



Payroll Audit Report



 City of Stockton
Audit Committee Meeting
April 14, 2025
Agenda Item 3.2

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
Grand Total		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 employees 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 Employees received wage payments from the City in excess of the amounts authorized and duly owed to Employee. 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

