## Background:

In accordance with the International Standards for the Professional Practice of Internal Auditing (Standards), the Internal Audit Department is required to periodically evaluate the design, implementation, and effectiveness of the City's ethics-related programs and activities. As part of this evaluation, we conducted an ethics survey for all employees. The survey was designed to gauge awareness and knowledge of the City's adopted Code of Ethics, as well as employee perception of the City's ethical environment. The ethics survey was not an audit, but the survey results will be considered in developing future audit plans.

The City's Code of Ethics is located in Title 1, Chapter 6 of the City Code. It is applicable to all City employees, including all full time and part time elected or appointed officials and employees, whether compensated or not, including those of any separate board, council, commission, committee, authority, corporation, or other instrumentality appointed or created by the City. The Code of Ethics requires that all employees review the chapter and acknowledge their understanding and agreement annually.

Management is ultimately responsible for all ethics-related programs and activities of the City. This report is informational and presents a summary of the survey responses. As the survey is not an audit, no further management action is required at this time; however, we have made a limited number of recommendations based on the survey results. When reviewing the recommendations below, management should consider whether implementing those suggestions will improve the ethical knowledge and culture within the City.

Please note that the survey results are based solely on employee perceptions and experiences, and are subjective in nature. It is important to remember that employee impressions may not be indicative of the wider culture within the City or each department. For this reason, we caution against users of this report drawing definitive cultural conclusions based on the results. Instead, management should use these results as a starting place to discuss whether the overall desired culture and values of the City are being effectively communicated and practiced in departments. Additional investigation or inquiry by management will likely be necessary to validate the suggested conditions in the survey results.

We would like to thank the employees that participated in the survey for providing their opinions and experiences related to the ethical culture of the City.

## Survey Objectives, Scope, and Methodology:

The objective of the ethics survey was to gauge the ethical environment based on the participant's knowledge and experience in various City departments, as well as general employee understanding of a select information within the Code of Ethics.

Survey Monkey was used to conduct the survey, which was distributed via email to 1,621 employees. Recipients included full time employees, as well as elected officials, part time, seasonal and temporary, and Regional Planning Commission employees who were considered active as of March 2, 2020. The survey was not distributed to volunteer members of boards and commissions. While participation in the survey was encouraged, employees responded on a voluntary basis. Survey responses were anonymous to promote honest and open feedback from employees. Although participants could identify their department and personnel status, this was not required.

The ethics survey consisted of the following categories of questions:

| Type of Questions | Number of Questions |
|---|---|
| Employee classification | 2 |
| Code of Ethics knowledge | 6 |
| City department culture | 9 |
| Open-ended | 1 |
| **Total** | **18** |

The knowledge based questions evaluated the participants' understanding of various parts of the Code of Ethics. The culture based questions were designed to assess the ethical environment within the City and individual departments. For the knowledge and culture based questions, one of two response scales was used: (1) Yes or No, or (2) Strongly Disagree, Disagree, Neither Agree Nor Disagree, Agree, or Strongly Agree. For purposes of our summary and analysis, we categorized responses as follows:

| Positive Responses | Neutral Responses | Negative Responses |
|---|---|---|
| ● Yes<br>● Agree<br>● Strongly Agree | ● Neither Agree Nor Disagree | ● No<br>● Disagree<br>● Strongly Disagree |

Positive responses indicate general characteristics of a more ethical climate, while negative responses indicate general characteristics of a less ethical climate.

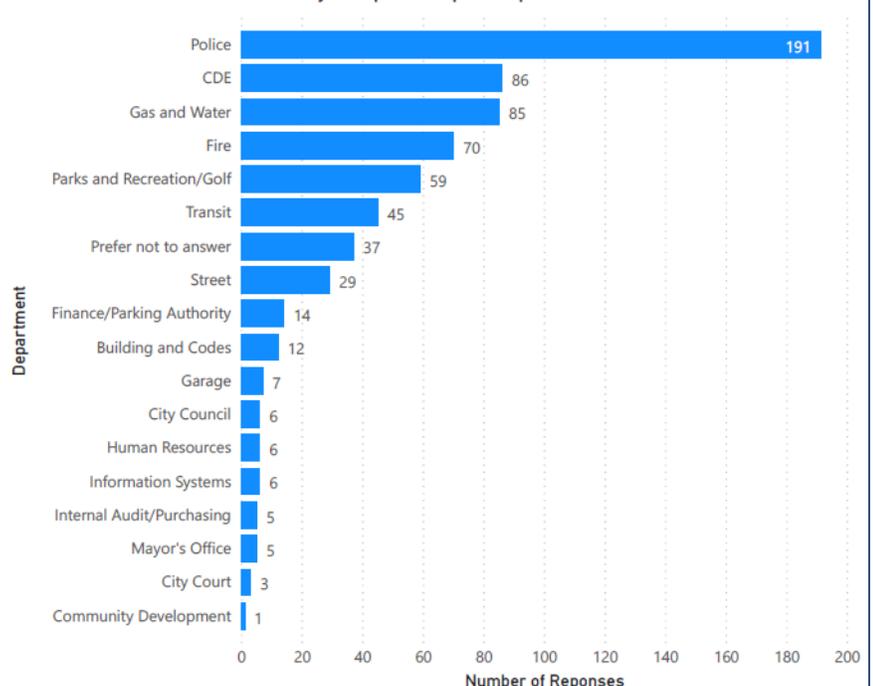## Summary of Survey Results:

### Survey Participation

The survey was completed by 667 of the 1,621 survey recipients, which is a response rate of 41%. As noted above, survey participants could indicate their department or indicate they preferred not to answer. Some smaller departments were combined to preserve the anonymity of the survey. Survey participation varied widely by department in both the total number of responses and the participation percentage. The participation statistics by department are shown below.

**Survey Participation**

| Department | Total Employees Received Survey | Total Survey Reponses | Participation |
|---|---|---|---|
| Administration/Legal | 7 | 0 | 0% |
| Building & Codes | 30 | 12 | 40% |
| CDE | 216 | 86 | 40% |
| City Council | 12 | 6 | 50% |
| City Court | 6 | 3 | 50% |
| Community Development | 5 | 1 | 20% |
| Finance/Parking Authority | 22 | 14 | 64% |
| Fire | 239 | 70 | 29% |
| Garage | 14 | 7 | 50% |
| Gas and Water | 265 | 85 | 32% |
| Human Resources | 11 | 6 | 55% |
| Information Systems | 12 | 6 | 50% |
| Internal Audit/Purchasing | 6 | 5 | 83% |
| Mayor's Office | 6 | 5 | 83% |
| Parks and Recreation/Golf | 177 | 59 | 33% |
| Police | 391 | 191 | 49% |
| Prefer not to answer | | 37 | |
| Regional Planning Commission | 11 | 0 | 0% |
| Security | 8 | 0 | 0% |
| Street | 88 | 29 | 33% |
| Transit | 95 | 45 | 47% |
| **Total** | **1621** | **667** | |

**Survey Responses per Department**

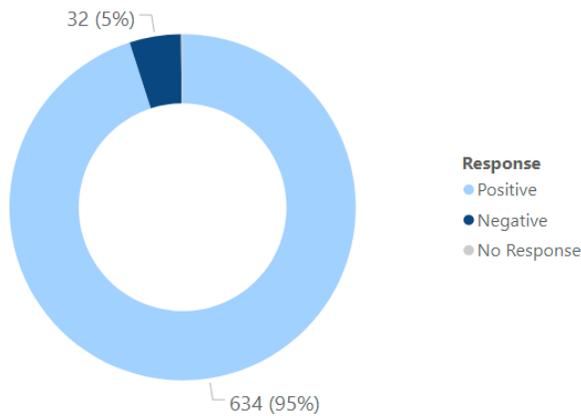| Department | Number of Reponses |
|---|---|
| Police | 191 |
| CDE | 86 |
| Gas and Water | 85 |
| Fire | 70 |
| Parks and Recreation/Golf | 59 |
| Transit | 45 |
| Prefer not to answer | 37 |
| Street | 29 |
| Finance/Parking Authority | 14 |
| Building and Codes | 12 |
| Garage | 7 |
| City Council | 6 |
| Human Resources | 6 |
| Information Systems | 6 |
| Internal Audit/Purchasing | 5 |
| Mayor's Office | 5 |
| City Court | 3 |
| Community Development | 1 |

City-wide results varied significantly for each question with positive responses comprising anywhere between 65% and 95% of the total responses and negative responses comprising between 3% and 17% of total responses.
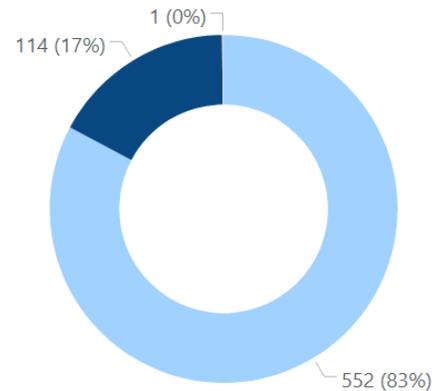
*Knowledge Based Questions*
When asked about their knowledge of the Code of Ethics, 95% of employees indicated they were aware the City had adopted a Code of Ethics, while only 83% knew where to find the Code of Ethics.
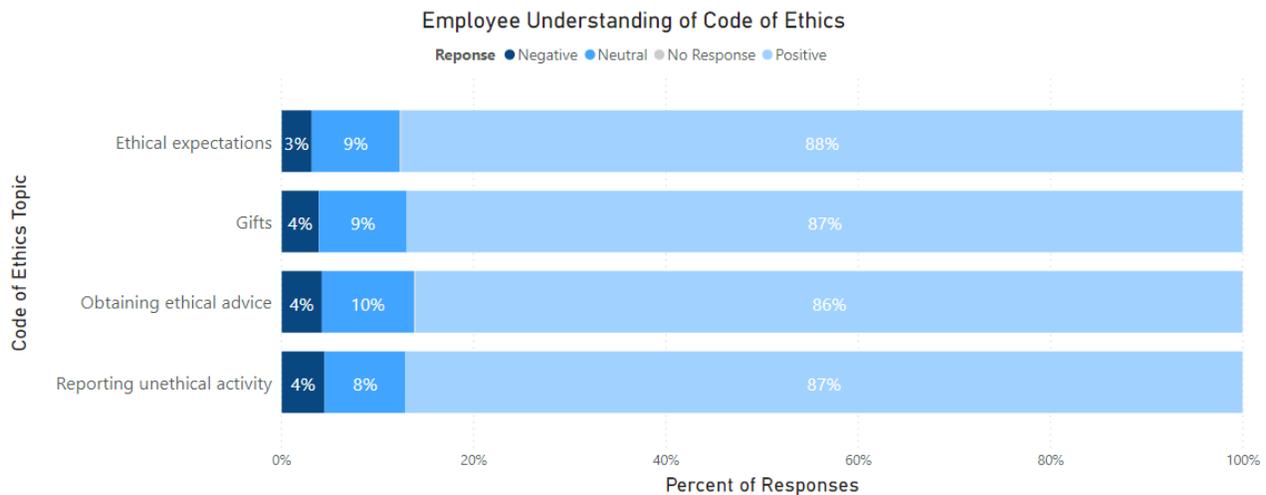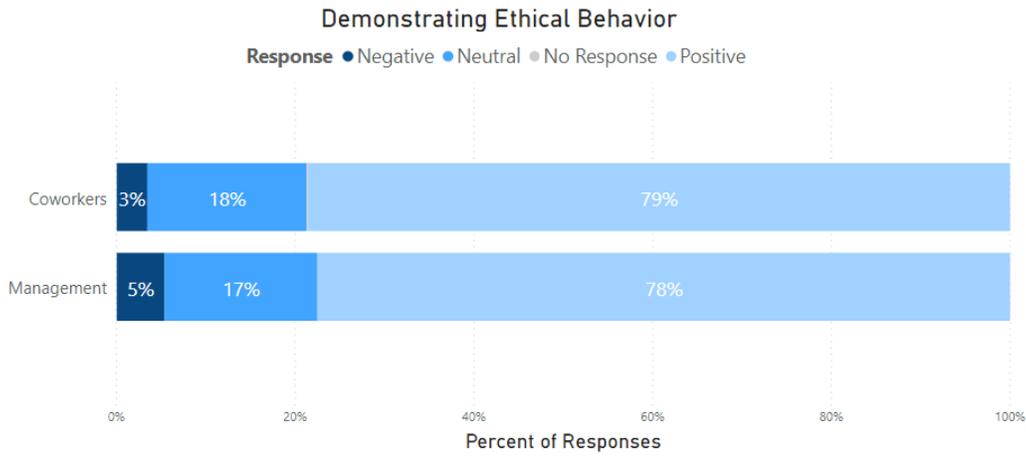


The survey also gauged the employee's understanding of several elements of the Code of Ethics, including the City's ethical expectations, the policy on gifts, obtaining advice on ethics related topics, and reporting unethical activity. These topics received consistent levels of positive, neutral, and negative responses, as shown in the chart below.



*Culture Based Questions*
The culture based portion of the survey focused on various characteristics that are likely to enhance the ethical culture of an organization. One of these characteristics is "tone at the top," which refers to the ethical atmosphere that is created by the organization's leadership. This atmosphere can be positively impacted by management that demonstrates ethical behavior; however, it is damaged when management demonstrates unethical behavior. Survey results showed that 78% of survey participants agreed that management within the City models ethical behavior. When asked whether their coworkers also set a positive example of ethical behavior, 79% of respondents agreed.

## Demonstrating Ethical Behavior

**Response** ● Negative ● Neutral ● No Response ● Positive

| | | |
|---|---|---|
| Coworkers | 3% | 18% | 79% |
| Management | 5% | 17% | 78% |

Percent of Responses

Per the Association of Certified Fraud Examiners (ACFE), another key component of an ethical culture is employees who feel comfortable raising concerns and communicating bad news, like problems or errors. The survey specifically evaluated employee comfort in reporting potential ethical issues and other problems. Results showed that respondents felt more comfortable reporting problems or errors than raising ethical concerns as shown below.

### Comfortable raising ethical issues

54 (8%)
164 (25%)
449 (67%)

**Response**
● Positive
● Neutral
● Negative

### Encouraged to report problems or errors

39 (6%)
106 (16%)
522 (78%)
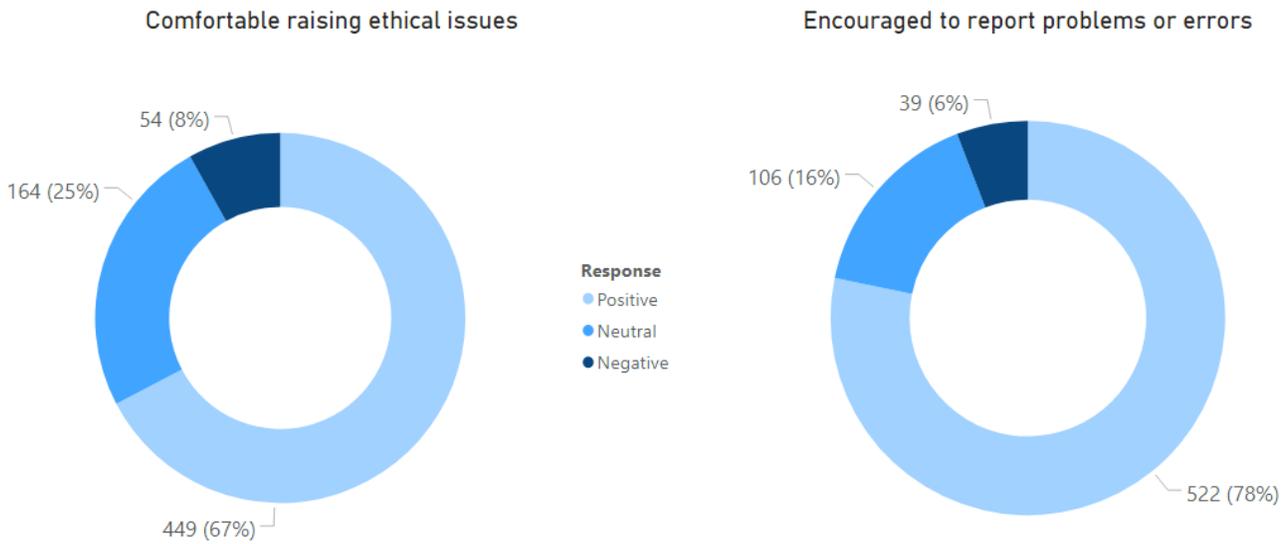
Employees are more likely to be comfortable reporting unethical behavior when they believe they can do so without fear of retaliation. Overall, only 65% of respondents indicated they would not be retaliated against, while 11% indicated they would experience retaliation. 24% of respondents answered neutrally, indicating they neither agreed nor disagreed.

### Do not fear retaliation when reporting ethics violations

**Response** ● Negative ● Neutral ● No Response ● Positive

| | | |
|---|---|---|
| 11% | 24% | 65% |

Percent of Responses
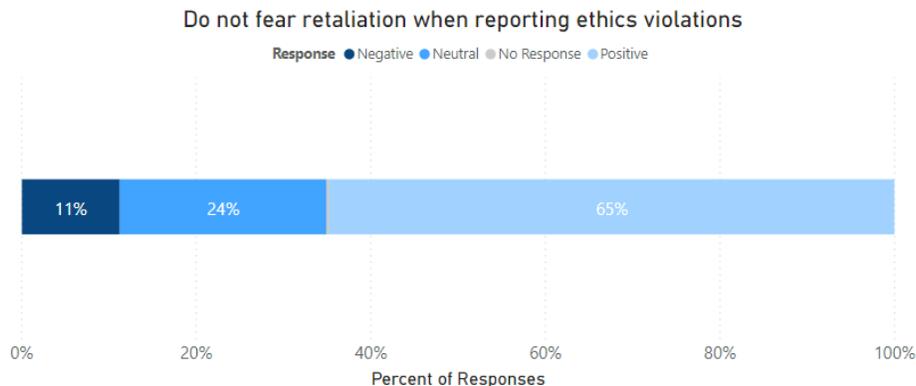
The survey also assessed whether departments had any potential ethical issues at the time of the survey. Specifically, respondents were asked whether they were aware of any employees in their department using City resources 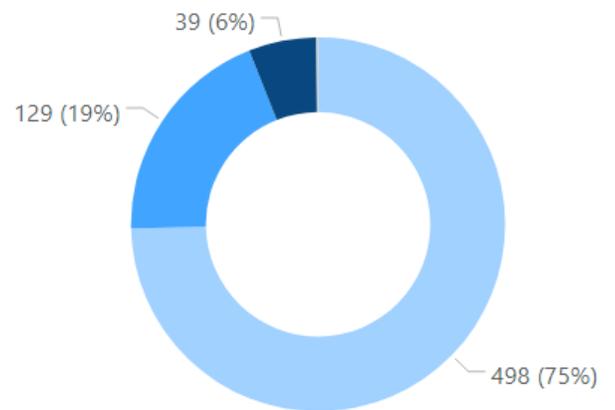for personal purposes. Additionally, participants were asked whether their departments had any significant ethical problems. The variance in response distribution for these questions may indicate that employees believe ethical issues exist outside of misappropriation of resources.

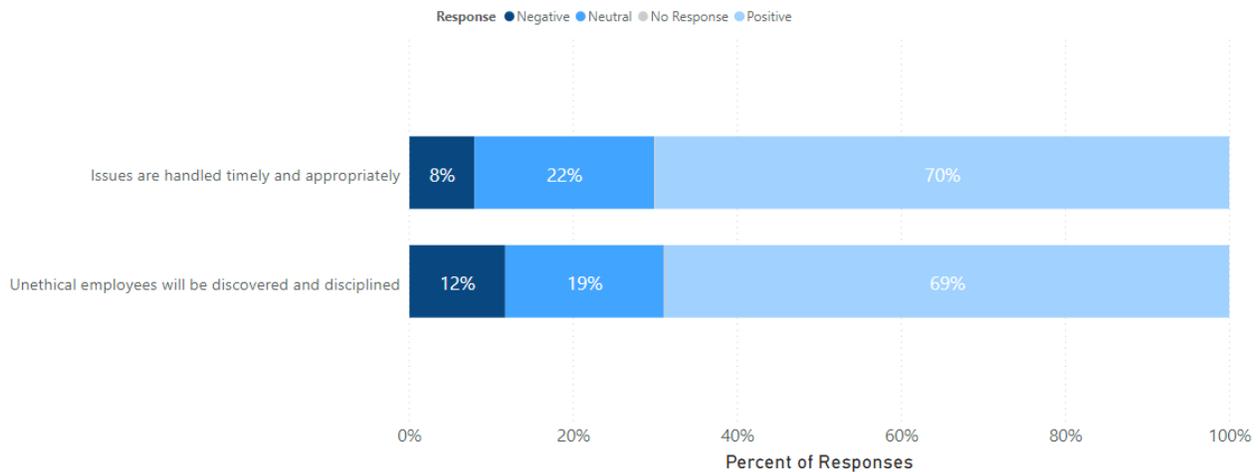**Not aware of misuse of City resources for personal purposes**

26 (4%)
79 (12%)
559 (84%)

**Response**
- Positive
- Neutral
- Negative
- No Response
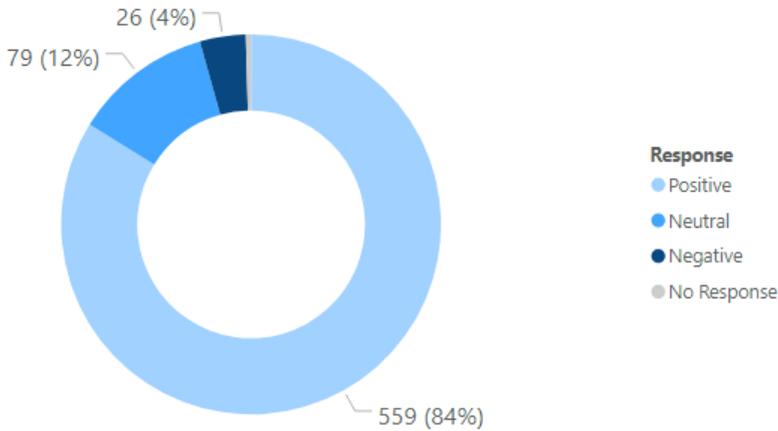
**Not aware of significant ethical issues**

39 (6%)
129 (19%)
498 (75%)

Another characteristic identified by the ACFE of an ethical culture is certain, swift, and transparent responses to problems and violations of ethical standards. To gauge the perception of management responses to potential ethical violations, survey participants were asked whether they believe that unethical behavior will be discovered and appropriately handled by management.

**Management Response to Issues**

Response ● Negative ● Neutral ● No Response ● Positive

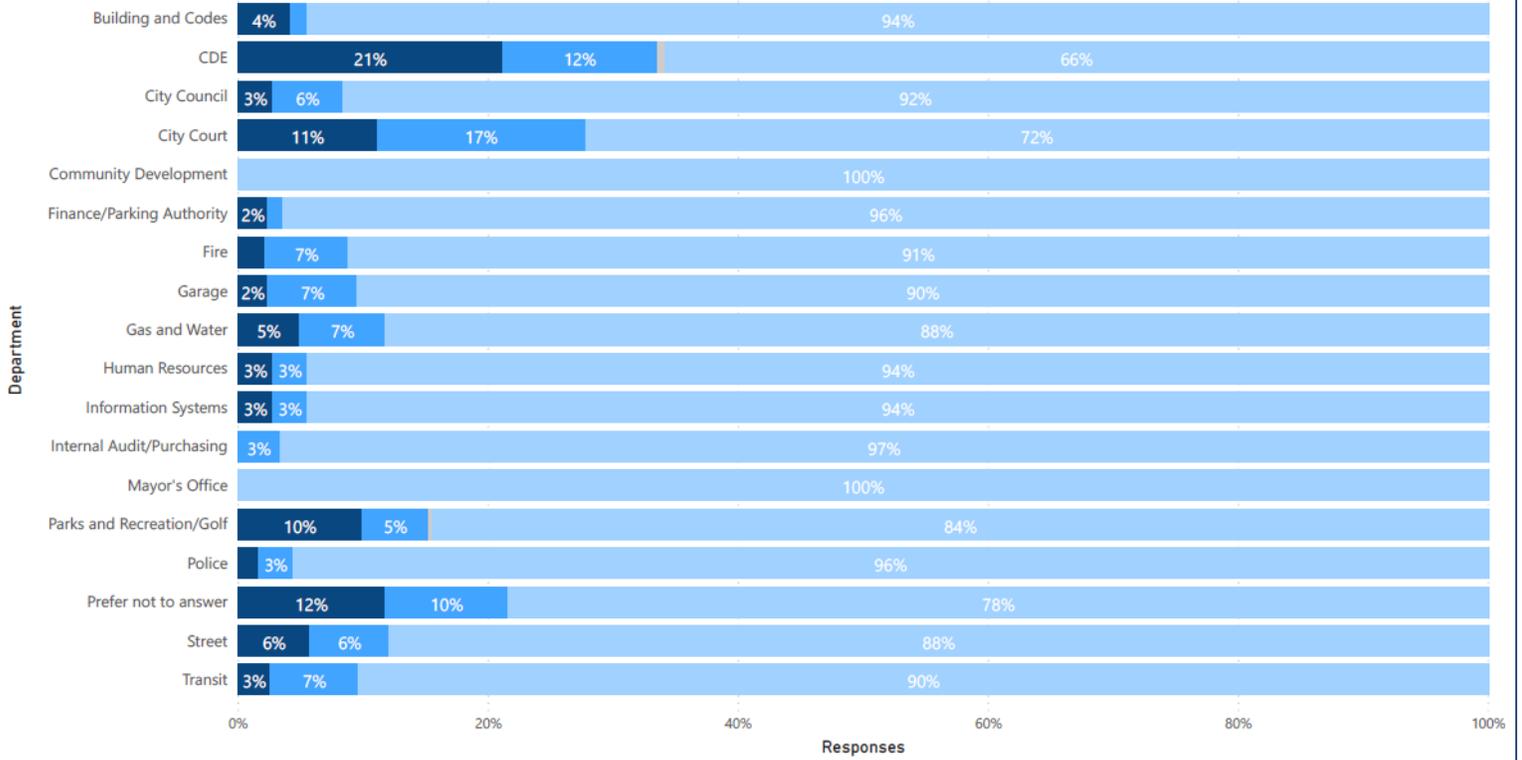| | Negative | Neutral | Positive |
|---|---|---|---|
| Issues are handled timely and appropriately | 8% | 22% | 70% |
| Unethical employees will be discovered and disciplined | 12% | 19% | 69% |

Percent of Responses

## Department Level Results

The department level results are presented as the overall percentage of positive, neutral, or negative responses for the knowledge based questions and the culture based questions. In analyzing these results, it is essential that the participation rates and number of responses in each department be considered concurrently with the information below. A higher percentage of positive responses to the knowledge based questions may indicate a higher level of awareness and understanding of the Code of Ethics, while a higher percentage of positive responses for culture based questions may indicate a more ethical departmental culture. However, there may be some instances where employees answered culture questions based on their experience of the City's overall culture rather than that of their department's culture. As noted above, we caution users of this report from drawing definitive conclusions regarding each department's ethical culture without further analysis.
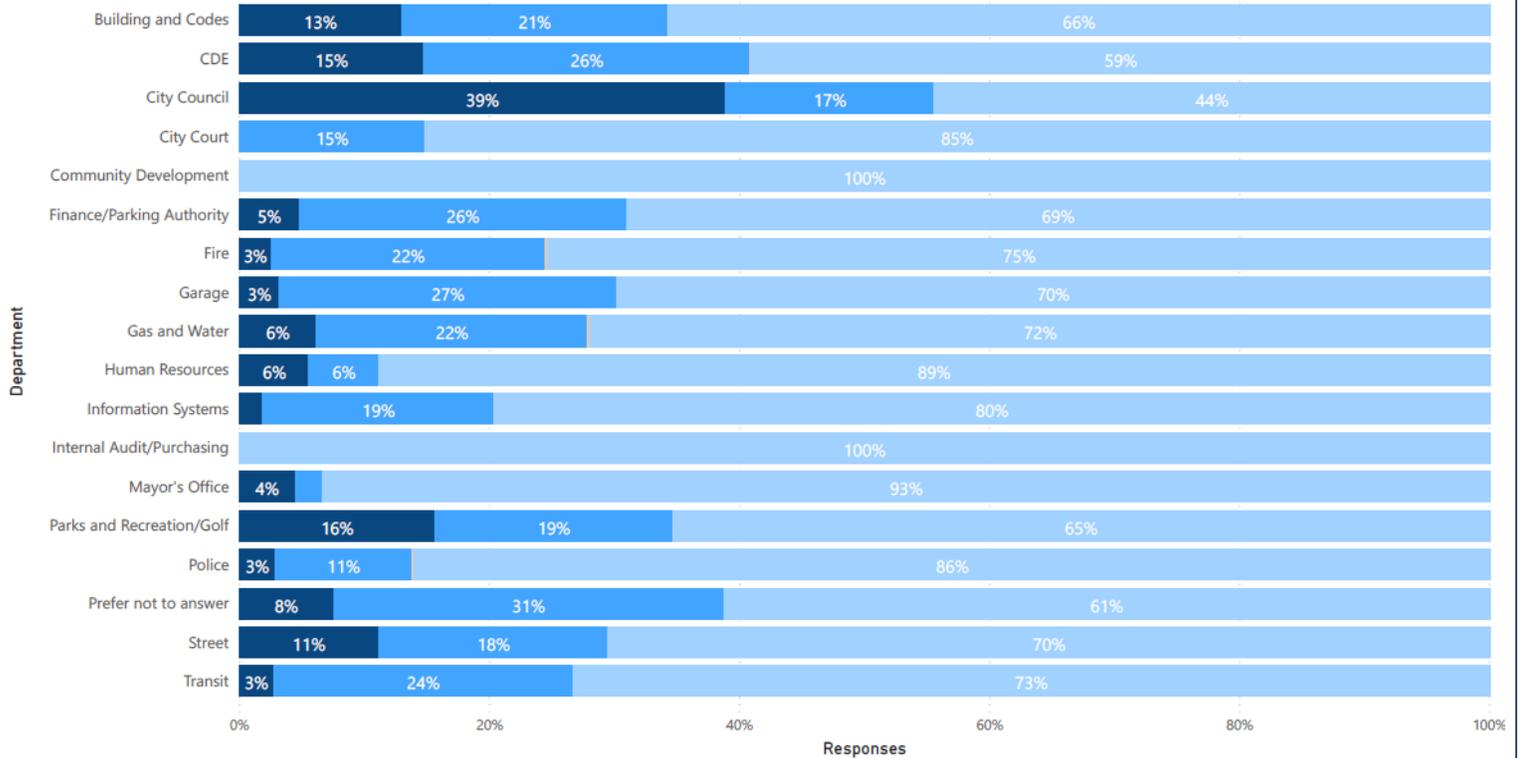
## Knowledge Based Question Responses

Responses ● Negative ● Neutral ● No Response ● Positive

| Department | Negative | Neutral | Positive |
|---|---|---|---|
| Building and Codes | 4% | | 94% |
| CDE | 21% | 12% | 66% |
| City Council | 3% | 6% | 92% |
| City Court | 11% | 17% | 72% |
| Community Development | | | 100% |
| Finance/Parking Authority | 2% | | 96% |
| Fire | | 7% | 91% |
| Garage | 2% | 7% | 90% |
| Gas and Water | 5% | 7% | 88% |
| Human Resources | 3% | 3% | 94% |
| Information Systems | 3% | 3% | 94% |
| Internal Audit/Purchasing | 3% | | 97% |
| Mayor's Office | | | 100% |
| Parks and Recreation/Golf | 10% | 5% | 84% |
| Police | | 3% | 96% |
| Prefer not to answer | 12% | 10% | 78% |
| Street | 6% | 6% | 88% |
| Transit | 3% | 7% | 90% |

Responses

## Culture Based Question Responses

Responses ● Negative ● Neutral ● No Response ● Positive

| Department | Negative | Neutral | Positive |
|---|---|---|---|
| Building and Codes | 13% | 21% | 66% |
| CDE | 15% | 26% | 59% |
| City Council | 39% | 17% | 44% |
| City Court | | 15% | 85% |
| Community Development | | | 100% |
| Finance/Parking Authority | 5% | 26% | 69% |
| Fire | 3% | 22% | 75% |
| Garage | 3% | 27% | 70% |
| Gas and Water | 6% | 22% | 72% |
| Human Resources | 6% | 6% | 89% |
| Information Systems | | 19% | 80% |
| Internal Audit/Purchasing | | | 100% |
| Mayor's Office | 4% | | 93% |
| Parks and Recreation/Golf | 16% | 19% | 65% |
| Police | 3% | 11% | 86% |
| Prefer not to answer | 8% | 31% | 61% |
| Street | 11% | 18% | 70% |
| Transit | 3% | 24% | 73% |

Responses

6

| **Recommendations:** |
|---|

Overall, the results of the survey were positive regarding the ethical culture of the City. The majority of responses for each question indicated that general characteristics of a positive ethical culture were present. Based on our observation of the survey results, we have the following recommendations which may further improve either employee understanding of the City's Code of Ethics or the overall ethical culture within City government.

With regard to employee understanding, the following improvements to content of the annual ethics training may be useful:
- Update the training to include information about where to find the Code of Ethics
- Review the training in conjunction with the Code of Ethics to ensure all information is up to date
- Add training slides that explain what employees should do if they become aware of an ethical violation, including how to report the violation

In addition to the content recommendations listed above, management should also consider how to ensure that all employees in all City departments receive the same ethics training. To enhance consistency in employee understanding of ethical matters, seasonal and temporary employees should be included in training, as well as employees at CDE who currently receive a separate ethics training.

With regard to the overall ethical culture within the City government, there are steps management could take which may enhance the desired high standards of honesty, integrity, impartiality, and employee conduct which are stated in the Code of Ethics.
- Management should evaluate whether there are adequate protections against retaliation of employees for raising ethical issues, as well as whether these are sufficiently communicated to employees and management.
- Consider whether a supervisor or management level training on handling ethical concerns would be useful to ensure that the City leadership acts consistently and appropriately on ethical concerns received. When employees see that issues in this area are properly addressed, they may be more likely to feel that their concerns would be taken seriously. Ultimately, this may improve the rate at which employees report ethical violations of which they may be aware.