

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

Date: August 24, 2006

To: All Civil Service/Exempt Departments

From: State Controller's Office
Pam Keegan, Manager
Cynthia Rounds, Manager
Personnel/Payroll Operations
(916) 323-2539/324-6290

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the July 13, 2006 Personnel/Payroll Committee (PPRC) Meeting and provides information for the September 14, 2006 meeting.

We would like to thank those department representatives that participated in the July meeting for their time and effort. There were 52 representatives from 27 departments that participated in this meeting.

Personnel/Payroll Review Committee
July 13, 2006 Meeting Notes

Pam Keegan called the meeting to order at 1:30.

Departments Represented:

Alcohol and Drug Programs, Alcohol Beverage Control, Board of Equalization, California Energy Commission, California Integrated Waste Management, California Highway Patrol, California Housing and Finance Agency, California Student Aid Commission, Community Service & Development, Consumer Affairs, Developmental Services, Employment Development Department, Environmental Health Hazard, Food and Ag, Franchise Tax Board, General Services, Health Services, Lottery, Mental Health, Motor Vehicles, Rehabilitation, Secretary of State, State Controller's Office, State Teacher's Retirement System, Statewide Office of Health Planning, Transportation, Unemployment Insurance Appeals Board and Veteran Affairs.

Old Business:

None

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update
Department Issues/Concerns

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

Confirm Next Meeting Agenda, Time and Place

Discussion:

Approved May 2006 meeting notes.

Guest Speakers:

Lisa Callaghan, SCO's Program Management Analysis Bureau (916) 327-3923, provided an update on the rollover of the first group of Alternate Retirement Program (ARP) employees.

- Beginning August 2004, all newly hired civil service employees (with the exception of safety members) were placed in ARP. After 24 months, employees are eligible to become a CalPERS member and will begin contributing to CalPERS instead of ARP. The ARP contributions will remain with the Savings Plus Program (SPP) for up to an additional 24 months.
- Beginning August 2006, SCO will begin converting the ARP participants who have reached the 24-month service level to CalPERS. The process will be automated and a 505 transaction will be posted to the employee's record. Turnaround PARS will be generated from the update and sent to the department. Departments should verify that the updated record was converted to the appropriate retirement account code. This process will take place during the first week of each month.
- After 48 months (from when they first started contributing to ARP), the employee will be notified by the SPP that they will need to make a disposition of their ARP funds. If departments require additional information about the CalPERS retirement benefit, they should contact CalPERS. If departments have questions about SCO's automated process, they should contact Lisa Callaghan. Personnel Letter #06-09 was just released with more detailed information.

Question: How will it work for an employee who wants to elect second tier?

Answer: Once the initial 24 months have elapsed, SCO will process the rollover from ARP to CalPERS and the agency will receive the turnaround PAR letting them know that the change has taken place. At that time, they should provide the employee a copy of PERS Publication 52, which contains information concerning the employee's options. If the employee elects Tier 2, the employee will complete a document from the PERS Pub 52 electing Tier 2, and submit it to CalPERS. CalPERS will submit an R01 transaction to SCO. Changing to Tier 2 is done on a prospective basis only, so timing is very important. Any Tier 1 EPMC amounts can only be refunded if the employee separates.

Dave Edwards, Manager SCO's Customer Support Section, provided information concerning the current status of Statewide Training and CLAS.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

Pat Quinn, Manager 21st Century Project, provided an update on the 21st Century Project.

Personnel/ Payroll Operations Update:

Pam Keegan addressed the following:

We would like to make a couple of announcements of recent staff changes:

John Harrigan, Chief, Personnel/Payroll Services Division retired on June 30th after 38 years state service.

Don Scheppmann is the new Chief, Personnel/Payroll Services Division.

Butch Massoni is the new Chief, Personnel/Payroll Operations Bureau.

Bond Change

We were just notified by the Federal Reserve Bank (FRB) that effective 8/1/2006, the full SSN will no longer be printed on the face of the US savings bonds. Instead, only the last four digits of the SSN will be printed. This information will prepare you for the probable calls from your employees. The Federal Reserve Bank has posted this information on their web site. Here is a link to the website:

<http://www.treasurydirect.gov/indiv/research/faq/maskingfaq.htm>.

New Child Support Process

- For the new process, you will be required to submit not only the new Form Std. 638 (currently being developed), but also a copy of the court order. Because of this requirement, we will not be able to allow fax for these documents. You will be required to submit the original 638 plus one copy and one copy of the court order, attached to the copy of the 638. This new process will start when the Department Child Support Services (DCSS) gives us the go ahead to start using the new form.
- For the child support garnishment survey we are developing, we will only need you to provide copies of court orders for the Non IVD cases; these are the cases where the payment is going directly to the custodial parent rather than a District Attorney or County Family Support Division.
- We have reviewed the garnishment file and found the percentage of Non IVD cases to be 50% of the total.
- We are doing our best to obtain all the information on this new process for you; however, the DCSS and the SDU are responsible for this process and we can only pass on what they provide to us.

Attendance Process

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

The attendance process is intended to assure that each unit is cleared in a timely manner. Each unit should be cleared, via the Master Payroll Certification (MPC) process, as soon as possible following the close of the pay period unless a warrant is returned on the Std. 666. SCO stopped blanket certification of uncertified units several years ago.

Here are some examples of our processing policy:

- PPSD will only key off MPC from a Std. 666 that has a redeposit on it, not from a Std. 666 with exceptions only.
- PPSD will not key off MPC from a 674 redeposit or a stripped Direct Deposit warrant.
- If the reason for redeposit is dock and the warrant is returned on a Std. 666; the agency must wait for the redeposit to process before keying a 603/ETC on PIP.
- PPSD will not reissue pay from a 674 if the agency can key it on PIP.
- If the redeposit is for a salary overpayment (employee was paid 1 STD. at a higher rate and should be 1 STD. at a lower rate);
 - If the PAR is keyed (or corrected) prior to the redeposit going through, the system does not create a suspended payment needed for the 966 that results from the Std. 666 to hit against.
 - They must wait to key the PAR after the redeposit (it's a timing issue).
 - If the redeposit is on a 674 and the time certified is 1 STD. we will reissue the pay from that.

The Time and Attendance Report, Form 672 is used to request Regular Pay for positive pay employees (rolls 3-8) and certify attendance for negative roll reporting units (Rolls 1 and 2). Refer to PPM Section M, MPC System for keying attendance certification for negative roll reporting units.

(Refer to PPM Section G for document completion)

Within each Form 672, the employees will be sorted by ascending class code, then serial number, then SSN order. The last page for each agency/unit/roll code with totals completed must be signed by an authorized person, dated at the top of "date keyed", and **retained by the department/campus for post audit purposes.**

EXCEPTION: Forms 672 for Lieutenant Governor's Office and Colorado River Board will continue to be sent to the State Controller's Office for retention.

The Form Std. 666 is the mechanism for reporting exceptions to the normal number of days to be worked in a pay period. Report of Exceptions, Form Std. 666, (available on DGS web site or from DGS Stores) is only for reconciling negative attendance.

Departments/campuses are responsible for withholding and returning any warrant for more time/money than actually earned. For specific completion instructions on returning a warrant(s) on the Form Std. 666, refer to PPM Section I 314.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

NOTE: If the warrant being returned has a credit union deduction, the employee should be notified that although the deduction may be posted to their credit union account, that specific deduction will be reversed as a necessary part of the redeposit process.

All payments for a pay period, issued in green clearance for Roll Codes 1 and 2, are always an exception to the master payroll and must be entered on Form Std. 666.

Returned Documents

When we return a document on a PR250, please make corrections to the document and return both the PR250 and the corrected document. If you must complete a new document, then attach the new document to the PR250 and return, and dispose of the old document. It takes additional staff time if you return both the new document and the old one.

Form Std 639: Please use only the most current version of the Std. 639; we cannot continue to accept documents with a revision date prior to 04/2005. The garnishment codes have actually changed and the old forms are invalid. The fill and print form on the DGS website <http://www.osp.dgs.ca.gov/StandardForms/Fill+and+Print+Standard+eForms.htm> is the current version that should be submitted.

Benefits:

Flex Elect Form Std 701C. Per the March 3, 2006 memo from DPA, you may only use the most current version of the 701C for the 2006 open enrollment period.

Benefit arrears threshold; we are considering raising the current threshold from the current \$159.99 to \$200 for one time deductions rather than A/Rs. What do you think about this change? This may decrease the number of A/Rs for this specific situation by anywhere from 10% to a high of 20%.

As benefit premiums change, do you want us to look at this threshold on an annual basis? Please respond to Pam Keegan @ (916) 323-2539 or via email at pkeegan@sco.ca.gov

Permanent Intermittent Cash Option Payment Requests

701's must be submitted with 674's to request pay. 701's must be effective 1-1-06. The 701/674's must be received at SCO by 9-1-06.

Year End Separation Workshops

Last year we provided a series of workshops specifically targeted to separations at the end of the year with special handling required. Due to time constraints and other workload issues, we may only hold one or two workshops this year. As such, we will ask that interested Personnel Offices only send one staff. We will send a note out

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

about the workshops in the near future. If you would like more information at this time, please contact:

Pam Keegan @ (916) 323-2539 or via email at pkeegan@sco.ca.gov

Cindy Rounds addressed the following:

Position Control

The Vacant Position report was mailed out on Thursday July 13th.

The Schedule 8 will go out on Monday July 17th. This year the Blanket Balance Report is included with the Schedule 8.

Question: Will the Blanket Balance Report be available on View Direct?

Answer: Yes, it will.

Faxing Documents

If you fax PARs, do not send more than once and **do not** follow up with a hard copy. This holds true for all units and documents in PPSD; we do not want both the fax and the hard copy.

Questions and Answers:

Question: Which will pay first, the retroactive salary adjustments or the one-time bonus per the SEIU contracts?

Answer: The contracts are not yet ratified. Once they are approved, we will provide information for EH updates and how the bonus will be generated. Normally, we are able to automate most of this type activity and the department is only involved in the special cases.

Question: My office returned 3 warrants for redeposit on June 28th and they have not yet been redeposited. What happened here?

Answer: We made contact with the redeposit desk at Disbursements and they do not have a backlog. They did, however, return 150 warrants in the last week due to incomplete documentation. Be sure, when you return a warrant to Disbursements, that the earnings statement is attached and that the full SSA# has been added to the earnings statement.

Question: Does the SCO provide a current list of Accounts Receivable?

Answer: No, we stopped performing any detailed Account Receivable tracking several years ago. It is the department's responsibility to verify that Accounts Receivable are correctly satisfied.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

Question: Why does our unit show up on the list of units not cleared for MPC?

Answer: It may be a timing issue; our listing is created on the 15th of the month. If MPC was cleared on or after that date it would be on the listing. If you returned a warrant on the Std. 666, then ignore the unit on the listing emailed to the transaction supervisor.

Question: When will the EH documentation for an employee working while on SDI be fixed so that we can key a 715 trans to qualify the pay period?

Answer: This is scheduled to be worked on in mid August. In the mean time you can continue to key a 215 transaction as a tickler to post the 715s. If you do not want to post the 215s, then you must assume the responsibility of remembering to go back and update EH when appropriate.

Question: There is a glitch in SDI processing; if the S50 is effective in the same pay period pay will issue in the green cycle. If S50 effective in a prior pay period, then the Disability unit will refund SDI withheld for regular pay. Is this appropriate?

Answer: If we issue regular pay in a pay period in which the PAR is effective, the SDI deduction comes out correctly. If the employee is off pay status for an entire month, pay issues without a CBID and the SDI doesn't come out. Disability staff monitor that SDI is withheld appropriately. This is a system issue that we will be looking into as time permits.

Any regular pay issued while an employee is on SDI is supposed to have SDI withholding. Please refer to Payroll letter 05-010 most payment types are subject to SDI.

Question: My employee has a dental cash option but he lost his other dental coverage. I feel he should have a "permitting event" for adding dental to his benefits even though he has not exhausted the 3-year cash commitment. Is this correct?

Answer: This is an issue between the employee, the department and DPA. PPSD does not make this type of policy decision.

Question: Why do some materials provided by SCO have the employee's full SSN? I am especially concerned about the 672 and the CD155. Our agency takes identity theft very seriously.

Answer: We are removing or masking the SSN on a variety of documents, see the Bond change above, and are continuing to look for methods to keep the employee's information secure. The SSN is required on the 672 and PAR documents. We now print only the last four digits of the employee's SSN on the CD155. Since these are being mailed to a Human Resources office, not to the individual employee, it is OK. The IRS requires the SSN on the W-2. Refer to Senate Bill (SB) 25 for further information.

Next Meeting:

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JULY 2006**

The next meeting is Thursday September 14, 2006 from 1:30 to 3:00 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

Listed below are the PPRC meeting dates for the 2006 calendar year. All meetings are from 1:30 to 3:00 at the above location.

November 9, 2006

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact either Pam Keegan at (916) 323-2539 or Cindy Rounds at (916) 324-6290. They can also be reached via email at pkeegan@sco.ca.gov and crounds@sco.ca.gov, respectively.