



STATE OF ARKANSAS
**Department of Finance
 and Administration**

**OFFICE OF PERSONNEL MANAGEMENT
 Administrator's Office**

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<http://www.state.ar.us/dfa>

June 8, 2012

Senator Michael Lamoureux, Co-Chair
 Representative Bryan King, Co-Chair
 Uniform Personnel Classification and
 Compensation Plan Subcommittee
 Arkansas Legislative Council
 State Capitol Building, Room 315
 Little Rock, Arkansas 72201

Gentlemen:

The Office of Personnel Management submits a request from the Arkansas Department of Finance and Administration to continue previously approved salary structures and administrative plans for Arkansas Tax Auditors, CAFR Accountants, and Internal Audit units pursuant to Arkansas Code 21-5-222 (a)(1) which states:

A state agency or institution may request that a salary administration grid be approved for specific classifications of positions assigned to the career service compensation plan if the:

- (A) State agency or institution has documented the need for a salary administration grid for specific positions or classifications*
- (B) Terms and conditions of a grid proposed by the agency or institution address the needs of the targeted positions*
- (C) Cost of implementing and maintaining a salary administration grid is within the agency's or institution's existing appropriation and implementation does not use funds specifically set aside for other programs within the agency or institution; and*
- (D) Salary administration grid has been approved by the Chief Fiscal Officer of the State after review by the Personnel Committee.*

DFA – Revenue Division has requested continuation of a previously approved salary administration for the following classifications:

<u>TITLE</u>	<u>CLASS CODE</u>	<u>GRADE</u>
Tax Auditor	A059C	C119
Tax Auditor II	A054C	C120
Tax Auditor Supervisor	A033C	C123

This grid incorporates education levels, certification, performance, and years of service for employees in these classifications and provides up to 9% base salary annual increase if criteria are met and for an additional 6% certification differential for earning and maintaining Certified Public Accountant status. The progression plan for Tax Auditors is attached.

Senator Michael Lamoureux, Co-Chairman
Representative Bryan King, Co-Chairman
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DFA – Office of Accounting has requested continuation of a previously approved salary administration for the following classifications:

<u>CLASS CODE</u>	<u>TITLE</u>	<u>GRADE</u>	<u>ENTRY RATE</u>	<u>PREVIOUSLY APPROVED ENTRY SALARY</u>
A089C	Accountant I	C116	\$30,713	\$42,386
A058C	DFA CAFR Accountant	C120	\$37,332	\$51,124
A025C	DFA Accounting CAFR Coordinator	C125	\$47,646	\$62,719
A017C	DFA CAFR Accounting Manager	C127	\$52,530	\$68,032
A066C	Internal Auditor	C119	\$35,554	\$49,067
A060C	Senior Auditor	C119	\$35,554	\$49,067
A007C	Audit Manager	C129	\$57,914	\$73,776

The previously approved grid that reflects hiring rates for new employees is attached. These applicants will have their background assessed and may be hired up to the midpoint based on their credentials. Additionally, employees who have above average or better performance have been eligible for a base salary increase up to 9% during their first two years of employment in each classification listed above.

The turnover rates from July 1, 2011 to present have been 23.4% for the Tax Auditor classifications, 14% for CAFR Accounting classifications, and 22% for Internal Audit classifications.

DFA is also requesting continuation of certification pay of 6% for the following certifications:

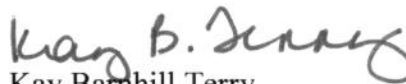
- Certified Public Accountant
- Certified Government Finance Manager
- Certified Internal Auditor

DFA has provided two certification differentials to employees in the above mentioned classifications at a cost of \$8,440.

The Office of Personnel Management recommends continuation of the previously approved salary grid and certification differentials as listed above.

Your approval of this request is greatly appreciated.

Sincerely,


Kay Barnhill Terry
State Personnel Administrator



Chief Fiscal Officer of the State

MAY 31 2012

Date

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Representative Bryan King, Co-Chairman
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STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF ADMINISTRATIVE SERVICES

Human Resources
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Little Rock, AR 72203-2485
Phone: (501) 324-9065
Fax: (501) 683-2174
<http://www.arkansas.gov/dfa>

May 22, 2012

Kay Terry, Administrator
Office of Personnel Management
Department of Finance and Administration
1509 West 7th Street, Suite 201
Little Rock, AR 72201

Dear Ms. Terry:

The Department of Finance and Administration requests review and approval to continue the attached special rates of pay/special pay plans for the 2013-2015 biennium for the following:

- DFA – Office of Field Audit for their Tax Auditors, Tax Auditor IIs, and Tax Auditor Supervisors
- DFA – Office of Accounting for specific positions within the CAFR and Internal Audit groups

Continuation of the previously approved plans will assist in our continuous efforts toward recruiting and retaining the most qualified applicants for the agency.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Amy K. Valentine".

Amy Valentine
DFA Human Resources Manager

RECEIVED

MAY 22 2012

**OFFICE OF PERSONNEL MGMT
CLASS & COMP**

DFA - Office of Field Audit, 2013-2015
Tax Auditors - Special Rates of Pay

The Revenue Division requests review and approval of this proposed plan to implement special rates of pay for three classifications of employees (1) Tax Auditor, (2) Tax Auditor II and (3) Tax Auditor Supervisors. This plan is for purposes of hiring and retention of qualified individuals.

This proposal will be implemented at the discretion of the DFA Director and will be based on the availability of revenues.

In previous bienniums, the Tax Auditor, Tax Auditor II, and Tax Auditor Supervisor classifications were experiencing an excessive turnover rate. Almost without exception, the auditors liked their jobs but simply could not refuse the more attractive salaries being offered by the private sector and other state agencies.

The result of this turnover was that an auditor was lost to the private sector just at the time they had received enough training and experience to not only have confidence in themselves but also to have the trust and confidence of management in performing more technical and complex work assignments. Our work is becoming more and more technical and complicated and it simply takes a trained and experienced auditor to properly handle. When these auditors are lost to other higher paying positions, the departments loses. It takes three or more years to replace the experience and the resulting competency and expertise lost solely because of not being competitive in salary.

During the current biennium and previous bienniums, a pay plan like the one being requested for the 2009-2011 biennium caused the turnover rate to drop to a more reasonable level.

1. Tax Auditor, Class C119

Request – After twelve (12) months of service as a Tax Auditor, receipt of an "Above Average" (AA) rating on the Employee Performance Evaluation and a recommendation by the Audit Supervisor, District Manager, and Administrator, the Tax Auditor will be eligible for up to a 6.0% salary increase.

2. Tax Auditor II, Class C120

Request – After thirty (30) months of service (24 months as Tax Auditor and 6 months as a Tax Auditor II) , the receipt of an "Above Average" (AA) rating

on the Employee Performance Evaluation and a recommendation from the Audit Supervisor, District Manager, and Administrator, the Tax Auditor II will be eligible to receive up to a 9% salary increase. At the mid-point of each subsequent year of service the Tax Auditor II will be eligible to receive up to a 9% salary increase.

The maximum salary that can be reached by a Tax Auditor II for purposes of the special rates of pay will be the salary shown at the Maximum Pay Level for this position (C120).

3. Tax Auditor Supervisor, C123

Employees classified as Tax Auditor Supervisor will maintain the customary salary difference from a Tax Auditor II.

Request - At the mid-point of each year of service the Tax Audit Supervisor will be eligible to receive up to a 9% salary increase. The Tax Audit Supervisor must receive an "Above Average" (AA) rating on their Employee Performance Evaluation and a recommendation by the District Manager and Administrator.

The maximum salary that can be reached by a Tax Audit Supervisor for purposes of the special rates of pay will be the salary shown at the Maximum Pay Level for this position (C123).

4. Special Qualifications – Advanced Accounting Certifications

Employees that earn advanced accounting certifications have demonstrated their knowledge and abilities and are singled out for special recognition within the accounting profession. The private sector recognizes by paying a higher salary for this demonstrated ability. Taxpayers recognize a state employee that has earned an advanced accounting certification for their extra knowledge and understanding of accounting and their abilities by showing more confidence in their work and more respect toward the auditor. In turn, the entire audit staff gains creditability.

Request – In accordance with Act 1017 of 2011 a Tax Auditor, Tax Auditor II or Tax Auditor Supervisor that earns certification as a Certified Public Accountant (CPA) and maintains an active Arkansas CPA license will be eligible for a one time salary increase of up to a 6% if they have not already received this salary recognition.

Tax Auditors, Tax Auditors II and Tax Auditor Supervisors who prior to Act 1017 of 2011 earned certification as a Certified Public Accountant and have maintained an active Arkansas CPA license will be reviewed for benefits that may be available in accordance with Act 1017 of 2011.

Any Tax Auditor, Tax Auditor II or Tax Auditor Supervisor that earns an advanced "tax" related degree or designation such as a Master's of Accounting Degree or a Certified Internal Auditor certification will be eligible for up to a 3% salary increase if they have not already received this salary recognition.

The amount of these increases will be added to the maximum salaries of this pay plan as described to prevent the recognition from disappearing.

This proposed pay plan is patterned after the plans in effect during previous bienniums and covers both years of the biennium.

The intention of this plan is to be reasonably competitive with the private sector and is considered very vital in maintaining the current professional level of competency and ability of our audit staff.

Proposed Special Pay Plan for the Department of Finance and Administration – Office of Accounting (DFA-OA) 2013-2015

The Legislature has established criteria for the implementation of special rates of pay under Act 688 of 2009. The Office of Accounting has previously received approval to use special entry rates for its positions that support the Comprehensive Annual Financial Report (CAFR). The proposed plan incorporates the requirements of Act 688 into a professional development matrix that has supported this office since fiscal year 2002.

The current plan request is to hire at Midpoint of the Career Service Pay Plan instead of the Minimum. This reflects the current salaries the Office of Accounting has been required to pay to attract qualified applicants to perform these jobs. As in the prior year we have included three positions that work in the Internal Audit group within the Office of Accounting. The technical nature of the work performed by these positions requires us to attract and retain Certified Public Accountants or Certified Internal Auditors for these positions to properly assist other State agencies. Passing the Certified Government Finance Manager exam demonstrates the individual understands the differences between governmental accounting and corporate accounting.

Special Rates of Pay

The Office of Accounting requests review and approval of this proposed plan to implement special rates of pay for two distinct groups of accounting professionals within our office. The two distinct groups of accounting professionals within the Office of Accounting are:

CAFR Group: The CAFR group has the responsibility of providing a pre-audit analytical review of all State agency financial statements, compilation of those statements into the State of Arkansas's Comprehensive Annual Financial Report, and the production of the Schedule of Federal Awards each year. The skill sets necessary to produce these reports are the same as those for people doing SEC reporting such as Dillards and Walmart.

Internal Audit Group: The Internal Audit group performs both financial and compliance audits and consulting services to State agencies. Their work is governed by the Institute of Internal Auditors and the American Institute of Certified Public Accountants.

Certifications: Because the nature of work performed by the positions within the pay plan require knowledge demonstrated by being certified as either a Certified Public Accountant or a Certified Internal Auditor, a current employee who is already in one of the CAFR Group positions included in this pay plan shall receive 6% salary increase upon passing either the Certified Public Accountant, Certified Internal Auditor, or the Certified Government Finance Manager exams and a current employee who is already in one of the Internal Audit Group positions included in this

pay plan shall receive a 6% salary increase upon passing either the Certified Public Accountant, Certified Internal Auditor or Certified Government Finance Manager exams.

The following job class codes are authorized to pay up to the midpoint salary of the Career Service Pay Plan as a starting rate of pay if the Minimum Qualifications (as determined by the Office of Personnel Management), and the additional qualifications specified below are met by the perspective candidate for the job.

CAFR GROUP:

A089C, ACCOUNTANT I, GRADE C116: Midpoint \$42,386

Minimum Qualifications as determined by OPM. Additionally, candidate must have three years' general accounting experience with a full general ledger system.

For the first two years of service in this category the employee will be eligible for a 6% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Assistant Administrator – CAFR Group.

A058C, DFA CAFR ACCOUNTANT, GRADE C120: Midpoint \$51,124

Minimum Qualifications as determined by OPM. Additionally, candidate must have two years of general accounting experience with a full general ledger system or one year of audit experience.

For the first two years of service in this category the employee will be eligible for a 6% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Assistant Administrator – CAFR Group.

A025C, DFA ACCOUNTING CAFR COORDINATOR, GRADE C125: Midpoint \$62,719

Minimum Qualifications as determined by OPM. Additionally, candidate must be a **Certified Public Accountant**.

For the first two years of service in this category the employee will be eligible for a 9% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Assistant Administrator – CAFR Group.

A017C, DFA CAFR ACCOUNTING MANAGER, GR C127: Midpoint \$68,032

Minimum Qualifications as determined by OPM. Candidate must have additional three years' experience in preparation of financial statements or two years' audit experience. Additionally, candidate must be a **Certified Public Accountant**.

For the first two years of service in this category the employee will be eligible for a 9% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Assistant Administrator – CAFR Group.

INTERNAL AUDIT GROUP:

A066C, INTERNAL AUDITOR, GRADE C119: Midpoint \$49,067

Minimum Qualifications as determined by OPM. Additionally, candidate must be eligible to sit for the Certified Public Accountant or Certified Internal Auditor examination.

For the first two years of service in this category the employee will be eligible for a 6% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Administrator – Internal Audit.

A060C, SENIOR AUDITOR, GRADE C119: Midpoint \$49,067

Minimum Qualifications as determined by OPM. Additionally, candidate must be eligible to sit for the Certified Public Accountant or Certified Internal Auditor examination.

For the first two years of service in this category the employee will be eligible for a 6% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Administrator – Internal Audit.

A007C, AUDIT MANAGER, GRADE C129: Midpoint \$73,776

Minimum Qualifications as determined by OPM. Additionally, candidate must be a **Certified Public Accountant** or **Certified Internal Auditor** with two additional years of audit experience.

For the first two years of service in this category the employee will be eligible for a 9% salary increase if they receive an "Above Average" or better performance evaluation and recommendation from the DFA Administrator – Internal Audit.