

JAC Internal Audit Status Report
Proposed Complete
May 15, 2025

Ref#	Recommendation Summary	Status	Original Response	Updates	Priority	Date Closed
E2.F2.R5	2.6 Periodically notify all plan members (including active, inactive, deferred, and retired members) with accounts in both City pension plans that their account beneficiary selections are separate and independent and that they must separately inform the ORS of beneficiaries for each account. The ORS should identify the best method to notify these members (e.g., in periodic retiree newsletters, active member statements).	Proposed Complete	Agree: ORS will explore options and work with legal counsel on the specifics of the solution to address this issue. Target Date: December 2022	March 2025 - Bene Designation Forms updated Website FAQ Updated Jan 2024 Newsletter has a QQ on topic Other Communications: Counseling Sessions, workshops, social media January 2023 Update: ORS-IT has identified the following areas for updating the information: Member Statement, Newsletter, Website, and the Form Expected Completion Date: TBD Prior Year Updates: January 2022 Update: ORS is exploring options. Expected Completion Date: December 2022	1	May 15, 2025
E2.F3.R1	3.1 For new hires, incorporate the questions from the CalPERS "Classic" Eligibility Form into the City's existing online job application system and eliminate the manual, cross-departmental process to identify, track, and retroactively enroll eligible Tier 1 Classic members. Ensure that the process change is in alignment with the City's agreement with the 11 labor unions (Appendix 2).	Proposed Complete	Agree: ORS will liaise with OER and HR to explore the viability of incorporating the CalPERS "Classic" Eligibility Form into the City's existing online job application system with a view to eliminating the manual, cross-departmental process to identify, track, and retroactively enroll eligible Tier 1 Classic member. Target Date: December 2022	March 2025 - HR implemented a new digital onboarding program in Nov 2022. ORS was included in the planning and development. This implementation has resulted in more timely identification and processing of Tier 1 Classic. ORS has reached out to CMO to recommend the inclusion of eligibility forms in the online application. January 2023 Update: None Expected Completion Date: December 2023 Prior Year Updates: January 2022 Update: ORS is working with OER and HR. Expected Completion Date: December 2022	3	May 15, 2025

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E2.F3.R3	3.3 Ensure that provisional job offers to eligible new employees correctly reflect their eligibility for the City's Tier 1 Classic pension plan tiers, subject to verification, based on the information that they provide about past service in a CalPERS or other reciprocal agency.	Proposed Complete	Agree: ORS will work with OER and HR. Target Date: December 2022	April 2025 - See update under E2.F3.R1 Propose Closed January 2023 Update: None Expected Completion Date: December 2023 Prior Year Updates: January 2022 Update: ORS will work with OER and HR Expected Completion Date: December 2022	3	May 15, 2025
E2.F3.R5	3.5 Implement any applicable parts of recommendations 3.1 through 3.4 for employees who are not new hires but may become eligible for Tier 1 Classic membership (e.g., eligible employees who receive promotions).	Proposed Complete	Agree: ORS will work on Implementing any applicable parts of recommendations 3.1 through 3.4 for employees who are not new hires but may become eligible for Tier 1 Classic membership. Target Date: December 2022	April 2025- see update under E2.F3.R1 January 2023 Update: None Expected Completion Date: December 2023 Prior Year Updates: January 2022 Update: ORS is working on 3.1 to 3.4 Expected Completion Date: December 2022	3	May 15, 2025
E3.F1.R6b	b. Ensure that existing policies and procedures in the ORS shared drive, including associated training materials, are uniquely stored in a secured (i.e., there is one, current version that is protected from unauthorized changes), official (i.e., administered by senior management and explicitly showing management's approval), and recognized (i.e., routinely communicated to staff and clearly labeled) version, preferably with references to relevant Municipal Code sections to facilitate future updates and revisions.	Proposed Complete	Agree: ORS is working on this issue in conjunction with the migration to a central SharePoint location. Target Date: June 2023	April 2025 - Since the migration to SharePoint ORS divisions have maintained their documents and appropriate security access restrictions to documents. This audit finding is a legacy concern prior to the migration. January 2023 Update: None Expected Completion Date: June 2023	3	May 15, 2025
E3.F1.R6d	d. Ensure that key member termination mandates in the City's Municipal Code, including timelines, are included and implemented.	Proposed Complete	Agree: ORS will work with OER. Target Date: December 2023	April 2025 - ROC letter updated and City updated Employee Termination Policy 3.2.4 Page 2 #4 to reflect 90 days per Muni code January 2023 Update: None Expected Completion Date: December 2023	1	May 15, 2025

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E3.F1.R6f	f. Implement the existing procedure to use the “Non-reporters Report” or an alternative report to identify plan members who have not made their latest biweekly pension contributions and follow up to timely terminate their membership or take other appropriate corrective actions if the members have not separated from City employment (e.g., ensure that PeopleSoft biweekly employment data for the member is appropriately uploaded to the member’s account).	Proposed Complete	Agree: ORS is working on implementing the existing procedure to use the “Non-reporters Report” or an alternative report to identify plan members who have not made their latest biweekly pension contributions. Target Date: December 2022	April 2025 - For Employees who have terminated their employment, Benefits staff have developed an alternative report in Peoplesoft to identify members who have separated from City employment, obtain the NOS if not available, and follow up with the ROC process with the member. February 2025 Update: PIR 181151 has been opened with the vendor to add additional fields to the Batch Notice report, enabling the identification of plan members who have not made their most recent biweekly pension contributions. January 2023 Update: None Expected Completion Date: December 2023	1	May 15, 2025
E3.F1.R7	1.7 Periodically assess the ORS’s compliance with the Municipal Code mandates relevant to the member termination process and take corrective action (e.g., revise policies and procedures, retool workflows, reconfigure PensionGold, train staff) if/when ORS management identifies areas for improvement. To meet transparency, accountability, and continuous improvement goals and objectives, the ORS should identify and provide relevant performance metrics (e.g., percent of plan members who are provided the Return of Contributions Packet within 6 weeks of separation from City employment, percent of separated City employees who submit a completed Distribution Election Form within 90 days of notice) to the City Auditor’s Office to include in the Annual Report on City Services. Consult with the City’s external auditors, actuarial service providers, and departments with an interest (e.g., the Office of Employee Relations) to identify opportunities to share and publish the information, where useful, to stakeholders.	Proposed Complete	Agree: ORS will Periodically assess the ORS’s compliance with the Municipal Code mandates relevant to the member termination process and take corrective action. Target Date: April 2023	April 2025—As part of completing other audit recommendations related to the termination process and ROCs, we completed an assessment of ORS compliance with SJMC and took corrective actions; we will continue to do so. January 2023 Update: None Expected Completion Date: December 2023	1	May 15, 2025

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E4.F1.R1.d	d. Pensionable hours worked that were not (yet) authorized, in the OER's list of codes (Appendix 1).	Proposed Complete		<p>April 2025 - OER owns the lists of codes used in payroll. ORS does not receive individual pay codes as part of the biweekly transmittal file. ORS receives the net pensionable earnings and gross earnings. OER is responsible for updating and publishing changes to this schedule.</p> <p>January 2023 Update: Not Provided Expected Completion Date: TBD</p>	2	May 15, 2025
E4.F1.R3.b	b. Approval (e.g., timely approval by the ORS's Retirement Boards)	Proposed Complete		<p>April 2025 - ORS and Retirement Boards are not responsible for setting pensionable compensation. The City delivers net pensionable compensation information in the biweekly transmittal file. ORS processes that information. Changes are discussed during the Biweekly coordination meeting with the City</p> <p>January 2023 Update: Not provided Expected Completion Date: TBD</p>	3	May 15, 2025
E4.F1.R3.d	d. Implementation (i.e., timely programming PeopleSoft to ensure that the biweekly transmittal files sent to the ORS will appropriately reflect eligible City employees' pensionable salaries and pensionable hours worked, in compliance with the OER's list)	Proposed Complete		<p>April 2025 - There is now an ongoing, biweekly coordination meeting with ORS, OER, ITD, and Finance. These meetings discuss these topics, among other things.</p> <p>January 2023 Update: Not provided Expected Completion Date: TBD</p>	3	May 15, 2025

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E5.F1.R2.a	a. The specific performance goals for the accuracy of contributions data (e.g., >99.99 percent of plan member contributions data in PensionGold are consistent with PeopleSoft within 2 weeks.	Proposed Complete	Agree: ORS Management, in coordination with the ORS's IT, Benefits, and Accounting Divisions will update and if needed, supplement relevant ORS official policies and procedures to clarify roles and responsibilities and specify performance goals and targets relevant to the implicit business objective of having accurate and complete plan member contribution data in PensionGold. ORS Management will explore options to automate reviews of member accounts to avoid costly and inefficient manual reviews that are currently required to ensure accounts are accurate before plan members are either paid out or retire. Target Date: June 30, 2023	April 2025 - Policies and procedures regarding reconciling contributions of ORS records, PG, with Finance calculation and records in FMS and PeopleSoft have been documented and completed as of 3/29/24. This policy is saved on SharePoint in the Accounting division's folders: Policy #600.25. Access is limited to members of the Accounting division, but will be shared with JF/ BH for review. January 2023 Update: The Accounting division is reviewing the policies to determine whether they are still applicable, and if so, they will be updated. Expected Completion Date: December 31, 2023 February 2025 Update: Policies and procedures regarding the reconciliation of contributions of ORS records, Pension Gold, with Finance calculation and records in FMS and PeopleSoft have been documented and completed as of 3/29/24. This policy is saved on SharePoint in the Accounting division's folders: Policy #600.25 Access is limited to members of the Accounting division.	1	May 15, 2025
E5.F1.R4	1.4 Decide whether additional steps to identify erroneous or omitted contributions data in PensionGold should be taken, either by ORS Accounting, Benefits, or IT Division staff, to identify and correct plan members' accounts for pay periods prior to FY 2019 (i.e., whether to extend the IAD's audit steps to identify and correct erroneous or missing contributions prior to FY 2019).	Proposed Complete	Agree: After implementing recommendation number 3, ORS Management, in coordination with the ORS's IT, Benefits, and Accounting Divisions will determine if additional analysis (i.e., reconciliation procedures) is necessary to identify and correct erroneous or omitted contributions data in PensionGold that may have occurred prior to the IAD's audit period for this report. Target Date: August 31, 2023	February 2025 Update: After reviewing the IAD's workpapers, Accounting has determined that no adjustments are needed from those, and they were just pay period adjustments that reverted to different pay periods. Since this audit, Accounting has been reviewing discrepancies more closely and had not identified any accounts needing adjustments. Discrepancies are attributable to retro-pays and payroll adjustments that affect other pay periods. July 2023 Update: Data has been reviewed and they seem to be due to timing. Expected Completion Date: TBD	1	May 15, 2025
E5.F1.R5	1.5 Identify where PensionGold plan member account contributions data are shown or used (e.g., plan member statements, actuarial assumptions, publicly issued actuarial and financial reports) and decide whether corrective action or notification to affected parties is required.	Proposed Complete	Agree: ORS Management, in coordination with the ORS's IT, Benefits, and Accounting Divisions will determine who has used or relied on the ORS's plan member data (e.g., the ORS's actuary service provider, plan members) and, if necessary, will provide notifications to the affected parties. Target Date: August 31, 2023	February 2025 Update: Data has been reviewed and as noted above, the discrepancies were due to timing for the pay period adjustments created by Payroll/Finance. July 2023 Update: Data has been reviewed and they seem to be due to timing. Expected Completion Date: TBD	2	May 15, 2025

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E6.F1.R1	1.1 Review and confirm the IAD's analytics for this audit and where applicable, coordinate with the Finance Department and the HRD to correct past contribution errors, including those discussed in this report (e.g., refund overpaid contributions to plan members).	Proposed Complete		<p>April 2025 - Accounting has reviewed the IAD's analytics for this audit and has determined that the differences were due to pay period adjustments. No corrections are needed.</p> <p>January 2023 Update: Not provided Expected Completion Date: TBD February 2025 Update: Accounting has reviewed the IAD's analytics for this audit and has determined that the differences were due to pay period adjustments. No corrections are needed.</p>	2	May 15, 2025
E6.F1.R3	1.3 Revise the ORS's list of plan codes for use in PensionGold (i.e., Appendix 3) to support all relevant PeopleSoft PlanIDs, including "FED30" and, once implemented by the HRD, a unique PlanID for Police Tier 1 Rehired members with prior Federated Tier 1 service. Implement a process to ensure that any changes to PeopleSoft PlanIDs are timely identified and addressed by the ORS (e.g., PensionGold is configured to notify ORS IT Division that a new PeopleSoft PlanID has been used in the biweekly transmittal files, which would prompt IT Division staff to timely add a corresponding ORS Plan code in PensionGold and prompt Accounting to adjust its monitoring procedures).	Proposed Complete		<p>February 2025 Update: On 05/09/2024, LRS added the 30-Year Flag and 30-Year Membership Date to Member Attributes and updated the transmittal process to automatically exclude exceptions for members with the 30-Year Flag marked as true.</p> <p>January 2023 Update: Not provided Expected Completion Date: TBD</p>	2	May 15, 2025
E7.F1.R1	1.1 Identify and memorialize (e.g., in a policy) the procurement rules that the ORS is required to follow	Proposed Complete		April 2025 - ORS Procurement Policy was adopted by both boards in Dec 2024 and Jan 2025.	0	May 15, 2025
E7.F1.R2	1.2 Review, update, and communicate all existing, outdated ORS procurement policies.	Proposed Complete		April 2025 - as part of the policy work completed last year, ORS adopted all city policy or adopted their own with review of CMO appropriate departments.	0	May 15, 2025
E7.F2.R1	2.1 Use a public, competitive vendor selection process to select and contract with an insurance broker.	Proposed Complete		April 2025 - ORS issued an RFP 2023 but no responses. ORS then issued an RFQ instead and was able to procure a vendor.	1	May 15, 2025
E7.F3.R1	3.1 Implement San José Municipal Code section 4.12.220, which allows for emergency procurement.	Proposed Complete		April 2025 - as part of the policy work completed last year, ORS adopted all city policy or adopted their own with review of CMO appropriate departments.	0	May 15, 2025
E7.F3.R2	3.2 Take an inventory of the laptops and associated equipment that the ORS purchased in 2020 to determine whether the procured laptops were received, as ordered.	Proposed Complete		April 2025 - in 2023, a full audit of the laptops were conducted and they all were accounted for by the IT staff in consultation with the Deputy Director.	0	May 15, 2025

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E7.F4.R1	4.1 Identify the contract and vendor payment data and reports that the ORS needs to manage contracts	Proposed Complete		April 2025 - ORS has created the contract database. ORS also reviews contracts quarterly and uses the FMS Remaining Balance Report	0	May 15, 2025
E7.F4.R2	4.2 Gain access to needed contract and vendor payment data and reports.	Proposed Complete		April 2025 - ORS has created the contract database. ORS also reviews contracts quarterly and uses the FMS Remaining Balance Report	0	May 15, 2025
E7.F4.R3	4.3 Identify and implement systems to meet outstanding contract management requirements.	Proposed Complete		April 2025 - This is currently being address by a Snr Accountant review the database quarterly to inform staff of upcoming renewals and management of funds. Going forward this will be centralize under the new Program Manager position.	0	May 15, 2025