



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

September 20, 2011

Employer Code: 0561
Job Number: P10-022

Glenn County Mosquito & Vector Control District
Jack F. Cavier Jr., District Manager
165 County Road G – Willows Airport
Willows, CA 95988

Dear Mr. Cavier:

Enclosed is our final report on the results of the public agency review completed for the Glenn County Mosquito & Vector Control District. Your agency's written response, included as an appendix to the report, indicates agreement with the issues noted in 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 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
Darryl Watson, Chief, CASD, CalPERS
Mary Lynn Fisher, Chief, BNSD, CalPERS
Honorable Board Members, Glenn County Mosquito & Vector Control District

Office of Audit Services



Public Agency Review

Glenn County Mosquito And Vector Control District

**Employer Code: 0561
Job Number: P10-022**

September 2011

GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

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GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

RESULTS IN BRIEF

The Office of Audit Services (OAS) reviewed the Glenn County Mosquito and Vector Control District's (District) enrolled individuals, member compensation, required health and retirement documentation 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:

- Payroll information was incorrectly reported for two District employees.
- A temporary/part-time employee was not enrolled into CalPERS membership.

The pertinent sections of the Government Code and California Code of Regulations for each finding are described in greater detail under Appendix C.

A confidential list identifying the individuals mentioned in this report has been sent to the District and CalPERS Customer Account Services Division (CASD) as an appendix to this draft report.

DISTRICT BACKGROUND

The District was organized under the authority of the State of California Health and Safety Code, Chapter 8, Division 3. The District was formed on September 24, 1962, by resolution passed by the Board of Supervisors of Glenn County, for the purpose of mosquito and other vector control within its boundaries. Operations began on July 1, 1963, when the Board of Trustees appointed a Manager-Entomologist. Personnel General Provisions Policy and resolutions outline all District employees' salaries and benefits and state the terms of employment agreed upon between the District and its employees.

The District contracted with CalPERS effective December 1, 1964, to provide retirement benefits for local miscellaneous employees. The District's current contract amendment identifies the length of the final compensation period as twelve months for all coverage groups. The District contracted with CalPERS effective August 1, 1977, 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 District's payroll reporting and member enrollment processes as these processes relate to the District's retirement and health contracts with CalPERS.

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The review period was limited to the examination of sampled records and processes from October 1, 2007 through September 30, 2010. The on-site fieldwork for this review was conducted on November 8, 2010 through November 10, 2010. The review objectives and a summary of the procedures performed, sample sizes, sample periods and findings are listed under Appendix B.

GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

OFFICE OF AUDIT SERVICES REVIEW RESULTS

Finding 1: Payroll information was incorrectly reported to CalPERS for two District employees.

Recommendations:

The District should ensure that all payroll reporting elements are correctly reported to CalPERS for all employees.

The District should work with CalPERS CASD to assess the impact of this reporting issue and determine what adjustments are needed.

Conditions:

The District contracts with a payroll reporting service that is responsible for processing the District's payroll and submitting payroll information in the form of specified payroll reporting elements to CalPERS. Payroll reporting elements include items such as member name, certain codes, service period, payrate and earnings. The District provided payroll time sheets to the payroll service for the purpose of generating payroll. Although the District's employees were properly paid within public salary information, the payroll processing service was not familiar with CalPERS reporting requirements and provided inaccurate payroll information to CalPERS on behalf of the District.

In one instance, the use of old reports created reporting errors. Specifically, the payroll service reported to CalPERS using the pre-list method and when the payroll service did not have a current pre-list for reporting purposes, the payroll service used an old pre-list. Using old pre-lists with invalid data elements created reporting errors, including the over and under reporting of payrate and earnings.

Criteria:

Government Code: § 20630(a) and (b), § 20636(a) and (b)(1)

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Finding 2: A temporary/part-time employee was not enrolled into CalPERS membership when eligible.

Recommendations:

The District should immediately enroll all eligible employees into CalPERS membership.

The District should review its current procedures for tracking part-time employee hours worked to ensure timely enrollment of eligible employees.

The District should work with CalPERS CASD to assess the impact of this reporting error and determine what adjustments are needed.

Conditions:

The District employed employees on a temporary part-time basis. OAS reviewed the hours worked for a sample of three employees to determine whether they met CalPERS membership eligibility. Of the three sampled employees, one of the employees met CalPERS membership eligibility by reaching 1,000 hours worked in fiscal year 2009/2010. The individual met eligibility in May 2010 and should have been enrolled in the first pay period of June 2010, but was never enrolled into CalPERS membership.

Criteria:

Government Code: § 20044, § 20305(a)

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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.

Respectfully submitted,

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

Date: September 2011
Staff: Michael Dutil, CIA, Senior Manager
Alan Feblowitz, Manager
Jodi Epperson
Adeeb Alzanoon

APPENDIX A

BACKGROUND

GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

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. 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. The Health Account Services (HAS) section, as part of the 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.

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.

APPENDIX B

OBJECTIVES

GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

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 and health benefits contracts with CalPERS were followed.

This review covers the period of period October 1, 2007 through September 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 District's personnel and payroll procedures. OAS also reviewed the following documentation:

- Contracts and contract amendments between the District and CalPERS
- Correspondence files maintained at CalPERS
- District Council minutes and District Council resolutions
- 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 PERS listings
- Other documents used to specify payrate, special compensation and benefits for all employees
- Health Benefits Program enrollment records and supporting documentation
- District ordinances as necessary
- Various other documents as necessary

OAS performed the following procedures. A description and the related sample sizes, sample periods and applicable findings for each procedure are included.

- ✓ Reviewed District payroll records and compared the records to data reported to CalPERS to determine whether the District correctly reported employees' compensation.

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Sample size and period: Reviewed two District employees over the first pay period of July 2008 (07/08-3), the second pay period of July 2008 (07/08-4), the first pay period of August 2008 (08/08-3), and the first pay period of September 2010 (09/10-3).

No Finding

- ✓ 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.

Sample size and period: Reviewed two District employees over the first pay period of July 2008 (07/08-3), the second pay period of July 2008 (07/08-4), the first pay period of August 2008 (08/08-3), and the first pay period of September 2010 (09/10-3).

No Finding

- ✓ Reviewed PERS listing reports to determine whether payroll reporting elements were reported correctly. Review included accuracy of contribution code, pay code, work schedule code, service period, member contribution, payrate, member earnings, member name, social security number, and coverage group.

Sample size and period: Reviewed two District employees over the first pay period of July 2008 (07/08-3), the second pay period of July 2008 (07/08-4), the first pay period of August 2008 (08/08-3), and the first pay period of September 2010 (09/10-3).

See Finding 1: Payroll information was incorrectly reported to CalPERS for two District employees.

- ✓ Reviewed the District's enrollment practices pertaining to optional members, temporary and part-time employees, retired annuitants, independent contractors and affiliated entities to determine whether individuals met CalPERS membership requirements.

Temporary/part-time employees sample size and period: Reviewed three temporary/part-time employees in fiscal years 2008/2009 and 2009/2010.

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See Finding 2: A temporary/part-time employee was not enrolled into CalPERS membership when eligible.

Retired annuitant sample size and period: Reviewed one retired annuitant in the review period.

No Finding

Independent contractor size and period: The District did not utilize the services of outside independent contractors. No testing was performed.

No Finding

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

Sample size and period: Reviewed two employees and their dependents in the review period.

No Finding

APPENDIX C

CRITERIA

GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

CRITERIA

Government Code § 20044, defines a fiscal year as, "Any year commencing on July 1st and ending with June 30th next following."

Government Code § 20305, subdivision (a), states, in part:

An employee whose appointment or employment contract does not fix a term of full-time, continuous employment in excess of six months is excluded from this system unless:

(3)(B) The person...completes 1,000 hours within the fiscal year, in which case, membership shall be effective not later than the first day of the first pay period of the month following the month in which...1,000 hours of service were completed.

Government Code § 20630, subdivision (a), states:

As used in this part, "compensation" means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours.

Government Code § 20630, subdivision (b), 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. Compensation shall be reported in accordance with Section 20636 and shall not exceed compensation earnable, as defined in Section 20636.

Government Code § 20636, subdivision (a), states:

"Compensation earnable" by a member means the payrate and special compensation of the member.

Government Code § 20636, subdivision (b)(1), states:

"Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

APPENDIX D

DISTRICT'S WRITTEN RESPONSE

GLENN COUNTY MOSQUITO & VECTOR CONTROL DISTRICT
165 Co. Road G - Willows Airport
Willows, CA 95988
DCC - 6

Phone: 530-934-4025

E-Mail -gcmvcd@northvalley.net

Fax: 530-934-5971

August 11, 2011

California Public Employees Retirement System
Attn: Audit Unit
P.O. Box 942715
Sacramento, Ca. 94229-2715

RE: Public Agency Review / Draft Report

To: Jodi Epperson

The Glenn County Mosquito & Vector Control District (#0561) has reviewed the Draft Report from the Office of Audit Services (OAS) of California Public Employees Retirement System. The Board of Trustees of the Glenn County Mosquito and Vector Control District concur with the audit report and all of it's finding received on July 22nd, 2011.

If you have any questions, please feel free to give a call at 530-934-4025.

Sincerely, *Jack F. Cavier Jr.*

Jack F. Cavier Jr. - District Manager/ Clerk-Secretary of the Board