Office of Audit Services

Public Agency Review

Sacramento County Public Law Library

CalPERS ID: 1177575384
Job Number: P14-005

January 2015

California Public Employees' Retirement System
Office of Audit Services
P.O. Box 942701
Sacramento, CA 94229-2701
TTY: (877) 249-7442
(916) 795-0802 phone, (916) 795-7836 fax
www.calpers.ca.gov

January 30, 2015

CalPERS ID: 1177575384
Job Number: P14-005

Janet Rollins, Office Manager
Sacramento County Public Law Library
609 9th Street
Sacramento, CA 95814

Dear Ms. Rollins:

Enclosed is our final report on the results of the public agency review completed for the Sacramento County Public Law Library (Agency). Your written response, included as an appendix to the report, indicates agreement with the issue noted in the report. In accordance with our resolution policy, we have referred the issue identified in the report to the appropriate divisions at CalPERS. Please work with these divisions to address the recommendations specified in our report. It was our pleasure to work with your Agency and we appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original Signed By Young Hamilton

YOUNG HAMILTON, Acting Chief
Office of Audit Services

Enclosure

cc: Board of Trustees, Sacramento County Public Law Library
Risk and Audit Committee Members, CalPERS
Matthew G. Jacobs, General Counsel, CalPERS
Diane Alsup, Interim Chief, BNSD, CalPERS
Anthony Suine, Interim Chief, CASD, CalPERS
Renee Ostrander, Assistant Chief, CASD, CalPERS

SACRAMENTO COUNTY PUBLIC LAW LIBRARY

TABLE OF CONTENTS

SUBJECT PAGE

Results in Brief 1

Scope 1

Office of Audit Services Review Results 2

1: Pay schedule 2

Conclusion 4

Objectives ..... Appendix A

Agency's Written Response ..... Appendix B

SACRAMENTO COUNTY PUBLIC LAW LIBRARY

RESULTS IN BRIEF

The primary objective of our review was to determine whether the Sacramento County Public Law Library (Agency) complied with applicable sections of the California Government Code, California Code of Regulations (CCR) and its contract with the California Public Employees' Retirement System (CalPERS).

The Office of Audit Services (OAS) noted the following finding during the review. Details are noted in the Results section beginning on page two of this report.

- Pay schedule did not meet all of the requirements of the Government Code and CCR.

OAS recommends the Agency comply with applicable sections of the California Government Code, CCR and its contract with CalPERS. We also recommend the Agency work with the appropriate CalPERS divisions to resolve issues identified in this report.

SCOPE

The Agency contracted with CalPERS effective January 1, 1973, to provide retirement benefits for local miscellaneous employees. By way of the Agency's contract with CalPERS, the Agency agreed to be bound by the terms of the contract and by the Public Employees' Retirement Law (PERL). The Agency also agreed to make its employees members of CalPERS subject to all provisions of the PERL.

As part of the Board approved plan for fiscal year 2013-14, the OAS reviewed the Agency's payroll reporting and member enrollment processes related to the Agency's retirement contract with CalPERS. The review period was limited to the examination of sampled employees, records, and pay periods from July 1, 2011 through June 30, 2014. One of the employees selected was subject to the Public Employees' Pension Reform Act of 2013 (PEPRA). The review objectives and a summary of the procedures performed are listed in Appendix A.

SACRAMENTO COUNTY PUBLIC LAW LIBRARY

OFFICE OF AUDIT SERVICES REVIEW RESULTS

1: The Agency's pay schedule did not meet one of the Government Code and CCR requirements.

Condition:

The governing body of the Agency approved employee salaries through its budgetary process, and the approved salaries were within the ranges listed in the Agency's pay schedule. However, the Agency's pay schedule was not presented to and adopted by the Agency's governing body in accordance with requirements of CCR Section 570.5. The Agency's pay schedule did meet the other requirements of CCR Section 570.5.

Only compensation earnable as defined under Government Code Section 20636 and corresponding regulations can be reported to CalPERS and considered in calculating retirement benefits. For purposes of determining the amount of compensation earnable, a member's payrate is limited to the amount identified on a publicly available pay schedule.

According to CCR Section 570.5, a pay schedule, among other things, must:

- Be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws.
- Identify the position title for every employee position.
- Show the payrate as a single amount or multiple amounts within a range for each identified position.
- Indicate the time base such as hourly, daily, bi-weekly, monthly, bi-monthly, or annually.
- Be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website.
- Indicate an effective date and date of any revisions.
- Be retained by the employer and available for public inspection for not less than five years.
- Not reference another document in lieu of disclosing the payrate.

SACRAMENTO COUNTY PUBLIC LAW LIBRARY

Recommendation:

The Agency should ensure its pay schedule meets all of the Government Code and CCR requirements.

The Agency should work with CalPERS Customer Account Services Division (CASD) to make any necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

Criteria:

Government Codes: § 20160, § 20630, § 20636
CCR: § 570.5

CONCLUSION

OAS limited this review to the areas specified in the scope section of this report and in the objectives as outlined in Appendix A. OAS limited the test of transactions to employee samples selected from the Agency's payroll records. Sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code except as noted.

The findings and conclusions 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 findings noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations on the report findings and provide appeal rights, if applicable, at that time. All appeals must be made to the appropriate CalPERS division by filing a written appeal with CalPERS, in Sacramento, within 30 days of the date of the mailing of the determination letter, in accordance with Government Code Section 20134 and Sections 555-555.4, Title 2, of California Code of Regulations.

Respectfully submitted,

Original Signed By Young Hamilton
YOUNG HAMILTON, CPA, CIA, CISA
Acting Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief
Alan Feblowitz, CFE, Senior Manager
Chris Wall, Senior Manager
Edward Fama, Auditor
Rebecca Honeywell, Auditor

APPENDIX A

OBJECTIVES

SACRAMENTO COUNTY PUBLIC LAW LIBRARY

OBJECTIVES

The objectives of this review were limited to the determination of:

- Whether the Agency complied with applicable sections of the California Government Code (Sections 20000 et seq.) and Title 2 of the CCR.
- Whether prescribed reporting and enrollment procedures as they relate to the Agency's retirement contract with CalPERS were followed.

This review did not include an assessment as to whether the Agency is a "public agency," and expresses no opinion or finding with respect to whether the Agency is a public agency or whether its employees are employed by a public agency.

SUMMARY

To accomplish the review objectives, OAS interviewed key staff members to obtain an understanding of the Agency's personnel and payroll procedures, reviewed documents, and performed the following procedures.

✓ Reviewed:
- o Provisions of the contract and contract amendments between the Agency and CalPERS
- o Correspondence files maintained at CalPERS
- o Agency Board minutes and Agency Board resolutions
- o Agency written labor policies and agreements
- o Agency salary, wage and benefit agreements including applicable resolutions
- o Agency personnel records and employee hours worked records
- o Agency payroll information including Contribution Detail Transaction History reports
- o Other documents used to specify payrate, special compensation, and benefits for employees
- o Various other documents as necessary

✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS to determine whether the Agency correctly reported compensation.

✓ Reviewed payrates reported to CalPERS and reconciled the payrates to Agency public salary records to determine whether base payrates reported were accurate, pursuant to publicly available pay schedules that identify the position title, payrate and time base for each position, and duly approved by the Agency's governing body in accordance with requirements of applicable public meeting laws.

- ✓ Reviewed CalPERS reports to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed the Agency's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
- ✓ Reviewed the Agency's employment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when unlawful employment occurs.
- ✓ Reviewed the Agency's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the Agency's affiliated entities to determine if the Agency shared employees with an affiliated entity and if the employees were CalPERS members and whether their earnings were reported by the Agency or by the affiliated entity.
- ✓ Reviewed the Agency's calculation and reporting of unused sick leave balances, if contracted to provide for additional service credits for unused sick leave.

APPENDIX B

Agency's Written Response

SACRAMENTO
COUNTY
PUBLIC·LAW
LIBRARY

January 22, 2015

To: CalPERS Office of Audit Services

From: Janet Rollins, SCPLL Office Manager and HR Manager

Re: Sacramento County Public Law Library Audit Review
Business Partner #1177575384, Job #P14-005
Response to Findings

Sacramento County Public Law Library (SCPLL) agrees with the findings and the recommendations of the draft report received for review. The Results in Brief section states that the OAS noted one finding during the review, as follows:
"Pay schedule did not meet all of the requirements of the Government Code and CCR."
Under the Condition section of the review, the first sentence states the following:
"The Agency's pay schedule updated August 15, 2013 was not duly approved and adopted by the employer's governing body in accordance with the requirements of applicable public meeting laws."

SCPLL Board of Trustees approved the pay schedule as incorporated into the annual budget. Upon discussion with CalPERS representatives via e mail communications, we were made aware of the requirement in Code 570.5 to have each revision to the pay schedule approved as a stand-alone document. It is our intent to comply with this requirement going forward. Each revision to our pay schedule will be approved as a separate document by SCPLL Board of Trustees resolution.

[redacted] Original Signed By Janet C. Rollins -

Janet C. Rollins
SCPLL Office Manager
(916) 874-7297

BOARD OF TRUSTEES:

♦ THE HONORABLE DAVID I. BROWN, PRESIDENT ♦ THE HONORABLE CHRISTOPHER KRUEGER, VICE PRESIDENT ♦
♦ THE HONORABLE JAMIE R. ROMÁN, TREASURER ♦ THE HONORABLE JOHN P. WINN ♦
♦ THE HONORABLE THADD BLIZZARD ♦ JOHN WHISENHUNT, ESQ. ♦ JUNE COLEMAN, ESQ. ♦
609 9TH STREET, SACRAMENTO, CA 95814-1308 916.874. 6011 E FAX 916.244 .0699
HTTP://WWW.SACLAW.ORG