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**ARA 3.08  
CLASSIFICATION AND COMPENSATION**

**Chapters:**

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**Auditor's Office Administrative Rule Information and History**

Questions about these administrative rules may be directed to the [Auditor's Office's Operations Management Division](#).

These rules were originally adopted by the City Auditor on December 11, 2017, and are adapted from [City of Portland Human Resources Administrative Rules](#), as noted below.

Chapter II is based on Auditor's Office Administrative Rule 8.01 – Hours of Work and Schedules, which was revised by the City Auditor as an interim rule on October 5, 2020.

Revised and adopted by the City Auditor as ARA 3.08 on *Click to enter date*.

## CHAPTER I: DEFINITIONS

For purposes of this rule, unless required by applicable law or stated otherwise:

- A. "Act" means the Fair Labor Standards Act.
- B. "Exempt employees" means employees who are not eligible for overtime under the Act.
- C. "Full-time" means an employee who is scheduled to work at least nine-tenths of the normal working hours of a biweekly payroll period (72 hours).
- D. "Meal period" means a span of at least 30 consecutive minutes during which an employee is completely relieved of duty.
- E. "Out-of-class" means duties that are in a higher classification. An "out-of-class assignment" refers to an employee's performance of duties that are in a higher classification.
- F. "Overtime compensation" means compensation for hours worked beyond 40 hours in a workweek.
- G. "Non-exempt employees" and "covered employees" mean employees who are eligible for overtime under the Act.
- H. "Non-represented" means not covered by a collective bargaining agreement.
- I. "Part-time" means an employee who is scheduled to work 40 hours or more during a biweekly payroll period but less than full-time.
- J. "Workweek" means as any combination of four or five workdays assigned to an employee for work within a period of seven consecutive days, except that for covered (non-exempt) employees with a nine / 80 workweek schedule, the workweek begins and end at the midpoint of an eight-hour day.

## CHAPTER II: HOURS OF WORK AND SCHEDULES

### A. Hours of Work and Days Off

The normal business hours for transacting Auditor's Office business are Monday through Friday, from 8 a.m. to 5 p.m. City Hall and other Auditor's Office offices are closed Saturday and Sunday.

1. Auditor's Office employees normally work 40 hours during each workweek. The City Auditor may establish not less than 36 hours in a week as the workweek for any full-time employee.
2. Generally, employees are entitled to two consecutive days off in each workweek. Days off for employees working a 40-hour workweek are normally Saturday and Sunday. The City Auditor may authorize other days off if necessary for the efficient operation of the office.
  - a. Employees are not entitled to three consecutive days off but may request approval for a variable work schedule that provides three consecutive days off.
  - b. When an employee who is covered by the Fair Labor Standards Act (non-exempt) is assigned nonconsecutive days off, the time worked on the last scheduled day of the employee's workweek will be compensated at time and one-half; provided that this provision does not apply when an employee agrees to a work schedule that does not contain two consecutive days off.

Example: If a covered employee is assigned Sunday and Thursday as days off, all time worked on Saturday is paid at time and one-half, unless the employee agreed to or requested a work schedule that does not contain two consecutive days off.

3. The Auditor's Office maintains the right to alter an employee's workday or workweek and to require an employee to work overtime or on a weekend or holiday.

## **B. Variable Work Schedules**

Division managers may choose to allow variable work schedules at their discretion. However, in some Divisions, work schedules and the need for team coordination may render variable work schedules impractical.

1. Variable work schedules include:

a. A “compressed workweek schedule,” which allows a full-time employee to work all of their hours in fewer than five days per week. Common examples of a compressed workweek schedule include:

- Four 10-hour days, with one day off during the workweek.
- Four 9-hour days and one 4-hour day, with one afternoon off.
- Nine 8-hour days, with one additional day off every other week.

b. A “daily flexible schedule,” which splits the workday into “core hours” and “flexible time.” Employees must be at work during the core hours set by their Division. With supervisory approval, an employee may select varying starting and quitting times during the flexible time. The employee is expected to work the daily hours designated under their approved schedule.

Example: A Division’s core hours are from 9:00 a.m. - 4:00 p.m., with flexible time from 7:00 a.m. - 9:00 a.m. and 4:00 p.m. - 6:00 p.m. The Division manager may approve an employee to work from 9:00 a.m. – 6:00 p.m. daily.

c. A “weekly flexible schedule,” which allows an employee to use flexible time within the workweek, if they are at work during core hours set by the Division. For covered (non-exempt) employees, all flextime must occur in the same workweek due to overtime requirements.

Example: A Division manager may approve an employee to work 10 hours each Monday, and then works seven hours on each Wednesday and Thursday.

2. Any variable work schedule, including flexible time (“flextime”), must be authorized by the Division manager, in consultation with the City Auditor, prior to use by an individual employee. Operations Management must verify that the requested schedule exists in the timekeeping system or cause the new schedule to be programmed if it does not exist.
3. Occasions may arise when a variable work schedule must be suspended because of workload, operational needs, vacations, or other reasons. When this occurs, supervisors should give employees as much advance notice as possible.
4. Authorization for a variable work schedule may be revoked, at any time, at the Division manager’s discretion.

### **C. How Flextime Differs from Compensatory Time**

1. Flextime is a scheduling tool that enables managers to meet operational needs while allowing employees more flexibility in scheduling. Flextime within the workweek is acceptable for non-exempt employees. Flextime cannot be accumulated or added to vacation or management accruals.
2. Compensatory time off is a way to compensate a covered (non-exempt) employee who works more than 40 hours in a workweek and is entitled to overtime.

### **D. Holiday Pay for Variable Schedules**

Holiday pay will correspond to the employee’s regular work schedule. For example, if an employee is scheduled to work ten hours on a holiday, the holiday pay will be ten hours; if an employee is scheduled to work four hours on a holiday, the holiday pay will be four hours.

### **E. Meal and Rest Periods**

1. Full-time covered (non-exempt) employees must take an unpaid meal period of at least 30 minutes, during which the employee is completely relieved of duty, even if the employee works a variable schedule.
  - a. The meal period may be scheduled within normal work hours to meet the needs of the employee and the Division, but may not be used to shorten the workday, except on an occasional basis and with prior approval of the employee's supervisor.
  - b. A meal period is not counted as hours worked.
2. Covered employees are entitled to two 15-minute rest periods (one before the meal period and one after), and are entitled to an additional 15-minute rest period for every substantial portion of four hours they work beyond their regular schedule.
  - a. Covered employees (non-exempt) must take these rest periods and may not "save" them to take a longer meal period or to arrive late or leave before the end of their regular scheduled workday.
  - b. A rest period is counted as hours worked.

#### **F. Rest Period to Express Milk**

Reasonable rest periods of no less than 30 minutes for the purpose of expressing milk must be provided to employees (covered or exempt) who have a child 18 months old or younger.

1. Whenever possible, the 30-minute rest period should coincide with the employee's regular rest period.
  - a. If the rest period to express milk coincides with a covered (non-exempt) employee's regular rest period, 15 minutes of each 30-minute rest period for expressing milk is paid.

- b. If the rest period for expressing milk does not coincide with a paid rest period, the entire rest period for expressing milk is unpaid.
    - c. With prior supervisor approval, an employee may be allowed to make up the amount of time used during the unpaid portion of the rest break by working before or after their regular work shift.
  2. The employee must be provided a private location, in close proximity to their work area, to express milk. The location must be concealed from view and without intrusion by other employees. A public restroom or toilet stall is not an acceptable location.
  3. An employee who intends to express milk during work hours must give their supervisor reasonable oral or written notice of their intention in order to allow sufficient time to make the necessary preparations to comply with this rule.

#### **G. Attendance**

Employees are expected to report to work at their scheduled starting times on each scheduled workday and to follow all Auditor's Office and Division work rules concerning attendance.

#### **H. Attendance at Training Sessions, Workshops, and Meetings**

Required or paid attendance at work-related training sessions, workshops, and other meetings, whether before, during, or after the employee's regular work schedule, is work time. Voluntary attendance at training sessions, workshops, and other meetings is generally not work time.

#### **I. Travel Time**

Whether travel time is considered work time depends on the circumstances, and must be determined on a case by case basis. See Auditor's Office Administrative Rule

3.04 – Employee Behavior and Expectations, Chapter XII: Travel and Chapter X: Telework for more information.

**J. Voluntary Furlough Days and Part-time Agreements During an Emergency or Fiscal Crisis**

Consistent with the City’s Safety Net Program, during an emergency or fiscal crisis, the City Auditor may:

1. Authorize employees to take voluntary furlough days. Once approved by the City Auditor, voluntary furlough days shall be scheduled based on the business operational needs of the Division.
2. Enter into Part-time Agreements with existing full-time employees to allow such employees to reduce their hours to part-time (40 – 72 hours per biweekly payroll period), but retain healthcare benefits at the same level as full-time employees.
  - a. An employee must have Division Director approval to be eligible to enter into a Part-time Agreement.
  - b. The City Auditor, in conjunction with the Division Director and employee, will determine the duration of the Part-time Agreement

**NOTE:** Part-time Agreements entered into in response to the COVID-19 emergency may not extend beyond June 30, 2022, unless City Council extends the duration of Part-Time Agreements under the City’s Safety Net Program.

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This Chapter was adapted from:

[City Human Resources Administrative Rule 8.01 – Hours of Work and Schedules.](#)

Adopted by Council on March 6, 2002 (Ordinance No. 176302). Last revised February 13, 2019.



Section J is adapted from the City of Portland's Safety Net Program.

## **CHAPTER III: HOURS OF WORK AND OVERTIME COMPENSATION: NON-EXEMPT (COVERED) EMPLOYEES**

### **A. Coverage Status**

Operations Management, in consultation with legal counsel, will determine the exempt or non-exempt status of all Auditor's Office classifications, in accordance with the Act.

1. Exceptions to the covered status of a classification for an individual employee or position may be made by the Auditor's Office in accordance with federal guidelines.
2. The general status of a classification is indicated in the City's [Compensation Plan](#), under the heading "FLSA." "C/Y" indicates that the classification is covered and eligible for overtime. "E/N" indicates that the classification is exempt and not eligible for overtime.

### **B. Overtime for Non-Exempt Employees**

Auditor's Office employees who are covered by the overtime requirements set forth in the Fair Labor Standards Act ("Act") must be compensated for all hours worked over 40 in a work week. Compensation can be in the form of cash payment at time and one-half or compensatory time off credited and taken in accordance with this rule. Paid absences during the workweek are not considered time worked for the purpose of computing overtime.

### **C. Overtime: Authorization and Use**

Overtime results in additional personnel costs. Division managers are expected to effectively supervise the use of overtime and ensure it is used as efficiently as possible.

1. Overtime must be pre-approved by the Division manager, in consultation with Operations Management, to ensure that sufficient budget exists and that the

overtime complies with this rule. Covered employees may not authorize their own overtime.

2. Covered employees may not work outside of their normally scheduled or approved work hours except as specifically pre-approved by the Division manager. Routine activities, such as checking City email or performing time entry or review activities, are considered “work” under the Act, and therefore may not be performed outside of normally scheduled work hours without authorization.
3. Unauthorized overtime hours worked by a covered employee will be paid. However, such unauthorized work may subject the employee to disciplinary action.

#### **D. Compensatory Time Off**

Employees may receive compensatory time, in lieu of overtime pay, at the discretion of the Auditor’s Office. However, the Auditor’s Office cannot require employees to take compensatory time in lieu of overtime compensation.

1. Compensatory time can only be provided if authorized by the employee in writing. Such authorization will be in effect until withdrawn in writing by the employee.
2. Compensatory time is credited at the rate of one and one-half hours for each hour of overtime worked.
3. Employees may not accrue more than 80 hours of compensatory time in a calendar year. Any accrued but unused compensatory time remaining at the end of a calendar year will be paid in cash or carried over into the next calendar year, at the employee’s option. Any compensatory time carried over into the next calendar year will count against that calendar year's total accrual.
4. An employee’s use of compensatory time off must be arranged by mutual agreement between the employee and their supervisor. An employee must be permitted to use compensatory time off if the employee has provided reasonable

advance notice to the supervisor and the time off will not unduly disrupt operations. The need to require another employee to work overtime to fill in for an employee using compensatory time off does not necessarily constitute an undue disruption, in and of itself.

5. If an employee transfers from the Auditor's Office to a City bureau or separates from City employment, all accrued compensatory time must be paid in cash or used before such transfer or separation.

#### **E. Compensation for Call Back**

A covered employee responding to a call back must be compensated for actual time on the job at the overtime rate. When actual time on the job is less than one and 3/10 hours, it must be reported as one and 3/10 hours at the overtime rate. If the call back occurs on a holiday, the employee is entitled to pay for eight hours at the regular rate, in addition to overtime for actual time on the job.

#### **F. Rescheduling Workdays**

An employee must normally be given adequate advance notice of any ongoing change to their regular hours of work. If such notice is given less than eight hours before the employee is to begin work under the changed schedule, the employee must be compensated at the overtime rate for those hours that are earlier, later, or different than the hours the employee last worked in a workday.

1. Overtime compensation paid under this Section may not exceed eight hours at the overtime rate.
2. An employee is not entitled to compensation at the overtime rate under this Section if otherwise entitled to overtime for the same hours of work.
3. Overtime compensation under this Section is not applicable to short-term schedule modifications, such as work schedule changes made in response to an inclement weather event unless otherwise required by law.

### **G. Reporting Overtime Use**

Operations Management will periodically report to the City Auditor regarding the classifications working overtime and the amount of overtime and/or compensatory time earned.

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This Chapter was adapted from:

[City Human Resources Administrative Rule 8.02 - Hours of Work and Overtime Compensation - FLSA Covered Employees](#). Adopted by Council on March 6, 2002 (Ordinance No. 176302). Last revised January 1, 2020.

## **CHAPTER IV: HOURS OF WORK, OVERTIME COMPENSATION, AND MANAGEMENT LEAVE: EXEMPT EMPLOYEES**

### **A. Performance Expectations for Full-Time Exempt Employees**

Full-time Auditor's Office employees who are classified as exempt from the overtime requirements set forth in the Fair Labor Standards Act ("Act") are paid to work the amount of time required to fully perform their duties, which may require them to work more than 40 hours in a workweek. Acceptance of an exempt position with the Auditor's Office constitutes acknowledgement that job responsibilities may require more than 40 hours of work in a workweek. Successful performance as an exempt employee is based on the work product, not on the amount of time worked. Performance issues may arise if exempt employees do not meet desired performance objectives because they did not work the hours required to complete their jobs. Performance objectives can include availability to assist and support others during business hours. Division managers, in consultation with the City Auditor, are responsible for setting and monitoring performance and accountability expectations.

### **B. Overtime Not Authorized for Exempt Employees; Call Back Pay**

Overtime compensation is not authorized for exempt employees, except as follows:

1. If authorized by the Mayor, City Council, or City Auditor, exempt employees may be eligible for overtime if required in an emergency declared by the Mayor pursuant to City Code Section 15.08.020 or pursuant to Auditor's Office Administrative Rule 3.04 – Employee Behavior and Expectations, Chapter XI: Inclement Weather. There is no "call-back" pay for exempt employees who are called to return to work in situations other than an emergency declared by the Mayor.
2. In rare circumstances, exempt employees may be eligible for overtime or compensatory time off at straight time when there is an urgent business need that exists and the City Auditor approves overtime pay in writing.

### **C. Exempt Employee Absences**

1. The Auditor's Office appreciates the need for exempt employees to periodically have flexibility in their schedules. Managers and supervisors may authorize exempt employees who must be absent from work to:
  - Use the appropriate form of accrued leave to cover the missed work time, in accordance with [Auditor's Office Administrative Rule 3.06 - Leaves](#)
  - Flex their schedules, in accordance with [Chapter II: Hours of Work and Schedules](#)
  - Take a partial day absence, in accordance with Section D.
2. Disciplinary action may be pursued against full-time exempt employees who works fewer than 40 hours without authorization.
3. If an exempt employee needs time off but cannot flex their schedule and does not have sufficient accrued leave to cover the absence, their Division manager must consult the City Auditor.
  - a. A salary deduction is generally not permitted. However, certain exceptions apply, such as when an employee is absent from work for one or more **full** days for personal reasons other than sickness or disability.
  - b. An exempt employee who believes their salary has been improperly reduced should report the matter to Operations Management as soon as possible. If corrections are in order, Operations Management will work with appropriate personnel to ensure steps are taken to reimburse any improper deductions and demonstrate the Auditor's Office's good faith commitment to comply with this rule in the future.

#### **D. Partial Day Absences**

Because some full-time exempt employees regularly work more than 40 hours per week, the Auditor's Office permits them to take an occasional afternoon or morning off, without a reduction in pay or accrued leave balances, when the time off is

needed and approved in advance in accordance with this rule. Such absences are known as a “partial day absences.”

1. In general, partial day absences are appropriate for occasional appointments that cannot be scheduled outside of the workday, such as school meetings, meetings with contractors, and medical appointments. A partial day absence may not be used for more discretionary vacation-like or leisure activities (e.g., leaving early to play golf, go for a hike, etc.), or to start a vacation early or return late.
  - a. Partial day absences are intended for short absences on a **single day**, and may not be used for regular or reoccurring absences. An employee requiring regular or reoccurring absences may request approval to use accrued leave or flex time, or may request a schedule adjustment in accordance with Section E.
  - b. If an employee requests a partial day absence for a medical appointment and then is out for the remainder of the day due to illness, the employee must use sick leave or flex time to cover all of the missed work time.
2. If a full-time exempt employee is approved, in advance, for a partial day absence because they must be absent from work for **three hours or less** on a **single day**, the absence will not be charged to accrued leave unless the employee:
  - a. Has not worked at least 75 percent of their standard hours during the workweek in which the short absence is requested.

Example: An employee who uses vacation leave on Monday and Tuesday is not eligible for a partial day absence Thursday. Any time off from work on Thursday must be approved and covered through accrued leave or flex time.

- b. On an ongoing basis, fails to work at least 75 percent of their scheduled work hours during a payroll period. Any time off from work for such an employee must be approved and covered through accrued leave or flex time. A Division manager who questions whether an employee routinely works at least 75 percent of their scheduled work hours should consult Operations Management.



**NOTE:** Partial day absences are intended to be an occasional benefit for exempt employees who regularly work more than 40 hours per week. Employees who have already taken significant time off during the workweek, or who routinely works 40 hours or less hours, should not be entitled to this benefit.

3. An absence of any length to work on an election (e.g., a campaign or ballot measure) must be charged to accrued leave.
  - a. If an employee who requests time off to work on an election does not have enough accrued leave to cover the requested absence, the Division manager must consult the City Auditor.
  - b. This rule does not apply to Auditor's Office employees who are performing election-related work as part of their job duties, such as the Election Officer.
4. Part-time exempt employees do not receive partial day absences, but may, with Division manager approval, flex their schedules or use accrued leave to make up missed work time. If a part-time exempt employee is unable to flex their schedule and has insufficient accrued leave to cover an absence, the Division manager must consult the City Auditor.

## **E. Schedule Adjustments**

If an exempt employee becomes unable to work their regular work schedule for an extended period of time, the Division manager must work with Operations Management to determine whether the employee's hours and salary can be adjusted to more accurately reflect the employee's availability for work.

1. If the employee's need for a schedule adjustment is short-term (less than 30 days), the employee's hours and salary do not need to be changed, but the employee must use accrued leave or unpaid time off for the hours the employee does not work.

2. More information about intermittent / reduced schedule leave for medical reasons is set forth in [Auditor's Office Administrative Rule 3.06 – Leaves, Chapter VI: Family Medical Leave](#).

## F. Management Leave

The City Auditor, on the recommendation of Division managers, may grant exempt employees up to 80 hours of paid management leave per calendar year. Exempt employees are not **entitled** to management leave: management leave is a “bonus” that may be given to recognize exceptional individual efforts, performance, and achievements, including but not limited to work beyond the standard workweek.

1. The City Auditor has full discretion to grant or deny management leave and determine the amount of leave awarded, if any.
2. The granting of management leave does not constitute guaranteed time off. Employees who are awarded management leave must work with their Division manager to schedule the use of the leave at the mutual convenience of the employee and the Division.
3. Management leave cannot be carried over to the following calendar year nor will it be paid out in cash if it is not used.
4. Employees transferring between the Auditor's Office and a City bureau during the calendar year in which management leave is awarded may carry their management leave balances with them.
5. The Auditor's Office's [CRITERIA FOR MANAGEMENT LEAVE ELIGIBILITY](#) provides additional information about when management leave may be awarded. The City Auditor uses a system for determining the amount of management leave to award that complies with legal requirements for pay equity.

This Chapter was adapted from:

[City Human Resources Administrative Rule 8.03 – Hours of Work, Overtime Compensation & Management Leave: FLSA Exempt Employees](#). Adopted by Council on March 6, 2002 (Ordinance No. 176302). Last revised January 1, 2020.

Originally adopted by the City Auditor as AUHR 8.03 – Hours of Work, Overtime Compensation & Management Leave: FLSA Exempt Employees on December 11, 2017.

Revised by the City Auditor and renumbered / renamed as ARA 3.08.03 – Hours of Work, Overtime Compensation, and Management Leave: Exempt Employees of the Auditor’s Office on April 5, 2019.

## **CHAPTER V: COMPENSATION**

### **A. Compensation Policy**

The City Auditor establishes the compensation for non-represented classifications in the Auditor's Office, subject to funding, taking into account internal equity, complexity, accountability, impact, and/or working conditions. Auditor's Office compensation is commensurate with compensation for equivalent classifications in the City classification system. The Auditor's Office uses a valid, consistent, and equitable methodology for establishing compensation, which is intended to attract and retain qualified employees and encourage high levels of performance. It is the Auditor's Office policy that:

1. Direct and indirect compensation (wages, premiums, health benefits, holidays, vacation and other leave, pensions, etc.) are all to be considered in determining appropriate levels of compensation.
2. Wage and benefits packages are considered "externally competitive" if they approximate the average of the direct and indirect compensation offered for similar work in applicable labor markets, as determined by the City Auditor. Other factors, such as compression between classifications and incentives linked to performance, may also be considered in establishing wages and benefits.
3. Annual adjustments to compensation rates may be made based on a formula that considers the consumer price index. Other adjustments may also result from a classification study or compensation review.

### **B. Pay Equity Policy**

The City, including the Auditor's Office, will endeavor to similarly pay all employees who perform work of a comparable character (as defined in Oregon law (ORS 652.210 *et seq.*)), including substantially similar knowledge, skill, effort, responsibility, and working conditions.

1. The Auditor's Office has an internal complaint procedure designed to address and resolve complaints of discrimination, including pay inequity. See [Auditor's Office Administrative Rule 3.02 – Equal Employment, Chapter III: Prohibition Against Workplace Harassment, Discrimination, Racism, and Retaliation \(Rule 2.02\)](#).
2. The Auditor's Office will take appropriate action to prevent discrimination, including retaliation and harassment, and ensure that the rights of employees who file complaints are respected, whether the complaint is filed through the internal complaint procedure, a grievance, or with a local, state, or federal agency or court.

### **C. Compensation Plan**

1. During the regular budget process, pay grades and compensation ranges for all classifications will be set for the upcoming fiscal year and published in the Compensation Plan. The Compensation Plan will be revised in conjunction with the annual budget process and/or because of a classification / compensation study.
2. The City Auditor will recommend appropriate pay ranges for each classification in accordance with this rule. The salary rate for the City Auditor is established separately by Council. No member of a board or commission will receive any salary or other compensation for their services on such board or commission.

### **D. Initial Appointments**

All initial appointments must be consistent with the Pay Equity Policy and approved by the City Auditor.

1. All initial full-time and part-time regular, limited duration, and job-share appointments must be to the entry rate of the pay range for the classification, except with the approval of the City Auditor. Initial compensation for temporary

employees will be set in the same manner as regular employees, factoring in pay equity considerations.

2. The City Auditor will establish a salary schedule for casual classifications to meet seasonal work needs of the Auditor's Office. The City Auditor or designee may appoint and change the pay rates of casual employees to any pay rate within the pay range designated in the compensation plan for the classification. Casual employees can only be placed in casual classifications.

### **E. Salary Ranges**

Each classification is assigned an open pay range with a minimum, midpoint, and maximum salary rate. Employees may be paid at any rate within the assigned range and in accordance with this rule.

1. An employee's rate of pay may not be less than the entry pay rate or more than the top pay rate for the classification, except in accordance with this rule.
2. The City Auditor may approve retaining an employee's salary at their current rate, even if they are higher than the top rate for their classification, if the employee would otherwise suffer a reduction in pay, if the reduction in pay is:
  - a. Due to a settlement agreement;
  - b. A result of a reclassification that occurs as part of the implementation of a classification / compensation study;
  - c. Part of the implementation of the Employee Transition Services Program; or
  - d. A result of the employee's position being reclassified downward if the reclassification is not part of a classification / compensation study. For this exception to apply, the reduction in pay must be no more than 25 percent, and the City Auditor must determine that the position at issue is critical and that red-circling is in the best interest of the Auditor's Office.

Employees whose pay is red-circled are not eligible for pay increases, including cost of living increases, until their pay rate is within the pay grade for the assigned classification.

3. Regular, limited term, and job-share employees progress through their assigned salary range based on the City Auditor's performance management system and in accordance with the Compensation Plan. See [Auditor's Office Administrative Rule 3.09 – Employee Development, Chapter III: Performance Management](#).
4. An employee's pay rate may be adjusted within the pay range for the following reasons, with written approval from the City Auditor:
  - a. Due to a substantial increase and expansion of the job responsibilities within the classification of the employee;
  - b. To increase the compensation of an existing employee(s) when, due to market considerations, a new employee doing work of comparable character is initially appointed to a higher level within the range; or
  - c. The scope of work expected of an employee in a newly created position is broader than originally anticipated at the time the position was created.
5. The City Auditor may adjust the salary of a Division manager at any time, if the pay adjustment is within the pay range, is upward only, and is in recognition of exemplary performance as documented in a performance review.

## **F. Transfers**

When a regular employee transfers to a position in a different classification with the same pay range, or to a different position in the same classification, the employee will maintain their current pay rate and anniversary date. With written approval by the City Auditor or designee, movement along the pay range may be approved when there has been a substantial increase and expansion of job responsibilities, so long as the new rate is consistent with the Pay Equity Policy.

## **G. Promotion**

When a regular or limited duration employee is appointed to a classification with a higher maximum pay range, the Auditor’s Office may appoint the employee at the entry rate for the higher pay range, or at a pay rate in the higher pay range that gives the employee a 5 percent pay increase (not to exceed the maximum of the salary range), whichever is higher, if the promotional rate is consistent with the Pay Equity Policy.

1. If the rate determined under this rule is not consistent with the Pay Equity Policy, the employee’s pay must be set at a rate that is consistent with the Pay Equity Policy.
2. A regular employee’s salary may not be reduced because of an appointment to a position in a classification with a higher maximum pay range.

## **H. Demotion**

If a permanently appointed employee voluntarily demotes to a lower paying classification, the employee will retain their anniversary date, and their salary will be at the rate in the new pay range that affords the least reduction in pay, if the new rate is consistent with the Pay Equity Policy.

1. If the rate determined under this rule is not consistent with the Pay Equity Policy, the employee’s pay must be set at a rate that is consistent with the Pay Equity Policy.
2. An employee may not receive an increase in pay upon demotion.

## **I. Anniversary Date and the Impact of Leaves and Prior Service**

1. Except as set forth in this rule, an employee’s anniversary date is the date of their initial appointment to a classification.



2. The anniversary date for pay purposes will be adjusted to exclude time spent on layoff or officially approved leaves of absence of more than 30 days in duration, unless otherwise required by federal or state law. An officially approved absence from duty without pay because of military leave, family medical leave, or injury in line of duty does not change an employee's anniversary date.
3. When an employee is regularly appointed to a classification with previous time served, the anniversary date will be adjusted to reflect credit for time in the classification per applicable rule or contractual requirement, or at the discretion of the City Auditor or designee, the anniversary date may be reset to the date of appointment.

#### **J. Appointments to Other Classifications**

If a regular employee accepts a temporary appointment in a classification in the same pay range and is later reappointed to the former classification, the employee will retain their current salary rate and anniversary date. If a regular employee accepts a temporary appointment in a classification in a higher pay range and is later reappointed to the former classification, the employee's anniversary date and salary rate will be reset as if they had continued in the original classification.

#### **K. Special Assignment Pay Differentials**

Upon request by a Division manager, a special assignment pay differential may be reviewed and approved by the City Auditor for the incumbent in a position who is assigned to supervise the work of one or more employees whose base salary is in the same or a higher salary range as the supervisor.

1. The amount of the pay differential may be up to 10 percent above the top of the pay range for the incumbent's classification for such assignment, if it complies with the Pay Equity Policy. If the rate is not consistent with the Pay Equity Policy, the employee's pay must be set at a rate consistent with the Pay Equity Policy.

2. A special assignment pay differential will remain in effect for the duration of the assignment only, unless rescinded sooner by the City Auditor.

#### **L. Controlled Class Compensation**

1. Under exceptional circumstances, with the City Auditor's approval, and in accordance with the Pay Equity Policy, a classification may be identified as a "controlled class," and pay may be established at levels necessary to accomplish compelling City purposes.
  - a. Exceptional circumstances may include exceptional personnel shortages that require a short-term departure from the normal salary range assignment for a classification, or a temporary organizational need that cannot be accommodated within current salary schedule assignments.
  - b. The classification will return to the original salary range at the end of the time period designated for the higher salary range, unless the City Auditor approves an extension.
2. A hiring manager must submit a request for a higher pay rate for a "controlled class" to Operations Management. Operations Management will confirm the need for the use of a controlled class and/or may conduct further research.
3. The City Auditor may approve or deny the request. Any controlled class pay range designated or established by the City Auditor may not be more than 10 percent over the current pay range, and will be limited to a period of not more than one year, unless extended by the City Auditor following a review at the end of the one-year period.
4. An employee who receives a higher salary range while in a controlled class may only receive cost of living (COLA) increases within the new range (not merit pay increases). Upon returning the classification to its original salary range assignment, affected employees will only continue at their current rate of pay if that rate is not higher than the maximum of the range. If it complies with the Pay

Equity Policy, the City Auditor may consider red-circling the pay of such employees if the controlled class was established for the maximum period of time.

### **M. Pay Status**

An employee is in paid status when working, when on paid leave, or when on worker's compensation leave. An employee is not in paid status after the last day of work when separated because of resignation, dismissal, death, retirement, or layoff.

### **N. Direct Deposit and Itemized Wage Statements; Payment to Separated Employees**

To help reduce paper and create sustainable policies, all newly hired employees will receive their compensation through direct deposit to their designated financial institution, and their itemized wage statements (remittance statements) will be available electronically through [PortlandOregon.gov](http://PortlandOregon.gov). Employees may request to receive paper checks in lieu of direct deposit or receive paper remittance statements. Employees who separate from City service will be paid in accordance with applicable law.

### **O. Double Pay Prohibited**

The salaries provided for under this rule are intended to be full compensation for services rendered. Employees must return to the Auditor's Office any compensation received for wages or benefits that were already paid for by the City. See Charter Section 2-608.

### **P. Assignment of a Claim for Salary or Wages Prohibited**

It is unlawful for any person or employee rendering services to the City and having a salary or wage claim against the City to make an assignment of the claim for salary or wages, whether earned or unearned, except as provided in City Code Section 5.12.030.

This Chapter was adapted from:

[City Human Resources Administrative Rule 8.04 - Compensation](#). Adopted by Council on March 6, 2002 (Ordinance No. 176302). Last revised January 1, 2020.

## **CHAPTER VI: CLASSIFICATION**

### **A. Auditor’s Office’s Classified Service**

1. The Auditor’s Office’s classified service includes all positions in the Auditor’s Office that are not specifically exempted from the classified service under the City Charter or by Council ordinance. Auditor’s Office positions outside the classified service are also referred to as “at-will.”
2. At the recommendation of the City Auditor and with Council approval by ordinance, employees may be excluded from the classified service if they are in a classification for which a critical element involves exercising independent judgment in the formulation of policies that have City-wide impact or importance.
3. Positions currently exempted from the classified service by Charter are:
  - Chief Deputy City Auditor
  - Ombudsman
  - Audit Services Director
4. Positions currently exempted from the classified service by Council ordinance are:
  - Auditor’s Office General Counsel
  - Independent Police Review Director

### **B. Classification Plan**

The Classification Plan groups all positions in the classified service into classifications based on their duties, authority, and responsibilities. The City Auditor, in consultation with Division managers, is responsible for the administration, maintenance, and periodic review of the Classification Plan to ensure that the plan reflects the duties performed by Auditor’s Office employees and the classification to which each position is allocated.

1. The Classification Plan must be based on an analysis of job-related factors, and will be used for decision-making on compensation, selection, employee development, career advancement, upward mobility, and other personnel program activities.
2. The Classification Plan consists of an index of positions arranged by broad categories or families, occupational groups within categories, and series within occupational groups. The Classification Plan establishes a foundation for establishing and maintaining a Compensation Plan, and contains all positions that are substantially similar with respect to the kind, difficulty, and responsibility of duties allocated to the same classification and appropriate selection methods to be used in filling all positions within the same classification.
3. Each classification must have an official title that is descriptive, brief, and consistent with other titles in the plan and can be used in all official documentation. The use of unofficial or working job titles is allowed but has no bearing on the official classification of a position or employee.
4. In determining the classification to which a position is allocated, only the duties and responsibilities assigned to the position and actually performed may be considered. The capabilities and performance of an incumbent are not classification factors.
5. A position is presumed to be allocated to the appropriate classification.
6. The City Auditor will amend the Classification Plan as necessary, including to add new classifications, combine and/or revise of existing classifications, and delete obsolete classifications. Operations Management is responsible for the reallocation of positions, with approval by the City Auditor.
  - a. If a position is created for which the Classification Plan does not provide a satisfactory description, Operations Management will prepare a new classification specification.

- b. Operations Management will analyze the duties and responsibilities to be assigned to incumbents of proposed new positions, and using such appraisal as a basis, assign the position to the appropriate classification in the Classification Plan. Operations Management will consider the specific duties, knowledge, and skills required and the relationship to other classifications in the Classification Plan.

### **C. Classification Specifications**

1. Each classification must be described in a written classification specification that includes:
  - Classification title and classification code number;
  - A definition of the job (level and type of work and distinguishing characteristics);
  - A description of typical examples of duties involved in the class;
  - A description of the knowledge, skills, and abilities necessary to perform the work of the position;
  - Any special requirements, physical characteristics, licenses, or certificates required to do the work; and
  - The date of adoption or revision by the City Auditor.
2. Classification specifications are intended to indicate the kinds of positions allocated to the various classifications, as determined by their duties and minimum qualifications, and should be interpreted as a whole and in relation to other classifications. Classification specifications must be liberally construed as general descriptions of the work characteristics of similar positions properly allocated to that classification.
3. Classification specifications are descriptive and not restrictive and do not prescribe each and every specific duty of any position, nor do they limit the authority of management in assigning work. Particular phrases or examples may not be isolated and treated as a full definition of the classification.

#### **D. Manager Responsibility**

Division managers and supervisors are responsible for ensuring that employees' positions are properly classified. Employees will not be allowed to work in a classification other than that of their individual position classification, except:

1. As permitted for overfill / underfill and working out of classification.
2. A regular employee accepting a limited term position may work in a different classification.

#### **E. Requests for Classification Reviews**

If the duties of an existing position change permanently and sufficiently so that the current classification is no longer appropriate:

1. The Division manager or incumbent in the position may request a classification review. A Division manager may request reclassification of a position or of a position and the incumbent. An incumbent may request a classification review of their position only.
2. To request a classification review, a [Classification Request Form](#) and all supporting documentation must be submitted to the Business Operations Manager.
3. A request for review of the same position, group of positions, or classification series may be submitted only once in a 12-month period, except that the City Auditor may initiate a classification review at any time.
4. The Business Operations Manager will review each Classification Request Form received and will make a recommendation to the Chief Deputy City Auditor, who will approve, revise, or deny the requested action.
  - a. Operations Management must act on a request for classification review without unnecessary delay and must give notice to the Division manager and the affected employee(s) of the final classification disposition.



- b. Certain classification actions may also require Council authorization.

## **F. Reclassification Actions**

1. The effective date of a reclassification action with respect to the employee's tenure, seniority, and status will be the date the written request for a classification review and all required supporting documentation were filed with Operations Management, unless a different date is specified and/or determined by the City Auditor or designee.
2. An employee promoted to a new classification via a reclassification request will not serve a probationary period.
3. An employee occupying a position that has been reclassified may be granted status in the new classification if the Division manager requests that the employee be granted status in the new classification as part of the reclassification process, and the employee meets the minimum qualifications of the position, including possession of any required licenses or certifications.

## **G. Salary and Reclassification of Incumbents**

1. If a position is reclassified to a classification that has a lower maximum salary, the incumbent, with the approval of the City Auditor, may be transferred to a vacant position having the same classification as that in which the employee holds status, or may be granted status in the lower classification with no loss of pay, provided that the incumbent's current compensation is within the compensation range of the lower classification and the pay rate is consistent with the Pay Equity Policy.
2. If an incumbent's compensation is higher than the maximum allowed for the lower class:

- a. The incumbent's salary will be at the highest maximum rate for the lower classification and the incumbent will be placed on a recall list for the former classification; or
  - b. If the reduction in pay is at least 25 percent, the Division manager deems the position at issue to be critical, and the City Auditor determines that red-circling in the best interests of the Auditor's Office, the City Auditor may approve red-circling the incumbent's rate of pay at a level higher than the compensation range of the lower classification.
    - i. Employees whose pay is red-circled are not eligible for pay increases, including cost of living increases, until their pay rate is within the pay grade of their assigned classification.
    - ii. If red-circling is approved, the employee will not be placed on a recall list for the former classification.
3. Employees in positions reclassified to a classification with a higher pay range will be brought up to the minimum pay rate of the range if they are currently being paid below the minimum.
  4. If an employee is being paid within the reclassified range, their pay may be adjusted not to exceed the maximum of the new salary range.
  5. Employees in positions reclassified to a classification within the same pay range will be paid in accordance with the transfer policy. See [Chapter V: Compensation](#).

#### **H. Requests for Reconsideration; Appeal of Classification Actions**

Any employee who is adversely affected by a change in classification, an employee whose request for reclassification is denied, or a Division manager who disagrees with the classification determination may file a request for reconsideration with the City Auditor.

1. A request for reconsideration must be in writing and received by the City Auditor within 30 calendar days of the date of the effective date of the initial classification decision, and must specify the reasons for the request and the relief being sought. The City Auditor or designee must acknowledge the request for reconsideration within 14 calendar days of receipt of the request.
2. If the City Auditor denies a request for reconsideration, the employee may have the decision reviewed by a Hearings Officer in accordance with [Auditor's Office Administrative Rule 3.12 - Civil Service Appeals](#).

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This Chapter was adapted from:

[City Human Resources Administrative Rule 8.05 - Classification](#). Adopted by Council on March 6, 2002 (Ordinance No. 176302). Last revised February 13, 2019.

## **CHAPTER VII: WORKING OUT OF CLASSIFICATION**

### **A. Out-of-Class Assignments, Generally**

In an out-of-class assignment, an employee temporarily performs the duties of a higher classification for a limited time period, and then reverts to their regular duties and pay schedule upon completion of the assignment.

1. Working out-of-class should be considered a short-term solution to assist with workload needs. Out-of-class assignments may be made:
  - To cover the duties of an employee in an authorized position who is on a leave of absence;
  - To meet critical business needs of a temporary nature by having an incumbent in an existing, authorized position perform work at a higher classification level; or
  - When there is limited qualified talent to fulfill the temporary need.
2. Out-of-class assignments may not exceed one year, unless extended by the City Auditor. If assistance is needed for longer than six months or to fill an authorized vacancy, the employee should be temporarily appointed using the temporary appointment process.
3. Employees assigned to work in a higher classification cannot be moved out of their regular position and can only be assigned out-of-class work as an overfill of their regular position.

### **B. Rate of Pay When Working Out-of-Class**

Higher pay for assigned work in a higher classification is a legitimate recognition of the additional duties and responsibilities the employee may be required to assume.

1. Compensation for out-of-class assignments may be provided only if the assignment is preauthorized and the employee has substantially performed the work of the higher classification for five or more consecutive days (or another

defined standard workweek, such as four 10-hour days). Employees working out-of-class for five or more consecutive days (or another defined standard workweek) will be paid an additional five percent of their base salary or the minimum rate of pay in the higher classification, whichever is higher.

2. Compensation will be processed by timesheet override. Timesheet overrides will be discontinued when the time authorized for working out-of-class ends.
3. Employees do not receive out-of-class pay when on paid leave or holiday status. During an out-of-class assignment, all other types of compensation and benefits, merit increases, and accrual rates will be at the level associated with the employee's regular classification.
4. Working out-of-class will not be paid retroactively.

### **C. Requests for an Out-of-Class Assignment**

1. Requests for an out-of-class assignment must be submitted, in writing, to Operations Management, and must provide:
  - An explanation of why the higher-level work is required;
  - The title, classification code, and pay range of the classification requested;
  - The title, code, pay range, and classification code of the employee (incumbent) that will be assigned the higher-level duties, and the reasons why the employee selected to conduct the higher-level work is uniquely qualified; and
  - An indication of the length of time the higher-level work will be performed.
2. Out-of-class authorizations apply only to the specific assignment and time period originally approved. Any subsequent need for an out-of-class assignment must be approved as described in this rule for the higher-level work to be assigned and compensation to be paid.

#### **D. Out-of-Class Assignments Lasting 30 Consecutive Days or Less**

For out-of-class assignments scheduled to last 30 consecutive calendar days or less, the Division manager, in consultation with Operations Management, must approve the request for the out-of-class assignment prior to the start of the assignment.

#### **E. Out-of-Class Assignments Lasting More Than 30 Consecutive Days**

If an out-of-class assignment is scheduled to last more than 30 consecutive calendar days:

1. The out-of-class assignment will result in an over-fill appointment and requires City Auditor or designee approval. An Auditor Personnel Action Form must be submitted for prior approval.
2. Operations Management will track the duration of the assignment.
3. When the time authorized for working out-of-class ends, the employee will be returned to their base classification.

#### **F. Training and Out-of-Class Compensation**

An out-of-class assignment made specifically for training purposes does not qualify for out-of-class compensation. See [Auditor's Office Administrative Rule 3.09 – Employee Development, Chapter IV: Training Plans](#).

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This Chapter was adapted from:

[City Human Resources Administrative Rule 8.06 – Working Out of Classification](#).

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