



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE

Citywide Hiring Practices Involving
Unclassified Employees

Report No. 25-22-116F

Date: April 9, 2025

INTRODUCTION

The Office of Internal Audit (OIA) issued report No.22-116, “Citywide Special Audit – Hiring Practices Involving Unclassified Employees” on October 19, 2022. OIA completed a follow-up to determine the corrective actions that City Administration and the Human Resources Department (HRD) have taken in response to the report. The report contains three (3) recommendations that have been implemented and are now considered closed and five (5) which remain open.

BACKGROUND

OIA completed a performance audit of the City of Albuquerque’s (City) hiring practices involving unclassified employees. This audit was included in OIA’s fiscal year 2022 audit plan. The scope period for this audit was from July 1, 2015 to June 30, 2022, with specific detailed testing including fiscal year 2021 through fiscal year 2022. The audit objectives were as follows:

- Determine whether sufficient controls are in place to ensure fair, uniform, and transparent selection of the best-qualified employee for positions.
- Determine whether unclassified employees meet the minimum education and experience requirements for their positions.
- Evaluate the trend in the number, types, and compensation of classified and unclassified positions in the city.

According to Article X of the City’s Charter:

It is necessary for the optimum functioning of the Mayor-Council form of government that the city maintain a merit system governing the hiring, promotion, discharge and general regulations of employees. The Mayor and Council shall maintain by ordinance, and the Mayor administer, a merit system which shall include as a minimum, reasonable provisions establishing:

- Classified and unclassified service;
- Methods of service rating of classified employees
- Methods of initial employment, continuation thereof and promotion, recognizing efficiency and ability as the applicable standards
- Appropriate grievance and appeal procedures for classified employees; and
- An active personnel board composed of individuals not employed by the city.

Follow-Up
 Special Audit – Citywide Hiring Practices Involving Unclassified Employees
 Human Resources Department
 April 9, 2025

25-22-116F

In accordance with the City's Charter, the City's Merit System Ordinance establishes the framework for the administration of the City's personnel system.

The Chief Administrative Officer:

- Is responsible for the administration of the merit system
- Is authorized to establish Rules and Regulations to implement the system.

The City's Personnel Rules and Regulations:

- Were promulgated to interpret and implement the Merit System Ordinance
- Establish the policies and practices which govern the hiring, promotion, and discharge of employees
- Provide for the general conditions of city employment.

The Director of Human Resources, under the general direction of the Chief Administrative Officer (CAO), is responsible for directing all administrative and technical activities of HRD, including preparing, installing, and maintaining a classification plan based on the duties, authority, and responsibility of positions in the city service; another responsibility for the Director is to prepare and maintain a pay plan corresponding to the classification plan, with approval from the CAO.

Classification of City Employees

All City employees are divided into unclassified service and classified service. Unclassified employees are considered at-will and serve at the discretion of the CAO, meaning they may be terminated with or without cause. As a result, unclassified employees do not have what is referred to as "property rights" in their job. On the other hand, employees with a property interest in their job (i.e., classified employees) cannot be deprived of their employment—discharged or suspended—without due process.

The City's classified service is comprised of all employees except those who are specifically placed in the unclassified service. The City's Merit System Ordinance outlines the following unclassified positions, which have no property interest in continued unclassified employment and may be dismissed for any or no reason:

- Chief Administrative Officer and Deputy Chief Administrative Officers
- Secretaries and assistants to the Mayor and Chief Administrative Officer
- City Attorney and Assistant City Attorneys
- The City's Public Information Office
- City Clerk/Recorder
- Administrative heads of departments as established in the city's organizational structure, physicians, veterinarians
- Temporary and seasonal employees
- Part-time employees employed for less than 20 hours per week
- Administrative heads of agencies or special programs sponsored by the city and defined as unclassified by the Chief Administrative Officer
- Any position designated as unclassified by the Chief Administrative Officer.

Follow-Up
Special Audit – Citywide Hiring Practices Involving Unclassified Employees
Human Resources Department
April 9, 2025

25-22-116F

Employment Process

Most classified positions are required to be advertised, whereby a competitive examination process is conducted in order to identify qualified applicants strictly based on their ability to do the job, meaning on the person's "merit." In order to receive a regular classified position, employees must meet minimum qualifications for the position and successfully complete a probationary period. Unclassified positions are exempt from such requirements.

Process for Creating or Reclassifying Positions

A position review (also called a desk audit) is a critique of the duties, responsibilities, and qualifications of a position by HRD. It is not a review or evaluation of the person holding the position. As a result of a desk audit, a position may be reclassified to a different classification and grade within the existing classification plan.

A request to create a new position must be made by the department director through the submittal of a Position Control Form to the HRD, who evaluates the functions of the new position and determines the classification. All forms are required to be reviewed and approved by the Budget Office and the CAO.

Further information pertaining to the audit scope, limitations, and methodology can be found in Appendix A of the original audit report.

The following issues were identified as part of the original audit:

- The City's expanded use of unclassified positions often prioritizes efficiency over economy and equity, and
- The hiring process for unclassified positions lacks reasonable oversight to ensure employees are generally qualified for the position.

In addition, the audit found the City's use of unclassified positions increased 97 percent, from 314 to 620, in the period of fiscal year 2015 to fiscal year 2022. While the City's annual budget details the total number of budgeted full-time positions, it does not indicate how many of those positions are classified and unclassified, which would provide for greater transparency and oversight.

Lastly, out of a sample of 75 employees in unclassified positions, 55 (73 percent) did not disclose whether they had relatives that worked for the City. The audit identified three employees that reported having relatives that worked for the city on their application; however, an associated Relative Statement was not on file.

Follow-Up
Special Audit – Citywide Hiring Practices Involving Unclassified Employees
Human Resources Department
April 9, 2025

25-22-116F

FOLLOW-UP OBJECTIVE

The objective of this follow-up was to determine whether City Administration and HRD have taken the corrective actions recommended in OIA's October 19, 2022 audit report. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or attestation engagements. Therefore, City Administration and HRD are responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact, and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the original audit report dated October 19, 2022 through the submission of actions on December 10, 2024.

METHODOLOGY

To achieve the objective, OIA:

- Obtained documentary evidence from HRD.
- Reviewed twelve (12) out of thirty-two (32) pay adjustments as of July 2024.
- Verified the status of the recommendations that HRD had reported as implemented.
- Interviewed HRD staff to understand and verify the status and nature of the corrective actions taken.
- Performed an analysis on unclassified vs classified positions from September 2022 through February 2025.
- Examined nineteen (19), or 100% percent, of all position classification electronic forms as of HRD's implementation date of 11/24/2025.
- Of the nineteen (19) position classification electronic forms, checked four (4), or 100% percent, of the unclassified positions to determine whether the position was filled and whether the employee filling the position had a completed job application on file noting whether they had a relative working for the city or not.

RESULTS

All pay adjustments had the required justification to support the business need. All position classification electronic forms were compliant with the new guidance. Relative Statements were on file, where applicable. Refer to **Appendix A** for the analysis on unclassified vs classified positions.

Of the eleven (11) recommendations addressed in the original audit report, one (1) was contested, five (5) have been implemented and are now considered closed and five (5) which remain open. See **ATTACHMENT 1**.

Follow-Up
Special Audit – Citywide Hiring Practices Involving Unclassified Employees
Human Resources Department
April 9, 2025

25-22-116F

SUBMITTED:

DocuSigned by:
Vanessa Meske
FEF77AB7F20B4DD...

Vanessa Meske, Lead Auditor
Office of Internal Audit

REVIEWED/APPROVED:

DocuSigned by:
Marisa Vargas
0F462D006A1E4C8...

Marisa C. Vargas, Interim City Auditor
Office of Internal Audit

APPROVED FOR PUBLICATION:

Signed by:
Victor Griego
9BE5D783165C46C...

Victor Griego, CPA
Accountability in Government Oversight Committee Chairperson

ATTACHMENT 1

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
<p>Recommendation #1:</p> <p>Continue its efforts to conduct a classification and compensation study by an external consultant.</p>	Human Resources Department	<p>“The Classification and Compensation study is complete. The implementation is a multiyear approach and is budget dependent. The final report became available 7/10/2024 to employees and is available on ewebb. https://eweb.cabq.gov/Lists/Announcements/DispForm.aspx?ID=7384</p> <p>Estimated Completion:</p> <p>“July 30, 2024”</p>	<p>OIA confirmed that external consultant Evergreen Solutions, LLC completed the “<i>Compensation and Classification Study for the City of Albuquerque, New Mexico</i>”, on July 1, 2024, and it is available on the employee website.</p> <p>The report includes: a Summary Employee Outreach; an Assessment of Current Conditions; a Market Summary; and overall Recommendations.</p> <p>After reviewing this evidence provided and corroborating it against the stated department actions, this recommendation is considered closed.</p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
<p>Recommendation #2:</p> <p>Evaluate whether provisions of the Merit System Ordinance and the Personnel Rules and Regulations,</p>	Human Resources Department	<p>“HRD has evaluated this recommendation and we do not intend to change the Merit System Ordinance. However, we are making revisions to Personnel Rules and</p>	<p>In reference to the Merit System Ordinance and the Personnel Rules and Regulations, the Chief Administrative Officer has the responsibility for the</p>	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
<p>including the provision regarding the Chief Administrative Officer's ability to designate any position as unclassified, should be modified to be better reflective of the City's current hiring activities.</p>		<p>Regulations which are currently with the unions.”</p> <p>Estimated Completion:</p> <p>“TBD”</p>	<p>administration of the merit system along with the authority to establish Rules and Regulations to implement the system. The primary risk concern was the Chief Administrative Officer's ability to designate any position as unclassified. While HRD does not intend to change the Merit System Ordinance, OIA performed a data analysis of all new hired employees, classified and unclassified, from September 2022 through January 31, 2025. Further information can be found in Appendix A.</p> <p>After reviewing the stated department actions, this recommendation will remain open in an effort to examine the revised Personnel Rules and Regulations once completed.</p>	

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
<p>Recommendation #3:</p> <p>Enhance the collection and maintenance of classification detail for budgeted and filled positions.</p>	<p>Human Resources Department</p>	<p>“The electronic form development to collect the classification detail was created and rolled-out to HRC’s on 11/27/24. The E-Form is located in the City’s HRIS system, PeopleSoft so that new position requests can be submitted through this form.</p> <p>Attached is the Job Aid about this form along with screen shots to show the criteria required to collect the classification detail in order for us to classify and evaluate our jobs more effectively.</p> <p>SOP’s will be developed upon the final approval of Rules & Regs, section 600 & 700.”</p> <p>Documentation: Evaluate Position Classification Review Electronic Form</p> <p>Estimated Completion: “TBD”</p>	<p>OIA examined HRD’s “Evaluate Position Classification Review Electronic Form (E-Form),” and confirmed it is located in the City’s Human Resource Information System. It details a fifteen-step process including, but not limited to: indicating whether the request is for a filled position (i.e., desk audit), or a new position; determining the essential functions of the position, such as the percent of time to an essential function; the position details, such as the minimum education and work requirements; identifying complexity, supervision, and decision-making impacts; current against proposed organizational charts; and the overall review and approval route.</p> <p>Since this a newly developed process, OIA examined nineteen (19), or 100% percent, of all position classifications as of HRD’s implementation</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
			<p>date of 11/24/2024.</p> <p>Through live observation of Peoplesoft with HRD, OIA determined that 100% percent of these position classifications were compliant with the new e-form guidance. Each contained the aforementioned requirements and had the appropriate levels of review and approval.</p> <p>After reviewing this evidence provided and corroborating it against the stated department actions, this recommendation will remain open in an effort to examine the revised Personnel Rules and Regulations once completed.</p>	

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
<p>Recommendation #4:</p> <p>Revise the Personnel Policy to prohibit the creation of unclassified positions to validate paying employees higher salaries when their job duties and responsibilities were similar in complexity to that of existing classified positions.</p>	Human Resources Department	<p>“The new E-Form process increases our ability to compare essential functions of proposed positions to existing positions. This also gives us the information we need to benchmark and price these positions.”</p> <p>Estimated Completion:</p> <p>“TBD”</p>	Same conclusion as noted in Recommendation #2.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
<p>Recommendation #5:</p> <p>Require that requests for pay adjustments for employees in unclassified positions be supported by a written justification explaining the business need for the salary increase, as well as the Fiscal Impact of the Position Upgrade/Modification form detailing the fiscal years’ reductions identified to offset the salary increase.</p>	Human Resources Department	<p>“Pay adjustments for employees are currently being submitted by departments to the Class & Comp division for appropriate benchmarking per AI 7-1.</p> <p>HRD requires that the department provides a justification for the increase, as well as a fiscal impact form (FIA).</p> <p>Note: The fiscal impact form and process is managed by the Budget Division. HRD does not have the oversight of the</p>	<p>Per <i>Administrative Instruction (AI) No. 7-1, Section II Compensation</i> – “All wage adjustment requests to base pay must be submitted to HRD – Classification and Compensation Division.”</p> <p>OIA examined twelve¹ (12) out of thirty-two (32) pay adjustments as of July 2024 and confirmed that the requesting department director provided the Chief Administrative Officer with a formal written request and justification for</p>	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

¹ Ten (10) were randomly selected and (2) were judgmentally selected.

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
		<p>information required on the FIA.</p> <p>Due to the number of E-Forms the HRD and ERP created, we had to adjust the roll-out timing of most forms. The build for the salary increases E-Form will begin FY26.</p> <p>SOP's will be developed upon the final approval of Rules & Regs, section 600 & 700."</p> <p>Estimated Completion:</p> <p>"TBD"</p>	<p>the pay adjustments. HRD has these documents filed appropriately.</p> <p>Note: OIA recognizes that the Finance & Administrative Services Department (DFAS) is responsible for the oversight of the fiscal impact form. As a result, it was not included in OIA's above noted examination.</p> <p>After reviewing this evidence provided and corroborating it against the stated department actions, this recommendation will remain open in an effort to examine the revised Personnel Rules and Regulations along with the unique pay adjustment standard operating procedures once completed.</p>	
<p>Recommendation #6:</p> <p>Develop policies to ensure that salaries for the unclassified positions are not greater than that to which the employee would be entitled</p>	Human Resources Department	"All wage adjustments are submitted to HRD for appropriate benchmarking, this includes unclassified positions, per AI 7-1.	Same conclusion as noted in Recommendation #5.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
under the City's classified pay plan or benefits schedule.		SOP's will be developed upon the final approval of Rules & Regs, section 600 & 700." Estimated Completion: "TBD"		
Recommendation #8: Develop policies that specify when and where applications and/or resumes should be kept on file for employees hired in unclassified positions.		"Action complete, checklist and process provided in June of 2024." Documentation: Administrative Instruction No. 7-68 City of Albuquerque Hiring Process Estimated Completion: "June 2024"	OIA examined <i>Administrative Instruction (AI) No. 7-68 – City of Albuquerque Hiring Process</i> , and confirmed that it provides guidance on the hiring process to ensure consistency and equity within the city's hiring practices. The AI includes, but is not limited to: job description validation; posting timeframe; applicant review; selections for interview; interview process; selection for hire; to the overall job offer. It also details where this documentation should be filed appropriately for both classified and unclassified positions. After reviewing this	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
			evidence provided and corroborating it against the stated department actions, this recommendation is considered closed.	
<p>Recommendation #9:</p> <p>Develop policies that specify the frequency at which employees in unclassified positions are required to complete the Relative Statement disclosure form and where completed forms should be retained.</p>		<p>“Employment verifies if the relative statement is applicable to the unclassified hire and requests the memo. This practice already exists within the NEOGOV application process.”</p>	<p>While OIA recognizes that all citywide applications require applicants to specify whether they have relatives that work for the city, the original audit report found three (3) instances where the required Relative Statement disclosure form did not exist for employees that claimed to have a relative working for the city². Therefore, out of the nineteen (19) recent position classifications (e-forms), OIA examined four (4), or 100% percent, of the unclassified position classifications to determine whether: the positions are filled and if the employee fulling the position had a completed job application on file notating whether</p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

² These instances were investigated by HRD during a previous OIA Monitoring Activity, where OIA confirmed they were no longer an issue.

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
			<p>they had a relative working for the city or not. The positions and conclusions are as follows:</p> <ul style="list-style-type: none"> - Position No. 10010308 Special Council was filled and the employee notated on their application to not have a relative working for the city, eliminating the need of the Relative Statement disclosure form; - Position No. 10005323 Smart Cities Specialist was filled and the employee notated on their application to have a relative working for the city. OIA verified that the Relative Statement disclosure form was completed, and also confirmed that this employee and their relative do not work in the same department. 	

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
			<ul style="list-style-type: none"> - Position No. 10000568 Albuquerque Police Department (APD) Chief of Staff was not filled, resulting in no further examination, and - Position No. 10009180 Managing Attorney was filled via an appointment. According to HRD, when employees are appointed, HRD collects their resumes and <i>Recommendation for Hire Checklist</i>, where similar to applications, this checklist also requires the employee to notate whether they have a relative working for the city. In this instance, the employee notated to not having a relative working for the city, eliminating the need of the Relative Statement disclosure form. 	

Recommendations	Responsible Agency	Department Response as of December 2024	OIA Conclusion	<u>OIA Use Only</u> Status Determination
			After reviewing this evidence provided and corroborating it against the stated department actions, this recommendation is considered closed.	

Appendix A

Analysis of Unclassified and Classified Positions

Unclassified Positions Filled

An analysis was conducted on the number of unclassified positions in the City of Albuquerque that were hired and re-hired between September 2022 and February 2025. This review focused on hiring trends by fiscal year and City department. By examining the data at the departmental level, the analysis aimed to identify notable shifts and trends in unclassified position staffing. The table below presents the number of unclassified employees hired and re-hired by department and fiscal year³ for this period.⁴

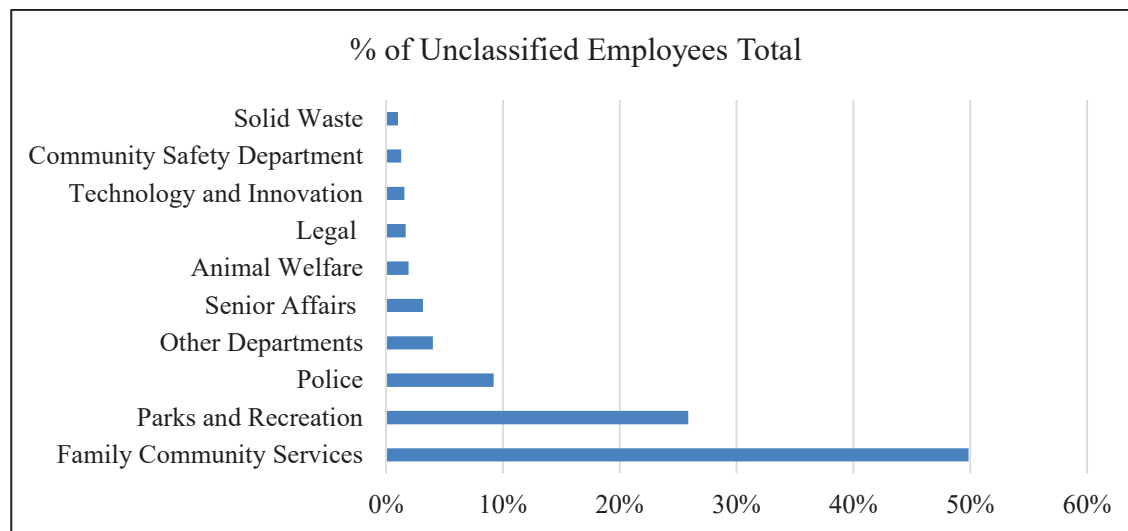
Number of Unclassified Positions Filled Each Fiscal Year by Department				
Department	FY23	FY24	FY25	% of Total
Family Community Services	528	510	51	50%
Parks and Recreation	225	271	69	26%
Police	75	94	32	9%
Other Departments ⁵	26	50	21	4%
Senior Affairs	36	29	4	3%
Animal Welfare	10	24	8	2%
Legal	12	19	6	2%
Technology and Innovation	7	19	8	2%
Community Safety Department	15	7	6	1%
Solid Waste	2	20	0	1%
Total	936	1043	205	100%

During this period, the highest number of unclassified employees, including both new hires and re-hires, were added to the Family Community Services Department, Parks and Recreation Department, and Police Department. Collectively, these three departments accounted for approximately 85 percent of all unclassified positions filled, as illustrated in the chart below. Specifically, the Family Community Services Department added 1,089 unclassified employees, the Parks and Recreation Department added 565, and the Police Department added 201.

³ Although each column is labeled as 'FY', it does not represent the full fiscal year. The data analyzed covers the period from September 2022 through February 2025. As a result, the data for fiscal year 2023 spans approximately 10 months, while the data for fiscal year 2025 covers approximately 8 months.

⁴ This table was created by the auditor using employee data sourced from PeopleSoft.

⁵ Other departments include those that accounted for less than one percent of total unclassified positions during the period from September 2022 to February 2025.



Classified Positions Filled

In addition to analyzing unclassified positions, the number of classified positions hired and rehired in the City of Albuquerque from September 2022 through February 2025 was also examined. This analysis involved examining the hiring trends by fiscal year and City department. By breaking down the data by department, the analysis aimed to identify any significant shifts and trends in classified position staffing. The table below displays the number of classified employees hired and rehired by department and fiscal year⁶ for the period from September 2022 through February 2025⁷.

Number of Classified Positions Filled Each Fiscal Year by Department				
Department	FY23	FY24	FY25	% of Total
Police	122	218	112	20%
Solid Waste	85	116	84	13%
Transit	73	131	43	11%
General Services	46	73	29	7%
Cultural Services	67	60	21	7%
Fire	42	74	30	6%
Aviation	25	61	26	5%
Municipal Development	37	43	32	5%
Senior Affairs	42	44	23	5%
Parks and Recreation	26	38	33	4%
Family Community Services	14	48	19	4%
Planning Department	26	34	18	3%
Department	FY23	FY24	FY25	% of Total
Community Safety Department	19	36	19	3%
Animal Welfare	27	37	7	3%
Other Departments ⁸	19	29	26	3%

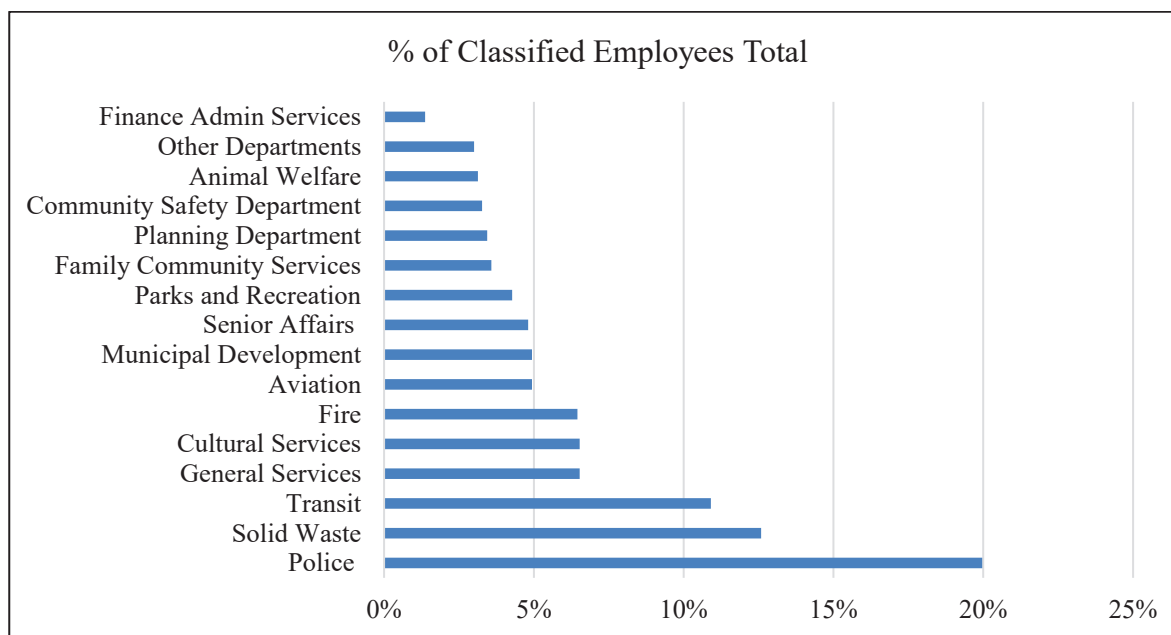
⁶ Although each column is labeled as 'FY', it does not represent the full fiscal year. The data analyzed covers the period from September 2022 through February 2025. As a result, the data for fiscal year 2023 spans approximately 10 months, while the data for fiscal year 2025 covers approximately 8 months.

⁷ This table was created by the auditor using employee data sourced from PeopleSoft.

⁸ Other departments include those that accounted for less than one percent of total unclassified positions during the period from September 2022 to February 2025.

Finance Admin Services	10	13	8	1%
Total	680	1055	530	100%

The largest number of classified employees hired and rehired during this period were in the Police Department, Solid Waste Department, and Transit Department, which together accounted for approximately 43 percent of the classified positions filled. This is illustrated in the chart below. Specifically, 452 classified employees were added to the Police Department, 285 to the Solid Waste Department, and 247 to the Transit Department.



Position Transfers and Changes in Salary

Between September 2022 and February 2025, a total of 17 employees transitioned from unclassified to classified positions, while 4 employees moved from classified to unclassified roles. Among these transfers, the largest salary change was an increase of \$23,129.60. On average, employees who moved between unclassified and classified designations saw a salary increase of approximately 25.76 percent⁹.

Between September 2022 and February 2025, one employee in a full-time unclassified position for the entire period received a salary increase of \$4,825.60, representing a 6.63 percent raise. Additionally, during this period, 35 employees in full-time classified positions for the entire duration experienced salary changes. During the period from September 2022 through February 2025, employees in full-time classified positions experienced an average salary increase of \$1,041.78. This increase represented an overall percentage growth of 3.18% in their salaries over the analyzed timeframe.

⁹ Salary changes for employees who transferred between classified and unclassified designations may have been influenced by transitions from temporary to regular status, as well as transfers between departments.