



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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15-07 City Compensation Audit

March 2015

Purpose

The purpose of this audit was to verify that accurate and appropriate compensation changes have occurred as a result of the 2012 study by Waters Consulting Group and the 2013 study by Corporate Compensation Services, LLC.

Highlights

Based on our review, we conclude that overall, the City of Colorado Springs has implemented the primary recommendations suggested by two Compensation Studies conducted in 2012 and 2013.

The City of Colorado Springs engaged Waters Consulting Group (Waters) to perform a review of Colorado Springs total compensation and job classifications for sworn and civilian positions. The City then engaged Corporate Compensation Services LLC to review the work completed by Waters and to build a new civilian classification structure and new pay ranges. Overall, we determined the recommendations from both consultants have been implemented. The consultants' summarized recommendations were:

- Revise pay practices including discontinuing sick leave incentives and conversion of sick leave to vacation, defining hours worked for calculating overtime and revising workers' compensation practices.
- Move toward changes in health insurance by offering a consumer driven health insurance plan.
- Make market adjustments to sworn employee's pay and reinstate step progressions for sworn personnel.
- Implement a civilian salary structure which reflects geographically adjusted, weighted market average data.

A new salary structure was designed to agree with industry best practices and became effective in January 2014. The new civilian salary structure was implemented as reported to City Council. Under the new structure, the minimum salary was the 25th percentile of market, while the maximum was set at 62.5% of market. Under the new civilian salary structure, the compensation target for experienced employees was the 50th market percentile.

Any employee whose salary was less than the new range for their position received an adjustment to bring them to the minimum salary. Adjustments were also made to address identified pay compression issues after the new salary structure was put in place. We confirmed that salaries were administered so that most employees did not exceed the new maximum percentage of market. On March 31, 2014, the City had 1,009 civilian employees. Only 36 of those employees' salaries exceeded 62.5% of market. Those 36 employees did not receive a salary adjustment.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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