



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Auditor-Controller  
**Department No.:** 061  
**For Agenda Of:** September 13, 2016  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Theodore A. Fallati, CPA, Auditor-Controller, 568-2100  
Director(s)  
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

**SUBJECT:** Post-Employment Benefit Changes Audit Report

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

Receive and file the Auditor-Controller's Post-Employment Benefit Changes Audit Report (the Audit Report).

**Summary Text:**

The Audit Report is submitted pursuant to California Government Code 26883, which requires that the Auditor-Controller's audit reports be filed with the Board of Supervisors. The purpose of our audit was to identify changes to the County's post-employment benefit offerings that could be difficult for the County to implement correctly. Our objectives were to determine if employees were enrolled in the appropriate retirement plan and paying the correct contribution rates, and to determine if the County correctly implemented the pensionable pay codes determined by the Santa Barbara County Employees' Retirement System (SBCERS) pursuant to the Public Employees' Pension Reform Act (PEPRA).

**Background:**

In May 2012, the Board of Supervisors adopted a resolution establishing retirement Plan 7 for general employees hired on or after June 25, 2012. Shortly thereafter, the State enacted PEPRA, which mandated reforms to pension benefits for employees who became new members of a retirement system on or after January 1, 2013. As a result, in January 2013, the Board adopted a resolution establishing retirement Plan 8 for general and safety employees hired on or after January 1, 2013. PEPRA also changed what types of wages can be included in an employee's pensionable compensation.

Based on our sample, contribution rates appear to be properly charged. Additionally, with limited exceptions, the retirement plan enrollments we reviewed appeared appropriate. However, we identified the following opportunities for improvement:

1. The Auditor-Controller Office should work with SBCERS to ensure all new retirement plan enrollments are made correctly.
2. The Auditor-Controller's Office should develop a formal policy and procedure for adding new pay codes and requesting SBCERS make a determination as to whether or not the compensation attributable to new pay codes is pensionable.
3. The Auditor-Controller's Office should ensure all pensionable pay codes in the County's payroll system are supported by a Board of Retirement resolution or other adequate documentation provided by SBCERS that supports determinations of pensionable compensation.

We recommend that the Auditor-Controller's Office implement the recommendations in this report.

**Attachments:**

Post-Employment Benefit Changes Audit Report

**Authored by:** Heather Fletcher, Audit Manager

**cc:** Mona Miyasato, County Executive Officer  
Greg Levin, CEO of SBCERS