

**BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF POLICY
DISCHARGE FROM ACCOUNTABILITY
[November 1, 2000]**

~~This document is effective immediately upon adoption, and is adopted pursuant to California Government Code sections 20120 and 20121, California Constitution, article XVI, section 17, and Board Resolution BD-94-04. It supersedes all other policies concerning this subject.~~

~~The provisions of the California Constitution, Article XVI, section 17, shift authority for the oversight of CalPERS operations to the CalPERS Board, and generally removes CalPERS from the oversight and approvals contained in Government Code section 13940 et seq. As such, it is necessary to establish internal guidelines specifying approval requirements and signature authority which will serve as a replacement for the role the control agencies performed in relation to CalPERS' requests for discharge of uncollectible debt.~~

~~This policy applies to all CalPERS divisions.~~

~~Generally, under the circumstances detailed below, money Money owed to CalPERS that is due and payable, including, but not limited to, overpayments, contractual obligations, as well as any other debts and claims, may be discharged from accountability, if the amount is uncollectible or the amount of the debt does not justify the cost of its collection.~~

~~General guidelines for discharge of accountability approval shall be as follows:~~

- ~~1) All "Discharge from Accountability" requests less than \$10,000, and all those that are beyond the pertinent statutes of limitation, are delegated to the appropriate CalPERS Division Chief for review and recommendation for approval or denial. The recommendation shall be sent to Fiscal Services Division for final approval.~~
- ~~2) All "Discharge from Accountability" requests that do not involve statutes of limitation, and are between \$10,000 and up to \$19,999 — are delegated to the appropriate Assistant Chief Executive Officer, or designee. Recommendation for discharge should originate with the appropriate Division Chief and be reviewed by Fiscal before final determination by the Assistant Executive Officer.~~
- ~~3) All "Discharge from Accountability" requests that do not involve statutes of limitation and which are \$20,000 or more, are delegated to the Finance and Administration Committee (FAC) for review and final recommendation to the full Board. The Board will make the final approval or denial.~~

As stated above, discharges from accountability that involve member debts related to the administration of pension benefits are codified in Government Code, section 20164(b)(1) that are beyond the statutes of limitation, are delegated to the appropriate Division Chief, no matter their dollar amount. ~~As is deemed appropriate, Division Chiefs who believe that the relevant statute of limitation has expired shall seek approval from the Legal Office prior to approving the discharge from accountability.~~ The rationale for the statute of limitation delegation is that debts owed that are beyond the relevant statute of limitation are not legally recoverable and no discretion for collection exists.

It is anticipated that the ~~Finance Committee~~FAC will be required to act upon discharge from accountability requests at least once a year. If the number of ~~write-off~~ discharge from accountability requests, above the dollar limits indicated in this policy, warrant additional attention by the ~~Finance Committee~~FAC, CalPERS staff will notify the ~~Finance Committee~~FAC of the need for additional action. ~~Fiscal Services~~The Financial Office will submit an annual report to the ~~Finance Committee~~FAC detailing the number and dollar amount of all debts discharged during the last year.

To comply with the constitutionally-mandated standards of diligence, care, prudence, and skill, strong internal controls and thorough review shall be part of the internal process. ~~Upon adoption of this policy by the Board, specific procedures for processing requests for discharge from accountability will be developed and submitted to the Board for review and approval.~~