

School Districts and Common Audit Issues



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School Districts and Common Audit Issues

1. Updates to Audit Process

2. Common Audit Issues

3. Who to Contact



School Districts and Common Audit Issues

Updates to Audit Process



School Districts and Common Audit Issues

Audit Staff

Melanie Helmick and Nimeri Denis



Retirement and Benefits

School Districts and Common Audit Issues

Audit Standards

- Generally Accepted Governmental Auditing Standards (GAGAS) – **Yellow Book**
- International Standards for the Professional Practice of Internal Auditing



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Audit Authority

- Alaska Statutes
 - PERS 39.35.070, 39.35.003 and 39.35.004
 - SBS 39.30.154
 - TRS 14.25.003 and 14.25.004
- Alaska Administrative Code
 - PERS 2 AAC 35.220
 - TRS 2 AAC 36.021
- IRS Publication 963
- SSA Program Operating Manuals



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Audit Reports

- State ONLY
- Federal Social Security Letters



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Audit Scheduling

- Audit Selection
- Audit Timing
- Engagement Letter
 - Information Request
- Fieldwork



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Audit Expectations

- Draft report to review within 12 weeks of fieldwork.
 - Preliminary report issued if findings
 - Employer has 30 days to respond.
 - Final report issued 60 days after employer response.
 - Audit follow up.
- Federal Letters – no response necessary.



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Audit Findings

- Issue of PERS or TRS non-compliance.
 - Condition
 - Cause
 - Criteria
 - Effect
 - Recommendation
- We have to make the system whole.



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Questions on Audit Process Updates?



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Common Audit Issues



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Temporary Employees

- A temporary employee is any employee specifically hired to perform services of either a full or part-time basis:
 - 1. supporting or supplementing an employer's work force during employee absences,
 - 2. implementing special assignment, projects and other similar work situations,
 - 3. for a limited duration.



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Rehired Retirees

- Additional auditing is being done on rehired retirees because of the new bona fide term regulations.
 - Ensure your rehired retirees are not coming back before the specified timeframe: **60 days now, soon to be 6 months.**



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Rehired Retirees

- Ensure you are withholding social security correctly for your rehired annuitants.
 - Mandatory Employers
 - Section 218 Employers
 - SBS Employers



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Rehired Retirees

- Ensure your rehired retirees are not working in PERS or TRS eligible positions.
 - TRS 49% contracts could be PERS part-time eligible.



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PERS Full-time and Part-time Hours

- AS 39.35.680 Definitions
 - (32) "permanent full-time" means an employee who is occupying a permanent position that regularly requires working **30 or more hours a week.**
 - (33) "permanent part-time" means an employee who is occupying a permanent position that regularly requires working **at least 15 hours but less than 30 hours a week.**

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TRS Certification

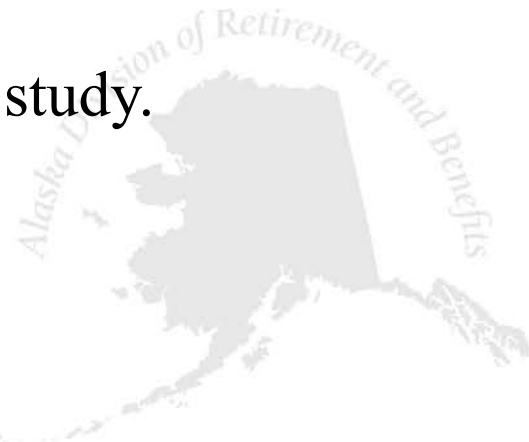
- End TRS enrollment the day the certification lapses.
 - No 120-day grace period.
 - 2 AAC 36.193 Certification of Teachers



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Contractors in PERS Positions

- Contractors cannot replace PERS positions or PERS classification groups without terminating those positions from PERS.
 - Contractors replacing PERS positions vs. contractors replacing PER participation groups.
 - Don't forget you need a termination study.
 - AS 39.68.625 Termination Costs



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Independent Contractors

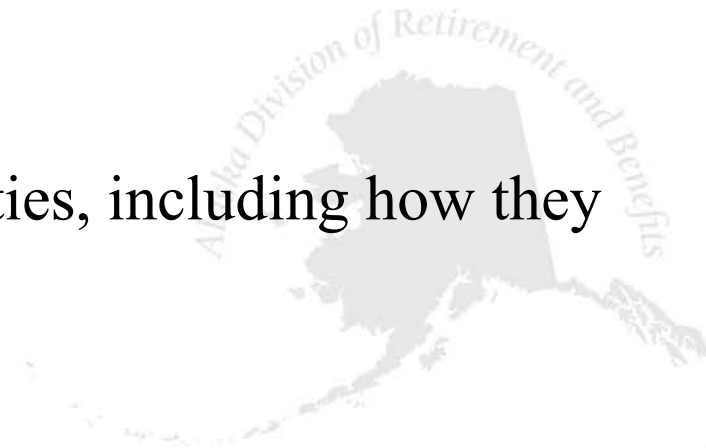
- IRS Publication 963, Chapter 4
 - “All the facts and circumstances must be considered in deciding whether a worker is an independent contractor or an employee.”



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Independent Contractors

- The facts fall into three main categories;
 - 1. Whether the entity has the right to control the behavior of the worker;
 - 2. Whether the entity has financial control over the worker; and
 - 3. The relationship of the parties, including how they see their relationship.



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Bonuses

- Are they PERS or TRS eligible?



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Bonuses

- Are they social security eligible?



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Leave Cash-in

- Is it PERS or TRS eligible?



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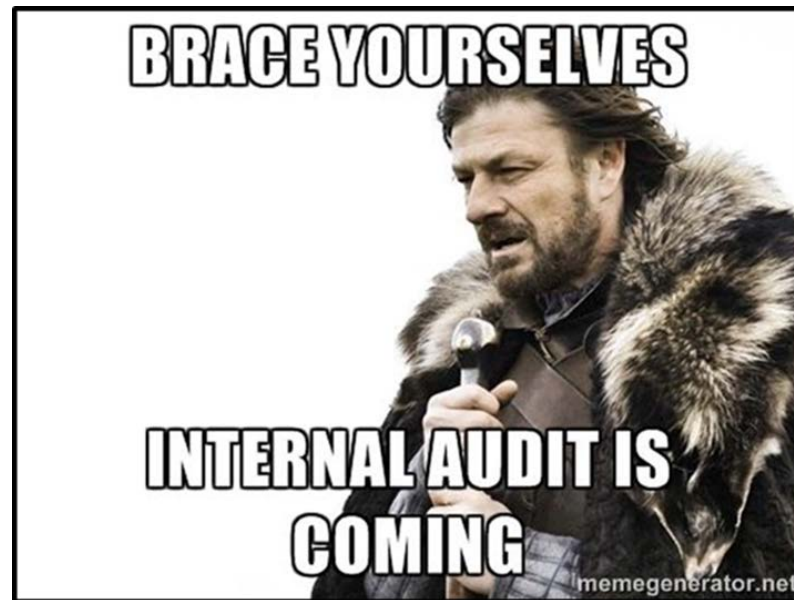
Leave Cash-in

- Is it social security eligible?



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Questions on Common Audit Issues?



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Who to Contact?



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We are here to help!

- Audit Unit
 - Current or prior audits
 - melanie.helmick@alaska.gov / (907) 465-5707
 - nimeri.denis@alaska.gov / (907) 465-4469
- The State Social Security Administrator
 - Social security or Medicare
 - melanie.helmick@alaska.gov / (907) 465-5707



School Districts and Common Audit Issues

We are here to help!

- Active Payroll
 - Active payroll reporting
 - Erika Burkhouse
 - erika.burkhouse@alaska.gov / (907) 465-5715
- Regional Counselors
 - PERS and TRS eligibility
 - PERS participation agreements
 - Roberto Aceveda
 - roberto.aceveda@alaska.gov / (907) 465-4817



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Final Questions?



of Retirement and Benefits