

Table: Summary of Changes Between the Prior and New Review Approach

	<u>Prior Review</u>	<u>New Review</u>	<u>Change</u>
<u>Review Selection</u>	Selected high-risk employers.	Select high-risk compliance requirement.	Allows for increased understanding of a single compliance requirement.
<u>Selection Criteria</u>	Applied multiple risk factors across the employer population.	Use data analytics to identify at-risk employers for each selected compliance requirement.	Provides more in-depth review of single compliance requirement.
<u>Performance of Reviews</u>	Performed reviews on multiple compliance requirements.	Review specific compliance requirement per cycle.	Shorter review period.
<u>Number of Employer Reviews</u>	Reviewed 125 employers in Fiscal Year 2015-16.	Plan to perform 4-6 review cycles each year with 60-80 employers within each cycle.	Increases review coverage of employers.
<u>Review Results</u>	Communicated review results with draft and final reports to each employer reviewed (125 draft/final reports).	Issue draft report to each employer (240-480 draft reports) and one final report summarizing results of all employers reviewed (4-6 final reports), including individual employer results.	Decreases the review cycle time (more timely communication on results) and time to complete reviews. Consolidates results for all employers reviewed.
<u>Report Elements</u>	Included the following: <ul style="list-style-type: none"> • Cover Page • Letter • Table of Contents • Results in Brief • Scope • Results-Findings • Results-Observations • Conclusion • Appendix A-Objectives • Appendix B-Employer Response 	Will include the following: <ul style="list-style-type: none"> • Cover Page • Letter • Table of Contents • Objective and Scope • Summary of Results (of all employers reviewed in the cycle) • Appendix A – All employers’ individual results and summarized responses. 	Allows for comparison of employer results by cycle.

Recommendation and Criteria

The Agency should work with the appropriate CalPERS division to make the necessary corrections.

GC: § 20120, § 20121, § 20122, § 20160, § 20221, § 20630, § 20636

CCR: § 565.1, § 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 Public Employees' Retirement Law.			
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 25%;">Pay Schedule</td> <td>The Agency did not maintain a pay schedule that identified all position titles. Government Code Section 20636.1 requires that payrates reported to CalPERS are pursuant to publicly available pay schedule and CCR Section 570.5 limits payrates to the amount listed on a pay schedule that meets all of the enumerated requirements.</td> </tr> </table>	Pay Schedule	The Agency did not maintain a pay schedule that identified all position titles. Government Code Section 20636.1 requires that payrates reported to CalPERS are pursuant to publicly available pay schedule and CCR Section 570.5 limits payrates to the amount listed on a pay schedule that meets all of the enumerated requirements.
Pay Schedule	The Agency did not maintain a pay schedule that identified all position titles. Government Code Section 20636.1 requires that payrates reported to CalPERS are pursuant to publicly available pay schedule and CCR Section 570.5 limits payrates to the amount listed on a pay schedule that meets all of the enumerated requirements.		

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's active member census data is complete and accurate. 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.