

TO: HONORABLE CITY COUNCIL

ATTN: POLICY AND SERVICES COMMITTEE

FROM: CITY MANAGER DEPARTMENT: CITY MANAGER'S OFFICE

DATE: NOVEMBER 18, 2008 CMR: 445:08

SUBJECT: Final Response to Auditor's 2008 Audit of Employee Ethics Policies

RECOMMENDATION

Staff recommends that the Policy and Services Committee review and accept the final responses to the Auditor's 2008 Audit of Employee Ethics Policies.

BACKGROUND

On January 23, 2008, the City Auditor presented an "Audit of Employee Ethics Policies" (Attachment A) to the Council Policy and Services Committee, which included seven recommendations. The City Manager's Office submitted a response to the audit (Attachment B) at that same meeting. Minutes of the January 23, 2008 meeting are attached for information (Attachment C). The Committee supported the recommendations and preliminary staff response. The Committee's suggestions for the ethics policies to be easily understandable, concise and based on ethical leadership are reflected in the City Manager's final responses.

DISCUSSION

The City Manager's Office initial responses to the Ethics Audit have been revised based on additional input from the former Assistant City Manager, an Executive Staff Committee of the Human Resources Director, Public Works Director, Utilities Director, and Deputy City Attorney, and the Executive Staff as a whole. The revised responses (Attachment D), which are in general agreement with the audit recommendations, are provided as an update to the Council Policy and Services Committee on the status of their implementation. The responses propose to: 1) add ethics training to the annual Form 700 training; 2) have supervisory review of Form 700s if a question of employee conflict arises or a complaint is received; 3) add a section to the City's intranet for employee reference on conflict laws and ethical behavior; 4) promulgate a values-based employee code of ethics; 5) establish a formal employee ethics training policy and program; 6) provide an ethical culture assessment survey for employee feedback; and 7)

establish a policy and procedures for employees to report waste, fraud and abuse. The responses also promote awareness of State law whistleblower protections for employees and recommend a staff working group to explore the idea of a community hotline.

There have been some recent developments at the State level regarding whistleblower hotlines, including passage of AB2001. The City Auditor has an interest in further pursuing implementation of an independent public hotline and will be working with the City Manager and City Attorney on this effort.

RESOURCE IMPACT

The City Manager’s Office and affected City departments will absorb the administrative costs of implementing the final response to the ethics audit recommendations with the exception of the additional resources that may be required by the City Manager to build capacity to oversee and investigate employee claims of waste, fraud and abuse. Should that capacity have budgetary impact on the Office of the City Manager, Council action may be required.

POLICY IMPLICATIONS

Implementation of the final responses to the ethics audit recommendations is consistent with existing City policies.

ENVIRONMENTAL REVIEW

This report is not a project requiring review under the California Environmental Quality Act (CEQA).

ATTACHMENTS

- Attachment A: 2008 Audit of Employee Ethics Policies
- Attachment B: January 23, 2008 City Manager’s Responses to Ethics Audit
- Attachment C: Minutes from January 23, 2008 Policy and Services Committee Meeting
- Attachment D: November 2008 City Manager’s Revised Responses to Ethics Audit (with attachments)

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