



California Public Employees' Retirement System
Office of Audit Services
P.O. Box 942701
Sacramento, CA 94229-2701
TTY: (916) 795-3240
(916) 795-0900 phone, (916) 795-4023 fax
www.calpers.ca.gov

December 6, 2011

Employer Code: 0291
Job Number: P10-021

County of Colusa
Peggy Scroggins, Auditor/Controller
546 Jay Street, Ste. 202
Colusa, CA 95932-2400

Dear Ms. Scroggins:

Enclosed is the final report on our review of the County of Colusa (County). The report covers our compliance review in relation to the County's contract with the California Public Employees' Retirement System (CalPERS). We found that the County appropriately enrolled employees and accurately reported member earnings for sampled employees in the reporting periods reviewed. Therefore, no findings are contained in the report.

It was our pleasure to work with your agency and we appreciate the time and assistance of you and your staff during this review.

Sincerely,

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

Enclosure

cc: Finance Committee Members, CalPERS
Peter Mixon, General Counsel, CalPERS
Karen DeFrank, Chief, CASD, CalPERS
Mary Lynn Fisher, Chief, BNSD, CalPERS
Board of Supervisors, County of Colusa

Office of Audit Services



Public Agency Review

County of Colusa

Employer Code: 0291
Job Number: P10-021

December 2011

COUNTY OF COLUSA

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
Results in Brief.....	1
County Background.....	1
Scope.....	1
Office of Audit Services Review Results	2
Conclusion.....	3
CalPERS Background.....	Appendix A
Objectives	Appendix B

COUNTY OF COLUSA

RESULTS IN BRIEF

The Office of Audit Services (OAS) reviewed the County of Colusa's (County) enrolled individuals, member compensation, required health and retirement documentation and other documentation for individuals included in test samples. The County appropriately enrolled employees and accurately reported member earnings in our samples during the review period.

COUNTY BACKGROUND

Colusa County was established in 1850 as one of the original 27 counties created by the first legislature of the State of California. The County's five board members are elected by district, are non-partisan, and serve four-year terms.

The County contracted with CalPERS effective January 1, 1950, to provide retirement benefits for local miscellaneous and local safety employees. The County's current contract amendment identifies the length of the final compensation period as twelve months for all coverage groups. The County contracted with CalPERS effective August 1, 1978, to provide health benefits to all eligible employees.

SCOPE

As part of the Board approved plan for fiscal year 2010/2011, the OAS reviewed the County's payroll reporting and member enrollment processes as these processes relate to the County's retirement and health contracts with CalPERS. The review period was limited to the examination of sampled records and processes from January 1, 2007, through June 30, 2010. The on-site fieldwork for this review was conducted on October 18, 2010, through October 22, 2010. The review objectives and a summary of the procedures performed, sample sizes, sample periods and findings are listed in Appendix B.

COUNTY OF COLUSA

OFFICE OF AUDIT SERVICES REVIEW RESULTS

The County appropriately enrolled employees and accurately reported member earnings for sampled employees in the reporting periods reviewed. Therefore, no findings were identified during the review period.

COUNTY OF COLUSA

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 County'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 results of this review are based on information made available or otherwise obtained at the time this report was prepared.

Respectfully submitted,

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

Date: December 2011

Staff: Matthew Espenshade, CFE, Supervising Manager

Michael Dutil, CIA, Senior Manager

Alan Feblowitz, Manager

Adeeb Alzanoon

Richard Parsons, CFE, CIA

COUNTY OF COLUSA

APPENDIX A

BACKGROUND

COUNTY OF COLUSA

BACKGROUND

California Public Employees' Retirement System

The 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.

CalPERS Customer Account Services Division (CASD) manages contract coverage for public agencies and receives, processes, and posts payroll information. In addition, CASD provides services for eligible members who apply for service or disability retirement. 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. CalPERS Benefit Services Division (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 employers' 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.

COUNTY OF COLUSA

APPENDIX B

OBJECTIVES

COUNTY OF COLUSA

OBJECTIVES

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

- Whether the County 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 County's retirement and health benefits contracts with CalPERS were followed.

This review covers the period January 1, 2007, through June 30, 2010.

SUMMARY

Procedures, Sample Sizes, Sample Periods, and Findings

To accomplish the review objectives, OAS interviewed key staff members to obtain an understanding of the County's personnel and payroll procedures, reviewed documents, and performed the following procedures. Related sample sizes, sample periods and findings are listed.

- ✓ Reviewed:
 - Provisions of the Contract and contract amendments between the County and CalPERS
 - Correspondence files maintained at CalPERS
 - County Council minutes and County Council resolutions
 - County written labor policies and agreements
 - County salary, wage and benefit agreements including applicable resolutions
 - County personnel records and employee hours worked records
 - County payroll information including Summary Reports and PERS listings
 - Other documents used to specify payrate, special compensation and benefits for all employees
 - Health Benefits Program enrollment records and supporting documentation
 - County ordinances as necessary
 - Various other documents as necessary

COUNTY OF COLUSA

- ✓ Reviewed County payroll records and compared the records to data reported to CalPERS to determine whether the County reported non-reportable compensation.

Sample Size and Period: Reviewed 16 employees covering two sampled service periods - January 2009 (1/09-0) and June 2010 (6/10-0).

No Finding

- ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to County 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 County's governing body in accordance with requirements of applicable public meeting laws.

Sample Size and Period: Reviewed 16 sampled employees during the review period.

No Finding

- ✓ Reviewed PERS listing reports to determine whether the following payroll reporting elements were reported correctly: contribution code, pay code, work schedule code, service period, and member contributions.

Sample Size and Period: Reviewed 16 sampled employees in the June 2010 (6/10-0) service period.

No Finding

COUNTY OF COLUSA

- ✓ Reviewed the County's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.

Sample Size and Period: Reviewed 10 temporary/part-time employees in fiscal years 2007/2008, 2008/2009 and 2009/2010.

No Finding

- ✓ Reviewed the County's enrollment practices for retired annuitants to determine if retirees were reinstated when 960 hours were worked in a fiscal year.

Sample Size and Period: Reviewed one retired annuitant in fiscal year 2007/2008 and one retired annuitant in fiscal years 2008/2009 and 2009/2010.

No Finding

Reviewed the County's independent contractors to determine if employees were misclassified as independent contractors.

Sample Size and Period: Reviewed eight independent contractors in 2008 and nine independent contractors for 2009.

No Finding

- ✓ Reviewed the County's calculation and reporting of unused sick leave balances.

Sample Size and Period: Reviewed four retiring members covering the review period.

No Finding

COUNTY OF COLUSA

- ✓ Reviewed health records to determine whether the County properly enrolled eligible individuals into CalPERS Health Benefits Program.

Sample Size and Period: Reviewed eight employees and their dependents in the review period.

No Finding