



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 6, 2016

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: SALARY ADJUSTMENTS TO THE INTERNAL AUDIT POSITION SERIES

ISSUE:

That the City Council review and approve revisions to the Citywide Fringe Benefits and Salary Plan adjusting the salaries of the Internal Audit classifications.

RECOMMENDATION:

That the City Council approve revisions to the Citywide Fringe Benefits and Salary Plan adjusting salaries for the Internal Audit classifications based upon the Combined Labor Market Basket salary survey results.

BACKGROUND:

In February 2016, a peer review of the City's Internal Audit was presented to the City Council. The review recommended compensation increases to the City's Internal Audit positions.

In response to the peer review, the Human Resources Department conducted independent salary surveys for the Internal Audit classifications, including the Internal Auditor, Senior Internal Auditor and Internal Audit Manager.

Due to the specialized nature and complexity of the functions within the Internal Audit Series, compensation data and comparability of three (3) distinct labor market baskets was analyzed:

1. Typical Labor Market Basket – City's approved labor market basket.
2. Peer-Reviewed Labor Market Basket – Review conducted as part of the peer review by an outside independent auditor.
3. Combined Labor Market Basket – This market basket included a combination of agencies within the Typical Labor Market Basket as well as agencies identified within the Peer Reviewed Labor Market Basket, all of which were comparable in size to the City of Riverside.

The results of all three surveys are included in Attachments 1, 2, and 3, respectively.

DISCUSSION:

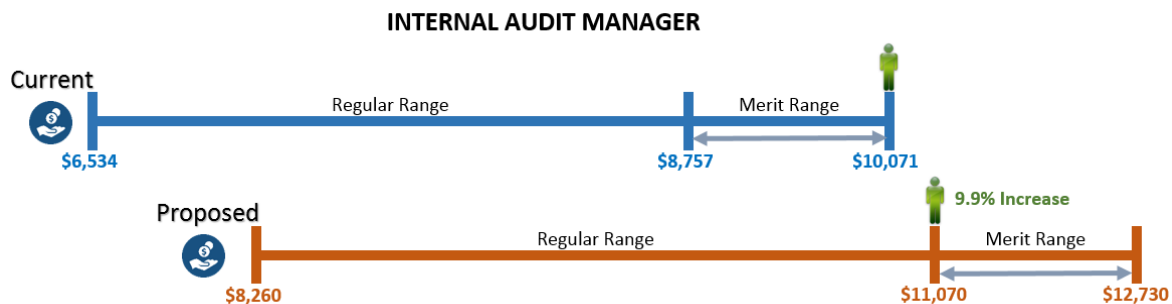
The Human Resources Department recommends adjustments to the following classifications based upon the Combined Labor Market Basket survey results:

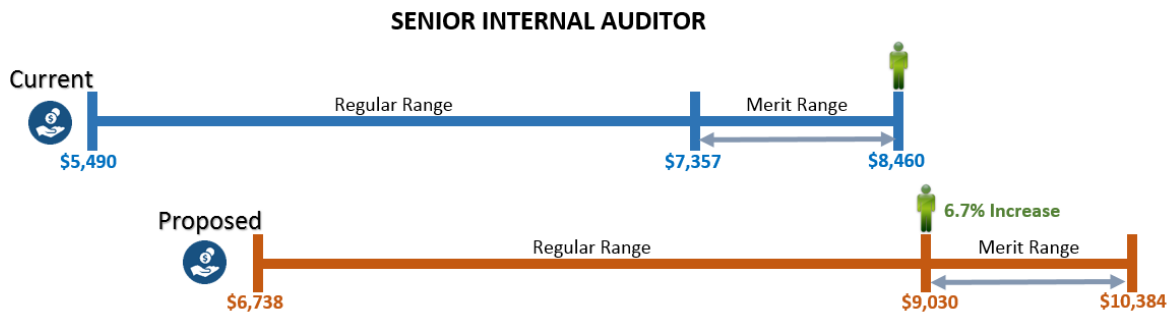
- Internal Auditor – The City’s compensation for this classification is behind the average compensation of the labor market by 13.38%. A 13.38% increase in the salary range is recommended.
- Senior Internal Auditor – The City’s compensation for this classification is behind the average compensation of the labor market by 22.74%. A 22.74% increase in the salary range is recommended.
- Internal Audit Manager – The City’s compensation for this classification is behind the average compensation of the labor market by 26.41%. A 26.41% increase in the salary range is recommended.

With the above recommended increases, changes in the salary ranges are presented below, along with a comparison to other similarly classified positions in the City.

Classification	Current Monthly Salary Range	Proposed Monthly Salary Range
Internal Auditor	\$4,516 - \$6,051	\$5,120 - \$6,861
Senior Internal Auditor	\$5,490 - \$7,357	\$6,738 - \$9,030
Internal Audit Manager	\$6,534 - \$8,757	\$8,260 - \$11,070

The recommended compensation adjustments will impact the only two incumbents in Internal Audit: the Internal Audit Manager and Senior Internal Auditor. The incumbents are currently compensated beyond the regular salary range, at the top of the merit range. (The City has long had in place a “merit range” for employee compensation, which adds up to 15% to the regular salary range.) It is recommended that the incumbents be placed at the top of the proposed regular range as market dictates these salaries to be commensurate within the industry.





These adjustments would yield a solid increase for both incumbents while keeping them in the regular range. The incumbents will have an opportunity to advance further into the merit range, which will be included with the adjusted salary ranges. Salary adjustments are recommended retroactive to February 2016, when the peer review was presented to the City Council.

FISCAL IMPACT:

The approximate impact on salaries and benefits for FY 2016/17 is \$51,932 with additional impact to FY 2017/18 at approximately \$42,500.

The Adopted FY 2016-2018 Two-Year Budget includes \$500,000 per year for unanticipated spending contingencies. The City Manager's Office will work with the Finance Department to transfer the net impact to the personnel expenses of the Internal Audit Division (114500) from account 7211200-450247, Fiscal Management, in FY 2016/17 and FY 2017/18.

Prepared by:	Pia Rose, Acting Human Resources Director
Certified as to availability of funds:	Scott Miller, Ph.D., Chief Financial Officer/Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary Geuss, City Attorney

Attachments:

1. Resolution Amending the Fringe Benefits & Salary Plan
 - a. Exhibit A Redline Fringe Benefits & Salary Plan
 - b. Exhibit B Job Code Table
2. Typical Labor Market Basket Survey
3. Peer-Reviewed Labor Market Basket Survey
4. Combined Labor Market Basket Survey