

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

Consolidated Public Retirement Board - Internal Controls for PERS Retirement Payments

Legislative Auditor: Aaron Allred
Post Audit Division Director: Justin Robinson



GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

POST AUDIT DIVISION
Justin Robinson, Director

POST AUDIT DIVISION

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Chad Lovejoy



Consolidated Public Retirement Board - Internal Controls for PERS Retirement Payments

January 9, 2022

LEGISLATIVE AUDITOR'S STAFF CONTRIBUTORS

Aaron Allred.....Legislative Auditor

Justin Robinson.....Director
Mike Jones, CFE, CRMA.....Audit Manager
Randolph Mays II.....Senior Auditor
Christian Baumgarner.....Auditor
Sarah Clere.....Auditor
Rita Rummel.....Auditor
Brianna Walker, CFE.....Auditor
Nathan Hamilton.....Referencer

Executive Summary: PAGE 1

Background: PAGE 3

Issue 1: PAGE 4

Current Control Processes at CPRB to Ensure
Compliance with W.Va. Code §5-10-48(c) are Effective,
and Additional Controls are Cost Prohibitive.

Appendix A: PAGE 8
Report Transmittal Letter

Appendix B: PAGE 9
CPRB Response to Audit Report

Appendix C: PAGE 11
Objective, Scope, & Methodology

EXECUTIVE SUMMARY

The Legislative Auditor conducted this audit on the Consolidated Public Retirement Board (CPRB) retirement payments in accordance with W.Va. Code §4-2-5. The objectives of this audit were to determine whether persons receiving retirement benefits from the Public Employees Retirement System (PERS) Tier I & II are reemployed and have exceeded the \$20,000 annual pay limit for the continued receipt of retirement benefits, to determine if persons receiving retirement benefits use the independent contractor status to circumvent the annual pay limit, and to determine if PERS retirants classified as independent contractors meet the standard for such classification as provided in W.Va. Code §21-5I-4.

Frequently Used Acronyms in This Report:

CPRB: Consolidated Public Retirement Board

PERS: The Public Employees Retirement System

Report Highlights

Issue 1: Current Control Processes at CPRB to Ensure Compliance with W.Va. Code §5-10-48(c) are Effective, and Additional Controls are Cost Prohibitive.

The Legislative Auditor's analysis determined:

- 34 PERS retirees appeared to exceed the \$20,000 wage limit, some over multiple years, while continuing to receive annuity payments after being re-employed.
- Those 34 retirees that initially appeared to violate W.Va. Code §5-10-48(c) prohibiting the continued receipt of PERS annuity payments while receiving wages in excess of \$20,000 in the same year were found not to be in violation of W.Va. Code. 12 individuals are exempt from the requirement as they were subsequently elected or appointed to a publicly held office, and the remaining 22 individuals were reemployed by an entity that does not participate in PERS.
- The passage of W.Va. Code §5-10-19(b) during the 2021 Legislative Session places the responsibility of notifying CPRB when a retiree becomes reemployed, and when temporary reemployment approaches the statutory limits, on the participating employer. Prior to the enactment of W.Va. Code §5-10-19(b) the retiree was responsible for reporting reemployment to CPRB.
- CPRB developed a reporting form for participating employers which would provide CPRB notification a retiree had returned to work with the participating employer. However, neither the method of notification nor the specific information to be provided by the participating employer is required by either W.Va. Code or Legislative Rule.

- Through cooperation between wvOASIS staff and CPRB, CPRB will begin to receive a customized report of individuals receiving income from the state that did not have retirement contributions withheld from a paycheck.
- Out of 51,603 IRS Form 1099s issued from 2015 through 2018, 840 were found to have retired from a participating employer. Of these 840 1099 forms reviewed, 41 retirees were identified as receiving compensation over the \$20,000 limitation, if such limitation was extended to include independent contractors.
- The Legislative Auditor identified 38 retirees (classified as independent contractors) that received income from the state that was reported on a 1099 in calendar years 2019 and 2020. From a review to determine if the retirees meet the standard of classification of independent contractors and employees as provided in W.Va. Code §21-5I-4, the Legislative Auditor determined all 38 were properly classified according to the newly enacted legislation.

Recommendations

1. The Legislative Auditor recommends CPRB formalize the participating employer reporting form and the required contents in a Legislative Rule.
2. The Legislative Auditor recommends CPRB implement an online fraud reporting mechanism.

There were two prior audits released by the Post Audit Division that resulted in the objective of this audit report, one issued in 2018 and one issued in 2012. In the 2018 Post Audit report, *Supreme Court of Appeals of West Virginia Report 4*, the Legislative Auditor found 10 senior status judges in the Judicial Retirement System who exceeded the statutory compensation cap while remaining on retired status. This report also indicated that some judges were intentionally being classified as independent contractors to circumvent the limitation on retiree income. Additionally, the Post Audit report *Public Employees Retirement System (Noncompliance with W.Va. Code §5-10-48)*, issued in 2012, addressed issues with retirees receiving overpayments once becoming re-employed by a state agency. Since there were similar issues identified in the 2018 Supreme Court report, the Legislative Auditor sought to determine if there was systemic noncompliance with W.Va. Code §5-10-48(c), and if there were additional cost-effective controls that could be implemented, if necessary. To determine if PERS retirees were in compliance with W.Va. Code §5-10-48(c) the Legislative Auditor conducted an analysis of PERS retirees for years 2015-2018.

Background

The West Virginia Consolidated Public Retirement Board (CPRB) is to administer all public retirement plans in the State of West Virginia as codified in W.Va. Code §5-10D-1. CPRB currently has ten retirement plans under its control. This audit report is solely focused on the Public Employees Retirement System (PERS).

PERS was established on July 1, 1961, for the purpose of providing retirement benefits for employees of the state and other political subdivisions, by W.Va. Code §5-10. PERS has two distinct tiers funded by employee and employer contributions. Membership in an individual tier is based upon the hire date of the plan member. Tier I membership is applicable to members who were hired for the first time prior to July 1, 2015. Tier II membership is applicable to members who were hired on or after July 1, 2015. Currently, Tier I members contribute 4.5% of gross monthly salary and Tier II members contribute 6% of gross monthly salary, while the employer contributes 10% for both Tiers. All employee contributions currently remitted are tax deferred. As of July 1, 2018, Tier I has approximately 58,865 members and approximately 27,568 retirees receiving annuity benefits and PERS Tier II has approximately 11,036 members.

If a retiree under either Tier I or Tier II becomes employed on a full-time basis by a participating employer, payment of their annuity is suspended during their re-employment, and PERS contributions are once again withheld from their wages. A retiree under both PERS Tier I and Tier II may accept temporary employment from a participating employer so long as they do not receive compensation of more than \$20,000 while receiving annuity payments during any calendar year. According to W.Va. Code §5-10-19(b), which was enacted during the 2021 Legislative Session, it is the responsibility of the employer to notify, in writing, if and when the retirant's potential temporary employment will negatively impact the retirant's retired status or benefits. To assist in the implementation of this legislative change, CPRB created a reporting form for employers to use when notifying the CPRB and emailed the form with instructions to all participating employers. Prior to the enactment of W.Va. Code §5-10-19(b) it was solely the responsibility of the employee to report to CPRB when they returned to work with a participating employer.

Issue 1: Current Control Processes at CPRB to Ensure Compliance with W.Va. Code §5-10-48(c) are Effective, and Additional Controls are Cost Prohibitive.

To ensure retirees returning to employment with a participating employer do not exceed the \$20,000 limit established under W.Va. Code §5-10-48(c), when CPRB receives notification that the allowable limit is soon to be exceeded or has been exceeded, it suspends the retiree's monthly annuity for the remainder of the calendar year. After CPRB confirms the wages, it reviews the wages to determine if the retiree was overpaid, and based on this review, CPRB will adjust the retiree's annuity pursuant to W.Va. Code §5-10-44(c). As previously mentioned, prior to the enactment of W.Va. Code §5-10-19(b) the responsibility to report reemployment to CPRB was solely on the retiree, potentially allowing employees to choose not to self-report reemployment and continue to receive their full retirement annuity while exceeding the statutory limit for wages. This new law places this responsibility on the employer, reducing the risk associated with retirees returning to work and failing to report their reemployment to CPRB.

In order to determine if PERS retirees were in compliance with the \$20,000 limit established in W.Va. Code §5-10-48(c), the Legislative Auditor compared disbursement data for PERS retirees for years 2015-2018 to payroll data during the same period. There was a total of 93,531 active retiree accounts in the four years reviewed, and a total of 1,072,677 individual retirement payments made over that same period. From this analysis, the Legislative Auditor identified 71 PERS retiree accounts that appeared to exceed the \$20,000 wage limit while continuing to receive annuity payments after being re-employed. It should also be noted that some of the same retirees were noted to have exceeded the \$20,000 limit in multiple years; therefore, the 71 instances represent 34 unique individual retirees.

The Legislative Auditor provided all 71 instances to CPRB to determine if any action had been undertaken to adjust the annuity payments for the individuals identified, and to determine if CPRB had previously identified the same individuals. According to information provided by CPRB, that was corroborated by the Legislative Auditor, all 71 instances of possibly exceeding the PERS salary limitation for the 34 individuals were not in violation of W.Va. Code §5-10-48(c). Of the 34 individuals identified in the analysis, the \$20,000 PERS salary limitation cannot be imposed upon 12 individuals because they are exempt from the requirement since they were subsequently elected or appointed to a publicly held office after their retirement from a participating employer. The remaining 22 individuals can not have the \$20,000 salary limitation imposed upon them since they returned to work for a state government entity that does not participate in PERS.

During the audit period the Legislative Auditor identified two potential weaknesses in the process that was in place to ensure retirees were in compliance with the \$20,000 annual wage limitation delineated in W.Va. Code §5-10-48(c). These weaknesses include an overreliance on an honor system of self-reporting reemployment by retirees who may have a vested interest in maximizing their income by not reporting reemployment, and a lack of data available to CPRB to independently verify retiree's income when reemployed with the state. The Legislative Auditor planned to make recommendations to address these weaknesses upon conclusion of the audit. However, after discussions with CPRB it was determined that these weaknesses have already been addressed by the agency and corrective actions were implemented prior to the completion of this audit report.

The passage of W.Va. Code §5-10-19(b) during the 2021 Legislative Session now requires participating employers to notify CPRB when a retiree becomes reemployed as well as notifying CPRB and the employee when temporary reemployment will negatively impact retirement benefits as they approach the statutory limits. As mentioned previously, CPRB developed a reporting form for participating employers to complete to provide CPRB notification a retiree had returned to work with a participating employer. However, neither the method of notification nor the specific information to be provided by the participating employer is required by either W.Va. Code or Legislative Rule. Formalizing the method of notification by participating employers and the information to be provided to CPRB would ensure CPRB receives relevant and uniform information from all participating employers. Since PERS serves hundreds of employers across the state, formally requiring this information to be provided to CPRB through Legislative Rule would ensure CPRB can maintain the cost effectiveness of its review process for this information.

Additionally, through an ongoing work group with wvOASIS staff to develop reports, CPRB will begin to receive a customized report of individuals receiving income from the state who did not have retirement contributions withheld from a paycheck. This report along with payroll reports it receives would allow CPRB to monitor retirees as needed for compliance with the \$20,000 limitation, as well as indicate any participating employers that have not notified CPRB as required. CPRB indicated it intends to implement this new process during the first two quarters of 2022. The Legislative Auditor commends CPRB's proactive approach to ensuring the proper management of state retirement funds.

Retirees Classified as Independent Contractors

Currently under W.Va. Code, retirees who are classified as independent contractors do not have the same limitations on the amount they can earn as an independent contractor as those retirees who return to work as an employee with a participating employer. When an individual receives compensation as an independent contractor there is neither a requirement to notify CPRB that a retiree is receiving compensation as an independent contractor, nor does W.Va. Code place any limitation on independent contractors working for a participating employer. This "loophole" makes it technically possible for an individual to be classified as an independent contractor, whether correctly or not, and continue to receive a full PERS annuity while simultaneously working full time as an independent contractor.

Both the 2018 Post Audit report discussing the issue of senior status judges and the 2012 Post Audit report on noncompliance with W.Va. Code §5-10-48 highlighted this potential loophole that could be exploited to circumvent the income limitations placed on retirees. In the 2018 Post Audit report, the Legislative Auditor found that the Supreme Court of Appeals of WV engaged in a practice of converting Senior Status Judges from employees to independent contractors to enable them to continue to receive full retirement benefits after they were no longer eligible as a result of exceeding the statutory compensation cap. In the noncompliance with W.Va. Code §5-10-48 report from 2012, the Legislative Auditor found that there were up to 400 individuals receiving retirement annuities that could have also been receiving compensation in excess of the limitation by being classified as an independent contractor.

To determine if the possibility to circumvent the earnings limitation by designating retirees as independent contractors exists, the Legislative Auditor compared disbursement data for PERS retirees for years 2015-2018 to all IRS Form 1099s issued by the state during the same period. The IRS Form 1099 is used to report wages paid by an organization to an individual or business that is

not defined as an employee of the organization and in turn is ineligible for employee benefits such as retirement. By being classified as an independent contractor, if a retiree had returned to work with the state all payments made under this arrangement would be reported on a 1099 form and not through an agency's payroll. Of the 51,603 IRS Form 1099s issued over the four years, 840 were identified as being issued to individuals who had retired from a participating employer. Of these 840, the Legislative Auditor identified only 41 individual retirees that received an amount exceeding the \$20,000 limitation, if such limitation was extended to include independent contractors.

The Legislative Auditor is not implying that the individuals identified in this analysis were acting with any intent to circumvent the income limitation. There are many legitimate reasons that a retiree could be issued a 1099 from the state, as well as many reasons a retiree would accept a role as an independent contractor. Additionally, given the somewhat complicated methodology utilized at the time to determine if an individual was an independent contractor, it is possible some of these individuals were classified as independent contractors by accident due to a lack of understanding the parameters that were in place during that time period. It is the Legislative Auditor's opinion that given the small percentage of individuals identified over four years in comparison to the vast number of 1099s issued by the state during the same time, additional reporting requirements for participating employers and active monitoring processes by CPRB would not be cost effective. The nature of the circumstances that could lead to individuals being intentionally classified as independent contractors would most likely involve actions not easily discernable from a simple reporting process. The addition of a fraud reporting mechanism may allow CPRB to receive reports from individuals who become aware of the few instances that violate the spirit of the law, intentional or otherwise.

Changes to W.Va. Code §21-5I-4 More Clearly Define Independent Contractor

During the 2021 Legislative Session, modifications to W.Va. Code §21-5I-4 were passed, clarifying the parameters for the classification of individuals as independent contractors in the state. The Legislative Auditor sought to determine the potential impact of this change on the ability for retirees to circumvent the income limitation when becoming reemployed, since some of the individuals identified as exceeding this limit from 2015-2018 could have been the result of a misinterpretation of this classification.

Since there were six years between the beginning of the audit period in 2015 and the 2021 Legislative Session, the Legislative Auditor reviewed 1099s issued by the state from 2019 and 2020 to identify retirees who were issued an IRS Form 1099 by the state in order to apply the newly enacted parameters for independent contractors. The Legislative Auditor identified 38 retirees that received income from the state that was reported on a 1099 in calendar years 2019 and 2020 for the state. In reviewing these retirees, the Legislative Auditor determined all 38 were properly classified according to the newly enacted legislation.

Conclusion

While there have been past reports of individuals circumventing the income limitations in W.Va. Code for PERS retirees either by not reporting reemployment to CPRB or by receiving income as an independent contractor, this extended scope analysis shows that these instances are rare in occurrence and immaterial in comparison to the overall operations of PERS. Any speculation over the years of widespread systemic issues with reemployed retirees exceeding statutory wage limits while receiving retirement payments are not supported by this audit analysis.

While there were weaknesses identified during this audit, these weaknesses appear to have been addressed either through legislative changes, or by CPRB itself. The planned use of the wvOASIS data by CPRB is a cost-effective procedure that will allow CPRB to effectively provide oversight of retirees that return to work with the state. Additionally, the requirement for employers to provide notification to CPRB of retirees who return to work should also decrease the number of retirees that exceed the income limitation and reduce the risk associated with the previous self-reporting requirement where a retiree may have chosen not to report reemployment for their own benefit. Finally, recent legislation clarifying the independent contractor classification should also reduce the number of individuals that are erroneously classified further reducing the potential for retirees to exceed the statutory limits.

The actions already taken by the Legislature and CPRB during the course of the audit should help to prevent the issue of retirees exceeding the statutory limits when becoming reemployed with a participating employer, and also allow CPRB to provide better oversight. However, not even the most robust controls and procedures can prevent an individual determined to abuse the system or commit fraud, and there will undoubtedly be instances of individuals that circumvent the system. Given the nature of how this type of fraud would occur, it is likely any future circumvention of the statutory limits would be carried out through a scheme that would likely be unpreventable even with the best procedures in place. For these occurrences, CPRB should consider an online fraud and abuse reporting mechanism that would allow individuals to report known or suspected fraud for further investigation. According to the Association of Certified Fraud Examiners, 43% of fraud is discovered through a fraud reporting mechanism, and this type of reporting tool is the most effective in identifying fraud where internal controls and procedures may not prevent or detect the instance. This would allow CPRB to focus on potential issues it is notified of in a cost-effective manner. In conclusion, CPRB and the Legislature have taken actions that are proactive in addressing the potential issue of retirees becoming reemployed and circumventing the statutory wage limits. While weaknesses were identified, it appears that CPRB is already taking the necessary steps to address those issues. In light of the information presented in this report, the Legislative Auditor makes the following recommendations.

Recommendations

1. The Legislative Auditor recommends CPRB formalize the participating employer reporting form and the required contents in a Legislative Rule.
2. The Legislative Auditor recommends CPRB implement an online fraud reporting mechanism.

Appendix A

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE

Post Audit Division

1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
(304) 347-4880



Justin Robinson
Director

December 20, 2021

Mr. Jeffrey Fleck, Director
Consolidated Public Retirement Board
4101 MacCorkle Avenue S.E
Charleston, West Virginia 25304

Dear Director Fleck:

This is to transmit a draft copy of the Post Audit Division's report on the Consolidated Public Retirement Board's compliance with W.Va. Code §5-10-48(c). This report is scheduled to be presented during the January interim meetings of the Post Audits Subcommittee. While the exact time and date of this meeting has not been determined, these interim meetings are scheduled to occur January 9-12, 2022. The meeting will be held in the Senate Finance Committee Room, Room 451-M, and we will inform you of the exact time and date once the information becomes available. It is expected that a representative of the agency be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss the report or any concerns you may have with the report, please notify Terri Stowers, Executive Assistant, at 304-347-4880 by close of business December 28, 2021. In addition, if you wish to provide a written response to be included in the final report, we require this response by noon on Wednesday January 5, 2022, in order for it to be included in the final report. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Robinson".

Justin Robinson

Enclosure

Appendix B



EXECUTIVE DIRECTOR
Jeffrey E. Fleck

Consolidated Public Retirement Board

4101 MacCorkle Ave., SE
Charleston, West Virginia 25304-1636
Telephone: 304-558-3570 or 800-654-4406
Fax: 304-957-7522
Email: cprb@wv.gov
www.wvretirement.com



BOARD CHAIRMAN
Joseph G. Bunn

January 3, 2022

Mr. Justin Robinson, Director
Post Audit Division
Office of the Legislative Auditor
Building 1, Room W-329
State Capitol Complex
Charleston, WV 25305

Dear Director Robinson:

Please accept this letter to be the agency's response and included in the Post Audit Division's final report on the Consolidated Public Retirement Board (CPRB). The CPRB appreciates the professionalism, courtesy, and thoroughness of Audit Manager Mike Jones, CFE, and his audit team's tremendous amount of work over the past three years during this audit process.

The CPRB Board of Trustees, management, and staff take very seriously its fiduciary responsibility to administer the state's ten retirement plans in accordance with all applicable and state and federal laws. Recognizing the important role of the Legislative Auditor and the divisions under his purview such as the Post Audit Division, CPRB welcomes the Legislative Auditor's commendation of the "CPRB's proactive approach to ensuring the proper management of state retirement funds." The CPRB prides itself that the Legislative Auditor's analysis determined no instances of noncompliance were discovered out of a total of 93,531 Public Employee Retiree System retirees from 2015 through 2018. Furthermore, the CPRB agrees with the Legislative Auditor that current controls to measure such compliance are effective and additional controls would be cost prohibitive.

As mentioned in the report, the CPRB proactively works with the Legislature, employer entities, and other organizations such as the Legislative Auditor and wvOASIS to ensure operational compliance of the state's retirement systems. As highlighted by the Legislative Auditor, the CPRB worked with the Legislature in 2021 to enact *W.Va. Code 5-10-19(b)* to reduce the risks associated with potential noncompliance of *W.Va. Code 5-10-48(c)*, which places the responsibility of reporting PERS retirees who return to work with a participating employer on the employing entity and not the employee.

Finally, the CPRB agrees with the Legislative Auditor's two recommendations and notes the following regarding Recommendation #2: CPRB maintains and publicizes a fraud hotline, which provides the opportunity for anyone to submit a tip via telephone regarding potential fraud (855-918-4398, toll free). The hotline—first launched in the mid-2010's—is promoted on the CPRB's main website (<http://www.wvretirement.com>) and in other materials. This method also allows the person to report potential fraud anonymously if they so choose.

Thank you for providing the CPRB the opportunity to respond to this report, which highlights our proactive work and commends its overall operation of our state's retirement systems.

Sincerely,



Jeffrey E. Fleck
Executive Director

Appendix C

Objectives, Scope, and Methodology

The Post Audit Division of the Legislative Auditor conducted this post audit as authorized by Chapter 4, Article 2, Section 5 of the W.Va. Code, as amended. The post audit was conducted in accordance with the standards applicable to performance audits contained in the 2018 generally accepted government auditing standards (GAGAS) issued by the Government Accountability Office. Those standards require the audit to provide a reasonable basis for our findings and conclusions based on our audit objectives. The Legislative Auditor believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Legislative Auditor's Office reviews the statewide single audit and the DOH financial audit annually with regards to any issues related to the wvOASIS financial system. The Legislative Auditor's Office on a quarterly basis requests and reviews any external and internal audits of the wvOASIS financial system. Through its numerous audits, the Legislative Auditor's Office is constantly testing the financial information contained in the wvOASIS financial system. In addition, the Legislative Auditor's Office has sought the professional opinion of the reliability of wvOASIS from the Joint Committee on Government and Finance's Fiscal Officer who, along with her staff, uses the wvOASIS system daily. Based upon these actions, along with the audit tests conducted on the audited agency, it is our professional judgement that information in the wvOASIS system is reliable for auditing purposes under the 2018 Yellowbook. However, in no manner should this statement be construed as a statement that 100 percent of the information or calculations in the wvOASIS financial system is accurate.

Objectives

The objectives of this audit were to determine whether persons receiving retirement benefits from PERS (Tier I & II), are reemployed and making over the maximum allowed to continue to receive their retirement benefits, to determine if it appears that persons receiving retirement benefits from PERS use the independent contractor status to circumvent the \$20,000 control, and to determine if PERS retirants classified as independent contractors meet the standard of classification of independent contractors and employees as provided in W.Va. Code §21-5I-4.

Scope

The scope of this audit consisted of calendar years 2015 through 2018 for determining if persons receiving retirement benefits are reemployed and making over the maximum allowed to continue to receive their retirement benefits and determining if it appears that persons receiving retirement benefits use the independent contractor status to circumvent the \$20,000 control. In determining if PERS retirants classified as independent contractors meet the standard of classification of independent contractors and employees as provided in W.Va. Code §21-5I-4 the scope is calendar years 2019 and 2020.

Methodology

The Legislative Auditor conducted an analysis on the disbursement data for PERS retirees for years 2015-2018. As the state payroll system was being transferred from EPICS to wvOASIS during the time of this audit, information from both systems was used to recognize payroll for all employees of the state. This information was used on the CPRB tests to compare to retirement

payment information provided by CPRB to determine when retirement payments began, when the rehired state employee reached the \$20,000 limit, the number of and amounts of overpayments made by CPRB, and which reemployed persons received overpayments in multiple years.

To determine if the independent contractor status was being used to circumvent the \$20,000 control, the Legislative Auditor conducted an analysis on the disbursement data for independent contractors, similar to the analysis done for PERS retirees who were employed as state employees, utilizing 1099 payroll report information and retirement payroll information provided by CPRB. This was done to determine the impact it would have if independent contractors were required to follow the same policies as retired state employees.

The Legislative Auditor examined the independent contractor information further to determine if the independent contractors received overpayments in multiple years, if the payments they received had been consistent amounts similar to a salaried employee, if the payments were from the same agency in which they had retired from, and/or any additional patterns that may indicate a possible relationship that would indicate that the person was working as an employee and being erroneously classified as an independent contractor in order to circumvent the \$20,000 limit.

The Legislative Auditor sent a questionnaire to 25 state agencies regarding 38 independent contractors, who had earned \$5,000 or more in calendar years 2019 and/or 2020, who had conducted work for the respective agency. This was to determine if PERS retirees which were classified as independent contractors were compliant with the independent contractor classification established by W.Va. Code §21-5I-4.



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MEMBERS

SENATE MEMBERS
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WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR
- POST AUDIT DIVISION -

Room 329 W, Building 1
1900 Kanawha Boulevard East
Charleston, West Virginia 25305
Phone: (304) 347-4880