Common Audit Issues 2018

Melanie Helmick

Division Auditor / State Social Security Administrator

ALASKA DIVISION OF
Retirement
and Benefits

Common Audit Issues

1. Prearranged agreements for continued employment.

2. Teacher certification lapse.

3. Stipends.

4. PERS Included/excluded positions.

5. Police officers in PERS and never certified.

Common Audit Issues

6. Social Security and Medicare withholding rates.

7. Form SSA-1945.

8. Part-time vs. full-time.

9. Independent contractors.

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Common Audit Issues

10. Contribution and compensation limits.

11. PERS and TRS enrollment dates.

12. Firefighters and PERS “F”.

13. Seasonal and temporary employees.

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1. Prearranged Agreements for Continued Employment:

- Sham retirements.
- Must have a 6-month separation.
- Effective January 1, 2018.

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2. Teacher Certification Lapse:

- Certification lapsed and you didn't know it.
- Must correct TRS reporting with Active Payroll.
- Must correct social security withholding.

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3. Stipends:

- Employees earn wages.
- A stipend is a wage.
- Employee wages are subject to Social Security and Medicare withholding.

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4. Included/Excluded Positions:

- PERS participation agreements are legal contracts.
- Know which employees are in and which are out.
- Update your agreements as needed.

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5. Police Officers in PERS Never Certified:

- Must be Alaska Police Standards Council certified.
- 13-month certification period.
- PERS Peace Officer vs. PERS All Other.

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6. Social Security and Medicare Withholding Rates:

- Social Security = 6.2%
- Medicare = 1.45%.

	W2 PER ER											
	SSN	First	Middle	Last	Fed Gross	Fed WH	SS Gross	SS WH	SS WH %	Med Gross	Med WH	Med WH %
1					15,288.17	2,902.44	15,288.17	947.87	6.20%	15,288.17	221.68	1.45%
2					11,989.53	747.61	11,989.53	743.36	6.20%	11,989.53	173.84	1.45%
3					63,542.09	7,321.30	-	-	#DIV/0!	69,067.46	1,001.50	1.45%
4					62,541.49	7,171.18	-	-	#DIV/0!	67,317.29	976.06	1.45%
5					62,732.96	9,879.47	-	-	#DIV/0!	68,893.08	998.94	1.45%
6					62,317.17	9,775.52	-	-	#DIV/0!	66,828.07	969.02	1.45%

7. Form SSA-1945:

- https://www.ssa.gov/forms/ssa-1945.pdf
- nimeri.denis@alaska.gov.
- Use secure means to deliver.

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8. Full-time vs. Part-Time:

- AS 39.35.680 PERS 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.

9. Independent Contractors:

- Termination study may be needed,
  - AS 39.35.625 termination costs.
- IRS Publication 963, Chapter 4, Determining Worker Status:
  - Does the entity control the behavior of the worker?
  - Does the entity have financial control over the worker?
  - What is the relationship of the parties?

10. Compensation and Contribution Limits:

- IRC limits amount that PERS members can defer on a pre-tax basis each year.
- Amounts are indexed yearly and published by IRS.
- Contact Active Payroll for information.

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11. PERS and TRS Enrollment Dates:

- Employers must now have a probationary period reflected in PERS participation agreement.
- The probationary period must be consistent.
- Classification groups can be excluded from probationary periods.
- Internal policies and procedures about probationary periods.

12. Firefighters and PERS "F":

- What about Fire Fighters?
  - Alaska Fire Standards Council:
    - AS 18.70.355 certification optional.
    - Currently does not require certification for fire fighters.
    - We look at position descriptions for duties described in AS 39.35.680(30); AS 18.70.369(2) and (3); 2 AAC 35.460.

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13. Seasonal and Temporary Employees:

- Seasonal Employees: AS 39.35.680(40).
- Temporary Employees, specifically hired to perform service that:
  - supports or supplements workforce due to employee absence, temporary skill shortage, other temporary increased workload, or
  - to implement special assignments or projects, and
  - is for a limited duration.

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Questions?

Contact Us

Melanie E. Helmick

Phone (907) 465-5707

melanie.helmick@alaska.gov

Nimeri Denis

Phone (907) 465-4469

nimeri.denis@alaska.gov