



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: City Auditor**

**Meeting Date: June 19, 2023**

Report #:2305-1537

### **TITLE**

Approval of Office of City Auditor Remote and Flexible Work Study Report; CEQA Status – Not a Project

### **RECOMMENDATION**

The Policy and Services Committee, City Auditor, and Staff recommend that the City Council approve the Remote and Flexible Work Study Report.

### **BACKGROUND**

Baker Tilly, in its capacity serving as the Office of the City Auditor (OCA), performed a citywide risk assessment that assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The purpose of the assessment was to identify and prioritize risks to develop the annual audit plan.

During the FY2022 risk assessment ([ID#13914](#))<sup>1</sup>, the OCA identified recruitment and retention challenges and need for a study of remote positions which affect recruitment and retention as many people prefer remote positions.

Baker Tilly presented the attached report during the Policy & Service Committee meeting on April 26, 2023, where the report was approved as follows:

**MOTION:** Council Member Veenker moved, seconded by Chair Tanaka to recommend the City Council:

- A. Accept the Office of the City Auditor Remote and Flexible Work Study Audit Report, and;
- B. Request that the City Manager's Office include in the staff report to Council an analysis of pre-Covid full onsite performance evaluations compared to current Hybrid/Remote work.

**MOTION PASSED:** 3-0

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<sup>1</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220404/20220404pccsmamendedlinked1.pdf>

The Committee asked the City Attorney to provide follow-up information regarding the operation of State worker's compensation law in the remote work context. The City Attorney's response can be found at Attachment B.

## **DISCUSSION**

The objectives of the review were 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.

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.

The Policy & Services Committee motion included request for staff to provide a comparison of pre-Covid full onsite performance evaluations compared to current Hybrid/Remote Work. HR staff reported that currently this data is collected in an electronic format only for Management and Professional employees. The following information compares pre-Covid full onsite performance rating results in comparison to most current performance ratings since eligible employees have been working a Hybrid/Remote work schedule. The performance ratings for pre-Covid FY19, in comparison to FY22 did not indicate performance rating decline or productivity decrease. In FY19 there were 177 managers and professionals who were evaluated: 117 exceeded expectations; 53 met expectations and 7 needed improvement. In FY 22, there were 176 managers and professionals who were evaluated: 118 exceed expectations; 57 met expectations and only 1 employee in this group was rated as needing improvement. Overall, there were similar results in the performance ratings pre-Covid in FY19 in comparison to FY22 and improved ratings for employees who had been rated as "needing improvement" in FY19. As stated to the Policy & Services Committee, since there are between 80% - 90% of employees working on-site between Monday through Friday, it appears there is no impact to performance and productivity by allowing employees the option to work a hybrid schedule.

## **FISCAL/RESOURCE IMPACT**

The corrective action plans and the timeline for implementation are identified within the attached report.

**STAKEHOLDER ENGAGEMENT**

The Office of the City Auditor worked primarily with Human Resources Department and engaged with additional stakeholders, including the City Manager's Office and the City Attorney's Office, as necessary.

**ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS**

Attachment A: OCA-Remote and Flexible Work Study

Attachment B: Response to PS Worker's Comp Waiver Questions 05.31.23

**APPROVED BY:**

Adriane D. McCoy, City Auditor