

MEMORANDUM

State of Alaska
Department of Administration
Division of Personnel

To: Mila Cosgrove
Director, Division of Personnel

Date: August 1, 2005

Thru: Sarah Brinkley
Classification Study Manager

From: Diane Larocque
Human Resource Specialist

Phone: 465-3837

Fax: 465-1029

Email: Diane_Larocque@admin.state.ak.us

Subject: Revenue Auditor Study

Introduction

Over the past ten to fifteen years, the Department of Revenue, Tax Division has undergone budget cuts resulting in significant reductions of professional level audit staff and several reorganizations of the division. Consistent difficulty in recruiting qualified candidates and the anticipated loss of additional senior staff to retirement prompted the request for a full classification study. Representatives from the Tax Division requested consideration for replacing the existing Revenue Auditor series with three separate and distinct auditor series to more accurately define the work performed in each unit. An additional request was made to establish a "specialist" position that would allow for advancement outside the supervisory career path. Also, in an effort to assist with recruitment difficulties, re-establishing flexibly staffed job classes for the auditor series was explored. Included in the scope of the study was a full review and revision of the class specifications and an internal alignment analysis.

History

Revenue Auditors I and II were created in May 1971. Incumbents in these job classes were responsible for performing office audits on individual and corporate income tax returns, and on miscellaneous taxes such as fish, excise, and tobacco. In August 1971 a third level, Revenue Auditor III was established and represented the journey level of the series. The Revenue Audit Supervisor I and II job classes were also established at this time.

The Revenue Field Auditor I-III job classes were established in March 1973. Incumbents in this series conducted full field audits and investigations involving alleged tax violations. The primary difference between the Revenue Auditors and Revenue Field Auditors was the fieldwork and in-depth investigative work performed by the Revenue Field Auditors. In August 1974 flexible staffing for Revenue Auditors I and II was approved which established entry and intermediate training levels for the series.

A Revenue Audit class study was conducted July 1984. This was a full study that included a salary analysis and resulted in the expansion of the Revenue Auditor series to include a Revenue Auditor IV advanced level and Revenue Auditor V lead auditor level. The definitions and distinguishing characteristics were revised to combine the duties of the Revenue Field Auditors with the Revenue Auditor III, IV, and V levels. As a result the Revenue Field Auditor job classes were abolished.

Since the 1984 Revenue Auditor study there have been only minor revisions made to the class specifications. Revisions to the minimum qualifications were made in September 1995 and December 1998. In May 2000 minor edits were made to the definition.

Scope

The study included all positions allocated to the Revenue Auditor and Revenue Audit Supervisor job classes. These job classes include a total of thirty seven professional level positions located in the Departments of Revenue (DOR), Tax Division, and Natural Resources (DNR), Division of Oil and Gas. One professional level position is located in the Department of Commerce, Community & Economic Development (DCCED), Division of Insurance. Eight newly established vacant positions were also included in the study.

Contacts

The Director and Deputy Director of the Tax Division, the State Geologist and the Commercial Analyst Audit Manager for the Division of Oil and Gas, and the Deputy Director of the Insurance Division served as contacts to provide information and feedback throughout the study process. Thirteen incumbents were selected for position audits and interviewed about the work they perform. The supervisors of the various units were also contacted to provide additional clarifying information.

Method

The Director of the Tax Division served as occupational consultant and presented information to classifiers on the work performed by the Revenue Auditors in that division. The State Geologist and the Commercial Analyst Audit Manager from the Division of Oil and Gas also provided information describing the work performed by the Revenue Auditors at DNR. No other department representatives made presentations since only one Revenue Auditor position exists outside DOR and DNR.

Position descriptions were received for all positions included in the study. Incumbents working with the different tax types and at various levels were interviewed to provide an overall understanding of the similarities and differences of audit work performed. After analyzing all gathered information against the classification factors, a thorough review of the existing Revenue Auditor series was conducted. The divisions identified differences in the work and required minimum qualifications between the three proposed new audit groups and after reviewing the information, distinctions were confirmed by the Analyst and Classification Manager. Separate draft class specifications were written and provided to the divisions for review and comment, recommendations by the divisions considered, and draft class specifications were further revised and submitted to the divisions for final review and comment. The positions were then allocated to the appropriate job class using the new class specifications, and draft allocations were sent to the divisions for review. As part of the review process, all divisions were given the opportunity to request reconsideration of the initial allocation. Following the divisions' agreement with the position allocations, job classes were analyzed for internal alignment and the draft salary analysis was sent to the divisions for review and comment. Whereas no comments or requests for reconsideration were received, the new class specifications were published, positions officially allocated, and the study findings were documented and finalized.

Analysis

Most Revenue Auditor positions, which include the appeals staff, and Revenue Audit Supervisor job classes, are located within the Department of Revenue Tax Division or Department of Natural Resources Oil and Gas Division. The exception is one Revenue Auditor position located in the Department of Commerce, Community and Economic Development, Division of Insurance. In order to allocate all positions appropriately, careful evaluation and analysis identifying both the similarities and differences of each position was made. During this process the classification factors used by classifiers served as

guidelines to provide the basis for determining if creating several new class series was warranted. The classification factors were also used to identify levels within the series, analyze positions for appropriate allocation, and determine internal alignment. The classification factors included:

- *Nature, variety and complexity of work*

The Revenue Auditor series in general, encompasses three functional areas: audit, appeals, and regulatory compliance. The primary auditing function for Revenue Auditors is to review and examine financial records and supportive documentation to identify tax and royalty liabilities that ultimately generate revenue for the state. There are three identified tax types: oil and gas production, corporate income tax, and excise taxes that include gaming taxes, fish, and other smaller transactional taxes. In addition to auditing, some Revenue Auditors perform compliance functions, monitoring tax programs for regulatory compliance. The primary function of the Revenue Auditors in the Appeals Section is to serve as an appeals officer for all tax programs administered by the department. With the need to train entry level auditors, some positions may also have the responsibility for training staff as a major function of the position.

- *Nature of supervision received*

Revenue Auditors work independently with supervision available if needed. The nature of the work and policy of the divisions require that all audits are reviewed to ensure consistency and accuracy. Incumbents allocated to flexibly staffed positions initially perform under close supervision with supervision relaxed as the incumbent progresses to the journey level. The advance level auditor serves as a lead providing guidance and direction to subordinate auditors. Revenue Auditors in appeals are expected to perform work independently. There are no lead level positions as incumbents report directly to the supervisor for guidance. These positions are responsible for independently handling informal appeals, and may work closely as part of a team, assisting an Assistant Attorney General with the most difficult formal appeals cases, including those conducted through the Office of Administrative Hearings or court.

- *Guidelines*

Positions in these job classes analyze and audit tax and financial records, supporting documentation, and accounting methods and systems used by varied and complex private businesses and corporations. All Revenue Auditors and Revenue Audit Supervisors apply state statutes, federal regulation, and case law to accurately examine financial records and reports. Incumbents evaluate tax programs, leases, or contracts, and analyze the impact of existing or proposed tax laws on state revenues and/or royalties. Some auditors specialize in the application of the Internal Revenue Code, while others must have special training to develop an understanding of the oil and gas industry and production components. All auditors must have a firm understanding of tax accounting, tax statutes and tax law. In addition, appeals staff must be well versed in legal protocol, precedent, and process.

- *Initiative and originality required*

Personal initiative is generally required and encouraged since auditors work with a high degree of independence. Auditors must take the initiative to involve other staff, seek the advice of the Department of Law, and management. In addition, auditors must often learn to exercise both tact and skill to extract pertinent information from taxpayers and/or negotiate settlements, leases, contracts, or informal conferences.

- *Purpose and nature of person to person contact*

Revenue Auditors, Revenue Audit Supervisors, and appeals staff work with other agencies, taxpayers, taxpayer representatives, professional staff in the industry, and the public to acquire and provide information pertinent to ongoing analysis of taxes, royalties, contracts, leases and revenue sources. Revenue Auditors perform in an adversarial role on behalf of the state to contest the amount of tax or

royalty liability reported by taxpayers. The purpose and nature of the person to person contact may range from taxpayer counterparts having little sophistication in tax matters to highly specialized professionals in large multinational firms.

- *Nature and scope of recommendations, decisions, and consequence of error*

Because of the nature of the work, there is a significant amount of public scrutiny and potential for litigation. Auditors work with large amounts of revenue which depending on the audit may range from thousands of dollars to millions of dollars. This has a direct financial impact on state revenues and the consequence of error could significantly impact the state's economy. Revenue Auditors at the journey and advanced levels participate in the research and analysis of proposed legislation, submit input and make recommendations to supervisors that may ultimately influence elected officials and policy.

- *Nature and extent of supervision exercised over the work of others*

At the highest levels, Revenue Auditors perform independently and regularly exercise judgment and discretion. These positions often serve as lead level positions assigning and overseeing projects, and reviewing the work product. Revenue Audit Supervisors are assigned the responsibility for managing a unit. The scope of management and supervisory authority duties distinguishes the I and II levels.

- *Qualifications required*

The Division of Personnel has adopted as general guidelines the requirement for minimum qualifications. It should be emphasized that these are guidelines, not standards. When using the minimum qualifications as one of the eight classification factors, consideration was given to the recruitment difficulties of that job class. Using the Division of Personnel experience and educational requirements as general guidelines rather than a standard practice to distinguish levels ensured fair consideration.

Using the eight factors as the foundation for making comparisons, the differences between the Revenue Auditors in the nature, variety, and complexity in work, the purpose and nature of person-to-person relationships, and the nature and scope of recommendations, decisions, commitments, and consequence of error was made evident. For each level in the series, the class controlling work was defined by the degree to which these factors influence assignment and performance, and the class specifications were created based on this information.

Revenue Auditors audit corporations or businesses that have unique accounting systems most often containing layers of financial data that is hidden, obscure, or ambiguous, and must be scrutinized. To be successful the incumbent must have an overall knowledge of the industry to locate, research, and analyze relevant tax information and understand the information recorded in returns. Revenue Auditors prepare formal reports stating the issues, facts, law, and positions of both parties. Incumbents may be assigned tasks beyond the audit function such as regulation research or examining the affect of potential legislation on operations, tax programs, methods and policies. Although the focus of the Revenue Auditors may be narrowly limited to tax or royalty liability and some regulatory compliance, the audits are broad in scope. These audits most often involve diverse business activities, and depending on the type of tax, involve the analysis of single transactions or cumulative activities occurring over a specified period of time. While all Revenue Auditors at the entry level are expected to have basic accounting and auditing aptitude, knowledge of the industries and an understanding of governing statutes and regulations is generally obtained through on-the-job training. The work requires specialized knowledge of tax laws, companies or industries being audited, and auditing and accounting skills to effectively and accurately audit the books and records of a variety of companies, each with their own method of accounting.

Revenue Auditors who work in excise, gaming, or fisheries tax types perform work that focus on single transactions rather than entities or organizations. In addition to auditing functions, the regulatory and

educational components of the job require different skill sets than those of the oil and gas production or corporate income tax auditors. With proper support, training, and educational background, an individual working with these tax types may quickly learn the critical aspects of the program. Tax counterparts are less sophisticated than those located in large firms or corporations.

Revenue Auditors in the Tax Division and in the Division of Oil and Gas who work with oil and gas production or leases perform audits that are unique to the State of Alaska and require specialized training. Incumbents must learn the various components of oil and gas production and the industry. Audit positions working with this tax type are presented with the difficulty of working with a unique tax type or lease and royalty issues that often present novel situations with little or no guidance. Although the nature of the oil and gas audits differ between the two departments, with DOR having a focus on tax liability and DNR having a focus on royalties and negotiating settlement agreements, the overall work performed by the oil and gas auditors in both divisions is sufficiently similar for grouping purposes.

Revenue Auditors working in corporate income tax are also specialists in that this group computes tax liability based on federal taxable income with Alaska adjustments. Alaska statutes adopt the Internal Revenue Code (IRC) by reference, and the statutes make certain exceptions and modifications to the IRC that directly affect tax liability. As a result, these Revenue Auditors must have a thorough working knowledge of the IRC. Incumbents interpret and apply a wide and diverse body of authorities that include Alaska statutes, and other state tax statutes, regulations, case law, and foreign tax and fiscal contracts. Corporate income tax audits require formal, specialized training to learn the Internal Revenue Code and the specialized accounting rules for multi-state corporations. Incumbents must also become well versed with rules of apportionment.

Revenue Auditors working in the appeals group do not perform audits. The primary function of these auditors is to serve as an appeals officer for both informal and formal tax appeals cases. Revenue Auditors working in the Appeals Unit represent auditors from all tax types and advocate on behalf of the respective tax programs, serve as advisors to program staff, and have knowledge of legal protocol and practices. Incumbents conduct informal conferences, issue written informal conference decisions, and may represent the agency for cases appealed to the formal level. Revenue Appeals Officers must have an understanding of “the big picture”. Incumbents in these positions work with and on behalf of the Revenue Auditors and must have a firm understanding of the various tax programs. Whereas Revenue Auditors are focused solely on performing audits, Appeals Officers must understand the tax programs, tax laws, regulations, policies, and how it relates to the work in the division. Incumbents must exercise judicial temperament with auditing and tax law knowledge. Appeals may involve high stakes, with dollar amounts in excess of millions of dollars. However, the Revenue Appeals Officers do not give legal advice, do not conduct hearings, and do not render decisions.

Having recognized that the duties of all positions may share some similarities, it was necessary to determine if the criteria for grouping positions as set forth by the Division of Personnel’s classification plan was met. For the purpose of grouping positions into job classes, the Division of Personnel established the following criteria to determine if the positions are sufficiently similar with respect to duties and responsibilities, degree of supervision exercised and received, and entrance requirements so that:

1. The same title can be used to clearly identify each position.
2. The same minimum qualifications for initial appointment can be established for all positions.
3. The same basic rate of pay can be fairly applied to all positions.
4. Employees in a particular class are considered an appropriate group for purposes of layoff and recall.

Although comparisons of the work for all positions indicated similarities with regard to nature and variety of the work, the differences were sufficient to fail the grouping criteria and warrant creating new job classes. As a result, the following new job classes were created: Tax Auditor I-IV, Oil and Gas Revenue Auditor I-IV, Corporate Income Tax Auditor I-IV, and Revenue Appeals Officers I-II. In addition, whereas each auditor series has its own unique set of complexities requiring specialized skill sets, flexibly staffed entry and developmental levels were established for each of the three newly created series to provide sufficient program specific training and advancement opportunity to the journey level. For each auditor series, an advanced level was established to serve as lead auditor and work on the most difficult audit assignments. Only two levels of work were identified for the Revenue Appeals Officers resulting in a journey and advanced level.

The same grouping criteria was used to examine the Revenue Audit Supervisors I/II/and III. Examination of the duties, authority, and responsibilities indicate clear distinctions between the three levels. As a result, the Revenue Audit Supervisor I and II remained two distinct supervisory job classes and the Revenue Audit Supervisor III was replaced by the Chief of Revenue Operations to more accurately reflect the duties performed by this position.

Differences in minimum qualifications between all auditor series, supervisors, and appeals staff, and each level underscored the distinctions between job classes. These differences further supported the request to abolish the existing Revenue Auditor series and establish new job classes.

Both divisions requested that consideration be given to establishing a new job class which would be representative of a highly technical level expert. Incumbents in these positions would be responsible for a distinct body of work requiring a highly skilled and experienced individual to serve as a consultant and advisor to staff and management. Reporting directly to management, this position would have sufficient expert level knowledge in a particular area to be considered the final authority, possess specialized expertise about industry operations, and have decision making authority that may have statewide impact. This highest level of work was identified for the oil and gas production and the corporate income tax units. Following the review of proposed duty assignments, it was determined that establishing new job classes was appropriate with a title of "specialist" to more accurately reflect the level of the work. This would also ensure consistency within the divisions' organizational structures. As a result, an Oil and Gas Revenue Specialist and Corporate Income Tax Specialist were established.

Internal Alignment

The salary range of a job class is determined based on the internal consistency within the state's pay plans, in accordance with merit principles, with the goal of providing fair and reasonable compensation for services rendered and maintaining the principle of "like pay for like work". In evaluating internal consistency the difficulty, responsibility, knowledge, skills, and other characteristics of a job are compared with job classes of a similar nature, kind, level in the same occupational group and job family or related job families.

Auditor and Supervisor internal alignment

Recognizing that no two job classes are 100% alike, specific job classes were selected for comparison based upon the following similarities in duties and characteristics of the work performed:

- gather, review, and analyze, financial and accounting data
- perform field audits to gather additional financial information
- prepare and write report summary/narratives
- provide program information and education to a variety of audiences
- ensure regulatory compliance with applicable programs

- research regulatory issues and provide recommendations to supervisors
- review and draft legislation and regulations
- supervise professional work related to financial management, accounting, or revenue
- conduct hearings, adjudicates; work with appealed cases

Based on the work and duties, job classes sufficiently similar in kind and level that advise, administer, supervise, and perform work in management, accounting, budgeting, and related financial management were selected and reviewed as possible comparable job classes to the auditor and supervisory job classes. The following job classes within the clerical, fiscal, and administrative group (P1XXX) were included in the analysis: Accountant, Internal Auditor, and Program Budget Analyst. In order to ensure full compensatory consideration, professional job classes sufficiently similar in kind and level outside of this group (P2XXX) were also included in the analysis: Economist, Petroleum Economist, Utility Financial Analyst, Financial Institution Examiner, and Insurance Financial Examiner. Field Auditor (P4XXX) was also considered.

Possible comparable job classes for Tax Auditors, Oil and Gas Revenue Auditors, Corporate Income Tax Auditors and Revenue Audit Supervisors:

Accountants:

Accountants working for the state track and record funds received and expended, and maintain the financial account tracking system. Although funding may come from a variety of sources, accountants work with one set of accounting system and principles, those adopted by the State of Alaska for governmental accounting. Accountants work in support of specific programs and agencies, provide advice, information, financial projections, and training to staff at all levels to ensure sound financial management. A variety of reports are generated from financial data contained within the accounting system. Initiative and originality is limited and the scope of recommendations, decisions, commitments and consequence of error is narrow. Incumbents must have considerable knowledge of governmental budgeting, accounting, and reporting principles and limited knowledge of state and federal laws, rules, and guidelines. Accountants work within the accounting principles and practices adopted by the state.

Internal Auditors:

Internal Auditors perform the full range of audit functions. The scope of the audits performed is broad and includes overall organization and program review and evaluation for regulatory compliance. The focus is on internal, management, fiscal and accounting controls; review of agency policy and procedures; appraisal of agency performance and effectiveness in meeting goals and objectives. Internal Auditors examine financial records of agency activities, contractors or grantees for adherence to policies, program effectiveness, operational efficiency, effective control over expenditures, receipts, revenues, and assets. Internal Auditors examine resources for proper accounting and financial transactions, the production and reporting of accurate, reliable, timely, and useful financial data, and compliance with applicable laws, regulations, and precedent decisions.

Program Budget Analyst:

Program Budget Analysts perform ongoing analysis of departmental budgets or broad area of the budget. Incumbents independently perform analysis of all budget matters pertaining to a state department by defining, proposing solutions to budget problems, assists supervisor in the analysis of a variety of the most complex statewide issues, and provide consultative budget services to state agencies. Incumbents may review and analyze operating budgets (program categories), capital improvement budget, and program evaluation. Incumbents coordinate review of budget submissions from assigned programs and agencies; review for conformity with instructions and format, mathematical accuracy, program content, and adherence to regulatory guidelines. The focus of the Program Budget Analyst is on internal state

agency management, fiscal and accounting controls. Incumbents have a familiarity with state financial structure, taxation policies, and revenue systems.

Economist:

Economists prepare quantitative and qualitative analysis in support of audit work, development of tax regulations, preparation of fiscal notes for pending legislation, development of regulations, develop state revenue projections and other economic reports for the governor, legislature, and the general public. Economists plan, direct, coordinate, and participate in professional econometric model forecasting, cost/benefit analyses, and research relating to various management and taxation alternatives, projected revenue, labor and workforce trends, and legislative proposals. Incumbents write narrative explanation of study findings in technical and non-technical terms used for assisting state, federal and legislative agencies to develop projects to measure economic and/or revenue impact. Some positions work with other state agencies to propose, evaluate and assess economic, tax or revenue programs. Incumbents may also analyze the impact of existing or proposed tax laws on state revenues and produce statistical summaries of non-oil revenues.

Petroleum Economist:

Petroleum Economists are specialists who analyze and interpret economic data relating to the determination of the economic value of known and potential petroleum resources, financial status of oil companies, oil revenue projections and oil tariffs.

Utility Financial Analyst:

Utility Financial Analysts perform duties involving utility regulatory audit, financial examination, and the analysis of prospective or regulated utility companies. Incumbents review the financial aspects of utility and pipeline filings, including tariff revisions, certifications, and petitions. Positions allocated to this class perform audits, examinations, and analyses of regulated utilities involving complex or controversial issues such as new or unusual regulatory issues, the application of regulatory theory, or the analysis of utilities with unusually complex accounting systems. Determinations are made of the appropriate level of power cost equalization for a given utility. Cases may involve substantial political considerations or legal issues, or, cases which may be expected to result in public hearing. Incumbents review tariff filings, identify appropriate rate making components and inappropriate costs to be disallowed from rate calculations, verify elements of the review requirement, reviews pre-filed testimony in contested cases and summarizes hearing record. Utility Financial Analysts must have sufficient knowledge of utility regulatory accounting practices and procedures to examine the books of prospective and existing utility companies. Incumbents perform financial analysis on rate case audits, identify regulatory issues and theory, possible legal and accounting problems, documents pertinent background data and relevant utility Commission rulings and identify involvement required by other sections. Utility Financial Analysts possess knowledge of the principles of revenue requirements and rate making; auditing techniques and tax laws. Positions participate in adjudication hearings.

Financial Institution Examiner:

Financial Institution Examiners plan, conduct, and lead examinations of commercial banks, trust companies, mutual savings, bank holding companies, branches or agencies of foreign banks, small loan companies, premium finance companies and other financial institutions. Financial Institution Examiners provide both a regulatory function and maintenance function by ensuring the integrity of banking and financial institutions through the evaluation of safety and soundness of the companies. Incumbents have a thorough knowledge of financial institution operations and the finance industry, participate in assembling information and data for accurate analysis of a financial institution's assets and liabilities, management competency, soundness of policies, and other factors that affect its solvency. Incumbents analyze and verify accuracy of accounting, fiscal, and other financial records, check loan files for completeness and

accuracy and judge credit worthiness of borrowers. Examine and analyze accounting and other records for compliance with laws and determine protection of trustors' accounts and compliance with trust document provisions. Financial Institution Examiners review findings of examinations with superiors and the institution, conduct exit reviews, recommend corrective action or improvements in procedures and generate reports on examination, evaluation, and forecasting processes. Incumbents possess knowledge of state regulations of financial institutions, governing laws and regulations, and accounting principles and practices used in financial institutions.

Field Auditor:

Field Auditors make determinations of employer liability under the Employment Security Legislative Act by means of investigating and auditing payrolls and other records of private employers. Work includes the interpretation of laws and regulations, advising employers regarding procedures to be followed, and the collecting of delinquent contributions from the employer. Incumbents research employer records to ensure that accurate rates are assigned for employer payments under the Alaska Employment Security Act, and that liable employers submit tax moneys due.

Insurance Financial Examiner:

Insurance Financial Examiners conduct research and analysis of the financial conditions and business practices in insurance companies conducting business in the state. Incumbents evaluate factors affecting the sale and marketing of insurance by monitoring the conduct of persons and organizations involved in the insurance industry for compliance with state law, reviewing and approving or disapproving rates, rating systems and policy forms used or proposed for use in Alaska by licensed insurers. Incumbents participates in field audits to gather information, performs audits of insurer's annual statements, prepares documentation of financial review and investigations of insurers, and makes recommendations for disciplinary actions and monitoring.

- Auditors:

Entry/Trainee level positions:

Program Budget Analyst I (P1461 SR 13), Accountant I (P1204 SR 14), Internal Auditor I (P1290 SR 14), and Economist I (P2206 SR 16).

These job classes are Professional entry/training level and generally assist higher level positions in providing specific analyses of limited scope or perform selected assignments. These positions are often filled and worked in a trainee capacity. Incumbents have the basic academic body of knowledge, but the work requires learning the practices and procedures of the professional field. Positions at this level work under close supervision. Minimum qualifications at these levels include a bachelor's degree in a specific area or a non-specific bachelor's degree with specific coursework, and/or experience requirements.

Tax Auditor I is the professional training level of the series. The nature, variety, and complexity of the work and level of supervision is characteristic of the other comparable professional entry/training level positions assigned to salary range 14.

Oil and Gas Revenue Auditor I is the professional entry/training level of the series. Minimum qualifications are set lower than the Economist I, and relaxed to allow for a substitution for the required accounting degree. However the nature, variety, and complexity of the work, as well as the specialized aspects of the program require substantial training to learn the tax type which is unique in the country, and the appropriate guidelines. Incumbents must also learn the various components of the oil and gas industry and production operations. The specialized training and complexity of this tax type places this job class above salary range 14. However, at this level, incumbents are expected to possess some

knowledge rather than a working knowledge of accounting practices. Working knowledge is consistent with the developmental rather than entry/trainee level job classes. In addition, the scope of the work and the research and analysis performed is narrowly defined, and less complex and controversial than that found at the developmental level range. Therefore Oil and Gas Revenue Auditor I is assigned to salary range 16.

Corporate Income Tax Auditor I is the professional entry/training level of the series. The nature, variety, and complexity of the work, as well as the specialized aspects of the program requiring substantial training to learn complex Internal Revenue tax code and specialized accounting rules for multi-state corporations places this job class above salary range 14. However, at this level, incumbents are expected to possess some knowledge rather than a working knowledge of accounting practices. In addition, the scope of the work and the research and analysis performed is narrowly defined, and less complex and controversial than that found at the developmental level range. Therefore Corporate Income Tax Auditor I is assigned to salary range 16.

Developmental level:

Internal Auditor II (P1291 SR 17), Program Budget Analyst II (P1462 SR 16), Financial Institution Examiner I (P2310 SR 17), Utility Financial Analyst I (P2334 SR 17).

These are second level developmental trainee positions. Incumbents continue training and are assigned projects with limited scope and complexity that are selected to provide increased difficulty and variety within the specialty. This work requires a working knowledge, and incumbents apply acquired knowledge and skills with continued on-the-job training to develop the expertise needed to perform more difficult duties and at the higher level. Incumbents learn examination, review, and audit techniques and are assigned small audits or portions of audits or cases to assist the incumbent with the developmental process. Supervisor assistance is readily available.

Tax Auditor II is the developmental level in the series. The incumbent has acquired some knowledge of tax auditing and continues to follow a training plan. Assignments are tasks that are well defined, limited projects directed towards fact finding rather than analysis and interpretation. Considering the scope and complexity of the work performed by the Tax Auditor II against the comparable job classes indicates the Tax Auditor II job class is appropriately assigned to salary range 16.

Oil and Gas Auditor II is the developmental level in the series. Incumbents have a working knowledge of accounting and auditing principles, and apply knowledge and skill obtained at the lower level to perform the full range of audit duties. Whereas the incumbents must continue to learn specialized aspects of the program through on-the-job training, small and less complex oil and gas production audits are assigned. The scope, complexity of the work, and the specialized knowledge of the oil and gas industry and production operations required to perform duties exceed that of the comparable job classes. Oil and Gas Revenue Auditor II is assigned to salary range 18.

Corporate Income Tax Auditor II is the developmental level in the series. Incumbents have a working knowledge of accounting and auditing principles and apply knowledge and skill obtained at the lower level with continued on-the-job training, including formal training, to perform the audit assignments to learn the specialized aspects of the program. The scope and complexity of the work and guidelines that require specialized knowledge of the complex Internal Revenue tax code and accounting rules for multi-state corporations duties exceed that of the comparable job classes. Corporate Income Tax Auditor II is assigned to salary range 18.

Journey:

Accountant II (P1205 SR 16), Internal Auditor III (P1292 SR 19), Program Budget Analyst III (P1463 SR 19), Economist II (P2207 SR 18), Financial Institution Examiner II (P2311 SR 19), Utility Financial Analyst II (P2335 SR 19), Field Auditor I (P4636 SR 16), Insurance Financial Examiners I (P2300 SR19).

This is the full proficiency, full working level. Incumbents perform complete audits and possess the knowledge and skill necessary to accurately explain policies, procedures, rules and regulations to professional counterparts and the public. Work may involve a variety of programs, accounts, funding sources, and assignments are typically of moderate scope and complexity. Incumbents are expected to function independently, exercise substantial judgment and decision making.

Tax Auditor III is the journey level of the series. At this level, the scope and complexity of the work exceeds that of accountants. Incumbents are responsible for a tax program. The breadth of professional knowledge is greater as the work requires knowledge, skills, and ability in professional auditing, regulatory compliance, and research. The nature and purpose of person to person work relationships is also greater and requires special skill sets for providing education and information to taxpayers, taxpayer representatives and the public. However, the scope and complexity of the work is in the lower range of that found in the work performed by job classes assigned to the highest journey level of comparable job classes. Tax Auditor III is assigned to salary range 18.

Oil and Gas Revenue Auditor III is the journey level in the series. Incumbents perform production tax and royalty audits of medium size and work with sophisticated professional taxpayer representatives who are professional corporate accountants and attorneys. The size, scope, and complexity of the audits exceed that of the comparable job classes. Oil and Gas Revenue Auditor III remains appropriately assigned to salary range 20.

Corporate Income Tax Auditor III is the journey level in the series. Incumbents are responsible for independently performing audits on small to medium oil and gas companies and large complex non-oil and gas corporate income tax audits. The size, scope, and complexity of the audits exceed that of the comparable job classes. Corporate Income Tax Auditor III remains appropriately assigned to salary range 20.

Advanced/lead:

Accountant III (P1206 SR 18), Program Budget Analyst III (P1464 SR 21), Economist III (P2208 SR 20), Financial Institution Examiner III (P2312 SR 21), Utility Financial Analyst III (P2336 SR 21), Field Auditor II (P4635 SR 17), Insurance Financial Examiners II (P2301 SR 21).

At the advanced level, incumbents have substantial responsibility for projects of broader scope, and are most difficult and complex. Assignments may often be controversial and have a significant impact on decisions affecting state programs or revenues. Research and performance of duties at this level require discretion and innovation, and are characterized by the application of specialized knowledge of an industry or program area. Incumbents may advise the supervisor and higher level management as to policy, regulatory or legislative implications. Incumbents often serve as lead workers, mentoring and assigning work to subordinates.

Tax Auditor IV is the advanced level in the series. Although the scope and level of complexity found in the work exceeds that of the Accountant III, the audits performed are in the lower range of complexity as those found in the higher level of comparable job classes. Incumbents have less decision-making authority and their duties generally involve a lower consequence of error than that of the job classes assigned to the highest advanced level positions. Tax Auditor IV is assigned to salary range 20.

Oil and Gas Revenue Auditor IV is the advanced level in the series. Incumbents are responsible for the largest oil and gas tax or royalty audits. Taxpayer counterparts are big five accounting firms and attorneys, and in house tax professionals using sophisticated accounting systems. Audits and royalty settlement agreements involve multinational corporations and audit claim dollars can frequently reach millions. The scope and complexity of audits, purpose and nature of person to person contacts, and the consequence of error exceed that performed by the comparable job classes. Oil and Gas Revenue Auditor IV remains appropriately assigned to salary range 22.

Corporate Income Tax Auditor IV is the advanced level in the series. Incumbents are responsible for performing audits of the largest oil and gas corporations. Incumbents must have a commanding knowledge of Internal Revenue Code and Taxpayer and accounting rules for multi-state corporations. Counterparts are big five accounting firms and attorneys, and tax professional specialists using sophisticated accounting systems. Audits involve multinational parent corporations with subsidiaries, with audit claim dollars frequently in the millions. The scope and complexity of the audits, purpose and nature of person to person contacts, complexity of available guidelines and consequence of error exceed that performed by the comparable job classes. Corporate Income Tax Auditor IV remains appropriately assigned to salary range 22.

*Oil and Gas Revenue Auditor and Corporate Income Tax Auditor entry, developmental, journey, and advanced levels (formerly Revenue Auditor IV and V) remain among the highest salary ranges, at each level, for non-supervisory comparable job classes within state classified service.

Expert/Specialist :

Accountant V (P1207 SR 22), Economist IV (P2209 SR 22), Petroleum Economist I (P2214 SR 22), Natural Resource Specialist V (P6645 SR 23).

Positions at this level are non-supervisory subject matter experts who independently conduct the most complex analyses having substantial impact on the state, and the greatest consequence of error. Incumbents possess a significant degree of experience and technical expertise to address unprecedented problems, participate as a member and/or lead a multidisciplinary team composed of technical level experts and specialists to provide expert analysis, consultation, and recommendations on the most complex projects and issues.

Oil and Gas Revenue Specialist serves as a high level of technical expert in a significant and highly complex audit area with a broad scope of responsibility for the division's audit program. In addition, incumbents are responsible for making recommendations to management involving areas of policy formulation, issue identification, research and resolution, and strategic planning. Work may be subject to significant scrutiny from the legislature, other governmental agencies, the public, and oil companies. The level of responsibility, complexity of the work, and technical expertise required most closely aligns this position with the Natural Resource Specialist. Oil and Gas Revenue Specialist is assigned to salary range 23.

Corporate Income Tax Specialist serves as technical advisor by consulting with audit and appeals staff on new tax issues, complex audit litigation related to corporate income tax, and provides technical support, advice, and recommendations on the most difficult, complex, and politically sensitive corporate income tax cases, issues, and appeals. The incumbent reviews, researches, and evaluates existing state and federal tax laws, policies, and regulations pertaining to corporate income tax. This position monitors federal income tax and multi-state tax developments relating to new tax issues or tax issues not covered by existing statutes and/or regulations. The level of responsibility, complexity of the work, and technical

expertise required most closely aligns this position with the Natural Resource Specialist. Corporate Income Tax Specialist is assigned to salary range 23.

- Supervisors:

Accountant III (P1206 SR 18), Internal Auditor IV (P1294 SR 21).

These are 1st level working supervisors who plan, and direct the work of subordinates while performing the most complex assignments. At this level, incumbents have some responsibility for implementing internal policies and procedures, and may provide assistance to higher level supervisors by providing recommendations for program development, policy setting and administrative functions.

Accountant V (P1208 SR 22); Internal Auditor V (P1295 SR 23); Financial Institution Examiner IV (P2313 SR 22); Utility Financial Analyst IV (P2337 SR 23); Insurance Financial Examiners III (P2302 SR 23); Program Budget Manager (P1465 SR 22).

These are 2nd level supervisors having full supervisory and management responsibilities for a unit, and are often the state expert for a particular program. The incumbents may serve as advisor or liaison to higher level management, commissions, directors, agencies, and media, and are directly involved and responsible for overall administrative functions such as budget development and establishing policies and procedures.

Revenue Audit Supervisor I are working supervisors. The level of authority, responsibilities assigned, and nature of supervision received and exercised over subordinates is consistent with the more narrowly focused supervisory responsibilities and level of authority found at the 1st level of supervisors. However, the complexity of the work and tax programs exceeds that which is found at the 1st level supervisory comparable job classes. The Revenue Audit Supervisor I remains assigned to salary range 22.

Revenue Audit Supervisors II are responsible for a broad range of duties. The description of full responsibility which includes planning, developing, managing, and evaluating operations, budgets, personnel, organizational structuring, policy and procedure development, legislative or regulatory changes is consistent with other supervisory positions at this level. Given the public scrutiny and political sensitivity of the existing and new tax programs, and the impact on the state from revenue generated, this job class is set above salary range 22 and commensurate with the highest level comparable supervisory job classes. Revenue Audit Supervisor II remains assigned to salary range 23.

*The Revenue Audit Supervisors I and II remain among the highest salary ranges for supervisory positions within state classified service.

- Chief of Revenue Operations:

Chief Economist (P2210 SR 24); Chief Procurement Officer (P1347 SR 24); Accountant V (P1208 SR 22); Petroleum Economist II (P2215 SR 24).

These are often single position job classes in which the incumbent serves as the supervisor of a large, diversified, and usually dispersed staff with a number of sub units. Incumbents may also serve as a primary policy maker, develop and implement policy relating to the programs, manage all resources within the section, oversee the planning, implementation and coordination of program operations, and develop and maintain long-range plans and coordinate the operations of the section in order to accomplish objectives. These positions often serve as program advisor to management and the Legislature. Chief of Revenue Operations is appropriately assigned to salary range 24.

Appeals Officers internal alignment

The same method was used to select appropriate comparable job classes for the (formerly) Revenue Auditors working in the Appeals Unit. Appeals Officers do not render decisions or provide legal advice. Further, the Appeals Officers do not conduct hearings or serve as judges for hearings. However, incumbents represent the division and program staff for matters on appeal. Incumbents must understand the legal processes and protocol, judicial procedure, and must possess considerable knowledge of general legal principles, practices, and strategies employed in litigation and appeals. Based on the nature of the work and duties performed, the following job series were selected and reviewed as possible comparable job classes to the Revenue Appeals Officers: Attorney, Hearing Examiner, Hearing Officer, Disability Hearing Officer, Administrative Law Judge, and Appeals Referee. The list is appropriate as it reflects job classes that advise, supervise, or perform professional work in legal or quasi-judicial settings to conduct hearings, make decisions or recommendations, and prepare decisions on claims concerning government programs or other government related matters. Most of these job classes are located in the (P7XXX) group, with the exception of the Hearing Officers and Examiners who are assigned to the (P1XXX) group.

Possible comparable job classes for Appeals Officers

Attorney

Attorneys render legal services in a variety of fields of law serving as counsel to state agencies. Incumbents present analysis, prepare formal opinions, conclusions, and advice to agency executives, explain and defend content of legislation, regulations, etc., before boards, commissions, industry representatives, legislators, concerned public or other groups, where issues or proposed actions may be controversial. Attorneys prepare briefs, opinions and pleadings, carrying out legal research, analyze highly complex legal documents for clarity and legal sufficiency. Incumbents assemble and organize facts, and present evidence and other matters in oral and written legal forms.

Hearing Examiner

Hearing Examiners conduct hearings and prepare proposed decisions on formal proceedings related to the substantive rights and obligations of persons, including corporations, subject to the provisions of the laws administered by the agency.

Hearing Officer

Hearing Officers investigate alleged violations and claims regarding state statutes and/or regulations; review points on appeal; contact affected parties; evaluate record and makes recommendations whether to accept the filing for hearing or to reject the filing for lack of merit or procedural deficiencies. This class is distinguished from other hearing officer related classes which review decisions or actions taken by other employees within the same organization, relating to a particular program or service. This class is characterized by the variety of appeals and has responsibility for reviewing and rendering decisions on actions taken by personnel in all state agencies and/or outside state government, but within their jurisdiction.

Disability Hearing Officer

Disability Hearing Officers conduct informal adversarial hearings relating to the claims for benefits under the provisions of Social Security and/or Supplemental Security Income laws and regulations. Incumbents review claims, medical and vocational evidence pertaining to the hearing, consult with medical and vocational experts, and explain social security disability law, regulations, rulings, policies and procedures to claimants and their representatives. Incumbents render written decisions requiring the understanding

and application of medical, legal, and vocational concepts to evaluate the impact of physical or mental impairments on an individual's ability to engage in an occupation.

Administrative Law Judge

Positions in the Administrative Law Judges series conduct and preside over formal hearings to prepare or recommend final decisions on claims regarding state government programs or government related hearings. Incumbents function as independent and impartial triers of fact in formal hearings rather than as an agency representative. The scope of jurisdiction crosses multiple state agencies and may include hearings referred from outside state government.

Appeals Referee

The Appeals Referee holds pre-hearing conferences with appellants, attorneys, employers, and other interested persons in order to expedite just and reasonable solutions to appeals and contests without formal hearings, whenever possible and prepares, conducts, and determines, formal hearings to adjudicate unemployment insurance appeals.

Journey and Advanced levels:

Attorney II (P7143 SR 20); Attorney III (P7144 SR 22); Attorney IV (P7145 SR 24); Hearing Officer (P1925 SR 21); Hearing Examiner (P2380 SR 24); Appeals Referee II (P4663 SR 19); Appeals Referee III (P4664 SR 21).

At the journey level, the Revenue Appeals Officer I is assigned the less complex penalty or gaming cases. Whereas it is often the less complex cases that progress to the formal level, extensive research, analysis, and an accurate response to all issues arising in the appeal is required. The nature and complexity of the work, nature and scope of recommendations, commitments and consequence of error, nature of person to person work contacts, minimum qualifications, and the required knowledge, skills, and ability to successfully perform duties indicate the range falls between the comparable job classes assigned to ranges 20 and 22. Revenue Appeals Officer I is assigned to salary range 21 and is appropriately placed in the P73XX occupational family.

At the higher level, the Revenue Appeals Officer II is assigned the most difficult cases. In this capacity, they may serve, in effect, as co-counsel, assisting with strategy, research and gathering information. Although incumbents do not render decisions or provide legal advice, they may make recommendations. The nature and complexity of the work, authority to make recommendations and commitments, consequence of error, purpose and nature of person to person work contacts and relationships, minimum qualifications, and required knowledge, skills, and ability to successfully perform duties indicates that the range falls between the comparable job classes assigned to ranges 22 and 24. Revenue Appeals Officer II is assigned to salary range 23 and is appropriately placed in the P73XX occupational family.

The Revenue Appeals Officer Supervisor is a working supervisor. This position works on the most complex tax appeals cases and has a primary responsibility for ensuring taxpayer appeals from the actions taken by all (formally) Revenue Auditors assigned to all tax types are appropriately and successfully handled. The incumbent has a broad scope of responsibility encompassing the planning and supervision of the Appeals unit, and the assignment of the most complex cases. The nature and complexity of the work, nature and scope of recommendations, commitments and consequence of error, purpose and nature of person to person contact, and minimum qualifications indicate the Revenue Appeals Officer Supervisor is appropriately assigned to salary range 24 and is appropriately placed in the P73XX occupational family.

Conclusion

The Revenue Auditor Series was abolished and three new auditor series were established to better reflect the unique work performed by each auditor group. In an effort to address recruitment concerns, all three were established as flexibly staffed. An additional request submitted by the departments was to create “specialist” expert level, non-supervisory job classes. This request was granted after review and close examination of the body of work that would be assigned to these positions, and a specialist position was created for the oil and gas production and corporate income tax types. In addition to these changes, the supervisory series was edited and a newly established Chief of Revenue Operations replaced the Revenue Audit Supervisor III job class. Finally, it was determined that staff performing appeals work were not appropriately allocated as auditors. After a review of existing job classes, it was determined that a new series was needed to better reflect the body of work performed by appeals staff. The following lists the results of the study:

Current:

- Revenue Auditor I-V SR 14,16,18,20,22 **abolished**
- Revenue Audit Supervisor III SR 24 **abolished**

Remain:

- Revenue Audit Supervisor I-II SR 22, 23

Newly established:

- Tax Auditor I-IV (flexibly staffed I-III); SR 14, 16, 18, 20
- Oil and Gas Revenue Auditor I-IV (flexibly staffed I-III); SR 16,18,20,22
- Corporate Income Tax Auditor I-IV (flexibly staffed I-III); SR 16,18,20,22
- Oil and Gas Revenue Specialist SR 23
- Corporate Income Tax Specialist SR 23
- Chief of Revenue Operations SR 24
- Revenue Appeals Officer I-II SR 21,23
- Revenue Appeals Supervisor SR 24

The majority of auditor positions included in this study meet the Fair Labor Standards Act (FLSA) professional criteria for overtime exemption. Under current FLSA rules, an employee meets the professional criteria for exemption if he/she:

- receives a weekly salary of more than \$455
- performs work requiring advanced knowledge in a field of science or learning and is defined as work that is permanently intellectual
- includes work requiring the consistent exercise of discretion and judgment with respect to matters of significance.

All auditors meet the first two criteria. However, only the journey and advanced level auditors perform work requiring the consistent exercise of discretion and judgment with respect to matters of significance. At the entry (I) and developmental (II) levels, auditors are trained to ultimately perform at the fully proficient level. At the training and developmental levels performance is closely supervised, work is consistently reviewed, and the level of independence, decision-making authority, judgment, and discretion allowed is restricted. At the journey level, judgment and discretion, with respect to matters of significance, is expected and required from the auditors thereby meeting all three professional exemption criteria. In addition, incumbents serving as Appeals Officers and Specialists meet all professional criteria for overtime exemption. Supervisory positions meet both the professional and executive criteria for exemption.

Study implementation date is August 1, 2005.

