

Joint Audit Committee:

7.3f(2).

Federated City Employees Retirement System Police & Fire Retirement Plan May 20, 2021

Presentation:

Audit Report: Member Enrollment



Houman Boussina, MS, CIA, CISA, CFE | Senior Auditor

City of San Jose – Office of Retirement Services – Internal Audit Division

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Benefits Audit: Member Enrollment

Objective:

Does the ORS have reliable (i.e., accurate, complete, and consistent) enrollment data for members of San José's Federated and Police and Fire retirement plans?

✓ Data quality = Information quality

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Mandate and Authority:

The Office of Retirement Services (ORS)
Internal Audit Division (IAD) conducted this
audit in accordance with the IAD's Fiscal Year
2020 audit plan

Benefits Audit: Member Enrollment

Background:

- A cross-departmental, biweekly process
- PeopleSoft (Human Resources and Payroll)
- PensionGold (ORS)

Benefits Audit: Member Enrollment

Exhibit 1

Pension Plan Member Enrollment Process

HRD: Hiring

- City job applicant applies online **or** hiring department records applicant's personal information
- Hiring department records City-specific employment data for new hire (e.g., department, union)
- HRD records new hire's information in the City's PeopleSoft human resources & payroll system

HRD: Orientation

- New hire logs into PeopleSoft to update his (or her) personal information
- HRD's I-9 verification process validates new hire's identity and personal information
- HRD records new hire's retirement plan and tier in PeopleSoft and notifies ORS

HRD/ORS: Validation

- ORS validates HRD's enrollment of the new hire in a pension plan and tier (e.g., FED Tier 1)
- ORS informs HRD of any errors in the initial enrollment of the new hire in a plan and tier
- HRD corrects any ORS-identified pension plan and tier enrollment errors in PeopleSoft

ORS: Enrollment

- Biweekly, Payroll (Finance Department) provides ORS with PeopleSoft employee data (**Note A**)
- ORS IT staff preliminarily import the biweekly data into ORS's PensionGold system
- PensionGold validates all employee data and notifies ORS IT staff of potential errors
- ORS IT staff review and resolve PensionGold error notifications and post the finalized data

ORS: PensionGold

- PensionGold automatically creates new member accounts for new hires in PeopleSoft data
- PensionGold records any updates to existing employee information shown in PeopleSoft
- PensionGold records employee salaries and pension contributions recorded in PeopleSoft

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Scope:

Personal and pension plan enrollment data for 5,547 active pension plan members (of 18,582 PensionGold accounts for active, inactive, deferred, retired, and deceased members)

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Methodology:

- Risk Assessment
- Interviews with staff
- Policy, Procedure, Regulation, & Contract review
- Data extraction (PeopleSoft & PensionGold)
- Data validation & analysis (100% testing, mostly)
- Identification and confirmation of concerns

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Finding 1:

- Most personnel data, such as last name, first name, social security number, and birth date, are reliable for the 5,547 active pension plan members in PensionGold
- 7 Recommendations to improve enrollment data and associated business processes

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Finding 2:

- Duplicate member accounts in PensionGold cause operational inefficiencies and errors.
- 7 Recommendations to eliminate duplicate accounts and improve enrollment data and associated business processes.

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Finding 3:

- Most members were enrolled in the correct pension plan and tier. Some Tier 1 Classic members were not enrolled in the correct plan tier.
- 5 Recommendations to improve the process to enroll Tier 1 Class members.

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ORS Management's Response:

- ORS management agrees with all audit recommendations (Appendix 4).
- The IAD will follow up annually with ORS management and report on the status of audit recommendations.

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Final Slide

- **Questions/Comments**
- **Approval of Audit Report (Accept & File)**