
Purpose and Objective

1. The Orange County Employees Retirement System (OCERS) requires the timely submission of detailed information from its Participating Employers (Employers) to fulfill its responsibilities in administering the retirement system. This policy states the information and data that OCERS requires from its Participating Employers to help them fulfill their responsibilities under the County Employees Retirement Law (CERL), as amended by the Public Employees' Pension Reform Act (PEPRA). These laws establish the fundamental obligations of Participating Employers and employee members. The policy's objective is to clarify the roles and responsibilities of OCERS and its Employers to facilitate the accurate exchange of the data elements required for OCERS to perform its function, including benefit calculation and payment. The policy also outlines the actions OCERS will take in response to insufficient, inaccurate, or untimely data from Employers.

Policy Guidelines

2. *Definitions*¹

Grade or Classification: Groups of similarly situated employees with the same OCERS' benefit structure in the same grade or classification as set by the Participating Employer.

Benefit: A payment to a participant (Member or Beneficiary) for retirement or death from OCERS.

Employee Contributions: Contributions towards retirement that are deducted by the employer from each member's compensation based on the employee's contribution rate and forwarded to OCERS to fund the normal cost associated with the member's retirement benefits from OCERS, as defined under the CERL and PEPRA.

Employer Contributions: Contributions by the Participating Employers paid to fund the employer's portion of normal costs associated with their employees' retirement benefits from OCERS, as defined under the CERL and PEPRA.

Employer Data: Gross base salary, approved pay codes for pay items determined as compensation earnable as approved by the OCERS Board of Retirement (Board), hours worked, expected hours, and employer/employee contributions based upon the rates set by the Board for pensionable pay items and salary, any additional negotiated contributions between the Employer and employees, and any other required data elements as designated in the Employer Handbook.

Employer Handbook: Employer Self Service (ESS) Portal User Guide located on the ESS Portal.

Employment Status: The employment status of an OCERS member as reported by the Employer. This includes Active or Active on Leave and separated with a separation date.

Member: An employee who is a member of the OCERS Plan and is eligible to accrue benefits in OCERS.

¹ Terms are defined here for ease of reference and are intended to remain consistent with their definition under OCERS Compensation Earnable and Pensionable Compensation Policies.

Participating Employer or Employer: Orange County or any contracting agency or district employing or representing an employee who is a member of OCERS. Participating Employer is synonymous with "Plan Sponsor."

Pay Period: Monthly or biweekly payroll period.

Payroll Transmittal Exception: An exception in the Transmittal due to missing, incorrect, or incomplete information required to be included by the Employer, per the Employer Handbook.

Pensionable Pay Items: Items of pay that are pensionable and that will be considered in calculating normal cost contributions owed by the member and Participating Employer, and for which the Participating Employer will report contributions.

Pensionable Salary: The amount of an employee's salary on which expected normal cost contributions will be calculated and for which the Participating Employer will report contributions.

Transmittal File or Transmittal: A Participating Employer's regular payroll report of Employer Data.

Roles and Responsibilities

OCERS

3. OCERS uses information received from Participating Employers to, among other things, update its information on members in its pension administration system, compute benefit estimates, perform benefit calculations, establish official termination dates, process refunds of contributions, and update member account balances. OCERS must accurately account for all Employer Data it receives, transmit that data to its actuary, and timely communicate with Employers regarding plan liabilities.
4. OCERS must maintain records of all contributions deposited by all Participating Employers and members and all benefits paid to members.²

Participating Employers

5. Each Participating Employer must designate one or more reporting officials and their backup as the organization's OCERS contact. The reporting official is authorized to sign OCERS documents and is responsible for timely and accurate management, transmission, and reporting of the Transmittal File and Employer Data to OCERS. The Employer must notify OCERS if its reporting official changes.
6. Employers are required to timely certify and transmit complete and accurate Employer Data to OCERS on a pay period basis in accordance with the CERL, PEPRA, the OCERS Compensation Earnable and Pensionable Compensation Policies, and this Employer Data Policy. The Employer Data must be transferred using the protocol and schedule specified in the **Employer Handbook**, available on the OCERS website. OCERS shall provide Employers with at least 30 days' written notice of any material changes to the Employer Handbook that affect reporting obligations or data transmission protocols.

Employers are responsible for providing OCERS with their list of Pensionable Pay Items.

² Gov. Code, § 31599

Any new pay item must be submitted to OCERS in accordance with OCERS Pay Item Review Policy and the Pay Item Request & Approval Procedures for Employers.

7. Employers must submit Employer Data to OCERS bi-weekly per the designated payroll cycle and the schedule outlined in the Employer Handbook. The Employer must immediately notify OCERS if it cannot meet this schedule or if the payroll schedule changes (i.e., twenty-seven (27) pay periods).
8. Employers must promptly notify OCERS of changes to any labor/collective bargaining agreements affecting OCERS members, Employer plans, County grade or classifications, and Pensionable Pay Items. Participating Employers are also required to promptly notify OCERS of any anticipated changes to their payroll system or system provider. Failure to notify OCERS of such changes could result in errors in Employer Data transmission and processing, which could significantly impact the delivery of benefits, crediting of members' accounts, accurate reporting, and appropriate reserve funds.
9. **Employer Annual Compliance Certification:** All Employers will submit an annual compliance certification by December 31st of each calendar year, confirming ongoing compliance with this Policy. This certification will also confirm that the current list of users with approved ESS access on the ESS Portal Authorization Form is up to date.

Employer Payroll Reporting and Data Transmission

10. Employer Data transmission is the process by which Employers submit information, such as Employer and employee contributions, salaries, and hours worked, to OCERS for processing and posting to members' accounts or the appropriate reserve fund. Employer Data and transaction details for amounts related to individual employees are submitted through OCERS' Employer Self-Service portal or secure file transfer protocol (FTP). Employers must transmit Employer Data to OCERS via the methods described in the Employer Handbook.
 - a. The payroll record is the most common record type. It contains information about an employee's earnings, contributions, and other pertinent information. Required fields on the payroll record are detailed in the "Transmittal Layout" in the Employer Handbook.
11. All documentation for each payment is due on the payment date for that contribution. OCERS retains the right to determine the accuracy and completeness of all data submissions supporting contribution payments. OCERS will exercise its authority to audit the Employer's records to determine the accuracy of benefits, reportable compensation, enrollment, and reinstatement.³
12. Employers must correct previously submitted transmittal data using an adjustment file by the second pay period after OCERS notification of the deficiency.

Administrative Fees and Costs

³ Gov. Code, § 31543

13. OCERS may charge Employers administrative fees in the event of significant and continued preventable errors related to transmittals and contribution payments. In addition, OCERS is authorized to assess an Employer for the costs of administering the retirement system unique to that Employer; for example, costs directly related to each Employer's plan design characteristics and employment practices (e.g., work schedules) that affect the transmission of payroll data to OCERS.⁴ Any fee assessment will be considered only after full implementation of the Employer Handbook and will be assessed in accordance with the timeline, procedures, and fee amounts specified in the attached Fee Schedule.
14. OCERS Board of Retirement (Board) hereby adopts the Fee Schedule attached and delegates to the Chief Executive Officer (CEO), or their designee, the authority to assess any other fees or costs authorized under this policy. Any assessment of fees or costs will be communicated to the Employer in writing by the CEO. The Employer will then have thirty days to appeal this assessment by submitting, in writing, a request for review by the Board and stating the basis for disputing the assessment or requesting its abatement. The Board shall review the CEO's determination de novo and issue a final determination within 90 days of receiving the complete appeal submission. The Board's decision is final and binding.
15. **Untimely and Incomplete Submissions:** OCERS may assess a reasonable amount to cover costs incurred when an Employer fails to submit the requisite Employer Data and contributions, or to do so in a timely manner.⁵ OCERS may also assess an Employer a reasonable amount to cover the audit, adjustment, or correction cost if it determines the Employer knowingly failed to report compensation by pay period.⁶

OCERS will calculate such fees by measuring the cost of labor for OCERS staff to analyze, assist the Employer in resolving, and communicate outcomes to the Employer regarding the applicable issue.

16. **Employer Transmittal Files:** Transmittal files must be formatted correctly and contain correct and accurate employee information, as set forth in the Employer Handbook, and Employer Data as specified in this Policy. If a transmittal file contains errors that prevent its import into the OCERS pension administration system, the Employer must create a new file.
17. **Payment Discrepancies:** Employer and employee contributions stated in electronic or hard-copy reports from the Employer, including transmittal files, spreadsheets, and other reporting formats, should generally match the actual payment amounts. Any discrepancy between these amounts requires communication from the Employer upon payment remittance and clearing of the error. The Employer communication must explain the discrepancy and the necessary action to resolve it. OCERS staff will email the Employer if an explanation of the discrepancy is not included with the contribution payment. The Employer must respond to OCERS' notice within 10 business days with the required explanation and resolution plan.

⁴ Gov. Code, § 31580.1

⁵ Id.

⁶ Gov. Code, §31542.5

18. Interest on Late Contribution Payments and Administrative Charges: Any payment or partial payments received after the pay date of each pay period are considered late payments. An Employer will be assessed an interest penalty for late payments.⁷ OCERS will ordinarily apply interest to the underpaid amount at OCERS' semi-annual interest crediting rate,⁸ but reserves the right to assess additional interest (e.g., OCERS' assumed rate of investment return) to the underpaid amount for late payments outstanding beyond thirty (30) days or repeated late payments (three or more instances within twelve months). OCERS will invoice an Employer for any additional interest payment related to late contribution payments, supported by the interest calculation. An Employer should ensure that OCERS receives payment within thirty days of the invoice date. Interest will continue to accrue if the payment is not received within thirty days of the invoice date. An Employer may appeal in writing to the Board for abatement of interest within thirty days of its receipt of the invoice.

19. Implementation and Fee Schedule: See attached Appendix.

Policy Review

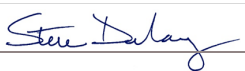
The Board shall review this policy at least every three years to ensure it remains relevant and appropriate.

Policy History

The Board adopted this policy on May 18, 2026.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



Steve Delaney
Secretary of the Board

5/18/2026

Date

⁷ Gov. Code, § 31580.1

⁸ Gov. Code, § 31472.1

**Appendix
Fee Schedule**

1. OCERS may charge Participating Employers administrative fees and costs in the event of significant and continued preventable errors pertaining to transmittals and contribution payments.
2. The fee assessment method in this Appendix will become operative in the third year following its approval by the Board of Retirement, as follows:
 - 2026:** OCERS implements enhanced payroll exception reports and provides employers access to these new reporting tools.
 - 2027:** Employers use the reports for a full calendar year to identify issues and improve data quality.
 - 2028:** Fees for payroll transmittal exceptions become assessable.If OCERS has not fully implemented the enhanced payroll exception reporting tools by December 31, 2026, the three-year timeline will automatically extend such that fee assessment will not become operative until the beginning of the third full calendar year following full implementation of the reporting tools.
3. **Assessment Measuring Period:** Administrative fees will be evaluated quarterly using a snapshot-based review approach tied to employer payroll cycles and designed to provide employers a defined opportunity to correct payroll reporting errors before any fee is assessed. Payroll reporting exceptions used for fee assessment will be determined using OCERS-generated exception reports and administrative review processes as described in the Employer Handbook. OCERS will provide employers with access to exception reporting and written notice of potential fee exposure after each quarterly snapshot, allowing employers to resolve outstanding snapshot exceptions before assessment.
4. **Quarterly Snapshot:** Once the fee assessment becomes operative, for each calendar quarter, OCERS will establish a snapshot of payroll transmittal exceptions as of the employer pay period that includes the applicable quarter-end date (i.e., March 31, June 30, September 30, and December 31). The snapshot exceptions are those payroll transmittal exceptions that (a) appear in OCERS-generated exception reports as of the snapshot date and (b) relate to transmittals submitted during the applicable calendar quarter.
5. **Cure Window:** Following the snapshot date, OCERS will provide the employer with a snapshot exception report within 5 business days. The employer will then have two (2) subsequent employer pay periods from the date of OCERS' snapshot report to resolve the snapshot exceptions.
6. **Assessment and Fee Determination:** At the end of the second subsequent employer pay period following the snapshot, OCERS will determine which snapshot exceptions remain unresolved. Only those exceptions that (1) existed as of the snapshot date and (2) remain unresolved as of the assessment date will be included in the quarterly fee determination. Exceptions created after the snapshot date will not be included in the current quarter's fee determination and will be evaluated during the subsequent quarter's snapshot review if still unresolved at that time. Fees, if applicable, will be assessed once per quarter in accordance with the Fee Table below.

7. **Fee Table:** The following fees will be assessed for each quarter in which unresolved Payroll Transmittal Exceptions exceed three percent (3% of total payroll transactions):
- a. 11–50 Payroll Transmittal Exceptions (over 3% of total): \$2,500
 - b. 51–100 Payroll Transmittal Exceptions (over 3% of total): \$6,500
 - c. 101–150 Payroll Transmittal Exceptions (over 3% of total): \$10,500
 - d. 151–200 Payroll Transmittal Exceptions (over 3% of total): \$15,000
 - e. 200+ Payroll Transmittal Exceptions (over 3% of total): \$25,000

For purposes of this fee schedule, “total payroll transactions” means the total number of individual member payroll records submitted by the Employer during the applicable quarter.

8. Fees will be assessed for each non-compliant quarter until the Employer achieves the required compliance rate, at which point fee assessment will cease. If the Employer subsequently fails to maintain compliance, the notification and remediation process in paragraph 3 will restart.