



City of Palo Alto

Office of the City Auditor
FY21/22 Remote and Flexible
Work Study

March 14, 2023

Executive Summary

Purpose of the Audit

The purpose of this audit was to:

- 1) Evaluate the alignment of remote and flexible work policy and procedure to best practices
- 2) Identify position eligibility criteria for remote and flexible work schedules

Report Highlights

Category/Theme	Page #	Recommendation
Remote Work Policy	Pg. 6	The City should revise the current policy to strengthen its teleworking risk mitigation and further clarify the remote work arrangement between its employees and departments. The City should also implement a periodic review of its telework policy in annual intervals to ensure content is current and still meeting department needs.
Remote Work Procedures	Pg. 7	The City should revise the current agreement form to include a more robust list of employee obligations to improve the clarity of responsibilities for remote workers and their departments. The City should also ensure that the agreement form reflects the content of the current teleworking policy.
Position Eligibility	Pg. 7	We recommend the development of a standardized criteria for position remote and flex work eligibility. All positions should be evaluated for full remote, partial remote/flex schedule, and ineligible remote work. Once position eligibility is determined, the City should follow existing policy to review individual employee eligibility for all eligible positions.
Opportunities Remote Work Best Practices	Pg. 8	We provide context to consider for future implementation of a remote and flexible work policy to remain current and competitive in the hiring market and considerations for executing a position eligibility assessment. Summarized by: <ul style="list-style-type: none"> - Early Covid-19 Pandemic Workforce Response - Sustaining Remote Workforce Responses - Future Workforce Challenges
Position Eligibility Framework	Pg. 9-11	We recommend a six-step framework for position eligibility implementation: <ul style="list-style-type: none"> - Creation of a framework - Creation of a communication plan - Selection of pilot departments - Pilot department evaluation with two approaches - Modification of the implementation plan - Implementation of position evaluation

Table of Contents

Executive Summary	2
Purpose of the Audit	2
Report Highlights	2
Objective	4
Background	4
Scope	4
Methodology	4
Compliance Statement	4
Organizational Strengths	5
Category/Theme	6
Analysis on the Future of Remote Work	8
Appendices	12
Appendix A: Sample Policy Modifications	12
DEFINITIONS	15
POLICY	15
PROCEDURE	16
ELIGIBILITY	17
CONDITIONS	17
Information Security and Protection	19
Ad Hoc Arrangements	19
Exceptions	19
Appendix B: Hybrid Work Agreement Form	20
Appendix C: Position Eligibility Criteria	23
Appendix D: Management Response	24

Introduction

Objective

The purpose of this audit was to:

- 1) Evaluate the alignment of remote and flexible work policy and procedure to best practices.
- 2) Identify position eligibility criteria for remote and flexible work schedules.

The City of Palo Alto's Human Resources Department states they "strive to recruit, develop, and retain a diverse, well-qualified and professional workforce that reflects the high standards of the community we serve. The department's key responsibilities are: Employment Recruitment & Selection, Employee Benefit Administration, Employee Training & Development, Employee and Labor Relations, Compensation & Classification Administration, Risk Management, Safety and Workers Compensation and Volunteer Administration.

Background

As part of the FY2022-2023 Audit Plan approved by the City Council, a Remote and Flexible Work Study audit was authorized. Through conversations with the Human Resources management staff, analysis of current applicable remote work policies, and market research, Baker Tilly created a framework for the implementation of a remote and Flexible Work Study Program. This framework includes the use of a criteria tool and two potential options for the implementation of the framework. The tool can be used to objectively evaluate City positions for remote and flexible work eligibility.

The report provides market trend research to inform future implementation for this recommended framework and optional surveys to distribute to City employees for assistance in the determination of remote and flexible work eligibility.

More details on this framework are included in the Methodology and Detailed Testing Results section.

Scope

The scope of this engagement includes remote work policies, procedures, and eligibility effective as of June, 2021.

The Baker Tilly team conducted the following audit activities to meet the engagement objectives:

Methodology

- Interviewed Human Resources staff to understand the current state, benefits, and barriers of remote work,
- Reviewed relevant policies and procedures,
- Identified industry-relevant criteria to be used for evaluation,
- Researched best practices, as well as remote work trends and challenges.

Compliance Statement

This audit activity was conducted from May 2022 to July 2022 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review¹. 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 objectives.

¹ Government auditing standards require an external peer review at least once every three (3) years. The last peer review of the Palo Alto Office of the City Auditor was conducted in 2017. The Palo Alto City Council approved a contract from October 2020 through

Organizational Strengths

During this audit activity, we observed certain strengths of the City. Key strengths include:

- Dedicated Human Resources staff committed to the organization.
- A commitment to providing excellent service delivery in the community while balancing the needs and safety of City employees.
- Staff awareness regarding the ever-changing landscape of the remote work environment in a post-covid workplace.

The Office of the City Auditor greatly appreciates the support of the Human Resources Department in conducting this audit activity.

Thank you!

Testing Results

During our assessment, we identified three key documents of improvement for Palo Alto to implement related to remote work practices. The areas assessed, results of each assessment, and our recommendations for improvement are shown below.

Policy and procedure criteria were based upon Society for Human Resources best practice documents:

- SHRM Telecommuting Policy and Procedure
- SHRM Short Term Telecommuting Agreement
- International Public Management – Human Resources Association remote work best practices

Category/Theme <i>Document name</i>	Finding #	Finding	Recommendation
Remote Work Policy <i>2-38/HRD Remote Work Policy</i>	1	The City last updated the Remote Work policy in June of 2021 in consultation with City management, modifying the original to accommodate telework modification required as a result of the COVID-19 pandemic. The City's Remote Work Policy is missing components that will strengthen and clarify the remote work arrangement between employees, their departments, and the City. Some components were recommended by Human Resources during the most recent revisions, but discussions with City management resulted in their omission from the final policy. The current policy leaves the City susceptible to holding employees accountable for attendance and performance issues, City property inventory discrepancies, and dependent care responsibilities.	<p>The City should revise the current policy to strengthen its teleworking risk mitigation and further clarify the remote work arrangement between its employees and departments. The City should also implement a periodic review of its telework policy in annual intervals to ensure content is current with best practices and meets department needs.</p> <p>A sample policy revision, based upon The Society for Human Resources Management and the International Public Management – Human Resources Association best practices and sample policies, is provided in Appendix A.</p>

Category/Theme <i>Document name</i>	Finding #	Finding	Recommendation
Remote Work Procedures <i>Hybrid Work Agreement Form (FY23)</i>	2	<p>The City's Hybrid Work Agreement Form omits obligations of a remote worker that, if present, would better define employee responsibilities and commitments. As is, the form leaves the City susceptible to employee attendance and performance issues, unclear accountability standards with regard to City property and policy, and an inability to modify the remote work agreement as needed. The City last updated the teleworking agreement form June 2021, modifying the original to accommodate remote work modification required as a result of the COVID-19 pandemic. However, the revised form does not comprehensively reflect components of the City's teleworking policy. The Society for Human Resources Management, with a thorough sample agreement form for teleworking, frames content that addresses these common remote work risks.</p>	<p>The City should revise the current agreement form to include a more robust list of employee obligations to improve the clarity of responsibilities for remote workers and their departments. The City should also ensure that the agreement form reflects the content of the current teleworking policy.</p> <p>A sample revision of the form is provided in Appendix B.</p>
Remote Work Position Eligibility <i>n/a</i>	3	<p>The City does not have a standardized approach to determine position eligibility for remote or flex work schedules. Department directors approve eligibility on a case-by-case basis as employees request it, with a strong consideration of department norms and supervisor preferences. This creates inconsistent eligibility across departments for positions with similar essential duties. Department requirement of in-person work when essential job duties do not require the position to be on-site or in the office damages the City's ability to retain employees and attract new talent.</p>	<p>The City should development standardized criteria for position remote and flex work eligibility. All positions should be evaluated for full remote, partial remote/flex schedule, and ineligible remote work. Once position eligibility is determined, The City should follow existing policy to review individual employee eligibility for all eligible positions.</p> <p>A sample criteria is provided in Appendix C.</p>

Analysis on the Future of Remote Work

This section provides market and industry context to consider for future implementation to remain current and competitive in the hiring market and considerations for executing a position eligibility assessment.

Remote Work Best Practices and Research

Governments and public sector organizations have continued to leverage remote work as a necessary alternative to traditional in-person work. Forecast trends predict public sector reliance on remote work will continue and likely expand. Standardized implementation of remote work will allow the City of Palo Alto to remain competitive as well as modernize and expand the quality services its residents expect.

Early Covid-19 Pandemic Workforce Response

Prior to the Covid-19 Pandemic and government issued shutdowns, remote work was uncommon within the public sector. The U.S. Bureau of Labor Statistics 2019 National Compensation Survey found flexible workplace benefits were available to 4 percent of state and local government workers and 5 percent of management level positions. An International Public Management Association for Human Resources (IPMA-HR) survey of local government members found that 70 percent of public sector organizations did not have established remote work programs in early 2020 when the Pandemic began.

During Covid, among the 30 percent of public sector organizations surveyed by IPMA-HR which already had remote work programs, the percentage of remote workers increased to 63 percent after closures began. Among organizations that did not have established programs, survey participants reported an average of 1 percent of their workforce worked remotely before the Pandemic. Their share of remote workers grew to 41 percent by April 2020, representing an increase of 4,000 percent and indicating industry-wide adoption of remote work flexibility.²

Sustaining Remote Workforce Responses

IPMA-HR reports 69 percent of the respondents at public sector organizations that already had established remote work policies prior to February 2020 reported plans to continue allowing more remote work after reopening their offices. Maintained remote work programs were lower, at 45 percent, among survey respondents whose organizations lacked remote work programs prior to the Covid-19 Pandemic.³

Currently, local government policies and approaches address primarily four areas:

- 1) Employee eligibility for remote work,
- 2) Necessary forms and policy development,
- 3) Accessing communication channels, and
- 4) IT practices, procedures, and security.⁴

Government Technology Insider notes that investments made to enhance and maintain network architecture are needed for continued support of remote work. Services, such as streamlined support tickets and an IT service desk, are important to support remote end-users. Additionally, agencies should establish a business continuity plan (BCP) to train workers on secure network practices while remotely working.⁵

The reported ability to work remote varies widely depending on the industry. Government, public administration, and military organizations fall in the middle of this list with 46 percent of workers reporting most daily job functions can be performed remotely.

According to the FlexJobs online trends database, The State of California has the most remote job listings of any state. In terms of remote worker populations, The City of Palo Alto is among the top five cities in the State, with 9.3% of their

² [Public Sector Telework Trends During the Coronavirus Pandemic | IPMA-HR](#)

³ [Public Sector Telework Trends During the Coronavirus Pandemic | IPMA-HR](#)

⁴ [Quick Steps to Prepare a Remote Work Policy for Your Local Government | icma.org](#)

⁵ [The Future of Remote Work in the Public Sector - Government Technology Insider](#)

total working population remote. Neighboring cities Mountain View, Sunnyvale, and Redwood, also make this list of the top 50 California cities for remote work with 6.2 percent, 5.3 percent, and 4.6 percent, remote populations, respectively.⁶

Future Workforce Challenges

As the public sector rebounds from the demands incurred from the Covid-19 Pandemic, hiring challenges, vacancies, and burnout are impeding return to pre-pandemic workforce levels. Approximately 90 percent of jobs lost in the private sector have returned as of April 2022, while only 53 percent of jobs lost have returned for the public sector. Pandemic job loss and pre-pandemic hiring challenges have made quality talent recruiting and succession planning the highest priority staffing challenges government organizations face.⁷ Burnout and stress have caused 44 percent of public sector employees to experience decline in mental-emotional health. In California, other remote work challenges include public sector work culture, high paper dependencies, and cybersecurity concerns according to the California Transportation Commission.⁸

Remote work is likely preceding a future of public service performed by a network of workers across integrated geographies, making “remoteability” a key metric for a public sector organization’s success. Addressing motivation and the intrinsic value of public sector work is one strategy to retain devoted public servants. Increasing resources through benefits and salary to match the increased demands placed on large City and County employees will further encourage public sector participation.

We anticipate California will continue various resources, programs, and benefits that enable employers and local governments to support their remote work segments. The California Government’s “telework.govops.ca.gov” is one resource providing best practices and helpful tips for governments like Palo Alto. We encourage use of these resources and others to achieve ideal remoteability.⁹

Position Eligibility Framework

Below is a sample framework to consider implementing for evaluating position eligibility for remote work and modifying the position eligibility in context of the remote work policy at the City of Palo Alto:

1. Human Resources makes a framework for position eligibility assessment deployment
 - a. HR evaluates the positions first and solicits director feedback on potential eligible positions
 - b. HR collaborates with department directors to evaluation eligibility for all positions
2. Human Resources creates a communication plan for the evaluation framework
3. Human Resources selects pilot departments to evaluation position eligibility
4. Human Resources runs the pilot department evaluation
5. Human Resources modifies implementation plan using lessons learned from the pilot
6. Human Resources implements position evaluation with remaining departments

1. Creation of framework

- a. Human Resources evaluates the positions first to eliminate positions for department review that are ineligible to work remotely
The benefits of this method:
Creates a top-down efficient approach using the knowledge and expertise of the Human Resources staff and reducing the volume of department position review.
The negatives of this method:
Reduced position review transparency for department leadership and employees
- b. Department directors review all positions
The benefits of this method:
Illustrates to employees the desire to intimately understand positions when determining eligibility.

⁶ [Remote Job Market Map - Trends, Companies, & Facts by State | FlexJobs](#)

⁷ [Amid public sector hiring challenges, researchers highlight telework, flexibility as path forward - American City and County](#)

⁸ [Public Sector Remote Work Challenges - Exisor](#), California Transportation Commission, 2021, “Effects of COVID-19-Related Telework Policies on the Transportation System”

⁹ [Work remotely – Employees | telework.govops.ca.gov](#)

Increases the volume of positions for department directors and employees to review.

The negatives of this method:

Increased review and implementation time-frame

2. Creation of a communication plan

Change management plan standards suggest the use of comprehensive and clear communications to all affected parties. Human Resources will need to identify the target audience for each communication and the intended purpose/goal of the communication. The City may consider a communication approach as follows:

- Notify all City employees of the position review. In the notification, state the pilot departments, phased approach for additional department position reviews, roles and responsibility for Human Resources, department supervisors, and employees.
- Provide regular updates during executive team meetings
- Provide updates to department directors of when phases are complete and next steps
- Provide written communication to all employee participants at each phase. Hold a townhall meeting introducing the project, communicating the purpose, approach and outcome
- Communicate position eligibility to the executive team and directors when all positions are evaluated

The methods and delivery for the communication plan should also be outlined, considering a formalized message to staff and informal channels. Human Resources should be prepared for the responses they will receive to the communication plan – both negative and positive - and appropriate response channels.

*Human Resources should be clear and repeatedly communicate throughout the process that the assessment is to determine **position** eligibility to equitably apply consideration across the City. Individuals who hold eligible positions should continue to be assessed for approval and continued eligibility per the City's policy.*

3. Selection of pilot departments

When selecting the two departments for the pilot, consider the following:

- A department that performs administrative functions for the City (e.g. Legal, City Clerk and Information Technology)
- A department that has positions performing some elements of fieldwork/operations
- Departments that are collaborative in nature and willing to adapt to changes in City policy
- Departments that are well respected within the City as they will serve as advocates for the future rollout of the Remote and Flexible Work program
- Departments with a high volume of hard-to-fill positions or key positions with a high vacancy rate

Running the pilot

- Human Resources should consider the length of the pilot program, any changing needs of the community and potential changes in service delivery requiring a stop or pause to the pilot, and any changing needs of the department that may require a stop or pause.
- Develop a re-start plan to continue the pilot to keep staff engaged and invested in the pilot program.

Feedback from piloted departments should be solicited and factored into future implementation for improved deployment. The pilot should be self-evaluated by all participants and 'lessons learned' documented when providing feedback to Human Resources. The feedback provided in this phase will inform steps 5 and 6.

4. Pilot department evaluation

Human Resources outlines the approach needed for the evaluation of the pilot department program. Steps may include:

- Department director meeting:
 - o Kick-off
 - o Project timeline/purpose
 - o Confirm approach and scope
- Employee kick-off meeting
 - o Kick-off
 - o Project timeline/purpose
 - o Confirm approach and scope

The approach will differ and is dependent on if Human Resources will provide the first assessment of positions or initiate preliminary assessment at the employee level.

1a Approach. Human Resources evaluates positions using essential duties from the job descriptions and designates positions ineligible to work remotely. Human Resources reviews the assessment with department directors. For all remaining positions, employees self-evaluate their position eligibility, directors review the self-assessment and Human Resources analyzes the responses to find an average question score for each position. Human Resources should review all results with Managers/Directors for their input and approval of the results.

1b Approach. All employees self-evaluate their position eligibility, directors review the self-assessment and Human Resources analyzes the responses to find an average question score for each position. Human Resources should review all results with Managers/Directors for their input and approval of the results.

From this analysis, Human Resources can designate positions as eligible for options of fully remote, flexible hours/day schedules, or ineligible for remote work.

All results of the analysis should be shared with both Directors and Employees and include any next steps.

For Directors, considerations for next steps to accommodate employee requests going forward:

- Technology needs
- Scheduling needs
- Ebbs and flows of services in their department

For Employees, considerations for next steps going forward:

- A review of essential duties for similar positions would result in an equitable approach amongst all employees and improve program deployment

5. Modification of the implementation plan

Using the feedback received in Phase 3, Human Resources should adjust the implementation plan.

Considerations of adjustments should include the ability to adapt the plan to a changing environment within the City (e.g. at different times of the year different needs may arise where staff may need a more frequent presence in the office)

6. Implementation of position evaluation

Human Resources will need to prioritize the remaining City departments. Considerations on prioritizing should include:

- High turnover or high vacancy rate departments
- Departments with a balance of administrative and non-administrative functions
- Seasonality of work and City milestones (e.g. budget planning, Capital infrastructure planning, high volumes of outdoor functions for summer and spring activities)

Consider developing a phased deployment. A potential implementation approach includes:

- Phase 1: common positions across all departments (e.g. administrative assistants, Directors, etc.)
- Phase 2: Departments with common functionality (e.g. operations and fieldwork functions)
- Phase 3: Departments with common functionality (e.g. administrative and internal shared services positions).

As mentioned in Phase 2, elements of a change management plan can assist Human Resources in this implementation. In addition to the communication plan, a Change Management Approach implementation strategy includes a training plan, business systems plan and resistance plan.

Having a plan to address any resistance from employees will assist with a successful program. A possible tool to consider is a Resistance Assessment Survey. This survey identifies areas of possible resistance, and provides a space for rating (1-5 from strongly disagree to strongly agree). Human Resources could deploy this survey and aggregate the scores as they did for the evaluation tool to find pockets of resistance and approval.

Appendices

Appendix A: Sample Policy Modifications

SHRM Telecommuting Policy and Procedure

Blue highlighted text indicates content recommended to include in City Policy

Objective

Telecommuting allows employees to work at home, on the road or in a satellite location for all or part of their workweek. [Organization Name] considers telecommuting to be a viable, flexible work option when both the employee and the job are suited to such an arrangement. Telecommuting may be appropriate for some employees and jobs but not for others. Telecommuting is not an entitlement, it is not a companywide benefit, and it in no way changes the terms and conditions of employment with [Organization Name].

Procedures

Telecommuting can be informal, such as working from home for a short-term project or on the road during business travel, or a formal, set schedule of working away from the office as described below. Either an employee or a supervisor can suggest telecommuting as a possible work arrangement.

Any telecommuting arrangement made will be on a trial basis for the first three months and may be discontinued at will and at any time at the request of either the telecommuter or the organization. Every effort will be made to provide 30 days' notice of such change to accommodate commuting, child care and other issues that may arise from the termination of a telecommuting arrangement. There may be instances, however, when no notice is possible.

Eligibility

Individuals requesting formal telecommuting arrangements must be employed with [Organization Name] for a minimum of 12 months of continuous, regular employment and must have a satisfactory performance record.

Before entering into any telecommuting agreement, the employee and manager, with the assistance of the human resource department, will evaluate the suitability of such an arrangement, reviewing the following areas:

- Employee suitability. The employee and manager will assess the needs and work habits of the employee, compared to traits customarily recognized as appropriate for successful telecommuters.
- Job responsibilities. The employee and manager will discuss the job responsibilities and determine if the job is appropriate for a telecommuting arrangement.
- Equipment needs, workspace design considerations and scheduling issues. The employee and manager will review the physical workspace needs and the appropriate location for the telework.
- Tax and other legal implications. The employee must determine any tax or legal implications under IRS, state and local government laws, and/or restrictions of working out of a home-based office. Responsibility for fulfilling all obligations in this area rests solely with the employee.

If the employee and manager agree, and the human resource department concurs, a draft telecommuting agreement will be prepared and signed by all parties, and a three-month trial period will commence.

Evaluation of telecommuter performance during the trial period will include regular interaction by phone and e-mail between the employee and the manager, and weekly face-to-face meetings to discuss work progress and problems. At the end of the trial period, the employee and manager will each complete an evaluation of the arrangement and make recommendations for continuance or modifications. Evaluation of telecommuter performance beyond the trial period will

be consistent with that received by employees working at the office in both content and frequency but will focus on work output and completion of objectives rather than on time-based performance.

An appropriate level of communication between the telecommuter and supervisor will be agreed to as part of the discussion process and will be more formal during the trial period. After conclusion of the trial period, the manager and telecommuter will communicate at a level consistent with employees working at the office or in a manner and frequency that is appropriate for the job and the individuals involved.

Equipment

On a case-by-case basis, [Organization Name] will determine, with information supplied by the employee and the supervisor, the appropriate equipment needs (including hardware, software, modems, phone and data lines and other office equipment) for each telecommuting arrangement. The human resource and information system departments will serve as resources in this matter. Equipment supplied by the organization will be maintained by the organization. Equipment supplied by the employee, if deemed appropriate by the organization, will be maintained by the employee. [Organization Name] accepts no responsibility for damage or repairs to employee-owned equipment. [Organization Name] reserves the right to make determinations as to appropriate equipment, subject to change at any time. Equipment supplied by the organization is to be used for business purposes only. The telecommuter must sign an inventory of all [Organization Name] property received and agree to take appropriate action to protect the items from damage or theft. Upon termination of employment, all company property will be returned to the company, unless other arrangements have been made.

[Organization Name] will supply the employee with appropriate office supplies (pens, paper, etc.) as deemed necessary. [Organization Name] will also reimburse the employee for business-related expenses, such as phone calls and shipping costs, that are reasonably incurred in carrying out the employee's job.

The employee will establish an appropriate work environment within his or her home for work purposes. [Organization Name] will not be responsible for costs associated with the setup of the employee's home office, such as remodeling, furniture or lighting, nor for repairs or modifications to the home office space.

Security

Consistent with the organization's expectations of information security for employees working at the office, telecommuting employees will be expected to ensure the protection of proprietary company and customer information accessible from their home office. Steps include the use of locked file cabinets and desks, regular password maintenance, and any other measures appropriate for the job and the environment.

Safety

Employees are expected to maintain their home workspace in a safe manner, free from safety hazards. [Organization Name] will provide each telecommuter with a safety checklist that must be completed at least twice per year. Injuries sustained by the employee in a home office location and in conjunction with his or her regular work duties are normally covered by the company's workers' compensation policy. Telecommuting employees are responsible for notifying the employer of such injuries as soon as practicable. The employee is liable for any injuries sustained by visitors to his or her home worksite.

Telecommuting is not designed to be a replacement for appropriate child care. Although an individual employee's schedule may be modified to accommodate child care needs, the focus of the arrangement must remain on job performance and meeting business demands. Prospective telecommuters are encouraged to discuss expectations of telecommuting with family members prior to entering a trial period.

Time Worked

Telecommuting employees who are not exempt from the overtime requirements of the Fair Labor Standards Act will be required to accurately record all hours worked using [Organization Name]'s time-keeping system. Hours worked in excess of those scheduled per day and per workweek require the advance approval of the telecommuter's supervisor. Failure to comply with this requirement may result in the immediate termination of the telecommuting agreement.

Ad Hoc Arrangements

Temporary telecommuting arrangements may be approved for circumstances such as inclement weather, special projects or business travel. These arrangements are approved on an as-needed basis only, with no expectation of ongoing continuance.

Other informal, short-term arrangements may be made for employees on family or medical leave to the extent practical for the employee and the organization and with the consent of the employee's health care provider, if appropriate.

All informal telecommuting arrangements are made on a case-by-case basis, focusing first on the business needs of the organization.

Blue highlighted text indicates content recommend to include from SHRM policy.

Green highlighted text indicates Baker Tilly language based upon review of current state and federal reimbursement requirements. Baker Tilly does not provide legal advice. We recommend the City consult with their employment law counsel prior to any sample form or policy adoption.

REMOTE WORK POLICY

PURPOSE

The purpose of this Policy is to provide guidance for administering remote work.

DEFINITIONS

Remote Work is the practice of working from an alternative worksite on either a voluntary (Remote Work Arrangement) or assigned (Remote Work Assignment) on a regular basis. Occasional remote work is when an employee is approved to work remotely on an infrequent or project basis. Occasional remote work does not require a formal remote work agreement.

Remote Work Agreement is the formal agreement between a supervisor and an employee which defines the employee's regular remote work schedule and details any City-owned resources the employee will use in the alternative worksite.

Alternative Worksite is a location where the employee works other than at a City facility.

POLICY

It is the policy of the City of Palo Alto to allow and/or assign employees to work remotely when it is consistent with the City's operational needs.

When the employee and their position are eligible and well-suited for remote work, Department Directors are strongly encouraged to allow remote work.

Remote work can be advantageous to the employee, department and the community. Research and numerous sources have identified that remote work:

- Reduces air pollutants and decreases traffic, parking congestion and overcrowding of public transportation.
- Improves the City's ability to maintain services during an emergency when the regular worksite is inaccessible.
- Enhances the ability to recruit and retain quality employees, improves job satisfaction, supports work-life balance, and may increase productivity.

While remote work is typically a voluntary arrangement, the City may require work to be performed remotely based on operational needs or in emergency circumstances. Remote work is a service delivery model that can be used to meet operational needs, and is not to be viewed as an entitlement, reward or benefit. All City employees who are working remotely on a regular basis must have an approved Remote Work Agreement under this Policy. Occasional Remote Work must be documented and approved in advance by the employee's supervisor, but no formal Remote Work Agreement is required.

Remote work does not alter duties, obligations, responsibilities and conditions of employment for the employee who is approved and/or assigned to work remotely. Employees working remotely remain obligated to comply with all City rules, regulations, policies, procedures, and state and federal laws.

Remote Work is not designed to be a replacement for appropriate child care. Although an individual employee's schedule may be modified to accommodate child care needs, the focus of the arrangement must remain on job performance and meeting business demands. Prospective remote workers are encouraged to discuss expectations of remote work with family members prior to entering a trial period

PROCEDURE

All employees must have a Remote Work Agreement in order to work remotely on a regular basis.

Any Remote Work arrangement made will be on a trial basis for the first three months and may be discontinued at will and at any time at the request of either the telecommuter or the organization. Every effort will be made to provide 30 days' notice of such change to accommodate commuting, child care and other issues that may arise from the termination of a remote work arrangement. There may be instances, however, when no notice is possible.

Evaluation of telecommuter performance during the trial period will include regular interaction by phone and e-mail between the employee and the manager, with recommended bi-weekly meetings to discuss work progress and problems. At the end of the trial period, the employee and manager will each complete an evaluation of the arrangement and make recommendations for continuance or modifications. Evaluation of telecommuter performance beyond the trial period will be consistent with that received by employees working at the office in both content and frequency but will focus on work output and completion of objectives rather than on time-based performance.

An appropriate level of communication between the telecommuter and supervisor will be agreed to as part of the discussion process and will be more formal during the trial period. After conclusion of the trial period, the manager and telecommuter will communicate at a level consistent with employees working at the office or in a manner and frequency that is appropriate for the job and the individuals involved.

Remote Work Request Initiated by Employee (Remote Work Arrangements)

Employees who believe they may be eligible for Remote Work as defined in this Policy must first discuss their desire to work remotely with their direct supervisor. At that time, the supervisor and employee can discuss eligibility, schedule, equipment needs, work hours, and other items that are part of the Remote Work Agreement and this Policy.

The employee must then submit the Remote Work Agreement to their supervisor for approval. If the supervisor approves the Remote Work Agreement, they will submit the agreement to the Department Director or designee for consideration. The Department Director or designee will either approve, deny, or modify the agreement. A copy of the final signed agreement must be provided to the employee, their supervisor, and submitted to Human Resources.

Should an employee's remote work request be denied, the decision is final and not subject to the grievance procedure or any other appeal. The employee may request to meet with the Human Resources Director or their designee to discuss their denial.

As part of an employee's annual performance appraisal, the Remote Work Agreement should be evaluated by the employee and supervisor to determine if the arrangement is successful and if it should continue. The Remote Work Agreement should be updated with any changes and submitted for approval by the Department Director or designee.

The Department Director or designee can suspend or cancel the Remote Work Agreement with at least five business days' written notice when possible. In the event operational necessity does not allow for five business days' notice, the Department Director or designee may suspend or cancel the Remote Work Agreement with less notice. General considerations for terminating the agreement include, but are not limited to, operational need, performance, conduct, safety, and violation of the Remote Work Policy and other City policies. Termination of the agreement is administrative and not considered discipline. The decision is not be subject to the grievance procedure nor can it be appealed.

Remote Work Required by the City (Remote Work Assignment)

If operational needs require remote work for continuity of City services, or in cases of emergency, managers and the Department Director will evaluate each position for remote work. The requirement to perform work remotely will be assigned in consultation with the City Manager's Office and Human Resources. Employees assigned to work remotely must complete a Remote Work Agreement. Remote Work Assignments may be discontinued at any time at the sole discretion of the City pursuant to the procedures outlined above.

ELIGIBILITY

Not all positions or employees are eligible for remote work. When determining whether an employee requesting remote work is eligible, employees must meet both the position eligibility criteria and performance eligibility criteria. When a position is being required to work remotely due to operational necessity and continuity of service or emergency circumstances, City management will evaluate the eligibility of the position and follow any local, state or federal guidance.

Individuals requesting Remote Work arrangements must maintain a satisfactory performance record.

**** Eligibility requirements may need to be revised based on the final outcome of the Remote and Flexible Work Study****

Position Based Eligibility:

Criteria for establishing eligibility of a position:

- In-person interaction or physical presence on a daily basis is not essential to the performance of job duties and may be scheduled or conducted virtually to permit Remote Work.
- Some or all the job duties are able to be performed from an alternative worksite without diminishing the quality and timeliness of the work.
- Appropriate equipment must be available or can be made available in the alternative worksite to perform job duties and assigned tasks.
- Remote Work must not unduly disrupt or create problems for projects, staff, the community or other stakeholders.
- When performed remotely, job duties can be completed in compliance with all applicable IT, Security, Privacy and Confidentiality policies and procedures.

Performance Based Eligibility:

Criteria for establishing eligibility of an employee:

- Employee is adaptable, with a proven ability to work independently.
- Employee demonstrates good time-management skills by completing quality assignments on time.
- Employee communicates information efficiently with leadership, coworkers, support staff and customers.
- Employee sets appropriate priorities, changes priorities as needed, and maintains a suitable workspace.
- Employee possesses computer and other necessary skills sufficient to work independently at an alternate worksite.

CONDITIONS

Schedule and Work Hours:

The actual time worked by the employee, as established by the Remote Work Agreement, must be accurately recorded on the timesheet.

- Employees FLSA status as exempt or non-exempt will not be altered as a result of the employee working remotely.
- The number of hours worked by the employee will not change because the employee is working at an alternative worksite.

- Employees eligible for overtime may work overtime only when directed to do so and approved in advance by the supervisor.
- Employees must obtain approval to use vacation, sick, or other leave in the same manner as departmental employees who do not work remotely.
- Employees working remotely will maintain accessibility via email, phone, or as otherwise agreed to by their supervisor during agreed upon work hours.
- Employees must follow all regular timecoding requirements.

Employees working at an alternate worksite may be required to report to a City facility on a remote workday. Supervisors should give at least 24 hours' notice of this change, unless an unforeseeable immediate need should arise. An employee who is required to report to a City facility instead of their alternative worksite is not eligible for travel reimbursement. When an employee is required to report to a City Facility on the same day, then travel time to the City facility shall be considered hours worked.

Occasional requests by employees to change their schedule should be accommodated by the supervisor if possible. Occasional changes (such as working remotely on a different day in the same week) do not constitute a change in the underlying agreement. A permanent schedule change would require an employee to resubmit an approved Remote Work Agreement.

Remote Worksite & Equipment

It is the responsibility of the employee to create a safe and ergonomically suitable environment for work. Employees shall make all reasonable efforts to ensure their remote work area meets the ergonomic standards of the City. Upon request, the City will provide an ergonomic evaluation for the employee's alternative worksite.

Employees working remotely must work in an environment that allows them to perform their duties safely and efficiently. Employees are responsible for ensuring their work areas comply with health and safety requirements. Employees are covered by workers' compensation laws when performing work duties at their designated alternate locations during their regular work hours. Employees who suffer a work-related injury or illness while remote working must notify their supervisor and complete any required forms immediately in accordance with the City's Workers' Compensation Policy.

In order to work remotely, employees and supervisors must identify the equipment, software, and supplies required to successfully work at an alternate location. The employee will not be eligible for Remote Work if the required equipment is not available. IT will serve as resources to assist employees and supervisors determine appropriate equipment needs.

The remote worker must sign an inventory of all City property received and agree to take appropriate action to protect the items from damage or theft

City Equipment:

Any equipment and software shall remain the property of the City and is limited to use for purposes relating to City business only. Employees working remotely must keep City-owned equipment in good working order, report any problems or malfunctions immediately, and must promptly return equipment upon completion or termination of their Remote Work Agreement, or separation from the City.

Basic office supplies that normally are available at the City worksite for the employee's use (e.g., pens, binders, notepads, Post-its, etc., but not including printer ink cartridges) may be used at the employee's remote worksite in accordance with the same policies that govern their use at the City worksite. Employees working remotely will not be reimbursed for additional office supplies unless approval to purchase supplies is given in advance. City issued supplies must be used for City work purposes only. Any other costs may be incurred only with prior approval by the Department Director.

City-issued laptops or other required computer equipment and repairs will be provided based on need and availability. To ensure hardware and software security, all software used for remote work must be approved by the department and IT

before installation. Networking can only be established using compatible hardware and software. All remote work must be done through the City VPN or approved applications.

Personal Equipment:

When not provided by the City, employees under a Remote Work Agreement are expected to use personal office equipment including, but not limited to, furniture, seating, internet access, scanners, calculators, ink cartridges, etc., used while working remotely.

Employees working remotely are responsible for the maintenance and repair of their office equipment and are required to install and maintain personal office equipment at no expense to the City. The employee is responsible for ensuring that software used on non-City premises is compatible with City standards.

Business-related Expenses:

Employees voluntarily working remotely are responsible for all business expenses incurred. Should the City require employees to work remotely, the City will supply the employee with “necessary” and “reasonable” expenses¹⁰. Employees may not incur expenses before receiving written approval from a department supervisor.

Information Security and Protection

Remote workers, like all City employees, are expected to protect confidential, proprietary, and business information from unauthorized or accidental access, destruction, or disclosure. Employees may not disclose confidential or private files, records, materials, or information, and may not allow access to

City networks or databases to anyone who is not authorized to have access.

Employees who work remotely shall comply with the City’s Information Security Policy, Information Security Standards, Information Privacy Policy and ensure the protection of the City’s protected information.

Ad Hoc Arrangements

Temporary remote work arrangements may be approved for circumstances such as inclement weather, special projects or business travel. These arrangements are approved on an as-needed basis only, with no expectation of ongoing continuance.

Other informal, short-term arrangements may be made for employees on family or medical leave to the extent practical for the employee and the organization and with the consent of the employee’s health care provider, if appropriate.

All informal remote work arrangements are made on a case-by-case basis, focusing first on the business needs of the organization.

Exceptions

The City is not liable for loss or destruction of the employee’s home or personal property while working remotely. The City is not liable for injury to the employee that occurs outside of remote work hours or while not conducting City work. The City is not liable for injury to the employee’s family members, visitors, or invitees within or around the remote worker’s home.

¹⁰ California Labor Code 2802

Appendix B: Hybrid Work Agreement Form

Baker Tilly does not provide legal advice. We recommend the City consult with their employment law counsel prior to any sample form or policy adoption.

Hybrid Work Agreement

Sample teleworking agreement modified from the SHRM and other industry samples. Blue text indicates added content from SHRM template.

Definition

For purposes of this agreement, “telework” means an agreed-upon regular, modified work location outside of City premises or standard work location (e.g., home office, community workspace. etc.)

Employee Information

Name: _____ Hire date: _____

Employee ID: _____

Job title: _____

Department: _____

Supervisor's Title: _____

Is your supervisor the Department Director (Y/N) _____

Department Director's email address: _____

FLSA status: ☐ Exempt ☐ Nonexempt

This telework agreement will begin and end on the following dates:

Start date: _____ End date: _____

Primary work location: _____

Employee Telework Schedule - Mark “X” where applicable

	Remote Work	Onsite Work	Remote/Onsite Combination	Regular Day Off
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Saturday				
Sunday				

The employee agrees to the following conditions:

The employee will remain accessible and productive during scheduled work hours.

Nonexempt employees will record all hours worked and meal periods taken in accordance with regular timekeeping practices.

Nonexempt employees will obtain supervisor approval prior to working unscheduled overtime hours.

The employee will report to the employer's work location as necessary upon directive from his or her supervisor and notify the supervisor in advance of work location modifications.

The employee will communicate regularly with his or her supervisor and co-workers, with a cadence and format established by the supervisor.

The employee will comply with all City rules, policies, practices and instructions that would apply if the employee were working at the employer's work location.

The employee will maintain satisfactory performance standards.

The employee will make arrangements for regular dependent care and understands that telework is not a substitute for dependent care. In pandemic or natural disaster circumstances, exceptions may be made for employees with caregiving responsibilities.

The employee will maintain a safe and secure work environment at all times.

The employee will allow the employer to have access to the telework location for purposes of assessing safety and security, upon reasonable notice by the City.

The employee will report work-related injuries to his or her supervisor as soon as practicable.

City will provide the following equipment: _____

The employee will provide the following equipment: _____

The employee agrees that City equipment will not be used by anyone other than the employee and only for business-related work. The employee will not make any changes to security or administrative settings on City equipment. The employee agrees to promptly install all technology security upgrades to ensure network security. The employee understands that all tools and resources provided by the City shall remain the property of the City at all times.

The employee agrees to protect City tools and resources from theft or damage and to report theft or damage to his or her supervisor immediately.

The employee agrees to comply with City's policies and expectations regarding information security. The employee will be expected to ensure the protection of confidential and customer information accessible from their home offices.

The employee understands that telework is a privilege, subject to position eligibility and performance review requirements. The employee understands that remote eligibility may be revoked based upon performance reviews, non-compliance of this agreement and/or position essential duty modifications.

Palo Alto will reimburse employee for the following expenses: _____

Employee will submit expense reports with attached receipts in accordance with City expense reimbursement policy.

The employee understands that all terms and conditions of employment with the City remain unchanged, except those specifically addressed in this agreement.

The employee understands that management retains the right to modify this agreement on a temporary or permanent basis for any reason at any time.

The employee agrees to return City equipment and documents within five days of termination of employment.

Employee signature: _____ Date: _____

Manager signature: _____ Date: _____

Human resources signature: _____ Date: _____

Hybrid Work Agreement Form (FY23)

All workers who are assigned to Telework, including those who partially Telework, should complete this form. Telework minimizes the number of employees at City facilities, while allowing essential work to continue.

By submitting this Telework Agreement you acknowledge and agree to the following: While on this telework arrangement, you are expected to fully engage in your job and to work in a manner that is safe, efficient and responsible. Telework requires that you take extra care to remain in close communication with your supervisor and co-workers. When you telework, you have the same responsibilities as when you work at your normal worksite. Responsibilities include being immediately available during work time, following work policies and protocols; protecting the confidentiality of sensitive data; maintaining a safe work area and reporting any injury; protecting government property; and reporting your absences accurately. In addition, if you are in a classification that allows for overtime or comp time you are required to obtain prior approval from your supervisor.

If you have any questions regarding telework arrangements please contact HR at (650)329-2376 or HR@CityofPaloAlto.org (<mailto:HR@CityofPaloAlto.org>)

Appendix C: Position Eligibility Criteria

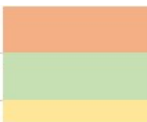
Q#	Question	Value Code				
		1	2	3	4	5
1	How often does your job require wearing common or specialized protective or safety equipment?	Never	Once a year or more but not every month	Once a month or more but not every week	Once a week or more but not every day	Every day
2	How important is performing general physical activity to your job?	Not important	Somewhat important	Important	Very important	Extremely important
3	How important is handling and moving objects for your job?	Not important	Somewhat important	Important	Very important	Extremely important
4	How often do you spend time walking or running for your job?	Never	Less than half the time	About half the time	More than half the time	Every day
5	How important is working in-person with the public for your responsibilities?	Not important	Somewhat important	Important	Very important	Extremely important
6	How often do you spend time repairing, maintaining, or operating mechanical and/or electronic equipment for your job?	Never	Less than half the time	About half the time	More than half the time	Majority of the time
7	How often does your job require you to work outdoors, in all weather conditions?	Never	Once a year or more but not every month	Once a month or more but not every week	Once a week or more but not every day	Every day
8	How often do you deal with violent people?	Never	Once a year or more but not every month	Once a month or more but not every week	Once a week or more but not every day	Every day
9	How often are you exposed to diseases or infection?	Never	Once a year or more but not every month	Once a month or more but not every week	Once a week or more but not every day	Every day
10	How important is thinking creatively to the performance of your current job?	Not important	Somewhat important	Important	Very important	Extremely important
11	How important is in-person training and teaching others to the performance of your current job?	Not important	Somewhat important	Important	Very important	Extremely important
12	How often does your current job require face-to-face discussions with individuals and within teams?	Never	Once a year or more but not every month	Once a month or more but not every week	Once a week or more but not every day	Every day
13	How frequently does your position require e-mail correspondence?	Every day	Once a week or more but not every day	Once a month or more but not every week	Once a year or more but not every month	Never

Key

Average position responses for any one question identifies a position that is ineligible to work remotely

Average position responses for a position that respond in the 1 range for ALL thirteen questions, eligible for fully remote

Positions eligible for partial remote work and/or flex hours




Appendix D: Management Response

Summary Statement:

The Palo Alto City Administration thanks the City Auditor's Office for their work on this important and timely topic. As requested by the Administration, this study provides an independent perspective on one of the most widely discussed and rapidly evolving contemporary workplace issues. The study affirms that the City's efforts, initiated pre-pandemic, continue to reflect a progressive and balanced approach to ensuring worker productivity in delivering services to the community while continuing to model an "employer of choice." This will continue to guide and inform future decision making and strategic opportunities for revision of hybrid working practices.

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan
<p>Finding 1: Remote Work Policy</p> <p>The City should revise the current policy to strengthen its teleworking risk mitigation and further clarify the remote work arrangement between its employees and departments. The City should also implement a periodic review of its telework policy in annual intervals to ensure content is current with best practices and meets department needs.</p> <p>A sample policy revision, based upon The Society for Human Resources Management and the International Public Management – Human Resources Association best practices and sample policies, is provided in Appendix A.</p>	Human Resources	<p>Concurrence: Partially agree</p> <p>Target Date: March 2023</p> <p>Completion Date: To be determined during the OCA's follow-up review</p> <p>Action Plan:</p> <p>Currently the City's policy includes Position Based and Performance Based Eligibility criteria for the Department Director to consider their employee's request for a hybrid work schedule. City equipment, is tracked by the Information Technology department therefore incorporating an additional equipment tracking component into the hybrid work policy would be duplicative and could lead to confusing and contradictory practices.</p> <p>In regards to excluding employees on probation, the City did not include this provision as providing hybrid work as an option may offer flexibility candidates are seeking.</p> <p>The City's policy update has been updated to reflect the workforce transition to "hybrid work", now titled the Hybrid Work Policy, and will be reviewed periodically or at minimum, annually as recommended.</p>
<p>Finding 2: Remote Work Procedures</p> <p>The City should revise the current agreement form to include a more robust list of employee obligations to improve the clarity of responsibilities for remote workers and their departments. The City should also ensure that the agreement form reflects the content of the current teleworking policy.</p> <p>A sample revision of the form is provided in Appendix B.</p>	Human Resources	<p>Concurrence: Partially Agree</p> <p>Target Date: March 2023</p> <p>Completion To be determined during the OCA's follow-up review</p> <p>Action Plan:</p> <p>The City provides regular and consistent training to supervisors and managers on how to effectively communicate performance feedback, use progressive discipline, targeted development plans, and leave of absence tracking to ensure efficient and effective delivery of City services. Changes to the Hybrid Policy and agreement form that infer disciplinary results or actions would detract from the City's established performance management processes and cause meet and discuss obligations with the City's different impacted labor groups. Authority of managers and supervisors is clearly articulated in the City's merit rules to document expectations of an employee to perform their assigned tasks. An employee performing their assigned tasks remotely does</p>

		<p>not impact the supervisor's responsibility to complete the performance management process.</p> <p>The City closely reviewed sample documents from the Society for Human Resources Management in developing the revision to the Remote Work Policy and Agreement form currently utilized. The City's Hybrid Work agreement form has been updated to reference the Hybrid Work policy and include link.</p>
Finding 3: Remote Work Position Eligibility		
<p>The City should development standardized criteria for position remote and flex work eligibility. All positions should be evaluated for full remote, partial remote/flex schedule, and ineligible remote work. Once position eligibility is determined, The City should follow existing policy to review individual employee eligibility for all eligible positions.</p> <p>A sample criteria is provided in Appendix C.</p>	Human Resources	<p>Concurrence: Partially Agree</p> <p>Target Date: February 2023</p> <p>Completion Date: February 28, 2023</p> <p>Action Plan:</p> <p>The Hybrid Work Policy clearly outlines and distinguishes the difference between position eligibility and employee eligibility creating a two-step process for approving hybrid work. Fully remote is not articulated as an option going forward as no longer mandated by public health conditions, except as a special exemption authorized by the City Manager's Office. A survey tool such as discussed during the audit, using criteria tailored to City operational requirements, will be placed on the HR website as a resource that can be incorporated into future use by supervisors and managers when reviewing a new position for hybrid work eligibility.</p>
Opportunities		
<p>We provide context to consider for future implementation of a remote and flexible work policy to remain current and competitive in the hiring market and considerations for executing a position eligibility assessment. Summarized by:</p> <ul style="list-style-type: none"> - Early Covid-19 Pandemic Workforce Response - Sustaining Remote Workforce Responses - Future Workforce Challenges <p>We recommend a six-step framework for position eligibility implementation:</p> <ul style="list-style-type: none"> - Creation of a framework - Creation of a communication plan 	Human Resources	<p>The process outlined above was very similar to that utilized prior to the pandemic to test the revised changes to an earlier version of the City's policy. Two city divisions were selected to pilot the new policy with surveys of employees being conducted at the beginning, middle, and end of the pilot process. This feedback was then incorporated into the final version of the policy adopted in June 2021. We believe it is consistent with existing practice to follow this similar framework if/when significant additional changes are needed to the framework of the hybrid work policy. An additional pilot is not necessary to accomplish the minor updates being pursued at this time. However the critical position assessment suggested can be used when new positions are submitted for Annual Budget in support of providing flexible work options.</p>

- 
- | | | |
|--|--|--|
| <ul style="list-style-type: none">- Selection of pilot departments- Pilot department evaluation with two approaches- Modification of the implementation plan- Implementation of position evaluation | | |
|--|--|--|