



Memorandum

TO: CITY COUNCIL

FROM: Councilmember Sylvia Arenas
Councilmember Raul Peralez

SUBJECT: PENSIONABLE EARNINGS AUDIT

DATE: March 29, 2018

Approved

Date

3-29-18

RECOMMENDATION

1. Accept Audit Recommendations
2. Direct Office of Employee Relations and Finance Department to report the implementation status of recent payroll changes in a regularly scheduled report – within the next 6 months – to the Public Safety, Finance and Strategic Support Committee.

BACKGROUND

As this audit has demonstrated, San José's troubled history with managing pensionable earnings accurately through our payroll system is an ongoing problem – one that we are on our way to resolving. We thank staff for their hard work to address this issue.

As was demonstrated during course of the audit, OER and Payroll are still working through issues of ensuring that new errors don't occur when new collective bargaining decisions are reached. In this case – as detailed on page 10 of the audit – OER recently caught a communications gap with payroll. This resulted in the city having to recalculate and apply changes retroactively, creating a financial impact for employees.

This is a problem that we must solve and it is a shared responsibility of both the council and the administration. We're encouraged by the administration's response to the audit recommendations and appreciate what has already been implemented. We are requesting updates either written or verbally until resolved.

This additional recommendation is designed to only add to the improvements. Council has a responsibility to stay engaged on this issue, and this additional action will allow the PSFSS Committee to ensure it is playing a collaborative role in solving this problem.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.