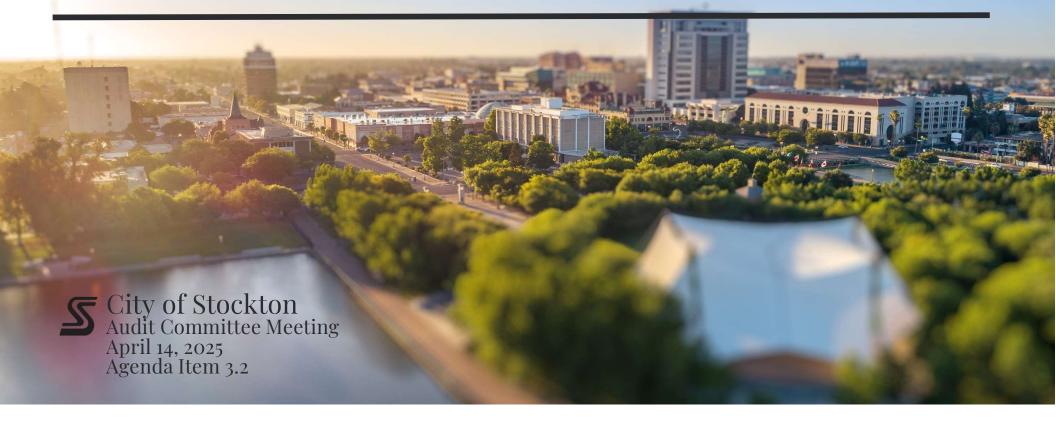
# Payroll Audit Report



## AGENDA

- CalPERS Reporting & Late Fees
- Retro-payments (Underpayment)
- Overpayments
- Payroll Improvement Measures



## CALPERS REPORTING & LATE FEES

Fee Types	Fee Amount
Admin Fee – Late Payroll Reporting, CalPERS	\$1,600
Retired Annuitant Late Enrollment Fee	\$4,000
Retired Annuitant Late Payroll Fee	\$114,400
Grand Total	\$120,000

#### **CalPERS Reporting:**

On average, the city was late by 23 days in reporting to CalPERS. This is due to the number of errors that need to be corrected to upload to CalPERS correctly.



## RETRO-PAYMENTS (UNDERPAYMENT)

#### **Retro-payment Amount by Year**

Year	Amount
2023	\$683,009.51
2024	\$530,464.79
2025	\$456,535.10
Grand Total	\$1,670,009.40

#### **Summary**

- 5,412 total count of retro-payments processed
- 1,383 total number of employees who were underpaid
- \$1,670,009.40 total amount reimbursed to employees

#### **Reasons for Underpayment:**

- Late submission of Personnel Action Entries (PAEs) such as promotion, acting pay, step increases, etc.
- Timesheet entry errors such as missed overtime and approval workflow.
- Human errors during personnel action entry and payroll entry.



## **OVERPAYMENTS**

**Table 1: Total Count of Overpayments** 

Paid in Full	Count of Last Name
Outstanding	66
Paid	293
<b>Grand Total</b>	359

This table summarizes overpayments identified between 2023 and 2025, totaling 359 overpayments. Of these, 293 have been paid in full, while 66 are outstanding.

#### Table 2: Total Amount of Overpayments

Paid in Full					
	Outstanding	Paid	Grand Total		
Sum of Amount Owed	\$ 105,211.15	\$ 347,120.30	\$ 452,331.45		

This table summarizes overpayments from 2023 to 2025 totaling \$452,331.45.

\$347,120.30 was paid in full, while \$105,211.15 is still outstanding.



## OVERPAYMENT DATA COLLECTED

#### What steps were used to manually collect the overpayment data?

- Data reviewed from January 2023 through March 14, 2025.
- Reviewed Payroll Repayment Log.
- Reviewed Payroll Detail History Report to verify repayments made by the employees.
- Searched the Payroll Team email mailbox to capture communications regarding payroll errors.
- Reviewed Cherwell/ServiceNow tickets for regarding payroll errors.



## OVERPAYMENT REPORTING & REPAYMENTS

#### How were overpayments reported to Payroll?

• Employees or the department timekeepers report the overpayment to the Payroll Team or submit a ticket in Cherwell/ServiceNow.

#### How were overpayments recouped?

- The Payroll Team worked with the employes to set up a repayment plan and created a repayment agreement.
- The Payroll Team manually recorded reported overpayments in a Repayment Log spreadsheet and oversees the repayment process tracked payments and outstanding balances.



## OVERPAYMENT AGREEMENTS

#### **Repayment Agreement**

- The parties to this Agreement acknowledge that <u>Employees received wage payments from the City in excess of the amounts</u> <u>authorized and duly owed to Employee</u>. Employees acknowledge that the wages were overpaid, due, and owed to the City.
- The parties to this Agreement acknowledge that such unauthorized payments were made in error, without fraud, or misrepresentation on the part of either party.
- The parties to this Agreement desire to resolve this matter without the necessity of litigation.
- City can seek to recover those monies civilly for up to three years from the discovery of the mistake (see Code of Civil Procedure 338(d)).

#### **City Attorney's Involvement**

- The City Attorney's Office provided initial guidance on best practices for recovering overpayments to payroll, such as working with employees to establish repayment plans.
- They are involved only when a department requests assistance with specific, novel legal issues.
- The City Attorney does not oversee repayment audits or track payments.



## PAYROLL IMPROVEMENT MEASURES

#### **Human Resources/Payroll Transition**

- Payroll transitioned to the Human Resources in March 2025.
- HR entered into contracts with vendors to provide support with Tyler MUNIS system set up errors, payroll processing improvement, training, and to develop standard operational procedures.



## QUESTIONS

