
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Comparative Compensation Analysis for the Position of City Auditor

OVERVIEW

On June 15, 2009, the Audit Committee adopted a motion forwarding the FY 2010 City Auditor compensation memorandum with proposed amendments to the City Council for approval. The Audit Committee further directed the Independent Budget Analyst to conduct a comparison of city auditor compensation prior to the November 9th meeting where the City Auditor's performance would be evaluated. City Charter Section 39.1 requires the Audit Committee to conduct an annual performance review of the City Auditor and recommend his annual compensation to the City Council. The IBA has reviewed auditor compensation and auditor operations at other large cities and counties within California, as well as comparably sized cities outside of California. The results of our comparison are presented in the Attachment to this report. Other factors which can be considered in assessing auditor compensation are also briefly raised in this report for consideration.

FISCAL/POLICY DISCUSSION

Auditor Compensation Comparison (see Attachment)

The Attachment to this report entitled Auditor Compensation Comparison provides comparative information for cities/counties within California and for select cities outside of the State. Based on population, the IBA selected the largest cities/counties within California for the comparison. For cities outside of the State, we selected cities whose populations were just above and below that of San Diego. In addition to providing auditor compensation data, the Attachment provides the following comparative information: size of the entire operational budget for FY 2010 (reflecting the magnitude of the operations subject to audit); the title of the chief audit executive and who they report to; the number of budgeted audit employees; and the time that the chief audit executive has been in their current position.

The average salary for chief audit executives is presented for California cities and counties, and for other comparable cities outside of the State. To simplify the comparison, the Attachment simply provides salary data for the chief audit executive and excludes other forms of executive benefits/compensation (vehicle allowance, management leave, pension, etc.). It should also be noted that most of the public agencies we contacted were experiencing varying degrees of fiscal distress. Several were not filling all of their budgeted audit positions (i.e., the City of Los Angeles currently only has 23 of 43 budgeted audit positions filled).

Other Factors That Can Be Considered in Assessing Compensation

The nature of internal audit work is similar in terms of the processes and protocols followed; however, organizational differences and circumstances surrounding internal audit operations can vary from one agency to the next. There are no “perfect” comparisons for purposes of evaluating chief audit executive compensation. Numerous factors may influence a compensation decision.

In an effort to identify other factors and considerations that can influence auditor compensation, the IBA solicited feedback from the City’s Personnel Department, auditors in other jurisdictions and our City Auditor. Comments relating to these “other” factors are listed below for Audit Committee consideration:

- Experience, accomplishments and achievements of the chief audit executive.
- Compensation relative to agency department heads and/or comparable appointees.
- Complexity of audit operations or other special circumstances.
- Unique requirements of, or expectations for, the chief audit executive.
- Ultimate or shared (i.e., under an elected auditor/controller) responsibility for audit operations.
- Cost of living in the area if relocation makes it relevant.
- Other executive benefits (pension, healthcare, paid leave, holidays, etc).

CONCLUSION

In response to direction from the Audit Committee, the IBA has conducted a comparison of compensation and related data for chief audit executives at comparable public agencies. Auditor compensation data and other related information are presented in the Attachment to this report. We have also raised other factors (above) for consideration in evaluating compensation for chief audit executives. The IBA makes no recommendation regarding the appropriate level of compensation for the City Auditor. The information within this report is presented for Audit Committee consideration.

[SIGNED]

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[SIGNED]

APPROVED: Andrea Tevlin
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Attachment