



I n t e r n a l A u d i t D e p a r t m e n t

O R A N G E C O U N T Y

AUDIT HIGHLIGHT AUGUST 19, 2014

FINANCIAL AUDIT AUDIT OF THE ORANGE COUNTY MANAGERS ASSOCIATION (OCMA) PENSION ENHANCEMENTS FOR FISCAL YEARS 2010-11, 2011-12, & 2012-13 AUDIT NO. 1318

WHAT THE AUDITORS FOUND

We found that Orange County Managers Association (OCMA) members themselves, and **not** the County, fully and accurately paid for the pension enhancements of **\$32.9 million** (2.7% @ age 55 benefit plan) as agreed upon in their 2004 Memorandum of Understanding for Fiscal Years 2010-11, 2011-12, and 2012-13. The \$32.9 million included employee contributions of \$27.7 million and health insurance cost savings of \$5.2 million. The health insurance cost savings resulted from the labor organizations agreeing to changes in health benefits (increased co-payments, higher deductibles, and increased employee payroll deductions) effective January 1, 2005.

WHY THIS AUDIT IS IMPORTANT

This audit is important because it has a significant financial and countywide impact. OCMA consists of approximately 1,067 employees (or 6% of total County workforce). In addition, it is of taxpayers' interest if OCMA members are covering their pension costs as negotiated, or if the County General Fund is paying for their pension enhancements in error. OCMA members agreed the pension enhancement would be without additional cost to the County.