



Request for City Council Committee Action from the Department of Human Resources

Date: October 1, 2014

To: Mayor Betsy Hodges and the Executive Committee

Referral to: Ways and Means Committee

Subject: Market Exception for an existing Appointed Position: Internal Auditor

625 points/Grade 13

Recommendation:

1. Approve the recommendation for a market exception for salary for Internal Auditor; 625 points/Grade 13
2. Approve the salary structure for the position, effective October 10, 2014, and authorize annual step movement for the incumbent provided satisfactory or better performance in the job:

Title	Points	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
<u>Internal Auditor</u>	625	118,750	125,000	127,500	130,000	132,500	135,000	137,500	140,000

3. Refer to Ways and Means

Prepared or Submitted by: Pamela Nelms, CCP, SPHR

Human Resources Senior Consultant/Compensation; 673-3344

Approved by: _____

Patience Ferguson
Chief Human Resources Officer

Spencer Cronk
City Coordinator

**Presenters in Committee: Pamela Nelms. CCP, SPHR
Human Resources Senior Consultant**

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the ____ Capital Budget or ____ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: ____ Action is within the plan. ____ Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

Background/Supporting Information

Dear Mayor Hodges:

The Chief Human Resources Officer asked George Gmach of *George Gmach Compensation Consulting, LLC*, to assist the City of Minneapolis with a market analysis for the position Internal Auditor and, if warranted, to make a salary recommendation that would competitively position the City of Minneapolis to attract and retain a quality candidate for this important position.

Jobs at this level and requiring finance/accounting and audit skills and experience are generally in demand in the market, thus requiring competitive pay for both recruitment and retention. The current pay plan provided for the position with the following salary range and steps:

A	B	C	D
\$99,355	\$104,585	\$107,722	\$109,814

There is only one Internal Auditor, and the position exists to provide the following professional auditing services to the City:

- Establishes guidelines, policies, and procedures for conducting internal audits.
- Develops strong working relationships with elected and appointed officials and assists them with understanding and developing its risk calculus and assists in implementing the recommended risk mitigation strategies for the City enterprise.
- Serves as the liaison of the Audit Committee.
- Examines the manner in which City resources are being deployed; reports audit findings; appraises the adequacy of actions taken by Boards, Commissions, and departments to address identified problems and take advantage of opportunities to improve operating performance and control systems; presents oral summaries of audit reports to the appropriate boards, committees and the City Council.
- Reviews the reliability of financial information and the means used to identify, measure, classify, and report such information.

- Reviews the established control systems to ensure compliance with policies, laws, and regulations.
- Supervises audit staff and participates in audit activities.
- Coordinates and supervises outside partners retained to audit technical areas within the City enterprise.
- Reviews the means of safeguarding assets and, as appropriate, verifies the existence of such assets.
- Maintains working relationships with the City's external and State auditors.
- At the request of the Audit Committee, or other parties, conducts special reviews of suspected irregularities, fraud, misappropriation, or other misuse of City funds, and establishes facts, measures the financial effect, assists in the recovery of assets and evaluates controls to prevent or detect such conditions in the future.

The Internal Auditor position was included in a 2012 survey conducted by the City of Minneapolis to ascertain the market position of our appointed positions. Without the Minneapolis rates included, the average rate paid in 2012 for this job in other jurisdictions was \$121,414. We have recently contacted several survey participants for updates on their jobs and find that the average rate has increased, but not by a large amount. The City of Fort Worth has a new incumbent and the new rate is \$138,320. Seattle has increased their range by 4.7%. For these reasons, we believe an estimate of the average at \$125,000 is very close.

Data were also gathered from published surveys. The data included both high-level individual contributors and heads of the internal audit function. We considered data from three sources as the most relevant. These were Towers Watson, Qualcomp and The Employers Association Group. The surveys mix public and private sector sources. The average of the sources is \$116,685 without variable pay and \$129,397 with variable pay. The threshold for a market exception is 10%. Since the current maximum is \$109,814 the trigger threshold is \$120,795. If we use the data from the most similar city competitors the estimated market rate of \$125,000 meets the market-exception threshold.

The market rate in the recommended schedule establishes step 2 as the attachment to the average of the market, and builds in 2% increments, based on satisfactory or better performance, over the next six years as a retention incentive. This market-based change should allow the City to attract and retain a quality candidate. Visually, the structure looks like this:

Start	95% of the "market rate"
One Year	100% of the "market rate"
Two Year	102% of the "market rate"
Three Year	104% of the "market rate"
Four Year	106% of the "market rate"
Five Year	108% of the "market rate"
Six Year	110% of the "market rate"
Seven Year	112% of the "market rate"

**AN ORDINANCE
of the
CITY OF MINNEAPOLIS**

By Quincy

Amending Title 2, Chapter 20 of the Minneapolis Code of Ordinances relating to Administration: Personnel.

The City Council of the City of Minneapolis do ordain as follows:

Section 1: That the following classification in Section 20.10.01 of the above-entitled ordinance be amended to make the following changes: (Annual Rates)

**Appointed Officials (CAP)
Effective: October 10, 2014**

FLSA	OTC	CLASSIFICATION	PTS	G	P	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
E	1	<u>Internal Auditor</u>	625	13	A	\$118,750	\$125,000	\$127,500	\$130,000	\$132,500	\$135,000	\$137,500	\$140,000