



# Memorandum

**TO:** CITY COUNCIL                      **FROM:** Mayor Matt Mahan  
**SUBJECT:** OFFICE OF                      **DATE:** October 23, 2023  
RETIREMENT  
SERVICES INTERIM  
AUDIT REPORT

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**APPROVED:**

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## **RECOMMENDATION**

1. Accept the City Auditor's Report and express the City Council's intention for the Retirement Boards to follow all City policies contained in the City Administrative Policy Manual, including but not limited to the Finance and Procurement Policies. The Retirement Boards are directed to return to council in 45 days with an information memo detailing the changes or adoption of these policies.
2. Direct the City Attorney and City Administration to bring forward Municipal Code changes to amend the Plans (SJMC3.28.155 and SJMC 3.36.385, and any other applicable sections) with provisions stating the City's procurement process in Part 4.12 of the Municipal Code and the City's procurement policies apply to the Boards' contracts and amend Section 7 in the Sunshine resolution to add its application to the Boards.
3. Direct the City Attorney and City Administration to review the City Charter and bring forward any proposed changes to ensure appropriate oversight, while maintaining the independence where necessary of the Retirement Boards.

## **BACKGROUND**

The Office of Retirement Services (ORS) plays a key role in supporting the City of San José by managing the two separate retirement plans for our Police and Fire employees and our Federated employees. In turn, the City supports ORS by being the sponsor of the plan and making contributions, as well as providing human resource, finance, procurement, and information technology support. ORS staff are also City of San José employees and in FY 2023-2024, the Office had 43 FTE's with a personnel budget of \$8.7 Million. Therefore, it is vital that ORS staff comply with all regulations that apply to similarly situated City employees. As stated in the audit and previous memos, there have been several documented situations where that standard was not

met, and Information Technology and Finance procedures policies were not followed. These policies exist to protect the City from unwarranted liability that can put resident services at risk, create a greater likelihood of litigation, and imperil the reputation of the City with the public and vendor community. The recommendations set forth in this memo seek to prevent future noncompliance with these rules by explicitly directing greater alignment with existing rules.