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July 12, 2010

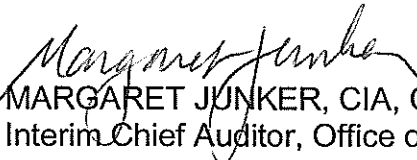
Employer Code: 1326  
Job Number: P09-042

Linden-Peters Rural County Fire Protection District  
Victor Solari, Fire Chief  
17725 E. Hwy 26  
Linden, CA 95236

Dear Chief Solari:

Enclosed is our final report on the results of the public agency review completed for the Linden-Peters Rural County Fire Protection District. Your agency's written response indicates agreement with the issues noted in the report. The written response is included as an appendix to the report. As part of our resolution process, 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,

  
MARGARET JUNKER, CIA, CPA  
Interim Chief Auditor, Office of Audit Services

Enclosure

cc: Finance Committee Members, CalPERS  
Peter Mixon, General Counsel, CalPERS  
Lori McGartland, Chief, ERSD, CalPERS  
Mary Lynn Fisher, Chief, BNSD, CalPERS  
Holly Fong, Chief, EMHS, CalPERS  
Honorable Board Members, Linden-Peters Rural County Fire Protection District

# Linden-Peters Rural County Fire Protection District



## Public Agency Review



Office of Audit Services

Employer Code: 1326  
Job Number: P09-042

July 2010

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# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

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# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

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## RESULTS IN BRIEF

We reviewed the Linden-Peters Rural County Fire Protection District's (District) enrolled individuals, health and retirement contributions, member earnings and required health, retirement and Automated Communications Exchange System (ACES) documentation for employees included in our test sample. A detail of the exceptions is noted in the Risk and Mitigation Table. Specifically, the following exceptions were noted during the review:

- Fair Labor Standards Act (FLSA) premium pay was not reported.
- Non reportable compensation was reported as holiday pay.
- Educational incentive pay was not reported as earned.
- Longevity pay was reported in base payrate and regular earnings.
- Payroll information and contributions were not submitted timely.
- Employees were not brought into membership timely.
- Required health enrollment forms were not maintained.
- Health benefit contributions were not paid in accordance with the District's resolution.
- Required ACES user security agreement was not properly completed.

## BACKGROUND

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 Employer Services Division (ERSD) manages contract coverage for public agencies and receives, processes, and posts payroll information. CalPERS Benefit Services Division (BNSD) provides services for eligible members who apply for service or disability retirement. BNSD sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits. The Office of Employer and Member Health Services (EMHS), as part of the Health Benefits Branch (HBB), 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.

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# **LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT**

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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.

The Linden-Peters Rural County Fire Protection District was organized for the purpose of offering fire protection and emergency medical response to residents in the Linden-Peters area of San Joaquin County. The District is governed by a five-member Board of Directors and operates under the authority of Division 12, Part 2, Section, 13801 of the California Health and Safety Code. Employment agreements 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 27, 1982, to provide retirement benefits for local safety firefighters and miscellaneous employees. The District's current contract amendment identifies the length of the final compensation period as 36 months for both groups. The District contracted with CalPERS effective May 1, 1997, to provide health benefits to all employees.

## **SCOPE**

As part of the Board approved plan for fiscal year 2009/2010, we reviewed the District's payroll reporting and enrollment processes as these processes relate to the District's health and retirement contracts with CalPERS. The objective of this review was limited to the determination that the District complied with applicable sections of the California Government Code (Sections 20000 et seq.) and Title 2 of the California Code of Regulations and that prescribed reporting and enrollment procedures were followed. The on-site fieldwork for this review was conducted on February 9, 2010, through February 11, 2010.

The review period was limited to the examination of sampled records and processes from July 1, 2006, through December 31, 2009. To accomplish the review objectives, we performed the following:

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# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

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- ✓ Reviewed the contract and subsequent amendments the District had with CalPERS, correspondence files maintained at CalPERS, and employment agreements the District had with its employees.
- ✓ Interviewed key staff members to obtain an understanding of the District's personnel and payroll procedures.
- ✓ Reviewed the payroll transactions and compared the District's payroll register with the data reported to CalPERS to determine whether the District correctly reported employees' compensation.
- ✓ Reviewed the District's payroll information reported to CalPERS to determine whether employees' payrates were reported pursuant to public salary information.
- ✓ Reviewed the District's process for reporting payroll to CalPERS to determine whether the payroll reporting elements were reported correctly.
- ✓ Reviewed reported payroll to determine whether the payment of contributions and the filing of payroll reports were submitted within the required timeframes.
- ✓ Reviewed the District's enrollment practices pertaining to temporary/part-time employees, retired annuitants, and independent contractors to determine whether the individuals met CalPERS membership requirements.
- ✓ Reviewed the District's classification of employees to determine whether the District reported employees in the appropriate coverage groups.
- ✓ Reviewed the District's process for industrial disability retirement determinations and appeals for local safety members.
- ✓ Reviewed the District's calculation and reporting of unused sick leave balances for retiring members.
- ✓ Reviewed employees and their dependents to determine whether the District properly enrolled eligible individuals into CalPERS Health Benefits Program.
- ✓ Reviewed health premium payment information to determine whether the payments were remitted within the required timeframe.
- ✓ Reviewed health contribution payments to determine whether the District contributed the correct employee/employer contribution amounts.
- ✓ Determined whether the District maintained the required user security documents on file and reasonable security procedures were in place for ACES users.

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

## RISK AND MITIGATION TABLE

In developing our opinions, we considered the following risks and mitigations. We also include our observations and recommendations.

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS.</p>	<p>We reviewed payroll records and compensation reported to CalPERS for a sample of six employees over two service periods. The service periods reviewed were the first service period of June 2009 (6/09-3) and the second service period of December 2009 (12/09-4).</p> <p>The earnings reported to CalPERS were reconciled to the District's payroll records. The District accurately reported compensation to CalPERS for the sampled employees, except for the following two instances:</p> <p><u>Fair Labor Standards Act Premium Pay (FLSA)</u></p> <p>The District Firefighters' Agreement identified the fire shift employees' normal work week as an average of 56 hours per week. Fire shift employees were scheduled to work alternating schedules of nine or ten 24-hour shifts within a 28-day period. This totaled either 216 or 240 hours in a 28-day duty cycle, with an FLSA threshold of 212 hours. The difference between the hours worked and the FLSA threshold was four hours of FLSA premium pay if the fire shift employee worked 216 hours or 28 hours of FLSA</p>	<p>The District should immediately begin reporting FLSA premium pay.</p> <p>The District should work with CalPERS ERSD to assess the impact of this non-reporting and determine what adjustments, if any, are needed.</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>premium pay if the employee worked 240 hours. Our sample testing revealed that the District did not report FLSA premium pay to CalPERS for four sampled fire shift employees.</p> <p>Government Code, § 20630(a), states, in part, "Compensation means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal work hours...."</p> <p>Government Code, § 20636(c)(5), states, "The monetary value of a service or noncash advantage furnished by the employer to the member, except as expressly and specifically provided in this part, is not special compensation unless regulations promulgated by the board specifically determine that value to be special compensation."</p> <p>Government Code, § 20636(c)(6), states, in part, "The board shall promulgate regulations that delineate more specifically and exclusively what constitutes special compensation as used in this section. Premium pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory maximum workweek or work period applicable to the employee under Section 201 et seq. of Title 29 of the United States</p>	<p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS ERSD as an appendix to our draft report.</p>



# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>Code shall be included as special compensation and appropriately defined in those regulations."</p> <p>California Code of Regulations, § 571(a)(5), defines FLSA as, "Compensation paid for normal full-time work schedule including premium pay required by FLSA....Any work performed above the normal work schedule would be considered overtime and would not be reported to CalPERS."</p> <p><u>Non-Reportable Compensation: Birthday Pay</u></p> <p>The District Firefighters' Agreement recognized employee birthdays as holidays. The District reported holiday pay inclusive of birthday pay annually on the 12/09-4 special payroll. However, employees' birthdays are not considered approved legal holidays and should not have been reported to CalPERS. Specifically, the District reported:</p> <ul style="list-style-type: none"> <li>• Birthday pay in the amount of \$511.20 for one employee.</li> <li>• Birthday pay in the amount of \$436.80 for a second employee.</li> <li>• Birthday pay in the amount of \$839.52 for a third employee.</li> </ul>	<p>The District should immediately stop reporting birthday pay to CalPERS.</p> <p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this section of the report has been sent to the District and CalPERS</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>1. The District may not accurately report compensation to CalPERS. (continued)</p>	<p>California Code of Regulations, § 571(a)(5), defines holiday pay as, "Additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays."</p>	<p>ERSD as an appendix to our draft report.</p>
<p>2. The District may not report payrates in accordance with publicly available salary schedules.</p>	<p>We reviewed payrates reported to CalPERS and reconciled the payrates to the District's public salary information to determine whether payrates for the sampled employees were properly authorized, paid and reported in service periods 6/09-3 and 12/09-4. We determined payrates for the six sampled employees were authorized and reported in accordance with the District's public salary schedules.</p>	<p>None.</p>
<p>3. The District may not accurately report payroll information to CalPERS.</p>	<p>We reviewed the payroll information reported to CalPERS for six sampled employees for the 6/09-3 service period. Our sample testing revealed that the District correctly reported the payroll information to CalPERS, except for the following two instances:</p> <p><u>Special Compensation Included in Base Payrate and Earnings:</u></p> <p>The District erroneously included longevity pay in the reported base payrate and regular earnings for four of the sampled members.</p>	<p>The District should begin reporting longevity pay as special compensation.</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p>Government Code, § 20636(a), states, “Compensation earnable by a member means the payrate and special compensation of the member....”</p> <p>Government Code, § 20636(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....”</p> <p><u>Educational Incentive Pay Not Reported as Earned</u></p> <p>According to the District Firefighters’ Agreement and Fire Chiefs’ Agreement, the District paid educational incentive to employees with a California State Fire Marshall Fire Officer Certification, an Associates in Arts or Science Degree in Fire Technology, or a Bachelor’s of Arts or Science Degree. The District paid the educational incentive pay to three eligible employees each pay period; however, the pay was reported annually to CalPERS as special compensation on a special payroll. The District should have reported educational incentive pay to CalPERS in each service period in which the pay was earned.</p>	<p>The District should work with CalPERS ERSD to assess the impact of this incorrect reporting and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this section of the report has been sent to the District and CalPERS ERSD as an appendix to our draft report.</p> <p>The District should begin reporting educational incentive pay in each service period, as earned.</p> <p>The District should work with CalPERS ERSD to determine the impact of the incorrect payrates reported to CalPERS and what adjustments, if any, are needed.</p> <p>A confidential list identifying the</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>3. The District may not accurately report payroll information to CalPERS. (continued)</p>	<p>Government Code, § 20630(b), states, in part, "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> <p>Government Code, § 20636(c)(3), states, "Special compensation shall be for services rendered during normal working hours and, when reported to the board, the employer shall identify the pay period in which the special compensation was earned."</p>	<p>employees mentioned in this section of the report has been sent to the District and CalPERS ERSD as an appendix to our draft report.</p>
<p>4. The District may fail to or did not submit payroll in a timely manner to CalPERS.</p>	<p>We reviewed the payroll information for service periods 8/06-3, 8/07-3, 6/09-3, and 12/09-4 to determine whether payroll information was submitted to CalPERS within the required timeframes. Payroll information consists of CalPERS summary reports, listing reports, and retirement contribution payments. Required timeframes were 30 days from the close of the pay period for submitting payroll summary reports and 15 days from the close of the pay period for remitting retirement contributions. Our review revealed the following exceptions:</p> <ul style="list-style-type: none"> <li>• Service period 8/06-3: The service period closed August 6, 2006. The summary report and retirement contribution payment were submitted late. The summary report, due on September 6, 2006, was dated September 5, 2006, but was not received by CalPERS</li> </ul>	<p>The District should ensure that CalPERS receives contributions and payroll reports within the required timeframes.</p> <p>The District should work with CalPERS ERSD to assess the impact of this late reporting and determine what adjustments, if any, are needed.</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>4. The District may fail to or did not submit payroll in a timely manner to CalPERS. (continued)</p>	<p>until September 11, 2006. The contribution payment, which was due by August 21, 2006, was dated September 6, 2006.</p> <ul style="list-style-type: none"> <li>• Service period 08/07-3: The service period closed August 5, 2007. The summary report and retirement contribution payment were submitted late. The summary report, due on September 5, 2007, was dated September 5, 2007, but was not received by CalPERS until September 10, 2007. The contribution payment, which was due by August 20, 2007, was dated August 28, 2007.</li> </ul> <p>California Code of Regulations, § 565, states, "Member and employer contributions shall be received in the System's Sacramento office on or before 15 calendar days following the last day of the pay period to which they refer."</p> <p>California Code of Regulations, § 565.1, states, in part, "A complete and orderly payroll report for each pay period shall be filed with the System at its Sacramento office on or before 30 calendar days following the last day of the period to which it refers."</p>	

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>5. The District may not enroll all eligible employees into CalPERS membership.</p>	<p><u>Excluded Employees</u></p> <p>The contract between the Board of Administration of CalPERS and the Board of Directors of the District excluded local police and elected officials from CalPERS membership. We found the District did not employ police officers nor enroll elected officials during the review period.</p> <p><u>Temporary/Part-time Employees</u></p> <p>We selected a sample of two temporary/part-time employees and reviewed the total number of hours worked in fiscal year 2007/2008 to determine whether they reached or exceeded the 1,000 hour membership eligibility requirement. Our sample testing revealed that the two sampled employees worked more than 1,000 hours in fiscal year 2007/2008 but were not timely enrolled into CalPERS membership. Specifically:</p> <ul style="list-style-type: none"> <li>• One employee worked a total of 1,184 hours during fiscal year 2007/2008. The employee reached the 1,000 hour eligibility requirement in the pay period ending June 22, 2008. The employee should have been enrolled no later than June 23, 2008, the first day of the next pay period after the completion of 1,000 hours of service. However, the individual was not</li> </ul>	<p>None.</p> <p>The District should ensure that all employees are enrolled timely when membership eligibility requirements are met.</p> <p>The District should work with CalPERS ERSD to assess the impact of this enrollment issue and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this section of the report has been sent to the District and CalPERS ERSD as an appendix to our</p>



## LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
6. The District may unlawfully employ retired annuitants.	The District did not employ retired annuitants during the review period. Therefore, no further testing was needed.	None.
7. The District may not appropriately report members under the proper coverage group code.	Our sample testing revealed that the District reported members under the appropriate coverage group code.	None.
8. The District may not appropriately process industrial disability retirement determinations and appeals for safety members.	We reviewed the District's procedures for processing applications for industrial disability retirement. We found that District employees did not file any industrial disability retirement applications during the review period. However, the District was aware that appeals procedures must be in place.	None.
9. The District may not accurately report unused sick leave balances for retiring CalPERS members.	Effective July 1, 2005, the contractual provision of Government Code, § 20965, credit for unused sick leave, became a mandated benefit for the District. We found the District did not have any employees retire during the review period. However, the District confirmed that a divisor of eight would be used to convert unused sick leave hours to days when certifying unused sick leave days to CalPERS.	None.



# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>10. The District may not properly enroll eligible employees and their dependents in health benefits.</p>	<p>We reviewed a sample of six employees to assess the health benefits eligibility and enrollment of eligible employees and their dependents. Our sample testing revealed that the District properly enrolled eligible employees and their dependents in CalPERS Health Benefits Program, except for the following. The District did not have Declaration of Health Coverage (HB-12A) forms on file for five sampled employees who had first enrolled and/or added dependents to their health coverage subsequent to January 1, 1998.</p> <p>The HB-12A is to ensure compliance with the Health Insurance Portability and Accountability Act and provides information on enrollment options and consequences for non-enrollment. Beginning January 1, 1998, each employee must sign the HB-12A when they are first eligible to enroll or when they make any change to their health coverage. This includes open enrollment changes, changing health plans when moving, adding or deleting a dependent, or canceling health benefits. The HB-12A must be provided at the time the employee requests enrollment or with the Health Benefit Plan Enrollment (HBD-12) form. The Employer must provide the employee a copy of the signed form and keep the original in the employee's file.</p>	<p>The District must ensure that the proper member and dependent enrollment documentation is on file at the District within 60 days from the date of our final report.</p> <p>Please send an email to:  <i>HBB_Audit_Services@calpers.ca.gov</i> once the requested documentation is on file. The CalPERS HBB may be contacted at (916) 795-3836 with any questions.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS HBB as an appendix to our draft report.</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>11. The District may not contribute the appropriate health contribution amounts for active employees.</p>	<p>We reviewed the health contributions reported for June 2009 for four sampled employees. We determined that the District did not contribute the appropriate health contribution for two of the four sampled employees.</p> <p>The District's resolution filed with CalPERS on May 1, 1997, stated the District elected to pay the minimum contribution toward employee health coverage, which for 2009 was \$101. Therefore, the District should have contributed the minimum monthly contribution of \$101 towards employees' health contributions in 2009.</p> <p>However, employment agreements for two of the four sampled employees stated that the employees would pay 100 percent of their medical insurance including that for their spouse, domestic partner and family. The District's Payroll Summary, dated June 9, 2009, confirmed that the two employees paid 100 percent of the health contribution amount. Specifically:</p> <ul style="list-style-type: none"> <li>An employee, enrolled in PERS Choice North, had a total annual health premium of \$5,789.76, or \$222.68 per bi-weekly pay period. The District's payroll register for service period 6/09-3 indicated an employee payroll deduction of \$222.68.</li> </ul>	<p>The District should contribute the amount specified in the health resolution or file an updated resolution with CalPERS specifying the contribution amount to be paid on behalf of active employees.</p> <p>The District should work with CalPERS HBB to assess the impact of this issue and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the employees mentioned in this report has been sent to the District and CalPERS HBB as an appendix to our draft report.</p>

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>11. The District may not contribute the appropriate health contribution amounts for active employees. (continued)</p>	<ul style="list-style-type: none"> <li>A second employee, enrolled in PERS Care North, had a total annual health premium of \$8,997.96, or \$346.08 per bi-weekly pay period. The District's payroll register for service period 6/09-3 indicated an employee payroll deduction of \$346.08.</li> </ul> <p>Government Code, § 22890(a), states, "The contracting agency and each employee or annuitant shall contribute a portion of the cost of providing the benefit coverage afforded under the health benefit plan approved or maintained by the board in which the employee or annuitant may be enrolled."</p> <p>Government Code, § 22892(a), states, in part, "The employer contribution of a contracting agency shall begin on the effective date of enrollment and shall be the amount fixed from time to time by resolution of the governing body of the agency. The resolution shall be filed with the board and the contribution amount shall be effective on the first day of the second month following the month in which the resolution is received by the system...(b)(1) The employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the following: ...(2) Commencing January 1, 2009, the employer contribution shall be adjusted annually by the board to reflect any change in the medical care component of the</p>	

# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>11. The District may not contribute the appropriate health contribution amounts for active employees. (continued)</p>	<p>Consumer Price Index and shall be rounded to the nearest dollar."</p> <p>CalPERS Circular Letter #600-015-08 states, in part, "The purpose of this circular letter is to inform you that the calculation of the minimum employer contribution will change beginning January 1, 2009....For calendar year 2009 the minimum contribution will be \$101."</p>	
<p>12. The District may not remit health contributions within the required timeframe.</p>	<p>We determined that the District remitted the health contribution payments within the appropriate timeframe.</p>	<p>None.</p>
<p>13. The District may not maintain appropriate ACES security procedures.</p>	<p>We reviewed the security procedures for the District's ACES user to determine whether reasonable security precautions were maintained and to determine whether the required security documents were properly completed and filed for the ACES user.</p> <p>We determined the District maintained reasonable security precautions. However, the District did not properly complete the CalPERS Employer User Security Agreement (AESD-43) for the one authorized ACES user. Specifically, the employee signed the form as both the employee and the employer. The AESD-43 form should have been signed by a manager or supervisor.</p>	<p>The District should ensure that the CalPERS Employer User Security Agreement is properly completed and signed for employees utilizing ACES.</p> <p>The District should work with CalPERS ERSD to assess the impact of this issue and determine what adjustments, if any, are needed.</p> <p>A confidential list identifying the</p>

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## LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

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RISK	MITIGATION & OBSERVATION	RECOMMENDATION
<p>13. The District may not maintain appropriate ACES security procedures. (continued)</p>	<p>CalPERS ACES security procedures outlined on the CalPERS website at <a href="http://www.calpers.ca.gov">www.calpers.ca.gov</a> require agencies to keep a signed copy of security documents on file for ACES users. The AESD-43 must be completed for each employee using CalPERS on-line access and be available to CalPERS upon request. Forms must be retained in a secure work site location of the employer, for the life of the Agreement and for two years following the deactivation or termination of the Agreement. CalPERS is to be notified immediately in the event that any of its sensitive or confidential information is subjected to unauthorized disclosure, modification or destruction.</p>	<p>employee mentioned in this section of the report has been sent to the District and CalPERS ERSD as an appendix to our draft report.</p>

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# LINDEN-PETERS RURAL COUNTY FIRE PROTECTION DISTRICT

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## CONCLUSION

We limited this review to the areas specified in the scope section of this report. We limited our test of transactions to samples of the District's payroll reports and personnel records. The sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code, except as noted above.

Respectfully submitted,

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MARGARET JUNKER, CIA, CPA  
Interim Chief Auditor,  
Office of Audit Services

Date: July 2010

Staff: Michael Dutil, CIA, Senior Manager

Diana Thomas, CIDA, Manager

Alan Feblowitz

Kelly Dotters Rodriguez

# APPENDIX

DISTRICT'S WRITTEN RESPONSE

# LINDEN - PETERS FIRE DISTRICT

17725 E. Hwy. 26  
Linden, CA 95236  
(209) 887-3710 • Fax: (209) 887-2821

June 22, 2010

**Office of Audit Services**

Attn: M. Margaret Junker, CIA, CPA  
P.O. Box 942701  
Sacramento, CA. 94229-2701

Dear Ms. Junker,

This letter is in reference to the Draft Review Report for the Linden-Peters Rural County Fire Protection District (Employer Code: 1326, Job Number: P09-042). We agree with the recommendations as outlined in your report.

We appreciate the cooperation of Ms. Kelly Dotters Rodriguez during the review process.

If you have any questions or need any additional information, please contact me at 209-887-3710.

Thank you.

Sincerely,



Vic Solari  
Fire Chief