had exceeded 960 hours until the timecards were turned in. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

COUNTY OF YUBA

Summarized Response

The Agency agreed with the Observation noted in the report.

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COUNTY OF NEVADA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1202485018	4P17-009	July 1, 1963	Miscellaneous Safety - County Peace Officers Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

COUNTY OF NEVADA

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

COUNTY OF MONTEREY

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
6813590383	4P17-010	June 1, 1948	Miscellaneous Safety – County Peace Officer Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for nine retired annuitants during Fiscal Year 2014-15, 2015-16 and 2016-17. Additionally, the Agency enrolled, but did not report the hours worked, for another retired annuitant during Fiscal Year 2014-15. The Agency

COUNTY OF MONTEREY

	Area	Exception	Observation
			explained the error occurred due to an administrative error when the retired annuitants were coded in the Agency's database as temporary employees instead of retired annuitants. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the myCalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	In addition to the 10 sampled retired annuitants identified in Observation 1, two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,029.50 hours during Fiscal Year 2014-15 and 1,172.75 hours during Fiscal Year 2015-16. The Agency explained the error occurred due to an administrative error. The second retired annuitant worked 980.5 hours during Fiscal Year 2015-16. The Agency explained the error occurred when the retired annuitant received an hours adjustment and the hours worked were not accounted for. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

COUNTY OF MONTEREY

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired three retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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COUNTY OF RIVERSIDE

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
5982690295	4P17-011	April 1, 1945	Miscellaneous Safety – County Peace Officers Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	No Hours Reported	The Agency enrolled retired annuitants in the my CalPERS system, but did not report the hours worked. Specifically, the Agency did not report the hours worked for three sampled retired annuitants during Fiscal Years 2014-15 and 2015-16. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and

COUNTY OF RIVERSIDE

	Area	Exception	Observation
			the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	In addition to the three sampled retired annuitants identified in Observation 1, one sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 1,069.60 hours during Fiscal Year 2014-15 without reinstatement. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

COUNTY OF RIVERSIDE

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report and provided additional information for the Other Matter. OFAS reviewed the information and concluded the Other Matter will remain as stated.

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COUNTY OF SAN BENITO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
1750632294	4P17-012	July 1, 1946	Miscellaneous Safety – County Peace Officers Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for three sampled retired annuitants during Fiscal Years 2014-15 and 2015-16. The Agency stated this was an inadvertent error that occurred during that period. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-

COUNTY OF SAN BENITO

	Area	Exception	Observation
			002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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COUNTY OF SAN BENITO

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

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COUNTY OF SOLANO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
7688821115	4P17-013	July 1, 1945	Miscellaneous Safety – Sheriff Safety - County Peace Officer Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

COUNTY OF SOLANO

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Additional Benefits	The Agency provided sick leave benefits, paid time off and shift differential pay to four retired annuitants; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.
2	Limited Duration	The Agency hired three retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A summarized response was not needed as there were no observations noted in the report; however, the Agency disagreed with Other Matters 1 and 2. OFAS reviewed the disagreement and concluded that the Other Matters will remain as stated.

CITY OF ESCONDIDO

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1545398590	4P17-014	November 1, 1958	Miscellaneous Safety – Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF ESCONDIDO

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CITY OF OAKLAND

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
4015143822	4P17-015	September 1, 1970	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for a sampled retired annuitant in the myCalPERS system. Specifically, the Agency did not enroll and report the hours worked for one sampled retired annuitant during Fiscal Year 2016-17 and did not report the hours worked for four enrolled retired annuitants during Fiscal Years 2014-15 and 2015-16. The Agency stated they were unaware that the unenrolled employee was a retired annuitant and the hours worked by four retired annuitants were not reported due to a missing

Employment of Retired Annuitants

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CITY OF OAKLAND

	Area	Exception	Observation
			retirement code that triggers the reporting of their hours. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the myCalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	One retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the sampled retired annuitant worked 1,011.50 hours during Fiscal Year 2016-17 without reinstatement. The Agency explained they were unaware that this employee was a retired annuitant. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

CITY OF OAKLAND

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll two temporary/part-time employees into membership who worked over 1,000 hours in a fiscal year. Government Code section 20305 requires Agencies to enroll temporary/part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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CITY OF ANAHEIM

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
6207170049	4P17-016	September 1, 1950	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	A sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 962 hours during Fiscal Year 2016-17. The Agency explained the error was unintentional due to a scheduling error. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired

CITY OF ANAHEIM

	Area	Exception	Observation
			annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

CITY OF SANTA MONICA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6936770431	4P17-017	July 1, 1944	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF SANTA MONICA

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired five retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
1475830462	4P17-018	January 1, 1947	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of the review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired three retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4104962804	4P17-019	January 1, 1945	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Insufficient Records	The Agency did not track the number of hours worked by a retired annuitant on a fiscal year basis to ensure the retired annuitant did not work more than 960 hours from July 1 through June 30. Specifically, the Agency tracked the number of hours worked each week. For the period of June 29, 2014 through July 4, 2015, the retired annuitant worked 973 hours. The Agency recorded 19 hours worked for the week June 29 to July 5, 2014 and 20 hours worked for the week June 28 to July 4, 2015. Both of the weekly pay periods overlapped fiscal

Employment of Retired Annuitants

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

	Area	Exception	Observation
			years and the Agency could not identify which respective days the hours worked were for. Therefore, OFAS could not determine which fiscal years the hours worked were for and it is possible the retired annuitant worked more than 960 hours in a fiscal year. The Agency indicated they were not aware retired annuitant hours needed to be tracked from July 1st to June 30th. Government Code sections 21220, 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. Government Code section 20221 states each state agency, school employer, and the chief administrative officer of a contracting agency or any other person who its governing body may designate shall furnish the following: any additional information concerning any member that the board may require in the administration of the system.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Summarized Response

The Agency did not agree or disagree with the Observation; however, they provided additional information. OFAS reviewed the additional information and concluded the Observation will remain as stated.

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CITY OF OXNARD

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6606606569	4P17-020	February 1, 1952	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for one sampled retired annuitant during Fiscal Year 2014-15. The Agency stated their Human Resources Department was significantly understaffed and therefore retired annuitants were not entered correctly during the hiring process. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants

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CITY OF OXNARD

	Area	Exception	Observation
			and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	The sampled retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the Agency reported 211.5 hours worked during Fiscal Year 2014-15; however, the retired annuitant worked 1,001 hours during the fiscal year. The Agency stated the employee wasn't originally set up as a retired annuitant therefore, his hours were not captured on a bi-weekly basis. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

CITY OF OXNARD

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Bona-fide Separation	One sampled employee retired from the Agency on August 16th, 2013 and was rehired as a retired annuitant on January 20th, 2014. Government Code section 7522.56 states that an employee who retires after January 1, 2013 shall not be eligible to be employed for a period of 180 days following the date of retirement unless certain exceptions apply. The retired employee was employed after only 157 days.
2	Limited Duration	The Agency hired a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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COUNTY OF HUMBOLDT

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
6432279447	4P17-021	January 1, 1946	Miscellaneous Safety – County Peace Officers Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for eleven sampled retired annuitants during one or more Fiscal Years: 2014-15, 2015-16, and 2016-17. The Agency stated they were not aware of the requirement to enroll and report hours for retired annuitants. CalPERS informed all public agencies in

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COUNTY OF HUMBOLDT

	Area	Exception	Observation
			January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

COUNTY OF HUMBOLDT

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired six retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. Three of the six retired annuitants were noted in Observation 1.
2	Additional Benefits	The Agency provided sick leave benefits to three retired annuitants and shift differential pay to three retired annuitants; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224. The six retired annuitants were noted in Observation 1.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with Observation 1 and provided additional information for Observation 2. OFAS reviewed the additional information and Observation 2 was modified and moved to Other Matters.

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CITY OF PASADENA

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
6556986602	4P17-022	July 1, 1945	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled/ No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for four sampled retired annuitants during Fiscal Year 2016-17. The Agency indicated during the on-site fieldwork that previous staff were not aware of the requirement to enroll and report hours for retired annuitants. CalPERS informed all public agencies in January 2014 of the requirement to enroll

CITY OF PASADENA

	Area	Exception	Observation
			retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired 12 retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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CITY OF PASADENA

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency provided additional information for Observation 1 and the Other Matters. OFAS reviewed the information and concluded that the Observation and Other Matters will remain as stated.

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CITY OF PALO ALTO

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6373437857	4P17-023	January 1, 1942	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the myCalPERS system. Specifically, the Agency did not enroll and report the hours worked for two sampled retired annuitants during Fiscal Year 2014-15 and Fiscal Year 2015-16 and one sampled retired annuitant during Fiscal Year 2016-17. The Agency explained their Information Technology Department began configuring a system to meet the

CITY OF PALO ALTO

	Area	Exception	Observation
			CalPERS reporting requirements; however, due to staff turnover, the process was not completed. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll a temporary or part-time employee who was a CalPERS member. Temporary or part-time employees with active membership should be enrolled into membership per Government Code section 20305.
2	Limited Duration	The Agency hired fourteen retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
3	Additional Benefits	The Agency provided holiday benefits to a retired annuitant; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.

CITY OF PALO ALTO

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

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SANTA CLARA VALLEY WATER DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4282193951	4P17-024	January 1, 1962	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for two sampled retired annuitants during Fiscal Year 2014-15. Additionally, the Agency enrolled, but did not report the hours worked, for another three sampled retired annuitants during Fiscal Years 2014-15, 2015-16 and 2016-17. The Agency stated they were aware of the requirement to enroll and report the hours for retired annuitants and had started the process; however,

Employment of Retired Annuitants

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SANTA CLARA VALLEY WATER DISTRICT

	Area	Exception	Observation
			they had not completed the process. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	One retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 984 hours during Fiscal Year 2014-15. The Agency explained that at the time the individual was hired they were not aware the individual was a retired annuitant and therefore subject to the 960-hour limit. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

SANTA CLARA VALLEY WATER DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired five retired annuitants who worked for the Agency for several years. One of the retired annuitants was noted in Observations 1 and 2. The other four were not noted in the Observations. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations.

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HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5696253163	4P17-025	January 2, 1965	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for a sampled retired annuitant during Fiscal Year 2014-15. The Agency did not provide a cause for not enrolling and reporting the retired annuitants hours. CalPERS informed all public agencies in January 2014 of the

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

	Area	Exception	Observation
			requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll one temporary or part-time employee who was a CalPERS member. Temporary or part-time employees with active membership should be enrolled into membership per Government Code section 20305.
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HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report and provided additional information for the Other Matters. OFAS reviewed the information and revised the Other Matters.

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GOLDEN GATE BRIDGE HIGHWAY AND TRANSPORTATION DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
3087042275	4P17-026	March 1, 1944	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for three sampled retired annuitants during Fiscal Years 2014-15, 2015-16, and 2016-17. The Agency stated they were not aware of the requirement to enroll and report hours for retired annuitants. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired

GOLDEN GATE BRIDGE HIGHWAY AND TRANSPORTATION DISTRICT

Area	Exception	Observation
		annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. The retired annuitants were also noted in Observation 1. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
2	Membership	The Agency did not timely enroll four part-time employees who worked over 1,000 hours in a fiscal year. Government Code section 20305 requires agencies to enroll part-time employees into membership no later than the first day of the first pay period of the month following the month 1,000 hours of service are completed.
3	Additional Benefits	The Agency paid a 10 percent acting premium to a retired annuitant; however, retired annuitants are not allowed to receive any benefit in addition to the regular hourly rate of pay per Government Code sections 21221 and 21224. The retired annuitant was also noted in Observation 1 and Other Matters 1.

GOLDEN GATE BRIDGE HIGHWAY AND TRANSPORTATION DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations. However, the Agency disagreed with the Other Matter-Membership and provided additional information. OFAS reviewed the information and concluded the Other Matters will remain as stated.

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COUNTY OF CALAVERAS

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1957548103	4P17-027	February 1, 1969	Miscellaneous Safety-County Peace Officer Safety-Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	No Hours Reported	The Agency enrolled retired annuitants in the myCalPERS system, but did not report the hours worked. Specifically, the Agency did not report the hours worked for six sampled retired annuitants during Fiscal Years 2014-15, 2015-16, and 2016-17. The Agency stated they have a system issue that does not allow automated reporting to myCalPERS. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the

COUNTY OF CALAVERAS

	Area	Exception	Observation
			my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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COUNTY OF CALAVERAS

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not provide a response to the report.

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REGIONAL CENTER OF ORANGE COUNTY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7445388611	4P17-028	January 18, 2004	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for retired annuitants in the myCalPERS system. Specifically, the Agency did not enroll and report the hours worked for two sampled retired annuitants during Fiscal Years 2015-16 and 2016-17, and did not report the hours worked for another two sampled retired annuitants that were enrolled during Fiscal Year 2014-15. The Agency stated they were uncertain of the reason why the former Chief Financial Officer did not enroll or report hours for the retired annuitants. CalPERS informed all public agencies in January 2014 of the requirement to enroll

REGIONAL CENTER OF ORANGE COUNTY

	Area	Exception	Observation
			retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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REGIONAL CENTER OF ORANGE COUNTY

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency partially disagreed with the Observation and provided additional information. OFAS reviewed the information and revised the Observation.

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TRI-COUNTIES ASSOCIATION FOR THE DEVELOPMENTALLY DISABLED

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6850180664	4P17-029	September 1, 1995	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills; or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

TRI-COUNTIES ASSOCIATION FOR THE DEVELOPMENTALLY DISABLED

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CITY OF ONTARIO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
1141706726	4P17-030	January 1, 1946	Miscellaneous Safety – Police Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report hours worked for one sampled retired annuitant during Fiscal Years 2014-15, 2015-16 and 2016-17. The Agency stated the enrollment error occurred due to an oversight. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-

Employment of Retired Annuitants

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CITY OF ONTARIO

	Area	Exception	Observation
			002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	The sampled retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the sampled retired annuitant worked 1,075.70 hours during Fiscal Year 2015-16 and 1,025.75 hours during Fiscal Year 2016-17. The Agency stated that the error occurred because its time tracking system was not accurately tracking the retired annuitant's hours. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure the retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

CITY OF ONTARIO

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not indicate agreement or disagreement with Observation 1 and agreed with Observation 2. The Agency provided additional information. OFAS reviewed the additional information and concluded the Observations will remain as stated.

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STATE BAR OF CALIFORNIA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6732849460	4P17-031	May 1, 1959	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for a sampled retired annuitant in the my CalPERS system and did not report hours worked for another sampled retired annuitant who was enrolled into the My CalPERS system. Specifically, the Agency did not enroll and report the hours worked for one sampled retired annuitant during Fiscal Year 2014-15. Additionally, the Agency enrolled, but did not report the hours worked for a second retired annuitant during Fiscal Year 2015-16. The Agency stated that they only verify

STATE BAR OF CALIFORNIA

	Area	Exception	Observation
			CalPERS membership when the retiree is hired by Human Resources and is a previous State Bar employee. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency hires temporary/part-time employees through an employment agency and appears to enroll some, but not all employees into CalPERS membership. OFAS noted the Agency enrolled four temporary/part-time who worked more than 1,000 hours in a fiscal year; however, the employees were not enrolled on a timely basis. In addition, the Agency did not enroll two temporary/part-time employees with active CalPERS membership through a different CalPERS agency. Government Code 20305 requires agencies to immediately enroll temporary/part-time employees with active membership status and to enroll temporary/part-time employees once they reach 1,000 hours worked in a fiscal year.
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STATE BAR OF CALIFORNIA

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report and has started to resolve the Observation.

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CITY OF DALY CITY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6727554025	4P17-032	August 1, 1946	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF DALY CITY

Other Matters

OFAS identified other matters that were outside scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency employed a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CITY OF DESERT HOT SPRINGS

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6958229795	4P17-033	January 8, 1984	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

CITY OF DESERT HOT SPRINGS

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CITY AND COUNTY OF SAN FRANCISCO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
3715108645	4P17-034	February 7, 1969	Miscellaneous Safety - County Peace Officers Safety- Police Safety - Sheriff

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for six sampled retired annuitants during Fiscal Years 2014-15, 2015-16 and 2016-17. The Agency stated they were not aware of the requirement to enroll and report hours for retired annuitants. CalPERS informed all public agencies in

CITY AND COUNTY OF SAN FRANCISCO

	Area	Exception	Observation
			January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	One of the six sampled retired annuitants noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the sampled retired annuitant worked 1,012 hours during Fiscal Year 2014-15 with the Agency, separated and then was rehired by another division of the Agency as a full-time permanent employee. However, the retired annuitant was not reinstated into CalPERS membership. The retired annuitant worked an additional 816 hours for a combined total of 1,828 hours during Fiscal Year 2014-15. In addition, the retired annuitant worked 1,720 hours during Fiscal year 2015-16, and 1,680 hours during Fiscal Year 2016-17. Although the Agency is still contracting with CalPERS, the Agency was unaware the employee was retired because he did not retire from their Agency and they do not enroll or check CalPERS membership status on new employees as new employees have been enrolled into the San Francisco Employees Retirement System SFERS since 2012. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

CITY AND COUNTY OF SAN FRANCISCO

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. The four retired annuitants were also noted in Observation 1 and one of the four was noted in Observation 2.
2	Membership	The Agency indicated during the review they have not enrolled any new employees into my CalPERS since 2012 when they began enrolling all new employees into San Francisco Employees Retirement System (SFERS). However, Government Code section 20502 states that membership in the CalPERS system is compulsory for all employees included under contract with the exception of employees excluded under Government Code sections 20303 and 20305.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

CITY AND COUNTY OF SAN FRANCISCO

Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations.

COUNTY OF EL DORADO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
4797218318	4P17-035	January 1, 1965	Miscellaneous Safety – County Peace Officers

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for a sampled retired annuitant during Fiscal Years 2014-15, 2015-16, and 2016-17. The Agency stated that they did not enroll and report the hours since the retiree was an elected official. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist

Employment of Retired Annuitants

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COUNTY OF EL DORADO

	Area	Exception	Observation
			attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency disagreed with Observations 1 and 2. OFAS reviewed the disagreement and concluded that Observation 1 will remain as stated and Observation 2 should be removed.

GEORGETOWN FIRE PROTECTION DISTRICT

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
7378951030	4P17-036	April 2, 1983	Miscellaneous Safety – Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for a sampled retired annuitant during Fiscal Years 2014-15, 2015-16 and 2016-17. The Agency stated they contract with the County of El Dorado to monitor, enroll and report the hours worked for retired annuitants and they were not aware the County did not enroll and report the retired annuitant. CalPERS informed all public agencies in January 2014 of the requirement to

GEORGETOWN FIRE PROTECTION DISTRICT

	Area	Exception	Observation
			enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Additional Benefits	The Agency provided the retired annuitant with a night coverage payment of \$150; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.
2	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.

GEORGETOWN FIRE PROTECTION DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation in the report and provided additional information. OFAS reviewed the information and concluded the Observation and Other Matters will remain as stated.

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CITY OF WEST SACRAMENTO

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
4259962247	4P17-037	January 1, 1987	Miscellaneous Safety - Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1 through June 30 in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the myCalPERS system. Specifically, the Agency did not enroll and report the hours worked for the retired annuitant during Fiscal Year 2014-15. The Agency explained they were not aware during Fiscal Year 2014-15 that the employee was a retired annuitant. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours

CITY OF WEST SACRAMENTO

	Area	Exception	Observation
			worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	The sampled retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the Agency enrolled the retired annuitant into the my CalPERS system during Fiscal Year 2015-16 and reported 436 hours worked. However, the retired annuitant worked a total of 965 hours during the fiscal year. The Agency explained they enrolled and began reporting hours when they became aware the employee was a retired annuitant. The Agency also explained only regular hours were tracked and the retired annuitant exceeded the 960-hour limit by working overtime hours. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure the retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

CITY OF WEST SACRAMENTO

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired five retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration pursuant to Government Code sections 21221, 21224, and 7522.56. One of the retired annuitants was noted in Observations 1 and 2.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report. The Agency also provided additional information which resulted in the removal of an item from Other Matters.

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COUNTY OF YOLO

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6380137448	4P17-038	January 1, 1960	Miscellaneous Safety – Sheriff Safety – County Peace Officers

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours	Exceeded 960 Hours	One sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 962 hours during Fiscal Year 2014-15. The Agency did not provide a cause for this Observation. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant

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COUNTY OF YOLO

	Area	Exception	Observation
			exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll, or timely enroll into CalPERS membership, five temporary/part-time employees. Three of the part-time employees worked over 1,000 hours in a fiscal year and were not enrolled, another one worked over 1,000 hours and was not enrolled timely, and the last one with active CalPERS membership through another agency was not enrolled timely. Government Code section 20305 requires Agencies to immediately enroll temporary/part-time employees with active CalPERS membership status and to enroll temporary/part-time employees once they reach 1,000 hours worked in a fiscal year.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

COUNTY OF YOLO

Summarized Response

The Agency agreed with the Observation noted in the report.

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SAN DIEGO COMMUNITY COLLEGE DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4874136617	4P17-039	July 1, 1949	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	One sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 1,098 hours during Fiscal Year 2014-15, 1,132 hours during Fiscal Year 2015-16, and 1,013.50 hours during Fiscal Year 2016-17. The Agency did not provide a cause for this Observation. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st

SAN DIEGO COMMUNITY COLLEGE DISTRICT

	Area	Exception	Observation
			through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired eight retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. One of the sampled retired annuitants was noted in Observation 1.
2	Additional Benefits	The Agency provided additional benefits to three retired annuitants. One retired annuitant received out-of-district travel pay and sick leave benefits, another received shift pay, sick leave and vacation benefits, and one received sick leave benefits. Retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

SAN DIEGO COMMUNITY COLLEGE DISTRICT

Summarized Response

The Agency did not indicate agreement or disagreement with the Observations noted in the report.

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LONG BEACH UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5481824667	4P17-040	March 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one retired annuitant worked 1,136.5 hours during Fiscal Year 2014-15 and 1,130 hours during Fiscal Year 2015-16. The other retired annuitant worked 975 hours during Fiscal Year 2014-15. The Agency did not provide a cause for the Observations. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year

LONG BEACH UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Additional Benefits	The Agency provided shift differential pay to two retired annuitants; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224. One of the two retired annuitants was noted in Observation1.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

LONG BEACH UNIFIED SCHOOL DISTRICT

Summarized Response

The Agency did not provide a response to the report.

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MORENO VALLEY UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4187017037	4P17-041	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for a sampled retired annuitant in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for one sampled retired annuitant during Fiscal Year 2015-16. The Agency stated the error was due to causes that are no longer existent due to a change in staffing and to internal and external training. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer

MORENO VALLEY UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure they don't exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	Three sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one retired annuitant worked 1,121.50 hours during Fiscal Year 2014-15. Another retired annuitant worked 1,376 hours during Fiscal Year 2014-15 and 1,008 hours during Fiscal Year 2015-16. The third sampled retired annuitant worked 1,263 hours during Fiscal Year 2014-15 and 1,047 hours during Fiscal Year 2016-17. The Agency stated the error was due to causes that are no longer existent due to a change in staffing and to internal and external training. The Agency stated they have increased trainings and placed procedures and internal controls in place to ensure proper retirement reporting. Government Code sections 21220, 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30 th . When a retired annuitant exceeds the 960 hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

MORENO VALLEY UNIFIED SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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MT. DIABLO UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1770922472	4P17-042	July 1, 1948	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for six sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for six sampled retired annuitants during Fiscal Years 2014-15, 2015-16, and 2016-17. The Agency explained they were unaware the six retired annuitants had not been enrolled into my CalPERS. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the

MT. DIABLO UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	One of the six retired annuitants noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant noted in Observation 1 worked 998.70 hours during Fiscal Year 2016-17. In addition, three sampled retired annuitants who were enrolled into the my CalPERS system with hours reported worked more than 960 hours in a fiscal year without reinstatement. Specifically, retired annuitants worked 998 hours during Fiscal Year 2014-15, 971.29 hours during Fiscal Year 2015-16, and 976.50 hours during Fiscal Year 2016-17 respectively. The Agency explained that during this period their expectation was the retirees were responsible for tracking their own hours. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired three retired annuitants who worked for the Agency for several years. Two of the retired annuitants were noted in Observation 1 and the other retired annuitant was noted in Observations 1 and 2. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
2	Additional Benefits	The Agency provided holiday pay to four retired annuitants; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224. One of the retired annuitants was noted in Observation 1, two retired annuitants were noted in Observation 2 and one of the retired annuitants was noted in both Observations 1 and 2.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
3254572850	4P17-043	May 1, 1949	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Four sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,158.50 hours during Fiscal Year 2014-15, a second retired annuitant worked 1,121.50 hours during Fiscal Year 2014-15, a third retired annuitant worked 1,129.83 hours during Fiscal Year 2014-15, and a fourth retired annuitant worked 960.50 hours during Fiscal Year 2015-16. The Agency stated they were not aware that the four retirees had exceeded CalPERS' 960 work hours

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			requirement and it is the retirees' responsibility to keep track of the number of hours worked during a fiscal year to ensure they do not exceed this limitation. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not indicate agreement or disagreement with the Observation noted in the report.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7193025540	4P17-044	July 1, 1948	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and report hours worked for sampled retired annuitants in the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for three sampled retired annuitants during Fiscal Years 2014-15, 2015-16 and 2016-17. The Agency explained the error occurred because of staffing turnover that took place during the review period. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	In addition to the retired annuitants noted in Observation 1, three sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one retired annuitant worked 1,275 hours during Fiscal Year 2014-15, another retired annuitant worked 1,293.50 hours during Fiscal Year 2015-16 and the third retired annuitant worked 969 hours during Fiscal Year 2015-16 and 963.50 hours in Fiscal Year 2016-17. The Agency explained the error occurred because a new computer system was implemented in 2014 and the hours were being tracked in multiple systems. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired three retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56. Two of the three retired annuitants were noted in Observation 2.
1	Membership	The Agency did not enroll two temporary/part-time employees into membership who worked over 1,000 hours in Fiscal Year 2014-15. Government Code section 20305 requires Agencies to enroll temporary/part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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VALLEJO CITY UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6997730162	4P17-045	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one retired annuitant worked 1,124.25 hours during Fiscal Year 2014-15 and the other retired annuitant worked 1,005.50 hours during Fiscal Year 2014-15 and 972.89 hours during Fiscal Year 2016-17. Although the Agency enrolled and reported the hours for the retired annuitants, they did not properly apply the 960-hour limit in the sample cases. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot

VALLEJO CITY UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Additional Benefits	The Agency provided sick leave benefits to the two retired annuitants noted in Observation 1; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.
2	Limited Duration	The two retired annuitants noted in Observation 1 worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

VALLEJO CITY UNIFIED SCHOOL DISTRICT

Summarized Response

The Agency did not provide a response to the report.

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INGLEWOOD UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2763241530	4P17-046	March 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	One sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 994.25 hours during Fiscal Year 2015-16. The Agency explained that the Los Angeles County Office of Education tracks the hours worked by retired annuitants and provides the Agency reports in advisement of retired annuitants working hours nearing the 960-hour threshold. In this case the Agency did not follow up on the advisement to prevent the retired annuitant from working beyond 960 hours. Government Code sections 21221, 21224, 21229 and

INGLEWOOD UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll, or timely enroll into CalPERS membership, eight part-time employees who worked over 1,000 hours in one or more fiscal years. For example, one of the eight part-time employees worked 1,446 hours in Fiscal Year 2014-15 and 1,398 hours in Fiscal Year 2015-16; however, the employee was not enrolled into membership. Government Code section 20305 requires Agencies to enroll part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.
2	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not indicate agreement or disagreement with the Observation noted in the report.

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CITY OF CLOVIS

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1662820276	4P17-047	January 1, 1967	Miscellaneous Safety – Police Safety - Fire

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	One sampled retired annuitant worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 963.50 hours during Fiscal Year 2015-16. The Agency explained the error occurred because hours from June 2016 were reported in Fiscal Year 2016-17 instead of Fiscal Year 2015-16. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more

CITY OF CLOVIS

	Area	Exception	Observation
			than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of the review. These matters were discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired five retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
2	Additional Benefits	The Agency provided sick leave benefits to a retired annuitant; however, retired annuitants are not allowed to receive any benefit in addition to the hourly rate of pay per Government Code sections 21221 and 21224.
3	Membership	The Agency did not enroll nine temporary part-time employees who worked over 1,000 hours in a fiscal year. Government Code section 20305 requires Agencies to enroll temporary part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.

CITY OF CLOVIS

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

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EL CAMINO COMMUNITY COLLEGE DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7359671465	4P17-048	July 1,1948	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	No Hours Reported	The Agency enrolled retired annuitants in the my CalPERS system, but did not report the hours worked. Specifically, the Agency did not report the hours worked for two sampled retired annuitant during Fiscal Years 2014-15 and 2015-2016. The Agency explained the retired annuitants hours worked were not reported due to a coding error. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the my CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and

Employment of Retired Annuitants

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EL CAMINO COMMUNITY COLLEGE DISTRICT

	Area	Exception	Observation
			the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Without enrolling and reporting hours worked for retired annuitants, the Agency cannot ensure that they do not exceed 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
	Hours Worked	Exceeded 960 Hours	One retired annuitant noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, the retired annuitant worked 1,098 hours during Fiscal Year 2014-15, 1,184 hours during Fiscal Year 2015-16, and 1,072 hours during Fiscal Year 2016-17. The Agency stated the retired annuitant's hours worked were not tracked. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

EL CAMINO COMMUNITY COLLEGE DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.ublic Employees' Retirement Law.

1	Limited Duration	The Agency hired six retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report.

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ORANGE UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7049406655	4P17-049	March 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,312 hours during Fiscal Year 2014-15 and the other retired annuitant worked 990 hours during Fiscal Year 2014-15 and 992 hours during Fiscal Year 2016-17. The Agency stated the staff responsible for authorizing and assigning work to the retirees were unaware the retirees had reached the 960-hour limit during the affected fiscal years. The Agency also stated that effective July 1, 2018, they

ORANGE UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			implemented systems with their Human Resources and Payroll Department to avoid any reoccurrence in the future. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired a retired annuitant who worked for the Agency for several years. It appears the retired annuitant did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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ORANGE UNIFIED SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not provide a response to the report.

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BURBANK UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1570151094	4P17-050	March 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the myCalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

BURBANK UNIFIED SCHOOL DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract that were subject to this review. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

CHICO UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1492796491	4P17-051	January 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 984 hours during Fiscal Year 2016-17 and the other retired annuitant worked 962 hours during Fiscal Year 2015-16 and 961 hours during Fiscal Year 2016-17. The Agency explained they reported hours worked by retired annuitants in the my CalPERS system; however, they did not assign an employee to monitor the hours as they believed the number of hours worked were tracked by the retired

CHICO UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			annuitants and CalPERS. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure the retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified an other matter that was outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Special Compensation	The Agency incorrectly reported longevity pay for two retirees in their final compensation period prior to retirement. The longevity pay was reported as regular earnings, reported in a lump sum payment, and reported with an incorrect payrate. The retired annuitants were different than the two retired annuitants noted in Observation 1.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

CHICO UNIFIED SCHOOL DISTRICT

Summarized Response

The Agency agreed with the Observation noted in the report.

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LOS ANGELES COUNTY OFFICE OF EDUCATION

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
1803111608	4P17-052	July 1, 1946	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

LOS ANGELES COUNTY OFFICE OF EDUCATION

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

FONTANA UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5612530971	4P17-053	May 1, 1949	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 1,132.25 hours during Fiscal Year 2014-15 and 960.50 hours during Fiscal year 2015-16. The other retired annuitant worked 968 hours during Fiscal Year 2015-16. The Agency explained the error occurred because they have traditionally relied on the retired annuitants to understand they can only work 960 and limit hours accordingly. The Agency stated they often have retired annuitants who work in multiple locations within the school

Employment of Retired Annuitants

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FONTANA UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			district so they can't always track the number of hours a retiree will work. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30 th . When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observation noted in the report.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2014820387	4P17-054	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the myCalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired nine retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

HANFORD ELEMENTARY SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
3048167029	4P17-055	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

HANFORD ELEMENTARY SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

SAN DIEGO UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7354575882	4P17-056	July 1, 1949	Miscellaneous Safety – Police

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for two sampled retired annuitants in the my CalPERS system and did not report hours worked for another two sampled retired annuitants who were enrolled into the my CalPERS system. Specifically, the Agency did not enroll and report the hours worked for two sampled retired annuitants during Fiscal Years 2014-15 and 2016-17. Additionally, the Agency enrolled, but did not report the hours worked, for another two sampled retired annuitants during Fiscal Years 2014-15 and 2015-16.

SAN DIEGO UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			The Agency stated that as the result of a staff transition, retired annuitants' hours worked were not included in a reporting tool used to transmit CalPERS member earnings and contributions, and that some retired annuitants had been excluded from reporting during that time. CalPERS informed all public agencies in January 2014 of the requirement to enroll retired annuitants and report their hours worked in the myCalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Not enrolling and reporting hours worked for retired annuitants means their hours worked will not be tracked which could result in their working over 960 hours in a fiscal year. In addition, an amendment to Government Code section 21220 effective January 1, 2018 subjects all CalPERS employers to monthly fees should they fail to enroll retired annuitants and report their hours worked.
2	Hours Worked	Exceeded 960 Hours	Three of the four sampled retired annuitants noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 992 hours during Fiscal Year 2014-15, another retired annuitant worked 1,012.50 hours during Fiscal Year 2015-16, and the third retired annuitant worked 989.35 hours during Fiscal Year 2016-17. The Agency stated that they identified some retired annuitants were not reported and as a result some worked more than 960 hours in a fiscal year. Government Code sections 21220, 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

SAN DIEGO UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired four retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations.

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SAN JUAN UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5621014982	4P17-057	May 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Enrollment	Not Enrolled / No Hours Reported	The Agency did not enroll and/or report hours worked for sampled retired annuitants in the myCalPERS system. Specifically, the Agency did not enroll and report the hours worked for two sampled retired annuitants during Fiscal Year 2015-16. Additionally, the Agency enrolled, but did not report the hours worked, for another two sampled retired annuitants during Fiscal Year 2016-17. The Agency stated they were not aware of the requirement to enroll and report hours for retired annuitants. CalPERS informed all public agencies and schools in January 2014 of the requirement to enroll retired

SAN JUAN UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			annuitants and report their hours worked in the my/CalPERS system via Circular Letter 200-002-14 with the Employer Checklist attachment thereto, and the CalPERS Public Agency and Schools Reference Guide explains that hours worked by retired annuitants must be reported for tracking purposes. Government Code sections 20120 and 20121 state that the management and control of the system are vested in the CalPERS board and the board may make rules as it deems proper.
2	Hours Worked	Exceeded 960 Hours	Three of the sampled retired annuitants noted in Observation 1 worked more than 960 hours in a fiscal year without reinstatement. Specifically, two of the retired annuitants worked 1,117.50 and 1,081.5 hours respectively during Fiscal Year 2015-16. The third retired annuitant worked 1,049 hours during Fiscal Year 2016-17. The Agency explained the error occurred because they were unaware they needed to track hours for retired annuitants and believed that the retirees were responsible for tracking their own hours. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044 defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960 hour limit they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in my|CalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

SAN JUAN UNIFIED SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed with the Observations noted in the report and has started to resolve the Observations.

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WOODLAND JOINT UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6192222625	4P17-058	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

	Area	Exception	Observation
1	Hours Worked	Exceeded 960 Hours	Two sampled retired annuitants worked more than 960 hours in a fiscal year without reinstatement. Specifically, one of the retired annuitants worked 961.50 hours during Fiscal Year 2015-16 and the other retired annuitant worked 1,020.50 hours during Fiscal Year 2015-16. Agency staff stated that they do not track the hours worked by retired annuitants. Tracking of hours is performed by the County Office of Education. Government Code sections 21221, 21224, 21229 and 7522.56 state that retired annuitants cannot work more than 960 hours in a fiscal year and Government Code 20044

WOODLAND JOINT UNIFIED SCHOOL DISTRICT

	Area	Exception	Observation
			defines a fiscal year as July 1st through June 30th. When a retired annuitant exceeds the 960-hour limit, they are subject to reinstatement under Government Code section 21202. In addition, the retired annuitant and the Agency are subject to the conditions/consequences set forth in Government Code section 21220.

Recommendation and Criteria

The Agency should enroll retired annuitants in myCalPERS and accurately track and report their hours worked to ensure retired annuitants do not work more than 960 hours in a fiscal year without reinstatement. The Agency should work with the CalPERS Employer Account Management Division to identify and make adjustments, if necessary, to any impacted active and retired member accounts pursuant to Government Code Section 20160.

Government Codes: § 20044, § 20120, § 20121, § 20122, § 20160, § 21202, § 21220, § 21221, § 21224, § 21229 and § 7522.56

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination with regard to the results noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not provide a response to the report.

ALTA CA REGIONAL CENTER, INC.

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6051653640	4P17-059	July 1, 2002	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

The review was limited to the examination of a sample of retired annuitant records for the period July 1, 2014 through June 30, 2017. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the agencies' compliance with the PERL with regard to any areas outside the scope described herein, including, but not limited to, additional requirements under the PERL and PEPRA for post-retirement work such as reported pay rates, minimum and maximum pay rates, bona fide separation, duration of employment, specialized skills, or disability retirement. In addition, OFAS did not review retired annuitants deemed by the agencies to be independent contractors.

Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the myCalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

ALTA CA REGIONAL CENTER, INC.

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Limited Duration	The Agency hired two retired annuitants who worked for the Agency for several years. It appears the retired annuitants did not work during an emergency, or in connection with an interim appointment, or for a limited duration per Government Code sections 21221, 21224 and 7522.56.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

BANNING UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6327131594	4P17-060	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the my|CalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

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Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the my|CalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

BANNING UNIFIED SCHOOL DISTRICT

Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

RIPON UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2183163920	4P17-061	July 1, 1949	Miscellaneous

The objective of our review was to determine whether public agencies and schools (Agencies) properly enrolled CalPERS retired annuitants with service retirement into the myCalPERS system and accurately tracked and reported their hours to ensure retired annuitants did not work more than 960 hours in a fiscal year. Government Code sections 21221, 21224, 21229 and 7522.56 provide that in a fiscal year retired members may work a total of 960 hours for all employers combined without reinstatement to employment. Government Code section 20044 defines a fiscal year as the period from July 1st through June 30th in any year.

It is important that agencies enroll CalPERS retired annuitants who return to work as employees and accurately report the hours worked by those retired annuitants. It assists CalPERS, the agencies, and the retired annuitants in tracking the number of hours worked to ensure compliance with the Public Employees' Retirement Law (PERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Ultimately it is the responsibility of the retired annuitants and agencies to ensure compliance with the PERL and with PEPRA and to be aware of the consequences of non-compliance. Working more than 960 hours in a fiscal year can result in mandatory reinstatement from retirement. In the event of reinstatement, both the retired annuitants and agencies may incur costs associated with the payment of contributions, repayment of retirement allowances, and reimbursement of administrative expenses to CalPERS.

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Results in Brief

Records for sampled retired annuitants with service retirement were reviewed to determine whether the retired annuitants were properly enrolled into the myCalPERS system and their hours worked were accurately reported and tracked to ensure they did not exceed 960 hours in any fiscal year. No exceptions were noted.

RIPON UNIFIED SCHOOL DISTRICT

Other Matters

OFAS identified other matters that were outside the scope of this review. This matter was discussed with the Agency. OFAS encourages the Agency to work with CalPERS to ensure compliance with the PERL.

1	Membership	The Agency did not enroll three temporary part-time employees who worked over 1,000 hours in a fiscal year. In addition, the Agency did not enroll two temporary part-time employees into membership in a timely manner. Government Code section 20305 requires Agencies to enroll temporary part-time employees after 1,000 hours of compensated services have been completed in a fiscal year.
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Conclusion

OFAS limited this review to the areas specified in the objective and scope section of this report. Sample testing procedures provide reasonable, but not absolute, assurance that the Agency complied with the specific provisions of the PERL and their CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Summarized Response

A response was not required because there were no Observations noted in the report.

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Santa Clara Valley Water District

File No.: 19-0560

Agenda Date: 6/26/2019

Item No.: 5.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Independent Auditor Report Update - TAP International, Inc.

RECOMMENDATION:

- A. Discuss the Annual Audit Work Plan and update, if necessary; and
- B. Discuss the status of on-going audits.

SUMMARY:

The Board Audit Committee (BAC) was established to assist the Board of Directors (Board), consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

On May 23, 2017, the Board, approved an on-call consultant agreement with TAP International, Inc. (TAP) for Board independent auditing services.

On September 26, 2018, TAP International presented the final Risk Assessment Model to the BAC assessing operational risks to the Santa Clara Valley Water District ("Valley Water"). The Risk Assessment Model developed heat maps of Valley Water operational areas based on risk impact (low, moderate, and high risk). The results of the risk assessment include input from Valley Water's Board of Directors, management, and staff and would be used to assist in the development of an Annual Audit Work Plan. The highest risk areas include procurement, contract change order management, succession planning, and fraud prevention.

On February 26, 2019, the Board approved the Board Audit Committee's recommendation for TAP to conduct three performance audits recommended by the Board Audit Committee. The three audits include performance audits of the District Counsel's office, contract change order management processes, and real estate services.

Following Board approval of the three performance audits, TAP initiated the audit of contract change order management processes and discussed the audit scope with the BAC Chair. Additionally, an amendment to the Board independent auditing services agreement was initiated to increase the not-to-exceed amount from \$405,000 to \$1,005,000 to complete all three proposed audits and approximately three additional future audits. When the agreement amendment is completed, TAP will initiate the performance audits of the District Counsel's office and real estate services.

On June 25, 2019, the Board will be asked to approve the Annual Audit Work Plan for FY 2018-2019 through FY 2020-2021 (Attachment 1).

ATTACHMENTS:

Attachment 1: Draft Annual Audit Work Plan

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Santa Clara Valley Water District Annual Audit Work Plan, FY 18/19 to FY 20/21.

DRAFT AUDIT WORK PLAN

SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS DRAFT
ANNUAL WORK PLAN, FY 18/19 TO FY 20/21

OVERVIEW

The selection of audits is an important responsibility of the Audit Committee. The formulation of this audit work began in 2018 when the Valley Water's Board of Director provided input and approved the enterprise risk assessment that was administered across agency operations. The audit work plan is a culmination of a comprehensive effort to consider input on auditable areas from Valley Water employees, mid-level management, executive management, and Board Directors.

The proposed audit work plan considers factors that, if addressed, will provide opportunities to mitigate those risks and improve operations. These factors include:

- **Operational** – Are Valley Water programs/activities performed and services delivered in the most efficient, effective, and economical manner possible, and do they represent sound business decisions, including appropriate responses to changes in the business environment?
- **Financial** – Is there an opportunity to improve how Valley Water manages, invests, spends, and accounts for its financial resources?
- **Regulatory** – Do Valley Water programs and activities comply with applicable laws and regulations?
- **Health and Safety** – Are Valley Water services delivered in a manner that protects our residents and employees from unnecessary exposure to environmental factors?
- **Information Security** – Are Valley Water's information systems and networks protected against unauthorized access, use, disclosure, disruption, modification, inspection, recording, or destruction?

In addition, the proposed audit work plan considers several other factors in the selection of audits.

- **Relevance** – Does the audit have the potential to affect Board decision-making or impact Valley Water customers and residents?
- **Best Practices** – Does the audit provide the opportunity to compare current performance to best practices?
- **Return on Investment** – Does the audit have the potential for cost savings, cost avoidance, or revenue generation?
- **Improvement** – Does the audit have the potential to result in meaningful improvement in how Valley Water does its business?
- **Risk** - The audit work plan also considers risks related to major functions, as identified through a 2017 enterprise risk assessment conducted by TAP International.
- **Audit Frequency** – Individual Divisions at the District should not be subject to more than two audits per year.

AUDIT WORK PLAN, FY 18/19 TO FY 20/21

This proposed audit work plan is divided into section. Section A describes ongoing non-audit (e.g. advisory) responsibilities of the Independent auditor and well as other quality assurance activities planned by District's executive management. Section B describes the audits planned for implementation by the Independent Auditor and other audits planned by District's executive management.

SECTION A

NON-AUDIT SERVICES AND SPECIAL PROJECTS

The following table lists non-audit services and special projects for the FY 2019-20 audit work plan:

Project	Scope	Planned Hours
Board of Director/Audit Committee Requests for Information	Ongoing. Should the Board of Directors request information on activities implemented by other public agencies or on other matters of interests applicable to enhancing the efficiency and effectiveness of operations, the independent auditor will collect and summarize information.	80
Audit Training	Annual. The Board Audit Committee Charter describes a requirement to provide audit training to BAC committee members at least annually.	2
Support services	Ongoing. Provide support services to Board Directors and Valley Water staff applicable to specific initiatives or planning projects to prevent potential service delivery risks, such as the planning of a new ERP system.	40
QEMS – Independent Auditor	Ongoing. Provide services to ensure proper oversight and accountability.	As needed
Management reviews	Ongoing. The District's CEO as needed will initiate internal quality assurance reviews of business practices and operations. These reviews are to be shared with the audit committee.	As needed

SECTION B: AUDIT SERVICES**AUDIT WORK PLAN – INDEPENDENT AUDITOR****FY 2018-19**

The following audits have been approved in FY 2018-19 by the Board of Directors and will continue into the FY 2019-20 audit work plan.

ID	Audit	Audit Objectives	Planned Hours
1	District Counsel Office Review	Are there structural, organizational, and process improvement opportunities for the District Counsel's Office?	664
5	Contract Change Order Processing	What types of business process improvements are necessary for contract change order processing?	429
6	Real Estate Review	How can the Real Estate improve its financial and service delivery performance?	574
Total	3 audits		1,667

FY 2019-20

The following audits have been selected for approval for the FY 2019-20 audit work plan.

ID	Audit Name	Audit Objectives	Planned Hours	Factors Considered
	Ad-hoc Board Audits	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	Sub Total		620-800	
13	Construction project management	What areas of Valley Water's capital project budgeting practices can benefit from adopting best practices?	314-371	Financial Improvement Risk Best practices
2	SCADA audit	Does the District's Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?	714-857	Information Security Relevance Improvement Risk
7	Permitting best practices	How does Valley Water's permitting process compare with other agencies? Can alternative permit processing activities benefit Valley Water?	171-229	Operational Best practices Improvement

4	Risk Management	Can risk management business processes be implemented more effectively? (i.e. contract claims, workers compensation, small claims).	143-260	Relevance Financial Operational Best practices
3	Billing and Collections audit	Are there opportunities to enhance Valley Water's billing and collection processes?	343-429	Relevance Financial Regulatory Improvement Risk Return on Investment
11	Accountability audit	Are there opportunities to enhance safe clean water audits?	115-171	Health and Safety Relevance Improvement
Sub Total	6		1,800-2,317	

FY 2020-21

The following audits have been selected for approval for the FY 2020-21 audit work plan.

ID	Audit Name	Audit Objectives	Planned Hours	Factors Considered
	Ad-hoc Board Audits	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	Subtotal		620-800	
21	Community engagement	Can the District benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities?	371-457	Financial Improvement Operational Best practices
20	Homelessness analysis	How can the District enhance its homelessness encampment clean-up activities that protect the health and safety of District employees?	290-371	Health and Safety Relevance Financial Operational
8	Classified information	To what extent does the District's Counsel's office appropriately classify confidential information?	143-200	Relevance Operational
26	Local workforce hiring	What are the financial and service delivery disadvantages and advantages	200-229	Operational

		of RFPs that require preferences for local workforce hiring?		
27	Equipment maintenance	Is Valley Water adequately meeting the needs of equipment maintenance?	143-229	Health and safety Operational Financial
30	Community engagement	What are the best practices in planning and facilitating community engagement?	46-86	Best practices Operational
33	Water Fix	What potential financial risks could occur on the California Water Fix project?	160-286	Financial Relevance
Sub Total	7		1,353 -1,858	

AUDIT WORK PLAN – DISTRICT RESPONSIBILITY**FY 18/19 THRU FY 19-20****QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM PROCESS AUDITS**

AUDIT DESCRIPTION	Proposed Audit Schedule 2019											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
QUALITY ENVIRONMENTAL MANGEMENT SYSTEM INTERNAL AUDITS												
Treated Water O&M DOO: Customer Service Survey								X				
Laboratory Services Unit												X
North Treatment Operations Unit												X
South Water Treatment Operations Unit												X
Treatment Plant Maintenance Unit												X
Water Quality Unit										X		
Water Utility Capital Division												
Capital Program Planning and Analysis Unit										X		
Construction Services Unit										X		
Pipelines Project Delivery Unit										X		
East Side Project Delivery Unit				X								
West Side Project Delivery Unit									X			
Dam Safety & Capital Delivery Division												
CADD Services Unit					X							
Dam Safety Program & Project Delivery Unit									X			
Design and Construction Unit 3											X	
Pacheco Project Delivery Unit											X	
Water Supply Division DOO: Customer Service Survey								X				
Wells & Water Measurement Unit				X								
Watershed Design and Construction Division												
Design and Construction Unit 1									X			
Design and Construction Unit 2									X			
Design and Construction Unit 4											X	
Design and Construction Unit 5								X				
Land Survey and Mapping Unit											X	
Real Estate Services Unit						X						
Associated Business Support Areas												
Facilities Management						X						
Infrastructure Services/IT					X							
Equipment Management							X					
Purchasing, Consultant Contract, and Warehouse				X								
Security and Emergency Services							X					
Environmental Health and Safety					X							
Workforce Development (Training)						X						
Core ISO Procedures: Continual Improvement Unit						X						
Office of External Affairs (Communications)						X						
Office of the Clerk of the Board (Communications)				X								

COMPLIANCE AND FINANCIAL AUDITS

FINANCIAL AUDITS													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Financial Audits													X
Treasurer's Report													X
Appropriation's Limit													X
Compensation and Benefit Compliance (odd years)													X
Travel Expenses Reimbursement (even years)													X
Single Audit (if applicable)		X											
WUE Fund Audit						X							