

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

December 27, 2018

The Honorable Ronald D. Kouchi
President and
Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Scott K. Saiki
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Status of Employer Reporting of Information 2018 report, as required by Act 87, Session Laws of Hawaii 2015. In accordance with Section 93-16, Hawaii Revised Statutes, a copy of this report has been transmitted to the Legislature Reference Bureau and the report may be viewed electronically at <http://ers.ehawaii.gov/resources/reports-to-legislature>.

Sincerely,

A handwritten signature in blue ink, appearing to read "LAUREL A. JOHNSTON".

 LAUREL A. JOHNSTON
Director of Finance

Enclosure

- c: Legislative Reference Bureau
- ec: Governor's Office: Gov.ReportsDistribution@hawaii.gov
Lieutenant Governor's Office: LtGov.ReportsDistribution@hawaii.gov
Legislative Auditor: auditors2@auditor.state.hi.us
Department of Budget and Finance: DBFLeg.DIR@hawaii.gov

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

ACT 87, SESSION LAWS OF HAWAII 2015
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

STATUS OF EMPLOYER REPORTING OF INFORMATION
2018

This is the 2018 status report on the State, the City and County of Honolulu and the Counties of Hawaii, Maui and Kauai departments' and Agencies' ("State and Counties") reporting of personnel and payroll information to the Employees' Retirement System (ERS) as required by Section 88-103.7 under Act 87, Session Laws of Hawaii 2015.

As we near the 5th year of compliance monitoring and evaluation, ERS finds that the employers have generally improved on their personnel and payroll transmittals. The Department of Accounting and General Service (DAGS) and Maui County in particular, requested ERS input and guidance as they designed their new systems which they are in the process of implementing. We expect that their new systems will improve their reporting accuracy. Additionally, a number of employers have developed the capability to transfer adjustment data (one of ERS's primary requirements) and are working with the ERS to process adjustments accurately. With regards to personnel data, the ERS has completed a preliminary review of 17 reporting agencies who are reporting electronically and distributed discrepancy reports for correction and clarification. Employers have been collaboratively responsive in providing the ERS with payroll and personnel data within the parameters of their systems and resources.

Employer Reporting Files

ERS benefits (retirement, death, refunds, disability, etc.) are based on the ERS membership status of the employee. The ERS is dependent on employers of the State and Counties to provide timely and accurate compensation information (based on payroll data) and service credit information (based on personnel data) on their employees to determine ERS benefit eligibility and entitlement. Employers are the sole source of this payroll and personnel data which is transmitted to the ERS by semi-monthly transactions coinciding with their salary processing schedule.

ERS approved file formats for employer reporting of payroll and personnel data:

1. Payroll File: 600 byte layout, version 2, Act 163
2. Personnel Interface File: 1500 byte layout, Act 163

ERS's previous Act 87/2015 Reports summarized the employers' files and whether files were being submitted by the approved format and evaluated reporting on the Employer Reporting Payroll File. This report provides an updated status of payroll reporting and an initial evaluation of the employers' reporting of the Personnel Interface File.

Employers and Billing Locations

Since 2006, the ERS has worked with the State and Counties in the implementation and the utilization of the personnel files.

On August 21, 2018, ERS conducted a meeting for all the State and County Payroll, Personnel, and Information Systems staff (“employers”) to provide an update on Act 87/2015. ERS reminded the employers of the payroll and personnel electronic reporting requirements for July 1, 2020. ERS informed the employers that assistance is available from ERS staff on their issues and questions. Employer meetings were also conducted for the County of Hawaii (September 18, 2018), County of Kauai (September 5, 2018), and County of Maui (September 27, 2018). In addition, the ERS established an Employer Team of benefits, accounting and information system staff members to provide assistance with employers’ concerns and issues.

Employer reporting is divided into separate “billing locations” which are designated by the employer for ease of collection and processing. The personnel file billing locations for the State and Counties are listed below:

1. State of Hawaii
 - Department of Human Resources Development
 - University of Hawaii (Board of Regents)
 - Judiciary
 - Hawaii Health System Corporation
 - Charter Schools
 - Department of Education (Board of Education – Student Support Personnel and Classified Personnel)
 - Senate
 - House
 - Ombudsman
 - Legislative Reference Bureau
 - Legislative Auditor
 - Ethics Commission
 - Office of Hawaiian Affairs
2. City and County of Honolulu
 - City and County of Honolulu
 - City and County of Honolulu – Board of Water Supply
3. County of Hawaii
 - County of Hawaii
 - County of Hawaii – Department of Water Supply
4. County of Maui

- County of Maui

5. County of Kauai

- County of Kauai

Status of Reporting

As noted in the Act, the ERS “shall require that information be furnished in electronic format and that information with respect to payroll and personnel transactions:

- (1) Allocate payments, including bonuses, salary adjustments, payments for compensatory time, and workers' compensation, to monthly or other periods as requested by the system;
- (2) Specify the purpose or nature of the payment; and
- (3) Indicate any changes or errors in payments that require correcting or updating.”

It states further that all departments and agencies “shall furnish the information required by the system pursuant to this section in the format required by the system.”

Work Reports (Payroll Reporting)

The employers’ statuses of reporting by the ERS approved file format are noted in Attachment 1. The Employer-Billing Location table indicates the current status of each employer’s compliance with the current format. ERS has updated the inaccurately reported transactions and included a description of the issues that are being worked on toward resolution.

Personnel Interface File (Personnel Reporting)

As mentioned previously, this report will focus on the employer reporting of personnel data. Each employer file has the following types of personnel information for each reported employee:

1. Demographic Information
 2. Employer Reporting Transaction Identification
 3. Nature of Action Information
 4. ERS Enrollment Category Information (Group and Class Code)
 5. Pay and Salary Information (includes FTE, Contract Type, Hours, Cycles, Rates, Differentials, Steps, etc.)
- ❖ (Note: Please refer to Attachment 2 for the detailed personnel data required.)

Although still pending a complete review of the previous reports, critical areas of the personnel files to be discussed with all employers will include:

1. Missing information
2. Incorrect formatting of information
3. Invalid data

4. Ineligible employees reported
5. Incorrect mapping of data
6. Reporting of cancellations vs. corrections

This Act 87/2015 report provides the legislature with the current ERS approved personnel layout with the complete fields required. Previously submitted personnel files are currently being reviewed and evaluated and employer meetings are being scheduled to discuss reporting errors and discrepancies. Attachment 2a is a status report of the employers who are submitting electronic interface files to the ERS. Each of the reporting employers were given individual discrepancy lists to review and correct their reporting files, and the ERS personnel reporting team will continue working with each employer to work towards reporting compliance.

Cooperative ERS-Employer Progress Toward Compliance with Act 87/2015

Unreported, erroneously reported or manually reported personnel and payroll records of transactions, adjustments, retroactive payments, and corrections require the ERS to research, request and manually adjust an employee's or retiree's benefit calculation record to accurately reflect the benefit for which an employee, beneficiary or retiree should be eligible or receive.

Attached as Attachment 3 with this 2018 report are employer responses to ERS's requests for information to summarize the progress the employers have achieved thus far to address discrepancy payroll reporting issues as well as to specify their plans to advance toward further compliance during the next year. With regards to employers who have not submitted electronic files for their personnel reporting, we have included director updates indicating their plans for compliance.

ERS will continue to work with the State and Counties on both the payroll and personnel files to comply with the provisions of Act 87/2015. In addition, it shall submit to the legislature reports on the progress of State and Counties' efforts to comply with section 88-103.7, Hawaii Revised Statutes, as amended by this Act. These reports are scheduled to be submitted to the Legislature prior to the regular sessions of 2016 through 2020.

Next Act 87/2015 Report Due:

Twenty days prior to the start of the 2020 legislative session.

DAVID Y. IGE
GOVERNOR



JOHN S. S. KIM
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
('AHA KULA HO'ĀMANA)

<http://CharterCommission.Hawaii.Gov>
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

DATE: December 14, 2018

TO: Thomas Williams, Executive Director
Employee Retirement System (ERS)

FROM: Sione Thompson, Executive Director
State Public Charter School Commission

SUBJECT: Act 87, SLH 2015 Report to the Legislature

A handwritten signature in black ink, appearing to be "ST", located to the right of the "FROM:" line.

The State Public Charter School Commission (SPCSC) appreciates the opportunity to provide the following updates for inclusion in the ERS' 2018 Report to the Legislature regarding the Status of Employer Reporting Information under Act 87, SLH 2015.

SPCSC is continuing to work with our payroll vendors on the personnel interface file. We have provided information and technical specifications to our vendor and will provide ERS with test files once they are ready.

In regards to the discrepancies in payroll reporting, SPCSC continues to work the charter schools and our vendors to resolve the issues. In addition to direct assistance and support provided by SPCSC staff, we will continue to develop and facilitate training opportunities for charter school employees. SPCSC appreciates the assistance provided by the ERS in providing training to charter schools.

SPCSC thanks the ERS for its support and looks forward to future cooperation and collaboration. Should you have any questions or need additional information, please contact Danny Vasconcellos, Jr, Finance and Control Manager at Danny.Vasconcellos@spcsc.hawaii.gov or at (808)586-5228.

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
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KIRK CALDWELL
MAYOR



NELSON H. KOYANAGI, JR.
DIRECTOR

MANUEL T. VALBUENA
DEPUTY DIRECTOR

December 24, 2018

Mr. Thomas Williams
Executive Director
State of Hawaii
Employees' Retirement System
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

Dear Mr. Williams:

SUBJECT: Act 87, SLH 2015 Report to the Legislature

Thank you for providing the City and County of Honolulu the opportunity to share information on our efforts to comply with Act 87, SLH 2015.

The City's work to provide information electronically to the Employees' Retirement System began prior to the passage of Act 87, SLH 2015. Since 2015, the City has met with the ERS and participated in conference calls with your Team as we work towards compliance. In our initial meeting, 12 issues were identified. We have successfully addressed three of these issues.

The City Team continues to work with your Team to resolve the remaining issues. Progress has been slower than we would like due to the challenges of integrating information from several City systems and formatting that information for transmittal to the ERS system. We are sure there have been challenges for your Team as well.

I would like to thank your staff members who have been working on this project. The deadline set in the legislation is quickly approaching. The City remains committed to providing the information the ERS needs and notes that in some cases compliance may be expedited if the ERS is open to alternative solutions. We look forward to working with you on those solutions.

I believe it would be beneficial for us to meet to discuss the differences in our systems, the manner in which we gather information, and how these and other issues may affect our ability to meet the deadline. I will schedule a meeting with you early in the new year.

Thank you again for the opportunity to provide our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi, Jr.", is written over a horizontal line.

Nelson H. Koyanagi, Jr.
Director

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
COMPTROLLER

AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P O BOX 119, HONOLULU, HAWAII 96810-0119

December 17, 2018

TO: Thomas Williams, Executive Director
Employees' Retirement System

FROM: Roderick K. Becker, Comptroller *Roderick K Becker*

SUBJECT: 2018 Report to the Legislature: Act 87 SLH 2015 Compliance

This communication serves as the Department of Accounting and General Services' (DAGS) response to Act 87 SLH 2015 Compliance requirements as they pertain to statewide payroll information and data transmitted to the Employees' Retirement System (ERS) to conduct accurate assessments of wages earned for retirement benefit calculations for state employees and retirees.

As you are aware, DAGS with support from the Office of Enterprise Technology Services (ETS), is currently on-boarding the last deployment group to the new system. This project endeavor "HawaiiPay" commenced on October 16, 2016 and this phase focused on the system modernization to transfer from the State's legacy payroll mainframe system to the HawaiiPay system. The last group including the Department of Education and University of Hawaii system employees is currently under its go-live deployment for the January 4, 2019 paycheck processed by the HawaiiPay system.

At the official closing of payroll phase I, a second phase of the modernization under the State contract will focus on the establishment of a time and attendance. As we reported on our 2017 update, the phase II modernization of time and attendance will address additional items on the roadmap to compliance and reporting and specific items are noted on the attached chart.

The 2018 letter transmitted by ERS seeking a report update included field references that may have since been updated or addressed in a more recent report within the last year of reporting. Therefore, the attachment provides a 2018 status update to what DAGS reported (by field) in the last reporting period.

Additionally, as reported in 2017 although the payroll system will be modernized for all State jurisdictions, the various human resources systems of record remain as the primary source of employee demographic information. Some of the data discrepancies included bargaining unit and full-time equivalency status. Therefore, there will still be situations where the data resident within the HawaiiPay system is driven by the HR system assignment for employee record establishment, but not payroll calculation assessment. Our recommendation is to reference the

human resources information that is provided to ERS from the respective jurisdiction human resources officers.

Please find the attached summarization of DAGS' analysis conducted by the HawaiiPay project modernization team detailing where compliance has or may be met and where compliance may not be met as this time with specific notations.

DAGS and the HawaiiPay project team meet with the ERS team on occasion to work through retirement code errors. In October 2018 ERS prepared the attached worksheet for DAGS' reference and to share with departments and agencies to address coding and assignment issues that may have existed prior to the HawaiiPay deployment. We believe this guide has been helpful for departments.

DAGS and HawaiiPay will continue to work with agencies and ERS to ensure accurate data reporting. There will be opportunities to review and evaluate business process changes or extended training for users to ensure that earnings are being transacted outside of base pay with the proper earnings codes that impact retirement contribution assessments and reporting. DAGS and HawaiiPay recommends coordinating joint sessions with ERS to meet with employers and provide guidance and clarity on necessary items when required.

Should you have any questions about the information provided, please feel free to contact Lenora Fisher, pre-audit branch chief at lenora.d.fisher@hawaii.gov.

Attachment: 2018 Update to Reported Data
ERS Guide to Correct Miscodings

c: L. Fisher, Branch Chief (DAGS)
L. Kagawa, Program Manager (HawaiiPay)

Department of Accounting and General Services (DAGS) – State of Hawaii
2018 Report to the Legislature: Act 87 SLH 2015 Compliance
Payroll Transaction Information Analysis
December 14, 2018

Total Payroll Fields Required

- Header Record – 6 Fields
- Detail Record – 52 Fields
- Trailer Record – 18 Fields

Phase 1 of the HawaiiPay PeopleSoft payroll system implementation will meet these field requirements, with some pending exceptions noted for the below listed 10 Detail and Trailer Record Fields. Most of these values are not available for us to report from the payroll system as we are not the HR system of record for each Department and Agency. As a result, 7 of the 10 fields require personnel related data that is not required for processing payroll and may not be accurately provided in the payroll system. All other field requirements will be accurately reported from the HawaiiPay payroll system based on the design and configuration changes that will be implemented in 2018 after all Departments and Agencies have been moved into the new system. The DAGS/HawaiiPay team has been working with the ERS team since the first group deployment to work through any coding issues related to reporting and audit review completed.

| ERS Field Requirement | Accurately Reported | Notes | Roadmap to compliance |
|--|----------------------------|---|--|
| Detail Record #15: FTE Percentage | Pending | We will be able to accurately report the correct FTE percentage from the HawaiiPay payroll system for a portion of our employees, specifically for employees under the Executive Branch departments and employees of the Hawaii State Public Library System. As we are not the HR system of record for each Department and Agency and this field is not required for processing payroll, we may not have the accurate value for this field. | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of employees are being transitioned to the HawaiiPay system in the coming weeks. |
| Detail Record #19: Number of Hours Worked | Pending | We will be able to accurately report the correct number of hours worked from the HawaiiPay payroll system for a portion of our employees, specifically for employees under the Executive Branch departments and employees of the Hawaii State Public Library System. As we are not the HR system of record for each Department and Agency and this field is not required for processing payroll, we may not have the accurate value for this field. | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of employees are being transitioned to the HawaiiPay system in the coming weeks. |
| Detail Record #20: Standard Work Hours in Period | Pending | We will be able to accurately report the correct number of hours worked from the HawaiiPay payroll system for a portion of our employees under the Executive Branch departments and employees of the Hawaii State Public Library System, however, this value is based on the employees FTE percentage, which is not accurate for all | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of employees are being transitioned to |

| | | | |
|--|---------|--|--|
| | | Departments and Agencies as it is not a required field for processing payroll. | the HawaiiPay system in the coming weeks. |
| Detail Record #25: Base Pay | Pending | We will be able to accurately report the employee's base pay from the HawaiiPay payroll system for a portion of our employees, however, this value is based on the employees FTE percentage, which is not accurate for all Departments and Agencies as it is not a required field for processing payroll. | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of employees are being transitioned to the HawaiiPay system in the coming weeks. |
| Detail Record #37 & Trailer Record #9: Workers Compensation Pay Amount | No | We will be able to accurately report the Worker's Compensation pay amounts when they are processed through the HawaiiPay payroll system. However, some Departments and Agencies may process this payments through a third-party vendor, which are not reported through the payroll system. As ERS is only able to accept one positive pay file per pay period for the State of Hawaii, these payments are not able to be submitted through this file format. | |
| Detail Record #40 & Trailer Record #12: Differential Pay Amount Recurring | Pending | We will be able to accurately report the multiple types of differential pay through the HawaiiPay payroll system. However, we are unable to differentiate between recurring and nonrecurring differential pay as these can vary at the time it is paid. | We will continue to work with ERS to report these earning pay codes based on the Department and Agency. |
| Detail Record #41 & Trailer Record #13: Differential Pay Amount Nonrecurring | Pending | We will be able to accurately report the multiple types of differential pay through the HawaiiPay payroll system. However, we are unable to differentiate between recurring and nonrecurring differential pay as these can vary at the time it is paid. | We will continue to work with ERS to report these earning pay codes based on the Department and Agency. |
| Detail Record #44: Excess Reg Pay Type | Pending | We will be able to accurately report the Excess Reg Pay Type from the HawaiiPay payroll system for a portion of our employees, however, this value is based on the employees FTE percentage, which is not accurate for all Departments and Agencies as it is not a required field for processing payroll. | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of employees are being transitioned to the HawaiiPay system in the coming weeks. |
| Detail Record #45 & Trailer Record #15: Excess Reg Pay Amount | Pending | We will be able to accurately report the Excess Reg Pay Amount from the HawaiiPay payroll system for a portion of our employees, however, this value is based on the employees FTE percentage, which is not accurate for all Departments and Agencies as it is not a | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. As of this reporting period, the execution of Phase 2 is currently under review and the last group of |

| | | | |
|--|---------|--|---|
| | | | employees are being transitioned to the HawaiiPay system in the coming weeks. |
| Detail Record #48: Straight Time Pay | Pending | We will be able to accurately report the Straight Time Pay from the HawaiiPay payroll system for a portion of our employees, however, this value is based on the employees FTE percentage, which is not accurate for all Departments and Agencies as it is not a required field for processing payroll. | Phase 2 of the HawaiiPay PeopleSoft system will be to implement Time and Attendance, which will allow for an accurate reporting of this field. |
| Earnings Begin Date (implemented in HawaiiPay system beginning May 2018) | Pending | Agencies have been directed to enter this information when transacting earnings for a previous or retroactive period. One item that needs to be agreed upon by ERS, that the earnings should be reported with the actual earnings period dates, as opposed to the start of the pay periods (1 st or 16 th) or the pay period. | Phase 1 payroll modernization does include the ability to have agency payroll staff enter the actual earnings begin date. Phase 2 will track the earned period as it occurs and is reported into the Time and Attendance system and will transfer to the payroll system for reporting. |
| Earnings End Date (implemented in HawaiiPay system beginning May 2018) | Pending | Agencies have been directed to enter this information when transacting earnings for a previous or retroactive period. One item that needs to be agreed upon by ERS, that the earnings should be reported with the actual earnings period dates, as opposed to the start of the pay periods (1 st or 16 th) or the pay period. | Phase 1 payroll modernization already implemented the ability to have agency payroll staff enter the actual earnings end date. Phase 2 will track the earned period as it occurs and is reported into the Time and Attendance system and will transfer to the payroll system for reporting. |

Department Responsibilities for Retirement Miscodings

The Employees' Retirement System (ERS) can assist the departments with confirming the correct Retirement Class Code, based on membership date and/or the correct Retirement Group Code, based on the occupation type. Once a miscoding is identified, ERS would generally have the departments do the below actions to correct the retirement coding. The below instructions are with the assumption that Personnel actions would drive Payroll actions.

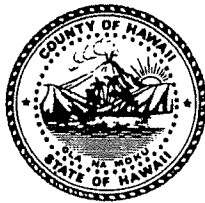
Personnel Actions

1. Correct the Retirement Class Code and/or the Retirement Group Code going forward.
2. Correct the Retirement Class Code and/or Retirement Group Code for all personnel transactions retroactive to the date of hire or action.
3. Notify employee of the miscoding issue.
4. Coordinate with Payroll the following:
 - a. Corrections of the retirement deductions/contributions going forward.
 - b. Corrections of any previously reported payroll transactions.
 - i. Determine if reportable pay (Other Pay, Differential Pay, etc) was erroneously reported for members who now should not have been reported (Tier 1 to Tier 2).
 - ii. Determine if reportable pay (Other Pay, Differential Pay, etc) should now be reported for members who did not have the pay reported due to the miscoding (Tier 2 to Tier 1).
 - c. Calculations of excess contributions (overage) and/or deficient contributions (shortage) due to miscoding.
 - d. Reimbursement of excess contributions (overage) and/or recoupment of deficient contributions (shortage) to the employee via payroll.
5. Notify ERS of the following:
 - a. When the corrections to the Retirement Class Code and/or Retirement Group Code is completed.
 - b. Corrections to pay types and amounts.
 - c. Calculations of excess contributions (overage) and/or deficient contributions (shortage) due to the miscoding.
 - d. When the department will pay the excess contributions to the employee via payroll (ERS to refund the excess interest after).

Payroll Actions

1. Correct the Retirement Class Code and/or the Retirement Group Code going forward.
2. Review pay for the miscoding period:
 - a. Determine if reportable pay (Other Pay, Differential Pay, etc) was erroneously reported for members who now should not have been reported (Tier 1 to Tier 2).
 - b. Determine if reportable pay (Other Pay, Differential Pay, etc) should now be reported for members who did not have the pay reported due to the miscoding (Tier 2 to Tier 1).

- c. If pay needs to be adjusted complete the Payroll Information Template on ERS's website and follow the instructions on submitting the file to ERS.



County of Hawai'i

Finance Department

25 Aupuni Street, Suite 2103 • Hilo, Hawai'i 96720
(808) 961-8234 • Fax (808) 961-8569

December 14, 2018

To: Thomas Williams, Executive Director,
State of Hawai'i Employees' Retirement System

From: Deanna S. Sako, ^WDirector of Finance, County of Hawai'i

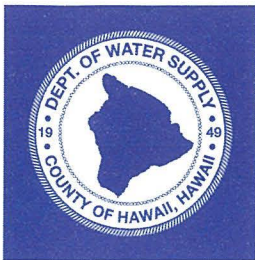
Subject: Act 87, SLH 2015 Report to the Legislature

Pursuant to your request dated November 21, 2018, we are submitting this memo to inform you of the County of Hawai'i's (County) progress towards compliance with the requirements under Act 87. As you are aware, the County's payroll system is based on a third party software package; and while we have invested substantial time and effort in the past to establish a report that would satisfy the reporting requirements, we are still unsuccessful.

Although the vendor has created a report for us to test, it does not fully comply with all requirements and requires additional work on the part of both the County and the vendor. In the past year, the County met several times internally to discuss areas that needed to be resolved and contacted the software vendor to obtain additional information.

The County also met twice with you and/or your staff in the past several months to discuss our concerns and the difficulties that we have been facing regarding this matter, including the fact that your office acknowledged that no jurisdiction is able to completely satisfy all reporting requirements.

Although, the County currently has a file that we have tested with your office, it does not fully meet the requirements to be compliant. We plan to continue to work with your office and staff in the upcoming weeks to correct the file and resolve the remaining issues.



DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII

345 KEKŪANAŌ'A STREET, SUITE 20 • HILO, HAWAII 96720

TELEPHONE (808) 961-8050 • FAX (808) 961-8657

December 3, 2018

RECEIVED
EMPLOYEES' RETIREMENT
SYSTEM
STATE OF HAWAII
2018 DEC -6 AM 10:10

Mr. Thomas Williams, Executive Director
State of Hawaii Employees' Retirement System
201 Merchant Street, Suite 1400
Honolulu, HI 96813-2980

Dear Mr. Williams:

Subject: Act 87, SLH 2015 Report to the Legislature

In response to your letter dated November 21, 2018, the Department of Water Supply has been reviewing our process and methods of reporting payroll and personnel information to the ERS as required under Section 88-103.7.

We are currently working with the ERS and will continue to work with our software vendor to address the discrepancy issues during the next year.

Sincerely yours,

Marianne T. Panoff
Accountant IV

cc: Richard Sumada, Waterworks Controller
Candace Gray, Assistant Waterworks Controller

... Water, Our Most Precious Resource ... Ka Wai A Kāne ...

The Department of Water Supply is an Equal Opportunity provider and employer.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
Quality Healthcare For All

December 6, 2018

P-0120

Mr. Thomas Williams, Executive Director
Employees' Retirement System
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

Dear Mr. Williams,

This is in response to your letter dated November 21, 2018 regarding Act 87, SLH 2015 Report to the Legislature. The Hawaii Health Systems Corporation (HHSC) processes its payroll through the Department of Accounting and General Services (DAGS), with the exception of workers' compensation payments. Acclamation Insurance Management Services (AIMS), a third party administrator (TPA), currently processes HHSC's workers' compensation payments.

In regards to workers' compensation payments, HHSC is partnering with our TPA to comply with Act 86, SLH 2015, Contributions for workers' compensation, and Act 87, SLH 2015, Employer Reporting. Listed below is HHSC's plan of action for compliance on the mandatory contribution and related reporting:

- Mandatory contribution
 - AIMS (TPA) to withhold mandatory contributions as applicable beginning February 1, 2019, or on a date to be determined in continuing discussions with AIMS.
 - 1. The Employees' Retirement System (ERS) will handle the recovery of any deficient contributions directly with the employees for the periods prior to the effective date of when the withholding of the contributions starts.
 - AIMS (TPA) to transmit contributions to ERS, per the payment process provided by Jennifer Tanaka of your office (see attached).
- Reporting requirements
 - HHSC to make payroll and personnel data available to ERS for all workers' compensation claimant-employees from February 1, 2019 (the planned start date for withholding mandatory contributions), per the Payroll Information Template format provided by ERS in its May 31, 2017 meeting with HHSC and AIMS and/or in a format to be confirmed in continuing discussions with ERS.
 - HHSC to make payroll and personnel data available to ERS for all workers' compensation claimant-employees from the effective date of Act 87, SLH 2015 (June 5, 2015) to January 31, 2019, per the Payroll Information Template format and/or in a

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

Mr. Thomas Williams
December 6, 2018
Page 2

format to be confirmed in continuing discussions with ERS. This data will be available on a date to be determined after further discussion with ERS.

- ERS to provide instructions on how to submit this file to a secure site.

Thank you for working with us to comply with Act 86, SLH 2015 and Act 87, SLH 2015. If there are any questions, please contact Ms. Pua Uson at (808) 733- 4150 or Mr. Mark Hirokawa at (808) 733-4095.

Sincerely,

A handwritten signature in cursive script, appearing to read "Juanita Lauti".

JUANITA LAUTI
Chief Human Resources Officer

Attachment



DEPARTMENT OF HUMAN RESOURCES
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

JANINE M.Z. RAPOZO
ACTING DIRECTOR
EMPLOYEES' RETIREMENT
SYSTEM
STATE OF HAWAII

2018 DEC 17 AM 10:44

December 12, 2018

TO: Thomas Williams, Executive Director – State of Hawaii Employees' Retirement System

FROM: Janine M.Z. Rapozo, Acting Director of Human Resources

VIA: Hala'i Lilo, Assistant Central Payroll Accountant

SUBJECT: **Act 87, SLH 2015 Report to the Legislature**

As required by Act 87, SLH 2015 and in response to your letter dated November 21, 2018, we are providing a status report summarizing the progress that the County of Kauai, Department of Human Resources (DHR) has achieved to date in providing payroll and personnel information to the ERS. Our Central Payroll Accountants have been meeting weekly with our IT Computer Systems' Officer to not only resolve current issues but to develop systems and procedures to ensure accuracy as desired for all future reporting to the ERS.

At this point, one of our main goals is to submit timely adjustments to any ERS submissions as soon as possible for our out of range salaries reported within our ERS electronic file submission each pay period. Although we are still working on a way to get this template to the ERS automated (as well as included in the semi-monthly submissions), we currently have our Assistant Central Payroll Accountant manually calculating, creating, and submitting the adjustment templates to the ERS Axway site at this time. We submitted our first routine ERS Adjustment template on 12/10/18 (for corrections made to salaries for 11/30/18 paychecks) and have already begun preparing the ERS Adjustment template for our 12/15/18 paychecks.

In addition to submitting ERS adjustment templates in a timely fashion we also have discussed the ways in which we will correct the current discrepancies. In email correspondence between ERS Staff Michael Fukutomi and our payroll department, Mr. Fukutomi was able to provide to us a listing of the reoccurring issues. Below you will find these listed as well as the County of Kauai's intended resolutions.



1. Invalid Suffix reported as III instead of 03

Resolution: Work with IT and our third party vendor to rewrite the current mapping of the automated ERS report to ensure the report is picking up the ERS Suffix Code as opposed to the IRS Suffix Code.

2. Reporting H0 to SL

Resolution: Develop a procedure check to ensure that when there are terminating employees that they be switched back to salary in our payroll software to ensure accuracy on the electronic file submissions.

3. Manual/Void Checks not included in Electronic File

Resolution: Include the accurate earnings (by earning type/'bucket') from manual/void checks on an ERS adjustment template to be uploaded to their Axway site with current pay period adjustments. We also intend to work with our IT and third party payroll software vendor to develop a report that can be created outside of normal pay period processing times to then be included with our semi-monthly electronic file submission to the ERS.

4. Discrepancy in control report vs. the deposit amount

As of 7/25/17, this issue is currently being handled by Marivic at ERS and the County of Kauai is awaiting updates to determine whether discrepancies have been resolved.

5. ER/COK not reporting when member is approved for W/C and reclassifying pay

Resolution: Include the salary type adjustments for W/C approved after the fact in the ERS adjustment templates to be regularly submitted. We also intend to work with our IT and third party payroll software vendor to develop a report that can be included with our semi-monthly electronic file submission to the ERS.

6. Earning periods for retroactive payments not reported with corrected earning period dates & breakdowns

Resolution: Work with our IT and third party payroll software vendor to develop a report that can include the earning period dates and breakdowns to then be included in the ERS electronic file submission.

7. ER/COK not reporting Advance Pay recovered

Resolution: Update the coding in our payroll software system for the Advance Pay recovered by employees hired prior to October 1994 to be picked up in the accurate reported salaries 'bucket.'

8. ER/COK not reporting Death Payment

Resolution: Update the coding in our payroll software system for the Advance Pay recovered by employees hired prior to October 1994 to be picked up in the accurate reported salaries 'bucket.'

9. ER/COK not reporting overpaid salary adjustments electronically/timely.

Resolution: Have payroll accountant begin submitting overpayments/corrections in a timely fashion (every 2 weeks) until COK IT staff/third party payroll software vendor can develop a reporting system to include the corrections and have them reflected in the accurate pay periods in which adjustments need to be made.

We are grateful for the meeting held with your staff back in September of this past year and look forward to more dialogue in the coming year.

If there are any questions, please contact Hala'i Lilo at 241-4090. Thank you.

Employees' Retirement System of the State of Hawaii (ERS)
Wire Instructions for Contribution Payments for Employers & Employees

| | |
|--|---|
| CONTRIBUTION PAYMENTS: | Please wire cash. <u>At least one day advance notice is needed. Please email the date of wire payment, amount, and description of payment to dbf.ers.cashmanagement@hawaii.gov.</u> No special characters (e.g. # - , ' " \$ % ^ *) can be used in wire input fields. |
| Wire Instructions | Bank Name: Bank of Hawaii ABA #: 121 301 028 Beneficiary (Demand Deposit Account (DDA)): 0003833488 Beneficiary Name (Account Name): Employees Retirement System Ultimate Beneficiary (memo): ERS Pension Receipts Account Reference for Beneficiary (memo): (SOH HHSC) Originator to Beneficiary Info (memo): {EE Contr WC pymt ccyyymmdd} |
| If it is not possible to wire cash, checks should be issued exactly as follows (currently State of Hawaii payments are issued by check): | |
| Issued to: | Employees' Retirement System of the State of Hawaii |
| Delivered to: | Employees' Retirement System of the State of Hawaii Attn: Cash Management Section, Accounting Dept. 201 Merchant Street, Suite 1400 Honolulu, HI 96813 |
| Memo section of check: | SOH - HHSC, EE Contr WC pymt ccyyymmdd |

ccyyymmdd = pay period end date

ALAN M. ARAKAWA
Mayor

2018 DEC 13 AM 9:55

SYSTEM
STATE OF HAWAII



DAVID J. UNDERWOOD
Director

CYNTHIA M. RAZO-PORTER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF PERSONNEL SERVICES

200 S. HIGH STREET * WAILUKU, MAUI, HAWAII 96793-2155

PHONE (808) 270-7850 * FAX (808) 270-7969

Website: www.mauicounty.gov/departments/Personnel • Email: personnel.services@mauicounty.gov

December 11, 2018

Thomas Williams
Executive Director
State of Hawaii Employees' Retirement System
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, HI 96813

Dear Mr. Williams:

RE: Act 87, SLH 2015 Report to the Legislature

We are in receipt of your communication requesting a summary of the progress our department has achieved in employer reporting of personnel and payroll information pursuant to Section 88-103.7.

As you know, our department has been providing electronic reporting files for personnel information since 2010, and continue to provide these files each pay period. We thank you for the initial feedback from your Personnel Interface File Employer Team, which was provided along with your letter. We have reviewed the issues identified, and responded to your team with our feedback and questions. We have also provided your team with contact information for the staff who will be responsible for resolving any discrepancies identified in the future. We look forward to working with your team to resolve any issues.

The reporting of payroll information falls within the purview of our Department of Finance, who will respond separately as to the status of the payroll reporting files.

In addition to those efforts, we are in the process of implementing a new integrated HR/Payroll system which will replace our existing systems and will be used for both the personnel and payroll reporting. Our project team has reached out to your staff as part of this effort, and are working with your staff as we develop the required reports in that new system.

Mr. Thomas Williams
December 11, 2018
Page 2

I hope this addresses your request. If you have any questions, please feel free to contact me at 270-7850.

Sincerely,

A handwritten signature in black ink, appearing to read 'DU', with a stylized flourish at the end.

DAVID UNDERWOOD
Director of Personnel Services

DJU