

Audit: CalPERS lacks strong pension spiking controls

By Jon Ortiz, Sacramento Bee

California's largest public retirement system lacks a routine method for detecting pension spiking, according to a new report released by state Controller John Chiang, and the pace at which it does check employers' payroll is glacially slow.

The report also blasted a pay tactic that auditors estimate will allow some public employees to legally boost their pay and increase their pension payouts by up to \$800 million over the next 20 years.

Chiang's report focused on 11 employers that contract with the California Public Employees' Retirement System to administer their pension benefits. While auditors found no instances of spiking – a practice that inflates an employee's salary through promotion or other means specifically to hike their retirement benefits – the review did reveal CalPERS' auditing unit is understaffed and doesn't use advanced technology to ferret out spiking.

In a statement accompanying the report, Chiang said CalPERS has a "generally passive approach to the problem" that invites abuse.

CalPERS President Rob Feckner countered that the \$300.7 billion fund is deterring spiking with information drawn from its 3-year-old computer system.

Read the whole story