To: Honorable Mayor and Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: Audit Report: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better

RECOMMENDATION
Request the City Manager report back by September 12, 2017, and every six months thereafter, regarding actions to strengthen Berkeley's ethical climate until recommendations are fully implemented.

FISCAL IMPACTS OF RECOMMENDATION
Investing in ethics education and resources for employees will pay off for the City. A strong ethical climate in local government builds public confidence. This encourages voters to approve funding for new programs and initiatives to tackle the City's challenges. The impact on employees is just as important: the more employees perceive their workplace as ethical, the more efficient and effective they are in their service delivery and, thus, in the use of taxpayer dollars.

CURRENT SITUATION AND ITS EFFECTS
Good News: Employees rated Berkeley's ethical climate as strong overall in our confidential survey. They said that they are expected to use ethical behaviors in getting results, to tell the complete truth in their work, and to treat everyone who comes before the City equally. Employees also said that their managers showed respect in the workplace, treated the public respectfully, and did not accept gifts or special treatment from members of the public. These results all show the strengths of the City's ethical workplace climate. Employees also revealed, however, areas needing improvement.

Room to Improve: Our survey revealed differences between support staff's and management's rating of the City's ethical climate, mostly in areas of fairness and responsibility. Compared to supervisors and managers, support staff gave Berkeley lower ratings when it came to: rewarding employees based on performance; being encouraged to speak up about ethically questionable situations; and understanding where to turn for ethics advice.

Progress Made: Management has already taken steps to improve its ability to demonstrate equity and transparency in hiring, support employee career growth, and provide for a safe and ethical workplace. Human Resources reinstituted the City's

Leadership Development Program and is actively training managers on hiring and selection processes. The City Manager also issued a whistleblower protection policy that makes it clear that management prohibits retaliation against employees who report good faith suspicions of misconduct or misuse of City resources (whistleblower complaints) to management, the City Attorney, or the City Auditor.

Keeping the Momentum: Studies show that most employees prefer to report ethical violations to supervisors or managers. This is significant and is why we emphasize supervisor training in our recommendations, but do not recommend developing a new reporting structure. We made additional recommendations aimed at strengthening the City's commitment to a transparent, equitable, and ethical workplace, including:

- Establishing a formal ethics program, based on public sector values, that articulates the City's ethical values, and provides guidance on encouraging, addressing, and responding to employee complaints and concerns.

- Prioritizing supervisor training to initiate and encourage discussions of ethical issues.

- Clarifying to whom staff should report their ethics concerns and developing a system for tracking, analyzing, and reporting on suspected misconduct.

BACKGROUND
To help the City provide employees with a positive and supportive workplace, and the public with effective and efficient service delivery, we decided to do an audit of the City's ethical climate. We determined that the best way to understand how employees view the City's ethical climate was with a confidential survey, asking how they perceive their work environment and whether they believe management supports an ethical workplace.

ENVIRONMENTAL SUSTAINABILITY
Our office manages and stores audit workpapers and other documents electronically to significantly reduce our use of paper and ink. This particular report has no identifiable environmental effects or opportunities associated with it.

RATIONALE FOR RECOMMENDATION
Implementing our recommendations will assist management in strengthening the City's ethical climate and improving public trust, employee morale, and service delivery.

CONTACT PERSON
Ann-Marie Hogan, City Auditor, City Auditor's Office, 510-981-6750

Attachments:
1: Audit Report - Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better

City of Berkeley
Office of the City Auditor

Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better

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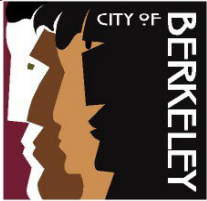Lincoln Bogard, Auditor II (Resigned)
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Presented to Council March 14, 2017

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Purpose of the Audit

We conducted this audit to determine whether the City's workplace ethical climate promotes trust, positive leadership, and doing the right thing and, if not, to identify the problem areas and how to address them.

Executive Summary

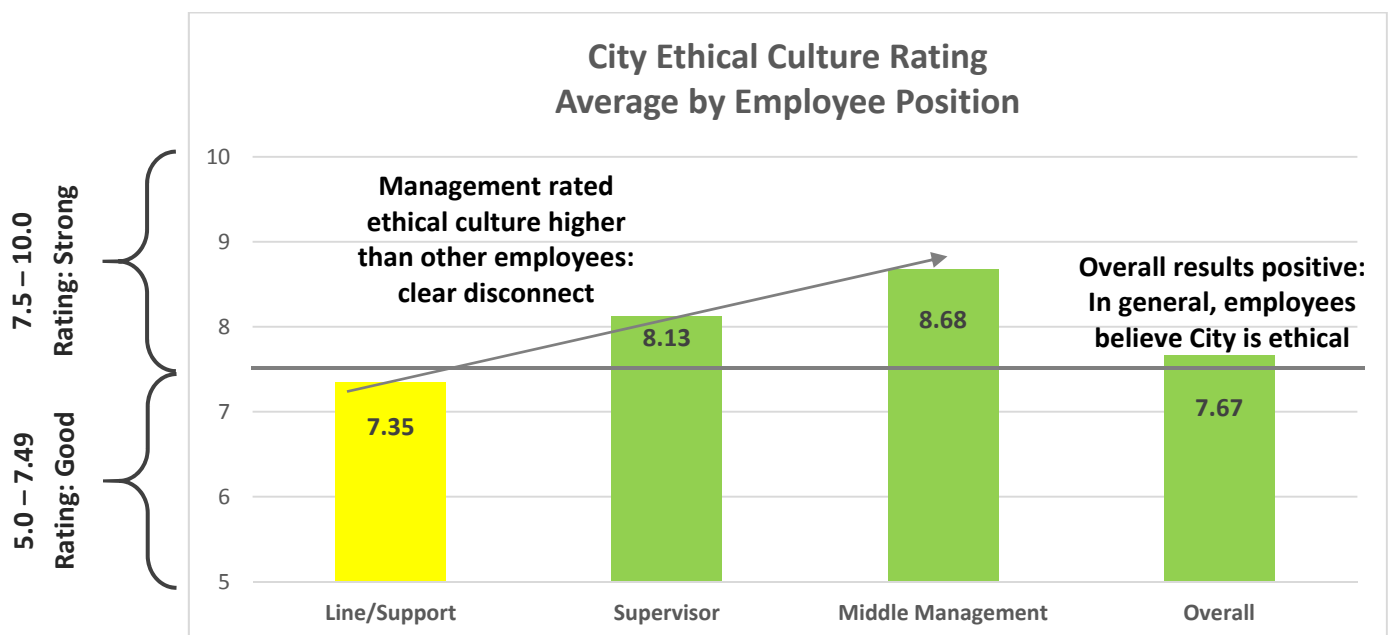**Ethics in public service: commitment to trust and respect**

Ethics in public service means more than just following the rules. It is a commitment by public employees to take individual responsibility for creating a government that has the trust and respect of the public. Establishment of a strong ethical climate is an essential part of maintaining that trust and providing a positive working environment. That requires clear communication, training, and leaders at all levels who are willing to listen and to act decisively to uphold ethical values.

Employees, overall, rated the City as having a fairly strong ethical culture

We surveyed employees to learn how people in their workplaces promote honesty, fairness, respect, trust, and good stewardship of public resources. Overall, Berkeley employees rated the City's ethical culture as *strong*, at 7.67 points.

Disconnect between management's and employees' perceptions

While the overall survey results were positive, a closer look indicates opportunities for improvement. Line and support staff rated Berkeley's ethical culture as *good*, but supervisors rated the culture as *strong,* and middle management even stronger.

City Ethical Culture Rating Average by Employee Position

7.5 – 10.0 Rating: Strong

5.0 – 7.49 Rating: Good

Management rated ethical culture higher than other employees: clear disconnect

Overall results positive: In general, employees believe City is ethical

Line/Support 7.35
Supervisor 8.13
Middle Management 8.68
Overall 7.67

Management must increase efforts to support employee reporting of bad news, and better demonstrate appreciation and reward for performance

Employees indicated *good*, not *strong,* when asked whether:
- ✓ Managers and supervisors in their departments encouraged staff to raise ethical concerns and bring forward bad news to management.
- ✓ Their departments appointed and rewarded people on the basis of performance and contributions.

Berkeley has already taken steps aimed at improving the City's ability to demonstrate fairness and improve transparency in hiring, and to publicize and improve upon existing avenues for resolving complaints, encouraging career growth, and embracing equity. By making it a priority to address ethical issues of equity, inclusion, and transparency, the City has begun to make positive changes.

Recommendations

Implementing our recommendations will strengthen the City's commitment to improvement and its progress in maintaining a transparent, equitable, and ethical workplace. The City can make a strong ethical culture stronger by investing in a robust ethics program with a laser sharp focus on communication between supervisors and their staff about ethics.

- Establish a formal ethics program, based on public sector values, to include communication, guidance, and training.

- Prioritize supervisor guidance in how to initiate and encourage discussion of ethical issues. Make it clear in all cases to whom staff should report their ethics concerns, how the City will investigate, and the consequences for retaliation against employees.

- Work to improve and expand mechanisms for staff to report ethics concerns and to see reports about investigation and resolution of employee complaints, taking care to protect confidential and identifying information.

- Continuously monitor and periodically evaluate the effectiveness of the ethics program and make improvements based on results.

AUDIT OBJECTIVE

We conducted this audit to determine whether the City's workplace ethical climate promotes trust, positive leadership, and doing the right thing and, if not, to identify the problem areas and what can be done to address them.

Our office had been considering this audit for many years. A 2007 Ethics Resource Center[1] report indicated a decline in local government ethics and we wanted to see how Berkeley compared. Competing and more time sensitive priorities prevented us from completing the audit sooner. Given citywide changes in staffing recently, we determined it was the time to conduct this audit and we elevated it to our 2015 Audit Plan.[2] We did recognize that our audit coincided with ethics-related claims made against the City. However, it is crucial to note, we did not investigate the legitimacy of those claims or intend to use this audit to substantiate or refute them. Our audit focused on the City's ethical climate, based on our April 2015 employee survey and other research. We emphasized taking steps to use recognized best practices to support and maintain a strong, ethical climate.

BACKGROUND

Ethics: simply defined are standards of right and wrong

Ethics are well-grounded standards of right and wrong that influence how we should act. Ethics can be defined as:

- Positive principles of conduct
- Universal principles that define behavior as right, good, and proper
- Tools to help evaluate decisions

Ethics in local government critical to maintaining public trust

In today's atmosphere of mistrust in government institutions, simply adhering to the letter of the law is not enough. Ethics in public service means more than the avoidance of criminal behavior or rule-breaking; it means acting as effective stewards of the public trust. It is a commitment by public employees to take individual responsibility for creating a government that has the trust and respect of the public. Establishment of a positive ethical climate is an essential part of maintaining the public trust. Demonstrating positive ethical leadership strengthens employee trust and helps employees "do the right thing."

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[1] Ethics Resource Center: http://www.ethics.org/home. (ERC is now called Ethics & Compliance Initiative. However, due to the timing of our audit, we refer to the organization as ERC in this report.)

[2] City Auditor's Office 2015 Audit Plan: http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/RPT_Fiscal%20Year%202015%20Audit%20Plan_090914.pdf

Ethics principles:
- Respect
- Trustworthiness
- Responsibility
- Fairness

The [Institute for Local Government's](#) (ILG) guide *Understanding the Basics of Public Service Ethics - Promoting Personal and Organizational Ethics,* identifies ethical values or principles that transcend virtually all cultures and religions.[3] Among these values are respect, trustworthiness, responsibility, and fairness. The ILG's comprehensive guidance links these principles to specific examples for local government employees and officials, primarily:

- Respect - I treat everyone with courtesy and respect, even when we disagree.

- Trustworthiness – I remember that my role is first and foremost to serve the community.

- Responsibility – I do not disclose confidential information without proper legal authorization; I disclose suspected instances of impropriety to the appropriate authorities, but I never make false charges or charges for political or professional advantage.

- Fairness – I support merit-based processes for the award of public employment and public contracts; I promote equality and treat all people equitably.

FINDING AND RECOMMENDATIONS

Finding 1: The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate

Berkeley employees' overall perception is that the City has a strong ethical climate. This is good news for the City, as experts indicate that employee perceptions about ethics in the workplace affect morale, stewardship of assets, and quality of service to the public. Experts also say that organizations that promote and maintain an ethical workplace tend to have fewer legal claims and associated costs; fewer community complaints; fewer employee injuries; fewer employee absences; and less employee turnover. Beyond the impact that a strong ethical climate has on the workforce, it also helps support a positive public perception of City government.

In an ethical work environment, employees and those they work for support, communicate, and follow the rules, laws, regulations, policies, and procedures that guide their work. To gauge how Berkeley employees view the City's ethical work environment within that context, we conducted a confidential survey that asked employees how they perceive their work environment and how they perceive management's support of

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[3] Institute for Local Government – Ethics and Transparency: http://www.ca-ilg.org/ethics-transparency

an ethical workplace. Our questions were based on a survey created by the [Institute for Local Government (ILG)](#), which developed the survey as a tool for measuring a government's ethical climate. To assist employees in completing our survey, we provided them with a detailed definition of ethics as it pertains to the workplace. See [Appendix C](#) for complete details about our survey and our methodology for administering it so that it produced the most meaningful results. For example, our process excluded department directors and council members so that the survey results better represented employee perceptions of upper City management.

To score survey results, the ILG uses a rating scale from two and half to ten based on the response options of *always*, *almost always*, *sometimes*, or *rarely*. The ILG does not provide a *never* option. While the ILG does provide a *don't know* option, it did not assign a rating value to that response. The ILG's scoring system results in overall scores grouped into three categories:

Rating scale based on how employees answer questions: always, almost always, sometimes, rarely

Strong Ethical Culture
7.5-10 points

Good Ethical Culture but Room for Improvement
5.0-7.49 points

Ethical Culture Needs *Significant Change*
2.5-4.99 points

Employees feel positive about Berkeley's ethical climate

Overall, Berkeley employees rated the City's ethical climate as *strong*, especially for questions related to the ILG values of respect and trustworthiness. It's important to note, however, that these and all results discussed in this audit exclude survey takers who respond to questions with *don't know* since the ILG did not assign a rating value for those responses. We discuss our rationale for excluding *don't know* responses in [Appendix C](#).

Best course of action: focus on improving support staff's perceptions

While overall employee perceptions placed the City within the ILG's *strong* category, we found disconnect between middle management and non-supervisory employees. The latter rated the City's ethical climate *good* but the former rated it as *strong*. This difference in perceptions provides the most value in understanding the City's needs. It clearly shows where management needs to focus its attention to improve its support of an ethical culture.

Employees believe City could improve in the areas of responsibility and fairness

Support staff scores were lower than management's overall because of questions related to the ILG values of responsibility and fairness. For example, support staff gave their lowest rating to the question about rewarding employees based on performance; interestingly, another Bay Area city had similar results with that same question. Of course, management can't always tell employees exactly why they made a hiring or promotional selection because of the importance of confidentiality in personnel decision making. Berkeley's non-supervisory staff also gave a *good* rather than *strong* rating when asked whether they were clear about where to turn for advice about ethical issues.

Though privileged information should not be shared, demonstrating management commitment to an ethical workplace, listening to employee concerns, and providing ethics guidance can help improve employee belief that their management makes the right decisions and for the right reasons. Better communication and training are two ways to accomplish this and reinforce management's support of an ethical workplace.

City Ethical Culture Rating
Average by Employee Position
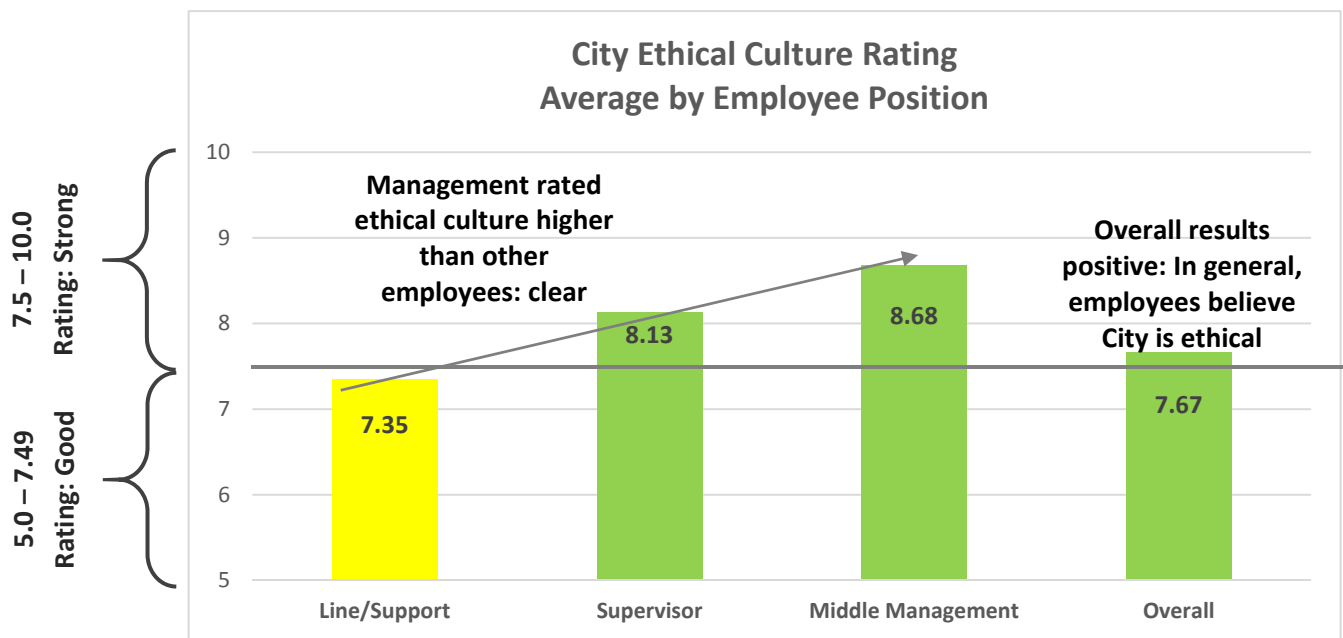
Longer tenure may mean employees do not believe there is opportunity for career growth

The length of time that employees worked for the City also shaped their survey responses. In particular, the longer someone worked for the City, the less likely they were to say that management appointed and rewarded employees based on performance and contributions. This perception indicates that management can take action to help employees advance their careers and be clear as to what they need to be promoted. Human Resources rolled out a "Managing Your Career" employee training, offering workshops twice a year, and performed outreach to improve employee awareness and participation. In addition to Human Resources' efforts, there is also a role for supervisors to play in communicating expectations. Our recommended emphasis on supervisor training and supervisor communication with employees should improve everyone's understanding of hiring and promotion policies and practices.

Overall City Ethical Climate Rating
New Staff vs. Long Term Staff

Tenure: 0 - 5 years

Tenure: 6 - 20+ years

Strong

Good

City took action to respond to employee complaints about fairness in employment

The issue of fairness in management's hiring and promotions practices has been the subject of significant discussion and action in Berkeley in the last few years. In 2013, some City employees and ex-employees made anonymous complaints about unfair treatment of African American employees. The City addressed those concerns by developing an action plan for City Council approval. Council also asked the Personnel Board to examine the City's hiring and promotions policies and procedures and provide recommendations for improving the City's employment practices, including transparency. In February 2016, both Human Resources and the Personnel Board provided the City Council with their reports.

The former Acting Human Resources Director took an additional step by requesting that our office conduct an independent audit of the department's hiring and promotions system. In 2015, we completed our audit, Use of Additional Best Practices Will help Guard Against Misconceptions about Human Resources' Merit-Based Hiring and Promotions Systems.[4] We concluded Human Resources would benefit from more extensive use of best practices, expanded hiring manager training, and clearer written procedures to manage its existing merit-based recruitment system.

Berkeley working to be more transparent in its efforts to support a diverse workplace

In response to, and independently of, the above reports, Berkeley took significant action to improve its ability to demonstrate and provide for fairness, equity, and transparency in hiring, and to encourage and support career growth. The City publicly issued a report about its equal employment opportunity complaints and resolutions process, including statistics on the types of complaints made, e.g., discrimination. In all, this helped demonstrate City management's efforts to support and promote a diverse workforce.

Good news: City values of trustworthiness and respect rated as *strong*

Berkeley is also doing well in areas related to the ILG values of trustworthiness and respect. Overall, employees indicated a *strong* ethical environment in response to questions related to those values. Specifically, employees generally believed that they are expected to:

✓ Report questionable ethical behavior of others

✓ Follow the spirit as well as the letter of the law

✓ Use ethical behaviors in getting results

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[4] Human Resources Merit-Based Hiring and Promotions System Audit (January, 19, 2016): http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/A%202_RPT_Human%20Resources%20Hiring%20and%20Promotions%20System_Fiscal%20Year%202016.pdf

✓ Tell the complete truth in their work

✓ Treat everyone who comes before the City equally

✓ Follow City policies and not the desires of individual elected or appointed officials

More good news: Employees rated their supervisors and managers as ethical in four key areas

Survey results also tell us that employees believe their managers support and exhibit trust and respect in the workplace. Employees specifically ranked supervisors and management in their departments as *strong* in response to questions about whether their managers:

✓ Expect staff to use ethical practices in getting results – not whatever it takes

✓ Treat the public with civility and respect

✓ Use public resources only for City purpose and not for their own personal or political uses

✓ Refuse to accept gifts and/or special treatment from those doing business with the City

Most employees who responded know the rules

In addition to ILG's survey questions, we asked employees whether they were aware of three important ethics-related City policies; most employees said yes. They expressed the strongest awareness of the City's robust harassment prevention policy, which forbids retaliation for reporting instances of harassment and aims to create a safe and diverse workplace.
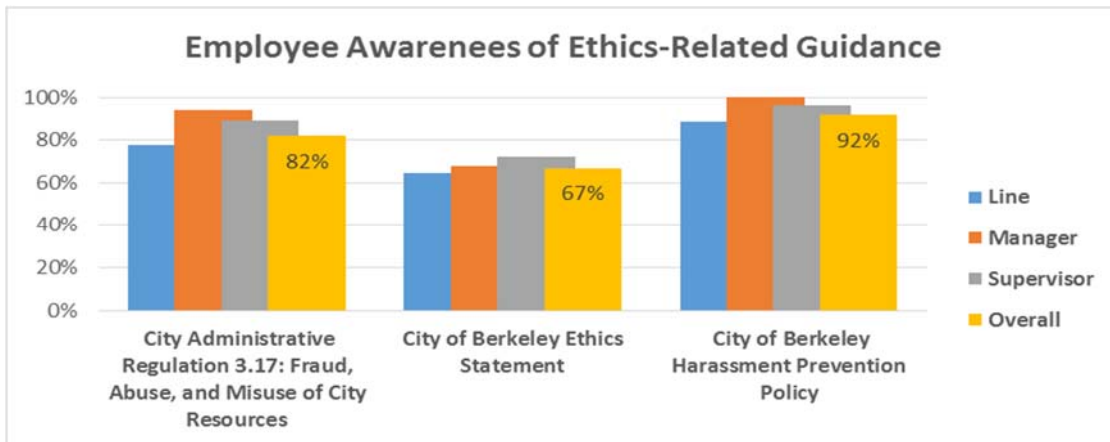
The above guidance covers key ethics-related policies, including City expectations for avoiding, reporting, and investigating improper conduct. Yet, while most survey respondents said they were aware of these policies, some also indicated that they are not clear about where to turn for advice about ethical issues. Support staff, specifically, expressed uncertainty about how and to whom to report ethically questionable behavior and about bringing forward "bad news." These responses indicate that management needs to do more to support an environment where staff are comfortable raising ethical concerns.

City ethics resources and guidance scattered: difficult to find for many employees

Employee uncertainty about reporting ethical concerns is not surprising given that the City does not offer ethics-specific training, and the City's ethics-related guidance, policies, and regulations are scattered on the City's intranet, Groupware. Only elected officials are required to complete a two-hour online ethics training every other year. The training, while geared to elected officials, provides valuable insight in how to promote and support an ethical workplace at all levels. As for written guidance, though the City does make it available electronically, it is not complied in such a way that it helps employees understand that it is part of the City's overall ethics program. Additionally, the electronic access is not necessarily accessible to all staff, since some employees do not work at a computer.

Given the results of our ethics survey, which created a baseline of the City's ethical climate, the City would do well to develop a more robust ethics program. The [Ethics Resource Center](#) reported in their 2007 National Government Ethics Survey, that a strong ethics program effectively communicates ethical standards and procedures through training, discussion, and publications geared to the diverse needs of the workforce. The ERC also reported that organizations that implement ethics programs dramatically reduce misconduct and mitigate the risk of losing public trust.

Training supervisors to engage staff in ethics discussions: a primary goal of ethics programs

Ethics research organizations and other local jurisdictions identify some best practices for implementing a robust program. One of the primary goals of such a program is training supervisors on how to engage staff in discussions about ethical concerns and to handle allegations of fraud and other unethical behavior.

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Best practices: strengthen ethical culture, clarify expectations, and make practices transparent

Specific aspects of a robust, best-practices ethics program that require a minimal investment of resources include:

- Articulating ethical values in communications so that all employee know how to bring those values to life in their everyday work.
- Promoting the City's ethics statement and values in employee newsletters and other literature.
- Making ethics resources easily and readily accessible in multiple formats, i.e., paper based and electronic.
- Establishing policies and procedures for reporting and investigating misconduct and ethical concerns.
- Creating an environment where employees feel safe coming forward without fear of retaliation.
- Conducting effective ethics training, particularly, at the supervisory and managerial levels.
- Assigning a high-level individual for overall program responsibility and for communicating operational departmental responsibilities.
- Defining roles and responsibilities for those responsible for oversight in written procedural guidance.
- Taking steps to ensure the ethics program is followed, including monitoring and evaluating the effectiveness of the program.
- Promoting and enforcing the ethics program through appropriate incentives and disciplinary steps.

Formal ethics program would reduce confusion and strengthen City relationships with stakeholders

Although Berkeley has some of the above policies, regulations, and practices that support an ethical environment, there is some ambiguity about how those represent the City's ethics values. Instituting a formal ethics program removes that confusion and provides everyone with the same information regarding ethical workplace expectations. It would succinctly communicate the City's ethics philosophy to employees, vendors and customers, and strengthen those relationships and the City's public reputation.

First Priority: train supervisors to seek employee feedback and handle allegations

Experts say that most reports of impropriety come from employees who inform their supervisors of their concerns. Given that, bridging the relationship between supervisors and support staff so that employees feel comfortable coming forward with information is an important aspect of an effective ethics program. In 2016, City management has taken two invaluable steps to address that need:

"Berkeley is committed to maintaining a workplace with fair policies and high ethical standards"
    - City Manager

- Reinstituted its Leadership Development Program. This program helps prepare City employees to become effective leaders and, for the first time, the program now includes ethics training that outlines the expectations of ethical responsibility.

- Implemented a new workplace policy "Protection of Whistleblowers – Retaliation Prohibited." The City Manager issued the new policy to all City employees to further the City's goal of conducting activities with high ethical standards. The policy makes it explicitly clear that management prohibits retaliation and "any adverse employment action because an individual made a good faith report or participated in an investigation into a complaint of an alleged violation of City policy or state or federal law, or misuse of City property or resources."

City poised to keep the momentum and strengthen its ethics program

These changes are good news. To keep the momentum, the City must extend its ethics training beyond the Leadership Development Program. All employees would benefit from ethics training that covers the Berkeley policies, regulations, and practices that support an ethical environment, and communicates the City's ethics values. The City could further improve the ethics training by incorporating aspects of the Fair Political Practices Commission (FPPC) ethics training. [5] This training, required by California

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[5] FPPC ethics training: http://www.fppc.ca.gov/learn/public-officials-and-employees-rules-/ethics-training.html

law, helps educate public officials on ethical standards in public service. Although designed and required for only elected officials, the training has valuable information that transcends to all City positions. For example:

- Principles of public service ethics
- Difference between ethics and ethics laws
- Public service values and doing what's right
- Meaning of trustworthy, fair, responsible, and respectful in public service

Supervisors and managers key to successful ethics program

While ethics training is generally recommended for all employees, training for supervisors and managers warrants immediate action because employees are more likely to reach out to supervisors first. According to the Ethics Resource Center (ERC), local government employees are most likely to report misconduct to their supervisor or someone in higher management. The ERC reported that very few local government employees tend to use a hotline to report their ethical concerns. Given employees' tendency to go to management, the ERC recommended training those leaders to help them recognize, address, and document reports of misconduct. Without that training, says the ERC, management may not handle allegations properly and not take the appropriate action to prevent further misconduct. This could lead to employees believing that their concerns are not taken seriously or feeling uncomfortable in bringing issues forward.

**Ethics Resource Center 2007 Nationwide Government Ethics Survey
Methods Used by Employees to Report Misconduct**
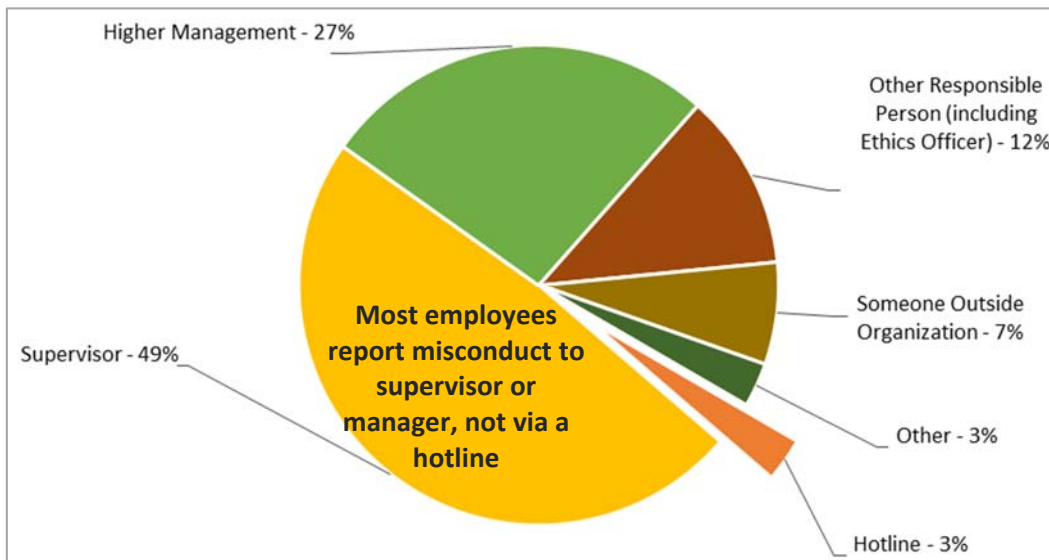
Source: ERC 2007 National Government Ethics Survey® - An Inside View of Public Sector Ethics

It's important for employees to know that they've been heard and that management is responsive to their concerns

Employee perception that management takes appropriate action when complaints are made is critical. ERC found that cities with strong ethics programs have a process in place for investigating, tracking, and reporting suspected improper activities. Knowing that management takes action when employees bring forward their concerns increases employee trust, communication, and sense of participation in an ethical organization.

Transparency is one way to help employees feel heard. Berkeley took a positive step recently by publicizing the results of Equal Employment Opportunity (EEO) complaints and investigations. In February 2016, the Personnel Board submitted a report to City Council that included a summarization of EEO complaints, including those made to outside agencies, that were and investigated by the Human Resources Department over a five-year period (fiscal years 2010-2015). For privacy reasons, the summarization excludes sensitive and confidential information. The report is a public document accessible on the City's website.[6]

Transparency boosts employee confidence that management listens and takes action

Human Resources reports on this information annually. The latest report covering complaints for fiscal year 2016 was distributed in September 2016 to the Personnel Board and City Council. While the report is available publicly, it is difficult to find on the City of Berkeley website. Continuing the practice of making this information available to the public, while making it easier to find, would help boost employee and community confidence that the City takes action in response to reports of discrimination and harassment.

While the City has a process for capturing information on EEO complaints, it does not have a process for tracking, analyzing, and reporting on other suspected misconduct, i.e., ethical improprieties. Such a system would help the City better understand the ethical climate and staff perceptions, and identify frequent issues or concerns that management could address with enhanced training and guidance.

Like the EEO summary, reporting out on ethical issues, without providing personally identifying information, provides assurance to employees that management takes action to resolve ethics complaints.

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[6] Personnel Board report: http://www.cityofberkeley.info/Clerk/City_Council/2016/02_Feb/Documents/2016-02-23_WS_Item_01_Personnel_Board_Review.aspx

Fair and effective hiring training: City's recent progress is substantial

HR records indicate 199 managers attended one or both of the required hiring manager trainings

In addition to making the EEO complaint system more transparent, the City of Berkeley has taken recent steps to address issues of transparency and fairness in hiring, promotion, and customer service. Management has reported to Council on progress made in making improvements aimed at increasing equity and transparency:

- New training
  - ABC's of the Examination and Hiring Process – required for hiring managers
  - Effective Interviewing and Selection – required for hiring managers
  - Leveraging Differences for a Competitive Advantage – required for all employees to promote diversity
  - Managing Your Career – elective career goal achievement workshop open to all employees
- Leadership Development Program for managers. Reinstituted in September 2016, this year-long program is designed to develop high-performers with the potential to become City leaders.
- Government Alliance on Race and Equity program. A year-long program for a cohort of 10 City staff, including the Human Resources Director and Training Officer, designed to provide local governments with tools to advance racial equity.
- Updated policy and training on EEO rights, obligations, investigations, and published results of EEO investigations from 2010 to 2015 to the City Council agenda in February 2016.

We recognize that the timing of those improvements may have impacted our survey results. Regardless, it is clear that the City is taking steps to address the areas that employees identified as needing improvement. In other words, the City has taken action to improve its ethical climate.

Recommendations	**The City Manager should:**
Establish formal ethics program	1.1 Establish a formal, public-sector-values based, ethics program by:

1) Adopting a code of ethics that identifies important ethical principles or values and how to integrate the code into day to day practices

2) Designating high-level personnel (a specific individual or individuals) to ensure the organization has an effective ethics program

3) Identifying City staff member(s) or an external resource to whom employees can turn for ethics advice

4) Providing staff with guidance on how to tackle ethical dilemmas

Promote ethical standards to employees and the public	1.2 Promote ethical standards to employees and the public by:

1) Including the City's ethics statement in the new employee packet and discussing the City's commitment to ethical standards in new employee orientation

2) Providing all employees with training covering the City's ethics-related policies and incorporating key aspects of the Fair Political Practices Commission ethics training

3) Providing a variety of ways to access ethics information and resources for employees, including those with no regular computer access at work, such as:

   - Posters and wallet cards
   - Centralized, intranet-based ethics resource center
   - Periodic inclusion of ethics statement in Berkeley Matters

4) Emphasizing the City's commitment to workplace ethics during formal meetings, informal staff discussions, and regular communications with outside parties

5) Making the code of ethics available to the public, such as including the ethics code and related material in a centralized location on the City's public internet

Provide written guidance and training to supervisors and midlevel managers	1.3 Provide supervisors and midlevel management with written guidance and training on how to: • Initiate and encourage discussions of ethical issues to help dispel misconceptions and alert management to actual problems • Report concerns or complaints to management or an external resource, and conduct investigations of ethics related complaints according to the City's procedures
Develop tracking, analyzing, and reporting system	1.4 Develop a system for tracking, analyzing, and reporting on suspected misconduct, including written guidance and forms (or similar) to assist employees in making reports.
Provide ethics-related investigation summary reports	1.5 Provide employees and the City Council with summary reports about investigation and resolution of employee ethics complaints, such as the reports already provided about EEO complaints, taking care to protect confidential and identifying information.
Monitor and evaluate ethics program	1.6 Monitor and regularly evaluate the effectiveness of the ethics program and make improvements based on results.
City Manager's Response	The City Manager agreed with the recommendations. The full response is at Appendix B.

FISCAL IMPACT

Earning the trust of employees and residents – Priceless	Ethics experts contend that a strong ethical culture leads to costs savings: employees tend to take fewer sick leave days and file fewer workers' compensation claims. Additionally, when the public has trust in an entity, the organization experiences fewer public liability claims.
A strong ethics program can help control costs related to workers' compensation and liability claims, and sick leave	We did not do an analysis to show whether there is a correlation between the City's ethical culture score and its costs for sick leave, workers' compensation claims, and public liability claims. However, in 2015, Berkeley paid out over $38 million in those liabilities, mostly to worker's compensation claims. Having a stronger ethics program is one tool at management's disposal to help control those costs.

Berkeley voters have demonstrated their trust in the City by voting for revenue measures

It is clear that a strong ethical culture affects not only employee perceptions, but also the public's trust in government. Costs associated with a loss of trust cannot be easily quantified. However, the City's recent successes in obtaining voter approval for revenue measures is an example of the fiscal impact of maintaining a high level of trust.

CONCLUSION

Strong ethical culture builds trust and respect

Ethics in public service means more than following the rules; it is a commitment by public employees to take responsibility for maintaining the trust and respect of the public and each other. A national study by the Ethics Resource Center (ERC) concluded that when both a well-implemented ethics program and a strong ethical culture are in place within a government organization, misconduct can be reduced by 60 percent, and reporting can rise by 40 percent.

Key areas to address:
- support employees who report ethical concerns
- improve the fair and equitable treatment of employees and public

Establishing a strong ethical climate is an essential part of maintaining trust. Results of our employee survey and other research demonstrates specific ways that the City can make its ethical climate even stronger. Key areas to address are:

- Employees' responsibility and willingness to speak up and report
- Management's ability to encourage and manage employee reports of misconduct and other ethics concerns
- Management's obligation to demonstrate that the City provides fair and equitable treatment to employees and residents

The ERC reported that most local government employees prefer to bring concerns to their supervisors or management. A robust ethics program will make that communication more likely to happen. Cities with strong ethics programs also have a process in place for investigating, tracking, and reporting suspected improper activities. This enhances awareness of consequences and increases confidence that positive action will result from voicing ethics-related concerns.

Robust ethics program
will strengthen trust
with employees and the
public

Once an ethics program is in place, the City needs to continually evaluate its effectiveness. A tracking and reporting process can also help the City better understand the ethical climate among staff and target frequently raised issues and concerns. By making a robust ethics program a priority, the City of Berkeley will strengthen the trust of employees and of the public, and show employees and residents alike that the City is committed to doing the right thing.

**We sincerely
appreciate and
thank everyone who
participated in our
survey and assisted
us during our audit**

We sincerely thank the many City employees who participated in this audit by responding to our ethics survey, and the staff, managers, and department directors who met with us to discuss and understand how the City works to support an ethical workplace. We would also like to thank the union leaders who met with us to discuss our audit, and who agreed to encourage their members to participate so that we could have a stronger understanding of employee views. We hope that, by making sure that a diverse group of voices was heard, the City can continue to take action to help us all "do the right thing."

APPENDIX A:

<u>Scope and Methodology</u>

We conducted this audit to determine whether the City's workplace ethical climate promotes trust, positive leadership, and doing the right thing and, if not, to identify the problem areas and what can be done to address them. To achieve our objective, we interviewed City officials; reviewed local policies, labor agreements, regulations and guidelines; researched state and federal laws and regulations; researched best practices; and surveyed City of Berkeley employees, excluding elected officials and department directors. We discuss our survey in more detail, including the rating of each question, in Appendix C. Specifically, we:

- Interviewed department directors, and staff in Human Resources, the City Manager's Office, and the City Attorney's Office to gain an understanding of the City's ethics related policies, procedures, and practices, and upper management's perceptions.

- Met with union leaders to discuss the intent of our audit and encourage employee participation, and explain our extensive efforts to keep employee responses confidential.

- Reviewed comparable audits, studies, and professional publications to obtain information on best practices adopted by governments that could serve as useful benchmarks in assessing the relative strengths and weaknesses of the City's ethical climate.

- Reviewed the City's ethics statement; conflict of interest code; administrative regulations (selected by relevance to our audit); employee violence in the workplace policy (anti-violence policy); purchasing manual; City Charter Section 72; harassment prevention policy; anti-retaliation policy; and labor agreements.

- Reviewed sections of the California State Labor Code governing whistleblower protections and economic conflicts of interest; State Law AB 1234 requiring ethics training for elected officials; and the United States Sentencing Commission Guidelines Manual.

- Reviewed City of Berkeley Equal Employment Opportunity workforce and complaint and resolutions reports, and Human Resources Action Plan report.

- Assessed the content of the newly established hiring manager and diversity in the workplace training curriculum.

Audit Delay

We began this audit in October 2014 and, after extensive outreach efforts, collected employee survey responses in May 2015. Our audit progress was then delayed by high staff turnover in our office and throughout the City, along with our need to reprioritize our work to address other time-sensitive audits and projects. However, we carefully evaluated our survey results and City policies, practices, and procedures to determine that our audit conclusions remain sound and relevant. Most significantly, we concluded that our ethics survey results assess the City's employee ethical climate at a point in time to

establish a baseline for the City. We fully recognize that current employee perceptions may now be either more positive or negative given any number of factors. Yet the baseline, from which we draw our conclusions and recommendations, remains the same and created a foundation for which we could address areas needing improvement.

Auditor Independence

We identified potential threats to our independence while performing our audit. We assessed those threats and put safeguards in place to reduce them to an acceptable level:

- As part of gaining an understanding of the City policies related ethical issues, we reviewed Administrative Regulation 3.17: Fraud, Abuse, and Misuse of City Resources. Although the City Manager's Office is responsible for enforcing the provisions of the regulation, the City Auditor's Office drafted the original regulation, and has been responsible for updating it. This created the potential appearance of a threat to our independence. In order to ensure our independence, we did not assess the effectiveness or enforcement of the regulation. We limited our work to simply asking employees whether they were aware of the regulation. As a result of this potential independence impairment, we are working with City management to transfer ownership of the regulation to another City department.

- In September 2016, our office presented a general overview of ethics to members of the Leadership Development Program. Human Resources asked us to participate in the training because of the knowledge we gained about workplace ethics while completing this audit. We put safeguards in place to reduce any threats to independence to an acceptable level by communicating with the City Manager and the Human Resources Director that our role in providing the ethics training does not indicate management participation, and that City management is wholly responsible for ensuring employees have sufficient information regarding workplace ethics and for developing and managing the Leadership Development Program.

Data Reliability

We assessed the reliability of SurveyMonkey and employee data (survey responses) by testing SurveyMonkey to ensure it worked as expected. Specifically, we created a test environment to gain an understanding of the systems functionality and to ensure ourselves that SurveyMonkey:

- returned survey responses accurately and completely
- limited responses to one per invitee
- kept responses anonymous

We reviewed SurveyMonkey's security statement, privacy policy, and terms of use statement to assure ourselves of systems integrity and data privacy controls. We also reviewed information about the company, which is widely known, used, and trusted by organizations for survey creation, data

collection, and data analysis. We worked with the Department of Information Technology to ensure our survey was not blocked by the City's spam filter. We put significant effort into outreach to inform employees of our survey, encourage participation, and promote honest and fair responses based on employees' overall impression of their workplace and not simply their perceptions on the day they took the survey. During outreach, we described the tremendous effort we put into ensuring employee privacy and anonymity. We believe that our outreach efforts helped increase participation rates so that we had sufficient data for analysis. We determined that the data were sufficiently reliable for the purposes of this report.

Standards Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX B

Audit Finding, Recommendations, and Management Response Summary

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better				
Findings and Recommendations	**Lead Dept.**	**Agree, Partially Agree, or Do Not Agree**	**Expected or Actual Implementation Date**	**Status of Audit Recommendations, Corrective Action Plan, and Progress Summary**
Finding 1 The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate				
1.1 Establish a formal, public-sector-values based, ethics program by: 1) Adopting a code of ethics that identifies important ethical principles or values and how to integrate the code into day to day practices 2) Designating high-level personnel (a specific individual or individuals) to ensure the organization has an effective ethics program 3) Identifying City staff member(s) or an external resource to whom employees can turn for ethics advice	City Manager's Office	Agree	Various 1) Sept. 2017: Establishment of Code of Ethics 2) Sept. 2017: Personnel designation 3) Dec. 2017: Identification of staff or external resources 4) June 2018: Staff guidance on tackling ethical dilemmas (this will be combined with full program implementation)	In progress (Deputy City Manager is the lead with major support from Human Resources)

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better				
Findings and Recommendations	**Lead Dept.**	**Agree, Partially Agree, or Do Not Agree**	**Expected or Actual Implementation Date**	**Status of Audit Recommendations, Corrective Action Plan, and Progress Summary**
4) Providing staff with guidance on how to tackle ethical dilemmas				
1.2 Promote ethical standards to employees and the public by: 1) Including the City's ethics statement in the new employee packet and discussing the City's commitment to ethical standards in new employee orientation 2) Providing all employees with training covering the City's ethics-related policies and incorporating key aspects of the Fair Political Practices Commission ethics training 3) Providing a variety of ways to access ethics information and resources for employees, including those with no regular computer access at work, such as:	City Manager's Office	Agree	Various 1) Sept. 2017: Ethics inclusion in employee orientation materials 2) June 2018: Establishment of ethics training for all employees 3) June 2018 or sooner: Providing access to ethical information for employees without regular computer access (portions of this will be completed with other recommendation, but completion will be simultaneous with full ethics program implementation)	Work on this recommendation will begin in June 2017 (or sooner) when the Code of Ethics is established. (Deputy City Manager is the lead with major support from Human Resources)

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better				
Findings and Recommendations	**Lead Dept.**	**Agree, Partially Agree, or Do Not Agree**	**Expected or Actual Implementation Date**	**Status of Audit Recommendations, Corrective Action Plan, and Progress Summary**
• Posters and wallet cards • Centralized, intranet-based ethics resource center • Periodic inclusion of ethics statement in Berkeley Matters 4) Emphasizing the City's commitment to workplace ethics during formal meetings, informal staff discussions, and regular communications with outside parties 5) Making the code of ethics available to the public, such as including the ethics code and related material in a centralized location on the City's public internet			4) Sept. 2017: emphasizing ethical commitment (paired with the establishments of the Code of Ethics) 5) Sept. 2017: Code of Ethics on the public internet	

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better				
Findings and Recommendations	**Lead Dept.**	**Agree, Partially Agree, or Do Not Agree**	**Expected or Actual Implementation Date**	**Status of Audit Recommendations, Corrective Action Plan, and Progress Summary**
1.3 Provide supervisors and midlevel management with written guidance and training on how to: • Initiate and encourage discussions of ethical issues to help dispel misconceptions and alert management to actual problems • Report concerns or complaints to management or external resource, and conduct investigations of ethics related complaints according to the City's procedures	City Manager's Office	Agree	June 2018: Provide supervisors and midlevel management with written guidance and training (this will be combined with full program implementation)	Work on this recommendation will begin in June 2017 (or sooner) when the Code of Ethics is established. (Deputy City Manager is the lead with major support from Human Resources)
1.4 Develop a system for tracking, analyzing, and reporting on suspected misconduct, including written guidance and forms (or similar) to assist employees in making reports.	City Manager's Office	Agree	December 2017	In progress (Deputy City Manager is the lead with major support from Human Resources)

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better				
Findings and Recommendations	**Lead Dept.**	**Agree, Partially Agree, or Do Not Agree**	**Expected or Actual Implementation Date**	**Status of Audit Recommendations, Corrective Action Plan, and Progress Summary**
1.5 Provide employees and the City Council with summary reports about investigation and resolution of employee ethics complaints, such as the reports already provided about EEO complaints, taking care to protect confidential and identifying information.	City Manager's Office	Partially Agree	n/a	While providing summary information to employees and the City Council can be beneficial, at this time (without the full ethics program established), it is not possible to determine if a summary report can be established in a manner that is detailed enough to be informative to employees and the City Council, and also non-specific enough to protect the confidentially of personnel issues. CMO will assess after implementation of the full ethics program.
1.6 Monitor and regularly evaluate the effectiveness of the ethics program and make improvements based on results.	City Manager's Office	Agree	June 2018 (this will follow full program implementation)	Not started

APPENDIX C

Employee Ethics Survey: Design, Efforts, and Results

We used a survey developed by the [Institute for Local Government](http://www.ca-ilg.org/ethics-transparency) (ILG)[7] for our employee ethics survey. ILG is a non-profit research organization affiliated with the [League of California Cities](https://www.cacities.org/)[8] that works to help local leaders govern openly, effectively, and ethically; work collaboratively; and foster healthy and sustainable communities. The ILG's survey, "designed to assist [an] agency in gauging its ethical climate," consists of 30 questions. Those questions were in groups of ten to reflect whether the employees are referring to themselves, their executives (i.e., management), or elected officials. We determined that, most likely, City employees would be unable to answer the questions related to elected officials as they have little interaction with City officials. Therefore, we limited our survey to the 10 employee-specific questions and the 10 management-specific questions. In doing so, we did recognize that our audit would not include findings and recommendations geared towards ensuring that both City Council and City employees understand that City Council is not to direct City employees.

We conducted our employee ethics survey between April 13, 2015, and May 4, 2015. Our survey included a total of 25 questions:

- The 20 Institute for Local Government questions
- Three questions regarding awareness of important ethics-related City policies
- The employee's years of service with the City
- The employee's position: manager, supervisor, or line/support staff

In all, we identified 1,394 employees who should receive our ethics survey. Because our survey focus was on employee perceptions, we excluded department directors, the City Manager, the Deputy City Manager, Council and Council Aides, and the Mayor. We interviewed the former City Manager, former Deputy City Manager, the City Attorney, and all department directors, including the former Library Director and the Rent Board Executive Director, to gain an understanding of their perceptions and concerns.

We created our survey in [SurveyMonkey](https://www.surveymonkey.com/), an online application for creating, distributing, and analyzing surveys.[9] We created twelve survey groups: one for each department of 20 plus employees and one combining departments of 19 or fewer employees. We designed our survey in SurveyMonkey to keep responses anonymous, require a response to all questions, and limit responses to one per employee.

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[7] Institute for Local Government: http://www.ca-ilg.org/ethics-transparency

[8] League of California Cities: https://www.cacities.org/

[9] SurveyMonkey: https://www.surveymonkey.com/

Ethics Definition

When we initiated our audit, we learned that people had questions and concerns about what we meant by ethics in the workplace. Therefore, to assist employees, we developed the following definition using best practices materials and included it in our survey and outreach materials:

"Ethics means different things to different people. Our survey is about the actions in your workplace that promote honesty, fairness, respect, trust, and good stewardship of public resources. In an ethical work environment, you and those you work for support, communicate, and follow the rules, laws, regulations, policies, and procedures that guide your work. An ethical climate in the City of Berkeley is one that helps all City employees:

- Know of, understand, and follow City policies and procedures, and City, state, and federal rules, laws, and regulations that apply to their workplace
- Understand the importance of reporting fraud, waste, and misuse of City resources and whom to contact to make those reports
- Understand the City's harassment free workplace policy and how to take action if it is violated
- Do their jobs to the best of their ability
- Be truthful and fair in their efforts to complete their civic duty
- Treat the public and their fellow employees with civility and respect
- Bring their concerns about practices, policies, and procedures to the attention of management"

Management and Union Leader Outreach; Employee Privacy

Prior to launching our audit, we held a number of meetings with upper City management and Union Leaders. We wanted to be fully transparent in our actions and ensure that they understood our intent and were fully aware of our plans. Most important, we wanted to 1) make it clear our survey results will define a moment in time based on perceptions during that moment; and 2) that we designed our survey so that we could to keep employee-specific responses confidential. The latter was most significant because we wanted to ensure Union Leaders and their members that we would not be able to link responses back to an individual so that employees felt comfortable responding to our survey. See our list of frequently asked questions in for more information.

Although we protected individual employee privacy, we did design our survey so that we could collect responses by department. Our intent was to identify particular concerns that we should bring forward to a department director. However, in reviewing the survey responses, we determined that the departmental results did not provide a clear enough picture to be able to do so. In our judgement, response rates for large departments, variances among divisions within departments, and grouping smaller departments to ensure employee privacy all impacted our ability to evaluate department individually. Therefore, we concluded that overall results would provide the most value to the City and used those results as the basis for our audit finding, conclusions, and recommendations.

Employee Outreach

To obtain a sufficient number of responses to provide us with a reasonable assessment of the City's ethical climate, we took measures to outreach to City employees. This included having the City Manager's Office send citywide employee emails with a message from the City Auditor announcing and reminding employees of our survey; including information in Berkeley Matters, the City employee newsletter; and developing a list of frequently asked questions. See Appendix D.

In our discussions with upper City management, some department directors expressed concern that not all their employees have access to a computer and, therefore, would inadvertently be excluded from our survey. To address this gap, we worked with those department directors to gain an understanding of how best to reach their employees who do not have computer access and who work evening and weekend shifts. We then developed our survey in paper format. We used unique identifiers to track those responses by department and prevent receipt of duplicate surveys, yet maintain employee anonymity. Our paper surveys also helped outreach to employees who preferred not to use SurveyMonkey even if they regularly use a computer at work.

We attended three, early morning staff meetings at the corporation yard and transfer station. We explained our survey intent and privacy measures; answered questions; encouraged participation while making it clear that it was optional; and provided paper copies of our survey. We left secure drop boxes at corporation yard and transfer stations for employees to insert their surveys at their convenience. Additionally, we created a flyer describing our survey and privacy measures, and left copies of it, along with copies of our paper survey and a secure drop box, at the Frances Albrier Community Center. We also kept secure drop boxes in our office and the Payroll Audit Division for employees who preferred to deliver their survey away from their normal work area. We kept all completed hard copies of the survey stored in a locked file cabinet in our office.

We also created our survey, flyer, and frequently asked questions in Spanish for paper-based distribution at the corporation yard, transfer station, and Francis Albrier Community Center. Our Auditor I provided a Spanish translation of our presentations at the corporation yard and transfer station, and we posted the frequently asked questions in Spanish on our website.

Survey Limitations

When we started this audit, we understood that there are inherent limitations in using a survey to gauge the ethical climate of an organization. However, our research into best practices proved that even with those limitations, providing an anonymous survey to employees was the most effective and efficient way to hear from a large number of employees spread out across the City. During our audit we kept the following things in mind.

- Many factors can impact an employee's frame of mind when completing the survey, which could influence their responses either positively or negatively.
- Ongoing changes within the City could impact perceptions day to day.

- Unless a survey achieves a 100 percent response rate, some employees' opinions may not be reflected in the quantitative analysis of the responses.
- Despite our extensive preparation, employees could have interpreted questions differently than we intended.

Because our overall goal was to set a baseline of the ethical climate at a point in time, we determined that the above factors would not create a significant audit risk as to the accuracy of our audit finding, conclusions, and recommendations.

Rating System

We used the [Institute for Local Government's (ILG)](#) rating scale to score employee responses to each question based on the options of *always*, *almost always*, *sometimes*, or *rarely*. The ILG also provided a *don't know* option but did not assign a rating value to that response:

- Always – 10 points
- Almost Always – 7.5 points
- Sometimes – 5 points
- Rarely – 2.5 points
- Don't Know

We contacted the ILG and asked whether *don't know* answers should be excluded from our survey results or assigned a zero value. The ILG representative we spoke with was unable to locate instructions that define the expectations on how to treat *don't know* answers. We then contacted the Cities of Oakland and Palo Alto, both of which had experience using the ILG's survey. Each treated *don't know* answers differently: Oakland assigned a value of zero and Palo Alto excluded those results.

After an extensive assessment of the survey questions and our survey results, we determined that excluding *don't know* results more fairly represented the City's ethical climate. We determined that employees who chose *don't know* simply did not have sufficient information to answer the question and, therefore, assigning a value of zero was misleading as it represented a lack quality versus a lack of knowledge regarding the question. We did recognize that removing *don't know* answers improved the City's ethics rating overall and per question. However, using our professional judgment, we concluded that the majority of *don't know* responses indicated that employees did not have an opinion on the matter, not that they had concerns. Therefore, excluding those responses was appropriate.

The ILG's rating system summarized results by group. Group scores ranging from 75-100 resulted in a high rating indicating an organization had a strong ethical environment. Group scores ranging from 50-74 resulted in a medium rating indicating an organization was in a good place but had room for improvement. Group scores ranging from 0-49 resulted in a low rating indicating an organization needed to make significant improvements. The ILG correlated the groups with a stoplight: Green = good to go; yellow = caution; red = stop. Because each group consisted of 10 questions, we

converted the ILG's scoring method for the 10 question groups into a scoring method for individual questions by dividing the group ratings by 10. This resulted in three rating categories consistent with the ILG's rating method:

Green

Rating of 7.5 – 10.0: Strong Ethical Climate

Yellow

Rating of 5.0 – 7.49: Good Ethical Climate but Room for Improvement

Red

Rating of 2.5 – 4.99: Ethical Culture Needs Significant Change[10]

We did not rate our questions about employees' knowledge of the three ethics-related policies. We limited our assessment to understanding whether employees were aware of the policies by giving them the option of yes or no to respond to those questions.

Overall Results

Policy Awareness

Most employees indicated they were aware of the three important ethics-related City policies we asked about in our survey. However, awareness of the ethics statement was weaker than awareness of the other two policies and, in general, supervisors and managers were more aware of the policies:

Questions	Overall		Line/Support		Supervisors		Managers	
	Yes	No	Yes	No	Yes	No	Yes	No
As a Berkeley employee, I am aware of City Administrative Regulation 3.17 titled Fraud, Abuse, and Misuse of City Resources	82%	18%	78%	22%	89%	11%	94%	6%
As a Berkeley employee, I am aware of the City of Berkeley Ethics Statement	67%	33%	65%	35%	72%	28%	68%	32%
As a Berkeley employee, I am aware of the City of Berkeley Harassment Prevention Policy	92%	8%	89%	11%	96%	4%	100%	0%

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[10] As described previously in our report, we chose to exclude *don't know* responses rather than assign them a zero value. Therefore the lowest possible rating is 2.5, not zero.

ILG Survey Scores

The City's overall, average score was 7.67, indicating that the City has a *strong* ethical climate. This rating is only marginally within the *strong* category, indicating that there is still room for improvement.

	Survey Responses to the 20 ILG Questions and Average Overall Score by Question (Sorted by Overall Response Score: Lowest to Highest)	
🟡	Managers and supervisors in my department appoint and reward people on the basis of performance and contribution to the City's goals and services.	6.00
🟡	As a Berkeley employee, I am encouraged to speak up about any City practices and policies that are ethically questionable.	6.46
🟡	Managers and supervisors in my department create an environment in which staff are comfortable raising ethical concerns.	6.57
🟡	As a Berkeley employee, I am surrounded by co-workers who know the difference between ethical and unethical behaviors, and seem to care about the difference.	6.72
🟡	Managers and supervisors in my department appreciate staff bringing forward bad news and don't "shoot the messenger" for doing so.	6.74
🟡	As a Berkeley employee, I am clear about where to turn to for advice about ethical issues.	7.02
🟡	Managers and supervisors in my department gear their decisions to the spirit as well as letter of the law.	7.03
🟡	As a Berkeley employee, I am working with one or more trusted confidantes with whom I can discuss ethical dilemmas at work.	7.26
🟡	Managers and supervisors in my department treat all members of the public equally, regardless of who has people "connections."	7.40
🟡	Managers and supervisors in my department help elected officials work within their political role and stay out of day-to-day work of the City.	7.47
🟢	Managers and supervisors in my department expect staff to use ethical practices in getting results - not "whatever it takes."	7.61
🟢	As a Berkeley employee, I am expected to report questionable ethical behaviors of others.	7.66
🟢	As a Berkeley employee, I am expected to follow the spirit as well as letter of the law in my work for the City.	7.99
🟢	Managers and supervisors in my department use public resources only for City purposes and not for their own personal or political uses.	8.33
🟢	Managers and supervisors in my department treat the public with civility and respect.	8.43
🟢	As a Berkeley employee, I am expected to follow City policies and not the desires of individual elected or appointed officials.	8.71
🟢	Managers and supervisors in my department refuse to accept gifts and/or special treatment from those doing business with the City.	8.81
🟢	As a Berkeley employee, I am expected to use ethical behaviors in getting results.	8.93
🟢	As a Berkeley employee, I am expected to tell the complete truth in my work for the City.	8.96
🟢	As a Berkeley employee, I am expected to treat everyone who comes before the City equally, regardless of personal or political connections.	9.30

Survey Response Rates

Our survey had an overall response rate of 31 percent and responses by department ranged from 16 percent to 63 percent. The largest response rate, 78 percent, came from the grouping of small departments with fewer than 20 employees. Overall and individually, the response rates were as we expected for our survey, especially given that many employees in the larger departments did not have ready access to a computer or routinely worked in the field, i.e., not a desk:

Department	Number of Employees	Number of Surveys Returned	Response Rate
City Manager	38	14	37%
Finance	40	25	63%
Fire	140	38	27%
HHCS	200	61	31%
Information Technology	38	17	45%
Library[11]	188	40	21%
Parks, Recreation and Waterfront	282	45	16%
Planning	77	33	43%
Police	291	57	20%
Public Works	261	130	50%
Rent Board	20	12	60%
Other Small Departments	50	39	78%
Total	**1,625**	**511**	**31%**

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[11] The employees surveyed in the Library also included intermittent employees.

APPENDIX D

Ethics Survey Frequently Asked Questions and Informational Flyer

Frequently Asked Questions – Posted to City Auditor's Website and Provided as a Handout in Both English and Spanish

City of Berkeley City Auditor's Office Ethics Climate Survey and Audit FAQs

Office of the City Auditor
Ann-Marie Hogan, City Auditor

City Auditor's Office Ethics Climate Survey and Audit FAQs

Our planned ethics climate survey and audit have raised some questions about our approach to doing the work. We received great feedback from a number of people about our plan and realized that there is a need to share information with those that want to learn more. Based on people's insightful comments, we have put together this list to answer some frequently asked questions and explain what we are doing and why.

Are My Reponses Anonymous?

Yes. This is extremely important to us and we took great measures to ensure employee anonymity. We designed our survey so that we can identify the departments employees work in but not their names or other identifying information. We are using City email addresses to send out our electronic survey and those addresses do include employee names. However, we set up the electronic survey so that those addresses do not link back to responses. That is, the survey loses the connection to the email once employees complete their survey. We are also making our survey available in a paper format for those that do not typically work at a computer. Those surveys include a unique code that will allow us to know which department the survey taker works in but that is it. We are providing the paper surveys for workers who generally do not have access to email or do not want to take the survey electronically. Employees will be able to place their completed paper surveys in secure lockboxes at the Corp Yard, Transfer Station, Frances Albrier Community Center, Payroll Office, and our office.

Who do I talk to about this survey?

You may call us on our main line at 510-981-6750 or reach out to an individual: Ann-Marie Hogan, City Auditor at 510-981-6765 or ahogan@cityofberkeley.info; Claudette Biemeret, Audit Manager at 510-981-6759 or cbiemeret@cityofberkeley.info; and Frank Marietti, Senior Auditor at 510-981-6757 or fmarietti@cityofberkeley.info (Frank will be available for questions only through April 30th). If you would like help translating our survey to Spanish, you may contact Myrna Ortiz at 510-981-6755 or mortiz@cityofberkeley.info. You may also contact us to request a paper copy of our survey.

What will you do with survey results?

We will score the overall results to gauge employees' perceptions of the City's ethical climate at a point in time. The survey we are using assigns rates to each question and uses those rates to score the ethical climate from high to low. This will give us an idea of what type of efforts the City needs to make to improve the ethical climate. We will report those results to City management and Council in our audit report, which will include our recommendations for making changes based on the score. For example, if the City's score is high, we will likely have recommendations for ethics-related training. On the other hand, if the City's overall score is low, we will have recommendations for management to analyze problem areas and work on fixing those problems.

Do I have to respond?

Taking the survey is up to you. You are not required to complete our survey and we do not want you to feel that you have to. Having a large participation rate will help us ensure that our survey results reasonably reflect the City's ethical climate, but it is important to us that you know the choice to take it is yours and we respect your decision either way.

May I take the survey at work?

Yes. In fact, you should. Our survey is part of our ethics audit and it is standard practice for City employees to provide us information so that we can perform our work. In this case, that is by completing our survey. This means you aren't required to complete our survey outside of your normally scheduled work hours and we don't expect you to. We've talked to department directors and asked that they notify managers and supervisors so that they allow you time to take the survey.

When will I hear about the results?

We hope to publish our audit this summer. We will talk about the overall survey results in our report and make some recommendations aimed at helping the City support an ethical workplace. As with all of our reports, we will present our audit to Council at a regularly scheduled Council meeting and publish our report to our webpage: http://www.cityofberkeley.info/ContentDisplay.aspx?id=7236

How long do I have to complete the survey?

Our survey window will be open from April 13th to May 1st. You may complete the survey at any time during that period.

What is the reason for the survey and audit?

Studies show that the ethical climate within the workplace affects employee morale and job satisfaction, which in turn affects service delivery and job performance. To help the City provide effective and efficient service delivery, and help provide employees with a positive and supportive workplace, we decided to do an audit of the City's ethical climate. To achieve that goal, we looked to best practices about ethics in the workplace. One such practice is to survey employees to understand their perceptions and gauge the ethical climate. Although best practices suggest that management do the survey, we decided that doing it ourselves would allow us to gauge employees' perceptions and make recommendations for positive changes that will lead to better stewardship through improved job satisfaction.

Is this audit in response to anything in particular?

We are not performing our ethics survey and audit in response to any ongoing issues within the City. Nor did any single City event prompt us to do the work. We have had an ethics climate survey and audit on our audit plan for a few years; however, competing priorities led to us postponing the project. As we entered into the 2015 fiscal year, we decided it was time to prioritize the survey. We also felt that our timing would coincide well with the changes in the City's workforce. Many long-time staff have retired or are retiring, opening the door for new employees to join the Berkeley workforce and for current employees to take on new roles and responsibilities.

2

What does the spirit versus the letter of the law mean?
The letter of the law is the law as it is written. It is any formal code, rule, or regulation that you must follow in accordance with government mandates and policies. The spirit of the law, however, is not codified. It is how people interpret the intent of the law. For example, some states and cities have laws against jaywalking. These laws are meant to protect people and help drivers know when to expect pedestrians. However, some people jaywalk when there are no cars around because it is socially acceptable to do so and they do not believe they are breaking intent of the law. Sometimes, those people receive citations. In that sense, the letter of the law was broken but not the spirit.

What are ethics?
This is not an easy question to answer. People have different perceptions and definitions; even those that study ethics are not in complete agreement on a single meaning and set of terms used to describe ethics. Because the discussion and debate about ethics is unwieldy, we developed a definition to help our survey takers. We focused our definition on helping employees understand our goal of gauging whether, in general, the City's ethical climate promotes trust, positive leadership, and doing the right thing; and discourages misconduct, illegal activities, and doing the wrong thing. Here's what we came up with:

Ethics means different things to different people. Our survey is about the actions in your workplace that promote honesty, fairness, respect, trust, and good stewardship of public resources. In an ethical work environment, you and those you work for support, communicate, and follow the rules, laws, regulations, policies, and procedures that guide your work. An ethical climate in the City of Berkeley is one that helps all City employees:

- Know of, understand, and follow City policies and procedures, and City, state, and federal rules, laws, and regulations that apply to their workplace
- Understand the importance of reporting fraud, waste, and misuse of City resources and whom to contact to make those reports
- Understand the City's harassment free workplace policy and how to take action if it is violated
- Do their jobs to the best of their ability
- Be truthful and fair in their efforts to complete their civic duty
- Treat the public and their fellow employees with civility and respect
- Bring their concerns about practices, policies, and procedures to the attention of management

Where can I learn more about ethics?
There are many sources of information. We heavily researched ethics and found that these sources provide the best information as it relates to our audit:

- Ethics Resource Center: http://www.ethics.org/
- Institute for Local Government: http://www.ca-ilg.org/

Informational Flyer – Provided as a Handout in Both English and Spanish

CITY OF BERKELEY

Office of the City Auditor
Ann-Marie Hogan, City Auditor

City of Berkeley

City Auditor's Office

Ethics Climate Survey and Audit

The City Auditor's Office needs your help!
Please be on the lookout for an email from our office on April 13, 2015
inviting you to take our ethics survey.

As part of our audit of the City's ethical climate, we've put together an ethics survey that we hope you will complete. Our ethics survey consists of 25 questions and should take about 15 minutes to complete. Also, to protect your privacy, we've designed our survey so that your responses are anonymous.

We met with your union representatives to ensure they are aware of what we're doing, and to provide them an opportunity to share their feedback about our survey. We used their input to put together a list of questions you may have about our survey, our audit, and ethics in general. You can find this information on our website at:
http://www.cityofberkeley.info/Auditor/Home/Ethics_Survey_and_Audit_FAQs.aspx

If you have questions, need a paper copy of our survey, or would like a print out of our FAQs, please give us a call on our main line at 510-981-6750 or reach out to an individual:

- Ann-Marie Hogan, City Auditor at 510-981-6765 or ahogan@cityofberkeley.info

- Claudette Biemeret, Audit Manager at 510-981-6759 or cbiemeret@cityofberkeley.info

- Frank Marietti, Senior Auditor at 510-981-6757 or fmarietti@cityofberkeley.info
  (Frank will be available for questions only through April 30th.)

- Myrna Ortiz, Auditor I at 510-981-6755 or mortiz@cityofberkeley.info
  (Myrna can assist with translating our survey to Spanish.)

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