

AGENDA DESCRIPTION:





Consideration and possible action to receive and file the Independent Accountants' Report on Agreed-Upon Procedures Performed with Respect to City Employee Compensation for the Calendar Year ended 2015.

RECOMMENDED COUNCIL ACTION:

- (1) Receive and file documents related to the 2015 City Employee Compensation and Benefit Analysis Report.

FISCAL IMPACT: None

Amount Budgeted:	N/A
Additional Appropriation:	N/A
Account Number(s):	N/A

ORIGINATED BY: Vina Ramos, Accounting Supervisor 
REVIEWED BY: Trang Nguyen, Deputy Director of Finance 
Deborah Cullen, Director of Finance 
APPROVED BY: Doug Willmore, City Manager 

ATTACHED SUPPORTING DOCUMENTS:

- A. Independent Accountants' Report on Agreed-Upon Procedures Performed with Respect to City Employee Compensation, for the Calendar Year ended December 31, 2015 (page A-1)
- B. 2015 City Employee Compensation and Benefit Analysis Report (page B-1)

BACKGROUND AND DISCUSSION:

City Staff completed the Employee Compensation and Benefit Analysis for calendar year ended December 31, 2015 ("Analysis"). The Analysis includes the total compensation for all City employees who worked at the City during the calendar year. The total compensation captures all forms of pay and City-paid benefits, including wages, allowances, overtime, declined health insurance, bonuses, severance, vacation buy out, pension contribution, health insurance, ancillary insurance, and retirement health savings. In addition, the Analysis includes an accounting of all leave time earned during 2015.

On March 11, 2016, the City's independent financial statement auditor, Vavrinek, Trine, Day & Co., LLP (VTD) completed the Agreed-Upon Procedures (AUPs) of the Analysis report. VTD's procedures include tracing applicable gross pay from the City's payroll

system and W-2 filings, sampling 20 employees and tracing amounts in the report to supporting documentation.

After the performed procedures, City employee earnings were reconciled to the W-2 filings and no exceptions noted. For the benefits section, VTD noted one instance related to the over-payment of \$682 to the City's health insurance vendor, Blue Shield, for which the City will receive a full credit in April 2016. The over-payment was related to the City's option for Blue Shield's early renewal policy, implemented on December 1, 2015, instead of January 1, 2016.

After City Council approval, the City Employee Compensation and Benefit Analysis Report for 2015 will be published in the City's Transparency website (<http://www.rpvca.gov/35/Transparency>).

ALTERNATIVES:

In addition to the Staff recommendation, the following alternative actions are available for the City Council's consideration:

1. Discuss and take other action related to this item.

CITY OF RANCHO PALOS VERDES

**Independent Accountants' Report on
Agreed-Upon Procedures Performed
with Respect to City Employee Compensation**

For the Calendar year ended December 31, 2015



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES PERFORMED
WITH RESPECT TO CITY EMPLOYEE COMPENSATION**

The Honorable City Council
of the City of Rancho Palos Verdes
Rancho Palos Verdes, California

We have performed the procedures enumerated below, which were agreed to by the City of Rancho Palos Verdes, California (City) solely to assist you with respect to your evaluation of selected provisions of City employee compensation for the calendar year ended December 31, 2015. The City's management is responsible for the execution of the provisions related to the employment of City personnel. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. Trace applicable information on the City employee compensation worksheet prepared by the City to applicable W-2 filings.

Result: We traced the gross pay information on the worksheet prepared by the City to the ADP Master Control report. We obtained a reconciliation of the gross pay information on the worksheet to the W-2 filing. We traced reconciling items to the ADP Master Control report. We traced the reconciled amount to the W-2 filing. No exceptions were noted.

2. Select a sample of twenty (20) employees from the following:
 - a. Five (5) management personnel – selected haphazardly
 - b. Five (5) part-time personnel including one (1) City Council member – selected haphazardly
 - c. Ten (10) full-time non-management personnel - selected haphazardly

For the selected sample, trace the following to City personnel records, contracts (if applicable), policies, and other supporting documentation:

- d. Payroll
 - i. Annual salary
 - ii. Overtime
 - iii. Auto allowance
 - iv. Bonus
 - v. Vacation buyout
 - vi. Health insurance in-lieu

- e. City paid benefit costs
 - i. Pension benefits
 - ii. Insurance – including but not limited to medical, vision, and dental. These amounts are reflected on the schedule on a pay period basis but are invoiced on a monthly basis and include rate changes during the year. Therefore the procedure for these amounts will be to reconcile the amounts for the schedule to the monthly invoice paid.
 - iii. Medicare
 - iv. Retirement health savings account contribution
 - v. Deferred compensation
- f. Benefits – Earned hours only
 - i. Wellness
 - ii. Administrative leave
 - iii. Sick leave
 - iv. Holidays
 - v. Vacation
 - vi. Compensatory time

Result: We selected a sample of 20 City employees including five management personnel, five part-time personnel including one City Council member, and ten full-time non-management personnel. We traced applicable provisions as listed above to City personnel records, contracts, policies, and other supporting documentation. For City paid benefit costs related to insurance, we reconciled amounts reported on the schedule to the monthly invoice paid. For City paid insurance, we noted one instance in which one management employee was paid \$319 for the month of December 2015 in a cash-in-lieu payment for opting out of the City’s medical coverage; however, the City paid for the employee’s medical insurance premium for the month of December 2015 through the City’s medical insurance provider resulting in an overpayment of \$682 in medical insurance premium. City management is working with the City’s medical insurance provider to obtain a refund for these overpaid amounts which the medical insurance provider asserted will be received as part of the April 2016 invoice. No other exceptions were noted.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the provisions of City employee compensation, related internal control, compliance with government code, or elements, accounts or items specified above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than those specified parties.



Rancho Cucamonga, California
March 21, 2016