

Board Update

4 Internal Audits Finished, 13 Employer Audits Completed, One Employer Audited because of Finding Currently Working on 2 audits (Refund & VFCA Medical Expenses)

Completed Audits

- 1) Cash/Check Audit Front End Portion (Three Recommendations)
 - a. Recommend MPERA have someone watch over receptionist opening up mail.
 - b. Recommend if they receive checks from employers with wrong amount they still scan that check into Laserfiche for an audit trail.
 - c. Use Case get updated
- 2) Cash/Check Audit Accounting Portion (No Recommendations)
- 3) Performance Appraisals (Six Recommendations)
 - a. Recommend that pre-appraisals be performed for all staff so they know what their objectives are and those new employees receive their pre-appraisal within 30 days of hire date. Otherwise employees may file a grievance for failure of appraiser to inform employee of objectives and competencies to be appraised per ARM 2.21.8011 and Board Policy Prsnl 02.
 - b. Recommend that performance appraisals be performed annually and within 60 calendar days after the close of the appraisal period per MPERA Policy Prsnl3- Performance Appraisal.
 - c. Recommend that the Board Personnel Committee be involved with the employee's performance appraisal per the policy or have the policy changed. Board Policy Prsnl 2.
 - d. Recommend that the performance appraisal be filled out entirely per the Board policy Prsnl 02 and MPERA Policy Prsnl3. Currently the Professional Development Plan is not filled out and appraisal standards need to be identified and signed by appraiser and employee.
 - e. Recommend that the Board sign all completed performance appraisals per the policy or have the policy changed. Board Policy Prsnl 2
 - f. Recommend the board revise their policy to just direct the Executive Director since MPERA has their own internal policy.
- 4) VFCA Medical Expenses Audit (2 Recommendations)
 - a. Recommend that MPERA establish a use case over VFCA Medical Claims
 - b. Recommend that MPERA staff follow up on VFCA medical claims timely
- 5) Employer 125 Cafeteria Plan Audit (13 Employers Selected)(Two findings)
 - a. Recommend MPERA have someone monitor and track our employers that have a 125 Cafeteria Plan.
 - b. Recommend that Town of Manhattan become compliant with 19-2-1010 MCA & Board Policy Admin 5
 - i. Selected Employers:
 1. Conrad Public School
 2. Lakeside County Water & Sewer District
 3. Town of Manhattan
 4. Flathead County School District 6
 5. Pondera County

6. Harrison School
 7. Town of West Yellowstone
 8. Lewis & Clark County
 9. Town of Circle
 10. Rosebud County
 11. City of Livingston
 12. Sanders County
 13. Great Falls Public Schools
- ii. Of the 328 employers that responded, the survey shows that approximately 13 employers needed to be audited. Of the 13 employers, I found problems with one employer, Town of Manhattan. Currently the employer gives an employee an allowance which increases a member's compensation to account for nontaxable benefits. The amount of the increase is included in compensation for retirement system (PERS) purposes but the employer does not include that amount, to the extent required by applicable federal and state law including state unemployment and workers compensation. Town of Manhattan opted to pay unemployment and workers compensation to become a qualified 125 Cafeteria Plan. They made necessary adjustments to the payroll system to insure that all compensation, including the allowance amount for the cafeteria plan is added into the Unemployment Insurance, Workers Compensation and PERS bases. The adjustments were made in November 2012.
- 6) Recommend that Ravalli County report their employees service purchase according to 19-3-513, MCA.
 - a. All money paid by an employer to an employee shall have to pay contributions on that amount if it is considered compensation.