

Special Compensation Review

CalPERS Office of Audit Services
Public Agency Review

Job Numbers: P16-002 and 2SP16-001 through 2SP16-067

May 2017





California Public Employees' Retirement System
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Memorandum

May 25, 2017

Job Numbers: P16-002 and 2SP16-001 through 2SP16-067

To: CALPERS CONTRACTING AGENCIES AND GOVERNING BODIES
PER ATTACHMENT

Original signed by Beliz Chappuie

From: BELIZ CHAPPUIE, Chief
Office of Audit Services

Subject: COMPLIANCE REVIEW

Enclosed is our final report on the results of our review on special compensation reported to CalPERS for 39 public agencies, 22 schools, and six state agencies. The Office of Audit Services (OFAS) prepared one final report that includes the results of 67 agencies' reviews. Each agency was provided with a draft copy of their report containing detailed information on the impacted employees and asked to respond whether they were in agreement with the findings in the report. Each agency's response has been summarized in their respective final report included in the appendix to this report. Agencies' responses to the draft reports have been forwarded to the appropriate CalPERS divisions and are on file at OFAS and 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 these 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, CalPERS
Matthew G. Jacobs, General Counsel, CalPERS
Anthony Suine, Chief, BNSD, CalPERS
Renee Ostrander, Chief, EAMD, CalPERS
Carene Carolan, Chief, MAMD, CalPERS

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Objective and Scope

The objective of our review was to ensure special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is reportable for classic members if it conforms to all requirements in Government Code Sections 20636-20636.1 and meets the definitions and criteria listed in the California Code of Regulations Section 571. Special compensation is reportable as pensionable compensation for Public Employees' Pension Reform Act of 2013 (PEPRA) members, if it meets the requirements defined in Government Code Section 7522.34. To achieve the review objective, the Office of Audit Services (OFAS) selected a sample of 39 public agencies, 22 schools, and six state agencies that reported amounts of special compensation exceeding a certain threshold in one reporting period. Our review included procedures to determine whether the special compensation was reportable to CalPERS and whether it was reported correctly in accordance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period of July 1, 2013 through June 30, 2016. Unless otherwise specified, OFAS did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to payroll and contribution reporting, membership enrollment, or employment after retirement. By way of the agencies' contracts with CalPERS, the agencies agreed to be bound by the terms of the contract and the PERL.

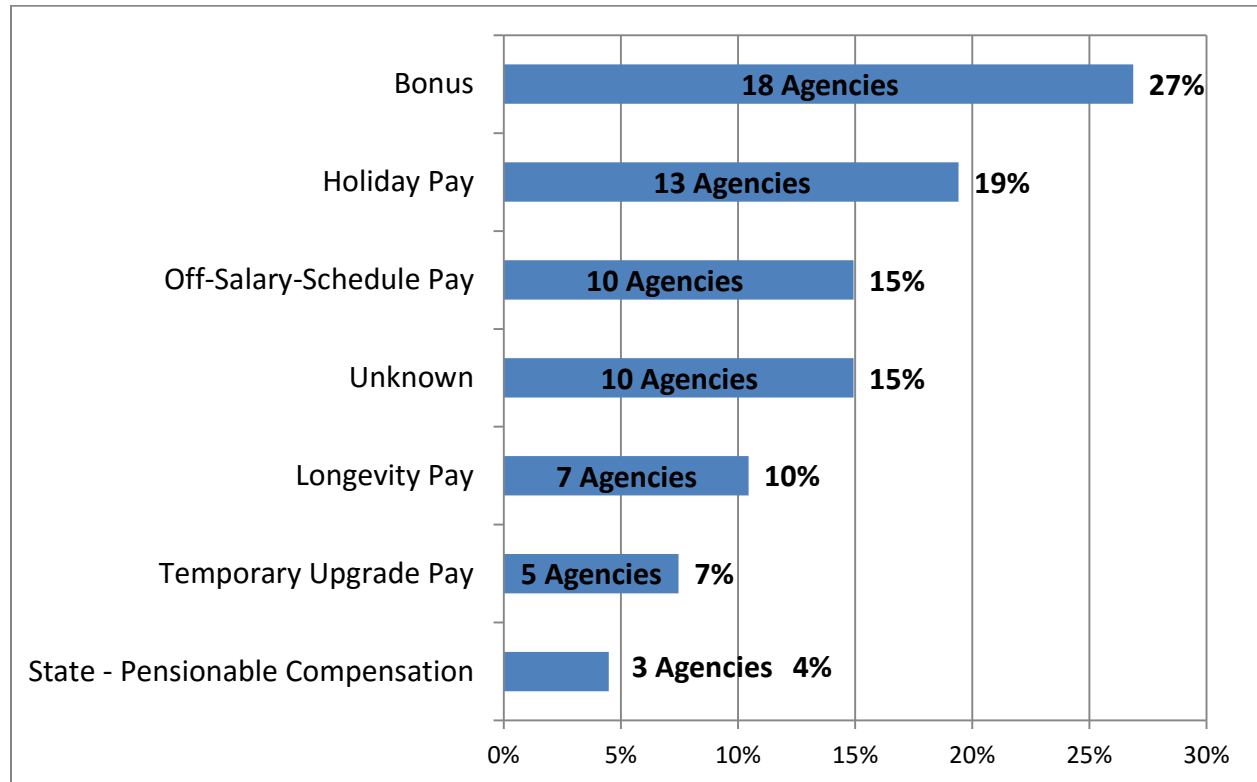
Results in Brief

OFAS completed the review of 67 agencies and included the individual final reports in Appendix A. We found that 64 of the 67 agencies reported various types of special compensation that were either not reportable, or were not reported in compliance with the PERL, or both. In addition, agencies reported other compensation that was not special compensation. For example, regular earnings, overtime pay, retroactive salary adjustments and leave cashouts were reported as a type of special compensation. The other compensation was either not reportable or should have been reported as regular earnings. Following is a list of the categories the various items of special compensation and pays were reported under: Bonus, Holiday Pay, Longevity Pay, Off-Salary-Schedule Pay, Temporary Upgrade Pay, Training Premium, Fire Protection Assignment Pay, National Institute of Automotive Service Excellence Certificate Pay, Fair Labor Standards Act Pay, Paramedic Pay, Lead Worker/Supervisor Premium, Detective Division Premium, Fire Investigator Premium, Motorcycle Patrol Premium, Undergraduate/Graduate/Doctoral Credit, Educational Incentive, Management Incentive Pay, Uniform Allowance, Master Police Officer Pay, Government Agency Required Licenses Pay, Confidential Premium, Shift Differential Pay, Computer Operations Premium Pay, Special Class Driver's License Pay, Unknown, and State – Pensionable Compensation. Figure 1 lists the most common findings by type.

Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions,

delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Therefore, agencies should work with the appropriate CalPERS divisions to address the recommendations specified in their report. The following chart identifies the most common findings.

Figure 1
Percentage of Most Common Findings by Type



Note: Percentages are based on our review of a total of 67 agencies. Some agencies had multiple findings in one category or findings in more than one category. For example, 18 of the 67 agencies (or 27%) had one or more Bonus findings.

Summary of Individual Agency Findings Ordered by OFAS Job Number

#	Agency	Special Compensation– Not Reportable	Special Compensation– Incorrectly Reported	Finding Type(s)	Appendix Page Number
1	Alta California Regional Center, Inc.*	X		Longevity Pay	A-1
2	Aspire Charter	X	X	Training Premium/ Bonus	A-5
3	Berkeley Housing Authority	X		Bonus	A-7
4	Big Bear City Community Services District*	X		Fire Protection Assignment Pay	A-9
5	Blue Oak Charter School	X		Longevity Pay	A-11
6	Cabrillo Unified School District	X		Off-Salary-Schedule Pay	A-13
7	California Municipal Utilities Association	X		Bonus	A-15
8	California State Auditor's Office				A-17
9	California State University at San Diego	X		State - Pensionable Compensation	A-19
10	California State University at San Francisco	X	X	State - Pensionable Compensation	A-21
11	City of Anaheim	X	X	National Institute of Automotive Service Excellence Certificate Pay/ Holiday Pay	A-25
12	City of Beverly Hills*	X	X	Fair Labor Standards Act Pay/ Bonus/ Unknown/ Off-Salary-Schedule Pay	A-29
13	City of Carmel-By-The-Sea*	X		Unknown/ Bonus	A-33
14	City of Del Mar	X		Bonus	A-37
15	City of El Segundo		X	Holiday Pay	A-41
16	City of Eureka*	X	X	Temporary Upgrade Pay/ Holiday Pay	A-43
17	City of Fremont*	X	X	Holiday Pay/ Paramedic Pay	A-47
18	City of Inglewood*		X	Lead Worker/Supervisor Premium/ Holiday Pay	A-51
19	City of Lone*	X	X	Temporary Upgrade Pay	A-53

#	Agency	Special Compensation– Not Reportable	Special Compensation– Incorrectly Reported	Finding Type(s)	Appendix Page Number
20	City of Laguna Beach*	X	X	Bonus/ Holiday Pay/ Temporary Upgrade Pay	A-55
21	City of Laguna Niguel	X		Bonus	A-59
22	City of Port Hueneme		X	Detective Division Premium	A-61
23	City of Richmond*	X	X	Holiday Pay/ Off-Salary-Schedule Pay/ Fire Investigator Premium/ Motorcycle Patrol Premium	A-63
24	City of San Leandro		X	Educational Incentive/ Undergraduate/ Graduate/Doctoral Credit	A-67
25	City of Santa Ana*	X	X	Holiday Pay/ Management Incentive Pay	A-69
26	City of Santa Rosa*		X	Holiday Pay	A-73
27	City of Temecula	X		Bonus	A-75
28	City of Tracy +	X	X	Off-Salary-Schedule Pay/ Holiday Pay	A-77
29	City of Walnut Creek	X	X	Uniform Allowance	A-81
30	Coachella Valley Unified School District	X		Temporary Upgrade Pay	A-83
31	Cooperative Personnel Services		X	Bonus	A-85
32	County of Lake*	X	X	Longevity Pay	A-87
33	County of Napa	X	X	Master Police Officer Pay	A-89
34	County of Yuba	X		Longevity Pay	A-91
35	County School Service - San Mateo County Schools	X		Off-Salary-Schedule Pay	A-93
36	El Camino Real Charter High School	X		Bonus	A-95
37	Excelsior Education Center	X		Bonus	A-97
38	Fair Oaks Water District*	X		Government Agency Required Licenses Pay	A-99
39	Hesperia Water District	X		Off-Salary-Schedule Pay	A-101
40	Humboldt No. 1 Fire Protection District of Humboldt County*	X	X	Paramedic Pay/ Holiday Pay	A-105

#	Agency	Special Compensation– Not Reportable	Special Compensation– Incorrectly Reported	Finding Type(s)	Appendix Page Number
41	Inland Empire Utilities Agency	X	X	Bonus/ Holiday Pay	A-109
42	Irvine Unified School District	X		Unknown/ Off-Salary-Schedule Pay	A-113
43	Jurupa Unified School District*	X	X	Unknown/ Longevity Pay	A-117
44	Lassen Community College District				A-121
45	Military Department	X		State - Pensionable Compensation	A-123
46	Modesto City Elementary School District		X	Unknown	A-125
47	Orange County Health Authority	X		Bonus	A-127
48	Rancho California Water District	X		Bonus	A-129
49	Richgrove Elementary School District*		X	Off-Salary-Schedule Pay	A-131
50	San Lorenzo Unified School District	X	X	Confidential Premium/ Off-Salary-Schedule Pay	A-133
51	Santa Cruz Metropolitan Transit District	X		Temporary Upgrade Pay	A-135
52	Southern California Public Power Authority*	X		Bonus	A-137
53	Surprise Valley Joint Unified School District*	X		Computer Operations Premium Pay	A-139
54	Sutter Union High School District		X	Unknown	A-141
55	Travis Unified School District*		X	Educational Incentive	A-143
56	Tulare County Schools*		X	Shift Differential Pay	A-145
57	West County Transportation Agency	X		Special Class Driver's License Pay	A-147
58	West Valley-Mission Community College District	X	X	Off-Salary-Schedule Pay/Unknown	A-149
59	Wilsona Elementary School District	X		Bonus	A-153
60	City of Redwood City*	X	X	Holiday Pay/ Unknown	A-155
61	Yosemite Community College District	X	X	Longevity Pay	A-159
62	San Ramon Valley Unified School District*	X		Unknown	A-161
63	Coast Community College District		X	Unknown	A-163
64	Department of Consumer Affairs				A-165

#	Agency	Special Compensation– Not Reportable	Special Compensation– Incorrectly Reported	Finding Type(s)	Appendix Page Number
65	Conejo Recreation and Park District		X	Longevity Pay	A-167
66	Department of Food & Agriculture 32nd District Agricultural Association		X	Lead Worker/ Supervisor Premium	A-169
67	South Orange County Wastewater Authority	X		Bonus	A-171

* Other matter identified

+ Observation identified

Other Matters

During our review, OFAS identified 27 other potential compliance issues that were outside the scope of this review. Out of the total potential compliance issues identified, 22 were related to pay schedules. These matters were discussed with agencies, and OFAS encourages the agencies to work with the appropriate CalPERS divisions to ensure compliance with the PERL.

Observation

During our review, OFAS identified one issue that was under an administrative appeal pending a response from an Administrative Law Judge.

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 in 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.

Respectfully submitted,

Original signed by Beliz Chappuie

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

Staff: Alan Feblowitz, CFE, Assistant Division Chief
Alicia Watts, Manager

APPENDIX A

AGENCY REPORTS

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ALTA CALIFORNIA REGIONAL CENTER, INC.

Objective and Scope			
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CalPERS ID	Job Number	Contract Date	Classification
6051653640	2SP16-001	July 1, 2002	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Longevity Pay	The Agency reported a cashout of leave credits of \$2,792 under the special compensation category Longevity Pay for an Office Assistant III. However, the pay was not reportable because the cash out did not meet the definition of Longevity Pay. Pursuant to the Agency's written labor policy, the Office Assistant III was credited with an additional twenty days of vacation time on July 18, 2014 when the employee completed twenty years of service. The policy stated that the vacation time was to be used during the following year; however, the employee cashed out the vacation time when they retired on August 1, 2014. Government Code Section 20636 and California Code of Regulations Section 571 define Longevity Pay as additional compensation paid to employees who have been with an employer, or in a specified job classification, for a certain minimum period of time	⬡

ALTA CALIFORNIA REGIONAL CENTER, INC.

Special Compensation Reported As:	Condition	Finding
	exceeding five years. Government Code Section 20636 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with, or anticipation of, a separation from employment. The reporting impacted the retired employee's retirement benefit calculation.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 570 and § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body in accordance with requirements of applicable public meetings laws.
2	Labor Agreement	The labor agreement was not approved by the Agency's Governing Body in accordance with requirements of applicable public meetings laws.

ALTA CALIFORNIA REGIONAL CENTER, INC.

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 in 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 indicated disagreement with the finding noted in the report. OFAS reviewed the disagreement and added clarifying language to the finding.

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ASPIRE CHARTER

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7690646140	2SP16-002	March 23, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Training Premium	The Agency reported \$6,500 under the special compensation category Training Premium for a Physical Education Teacher in the pay period ended September 30, 2013. However, the payment was for additional services rendered outside of the employee’s normal work hours and not part of the employee’s normal duties. Government Code Section 20636.1 and California Code of Regulations Section 571 state that special compensation shall be for services rendered during normal working hours and part of normally required duties. Therefore, the pay was not reportable as special compensation.	▲
2	Bonus	The Agency reported \$4,277 in Bonus pay for a Human Resources Manager in the pay period ended November 30, 2015. The Bonus pay was for superior performance during the period of July 1, 2014 through June 30, 2015 and was reportable as special	▲

ASPIRE CHARTER

Special Compensation Reported As:	Condition	Finding
	compensation. However, the Agency reported the Bonus pay in a lump sum amount instead of reporting it for the period it was earned, July 1, 2014 through June 30, 2015. Government Code Section 20636.1 requires that the employer report special compensation in the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
 California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.

BERKELEY HOUSING AUTHORITY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7762492041	2SP16-003	June 24, 2012	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Bonus	The Agency reported a retroactive payment of \$2,722 under the special compensation category Bonus for the Executive Director in the pay period ended February 14, 2015. The pay was a one-time reimbursement for loss of wages from non-paid furloughs in 2013. A reimbursement for furloughs does not meet the definition of special compensation under Government Code Section 20636 and California Code of Regulations Section 571. Therefore, the pay was not reportable as special compensation.	▲

BERKELEY HOUSING AUTHORITY

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
1584416215	2SP16-004	April 1, 1972	Miscellaneous Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding  - Impacted active members  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Fire Protection Assignment Pay	The Agency reported overtime earnings of \$4,968 under the special compensation category Fire Protection Assignment Pay for the Fire Chief in the pay period ended January 24, 2014. Specifically, the Agency reported Strike Team Assignment Pay of \$4,668 and On-Call pay of \$300 as special compensation. These additional compensation items were for services performed outside of normally required duties and for duties performed outside of normal business hours, qualifying the pays as overtime as defined in Government Code Section 20635. Additionally, Government Code Section 20636 and California Code of Regulations Section 571 define special compensation as payment for a member's services performed during normal working hours. Therefore, the pay was not reportable as special compensation.	

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, § 20635, and § 20636
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
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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 in 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 and plans to resolve the finding identified in the report.

BLUE OAK CHARTER SCHOOL

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5016336339	2SP16-005	January 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Longevity Pay	The Agency reported \$3,075 under the special compensation category Longevity Pay for an Administrative Assistant in the pay period ended June 30, 2016. The Agency also reported \$4,575 under the special compensation category Longevity Pay for a Registrar in the pay period ended June 30, 2016. However, the pays were not reportable as special compensation. The employees’ were paid for taking on a portion of upgraded positions while continuing to do their current duties. The additional pay for performing these duties was not reportable as Longevity Pay or any other type of special compensation. The pays did not meet one of the definitions of special compensation per Government Code Section 20636.1 and California Code of Regulations Section 571.	▲

BLUE OAK CHARTER SCHOOL

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20221, § 20160, and § 20636.1
California Code of Regulations: § 571

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 in 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.

CABRILLO UNIFIED SCHOOL DISTRICT

Objective and Scope			
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CaIPERS ID	Job Number	Contract Date	Classification
7449606960	2SP16-006	October 1, 1948	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Off-Salary-Schedule Pay	The Agency reported a \$5,000 retirement incentive under the special compensation category Off-Salary-Schedule Pay for an Attendance Clerk who retired June 15, 2014. The Agency provided a retirement incentive for eligible employees that retired on or before June 30, 2014. It was paid to the employee for the pay period ended June 30, 2014, but reported to CalPERS as special compensation for the pay period ended June 14, 2014. Since the retirement incentive was awarded in connection with and anticipation of a separation from employment, it is excluded from reporting to CalPERS as special compensation. Government Code Section 20636.1 and the California Code of Regulations Section 571 state that Final Settlement Pay is not reportable as special compensation. Government Code Section 20636.1 and the California Code of Regulations Section 570	⬡

CABRILLO UNIFIED SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	define Final Settlement Pay as any pay granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS as special compensation or payrate. The reporting impacted the retired employee's retirement benefit calculation.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
 California Code of Regulations: § 570 and § 571

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 in 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 and plans to resolve the finding identified in the report.

CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
2882910413	2SP16-007	May 1, 1987	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Bonus The Agency reported Bonus pay of \$12,296 for a Chief Executive Officer (CEO) that retired on December 1, 2016. The Agency reported the Bonus pay for the pay period ended June 30, 2015. The CalPERS Compensation Review Unit reviewed the reported compensation when the CEO retired and determined the payment was not reportable because it was paid exclusively in the final compensation period and therefore constituted Final Settlement Pay. Government Code Section 20636 and California Code of Regulations Section 571 define Bonus as compensation paid to employees for superior performance and state if the pay is provided only during a member's final compensation period, it will be excluded from final compensation as Final Settlement Pay. Government Code Section 20636 and California Code of Regulations Section 570	

CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

Special Compensation Reported As:	Condition	Finding
	define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS as special compensation or payrate. The Agency explained the payment was reported in error and reversed the payment subsequent to the finding.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 and has already worked with the appropriate CalPERS Program areas to resolve the finding.

CALIFORNIA STATE AUDITORS OFFICE

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
3084164827	2SP16-008	January 1, 1932	State Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regards to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 State - Pensionable Compensation	The Agency reported Temporary Upgrade Pay under the State - Pensionable Compensation category in pay period ended May 31, 2014. The reported special compensation was reviewed for compliance under Government Code Section 20636 and no exceptions were noted.	●

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.

CALIFORNIA STATE AUDITORS OFFICE

Summarized Response

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

CALIFORNIA STATE UNIVERSITY AT SAN DIEGO

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
1132863368	2SP16-009	January 1, 1932	State Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A State - Pensionable Compensation	The Agency reported Bonus pay of \$3,348 under the special compensation category State - Pensionable Compensation for an Administrator III who retired June 30, 2015. Specifically, the Bonus pay was reported in the pay period ended June 29, 2015 and was only paid to the employee during their final compensation period. Since the Bonus pay was only paid to the employee during their final compensation period it was Final Settlement Pay and was not reportable as special compensation. Government Code Section 20636 and the California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS. Therefore, the State –	<div style="color: red; font-size: 2em;">⬡</div>

CALIFORNIA STATE UNIVERSITY AT SAN DIEGO

Special Compensation Reported As:	Condition	Finding	
	Pensionable Compensation was not reportable as special compensation. The reporting impacted the employee's retirement benefits.		
1B	State – Pensionable Compensation	<p>The Agency reported Bonus pay of \$4,550 under the special compensation category State - Pensionable Compensation for an Administrator II in the pay period ended July 30, 2015. However, the State – Pensionable Compensation was not reportable because the employee was hired after January 1, 2013 and was subject to the Public Employee's Pension Reform Act. Government Code Section 7522.34 states that any Bonus paid in addition to compensation earnable is to be excluded from pensionable compensation.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20636, and § 7522.34
 California Code of Regulations: § 570

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 in 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 plans to resolve the findings identified in the report.

CALIFORNIA STATE UNIVERSITY AT SAN FRANCISCO




Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
6436588023	2SP16-010	January 1, 1932	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

 - No finding  - Impacted active members  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A State - Pensionable Compensation	The Agency reported Bonus pay of \$5,891 under the special compensation category State - Pensionable Compensation for an Administrative Assistant who retired on December 31, 2014. The Agency reported the payment for the pay period ended February 28, 2014; however, the Bonus was only paid to the employee during their final compensation period. Since the Bonus pay was only paid to the employee during their final compensation period it was Final Settlement Pay and was not reportable as special compensation. Government Code Section 20636 and the California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS. Therefore, the State – Pensionable Compensation was not reportable as	

CALIFORNIA STATE UNIVERSITY AT SAN FRANCISCO

Special Compensation Reported As:	Condition	Finding	
	special compensation. The reporting impacted the employee's retirement benefits.		
1B	State – Pensionable Compensation	<p>The Agency reported Bonus pay of \$5,000 under the special compensation category State - Pensionable Compensation for a Director in the pay period ended September 30, 2014. However, the State – Pensionable Compensation was not reportable because the Agency did not establish a program or system that measured the employee's performance goals and objectives prior to the payment of the Bonus as required by the Agency's written labor policy. The policy stated that "Presidents have the discretionary authority to award a merit bonus if either of the following occurs: An employee meets specific measurable standards that were spelled out at the beginning of an evaluation period, or an employee meets a specific stated objective that is both articulated in advance and is measurable". The Agency did not provide records to show the Bonus pay met one of the criteria. Government Code Section 20636 states that special compensation must be reported in accordance with a written labor policy.</p>	
2	State – Pensionable Compensation	<p>The Agency reported a retroactive salary adjustment of \$5,264 under the State - Pensionable Compensation category for a Director as special compensation for the pay period ended June 30, 2016. On June 1, 2016 the Director received a salary increase of \$658 per month, retroactive to October 2015. The Agency reported eight months of retroactive salary adjustment as special compensation in a lump sum amount. The Agency should have reported the retroactive salary adjustment with the increased pay rate for the period earned October 2015 through May 2016. Government Code Section 20630 defines compensation as payment for a member's services performed during normal work hours and when reported to CalPERS the pay must be reported for the period earned, regardless of when reported or paid. Government Code Section 20636 identifies special compensation as a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.</p>	

CALIFORNIA STATE UNIVERSITY AT SAN FRANCISCO

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, § 20636, and § 7522.10

California Code of Regulations: § 570

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 in 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 stated it would resolve the findings identified in the report.

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CITY OF ANAHEIM

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
6207170049	2SP16-011	September 1, 1950	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	National Institute of Automotive Service Excellence Certificate Pay	The Agency reported National Institute of Automotive Service Excellence Certificate Pay of \$4,000 for a Vehicle Technician II in the pay period ended November 19, 2015. However, the pay was not reportable as special compensation because an employee in the position of Vehicle Technician II was not eligible to receive the pay according to the Agency’s written labor agreement. The only positions listed as eligible for the pay were Fleet Supervisor, Motorcycle Technician, Vehicle Technician III and Vehicle Technician IV. Government Code Section 20636 and California Code of Regulations Section 571 state that special compensation must be contained in a written labor policy agreement that is duly approved and adopted by the employer’s governing body to be reportable to CalPERS.	▲
1B		The Agency reported National Institute of Automotive	▲

CITY OF ANAHEIM

Special Compensation Reported As:	Condition	Finding
	Service Excellence Certificate Pay of \$4,500 as a lump sum amount for a Vehicle Technician IV in the pay period ended November 20, 2014. The employee qualified for the pay per the Agency's written labor policy; however, the payment was an annual amount and should have been reported for the period earned, which was July 1, 2014 through June 30, 2015. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
2	Holiday Pay	
	The Agency reported Holiday Pay as a lump sum amount for two employees. Specifically, the Agency reported \$5,426 for a Fire Captain II, and \$4,260 for a Fire Fighter II in the pay period ended October 8, 2015. The Holiday Pay was for holiday hours accrued during October 2014 through September 2015, and cashed out in October 2015. The Holiday Pay was reportable as special compensation; however, it was not reported for the period earned. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 ANAHEIM

Summarized Response

The Agency indicated disagreement with the findings and provided additional information. OFAS reviewed the information and concluded that the findings will remain as stated.

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CITY OF BEVERLY HILLS

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
5284239652	2SP16-012	July 1, 1941	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Fair Labor Standards Act	The Agency reported Fair Labor Standards Act (FLSA) premium pay of \$4,476 for a Fire Engineer in the pay period ended January 23, 2015. The Beverly Hills Firemen's Association Memorandum of Understanding stated FLSA premium pay was paid at the rate of 2.93 hours each pay period. However, due to an error in the Agency's new payroll system, FLSA premium pay was reported for 112 hours instead of 2.93 hours in the pay period ended January 23, 2015. The reported amount did not meet the definition of Government Code Section 20636 and California Code of Regulations Section 571.	▲
2	Bonus	The Agency reported Bonus pay of \$3,500 for a Parking Services Manager in the pay period ended December 26, 2014. The pay met the definition of special compensation under Bonus; however, the pay was reported in a lump sum amount and should have	▲

CITY OF BEVERLY HILLS

Special Compensation Reported As:		Condition	Finding
		been reported for the period earned, December 26, 2012 through December 26, 2013. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
3	Unknown	The Agency reported Bonus pay of \$14,322 under the special compensation category Unknown for a Director of Administrative Services in the pay period ended September 19, 2014. The pay met the definition of special compensation under Bonus; however, the pay was reported in a lump sum amount instead of the period earned, April 30, 2013 through October 29, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
4	Off-Salary-Schedule Pay	The Agency reported Bonus pay of \$9,240 under the special compensation category Off-Salary-Schedule Pay for a Director of Administrative Services in the pay period ended October 16, 2015 (same Director noted in Finding 3). The pay met the definition of special compensation under Bonus; however, the pay was reported in a lump sum amount instead of the period earned, October 30, 2014 through October 29, 2015. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160 and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	Some of the pay schedules did not indicate a time base and/or were not approved by the Agency's governing body.
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CITY OF BEVERLY HILLS

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 in 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 indicated disagreement with one of the findings in the draft report. OFAS reviewed the disagreement and removed the finding from the report.

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CITY OF CARMEL-BY-THE-SEA

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
7011478504	2SP16-013	January 1, 1955	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Unknown	The Agency reported \$8,606 under the special compensation category Unknown for a Community Service Assistant who retired July 1, 2014. The \$8,606 was a cash conversion of vacation and compensatory time paid to the employee when they retired. A portion of the cash conversion, \$6,344, was reported as special compensation, and \$2,262 was reported as regular earnings. Government Code Section 20636 and the California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS as special compensation or payrate. Government Code Section 20630 defines compensation as payment for a	⬡

CITY OF CARMEL-BY-THE-SEA

Special Compensation Reported As:		Condition	Finding
		member's services performed during normal working hours or for excused time off. Both amounts were not reportable and impacted the employee's service credit and retirement benefits.	
2	Bonus	The Agency reported Bonus pay of \$7,000 for the City Administrator in the pay period ended January 15, 2014. However the one-time Bonus pay was not reportable because it was not available to all members in the group or class. Government Code Section 20636 and California Code of Regulations Sections 571 state that special compensation is limited to similarly situated members of a group or class employment. If an individual is not part of a group or class, special compensation is limited to special compensation received by similarly situated members in the closest related group or class of employees.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 570 and § 571

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	Pay schedule	The pay schedule for Fiscal Year 2014-15 was not duly approved and adopted by the Agency's governing body in accordance with public meeting laws. Also, the pay schedule effective January 1, 2016 did not list a time base for the "At-Will" classifications.
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CITY OF CARMEL-BY-THE-SEA

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 in 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 and plans to resolve the findings identified in the report.

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CITY OF DEL MAR

Objective and Scope			
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CaIPERS ID	Job Number	Contract Date	Classification
7409953276	2SP16-014	July 1, 1970	Miscellaneous Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Bonus	The Agency reported Bonus pay of \$5,880 and \$7,056 for a Principal Planner who retired May 3, 2016. The Bonus pay of \$5,880 was reported in the pay period ended August 2, 2015 and the Bonus pay of \$7,056 was reported in the pay period ended April 24, 2016. However, the Bonus pays were not reportable as special compensation. Although the Agency’s written labor policy included a Pay for Performance plan with program goals, and the employee’s performance evaluation indicated superior performance, the written labor policy did not indicate the conditions for payment, specifically an amount. The Pay for Performance plan only stated that “performance-based cash monetary bonuses shall be granted at the discretion of the City Manager on the basis of the program criteria”. In addition, CalPERS records show the Bonus pays were only reported for the Principal Planner during the final	

CITY OF DEL MAR

	Special Compensation Reported As:	Condition	Finding
		<p>compensation period, May 3, 2013 through May 2, 2016. Government Code Section 20636 and California Code of Regulations Section 571 state that special compensation must be reported in accordance with a written labor policy that identifies the conditions for payment, including the amount. Government Code Section 20636 and California Code of Regulations Section 571 also state if the pay is provided only during a member's final compensation period, it will be excluded from final compensation as Final Settlement Pay. Government Code Section 20636 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, which is excluded from reporting to CalPERS. The reporting impacted the employee's retirement benefits.</p>	
1B	Bonus	<p>The Agency reported Bonus pay of \$2,588 for a Parking Enforcement Lieutenant in the pay period ended May 8, 2016. However, the Bonus pay was not reportable as special compensation. Although the Agency's written labor policy included a Pay for Performance plan with program goals, and the employee's performance evaluation indicated superior performance, the written labor policy did not indicate the conditions for payment, specifically an amount. The Pay for Performance plan only stated that "performance-based cash monetary bonuses shall be granted at the discretion of the City Manager on the basis of the program criteria". Government Code Section 20636 and California Code of Regulations Section 571 state that special compensation must be reported in accordance with a written labor policy that identifies the conditions for payment, including the amount.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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.

CITY OF DEL MAR

Government Codes: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
California Code of Regulations: § 570 and § 571

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 in 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 indicated disagreement with the findings noted in the report. OFAS reviewed the disagreement and concluded that the findings will remain as stated.

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CITY OF EL SEGUNDO

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2657082556	2SP16-015	October 1, 1943	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether special compensation reported to CaIPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ■ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Holiday Pay	The Agency reported Holiday Pay for four employees for the pay period ended December 11, 2015. Specifically, the Agency reported \$8,338 for a Police Sergeant, \$2,889 for a Police Service Officer, \$4,235 for a Police Officer, and \$11,107 for a Battalion Chief. The Holiday Pay was reportable as special compensation; however, the Agency reported the pays as lump sum amounts instead of as earned. Government Code Section 20636 requires the employer to report special compensation for the pay period earned.	▲
1B		The Agency’s Memorandum of Understanding (MOU) for the El Segundo Police Officers’ Association, City of El Segundo Management Confidential Series, and El Segundo Police Support Services Employees’ Association did not indicate all conditions for payment of the item of special compensation as	▲

CITY OF EL SEGUNDO

Special Compensation Reported As:	Condition	Finding
	required by Government Code Section 20636 and California Code of Regulations Section 571(b). Specifically, the MOU's did not identify whether Holiday Pay was calculated on the employees' base rate of pay, or whether the payrate included special pays.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 plans to resolve the findings identified in the report.

CITY OF EUREKA

Objective and Scope			
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CaIPERS ID	Job Number	Contract Date	Classification
3720044028	2SP16-016	February 27, 1967	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

- No finding
 - Impacted active members
 - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Temporary Upgrade Pay	The Agency reported Temporary Upgrade Pay of \$5,327 for a Principal Planner who retired on February 14, 2015. Specifically, the Agency reported Temporary Upgrade Pay of \$3,517 in pay period ended July 31, 2014 and \$362 in each of the pay periods ended August 15, 2014, August 31, 2014, September 15, 2014, September 30, 2014, and October 15, 2014. Although the employee was assigned additional duties, the employee did not work in an upgraded position. Government Code Section 20636 and the California Code of Regulations Section 571 specify Temporary Upgrade Pay is for employees who are required to work in an upgraded classification. Therefore, the pay was not reportable as special compensation. The reporting fell within the employee’s final compensation period and impacted the employee’s retirement benefits.	

CITY OF EUREKA

Special Compensation Reported As:		Condition	Finding
2A	Holiday Pay	The Agency reported Holiday Pay of \$2,583 for a Fire Engineer. The Agency reported the pay in a lump sum amount for the pay period ended June 15, 2014, but should have reported the pay for the period earned, Fiscal Year 2013-14. The Agency also reported Holiday Pay of \$3,119 and \$2,631 for two Police Officers for the pay period ended July 15, 2015. The Agency reported the pays in lump sum amounts, but should have reported for the period earned, Fiscal Year 2014-15. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
2B		The Agency's written labor agreements for fire and police safety employees did not include all the conditions for payment of Holiday Pay. Specifically, the agreement did not identify whether the calculation of Holiday Pay would be based on an employee's base payrate or base payrate plus special compensation. Government Code Section 20636 and California Code of Regulations Section 571 require the written labor policy or agreement contain the conditions for payment of, including, but not limited to, the eligibility for, and amount of, the special compensation.	

Recommendation and Criteria

The Agency should ensure that reported items of special compensation are in accordance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.

CITY OF EUREKA

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 in 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 findings identified in the report.

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CITY OF FREMONT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2378859287	2SP16-017	April 1, 1958	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Holiday Pay	The Agency reported Holiday Pay of \$9,894 for a Fire Chief, \$3,342 for a Police Communication Dispatcher, and \$4,199 for a Police Officer in lump sum amounts for the period ended November 29, 2014. The Holiday Pay was reportable as special compensation; however, the pay should have been reported for the period earned, November 16, 2013 through November 15, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned.	▲
2	Paramedic Pay	The Agency reported Paramedic Pay of \$2,903 for a Fire Captain in the pay period ended September 6, 2014. However, \$403 of the Paramedic Pay was not reportable as special compensation because it did not meet the definition of Paramedic Pay as listed in the California Code of Regulations	▲

CITY OF FREMONT

Special Compensation Reported As:	Condition	Finding
	Section 571. Paramedic Pay is defined under Government Code Section 20636 and California Code of Regulations 571 as compensation paid to employees who obtain and maintain certification in auxiliary medical techniques. The \$403 did not meet the definition of Paramedic Pay because the pay was a premium for performing paramedic duties. The remaining \$2,500 met the definition of Paramedic Pay and was reportable as special compensation; however, the pay was reported in a lump sum and not for the period earned, September 6, 2014 through September 5, 2016. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
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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 in 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 FREMONT

Summarized Response

The Agency plans to resolve the findings identified in the report.

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CITY OF INGLEWOOD

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
3897160905	2SP16-018	August 1, 1945	Miscellaneous Safety-Police Safety-Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Lead Worker/ Supervisor Premium	The Agency reported Temporary Upgrade Pay of \$15,620 under the special compensation category Lead Worker/Supervisor Premium Pay for a Planning Manager in the pay period ended April 25, 2014. The Temporary Upgrade Pay met the definition and criteria of special compensation and was reportable as special compensation. However, the pay was reported in a lump sum amount and should have been reported for the period earned, October 1, 2012 through February 26, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned.	▲
2	Holiday Pay	The Agency reported Holiday Pay of \$4,105 for a Police Officer in the pay period ended December 4, 2015. The Holiday Pay met the definition of special compensation and was	▲

CITY OF INGLEWOOD

Special Compensation Reported As:	Condition	Finding
	reportable as special compensation. However, the pay was reported as a lump sum amount and should have been reported for the period earned, November 21, 2015 through December 4, 2015. Government Code Section 20636 requires that the employer report special compensation in the period earned.	
Recommendation and Criteria		

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The pay schedule did not identify the position title for every employee position.

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 in 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 an explanation and stated it would resolve the findings identified in the report.

CITY OF IONE

Objective and Scope			
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CaIPERS ID	Job Number	Contract Date	Classification
2813538323	2SP16-019	July 1, 1973	Miscellaneous Safety-Fire Safety-Police

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

- No finding
 - Impacted active members
 - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Temporary Upgrade Pay	The Agency reported two payments of \$3,437 as Temporary Upgrade Pay in the pay periods ended June 14, 2014 and June 28, 2014 for a Finance Manager who retired on June 30, 2015. However, one of the payments was incorrectly reported and the other was not reportable. The payment that was incorrectly reported was a retroactive salary adjustment paid to the employee when the employee’s salary increased from \$35.77 to \$37.56 per hour for the period July 1, 2013 through May 31, 2014. The Agency reported the \$3,437 as special compensation instead of a retroactive salary adjustment and the pay was not reported for the period earned. The Agency stated that the second payment of \$3,437 was a duplicate and that the pay was reported in error. Government Code Section 20630 defines compensation as payment for a	

CITY OF IONE

Special Compensation Reported As:	Condition	Finding
	member's services performed during normal work hours and when reported to CalPERS the pay must be reported for the period earned, regardless of when reported or paid. Government Code Section 20636 identifies special compensation as a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions. The reported payments fell within the employee's highest annual compensation period and impacted the employee's retirement benefits.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The Agency did not provide information to show that the pay schedule effective July 1, 2013 was duly approved and adopted by the Agency's governing body in accordance with public meeting laws.
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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 in 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 and plans to resolve the finding identified in the report.

CITY OF LAGUNA BEACH

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4447311817	2SP16-020	January 1, 1945	Miscellaneous Safety Police Safety Fire Safety Other

The objective of our review was to determine whether special compensation reported to CaIPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.




Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A Bonus	The Agency reported Bonus pay of \$3,436 for an Administrative Assistant who retired on August 12, 2016. Specifically, the Agency reported the Bonus pay in the pay period ended October 25, 2015. The Bonus pay met the definition of Bonus and was reportable as special compensation; however, the pay was reported in a lump sum amount and not for the period earned. The Bonus pay was earned during the period October 18, 2014 through October 17, 2015. Government Code Section 20636 requires that the employer report special compensation for the period earned. The lump sum payment fell within the highest annual compensation period and impacted the employee’s retirement benefits.	⬡

CITY OF LAGUNA BEACH

Special Compensation Reported As:	Condition	Finding
1B	The Agency reported Bonus pay of \$5,040 in a lump sum amount for a Senior Water Quality Analyst in the pay period ended August 16, 2015. The Bonus pay met the definition of special compensation and was reportable as special compensation. However, the employee's Bonus pay was earned from August 2014 through July 2015. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
2	Holiday Pay The Agency reported Holiday Pay of \$2,928 in a lump sum amount for a Police Officer in the pay period ended June 19, 2016. The Holiday Pay met the definition of special compensation and was reportable as special compensation. However, the Holiday Pay was earned from July 1, 2015 through June 30, 2016. Government Code Section 20636 requires that the employer report special compensation in the period earned.	
3	Temporary Upgrade Pay The Agency reported Temporary Upgrade Pay of \$2,641 for the City Treasurer in the pay period ended November 8, 2015. However, the pay was for completing a special assignment to conduct audits of hotels for the City. Government Code Section 20636 and California Code of Regulations Section 571 state that Temporary Upgrade Pay is compensation to employees who are required to work in an upgraded position or classification. Therefore, the pay was not reportable as special compensation.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

CITY OF LAGUNA BEACH

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	Pay Schedule	The pay schedule did not indicate the time base.
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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 in 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 findings 1A, 1B, and 2. The Agency provided an explanation for finding 3 and stated it would resolve the findings identified in the report.

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CITY OF LAGUNA NIGUEL

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2367714625	2SP16-021	January 25, 1991	Miscellaneous

The objective of our review was to determine whether special compensation reported to CaIPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Bonus The Agency reported Bonus pay of \$5,000 for the City Manager in the pay period ended November 12, 2015. Although the Bonus pay was authorized in the City Manager's written labor agreement and the pay was available to the next closest group or class of employees as required by Government Code Section 20636 and California Code of Regulations Section 571, the pay did not meet the definition of Bonus. Specifically, the written labor policy for middle management employees, the next closest group of employees, stated that employees would receive a salary increase under a Pay for Performance program. However, if the pay increase exceeded an employee's salary cap, any additional pay would be paid as a one-time lump sum Bonus. As a result, special compensation for Bonus was not available to all members in the group or class. The Bonus was only reported as special compensation for members who were at the top of	▲

CITY OF LAGUNA NIGUEL

Special Compensation Reported As:	Condition	Finding
	the salary range. Government Code Section 20636 requires special compensation to be available to all members in a group or class.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

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 in 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 indicated disagreement with the finding in the report and provided additional information. OFAS reviewed the information and concluded the finding will remain as stated.

CITY OF PORT HUENEME

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
3263497639	2SP16-022	October 1, 1961	Miscellaneous Safety-Police

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Detective Division Premium Pay The Agency reported Detective Division Premium Pay of \$2,261 for a Police Officer in the pay period ended April 12, 2015. The Detective Division Premium Pay was reportable as special compensation; however, the pay was not reported for the period earned. The \$2,261 was a lump sum payment reported by the Agency after they discovered the Police Officer was underpaid Detective Division Premium Pay during the period October 28, 2013 through March 29, 2015. The Agency should have reported the special compensation as a retroactive special compensation adjustment for the period earned. Government Code Section 20636 requires that the employer report special compensation for the period earned.	▲

CITY OF PORT HUENEME

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

CITY OF RICHMOND

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2751275565	2SP16-023	January 1, 1954	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.




Results

Finding Description:


● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Holiday Pay	The Agency reported Holiday Pay in lump sum amounts for a Fire Engineer who retired on June 16, 2016. The Holiday Pay met the definition of special compensation and was reportable as special compensation. However, the Agency reported semi-annual payments of \$3,625 in the pay period ended December 15, 2015, and \$3,842 in the pay period ended June 15, 2016. The Holiday Pay should have been reported for the period earned, July 1, 2015 through December 31, 2015 and January 1, 2016 through June 30, 2016, respectively. Government Code Section 20636 requires that the employer report special compensation for the period earned. The reporting impacted the final compensation period used to calculate the employees' retirement benefits.	◆
1B		The Agency reported Holiday Pay of \$3,293 for a Police Officer in the pay period ended June 15, 2016. The Holiday Pay met the definition of special	▲

CITY OF RICHMOND

Special Compensation Reported As:		Condition	Finding
		compensation and was reportable as special compensation. However, the Agency reported the Holiday Pay in a lump sum amount and should have reported it for the period earned, January 1, 2016 through June 30, 2016. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
1C		The Agency's written labor agreements for Fire and Police safety employees did not indicate all conditions for payment of the Holiday Pay as required by Government Code Section 20636 and California Code of Regulations Section 571. Specifically the labor agreements did not identify whether Holiday Pay was calculated on the employees' base rate of pay, or whether the payrate included special pays.	
2	Off-Salary-Schedule Pay	The Agency reported \$11,702 under the special compensation category Off-Salary-Schedule Pay for a Budget Administrator in pay period ended October 31, 2013. However, a portion of the pay, \$3,795 was a 10 percent differential for assuming additional duties. The pay did not meet the definition of Off-Salary-Schedule Pay or any other type of special compensation under Government Code Section 20636 and California Code of Regulations Section 571 and therefore was not reportable. In addition, the Agency's records showed that the remaining \$7,907 was a retroactive salary adjustment and not Off-Salary-Schedule Pay. OFAS was unable to determine whether this compensation was reportable to CalPERS based on the records provided.	
3	Fire Investigator Premium	The Agency reported \$3,488 under the special compensation category Fire Investigator Premium Pay for a Fire Inspector II in the pay period ended July 15, 2014. However, the pay was not reportable as special compensation because it was payment for services performed outside of the employee's normal working hours. The pay was described in the Memorandum of Understanding (MOU) between the Agency and the International Association of Firefighters for fire investigators as investigators designated on-call for a seven day period. The fire investigators were to receive additional compensation for being available by pager or cell phone after regular working hours each week for the purpose of	

CITY OF RICHMOND

Special Compensation Reported As:		Condition	Finding
		conducting fire scene investigations. Government Code Section 20636 states that special compensation shall be for services rendered during normal working hours.	
4	Motorcycle Patrol Premium	The Agency reported Motorcycle Patrol Premium of \$2,642 for a Police Officer in the pay period ended June 30, 2014. However the premium pay was not reportable as special compensation as the MOU between the Agency and the Police Officer's Association stated "sworn officers assigned to traffic enforcement on motorcycles who complete advanced accident school and who are in an on-call status shall receive a five percent supplement to their base salary". As mentioned in Finding 3, on-call status refers to services performed outside of normal working hours and Government Code Section 20636 states that special compensation reported to CalPERS shall be for services rendered during normal working hours.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The pay schedule for fire employees was not updated and approved by the Agency's Governing Body after a pay increase, and did not identify the time base.
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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

CITY OF RICHMOND

determination in 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 and plans to resolve the findings identified in the report.

CITY OF SAN LEANDRO

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
7713051229	2SP16-024	July 1, 1944	Miscellaneous Local Fire Fighters Local Police Officers

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Educational Incentive The Agency reported Educational Incentive of \$2,791 for a Police Officer in pay period ended December 15, 2013. The Educational Incentive was for the calendar year of 2013 and was reportable as special compensation. However, the Agency reported the Educational Incentive in a lump sum amount. Government Code Section 20636 requires that the employer report special compensation for the period earned.	▲
2	Undergraduate/ Graduate/ Doctoral Credit The Agency reported Educational Incentive of \$2,903 under the special compensation category Undergraduate/Graduate/Doctoral Credit for a Police Officer in pay period ended December 31, 2014 (the same Police Officer noted in Finding 1). The Educational Incentive was for the calendar year 2014 and was reportable as special compensation. However, the Agency reported the Educational	▲

CITY OF SAN LEANDRO

Special Compensation Reported As:	Condition	Finding
	Incentive in a lump sum amount. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, and § 20636
 California Code of Regulations: § 571

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 in 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 indicated disagreement with the findings in the report and provided additional information. OFAS reviewed the information and revised the findings.

CITY OF SANTA ANA

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4843991156	2SP16-025	July 1, 1947	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Holiday Pay	The Agency reported a Holiday Pay cashout of \$5,129 for a Police Officer in the pay period ended December 15, 2015. However, \$1,652 of the \$5,129 was not reportable because the amount was a payment for 38 holiday hours that exceeded the amount allowed per the Agency’s Memorandum of Understanding (MOU). The MOU stated that police employees received 96 hours of holiday time each calendar year, and the employees could cash out up to 80 hours each year. The employees also had the option to carry over up to 80 hours from one calendar year to the next. The Police Officer cashed out a total of 118 hours of holiday time and exceeded the 80 hours of holiday time earned during the calendar year by 38 hours. Therefore, Holiday Pay for the 38 hours of \$1,652 was not reportable as special compensation because the hours were carried over from a prior year. Government Code Section 20636	▲

CITY OF SANTA ANA

	Special Compensation Reported As:	Condition	Finding
		and California Code of Regulations Section 571 state that if employees are allowed to accumulate holiday credit beyond the year in which it is earned, and an employee later elects to cash out the accumulated holiday credit, the pay is not reportable as special compensation.	
1B		<p>The Agency reported Holiday Pay cashouts in lump sum amounts, and not for the period earned, for two Police Officers and a Correctional Officer. Specifically, the Agency reported \$3,477 in the pay period ended December 15, 2015 for the Police Officer described in Finding 1, \$2,932 for a Police Officer in the period ended November 15, 2015, and \$2,672 for the Correctional Officer in the pay period ended November 30, 2014. The cashouts were for 80 hours of holiday time earned during a calendar year and were reportable as special compensation. Government Code Section 20636 requires that the employer report special compensation for the period earned.</p>	▲
2	Management Incentive Pay	<p>The Agency reported Bonus pay of \$11,417 under the special compensation category Management Incentive Pay for the Executive Director of Finance in the pay period ended January 15, 2016. The Agency also reported Bonus pay of \$2,562 under the Management Incentive Pay category for the Executive Director of Planning and Building Safety in the pay period ended January 15, 2016. We reviewed the pays and found they met the definition of Bonus and were reportable as special compensation under Government Code Section 20636 and California Code of Regulations Section 571. However, the Bonus pays were not reported as earned. The Bonus paid to the Executive Director of Finance was earned during the period September 1, 2014 to November 30, 2015, and the Bonus paid to the Executive Director of Planning and Building Safety was earned during the period June 1, 2015 to November 30, 2015. Government Code Section 20636 requires the Agency to report special compensation for the period the compensation was earned.</p>	▲

CITY OF SANTA ANA

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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	Pay Schedule	The Agency's pay schedule for Fiscal Year 2014-15 was not approved by the Agency's governing body. Also, the Agency's pay schedule for Executive Management employees, effective July 1, 2015, referenced another document and did not indicate a time base. Additionally, the pay schedule for Police Officers, effective July 1, 2015, did not indicate a time base.
2	Written Labor Agreement	The Agency was unable to provide information such as meeting minutes to verify the Memorandum of Understanding for the Police Officers Association, effective July 1, 2013 – June 30, 2015 was approved by the Agency's governing body.

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 in 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 disagreement with the findings in the report; however, they provided additional information. OFAS reviewed the information and revised Finding 1.

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CITY OF SANTA ROSA

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
5472028534	2SP16-026	January 1, 1959	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Holiday Pay	The Agency reported Holiday Pay in lump sum amounts for three employees. Specifically, the Agency reported Holiday Pay of \$10,998 for a Police Lieutenant, \$9,652 for a Battalion Chief, and \$4,412 for a Communications Dispatcher in the pay period ended November 28, 2015. The employees’ Holiday Pay was a cashout of holiday hours earned over the period January 1, 2015 through December 31, 2015 for the Police Lieutenant and Battalion Chief, and December 1, 2014 through November 30, 2015 for the Communications Dispatcher. The Holiday Pay was reportable as special compensation and should have been reported for the period earned. Government Code Section 20636 requires that the employer report special compensation in the period earned.	▲

CITY OF SANTA ROSA

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20221, § 20160, and § 20636
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
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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 in 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 stated it would resolve the findings identified in the report.

CITY OF TEMECULA

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4274393153	2SP16-027	December 1, 1990	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Bonus	The Agency reported Off-Salary-Schedule Pay of \$6,250 under the special compensation category Bonus for an Office Specialist Confidential in the pay period ended September 18, 2015. The Off-Salary-Schedule Pay was a one-time payment paid to management employees pursuant to the Agency’s Reclassification Study Recommendations. In addition to the one-time payment, the management employees were granted a salary increase in the same fiscal year. Government Code Section 20636 and California Code of Regulations Section 571 define Off-Salary-Schedule Pay as payments that are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. The pay did not meet the definition of Off-Salary-Schedule Pay and therefore was not reportable as special compensation.	▲

CITY OF TEMECULA

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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 indicated disagreement with the finding noted in the report. OFAS reviewed the disagreement and concluded that the finding will remain as stated.

CITY OF TRACY

Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
3260816880	2SP16-028	October 1, 1948	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Off-Salary Schedule Pay	The Agency reported Off-Salary Schedule Pay of \$3,520 in a lump sum amount for an Associate Engineer who retired on June 21, 2016. The Agency reported the lump sum amount for the pay period ended December 31, 2015. The payment was negotiated in-lieu of a salary increase for Fiscal Year 2015-16 and was reportable as special compensation. However, the pay was not reported for the period earned as it was earned during the fiscal year. Government Code Section 20636 states that the employer shall report special compensation for the period earned. Although the Off-Salary Schedule Pay was reported in a lump sum amount, the pay did not fall within the highest annual compensation period. As a result, the employee's retirement benefits may not have been impacted.	

CITY OF TRACY

Special Compensation Reported As:	Condition	Finding	
1B	The Agency reported Off-Salary Schedule Pay of \$3,628 in a lump sum amount for a Senior Planner in the pay period ended December 31, 2015. However, similar to Finding 1A, the payment was negotiated in-lieu of a salary increase for Fiscal Year 2015-16, was reportable as special compensation and should have been reported as earned during the fiscal year per Government Code Section 20636.		
2	Holiday Pay	The Agency reported Holiday Pay of \$3,630 for a Fire Engineer in the pay period ended June 30, 2016. However, the Holiday Pay included compensation for floating holidays and was calculated using an incorrect payrate. Floating holidays are not considered recognized holidays and do not meet the definition of special compensation pursuant to Government Code Section 20636 and California Code of Regulations Section 571. Also, the Agency used a payrate which included special compensation to calculate Holiday Pay. However, the written labor policy stated Holiday Pay was calculated on an employee's base rate of pay. In addition, the Holiday Pay was reported in a lump sum amount and not for the period earned. The pay was a semi-annual amount and should have been reported for the period January 1, 2016 through June 30, 2016. Government Code Section 20636 states that the employer shall report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

CITY OF TRACY

Observation		
1	Settlement Pay	The Agency reinstated a Police Sergeant with back pay as a result of a settlement agreement effective October 4, 2013. The CalPERS Employer Account Management Division reviewed the settlement agreement and determined that the settlement award did not comply with the Public Employees' Retirement Law (PERL). OFAS agrees with the CalPERS Employer Account Management Division's determination that the compensation should not be reported to CalPERS. The Police Sergeant filed an administrative appeal in response to the determination and the outcome of the administrative appeal is pending a response from the Administrative Law Judge.

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 in 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 and plans to resolve the findings identified in the report.

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CITY OF WALNUT CREEK




Objective and Scope



CaIPERS ID	Job Number	Contract Date	Classification
2530164919	2SP16-029	January 1, 1974	Miscellaneous Safety-Police

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding
  - Impacted active members
  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A	Uniform Allowance The Agency reported a Uniform Allowance of \$2,502 for a Police Safety employee in pay period ended February 13, 2014. The reported amount was for the initial uniform purchase and included several non-reportable items including a duty belt, flashlight, pepper spray, baton ring, whistle, etc. Government Code Section 20636 and California Code of Regulations Section 571 define Uniform Allowance as compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing. It excludes items that are solely for personal health and safety such as protective vests, pistols, bullets, and safety shoes. Therefore, the monetary value of the safety equipment was not reportable.	
1B	The Agency’s written labor agreement for Police Safety employees did not include all the conditions for payment of Uniform Allowance. Specifically, the Walnut Creek Police Officers Association	

CITY OF WALNUT CREEK

Special Compensation Reported As:	Condition	Finding
	Memorandum of Understanding did not contain the conditions for the initial uniform purchase discussed in Finding 1. Government Code Section 20636 and California Code of Regulations Section 571 require the written labor policy or agreement contain the conditions for payment of, including, but not limited to, the eligibility for, and amount of, the special compensation.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

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 in 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 indicated disagreement with finding 1A in the report and provided additional information. Based on the additional information finding 1A was revised.

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4972682374	2SP16-030	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Temporary Upgrade Pay	The Agency reported a one-time grievance settlement under the special compensation category Temporary Upgrade Pay of \$4,518 for a Mechanic I in the pay period ended April 30, 2016. However, the pay did not meet the definition of Temporary Upgrade Pay or any other type of special compensation listed under Government Code Section 20636.1 and California Code of Regulations Section 571 and therefore was not reportable. The California Code of Regulations Section 571 defines Temporary Upgrade Pay as compensation paid to employees who are required to work in an upgraded position/classification of limited duration.	▲

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

COOPERATIVE PERSONNEL SERVICES

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
3920146584	2SP16-031	October 27, 1985	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ● - Impacted retired members.

Special Compensation Reported As:	Condition	Finding
1A Bonus	The Agency reported Bonus pay of \$2,910 for a Principal Program Coordinator who retired July 11, 2015. The pay met the definition of special compensation as defined in Government Code Section 20636 and California Code of Regulations Section 571. However, the pay was reported as a lump sum amount in the pay period ended September 7, 2013, instead of as earned. The pay should have been reported for the period of July 1, 2012 through June 30, 2013. Government Code Section 20636 requires that the employer report special compensation for the period earned. The incorrect reporting impacted the retired employee's retirement benefit calculation.	●
1B	The Agency reported Bonus pay of \$46,000 for a Chief Executive Officer (CEO) in the pay period ended June 28, 2014. The CEO's Bonus was twenty percent of base salary which was the maximum amount listed in the Agency's written labor policy for	▲

COOPERATIVE PERSONNEL SERVICES

Special Compensation Reported As:	Condition	Finding
	<p>the exempt group of employees. The Bonus was reportable as special compensation; however, it was reported as a lump sum amount instead of as earned. The pay should have been reported for the period July 1, 2013 through June 30, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 indicated disagreement with the findings and provided additional information. OFAS reviewed the information and concluded the findings will remain as stated.

COUNTY OF LAKE

Objective and Scope			
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CalPERS ID	Job Number	Contract Date	Classification
1550680106	2SP16-032	January 1, 1957	Miscellaneous Safety-County Peace Officers Safety-Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

- No finding
 - Impacted active members
 - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Longevity Pay	The Agency reported a retroactive payment under the special compensation category Longevity Pay of \$2,910 for an Auditor-Controller/County Clerk in the pay period ended October 31, 2015. However, the amount of the Longevity Pay was incorrect and the pay was not reported for the period earned. Instead of calculating the pay using the employee’s base salary as described in the Agency’s written labor policy, the Agency compounded the amount of the pay each time the employee’s Longevity Pay was increased. In addition, the Agency included compensation paid in lieu of vacation, sick leave, and administrative leave equal to 4.8 percent of their annual salary when calculating the adjustment. Pursuant to a written labor policy the Agency should have reported Longevity Pay of \$2,480 for the period July 1, 2015 through October 31, 2015. Government Code Section 20636	

COUNTY OF LAKE

Special Compensation Reported As:	Condition	Finding
	and California Code of Regulations Section 571 state that the employer shall report special compensation in accordance with a written labor policy and for the period the special compensation was earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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	Pay Schedule	The pay schedule contained within the Agency's labor policy does not contain a time base for the payrates.
2	Regular Earnings	The Agency reported compensation paid to an employee in lieu of vacation, sick leave, and administrative leave equal to 4.8% of their annual salary. The payment was reported combined with regular earnings.

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 in 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 indicated disagreement with the finding in the report and provided additional information. OFAS reviewed the information and concluded that the finding will remain as stated.

COUNTY OF NAPA




Objective and Scope			
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CalPERS ID	Job Number	Contract Date	Classification
2830167653	2SP16-033	January 1, 1949	Miscellaneous Safety – County Peace Officer

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding
  - Impacted active members
  - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Master Police Officer Pay	The Agency reported Educational Incentive of \$2,570 under the special compensation category Master Police Officer Pay for a Deputy Sheriff II in the pay period ended September 11, 2015. We found that the pay was reportable as Educational Incentive; however, the amount of the pay was incorrect and the pay was not reported for the period earned. The pay was over-reported by \$26 due to a calculating error, and the pay should have been for the period February 14, 2015 to September 11, 2015. Also, the employee qualified for the Educational Incentive when they were hired on November 24, 2014. However, the Agency did not pay the Educational Incentive until February 14, 2015. Government Code Section 20636 requires that the employer report special compensation for the period earned and in accordance with a written labor policy. The written labor policy stated that Educational Pay would be	

COUNTY OF NAPA

Special Compensation Reported As:	Condition	Finding
	calculated on an employee’s base payrate; however, the calculation included Holiday Pay.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

COUNTY OF YUBA

Objective and Scope			
CalPERS ID	Job Number	Contract Date	Classification
3649506927	2SP16-034	February 1, 1960	Miscellaneous Safety – County Peace Officers

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

- No finding
 - Impacted active members
 - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Longevity Pay	The Agency reported Longevity Pay as special compensation for three employees; a Sheriff Sergeant /Operations, a District Attorney, and a Sheriff /Coroner. The Agency also reported Longevity Pay added to payrate and regular earnings for two of the three employees. However, the Longevity Pay was not reportable as the conditions for payment listed in the Agency’s written labor policies were unclear and the amounts were not identified. For example, the written labor policy for the District Attorney indicated that the employee’s Longevity Pay would be determined by identifying an index rate based on years of service and multiplying the employee’s base salary by the index rate. Using this formula the District Attorney’s base salary of \$10,943 per month was multiplied by a factor of 1.59 for 30 years of service, to arrive at \$17,400. Of this amount, the Agency reported \$4,093 as special compensation	

COUNTY OF YUBA

Special Compensation Reported As:	Condition	Finding
	<p>and \$13,307 as base payrate and regular earnings. Government Code Section 20636 and the California Code of Regulations Section 571 require that the employer report special compensation in accordance with a written labor policy that identifies the conditions for payment, including the amount. In addition, Government Code Section 20636 identifies payrate as the normal or base rate of pay. Furthermore, Government Code Section 20630 identifies regular earnings as payment for a member's services performed during normal working hours and stipulates the compensation must be reported in accordance with, and not to exceed, the payrate and special compensation as defined in Government Code Section 20636.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636
 California Code of Regulations: § 571

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 in 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 acknowledged the issue and has been working with the CalPERS Employer Account Management Division to resolve the finding identified in the report.

COUNTY SCHOOL SERVICE - SAN MATEO COUNTY SCHOOLS

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2498776598	2SP16-035	October 1, 1948	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Off-Salary Schedule Pay The Agency reported an experience stipend of \$2,908 under the category Off-Salary Schedule Pay for a Paraeducator Special Education employee who retired on June 13, 2015. The Agency reported the experience stipend in pay period ended March 31, 2014; however, the stipend was not reportable as special compensation. The \$2,908 was a retroactive payment for a stipend that the Agency agreed to pay employees who were hired prior to July 1, 2008. The Agency's intent of the stipend was to prevent a decrease in employee payrates caused by changing monthly payrates to hourly payrates. Government Code Section 20636.1 and California Code of Regulations Section 571 define Off-Salary-Schedule Pay as payments that are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. The stipend did not meet the definition of Off-Salary-Schedule Pay and was not reportable as special compensation. The	⬡

COUNTY SCHOOL SERVICE - SAN MATEO COUNTY SCHOOLS

Special Compensation Reported As:	Condition	Finding
	reporting fell within the employee's final compensation period and impacted the employee's retirement benefits.	
Recommendation and Criteria		

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, 20630, and § 20636.1
California Code of Regulations: § 571

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 in 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 indicated agreement with the finding in the report.

EL CAMINO REAL CHARTER HIGH SCHOOL

Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
9289310026	2SP16-036	March 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Bonus The Agency reported Bonus pay of \$5,000 for an Office Technician who retired on December 31, 2014 and a Senior Office Technician who retired on December 31, 2015. Specifically, the Bonus pay was paid to each employee and reported in the pay periods ended July 31, 2013 and August 31, 2013, respectively. However, the pay was not reportable because it was not compensation for superior performance and was provided only during the employees' final compensation period. Government Code Section 20636.1 and California Code of Regulations Section 571 define Bonus as compensation paid to employees for superior performance and state if the pay is provided only during a member's final compensation period, it will be excluded from final compensation as Final Settlement Pay. Government Code Section 20636.1 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash	

EL CAMINO REAL CHARTER HIGH SCHOOL

Special Compensation Reported As:	Condition	Finding
	<p>conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded in connection with, or anticipation of a separation from employment, and is excluded from reporting to CalPERS as special compensation or payrate. The reporting impacted the final compensation period used to calculate the employees' retirement benefits.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 570 and § 571

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 in 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 indicated disagreement with the finding noted in the report and provided additional information. OFAS reviewed the information and concluded that the finding will remain as stated.

EXCELSIOR EDUCATION CENTER

Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
6961663482	2SP16-037	May 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A Bonus	The Agency reported Bonus pay of \$2,917 for a Human Resources Technician who retired on July 1, 2016. Specifically, the Agency reported the pay in the pay period ended June 29, 2016. However, the pay was not reportable because the Agency did not have a clear written Bonus plan in place that outlined the performance goals and objectives for employees, or a performance evaluation that clearly indicated superior performance. Government Code Section 20636.1 and California Code of Regulations Section 571 define Bonus as compensation paid to employees for superior performance and require that a program or system must be in place to plan and identify performance goals and objectives. The reporting fell within the employee's final compensation period and impacted the employee's retirement benefits.	

EXCELSIOR EDUCATION CENTER

Special Compensation Reported As:	Condition	Finding
1B	The Agency reported Bonus pay of \$2,955 for a Business Office Technician in the pay period ended June 29, 2016. The Agency also reported Bonus pays of \$4,928 and \$5,109 for an Assistant Superintendent of Business Services in the pay periods ended December 31, 2013 and December 31, 2014, respectively. The pay was not reportable because the Agency did not have a clear written Bonus plan in place that outlined the performance goals and objectives for employees, or a performance evaluation that clearly indicated superior performance. Government Code Section 20636.1 and California Code of Regulations Section 571 define Bonus as compensation paid to employees for superior performance and require that a program or system must be in place to plan and identify performance goals and objectives.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 571

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 in 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 indicated disagreement with the findings noted in the report. OFAS reviewed the disagreement and concluded that the finding will remain as stated.

FAIR OAKS WATER DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7635333358	2SP16-038	July 1, 1961	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Government Agency Required Licenses Pay	The Agency reported Government Agency Required Licenses Pay of \$4,013 for a Distribution System Operator II in the pay period ended June 21, 2015. The pay was referred to by the Agency as Certificate Incentive Program Pay and was a one-time lump sum payment for passing a certification examination. Because this was a one-time payment, it was not reportable under Government Code Section 20636 and California Code of Regulations Section 571 which state that special compensation must be historically consistent with prior payments for the job classification. In addition, the Distribution System Operator II was subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA) as a new member. Government Code Section 7522.34 states that pensionable compensation for a PEPRA member does not include any one-time or ad hoc payments.	▲

FAIR OAKS WATER DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20636, and § 7522.34
California Code of Regulations: § 571

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	Pay Schedule	The pay schedules in effect after 2013 were not approved by the Agency's Governing Body.
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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 in 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 and plans to resolve the finding identified in the report.

HESPERIA WATER DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4137117193	2SP16-039	June 27, 1977	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Off-Salary-Schedule Pay	The Agency reported Off-Salary-Schedule Pay of \$3,994 in the pay period ended January 10, 2014 for a Public Works Supervisor who retired on November 15, 2015. Per the Agency’s written labor policy the pay was a one-time lump sum Bonus payment equivalent to five percent of the employee’s base annual salary. OFAS reviewed the payment and found it did not meet the definition of Off-Salary-Schedule Pay because the Agency also authorized a salary increase of 2.5 percent during the same fiscal year. Government Code Section 20636 and California Code of Regulations Section 571 state that Off-Salary-Schedule Pay is a payment that is routinely negotiated through collective bargaining in lieu of increases to salary. In addition, the pay did not meet the definition of Bonus because the pay was not for superior performance as required by Government Code Section 20636 and California Code of Regulations Section 571. Furthermore, the	◆

HESPERIA WATER DISTRICT

Special Compensation Reported As:	Condition	Finding
	<p>one-time Bonus was only paid to the employee during their final compensation period. Government Code Section 20636 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with, or anticipation of, a separation from employment. The reporting fell within the employee's final compensation period and impacted the employee's retirement benefits.</p>	
1B	<p>The Agency reported Off-Salary-Schedule Pay of \$3,128 for an Executive Secretary in the pay period ended January 10, 2014. Per the Agency's written labor policy the pay was a one-time lump sum Bonus payment equivalent to five percent of the employee's base annual salary. OFAS reviewed the payment and found it did not meet the definition of Off-Salary-Schedule Pay because the Agency also authorized a salary increase of 2.5 percent during the same fiscal year. Government Code Section 20636 and California Code of Regulations Section 571 state that Off-Salary-Schedule Pay is a payment that is routinely negotiated through collective bargaining in lieu of increases to salary. In addition, the pay did not meet the definition of Bonus because the pay was not for superior performance as required by Government Code Section 20636 and California Code of Regulations Section 571.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 570 and § 571

HESPERIA WATER 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 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 Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency agreed and plans to resolve the findings identified in the report.

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HUMBOLDT NO. 1 FIRE PROTECTION DISTRICT




Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
4160903971	2SP16-040	October 1, 1951	Miscellaneous Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

 - No finding  - Impacted active members  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Paramedic Pay	The Agency reported Paramedic Pay for a Fire Captain II and two Firefighters. Specifically, the Agency reported \$2,500 in pay period ended November 30, 2014 and \$2,500 in pay period ended December 31, 2014, for a total of \$5,000 Paramedic Pay for each of the three employees. The Paramedic Pay was paid for Fiscal Year July 1, 2014 through June 30, 2015. However, the three employees worked for the Agency for only the first six months of the fiscal year, from July 1, 2014 through December 31, 2014. Effective January 1, 2015, the Fire Captain and the Firefighters became employees of a separate Joint Powers Authority through a consolidation of the Agency's operations with another local fire department. Therefore, the Agency should have reported \$2,500, six months of Paramedic Pay and the pay should have been reported for the period July 1, 2014 through December 31, 2014. Government Code Section	

HUMBOLDT NO. 1 FIRE PROTECTION DISTRICT

Special Compensation Reported As:		Condition	Finding
		20636 states that special compensation shall be for services rendered during normal working hours and when reported to CalPERS, the employer shall identify the pay period in which the special compensation was earned.	
2	Holiday Pay	The Agency reported Holiday Pay of \$3,126 for a Fire Captain in pay period ended November 30, 2014. The same as Paramedic Pay noted in Finding 1, the Holiday Pay was paid for Fiscal Year July 1, 2014 through June 30, 2015. However, the employee worked for the Agency for only the first six months of the fiscal year. Therefore, the Agency should have reported Holiday Pay of \$1,563 and the pay should have been reported for the period July 1, 2014 through December 31, 2014. Government Code Section 20636 states that special compensation shall be for services rendered during normal working hours and when reported to CalPERS, the employer shall identify the pay period in which the special compensation was earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

Other Matters

OFAS identified another 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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
2	Scheduled Hours per Week	The Agency incorrectly reported the scheduled hours per week for a Fire Captain. Specifically, the regular work schedule for the full-time position was 56.15 hours per week. However, the Agency incorrectly reported 39.92 scheduled hours per week.

HUMBOLDT NO. 1 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 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 Agency of the final determinations and provide appeal rights, if applicable, at that time.

Summarized Response

The Agency did not disagree with the findings noted in the report.

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INLAND EMPIRE UTILITIES AGENCY

Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
5643527383	2SP16-041	January 1, 1963	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Bonus	The Agency reported Off-Salary Schedule Pay of \$3,500 under the special compensation category Bonus for a Laboratory Technician who retired on July 8, 2015. The Agency reported the pay for the pay period ended September 14, 2013. The Off-Salary Schedule Pay was negotiated in-lieu of a salary increase for Fiscal Year 2013-14 and was reportable as special compensation. However, the pay was not reported for the period earned July 1, 2013 through June 30, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned. Although the Off-Salary Schedule Pay was reported in a lump sum amount, the pay did not fall within the highest annual compensation period.	

INLAND EMPIRE UTILITIES AGENCY

Special Compensation Reported As:	Condition	Finding	
2	Bonus	<p>The Agency reported Bonus pay of \$20,000 for a General Manager in the pay period ended May 7, 2016. The Bonus pay was reportable as special compensation; however, the pay was not reported for the period earned. The pay was earned during Fiscal Year 2014-15 and should have been reported for the period July 1, 2014 through June 30, 2015. Government Code Section 20636 states when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid.</p>	▲
3	Holiday Pay	<p>The Agency reported Holiday Pay of \$2,756 for a Wastewater Treatment Plant Operator III in the pay period ended January 2, 2016. However, only \$1,211 of the pay reported met the definition of Holiday Pay as defined in Government Code Section 20636 and California Code of Regulations Section 571. The remaining \$1,545 was for hours worked outside of the employee's regular schedule and considered overtime. Compensation for overtime is not reportable per Government Code Section 20635.</p>	▲

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20635, and § 20636
 California Code of Regulations: § 571

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 in 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.

INLAND EMPIRE UTILITIES AGENCY

Summarized Response

The Agency agreed and plans to resolve the findings identified in the report.

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IRVINE UNIFIED SCHOOL DISTRICT

Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
2835296485	2SP16-042	March 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Unknown The Agency reported a retirement stipend of \$5,000 under the special compensation category Unknown for a Maintenance V Carpenter who retired on December 31, 2014. Specifically, the Agency reported the retirement stipend for the pay period ended December 30, 2014. The Agency provided the pay to eligible employees when they retire. However, the retirement stipend was not an item of special compensation and was not reportable as special compensation under Government Code Section 20636.1 and California Code of Regulations Section 571. Additionally, the retirement stipend is Final Settlement Pay and is not reportable to CalPERS. Government Code Section 20636.1 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with, or anticipation of, a separation from	

IRVINE UNIFIED SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	employment. Final Settlement Pay is excluded from reporting to CalPERS. The reporting fell within the employee's final compensation period and impacted the employee's retirement benefits.	
2	Off-Salary Schedule Pay The Agency reported Off-Salary Schedule Pay of \$2,863 for a Director III in the pay period ended January 31, 2016. However, the Off-Salary Schedule Pay was not reportable as special compensation. The Agency's written labor policy stated the 2015-16 salary schedule was increased by four percent and there was a one-time off-schedule payment of two percent based on the 2015-16 salary schedule. Government Code Section 20636.1 and California Code of Regulations 571 define Off-Salary Schedule Pay as payments that are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. The pay did not meet the definition of Off-Salary Schedule Pay and therefore was not reportable.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, and § 20636.1
 California Code of Regulations: § 570 and § 571

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 in 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.

IRVINE UNIFIED SCHOOL DISTRICT

Summarized Response

The Agency indicated disagreement with Finding 2 in the report. OFAS reviewed the Agency's disagreement and concluded that the finding will remain as stated.

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JURUPA UNIFIED SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4453655080	2SP16-043	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Unknown The Agency reported Longevity Pay of \$3,707 under the special compensation category Unknown for a Head Custodian Middle School who retired on September 2, 2013. The Agency reported the Longevity Pay in the pay period ended August 31, 2013. However, the Longevity Pay was not reported in compliance with Government Code Section 20636.1 and California Code of Regulations Section 571. Specifically, the Agency was unable to provide documentation to show that the written labor policy describing the Longevity Pay was approved by its governing body. Also, the labor policy did not indicate the conditions for payment of the Longevity Pay such as the eligibility for, and the amount of the pay. Government Code Section 20636.1 and California Code of Regulations Section 571 state that all items of special compensation must be contained in a written labor policy or agreement that has been	⬡

JURUPA UNIFIED SCHOOL DISTRICT

Special Compensation Reported As:		Condition	Finding
		approved and adopted by an Agency's governing body. In addition, Section 571 states that the written labor policy must indicate the conditions for payment of the item of special compensation, including, but not limited to, eligibility for, and amount of, the special compensation. The pay fell within the highest annual compensation period impacting the employee's retirement benefits.	
2A	Longevity Pay	The Agency reported Longevity Pay of \$3,090 for a Classified Personnel Director who retired on April 2, 2016. The Agency reported the Longevity Pay in the pay period ended August 31, 2013. However, the Longevity Pay was not reported in compliance with Government Code Section 20636.1 and California Code of Regulations Section 571. Specifically, the Agency was unable to provide documentation to show that the Longevity Pay labor policy was approved by its governing body. Also, the labor policy did not indicate the conditions for payment of the Longevity Pay such as the eligibility for, and the amount of the pay. Government Code Section 20636.1 and California Code of Regulations Section 571 state that all items of special compensation must be contained in a written labor policy or agreement that has been approved and adopted by an Agency's governing body. In addition, Section 571 states that the written labor policy must indicate the conditions for payment of the item of special compensation, including, but not limited to, eligibility for, and amount of, the special compensation. The pay fell in the pay period following the highest annual compensation period.	
2B	Longevity Pay	The Agency reported Longevity Pay of \$2,808 and \$4,273 for an Administrative Secretary who retired on June 7, 2016. The special compensation was contained in a written labor policy that was approved by the governing body; however, the Agency reported the pay as two lump sum amounts in the pay periods ended June 10, 2015 and June 6, 2016. The Agency should have reported the special compensation for the periods earned, July 1, 2014 through June 30, 2015 and July 1, 2015 through June 7, 2016, respectively. Government Code Section 20636.1 requires that the employer report	

JURUPA UNIFIED SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	special compensation in the period earned. Both amounts fell within the highest annual compensation period and impacted the employee's retirement benefits.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
 California Code of Regulations: § 571

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	Pay Schedule	The Agency was unable to provide documentation to support that the pay schedules were approved by the Agency's Governing Body.

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 in 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 acknowledged and plans to resolve the findings identified in the report.

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LASSEN COMMUNITY COLLEGE DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4921722395	2SP16-044	April 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Longevity Pay	The Agency reported Longevity Pay as special compensation in the pay period ended January 31, 2015. The reported special compensation was reviewed for compliance under Government Code Section 20636.1 and no exceptions were made.	●

Criteria

Government Codes: § 20636.1

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 CalPERS contract. The results outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

LASSEN COMMUNITY COLLEGE DISTRICT

Summarized Response

The Agency indicated disagreement with a finding noted in the report. OFAS reviewed the disagreement and removed the finding.

MILITARY DEPARTMENT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
7813772039	2SP16-045	January 1, 1932	Miscellaneous

The objective of our review was to determine whether special compensation reported to CaIPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	State - Pensionable Compensation	The Agency reported housing allowance under the special compensation category State - Pensionable Compensation for two employees that were hired after January 1, 2013 and are subject to the California Public Employees’ Pension Reform Act of 2013 (PEPRA) as new members. Specifically, the Agency reported housing allowances of \$3,969 and \$3,675 in the pay period ended June 30, 2016 for a Colonel and a Master Sergeant, respectively. The housing allowances were reported under the special compensation category “State - Pensionable Compensation”. Housing allowances are not reportable as special compensation for PEPRA members pursuant to Government Code Section 7522.34(c)(7) which states that any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms, is excluded from pensionable compensation.	▲

MILITARY DEPARTMENT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 7522.34

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 in 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 indicated disagreement with the finding noted in the report. OFAS reviewed the disagreement and concluded that the finding will remain as stated.

MODESTO CITY ELEMENTARY SCHOOL DISTRICT




Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
7721152953	2SP16-046	November 1, 1948	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding  - Impacted active members  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Unknown	The Agency reported Longevity Pay in lump sum amounts under the special compensation category Unknown for three retired employees. For an Instructional Paraprofessional Special Education staff, the Agency reported \$3,300 for the pay period ended December 31, 2014 and \$3,400 for the pay period ended December 31, 2015. For another Instructional Paraprofessional Special Education staff, the Agency reported \$3,000 for the pay period ended December 31, 2014. For a Bilingual Cross-Cultural Instructional Paraprofessional staff, the Agency reported \$3,500 for pay periods ending December 31, 2014 and December 31, 2015. In each instance, the Longevity Pay was reportable as special compensation and earned during the calendar year prior to the Agency paying and reporting the pay, from January 1st through December 31st. Government Code Section 20636.1 requires that the employer report special compensation for the period	

MODESTO CITY ELEMENTARY SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	earned. The incorrect reporting impacted the retired employees' retirement benefit calculations as a lump sum amount was reported part way into the retirees' highest annual compensation period.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20221, § 20160, and § 20636.1
 California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

ORANGE COUNTY HEALTH AUTHORITY

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
7832606433	2SP16-047	October 29, 1995	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Bonus	The Agency reported Bonus pay of \$25,047 for a Chief Medical Officer and \$18,224 for an Executive Director in the pay period ended October 4, 2014; however, the Agency’s written labor agreement did not include the conditions for payment of the special compensation. The Agency also did not have a program or system in place to plan and identify performance goals and objectives. Government Code Section 20636 and California Code of Regulations Section 571 define Bonus as compensation to employees for superior performance and a program or system must be in place to plan and identify performance goals and objectives. Therefore, the pay was not reportable as special compensation.	▲

ORANGE COUNTY HEALTH AUTHORITY

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

RANCHO CALIFORNIA WATER DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
3101193611	2SP16-048	December 1, 1973	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Bonus The Agency reported Bonus pay of \$2,977 for a Field Services Locator II and \$3,620 for a Senior Treatment Operator in the pay period ended July 10, 2015. The Bonus pay was for superior performance during the period of July 1, 2014 through June 30, 2015. However, the conditions of payment, specifically the amount, were not contained in a written labor policy or agreement. Instead, the Agency’s written labor policy explained that employees with a performance rating of “exceeds expectations” or higher would receive a percentage of funds from a merit pool, and the actual percentage paid would vary based on the established merit pool and calculated distributions. Government Code Section 20636 and California Code of Regulations Section 571 state that special compensation is reportable under certain conditions and one of those conditions is the amount of the special compensation must be listed in a written labor policy or agreement.	▲

RANCHO CALIFORNIA WATER DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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 indicated disagreement with the finding noted in the report. OFAS reviewed the disagreement and added clarifying language to finding.

RICHGROVE ELEMENTARY SCHOOL DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2724583946	2SP16-049	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Off-Salary-Schedule Pay The Agency reported Off-Salary-Schedule Pay of \$2,523 as a lump sum amount for a Cafeteria Manager during pay period ended January 31, 2016. The Off-Salary-Schedule Pay was reportable as special compensation; however, the Agency did not report the pay as earned, for the pay periods August 4, 2015 through June 3, 2016. Government Code Section 20636.1 requires that the employer report special compensation for the period earned.	▲

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 571

RICHGROVE ELEMENTARY 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	Pay Schedule	The pay schedule did not include a time base for payrates shown and was not approved by the Agency's Governing Body.
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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 in 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 and plans to resolve the findings identified in the report.

SAN LORENZO UNIFIED SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4157559530	2SP16-050	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding	
1	Confidential Premium	The Agency reported a Confidential Premium of \$2,818 for a Director of Assessment in the pay period ended August 31, 2013. The premium was payment for serving on the Council for Employee-Employer Relations (CEER). Government Code Section 20636.1 and California Code of Regulations Section 571 define Confidential Premium as pay for rank and file employees routinely working in sensitive positions requiring trust and discretion. The Director of Assessment was not a rank and file employee; therefore, the pay was not reportable as special compensation.	▲
2	Off-Salary-Schedule Pay	The Agency reported Off-Salary-Schedule Pay of \$2,738 as a lump sum for a Director of Assessment. The pay was reportable as special compensation; however, it was reported in the pay period ended July 31, 2013 and not for the period earned. It should have been reported for Fiscal Year 2012-13. Government Code Section 20636.1 requires that the	▲

SAN LORENZO UNIFIED SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	employer report special compensation for the period earned.	
Recommendation and Criteria		

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 571

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 in 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 findings identified in the report.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
1162446343	2SP16-051	March 1, 1976	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Temporary Upgrade Pay	The Agency reported Temporary Upgrade Pay of \$3,109 for an employee who retired on April 30, 2016. The Agency reported the Temporary Upgrade Pay for the pay period ended April 29, 2016. The Temporary Upgrade Pay was for performing marketing and customer service duties from January 2013 to July 2015 that was in addition to the employee's regular job duties as a Transit Supervisor. The pay did not meet the definition of Temporary Upgrade Pay because the marketing and customer service duties were not part of an approved position at the Agency. Government Code Section 20636 and California Code of Regulations Section 571 define Temporary Upgrade Pay as compensation paid to employees who are required to work in an upgraded position/classification of limited duration. Since the employee did not work in an upgraded position the pay was not reportable as special compensation. Furthermore, the Temporary Upgrade Pay was only	⬡

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

	Special Compensation Reported As:	Condition	Finding
		<p>paid to the employee during their final compensation period. Government Code Section 20636 and California Code of Regulations Section 570 define Final Settlement Pay as any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with, or anticipation of, a separation from employment. The employee retired from the Agency on April 30, 2016 and the compensation was paid and reported on May 13, 2016. The compensation fell within the highest annual compensation period impacting the employee's retirement benefits.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 570 and § 571

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 in 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 and plans to resolve the finding identified in the report.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
4169066042	2SP16-052	June 1, 1992	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Bonus The Agency reported Bonus pay of \$11,700 semi-monthly for the Executive Director from mid-April 2014 through the end of August 2014. However, the Bonus pay was not reportable as special compensation because the Agency’s written labor policy did not have a program or system in place to plan and identify performance goals or objectives. Government Code Section 20636 and California Code of Regulations Section 571 state that a program or system must be in place for Bonus to plan and identify performance goals and objectives. During the course of the review, OFAS noted that the Agency worked with CalPERS Employer Account Management Division to correct the misreporting.	▲

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body and did not show the position title for every employee position.
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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 in 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 indicated agreement and stated they have corrected the finding identified in the report.

SURPRISE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Objective and Scope


CaIPERS ID	Job Number	Contract Date	Classification
7754244853	2SP16-053	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Computer Operations Premium Pay	The Agency reported Computer Operations Premium Pay of \$5,000 for a Technology Support employee who retired on June 6, 2014. Specifically, the Agency reported the payment as a retroactive special compensation adjustment on June 30, 2014 for the pay period ended May 31, 2014. However, the Computer Operations Premium Pay was not reportable as special compensation because it was not included in the written labor policy that covered the employee. Government Code Section 20636.1 and the California Code of Regulations Section 571 require that all items of special compensation be included in a written labor policy or agreement which has been approved by the Agency's governing body in accordance with the requirements of applicable public meetings laws. The reporting fell within the employee's final compensation period and impacted the employee's retirement benefits.	

SURPRISE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
California Code of Regulations: § 571

Other Matters

OFAS identified another 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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
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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 in 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 indicated disagreement with the finding in the report and provided additional information. OFAS reviewed the information and concluded that the finding will remain as stated.

SUTTER UNION HIGH SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2568994850	2SP16-054	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Unknown	The Agency reported Longevity Pay of \$3,500 under the special compensation category Unknown for a Custodian/Bus Driver who retired on May 1, 2016. The pay met the definition of Longevity Pay under Government Code Section 20636.1 and California Code of Regulations Section 571. However, the pay was reported as a lump sum amount in the pay period ended March 31, 2016. The pay should have been reported for the period earned, March 25, 2015 through March 24, 2016. Government Code Section 20636.1 requires that the employer report special compensation for the period earned. The incorrect reporting impacted the retired employee's retirement benefit calculation.	⬡

SUTTER UNION HIGH SCHOOL DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
California Code of Regulations: § 571

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 in 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 and has begun working to correct the finding.

TRAVIS UNIFIED SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4853718685	2SP16-055	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Educational Incentive	The Agency reported \$9,179 as special compensation under the special compensation category Educational Incentive for a Chief Business Officer in the pay period ended December 31, 2015. However, the pay was the employee’s compensation for the pay period ended December 31, 2015 and should have been reported as regular earnings per Government Code Section 20630. Government Code Section 20630 defines compensation as payment for a member’s services performed during normal work hours and when reported to CalPERS the pay must be reported for the period earned, regardless of when reported or paid. Government Code Section 20636 identifies special compensation as a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.	▲

TRAVIS UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule did not indicate a time base for every employee position.
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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 in 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 and plans to resolve the finding identified in the report.

TULARE COUNTY SCHOOLS

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2757676664	2SP16-056	July 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Shift Differential	The Agency reported Temporary Upgrade Pay of \$3,840 under the special compensation category Shift Differential for a Rehabilitation Management Specialist in the monthly pay period ended April 30, 2014. The pay met the definition of Temporary Upgrade Pay under Government Code Section 20636.1 and the California Code of Regulations and was reportable as special compensation. However, the pay was earned over a 45-day period and was not reported as earned. The Agency was unable to provide documentation to identify the period the special compensation was earned. Government Code Section 20636.1 requires that the employer report special compensation for the period earned.	▲

TULARE COUNTY SCHOOLS

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws. In addition, the pay schedule did not indicate an effective date and date of any revision.
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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 in 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 and plans to resolve the finding identified in the report.

WEST COUNTY TRANSPORTATION AGENCY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
5290477553	2SP16-057	March 1, 1990	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Special Class Driver’s License Pay	The Agency reported \$3,500 as Special Class Driver’s License Pay for a Supervisor of Special Education Transportation and Dispatch employee in the pay period ended November 30, 2015. However, the pay was not contained in a written labor agreement that was duly approved and adopted by the employer’s governing body and therefore was not reportable as special compensation. Government Code Section 20636 and California Code of Regulations Section 571 state that items of special compensation must be contained in a written labor policy or agreement that was duly approved and adopted by the employer’s governing body to be reportable to CalPERS.	▲

WEST COUNTY TRANSPORTATION AGENCY

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
California Code of Regulations: § 571

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 in 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.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
2279941741	2SP16-058	December 1, 1948 November 1, 1994	Miscellaneous Safety-Police

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.



Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Off-Salary Schedule Pay The Agency reported Holiday Pay cashouts of \$5,021 and \$5,178 under the Off-Salary Schedule Pay category for two Police Officers in the pay period ended June 30, 2014. However, the Holiday Pay included a cash-out for a floating holiday. Holiday Pay is reportable as special compensation under Government Code Section 20636.1 and the California Code of Regulations Section 571, but compensation for floating holidays is not reportable as they are not considered recognized holidays and do not meet the definition of special compensation pursuant to Government Code Section 20636.1 and California Code of Regulations Section 571. In addition, the Holiday Pay was reported in a lump sum amount instead of for the pay periods in which the holiday hours were earned, July 1, 2013 through June 30, 2014. Government Code Section 20636.1	▲

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

	Special Compensation Reported As:	Condition	Finding
		requires that the employer report special compensation for the period earned.	
2	Unknown	The Agency reported \$5,500 under the special compensation category Unknown for a School Faculty employee in the pay period ended August 31, 2015. Per the Agency's written labor policy, the \$5,500 was a one-time payment to the employee for achieving tenure and returning for duty the following year. The pay did not meet the definition of special compensation under Government Code Section 20636.1 and California Code of Regulations Section 571. Therefore, the pay was not reportable as special compensation.	
3	Off-Salary Schedule Pay	The Agency reported retroactive salary adjustments of \$2,876 under the Off-Salary Schedule Pay category for two Police Officers in the pay period ended February 28, 2015. The Police Officers both received an 11.65 percent salary increase for the period of October 1, 2014 through January 31, 2015. However, the compensation should have been reported as a retroactive salary adjustment and not as special compensation. In addition, the Agency should have reported the retroactive salary adjustments using the inclusive dates of the salary increase rather than in lump sum amounts. Government Code Section 20630 defines compensation as payment for the member's services performed during normal working hours and Government Code Section 20636.1 defines special compensation as a payment received by a member for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions. Government Code Section 20630 states that the employer shall report compensation for the period earned, regardless of when its reported or paid.	

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.

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WILSONA ELEMENTARY SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
1439827301	2SP16-059	March 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 Bonus	The Agency reported \$6,156 under the special compensation category Bonus for a Chief Business Official in the pay period ended June 30, 2016. OFAS reviewed the payment and found that the pay did not meet the definition of Bonus as the pay was identified in a written labor policy as a six percent off-schedule payment, and not a Bonus. The pay was similar to Off-Salary Schedule Pay and therefore was reviewed for reportability under this pay type. However, the pay did not meet the definition of special compensation under Off-Salary Schedule Pay because the employee was also provided a salary increase in the same fiscal year. Government Code Section 20636.1 and California Code of Regulations Section 571 define Bonus as compensation paid to employees for superior performance and require that a program or system must be in place to plan and identify performance goals and objectives. Off-Salary-Schedule Pay is	▲

WILSONA ELEMENTARY SCHOOL DISTRICT

Special Compensation Reported As:	Condition	Finding
	defined as payments that are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. OFAS concluded the pay was not reportable as special compensation.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 571

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 in 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 and plans to resolve the finding identified in the report.

CITY OF REDWOOD CITY

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
4429157178	2SP16-060	July 1, 1941	Miscellaneous Safety Police Safety Fire

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.




Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Unknown	The Agency reported Holiday Pay of \$4,636 for a Fire Captain under the special compensation category Unknown for the pay period ended May 29, 2016. The Holiday Pay was reportable as special compensation; however, the Agency reported the pay as a lump sum amount instead of for the period earned, July 1, 2015 through June 30, 2016. Government Code Section 20636 requires the employer to report special compensation for the period earned.	▲
2A	Holiday Pay	The Agency reported Holiday Pay of \$3,149 for a Fire Fighter/Engineer for the pay period ended May 29, 2016. The Holiday Pay was reportable as special compensation; however, the Agency reported the pay as a lump sum amount instead of for the period earned, July 1, 2015 through June 30, 2016. Government Code Section 20636 requires the	▲

CITY OF REDWOOD CITY

Special Compensation Reported As:	Condition	Finding
	employer to report special compensation for the period earned.	
2B	The Agency's Memorandum of Understanding's (MOU) for Police and Fire employees did not indicate all conditions for payment of the Holiday Pay as required by Government Code Section 20636 and California Code of Regulations Section 571. Specifically, the MOU's did not identify whether Holiday Pay was calculated on the employees' base rate of pay, or whether the payrate included special pays.	
3A	Unknown The Agency reported Uniform Allowance of \$1,016 under the special compensation category Unknown for a Police Officer in pay period ended June 12, 2016. The Uniform Allowance was reportable as special compensation; however, the Agency reported the pay as a lump sum amount instead of for the period earned, July 1, 2015 through June 30, 2016. Government Code Section 20636 requires that the employer report special compensation for the period earned.	
3B	The Agency reported Temporary Upgrade Pay of \$526 under the special compensation category Unknown for a Fire Captain for the pay period ended May 29, 2016. However, the Agency's records show the assignment for working in an upgraded position ended on April 3, 2016. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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.

CITY OF REDWOOD CITY

1	Scheduled Hours per Week	The Agency reported a 40 hour work week for a Fire Fighter who worked a 56 hour work week.
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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 in 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 and plans to resolve the findings identified in the report.

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YOSEMITE COMMUNITY COLLEGE DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2480646141	2SP16-061	November 1, 1948	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Longevity Pay	The Agency reported Longevity Pay of \$2,900 for a Community Education Specialist who retired on July 1, 2016. The pay was reported in the pay period ended November 30, 2015. The Longevity Pay was reportable as special compensation; however, it should have been reported for the period earned, December 1, 2014 through November 30, 2015. Government Code Section 20636.1 requires that the employer report special compensation for the period earned. The reporting impacted the retired employee’s retirement benefit calculation.	◆
1B		The Agency reported Longevity Pay of \$2,950 for a Custodian in the pay period ended November 30, 2015. However, \$50 of the Longevity Pay was paid pursuant to a settlement agreement, and settlement pay is not a reportable item of special compensation per Government Code Section 20636.1 and California Code of Regulations Section 571. The remaining \$2,900 met the definition of Longevity Pay; however, the pay was reported in a	▲

YOSEMITE COMMUNITY COLLEGE DISTRICT

Special Compensation Reported As:	Condition	Finding
	lump sum amount and not for the period earned, December 1, 2014 through November 30, 2015.	
1C	The Agency reported regular earnings as special compensation for two employees. Specifically, the Agency reported regular earnings of \$3,881 and \$7,172 as Longevity Pay for a Child Development Specialist and a Director of Admissions and Records respectively in the pay period ended November 30, 2015. The pays should have been reported as regular earnings per Government Code Section 20630. Government Code Section 20630 defines compensation as payment for a member's services performed during normal working hours or for excused time off.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, § 20630, and § 20636.1
 California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
1281849954	2SP16-062	July 1, 1948	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1	Unknown	The Agency reported Off-Salary-Schedule Pay of \$2,558 under the special compensation category Unknown for a Director of Child Nutrition and \$3,394 under the special compensation category Unknown for a Director of Facilities in the pay period ended June 30, 2015. Government Code Section 20636.1 and California Code of Regulations Section 571 define Off-Salary-Schedule Pay as compensation paid in lump sum amounts in lieu of increases to the salary schedule. The governing body authorized a salary increase for Fiscal Years 2014-15 in addition to the Off-Salary-Schedule Pay. Therefore, the pay was not reportable as special compensation.	▲

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20221, § 20160, and § 20636.1
California Code of Regulations: § 571

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	Pay Schedule	The pay schedule was not approved by the Agency's Governing Body.
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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 in 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 indicated disagreement with the finding and provided additional information. OFAS reviewed the information and revised the finding.

COAST COMMUNITY COLLEGE DISTRICT




Objective and Scope



CaIPERS ID	Job Number	Contract Date	Classification
5340774417	2SP16-063	March 1, 1949	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding
  - Impacted active members
  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A	Unknown The Agency reported Longevity Pay of \$3,265 as a lump sum amount under the special compensation category Unknown for an Instructional Associate who retired on June 1, 2016. The Agency reported the lump sum amount for the pay period ended November 30, 2015 and the pay was reportable as Longevity Pay; however, the pay was earned during the period December 1, 2014 through November 30, 2015. Government Code Section 20636.1 requires that the report special compensation for the period earned. This incorrect reporting impacted the employee’s retirement benefit calculation.	
1B	The Agency also reported Longevity Pay of \$3,265 as a lump sum amount under the special compensation category Unknown for a Senior Custodian. The Agency reported the Longevity Pay for the pay period ended November 30, 2015 and the pay was	

COAST COMMUNITY COLLEGE DISTRICT

Special Compensation Reported As:	Condition	Finding
	reportable as special compensation; however, the pay was earned during the period from December 1, 2014 through November 30, 2015. Government Code Section 20636.1 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636.1
 California Code of Regulations: § 571

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 in 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 an explanation and stated it would resolve the findings identified in the report.

DEPARTMENT OF CONSUMER AFFAIRS

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
3857544469	2SP16-064	January 1, 1932	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1 State-Pensionable Compensation	The reported special compensation was reviewed for compliance under Government Code Sections 20636 and 7522.10 and no exceptions were noted.	●

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.

Summarized Response

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

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CONEJO RECREATION AND PARK DISTRICT

Objective and Scope

CaIPERS ID	Job Number	Contract Date	Classification
2176990821	2SP16-065	July 1, 1976	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees’ Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee’s retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency’s compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ◆ - Impacted retired members

	Special Compensation Reported As:	Condition	Finding
1A	Longevity Pay	The Agency reported two amounts of Longevity Pay, \$2,900 and \$3,000 for a Pest Control Operator who retired on December 31, 2014. The Longevity Pay was reportable as special compensation; however, the amounts were not reported for the period earned. The \$2,900 was an annual amount reported in a lump sum for the pay period ended November 15, 2013. The pay was earned from January 1, 2013 to December 31, 2013. The \$3,000 was also an annual amount reported for the period December 1, 2013 to November 30, 2014. However, the pay was earned from January 1, 2014 to December 31, 2014. Government Code Section 20636 requires that the employer report special compensation for the period earned. The majority of the reported amounts fell within the employee’s highest one year compensation period. The reporting impacted the final compensation period used to calculate the employee’s retirement benefits.	◆

CONEJO RECREATION AND PARK DISTRICT

Special Compensation Reported As:	Condition	Finding
1B	The Agency reported Longevity Pay of \$2,600 in a lump sum amount for a Park Ranger in the pay period ended November 15, 2013. The Longevity Pay was reportable as special compensation; however, the pay was not reported for the period earned. The employee earned the Longevity Pay from January 1, 2013 to December 31, 2013. Government Code Section 20636 requires that the employer report special compensation for the period earned.	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.

DEPARTMENT OF FOOD AND AGRICULTURE 32ND DISTRICT AGRICULTURAL ASSOCIATION




Objective and Scope


CalPERS ID	Job Number	Contract Date	Classification
2176990821	2SP16-066	July 1, 1976	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.

Results

Finding Description:

 - No finding
  - Impacted active members
  - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1	Lead Worker/Supervisor Premium Pay The Agency reported Lead Worker/Supervisor Premium Pay of \$3,033 for a Deputy Secretary Manager in the pay period ended December 31, 2015. However, the pay included regular earnings of \$1,345. Although Lead Worker/Supervisor Premium Pay of \$1,688 was reportable as special compensation, regular earnings should be reported separate from special compensation. Government Code Section 20630 identifies compensation as payment for the member's services performed during normal working hours.	

DEPARTMENT OF FOOD AND AGRICULTURE 32ND DISTRICT AGRICULTURAL ASSOCIATION

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20630

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 in 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 and plans to resolve the finding identified in the report.

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Objective and Scope

CalPERS ID	Job Number	Contract Date	Classification
7221942610	2SP16-067	August 12, 2001	Miscellaneous

The objective of our review was to determine whether special compensation reported to CalPERS complied with the Public Employees' Retirement Law (PERL). Special compensation is a component of compensation earnable and needs to be accurately reported in order to correctly calculate an employee's retirement benefits. Incorrect reporting could cause the following: miscalculation of employer contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and hardship to retired members due to a reduction in benefits. Our testing included procedures to determine whether reported special compensation was in compliance with the PERL. The review was limited to the examination of a sample of active and/or retired employee records for the period July 1, 2013 to June 30, 2016. Unless otherwise specified, the Office of Audit Services (OFAS) did not review the Agency's compliance with the PERL in regard to any other issue, including, but not limited to, payroll and contribution reporting, membership enrollment, or employment after retirement.


Results

Finding Description:

● - No finding
 ▲ - Impacted active members
 ⬡ - Impacted retired members

Special Compensation Reported As:	Condition	Finding
1A Bonus	The Agency reported Bonus pay of \$5,907 for a Maintenance Mechanic III employee who retired on December 18, 2015. Specifically, two Bonus payments of \$2,704 and \$3,203 were reported for the employee in pay periods ended April 5, 2014 and March 30, 2015, respectively. The Bonus pay was not reportable because the pay was not available to all employees in a group or class. The pay was only available to long term employees, such as the Maintenance Mechanic III, that had reached the top of the established salary range for their position. Government Code Section 20636 and California Code of Regulations Sections 571 state that special compensation is limited to similarly situated members of a group or class employment. If an individual is not part of a group or class, special compensation is limited to special compensation received by similarly situated members in the closest related group or class of employees. The reporting	⬡

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Special Compensation Reported As:	Condition	Finding
	impacted the final compensation period used to calculate the employees' retirement benefits.	
1B	<p>The Agency reported \$2,954 in Bonus pay for a Laboratory Technician III in the pay period ended April 18, 2015. The Bonus pay was not reportable because the pay was not available to all employees in a group or class. The pay was only available to long term employees that had reached the top of the established salary range for their position. Government Code Section 20636 and California Code of Regulations Sections 571 state that special compensation is limited to similarly situated members of a group or class employment. If an individual is not part of a group or class, special compensation is limited to special compensation received by similarly situated members in the closest related group or class of employees.</p>	

Recommendation and Criteria

The Agency should ensure reported items of special compensation are in compliance with the PERL. 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: § 20120, § 20121, § 20122, § 20160, and § 20636
 California Code of Regulations: § 571

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 in 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 and plans to resolve the findings identified in the report.