



Date: February 25, 2019

To: Patrick H. West, City Manager *T.H.W.*

From: John Gross, Director of Financial Management *J.G.*

For: Mayor and Members of the City Council

Subject: **Fiscal Impact of Council Directed Audit of Employee Onboarding Processes and Procedures**

At its September 18, 2018 meeting, the City Council requested the City Auditor to conduct an audit of the various processes and procedures relating to the onboarding of new employees, including employee training on rights and responsibilities related to discrimination, harassment, and retaliation. To implement this recommendation, the City Auditor's Office is conducting the Employee Onboarding Audit. In addition, the City Council requested that the audit review procedures and mechanisms to report and investigate complaints regarding wrongdoing, such as harassment and discrimination. The City Auditor determined that this secondary request would be better addressed by an already-planned Citywide Ethics Program Audit, which assesses the effectiveness of the various components that comprise the City's ethics program, activities, and policies.

As part of this agenda item, the City Council also requested the City Manager to report on hiring efforts and trauma informed practices. The City Council also requested a memorandum from the City Manager discussing the fiscal impact of implementing the requested actions, which are outlined. This memo outlines the estimated fiscal impact.

The total hard cost of implementing the City Council directed review is \$103,000, which consists of \$98,000 for the Onboarding Audit and \$5,000 for the component of the Ethics Audit that addresses one of the City Council's requests. For a number of departments the impact on staff and other priorities was not significant, but for a few of the departments, the Onboarding Audit has had or is having notable impacts on City Council-approved operational priorities and the top priority LB COAST project as described below.

There is moderate time required by the City Auditor's Office to initiate, supervise, manage, and report the findings and recommendations. Some aspects of the Onboarding Audit are similar to the work being done by the City Manager's Office with regard to employee hiring and to that extent no new information or work is being generated by the Onboarding Audit. The Harbor Department reports the work has a moderate impact on staff time and operations due to the high priority LB COAST project and the Success Planning initiative. Similarly, the Human Resources Department reports the Onboarding Audit has had a moderate impact on staff time and on operations due to conflicts with work on the high priority LB COAST project and the short timeframes for response. The Health Department will incur a cost of \$10,000 to create a training curriculum for trauma-informed methods and best practices for working with employees who have experienced trauma. Implementing the training citywide would require funding for an additional FTE to provide the training and

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follow up. It would have a significant impact on Health Department operations without these additional resources due to lack of staffing and capacity.

With regard to the related component of the Ethics Audit, the City Manager's Office and the Human Resources department report the audit has had a moderate impact on both staff time and operations due to workload, short timeframes, and conflicts with existing high priorities including LB COAST, Budget Preparation, and Labor Negotiations.

No other impacts or costs for either audit have been identified. However, there may be significant impacts related to implementation beyond any hard costs. The impacts may depend on timing and potential conflicts with high priority City Council-directed projects and operations. It is recommended that a fiscal impact statement be prepared for any proposed implementation action, particularly with regard to timing.

The Legislative Department was not included in the impact review.

JG
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CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUGLAS HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
GRACE YOON, BUDGET MANAGER
DEPARTMENT HEADS
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #18-0798)