

Audit at a glance



Compensation Setting Analysis

FEBRUARY 2021

ABOUT | The Office of Human Resources is responsible for ensuring the city complies with Career Service Rules. Career Service Rule 9 outlines the pay factors the city uses to determine employee salary such as prior work experience, education, professional certifications, and level of responsibility. Career Service Rule 13 outlines the city's merit increasing process. Each year the city determines whether to award merit increases to eligible employees based on their performance and other factors. For example, due to the COVID-19 pandemic's effect on the city's budget, the city declined to award merit increases for 2020.

In the report

FINDING 1: The Office of Human Resources Does Not Require Agencies to Fill Out or Update Their Employees' Career Profiles in the City's System of Record

- Career Service Rule 9 establishes the following factors, which are the only considerations city management can use, to determine career-service employee pay:
 - Market conditions.
 - Related experience.
 - Previous work record.
 - Education and/or certification.
 - Internal equity.
 - Level of responsibility accepted.
- The limited data in the city's system of record prevents an analysis of the city's entire population of employees using all relevant pay factor information without having to collect the data manually from individual employee personnel files. To overcome this limitation, we randomly selected a sample of 60 career-service employees and manually collected the complete information from their personnel files. However, the manual test work did not provide enough assurance that the risk of unequal pay did not exist in the rest of the population.

FINDING 2: The Office of Human Resources Should Strengthen Its Review of How Agencies Allocate Merit Increases to Ensure They Comply with City Rules

- The Office of Human Resources does not adequately review city agencies' merit increase allocations to ensure their compliance with city rules. Without adequate review, some employees may receive an incorrect merit increase.
- To determine whether city agencies consistently followed their own merit increase methodology, we obtained each agency's allocation methodology for the six agencies we reviewed and used them to calculate the raises agencies should have given each of their employees based on their performance ratings. We then compared those numbers to the raises the agencies actually gave their employees. We found that 111 instances in five out of six agencies — or about 2% — of the 5,536 employee merit increases we reviewed did not align with agency methodologies resulting in 108 overpayments and underpayments.

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