

Office of Audit Services
Summary of State Controller's Office Review Report on
Pension Controls and Mechanisms
Current Update as of December 31, 2016

Audit (Report Issue Date): Pension Controls and Mechanisms (9/09/14)

Finding: CalPERS lacks sufficient oversight of reporting entities

Recommendation 3: Perform an analysis to determine the additional types of resources needed in order to provide more effective and adequate oversight of the entities reporting to CalPERS for active employees.

Management's Current Update: RESOLVED. The Employer Account Management Division (EAMD) documented an analysis of alternatives, identifying several solutions to enhance controls and mechanisms used to review active members. EAMD moved the analysis forward in the budget process, requesting resources to increase oversight in this area. EAMD received board approval for five additional resources. All positions have been filled as of October 2016. The compensation review section has incorporated the new process into their workload and has begun reviewing cases.

Recommendation 4: Require procedures to review active employees' pay amounts for material increases in compensation and special compensation amounts.

Management's Current Update: RESOLVED. EAMD is enhancing already existing procedures to review a broader scope of member compensation. Procedures for the active employee compensation review process have been created and approved by EAMD.

Recommendation 6: Request additional analytical staff and/or auditors for the Compensation Review Unit to aid in the review of potential spiking by active employees.

Management's Current Update: RESOLVED. EAMD documented an analysis of alternatives, identifying several solutions to enhance controls and mechanisms used to review active members. EAMD moved the analysis forward in the budget process, requesting resources to increase oversight in this area. EAMD received board approval for five additional resources. All positions have been filled as of October 2016. The compensation review section has incorporated the new process into their workload and has begun reviewing cases.