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MAY 10 2010

**TRINITY COUNTY
SUPERIOR COURT**

**Trinity County Grand Jury
2009 – 2010**

FILED

MAY 20 2010 *sw*

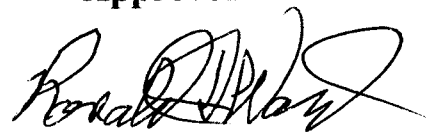
CLERK OF THE SUPERIOR COURT
COUNTY OF TRINITY
BY: STACI WARNER, DEPUTY CLERK

**Finance and Administration Committee
FAR2009/2010-002
Final Report**

**Trinity County
Practices and Procedures for CalPers**

This Report was Approved
on May 12, 2010

Approved



Ronald D. Ward

2009-2010 Trinity County Grand Jury

Finance and Administration Committee

Trinity County Practices and Procedures for CalPers

Summary

The Trinity County Grand Jury, upon receiving a complaint from a concerned citizen, opted to review the possible contributions by multiple counties to an individual's CalPers account pursuant to the regulations of the program. It was found that contrary to CalPers practices, three different counties contributed to an individual's account, one as the primary employer, and the others as overtime payers. The overtime was deemed an overpayment and the CalPers contributions were refunded back to the respective contributors and to Trinity County specifically.

Background

CalPers is the state retirement plan used by Trinity County to provide a retirement package to its employees. The "Employer Services Division" of CalPers, which is a California run program, collects and distributes employee retirement contributions. This report addresses issues that took place due to a lack of checks and balances in the program administration. The contributions of Trinity County to fund employee benefit packages directly effects the county budget and the County's ability to provide public services.

A review was completed of a former part-time employee of Trinity County, who was working full-time for one county and part-time for two others. Government Code S. 20635, page M40 of the CalPers Procedure Manual specifically states 'that when an employee has more than one job with a public agency, the position with the highest pay should be reported to CalPers, with the other position deemed the non-reportable overtime position'. The CalPers Procedure Manual also gives specific guidelines and procedures for verifying an employee's participation in the program.

Method of Investigation

In September 2009, interviews of Trinity County accounting department personnel were conducted to confirm the allegations and review the processes being used to identify eligibility in the CalPers Program. Documentation was gathered, including employment agreement, actual eligibility in CalPers, employee contribution statements, requests for reimbursement, and completed correction postings.

Discussion

After receiving a citizen complaint, the Finance and Administration Committee discussed and agreed that the possible overpayment could constitute a mishandling of public funds. Investigation confirmed that the overpayment did take place and that it was caught only by the awareness of a private citizen. After being made aware of the oversight, Trinity County notified CalPers of the situation and implemented the corrective procedures. Ultimately the county did not suffer any financial loss, but the situation did demonstrate that the potential existed if procedures are not followed. A better comprehension of CalPers practices and procedures, coupled with documented verification, should better enable county employees to manage funds under this program and aid in preventing a loss to the County and taxpayers.

Findings/Recommendations

Finding 1:

CalPers Procedural Manual guidelines specifically describe the process for verification of employees enrolled in the program, allowing for the identification of any potential conflict. The Committee determined that verification procedures were not followed, causing an incorrect allocation of public funds to an individual's CalPers account. Only after a concerned citizen pointed out the oversight was a review made by county officials. According to the 'State of California, payroll listing for public employees' retirement system', printout dated 3/19/08, notification had been made and the corrections completed.

Recommendations 1:

Documented verification of CalPers eligibility should be implemented using the CalPers Procedural Manual guidelines. An addendum to the employee application packet, questioning the applicant about his/her current status in the CalPers program would aid in the verification process.

Recommendation 2:

Additional training directly related to CalPers Procedural guidelines should be given to all personnel that hire and process employee applications. An annual follow-up of any changes that may have been implemented to the program would better aid county personnel in the performance of their jobs. After completion of this training, a notation should be made in each employee file.

Responses Required

In accordance with California Penal Code 933.05 a response is required as indicated below.

<u>Respondent</u>	<u>Finding/Recommendation</u>	<u>Due date</u>
Board of Supervisors	1 and 2	90 days
County Administrator	1 and 2	60 days

The governing bodies indicated above should be aware that comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Bibliography:

1. Trinity County - Appointment of County Counsel and Employment Agreement
Dated 4/14/94
2. Trinity County Schedule A (Salary / Deduction Break Down)
3. Trinity County - Corrections required (Earnings / Contributions listing) period
covering 4/94 thru 3/98
4. State of California - Public Employees Retirement System (Contributions Statement)
Dated 01/08/2000
5. Requesting letter to CAO (Re: County Counsel Contract) dated 10/11/2007
6. CalPers Employer Services Division letter of acknowledgement dated 10/24/2007



TRINITY COUNTY

Office of the County Administrator

DERO B. FORSLUND

County Administrative Officer

P.O. BOX 1613, WEAVERVILLE, CALIFORNIA 96093-1613

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AUG 20 2010

TRINITY COUNTY
SUPERIOR COURT

*per [unclear]
[unclear]
8/25/10*

TO: The Honorable Anthony Edwards,
Presiding Judge of the Superior Court

FROM: Dero B. Forslund, CAO *[Signature]*

SUBJECT: Response to Recommendations of 2009-10
Grand Jury Finance and Administration Committee Final Report
Re Trinity County Practices and Procedures for CalPers

DATE: July 19, 2010

The Grand Jury Finance and Administration Committee has requested a written response to their final report on the Trinity County Practices and Procedures for CalPers. In my capacity as County Administrative Officer, my response is as follows:

Finding #1: CalPers Procedural Manual guidelines specifically describe the process for verification of employees enrolled in the program, allowing for the identification of any potential conflict. The Committee determined that verification procedures were not followed, causing an incorrect allocation of public funds to an individual's CalPers account. Only after a concerned citizen pointed out the oversight was a review made by county officials. According to the 'State of California, payroll listing for public employees' retirement system', printout dated 3/19/08, notification had been made and the corrections completed.

Response: We agree, We will review the review the CalPers Procedural Manual guidelines to insure compliance with the CalPers procedures

Recommendation #1 Documented verification of CalPers eligibility should be implemented using the CalPers Procedural Manual guidelines. An addendum to the employee application packet, questioning the applicant about his/her current status in the CalPers program would aid in the verification process.

Response: We agree and will implement the recommendation within 90 days

Recommendation #2: Additional training directly related to CalPers Procedural guidelines should be given to all personnel that hire and process employee applications. An annual follow-up of any changes that may have been implemented to the program would better aid county personnel in the performance of their jobs. After completion of this training, a notation should be made in each employee file.

Response: The recommended training will be implemented within 90 days and reviewed annually.



TRINITY COUNTY

Board of Supervisors

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SEP 13 2010

TRINITY COUNTY
SUPERIOR COURT

TO: The Honorable James Woodward,
Presiding Judge of the Superior Court

FROM: Trinity County Board of Supervisors

SUBJECT: Response to 2009-10 Trinity County Grand Jury
Finance and Administration Committee
Practices and Procedures for CalPers Final Report

DATE: September 7, 2010

A handwritten signature, likely of a board member, is written over the "FROM" line.

A handwritten signature and the date "9/14/10" are written to the right of the "FROM" line.

The Grand Jury Finance and Administration Committee has requested a written response to their final report on the Practice and Procedures for CalPers. The Board of Supervisors' response is as follows:

Finding #1: CalPers Procedural Manual guidelines specifically describe the process for verification of employees enrolled in the program, allowing for the identification of any potential conflict. The Committee determined that verification procedures were not followed, causing an incorrect allocation of public funds to an individual's CalPers account. Only after a concerned citizen pointed out the oversight was a review made by county officials. According to the 'State of California, payroll listing for public employees' retirement system', printout dated 3/19/08, notification had been made and the corrections completed.

Response: The Board agrees with the findings. Staff will review the CalPers Procedural Manual guidelines to insure compliance with the CalPers procedures.

Recommendation #1: Documented verification of CalPers eligibility should be implemented using the CalPers Procedural Manual guidelines. An addendum to the employee application packet, questioning the applicant about his/her current status in the CalPers program would aid in the verification process.

Response: The Board agrees with this recommendation and per the CAO, it will be implemented within 90 days.

Recommendation #2: Additional training directly related to CalPers Procedural guidelines should be given to all personnel that hire and process employee applications. An annual follow-up of any changes that may have been implemented to the program would better

JUDY PFLUEGER
DISTRICT 1

JUDY MORRIS
DISTRICT 2

ROGER JAEGLER
DISTRICT 3

HOWARD FREEMAN
DISTRICT 4

WENDY OTTO
DISTRICT 5

aid county personnel in the performance of their jobs. After completion of this training, a notation should be made in each employee file.

Response: Will be implemented. Per the CAO, the recommended training will be implemented within 90 days and reviewed annually