

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM

EMPLOYER RECORDS AUDIT POLICY

I. BACKGROUND AND PURPOSE

Pursuant to Government Code Sections 31542.5 and 31543, the Board of Retirement (the "Board") may audit the employer to determine the correctness of retirement benefits, reportable compensation, and enrollment in, and reinstatement to, the retirement system. Government Code Sections 7522.72 and 7522.74, pertaining to forfeiture of specified pension benefits in the event of an employment related felony conviction, further provide that SBCERS may audit the employer's compliance with those statutes. The purpose of this policy is to provide a procedure whereby audits under these statutes shall be approved and implemented by the Board and SBCERS staff.

II. STAFF REQUEST AND REPORT

If SBCERS staff believes that reason exists to audit information submitted by the employer with respect to retirement benefits, reportable compensation, and/or enrollment in, and reinstatement to, the retirement system or compliance with the statutes listed in Section (I), staff shall submit a written report to the Board setting forth:

- a. A complete explanation of the reason for the audit, including a report as to prior informal requests of the employer so as to resolve any issues without an audit.
- b. The books, papers, data, or records that staff believes should be provided by the employer in connection with the audit, including but not limited to personnel and payroll records.
- c. The protocol that staff wishes to follow in conducting the audit, including but not limited to who will conduct the audits and a proposed time and place.
- d. The estimated cost of the audit, adjustment, or correction.
- e. A request for specific action by the Board in authorizing an audit, and any follow up requests relating to adjustments or corrections that may be required as a result of an audit.

III. BOARD ACTION

1. The report described in Section II will be presented to the Board for action at a regularly noticed meeting. The employer will be provided with a copy of staff's report at least 10 days prior to the Board meeting. SBCERS staff and the employer will both be given an opportunity at the meeting to address the Board with respect to staff's request.

2. If the Board approves staff's request for an audit, the employer will be informed and the audit will then be conducted by staff or by a third party auditor in accordance with the parameters established by the Board.

IV. STAFF FOLLOW-UP REPORT, AND SUBSEQUENT BOARD ACTION

1. Upon completion of the audit, SBCERS staff will provide to the Board a written report of the audit results and the conclusions of SBCERS staff or of the third party auditor. A copy of the report will be provided to the employer at least 10 days prior to any Board discussion or action.
2. The Board may thereafter determine whether, and if so in what amount, the costs of the audit and any adjustment or correction may or will be charged to the employer under applicable law and if other Board action should be taken as a result of the audit.

V. CONFIDENTIAL INFORMATION

Appropriate steps, in accordance with applicable law, will be taken by SBCERS staff and the Board throughout the process described in this policy to protect confidentiality of information produced in an audit, presented in staff reports, and discussed by or with the Board.

VI. POLICY REVIEW

This policy shall be reviewed by the Board at least every three (3) years and may be amended at any time.

VII. POLICY HISTORY

This policy was adopted by the Board on March 27, 2013, revised on April 27, 2016 and revised on April 24, 2019.