

# **Office of Audit Services**



## **Public Agency Review**

### **Grass Valley Elementary School District**

**Employer Code: 0240-004  
CalPERS ID: 1026308084  
Job Number: P12-005**

**June 2013**



California Public Employees' Retirement System  
Office of Audit Services  
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Sacramento, CA 94229-2715  
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June 14, 2013

Employer Code: 0240-004  
CalPERS ID: 1026308084  
Job Number: P12-005

Grass Valley Elementary School District  
Donna Hardy, Administrative Assistant  
10840 Gilmore Way  
Grass Valley, CA 95945

Dear Ms. Hardy:

Enclosed is our final report on the results of the public agency review completed for the Grass Valley Elementary School District. Your written response, included as an appendix to the report, indicates disagreement with Findings 1 through 4. Based on information provided with the District's response a portion of Finding 4 was removed from the report. In accordance with our resolution policy, we have referred the issues identified in the report to the appropriate divisions at CalPERS. Please work with these divisions to address the recommendations specified in our report. It was our pleasure to work with your District and we appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original Signed By Margaret Junker  
MARGARET JUNKER, Chief  
Office of Audit Services

Enclosure

cc: Risk and Audit Committee Members, CalPERS  
Peter Mixon, General Counsel, CalPERS  
Karen DeFrank, Chief, CASD, CalPERS  
Anthony Suine, Chief, BNSD, CalPERS

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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## RESULTS IN BRIEF

The California Public Employees' Retirement System (CalPERS) Office of Audit Services (OAS) reviewed the Grass Valley Elementary School District's (District) enrolled individuals, member compensation, retirement information and other documentation for individuals included in test samples. A detail of the findings is noted in the Results section beginning on page three of this report. Specifically, the following findings were noted during the review:

- Final settlement pay was erroneously reported.
- Pay schedules did not meet the requirements of a pay schedule.
- Special compensation was included in base payrate and regular earnings.
- Payrate and regular earnings were not reported when earned.
- Scheduled hours per week were incorrectly reported for certificated employees.
- Temporary/part-time employee was not enrolled in CalPERS membership.
- Vacation leave was incorrectly reported as unused sick leave.

## DISTRICT BACKGROUND

Grass Valley School District was established in 1868 and serves approximately 1,663 kindergarten through eighth grade students in its four schools: Hennessy School (grades K-5), Scotten School (grades K-5), Lyman Gilmore Middle School (grades 6-8), and the Grass Valley Charter School at Bell Hill (grades K-8). In addition, the District operates three preschool sites.

The Nevada County Schools, which includes the District, contracted with CalPERS effective July 1, 1948, to provide participation in CalPERS for local miscellaneous employees. The District's certificated employees (i.e., school teachers) participate in the State Teachers' Retirement System; however, certificated employees who have established prior membership may elect to remain members of CalPERS. Memoranda of Understanding (MOU) and employment agreements outline all District employees' salaries and benefits and state the terms of employment agreed upon between the District and its employees.

Individual school districts within Nevada County Schools input members' payroll into the Nevada County Schools' payroll system. The Nevada County Superintendent of Schools Office (NCSSO) reports the monthly payroll for the school districts through my|CalPERS. The individual school districts are responsible for making the necessary changes during the school year to the employee's position, assignment, salary rate, and the addition or deletion of employees to the payroll system. The NCSSO audits the information provided by the Districts for any errors or discrepancies prior to entering the transactions into my|CalPERS.

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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Prior to the implementation of my|CalPERS on September 19, 2011, the members reported on the payroll listing were grouped by unit codes. The unit code is a unique number assigned to the NCSO and each of the school districts that are reporting to CalPERS under the same employer code. The Nevada County Schools, employer code 0240, is comprised of the Nevada County Superintendent of Schools Office and 13 school districts. Our review was limited to the Grass Valley Elementary School District – Unit Code 004. Subsequent to my|CalPERS each school district within the NCSO received a unique CalPERS ID.

All contracting public agencies, including the District, are responsible for the following:

- Determining CalPERS membership eligibility for its employees.
- Enrolling employees into CalPERS upon meeting membership eligibility criteria.
- Enrolling employees in the appropriate membership category.
- Establishing the payrates for its employees.
- Approving and adopting all compensation through its governing body in accordance with requirements of applicable public meeting laws.
- Publishing all employees' payrates in a publicly available pay schedule.
- Identifying and reporting compensation during the period it was earned.
- Ensuring special compensation is properly identified and reported.
- Reporting payroll accurately.
- Notifying CalPERS when employees meet Internal Revenue Code annual compensation limits.
- Ensuring the employment of a retired annuitant is lawful and reinstating retired annuitants that work more than 960 hours in a fiscal year.

## SCOPE

As part of the Board approved plan for fiscal year 2012/2013, the OAS reviewed the District's payroll reporting and member enrollment processes as these processes relate to the Nevada County Schools' contract with CalPERS. The review period was limited to the examination of sampled records and processes from July 1, 2006 through June 30, 2012. The on-site fieldwork for this review was conducted on August 27, 2012 through August 31, 2012 and September 13, 2012 through September 14, 2012.

This review did not include a determination as to whether the District's enrollment of part-time employees who work 20 hours or more per week and are contracted to work a school year was in compliance with the Public Employee Retirement Law. OAS will continue with a separate review on this issue and will issue a second report pertaining to the determination upon conclusion of the review. The review objectives and a summary of the procedures performed are listed in Appendix B.

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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## OFFICE OF AUDIT SERVICES REVIEW RESULTS

**Finding 1:** Final settlement pay was erroneously reported.

***Recommendation:***

The District should ensure that only compensation earnable as defined under Government Code Section 20636 and corresponding regulations is reported to CalPERS. The District should work with CalPERS Customer Account Services Division (CASD) to determine the impact of this erroneous reporting and determine what adjustments are needed.

OAS recommends CASD deny final settlement pay that was erroneously reported and make the appropriate compensation adjustments to the retired member's account pursuant to Government Code Section 20160.

***Condition:***

OAS found that the District paid and erroneously reported final settlement pay on behalf of one sampled employee who received a promotion and corresponding salary increase one week prior to retirement. Specifically, the Board approved the employee's promotion from an Administrative Assistant I to an Administrative Assistant II on June 23, 2009 with a retroactive effective date of July 1, 2008, one year prior to their retirement date of June 30, 2009. This promotion resulted in a monthly increase in compensation of \$598.52, or from \$5,178.75 to \$5,777.27. The employee retired on June 30, 2009, seven days after receiving the promotion.

OAS reviewed the following information to determine whether the promotion and corresponding pay increase this employee received was in anticipation of retirement.

- Subsequent to this employee's retirement date of June 30, 2009, the position of Administrative Assistant II had not been occupied by any other District employees.
- The position of Administrative Assistant II did not exist prior to the employee's promotion on June 23, 2009.
- The member retired seven days after receiving the promotion and corresponding one year retroactive salary adjustment.

Furthermore, OAS requested duty statements and/or job descriptions for the position of Administrative Assistant I/II and was informed that a job description did

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## GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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not exist prior to this employee's retirement. The District created a job description subsequent to this employee's retirement, but the job description was not approved by the District's Board.

Final settlement pay is described in California Code of Regulations Section 570 as pay or a cash conversion of employee benefits that are in excess of compensation earnable, that are awarded to a member in connection with, or in anticipation of, a separation from employment. OAS determined the compensation was final settlement pay and not reportable to CalPERS.

***Criteria:***

Government Code: § 20630 (b), § 20636 (b)(1), § 20636 (f)

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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**Finding 2:** The District's pay schedule did not meet the requirements of a pay schedule.

***Recommendation:***

Only compensation earnable as defined under Government Code Section 20636 and corresponding regulations can be reported to CalPERS and considered in calculating retirement benefits. The District should ensure that the reported payrate for each position is clearly set forth in publicly available pay schedules and must be included in public documents available for public scrutiny.

The District should work with CASD to assess the impact of this incorrect reporting and make the necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Condition:***

The District's pay schedules did not meet the requirements of publicly available pay schedules. OAS found that the pay schedules for certificated employees did not specify payrates for services rendered on a full-time basis or identify the position title for every employee position pursuant to the California Code of Regulations Section 570.5. Specifically, the salary schedule provided for certificated employees was based on 187 days per year and seven hours per day which corresponded with the formula on the Personnel Action Form for one sampled employee. However, the pay schedule was only used as a factor in determining the earnings reported to CalPERS. As a result, the amount contained on the pay schedule reflected earnings rather than the full-time equivalent pay for certificated employees. The District incorrectly reported a reduced payrate to match earnings for two sampled employees who worked less than full-time in fiscal year 2011/2012. Therefore, the full-time payrates were not contained in a publicly available salary schedule pursuant to the California Code of Regulations Section 570.5.

***Criteria:***

Government Code: § 20160, § 20630 (b), § 20636.1 (b)(1)

California Code of Regulations: § 570.5

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**Finding 3:** Special compensation was included in base payrate and regular earnings.

***Recommendation:***

The District should immediately begin reporting items of special compensation separately from regular earnings.

The District should work with CASD to assess the impact of this incorrect reporting and make the necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Condition:***

OAS found that the District incorrectly reported several items of special compensation with payrate and regular earnings on behalf of five sampled employees. The special compensation items included in base pay included the following: masters, pupil services credential, longevity, and lead pay. Items of special compensation must be reported to CalPERS separately as special compensation.

***Criteria:***

Government Code: § 20636.1 (a), § 20636.1 (c)(1)

CalPERS Public Agency & Schools Reference Guide page 70

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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**Finding 4:** Payrate and regular earnings were not reported when earned.

***Recommendations:***

The District should report earnings for all months in which compensation was earned.

The District should work with CASD to assess the impact of this incorrect reporting and make the necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Condition:***

OAS reviewed the payroll information reported to CalPERS for the sampled employees during the 2011/2012 fiscal year and found that the District did not report compensation to CalPERS in the period earned for one employee:

A 10-month employee was contracted to work 194 days from August 8, 2011 through June 15, 2012; however, the District reported earnings to CalPERS from September 2011 through June 2012. The employee worked in the month of August; therefore, the District should have reported compensation in the period it was earned.

***Criteria:***

Government Code: § 20160, § 20630 (b)

CalPERS Public Agency & Schools Reference Guide page 90

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**Finding 5:** Scheduled hours per week for certificated employees were incorrectly reported.

***Recommendation:***

The District should report the scheduled hours per week that reflects the normal full-time work schedule for employees in the same work group.

The District should work with CASD to assess the impact of this incorrect reporting and make the necessary adjustments to active and retired member accounts pursuant to Government Code Section 20160.

***Condition:***

The District incorrectly reported the scheduled hours per week for two sampled certificated employees. The regularly scheduled work week for the positions of teachers and psychologists was 35 and 37.5 hours per week, respectively. However, the District incorrectly reported 40 hours as the scheduled hours per week for both groups of employees.

It was noted that prior to the implementation of myCalPERS in September 2011 the District reported incorrect work schedule codes of 173 for both groups of employees. The correct work schedule codes for employees regularly scheduled to work 35 and 37.5 hours per week was 152 and 162, respectively.

***Criteria:***

Government Code: § 20160, § 20636.1 (b)(1)

CalPERS Public Agency & Schools Reference Guide page 90

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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**Finding 6:** Temporary/part-time employee was not enrolled in CalPERS membership upon meeting membership eligibility requirements.

***Recommendation:***

The District should review the membership status of all temporary/part-time employees and enroll those that have met membership eligibility requirements, including those that have prior membership with CalPERS.

OAS recommends the District work with CASD to properly enroll eligible temporary/part-time employees. CASD should make the necessary adjustments to members' accounts pursuant to Government Code Section 20160.

***Condition:***

OAS reviewed hours and employment information to determine whether temporary/part-time employees reached or exceeded the 1,000 hour membership eligibility criteria or whether they had prior membership and should have been enrolled upon employment by the District.

OAS found a temporary/part-time employee met eligibility due to prior membership, but the District did not enroll the member in CalPERS upon employment; however, the District subsequently enrolled this member during OAS' onsite fieldwork.

***Criteria:***

Government Code: § 20305

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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**Finding 7:** Vacation leave was incorrectly reported as unused sick leave.

***Recommendation:***

The District should not convert vacation hours to unused sick leave hours, which is reported to CalPERS for additional service credit at retirement.

OAS recommends CalPERS Benefit Services Division (BNSD) deny the vacation hours that were erroneously reported as unused sick leave and make the appropriate adjustments to members' accounts pursuant to Government Code Section 20160.

***Condition:***

OAS found the District incorrectly converted vacation hours at retirement to unused sick leave prior to certifying the additional service credit for unused sick leave to CalPERS for one retiree in our test sample.

OAS found that the District incorrectly converted 20.26 vacation hours to unused sick leave and certified the additional service credit for unused sick leave to CalPERS. As a result of the conversion of vacation hours, the District over reported the employees sick leave balance to CalPERS by 2.53 days.

***Criteria:***

Government Code: § 20160, § 20963

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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## CONCLUSION

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

The findings and conclusions outlined in this report are based on information made available or otherwise obtained at the time this report was prepared. This report does not constitute a final determination in regard to the findings noted within the report. The appropriate CalPERS divisions will notify the District of the final determinations on the report findings and provide appeal rights, if applicable, at that time. All appeals must be made to the appropriate CalPERS division by filing a written appeal with CalPERS, in Sacramento, within 30 days of the date of the mailing of the determination letter, in accordance with Government Code Section 20134 and Sections 555-555.4, Title 2, California Code of Regulations.

Since this review did not include a determination as to whether the District's enrollment of part-time employees who work 20 hours or more per week and are contracted to work a school year was in compliance with the Public Employee Retirement Law, this report expresses no opinion or finding with respect to those employees.

Respectfully submitted,

Original Signed By Margaret Junker  
MARGARET JUNKER, CPA, CIA, CIDA  
Chief, Office of Audit Services

Date: June 2013

Staff: Cheryl Dietz, CPA, Assistant Division Chief

Michael Dutil, CIA, CRMA, Manager

Diana Thomas, CIA, CIDA, Manager

Adeeb Alzanoon

Chris Wall

Emma Shaw

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**GRASS VALLEY ELEMENTARY SCHOOL DISTRICT**

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# APPENDIX A

## BACKGROUND

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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## BACKGROUND

### California Public Employees' Retirement System

CalPERS provides a variety of programs serving members employed by more than 2,500 local public agencies as well as state agencies and state universities. The agencies contract with CalPERS for retirement benefits, with CalPERS providing actuarial services necessary for the agencies to fund their benefit structure. In addition, CalPERS provides services which facilitate the retirement process.

CASD manages contract coverage for public agencies and receives, processes, and posts payroll information. In addition, CASD provides eligibility and enrollment services to the members and employers that participate in the CalPERS Health Benefits Program, including state agencies, public agencies, and school districts. BNSD sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits.

Retirement allowances are computed using three factors: years of service, age at retirement and final compensation. Final compensation is defined as the highest average annual compensation earnable by a member during the last one or three consecutive years of employment, unless the member elects a different period with a higher average. State and school members use the one-year period. Local public agency members' final compensation period is three years unless the agency contracts with CalPERS for a one-year period.

The employer's knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CalPERS with appropriate employee information. Appropriately enrolling eligible employees and correctly reporting payroll information is necessary to accurately compute a member's retirement allowance.

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**GRASS VALLEY ELEMENTARY SCHOOL DISTRICT**

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# **APPENDIX B**

## **OBJECTIVES**

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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## OBJECTIVES

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

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

This review covers the period of July 1, 2006 through June 30, 2012. Since this review did not include a determination as to whether the District's enrollment of part-time employees who work 20 hours or more per week and are contracted to work a school year was in compliance with the Public Employee Retirement Law, this report expresses no opinion or finding with respect to those employees.

## SUMMARY

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

- ✓ Reviewed:
  - Provisions of the Contract and contract amendments between the Nevada County Schools, which includes the District, and CalPERS
  - Correspondence files maintained at CalPERS
  - District written labor policies and agreements
  - District salary, wage and benefit agreements including applicable resolutions
  - District personnel records and employee hours worked records
  - District payroll information including Summary Reports and CalPERS contribution detail reports.
  - Other documents used to specify payrate, special compensation, and benefits for all employees
  - Various other documents as necessary
- ✓ Reviewed District payroll records and compared the records to data reported to CalPERS to determine whether the District correctly reported compensation.
- ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to District public salary records to determine whether base payrates reported were accurate, pursuant to publicly available pay schedules that identify the position title, payrate and time base for each position, and duly approved by the District's governing body in accordance with requirements of applicable public meeting laws.

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# GRASS VALLEY ELEMENTARY SCHOOL DISTRICT

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- ✓ Reviewed CalPERS contribution detail reports to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed the District's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
- ✓ Reviewed the District's enrollment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when 960 hours were worked in a fiscal year.
- ✓ Reviewed the District's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the District's affiliated entities to determine if the District shared employees with an affiliated entity and if the employees were CalPERS members and whether their earnings were reported by the District or by the affiliated entity.
- ✓ Reviewed the District's calculation and reporting of unused sick leave balances, if contracted to provide for additional service credits for unused sick leave.

# APPENDIX C

## DISTRICT'S RESPONSE

Note: The District provided attachments to the response which were intentionally omitted from this appendix.

10840 Gilmore Way  
Grass Valley, CA 95945  
(530) 273-4483  
FAX (530) 273-0248

Eric Fredrickson  
Superintendent



# Grass Valley School District

May 30, 2013

California Public Employees' Retirement System  
Office of Audit Services – Margaret Junker, Chief  
PO Box 942701  
Sacramento, CA 94229-2701

**RE: RESPONSE TO CALPERS PUBLIC AGENCY REVIEW**  
**Dated April 22, 2013**

Note: 8 bulleted findings in brief, only 7 findings listed in results.

*\*Final settlement pay was erroneously reported.*

**Finding 1: Final Settlement pay was erroneously reported.**  
Disagree.

The GVSD Board must maintain a level of flexibility in responding to the District's staffing needs particularly when, as a result of a gradual accretion of job duties, an existing position evolves into a separate and distinct position as occurred in connection with the Administrative Assistant I and Administrative Assistant II positions. In these circumstances, the duties of the new position are already being performed before those duties can be memorialized in a new job description. The District is nonetheless still able to adequately assess the work performance of the employee who has experienced this type of change in job functions because the new duties represent an evolution in the employee's existing workload or level of responsibility as opposed to an entirely new field of endeavor.

The District agrees that there should be written job descriptions documenting the duties and responsibilities required of the Administrative Assistant I and II positions. In an effort to ensure that job descriptions exist or are ultimately created for every position in the District, the Board created a new Personnel Technician position and hired an individual to fill that position on August 6, 2012. One of the primary duties required of the Personnel Technician is to "revise and maintain job descriptions for administrative, certificated and classified positions."

In deciding whether to promote an employee, the Governing Board is obligated to analyze specific facts and consider the particular circumstances relevant to an employee's job duties, work history and performance. The District cannot ignore this obligation and automatically reject the promotion at issue based first, on the lack of a job description, and now, as stated in this finding, on the timing of the employee's ensuing retirement.

However, automatically rejecting the promotion on either of these two grounds without further inquiry into the nature and extent of the actual duties performed by the employee in question during the prior school year would have been arbitrary. In addition, an automatic rejection would have left the District vulnerable to a claim from the employee for "out of class" pay and interest.

In addition, it is important to note that school districts in California have a mandatory duty to negotiate with employee unions regarding salary, benefits and other terms and conditions of employment. Collective bargaining is a time consuming process and more often than not, it will take months for the parties to reach final agreement. As a result, it is not uncommon for school districts to be retroactively increasing employee salaries at the end of the school year. Because most school districts treat represented and unrepresented employee groups alike in terms of salary increases, management and confidential employees will also receive increases on a retroactive basis back to the beginning of the school year.

*\*Pay schedules did not meet the requirements of a pay schedule.*

**Finding 2: The District's pay schedule did not meet the requirements of a pay schedule.**

Disagree.

Our District Salary schedules are available on our district website, open to the public.

In the condition of this finding, CalPERS references fiscal year 2011/2012. On the Confidential List, it references 2008/2009. California Code of Regulations Section 570.5 was new 7/1/2011.

Employee #1 was a certificated Psychologist in 2008/2009. All district psychologists are certificated, and in 2008/2009 were paid off our certificated salary schedule. Employee #1 worked full-time both in 2008/2009 and 2011/2012.

On June 12, 2012, our Board approved a new salary schedule for school psychologists and all school psychologists in our district were transferred to the new salary schedule. This salary schedule clearly states the annual salary days and hours in a workday.

Employee #2 was a classified employee in fiscal year 2008/2009 and became certificated by 2011/2012. Employee #2 was classified in 2008/2009 and was paid based on our classified salary schedule on step A10 which lists both hourly and monthly full time rates. Employee #2 was a full-time employee in 2008/2009 as well as 2011/2012.

*\*Pay rates did not qualify as compensations earnable.*

*\*Special compensation was included in base pay rate and regular earnings.*

**Finding 3: Special compensation was included in base pay rate and regular earnings.**

Disagree.

Salary Schedules similar to ours have been reviewed and approved in the past by CalPERS Special Compensation Department (copy attached). The District has been directed by CalPERS previously through our County Superintendent of Schools Office on reporting requirements for special compensation. Listed special compensation items are noted on current and past salary schedules. Resolution to this issue is currently in progress. New salary schedules are being discussed based on direction from our County Superintendent of Schools Office, to be effective July 1, 2013.

*\* Pay rate and regular earnings were not reported when earned.*

**Finding 4: Pay rate and regular earnings were not reported when earned.**

Disagree.

On the first employee noted, this requires a change in payroll software pay frequency schedules, which may negatively impact staff with added tax burden for the year change is made. This may also require negotiations with affected bargaining units. The district will begin working with bargaining units on timing of pay to move toward a resolution of this issue.

On the second employee noted, this employee flexes her schedule and did work hours in the month of July 2011 (copy of timesheet attached), as shown in attached time sheet. The District will add additional instructions on personnel and payroll forms to note when staff are flexing their schedules and will include a current year calendar.

*\* Scheduled hours per week were incorrectly reported for certificated employees.*

**Finding 5: Scheduled hours per week for certificated employees were incorrectly reported.**

Do not agree or disagree.

This reporting is hard coded in our payroll system (QSS). Any change in this reporting would need to be done through QSS and the County Superintendent of Schools Office. The County Superintendent of Schools Office is currently reviewing financial system coding to resolve this issue and will manually adjust this coding as necessary prior to submission to CalPERS.

*\*Temporary/part-time employee was not enrolled in CalPERS membership.*

**Finding 6: Temporary/part-time employee was not enrolled in CalPERS membership upon meeting membership eligibility requirements.**

Agree.

Oversight, corrected as quickly as possible. Temporary employee has since moved and left employment with our school district.

*\*Vacation payout was incorrectly reported as unused sick leave.*

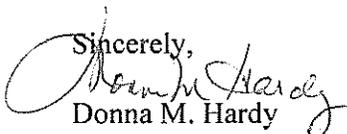
**Finding 7: Vacation payout was incorrectly reported as unused sick leave.**

Agree.

Oversight found after initial reporting to CalPERS. Pending directions on correction needed.

**Additional Comment:** Jointly, with our County Superintendent of School Office, we would like to express that we feel that this review process would have been more efficient and effective had those conducting the review been more knowledgeable and experienced with public schools and relating financial systems.

Sincerely,

  
Donna M. Hardy  
Administrative Assistant

Enclosures

cc: Debbie Ledford, Nevada County Superintendent of Schools Office