

Office of Audit Services



CalPERS

Public Agency Review

Los Angeles Memorial Coliseum Commission

**CalPERS ID: 1171738443
Job Number: P13-065**

September 2014



California Public Employees' Retirement System
Office of Audit Services
P.O. Box 942701
Sacramento, CA 94229-2701
TTY: (877) 249-7442
(916) 795-0802 phone, (916) 795-7836 fax
www.calpers.ca.gov

September 29, 2014

CalPERS ID: 1171738443
Job Number: P13-065

Kathy Markarian, Chief Administrative Officer
Los Angeles Memorial Coliseum Commission
3911 S. Figueroa Street
Los Angeles, CA 90037

Dear Ms. Markarian:

Enclosed is our final report on the results of the public agency review completed for the Los Angeles Memorial Coliseum Commission (Agency). Your written response, included as an appendix to the report, indicates your agreement with the observation. We have referred the observation identified in the report to the appropriate division at CalPERS. Please work with this division to clarify application of the hourly exclusion provision. 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 Phyllis Miller
PHYLLIS MILLER, Acting Chief
Office of Audit Services

Enclosure

cc: Board of Commissioners, Los Angeles Memorial Coliseum Commission
Risk and Audit Committee Members, CalPERS
Matthew G. Jacobs, General Counsel, CalPERS
Renee Ostrander, Assistant Chief, CASD, CalPERS
Anthony Suine, Chief, BNSD, CalPERS

LOS ANGELES MEMORIAL COLISEUM COMMISSION

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RESULTS IN BRIEF

The primary objective of our review was to determine whether the Los Angeles Memorial Coliseum Commission (Agency) complied with applicable sections of the California Government Code, California Code of Regulations (CCR) and its contract with the California Public Employees' Retirement System (CalPERS).

The Office of Audit Services (OAS) did not identify any instances of non-compliance with applicable sections of the California Government Code, CCR and its contract with CalPERS. OAS included an observation related to the Agency's contract exclusion for hourly compensated employees. We recommend the Agency work with the appropriate CalPERS division to clarify application of this provision.

SCOPE

The Agency contracted with CalPERS effective March 1, 1952 to provide retirement benefits for local miscellaneous employees. By way of the Agency's contract with CalPERS, the Agency agreed to be bound by the terms of the contract and by the Public Employees' Retirement Law (PERL). The Agency also agreed to make its employees members of CalPERS subject to all provisions of the PERL.

As part of the Board approved plan for fiscal year 2013-14, the OAS reviewed the Agency's payroll reporting and member enrollment processes as related to the Agency's retirement contract with CalPERS. The review period was limited to the examination of sampled employees, records, and pay periods from July 1, 2010 through January 31, 2014. The employees selected were not subject to the Public Employees' Pension Reform Act of 2013. The on-site fieldwork for this review was conducted from March 24-25, 2014. The review objectives and a summary of the procedures performed are listed in Appendix A.

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OFFICE OF AUDIT SERVICES REVIEW RESULTS

Observation: The Agency's administration of a contract exclusion for hourly compensated employees is not clearly defined.

The contract between CalPERS and the Agency excludes employees compensated on an hourly basis hired after April 1, 1968. In response to a 1996 CalPERS request, the Agency provided in 1996 its use and interpretation of the hourly exclusion and those employee classifications compensated on an hourly basis. The Agency indicated no employees were being excluded. However, during the review, the Agency informed OAS that they excluded part-time employees and as a result it is no longer clear to CalPERS which employees the Agency intends to exclude. OAS recommends the Agency work with CASD to clearly define the Agency's application of the contract exclusion for hourly compensated employees.

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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 A. OAS limited the test of transactions to employee samples selected from the Agency's payroll records. Sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code except as noted.

The observation outlined in this report is 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 observations noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations on the report observation 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.

Respectfully submitted,

Original signed by Phyllis Miller

PHYLLIS MILLER, CPA, CIA

Acting Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief
Diana Thomas, CIA, CIDA, Manager
Alan Feblowitz, CFE, Manager
Nuntawan Camyre, Auditor

APPENDIX A

OBJECTIVES

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OBJECTIVES

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

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

This review did not include an assessment as to whether the Agency is a "public agency", and expresses no opinion or finding with respect to whether the Agency is a public agency or whether its employees are employed by a public agency.

- Correspondence files maintained at CalPERS
 - Agency Board minutes and Agency Board resolutions
 - Agency written labor policies and agreements
 - Agency salary, wage and benefit agreements including applicable resolutions
 - Agency personnel records and employee hours worked records
 - Agency payroll information including Contribution Detail Transaction History reports
 - Other documents used to specify payrate, special compensation, and benefits for employees
 - Various other documents as necessary
- ✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS to determine whether the Agency correctly reported compensation.
 - ✓ Reviewed payrates reported to CalPERS and reconciled the payrates to Agency 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 Agency's governing body in accordance with requirements of applicable public meeting laws.
 - ✓ Reviewed CalPERS reports to determine whether the payroll reporting elements were reported correctly.
 - ✓ Reviewed the Agency's enrollment practices for temporary and part-time employees to determine whether individuals met CalPERS membership requirements.
 - ✓ Reviewed the Agency's employment practices for retired annuitants to determine if retirees were lawfully employed and reinstated when 960 hours were worked in a fiscal year.

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- ✓ Reviewed the Agency's independent contractors to determine whether the individuals were either eligible or correctly excluded from CalPERS membership.
- ✓ Reviewed the Agency's affiliated entities to determine if the Agency shared employees with an affiliated entity and if the employees were CalPERS members and whether their earnings were reported by the Agency or by the affiliated entity.
- ✓ Reviewed the Agency's calculation and reporting of unused sick leave balances, if contracted to provide for additional service credits for unused sick leave.

APPENDIX B

AGENCY RESPONSE

EX-OFFICIO MEMBERS

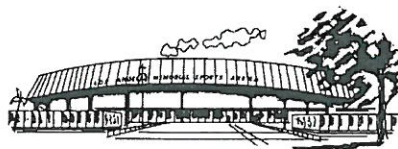
STATE SENATOR
RICARDO LARA

ASSEMBLYMEMBER
REGINALD JONES-SAWYER

KATHY MARKARIAN
CHIEF ADMINISTRATIVE OFFICER
SECRETARY



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OLYMPICS ATHLETICS COMPETITION
OPENING & CLOSING CEREMONIES**



**SITE OF 1984 OLYMPICS
BOXING COMPETITION**

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LOS ANGELES MEMORIAL COLISEUM COMMISSION

3911 South Figueroa Street, Los Angeles, CA 90037

August 14, 2014

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

Dear Ms. Junker:

As requested, this is to provide a written response to the draft report, dated June 27, 2014, on your compliance review of the Los Angeles Memorial Coliseum Commission's contract with the California Public Employees' Retirement System (CalPERS). We received the draft report on July 17, 2014. As indicated in the report, your Office did not identify any instances of non-compliance with applicable sections of the California Government Code, CCR and the contract with CalPERS.

The draft report includes an observation that the Commission's administration of a contract exclusion for hourly compensated employees is not clearly defined and recommends that the Commission work with CalPERS to clearly define this exclusion. We would be glad to work with CalPERS to provide any clarification needed. As we stated during the review, the Commission's practice has always been to exclude hourly employees from CalPERS.

Please let me know if you have any questions or need additional information. I can be reached at (213) 893-0202.

Sincerely,

Handwritten signature of Kathy Markarian in blue ink.

Kathy Markarian
Chief Administrative Officer

c: Mark Ridley-Thomas, Commission President
Tom Faughnan, Commission Counsel
Noreen Vincent, Commission Counsel