

Office of Audit Services



Public Agency Review

Santa Clara County Schools

CalPERS ID: 4808924344
Job Number: SP15-041

October 2016



California Public Employees' Retirement System
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October 20, 2016

CalPERS ID: 4808924344
Job Number: SP15-041

Philip Gordillo, Human Resources Chief
Santa Clara County Schools
1290 Ridder Park Drive
San Jose, CA 95131

Dear Mr. Gordillo:

Enclosed is our final report on the results of the public agency review completed for the Santa Clara County Schools (Agency). Your written response was not submitted to indicate agreement or disagreement with the observation 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. We appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original signed by Beliz Chappuie

BELIZ CHAPPUIE, Chief
Office of Audit Services

Enclosure

cc: Anna Song, President, Santa Clara County Board of Education
Jon R. Gundry, Santa Clara County Superintendent of Schools
Risk and Audit Committee Members, CalPERS
Matthew G. Jacobs, General Counsel, CalPERS
Anthony Suine, Chief, BNSD, CalPERS
Renee Ostrander, Chief, EAMD, CalPERS
Carene Carolan, Chief, MAMD, CalPERS

SANTA CLARA COUNTY SCHOOLS

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RESULTS IN BRIEF

The objective of our review was to determine whether the Santa Clara County Schools (Agency) correctly reported active member census data to CalPERS for compliance with Governmental Accounting Standards Board (GASB) Statement No. 67: *Financial Reporting for Pension Plans*.

The Office of Audit Services (OAS) noted that the Agency records did not agree with my|CalPERS information as described in more detail on page two of this report.

OAS recommends the Agency work with the appropriate CalPERS division to resolve the observations identified in this report.

SCOPE

The Agency contracted with CalPERS effective November 30, 1948 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 the Public Employees' Retirement Law (PERL). The Agency also agreed to make its employees members of CalPERS subject to all provisions of the PERL.

OAS reviewed active member census data used to calculate pension liability for financial reporting purpose pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 67: *Financial Reporting for Pension Plans*. The review was limited to the examination of sampled employees, records, and pay periods from July 1, 2013 through June 30, 2014. The review objectives and methodology are listed in Appendix A.

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OFFICE OF AUDIT SERVICES REVIEW RESULTS

Observation: The Agency's records do not agree with my|CalPERS information.

OAS identified variances between the data obtained from my|CalPERS and the documentation provided by the Agency for the following significant data elements:

- The Agency's records identified hire dates for 14 employees that were different from the hire dates in my|CalPERS. The hire dates in my|CalPERS reflect the membership date instead of the actual date of hire.
- The Agency's records indicated regular earnings for eight employees for the fiscal year ended June 30, 2014 that were different from the amounts reported in my|CalPERS.
- The Agency's records indicated special compensation for an employee for the fiscal year ended June 30, 2014 that was different from the amounts reported in my|CalPERS.
- The Agency's records indicated both regular earnings and special compensation for two employees for the fiscal year ended June 30, 2014 that were different from the amounts reported in my|CalPERS.
- The Agency's records indicated service credit earned for 18 employees for the fiscal year ended June 30, 2014 that did not match the service credit calculated in my|CalPERS.
- The Agency's records identified 140 individuals who had employment statuses that were different from the employment statuses in my|CalPERS. The Agency's records show that the individuals were either never an employee of the Agency or separated; however, the employees were not separated through my|CalPERS.

OAS recommends the Agency work with the appropriate CalPERS division to make any corrections, if necessary.

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CONCLUSION

OAS limited this review to the areas specified in the scope section of this report and in the objectives outlined in Appendix A. The procedures performed provide reasonable, but not absolute, assurance that the Agency's correctly reported active member census to CalPERS 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. This report does not constitute a final determination in regard to the findings noted within the report. The appropriate CalPERS divisions will notify the Agency of the final determinations on the report findings 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, of California Code of Regulations.

Respectfully submitted,

Original signed by Beliz Chappuie

BELIZ CHAPPUIE, CPA, MBA
Chief, Office of Audit Services

Staff: Cheryl Dietz, CPA, Assistant Division Chief
Diana Thomas, CIA, CIDA, Senior Manager
Chris Wall, MBA, Senior Manager
Edward Fama, Associate Program Auditor
Christopher Lee, Associate Program Auditor

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APPENDIX A

OBJECTIVES

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OBJECTIVE

The objective of this review was to determine whether the Agency correctly reported active member census to CalPERS.

METHODOLOGY

To accomplish the review objective, OAS interviewed key staff members to obtain an understanding of the Agency's personnel and payroll procedures, reviewed documents, and performed the following procedures.

- ✓ Reviewed:
 - Agency personnel records and employee time records
 - Agency payroll information including Contribution Detail Transaction History reports
 - Documents related to employee payrate, special compensation, and benefits
 - Various other relevant documents
- ✓ Reviewed Agency payroll records and compared the records to data reported to CalPERS.
- ✓ Reviewed payrates reported to CalPERS to determine whether base payrates reported agreed with the Agency's records.
- ✓ Reviewed the Agency's records to determine whether member census data agreed with my|CalPERS information.