

JAC Internal Audit Status Report
Proposed Complete
February 19, 2026

Ref#	Recommendation Summary	Status	Original Response	Updates	Priority	Date Closed
E2.F3.R4	3.4 Identify and implement a process to identify and correct any potential past errors where employees eligible for Tier 1 Classic membership were enrolled in a Tier 2 plan tier. This includes correcting erroneous member contribution and service credit records in PensionGold. The ORS, in coordination with the HRD, Office of Employee Relations, and the City's 11 labor unions, should also consider sending a notice to all existing Tier 2 City employees about eligibility requirements for Tier 1 Classic membership, how to identify their current plan and tier membership, how to check on the status of their CalPERS "Classic" Eligibility Forms, and how to apply for a potential correction to their current plan tier enrollment, if required.	Proposed Complete	Agree: ORS will work with OER and HR on implementing a process to identify and correct any potential past errors where employees eligible for Tier 1 Classic membership were enrolled in a Tier 2 plan tier. In addition, ORS will also work with OER and HR to explore the possibility of providing a notice to all existing Tier 2 City employees about eligibility requirements for Tier 1 Classic membership. Target Date: December 2022	<u>February 2026</u> - ORS has reviewed all the data, both at the time of the audit (2021) and for all active members that fall into the category of concern. There were no miscategorized member tier statuses. We have reviewed the SJMC and the two-letter side letters with the City and the Unions. The concern raised is an Employer/Employee relationship in which the employee provides proof of eligibility, and the employer determines the appropriate Tier. We have confirmed the rules and procedures the city is currently using, and we both agree that no further action is required. <u>April 2025</u> - ORS is working through the identification process. This work may require some report development, but I will report back at the next audit committee meeting. <u>January 2023</u> : None Expected Completion Date: December 2023 <u>Prior Year Updates</u> : January 2022 Update: ORS is working to identify and correct any potential past errors where employees eligible for Tier 1 Classic membership were enrolled in a Tier 2 plan tier. Expected Completion Date: December 2022	2	February 19, 2026
E3.F1.R5.b	b. Assess whether there is need to revise the Municipal Code or relevant City policies and procedures to clarify the election options that may or should exist for City employees who change jobs at the City and become members of another City retirement plan without the requisite years of service to remain members of their first plan. This includes assessing whether there is a need to formally establish the Federated and Police and Fire Plans as reciprocal plans. Implement corrective action, including any necessary steps to amend the Municipal Code, to address the outcome of this assessment. This recommendation should be completed in conjunction with Recommendation 1.6a.	Proposed Complete	Agree: ORS is working on this issue with OER. Target Date: December 2023	<u>January 2026</u> - ORS met with the City and confirmed that no further action is required at this time. The design of benefit structures is subject to negotiation between the employer and the applicable bargaining units, and any changes to benefit structures is between the City and the Bargaining Units. This situation is addressed in the Municipal Code, specifically Sections 3.36.610 and 3.28.660, which govern the transfer of service credit between funds. <u>May 2025</u> - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process <u>January 2023</u> Update: None Expected Completion Date: December 2023	3	February 19, 2026

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E4.F1.R3	1.3 In coordination with the ORS's legal counsel, OER, Finance Department, IT Department, HRD, and the City's 11 bargaining units (unions), draft, approve, and publish on the City's website an agreement that clarifies the specific roles, responsibilities, and procedures to implement the OER's list of pay codes (Appendix 1). The document should assign roles and responsibilities and address the following areas, at minimum:	Proposed Complete		<p>February 2026 - The City and ORS have been participating in regular Payroll Coordination meetings. A standing agenda item included pay code changes.</p> <p>Pay code information is maintained in a shared location available to key stakeholders.</p> <p>May 2025 - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process.</p>	3	February 19, 2026
E4.F1.R3.a	a. Maintenance (e.g., timely entering and/or removal of pay codes, updating references to the City's Municipal Code, specifying the exact effective and/or expiration date of the document)	Proposed Complete	Agree: ORS will endeavor to develop an agreement as outlined in the recommendation with OER, Finance Department, IT Department, HRD, and the City's 11 bargaining units (unions). Target Date: December 2023	<p>February 2026 - See E4.F1.R3</p> <p>May 2025 - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process.</p>	3	February 19, 2026
E4.F1.R3.c	c. Dissemination and notification (e.g., timely notifying and sending updates to designated ORS staff and union representatives)	Proposed Complete		<p>February 2026 - See E4.F1.R3</p> <p>May 2025 - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process.</p>	3	February 19, 2026
E4.F1.R3.e	e. Archiving (i.e., making the prior versions of the authorized list and relevant policies and procedures accessible)	Proposed Complete		<p>February 2026 - See E4.F1.R3</p> <p>May 2025 - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process.</p>	3	February 19, 2026
E4.F1.R3.f	f. Reporting noncompliance (e.g., a process for employees and/or stakeholders, including the ORS, pensionable pay codes and plan members' accounts)	Proposed Complete		<p>February 2026 - See E4.F1.R3</p> <p>May 2025 - ORS management will schedule a discussion with the CMO liaison to discuss the concerns raised in this audit about the City's process.</p>	3	February 19, 2026