

Addendum to Ethics Policy

February 18, 2015

The following sections of the City of Asheville Ethics Policy shall include the updated revisions:

F. CONFLICTS OF INTEREST

2. Solicits, accepts or seeks anything of economic value as a personal gift, gratuity, or favor from any person, firm or corporation involved in a contract or transaction which is or may be the subject of official action of the city; provided that the prohibition against gifts or favors shall not apply to:

d. Gratuity offered to concessions stands employees during events held at the US Cellular Center.

K. MANDATORY REPORTING OF ILLEGAL ACTS OR VIOLATIONS OF ANY CITY POLICY

The City encourages employees to follow the chain of command where possible when dealing with a job-related complaint. However, due to the possibility that one's supervisor may be involved in a suspected ethical concern, any employee who feels that it would be more reasonable and prudent may notify anyone listed below, orally or in writing:

7. The City of Asheville Ethics Hotline

Example

Solution: You need not report to your direct supervisor but you must choose someone to report what you have discovered within 24 hours. You may choose any supervisor or you may notify anyone in the Human Resources Department, the Assistant City Manager, the City Manager, or the City of Asheville Ethics Hotline.



CITY OF ASHEVILLE

Administrative Policy

Subject: Ethics Policy

Effective Date: August 16, 2010

Policy Number: 54

Addendum Number: 2

Filing Instructions: A copy of this policy must be maintained in Section V, Administrative Policy Letters of the City of Asheville in each Department of the City.

Issued By: Jeff Richardson, Interim Human Resources Director

Signature:

City Manager Approval: Gary Jackson, City Manager

Signature:

Purpose

Every employee has the personal responsibility to read, know and comply with the requirements contained in this Ethics Policy. This policy establishes requirements for ethical behavior. Compliance with these requirements is a condition of employment, and failure to comply may result in discipline up to and including dismissal.

The Asheville Way

City of Asheville employees value:

Continuous Improvement

Asheville employees are trained professionals who improve service delivery by balancing needs, resources and innovation.

Integrity

Asheville employees demonstrate character with courage, honesty and pride.

Diversity

Asheville employees value and respect a diverse community, workforce and ideas.

Safety and Welfare

Asheville employees value the safety and welfare of our employees and the citizens we serve.

Excellent Service

Asheville employees strive to address needs with courtesy, compassion, timeliness, efficiency and commitment.

Intent

This policy informs City employees of their ethical requirements and gives disciplinary consequences for failure to meet those requirements.

Policy Statement

It is the policy of the City of Asheville that City employees conduct themselves in accordance with the highest ethical standards as expressed in this policy and in "The Asheville Way." Unethical conduct is a form of inappropriate personal conduct and, as such, is subject to disciplinary action, up to and including dismissal (ref: Asheville City Personnel Policies, Article 6).

If questions arise concerning what is appropriate ethical behavior, employees shall contact Human Resources or any supervisor for assistance. Employees may also contact the Assistant City Manager or the City Manager.

Applicability

This policy shall apply to all City employees of the City of Asheville.

Resources for Ethical Concerns

Staff in the City Manager's Office and the Human Resources Department is available for any employee, department or division that needs further assistance, training, or support regarding any ethical questions or concerns. A proactive approach is essential so that all employees receive appropriate training and participatory development activities so that they understand how to perform their job duties in an ethical manner.

Responsibilities

The City is responsible for:

- Providing an on-going series of specific, functional, and meaningful ethics training and participatory development activities appropriate and applicable to each department.

- Setting an example of competence and appropriate ethical behavior.

- Implementing and abiding by this policy.

- Ensuring that all employees receive a copy of this policy and keeping appropriate records therein.

- Emphasizing acceptable standards of performance for each job.

- Clarifying City policies and procedures for all employees who might be unclear as to what is acceptable behavior.

- Providing working conditions, which enable City employees to accomplish their assigned duties fairly and safely.

- Providing an avenue for employees to report alleged violations (see Section K.)

- Providing a workplace environment that encourages open communication, freedom from reprisal, and respectful honesty as the surest ways to identify problem areas, address them and resolve them.

City Supervisors are Responsible for:

- Supporting an on-going series of specific, functional, and meaningful ethics training and participatory development activities appropriate to each employee's specific job function.

- Setting an example of competence and appropriate ethical behavior.

- Teaching all employees under their supervision how to do their jobs within the requirements of this policy.

- Emphasizing acceptable standards of performance to all employees.

- Emphasizing and clarifying City policies and procedures for all employees, including accepting reports of potential ethical violations and unlawful behavior.

- Managing their area of responsibility, and the actions of their staff in accordance with this policy.

- Seeking assistance when they are uncertain about the right thing to do.

- Accepting reports of alleged violations of this policy according to the provisions of this policy (see Section K.)

Maintaining a workplace environment that encourages open communication, freedom from reprisal, and respectful honesty as the surest ways to identify problem areas, address them and resolve them.

City Employees are Responsible for:

Fully participating, to the best of their abilities, in specific, functional, and meaningful ethics training and participatory development activities.

Competence and ethical behavior.

Reading, understanding, and agreeing to abide by this policy.

Regularly reviewing this policy and comparing their own behavior to the responsibilities and standards described in this policy.

Performing their job within the guidelines of this policy.

Meeting acceptable standards of performance.

Following City policies and procedures.

Contributing to a workplace attitude that respects the standards and behaviors promoted by this policy.

Seeking assistance when they are uncertain about the right thing to do.

Ensuring that their own actions are legal, ethical, and in accordance with the rules and regulations of the City of Asheville.

Reporting alleged violations of this policy to a supervisor according to the provisions of this policy (see Section K.)

Participating in a workplace environment that encourages open communication, freedom from reprisal, and respectful honesty as the surest ways to identify problem areas, address them and resolve them.

Definitions

City Employee: Any individual working for, on a regular or temporary basis, and drawing an hourly wage or salary from the City of Asheville. The term, "City Employee," shall not include volunteers, interns, consultants or professional personnel providing services to the City as independent contractors under a written professional services contract or other similar engagement.

Ethics: The standards of acceptable conduct and professional behavior.

Interest: Any right, title or share in something personal, financial, legal or equitable, which is owned, held or controlled in whole or in part, directly or indirectly, by a city employee.

Integrity: To make no promises or commitments we cannot reasonably expect to fulfill, and to maintain appropriate social, ethical, and organizational norms in job related activities.

Immediate Family Member: Spouse, mother, father, legal guardian, child, sister, brother, grandparent, grandchild, and the various combinations of half, step, in-law and adopted relationship regardless of marital status.

On Duty: When an employee is at the workplace performing job duties, or during any other period of time for which he or she is entitled to receive pay from the City of Asheville.

Off Duty: Any time other than the period of time for which an employee is entitled to receive pay from the City of Asheville.

He, She, His, Her: The pronouns, "he" or "she" and the possessive adjectives, "his" or "her," are used interchangeably in this document and apply equally to both genders.

Policy:

A. WORK PERFORMANCE

Core Principle

Employees are expected to report to work on time and perform the work assigned to them, giving their earnest effort and best thought to the performance of their duties.

Intent

To provide City of Asheville customers with efficient high quality service by ensuring City employees dedicate themselves to the industrious performance of their duties.

Requirements

While on duty, employees will:

1. Learn and abide by safety rules and common safety practices.
2. Not engage in disorderly conduct, horseplay, sexual activity, insubordination, and illegal activities.
3. Exercise the care and attention to their work required by the circumstances.

4. Report to their designated work area ready to begin working at the assigned time, physically and mentally fit to perform their duties.
5. Respect the City work-time. Perform job duties so as to engage in productive work practices at all times as assigned by your supervisor.
6. Respect leave privileges. Frequent and/or prolonged absences may affect performance, productivity, growth and development in the job, and may adversely affect City or departmental operations.
7. Employment with the City of Asheville is the primary focus and no outside employment, paid or unpaid, shall interfere with or otherwise diminish the employee's job responsibilities.
8. Dress appropriately. City employees are expected to present themselves in an appropriate manner for the work to be performed and to present a professional and positive image to the public. Individual departments may have other requirements (i.e. wearing uniforms, etc.) necessary to departmental operations with the prior approval of the Human Resources Director and City Manager.
9. Only operate a City vehicle with a valid operator's license or license required for that job.

Example

Situation: You are a full time employee with benefits and you have approval from your supervisor to work at a secondary job. It is 6:25 am on a cold winter morning. You wake up exhausted from working late the night before at your secondary job and you are scheduled to work there again tonight. So you phone your supervisor at the City of Asheville and inform her that you are going to take a sick day today. That night you feel better so you go to work for your evening shift at your second job.

Solution: Your first responsibility is to your full time job with the City. Secondary employment requires an additional level of communication with your supervisor. If you had told your supervisor the entire situation she would have told you to take a leave day instead of a sick day. Expect her to sit down with you when you return to work and discuss specific ways to ensure that your secondary job will not diminish your ability to fulfill your duties related to your full time job.

B. WORK RELATIONS

Core Principle

City of Asheville employees must demonstrate integrity, respect diversity, enhance safety/welfare, and provide excellent customer service to everyone.

Intent

To foster trust and respect among City employees and the public by creating an environment in which citizens and employees feel valued, safe and welcome.

Requirements

While on duty or on City premises, employees will:

1. Use civil and respectful language and avoid the use of uncivil, insulting, vile or obscene language.
2. Refrain from acting in an insulting, rude, insolent or uncivil manner toward any person including customers, citizens, co-workers, supervisors and subordinates.
3. Demonstrate compliance with City of Asheville Workplace Violence Policy. Prohibited acts include but are not limited to: pushing, restraining, slapping, or otherwise physically harming someone, possession of a weapon or inferences of possessing a weapon, threats via email or voicemail or any other electronic device, disruptive, intimidating, harassing, threatening, or hostile behavior.
4. Refrain from behavior or remarks based on race, creed, color, national origin, political affiliation, religion, age, sex, marital status, sexual orientation, or the presence of a physical, sensory or mental disability resulting in discrimination against any employee, customer or member of the general public.
5. Refrain from any type of harassment (ref: City of Asheville Policies, and State and Federal laws).
6. Refrain from wearing or displaying any written or graphic depiction contrary to City business or that could reasonably be perceived as potentially offensive to customers, coworkers, or citizens. (This includes, but is not limited to, apparel, and displays in City vehicles, City offices, City desks, lockers, etc.)

Example

Situation: You are working in the field and a resident approaches you with a complaint about how he is being treated by the City. You attempt to address his concerns but, despite your calm and professional manner, the resident gets

louder and more hostile. The complaint turns personal, as he starts to question your honesty and competence. Passers-by pause to watch what is going on. Your pulse begins to race, and your neck and face starts to flush. You feel yourself getting very angry.

Solution: It is important to manage our emotions and to treat those we encounter in our work with respect and professionalism, even when they are being hostile and disrespectful towards us. Back out of the situation quickly and calmly. Tell the resident that you feel your supervisor could better address his complaints. Contact your supervisor, explain the circumstances and ask her to meet with or communicate with the resident to resolve the situation.

C. OFF-SITE TRAVEL AND TRAINING

Core Principle

When traveling at City expense, employees are expected to represent the City in a professional manner, taking full advantage of the educational and professional opportunities provided.

Intent

To maximize the value of City travel and training dollars, and maintain the City's professional image and reputation.

Requirements

While attending off-site training, conferences, or other professional activities at City expense, employees shall:

1. Actively and fully participate in the official event agenda.
2. Abstain from intoxication, drinking alcoholic beverages and driving, unruly behavior, or any type of behavior that reflects poorly on the City of Asheville and its employees.
3. Honestly evaluate and report fully all travel expenses as outlined in the City's Travel Policy.

Example

Situation: During lunch on the last day of a professional development conference, you run into an old friend from high school you haven't seen in nearly fifteen years. You are just getting reacquainted when it is announced that the afternoon

seminars are about to begin. You both have to catch a flight home immediately after the conference. Your friend suggests that you both skip the afternoon program and go to a local coffee shop to catch up and talk about old times.

Solution: When attending a conference or training at City expense, employees are expected to actively and fully participate in event agenda. You should attend the afternoon's scheduled seminars and arrange to meet or talk with your friend at another time.

D. HONESTY

Core Principle

Asheville City employees are the human face of the City government. Employees must succeed in earning the public's trust through the absolute highest possible commitment to integrity. Asheville employees demonstrate character with courage, honesty and pride.

Intent

City of Asheville employees demonstrate their integrity at all times and are expected to be honest, forthright and trustworthy in every instance and without excuse.

Requirements

In the context of their employment, employees shall:

1. Be truthful in their communications.
2. Fulfill meaningful commitments.
3. Refrain from falsifying, misrepresenting, misusing or deceptively altering information, fraudulent claims and testimony.
4. Refrain from illegally or inappropriately disclosing information that is confidential, privileged, or otherwise not publicly available.
5. Refrain from engaging in any outside employment activities for personal gain while on City time.
6. Do not make or publish false or malicious statements concerning the City, its employees, operations, officials or the public.

7. Fully cooperate and provide accurate testimony during an administrative investigation.

Example

Situation: While at the home of a friend and co-worker, you notice a piece of equipment in his garage with the insignia, "Property of the City of Asheville." You ask your friend about it and he replies that the department has had the item for several years and has never used it. He needed to use the equipment for personal purposes, and rather than rent the item from a private vendor, he chose to borrow it from the City for a few days. "After all," he reasons, "it's not as if anyone is going to miss it."

Solution: City employees have a responsibility to report observed instances of wrongdoing. Borrowing City equipment for personal use is not allowed under City policy. You *are required* to report what you saw to your supervisor (or any supervisor or any member of Human Resources, the Assistant City Manager, or the City Manager) as soon as possible or within 24 hours. If you fail to report the wrongdoing immediately you are in violation of this ethics policy and you may face disciplinary action up to and including dismissal.

E. SPECIAL FAVORS

Core Principle

Employees must serve the public in a fair and impartial manner.

Intent

City employees will not derive special benefit for themselves or others based upon their employment with the City of Asheville. This does not apply to City-wide or City-sponsored activities or other discounts offered through special programs applicable to all City employees.

Requirements

City employees shall not:

1. Solicit or accept special favors or privileges from fellow employees acting in their official status.
2. Dispense any kind of special favors or privileges to anyone for any reason, whether for remuneration or not.
3. Use City property or City time for personal financial gain.

Example

Situation: After a big snowstorm, your mother, a City resident, calls to tell you she cannot get out of her driveway. She notices out her window that City trucks are plowing her street. She knows you have a friend who is on the snowplow crew. She asks, "Couldn't you just call him and see if he could make a quick run down my driveway?"

Solution: City employees should not seek to derive special benefit from their status as public servants. It is improper to ask fellow employees for special favors for yourself or anyone else. You should have your mother call a private company or individual to plow her driveway.

F. CONFLICTS OF INTEREST

Core Principle

Employees shall not engage in any act that is in conflict with, or creates the appearance of conflict with, the performance of their official duties.

Intent

To avoid circumstances in which City employees might be inappropriately influenced or appear to be inappropriately influenced by personal interests in the formulation, administration or implementation of City policies or contracts.

Requirements

An employee is deemed to have a conflict of interest if the employee:

1. Receives or has any financial interest in any sale to the City of any service or property when such financial interest was received with the prior knowledge that the City intended to purchase such property or obtain such service. Note that North Carolina General Statute 14-234 makes it a misdemeanor for a person who is responsible for contracting on behalf of the city to benefit from a contract with their own unit of government. Furthermore, employees who are involved identifying surplus property to be sold or involved in writing the condition/specification of the item to be sold may not bid on the item for purchase.
2. Solicits, accepts or seeks anything of economic value as a personal gift, gratuity, or favor from any person, firm or corporation involved in a contract or transaction which is or may be the subject of official action of the city; provided that the prohibition against gifts or favors shall not apply to:

- a. Attendance of an employee at a hosted meal when it is provided in conjunction with a meeting directly related to the conduct of City business or where official attendance by the employee as a staff representative is appropriate;
 - b. An award publicly presented in recognition of public service; or
 - c. Any gift which would have been offered or given to the employee if he or she were not a City employee.
3. Participates in his or her capacity as a City employee in the making of a contract in which he or she has a private pecuniary interest, direct or indirect, or performs in regard to such a contract some function requiring the exercise of discretion on behalf of the City.
4. Influences the City's selection of, or its conduct of business with, a corporation, person or firm having business with the City if the employee has a financial interest in or with the corporation, person or firm.
5. Engages in, accepts private employment from, or renders services for private interest when such employment or services is incompatible with the proper discharge of official duties or would tend to impair or appear to impair independence of judgment or action in the performance of official duties (ref: City of Asheville Personnel Policy, Art. 3, § 28)
6. Appears on behalf of a private person, other than his or herself, or an immediate family member or except as a witness under subpoena, before any regulatory governmental agency or court of law in an action or proceeding to which the City or a City officer in an official capacity is a party, or accepts a retainer or compensation that is contingent upon a specific action by the City.
7. Discloses or uses, without legal authorization, confidential information concerning the property or affairs of the City to advance a private interest with respect to any contract or transaction which is or may be the subject of an official action of the City.
8. Has a financial or personal interest in any legislation coming before the City Council and participates in discussion with or gives official opinion to the City Council unless the employee discloses on the record of the Council the nature and extent of such interest.
9. Holds, directly or indirectly, for purposes of financial gain, investment or speculation, any interest in real property situated within the City, if such employee in the course of his or her official duties performs any function requiring the exercise of discretion on behalf of the City in regard to the

regulation of land use or development; provided, that this prohibition shall not apply to:

- a. Real property devoted to the personal use or residence of the employee or member of the employee's immediate family; or
- b. Any other interest in real property held by the employee prior to the date of adoption of this policy.

Example

Situation: You have been working with a private consultant on a City project for several weeks. In the course of working together, you have developed a friendship. You have a lot in common with each other, not the least of which, you both enjoy college basketball and are big fans of the UNC Tar Heels. One day she mentions that she has tickets to the upcoming sold-out game with Duke, but won't be able to attend. She offers to give them to you. It seems more like a gesture of friendship than a bribe or business perk.

Solution: Regardless of the apparent motivations of a gift, City employees are prohibited from accepting gifts or favors from persons involved in contracts or business transactions with the City. While her intentions may be innocent, there is an appearance of conflict of interest. You should thank her for her kind offer, but explain that you cannot accept the tickets because to do so would violate City policy.

G. PERSONAL RELATIONSHIPS

Core Principle

Employees shall disclose to their supervisor any personal relationships that might pose or appear to pose a conflict of interest.

Intent

To ensure that the organization is made aware of personal relationships that might inappropriately influence or appear to inappropriately influence employees in the execution of their duties.

Requirements

City employees shall make their supervisors aware of:

1. Personal relationships with co-workers or members of the community with whom the City does business.

2. Relatives who work in the City organization. Nepotism or favoritism to relatives is unfair to other City employees.

Example:

Situation: As an employee who deals with construction permitting, you have a spouse who works for a developer doing business with the City.

Solution: To ensure that your supervisor is aware of this potential conflict of interest, you are required to inform her that your spouse works for the developer.

H. POLITICAL ACTIVITIES

Core Principle

Employees may participate in political and partisan activities of their choosing provided City resources and property are not used and the activity does not adversely affect the performance of their duties. Any political activities must be conducted outside of work hours.

Intent

To prevent political activities from disrupting the smooth functioning of the workplace and to avoid the public perception of official City endorsement for political candidates or issues.

Requirements

1. No City employee who, as part of his or her daily assigned duties meets with and represents the City to the public, shall wear or display any button, badge, sticker, or other device relating to any candidate or ballot issue during working hours.
2. Employees are prohibited from using uniforms or vehicles provided by the City while engaging in political campaign activities.
3. Displaying stickers or other campaigning materials on City owned property or the use of any City facility or any City equipment (e.g. computers, copiers, fax machines, stationary, envelopes, etc.) or other resources funded with public monies to promote or oppose any political issue or candidate is prohibited.

Example

Situation: You are at work when you hear on the radio that the General Assembly will soon be voting on a bill you strongly oppose. You start to draft an email to your state representative on your City of Asheville office computer expressing your opposition to the bill. Then you have second thoughts.

Solution: While the City respects employees' constitutional right to free expression and encourages participation in the political process, you are not allowed to use public resources to oppose or promote political issues or candidates. Do not write letters to political leaders using City computers or your City email address unless you are writing on behalf of the City with the express approval of the City Manager. Further, you may not be politically active in any way while at work.

I. OFF-DUTY CONDUCT

Core Principle

The City of Asheville generally respects the right of employees to expect a baseline level of privacy while away from work. This privacy is diminished however, due to the public's expectation that public service employees conduct themselves in accordance with applicable laws and not behave in a way while off duty that might serve to erode the public's confidence in the employee's ability to effectively carry out the responsibilities of their job. Certain activities or conduct occurring outside the workplace can have an adverse impact on City operations. Employees shall avoid activities and conduct that could tarnish the City's image, hurt the City's ability to carry out its mission in the community, or are incompatible with responsible public service.

Intent

To encourage employees to exercise judgment in their off-duty conduct and avoid activities that could embarrass the City, disrupt organizational operations, or reduce the employee's ability to effectively perform his duties.

Requirements

Whether on or off-duty, employees shall:

1. Cooperate with law enforcement officers as required by law.
2. Refrain from harassing, accosting, or engaging in any illegal activity.

3. Report to your supervisor or any available supervisor any "Driving While Impaired" (DWI) arrest within 24 hours. Employees may be disciplined up to and including dismissal for this offense.

4. Refrain from unlawful or inappropriate conduct which affects or tends to affect the individual's ability to carry out his/her job or is prejudicial to the interests of the City.

Example

Situation: It is your birthday and friends and family have come to your home to celebrate. You are barbecuing outside, playing music and having such a great time that you do not realize how late it has gotten . . . that is, until a police officer shows up at the door to inform you need to tone it down. While you are talking with the officer, one of your rowdy guests yells, "Tell him to get the heck out of here! It's your birthday! We'll make as much noise as we want!"

Solution: You should treat the officer with respect and comply with his request to quiet the party. If you fail to cooperate with law enforcement you can face adverse employment consequences in addition to civil and criminal penalties.

J. INAPPROPRIATE PERSONAL CONDUCT

Core Principle

Employees are expected to conduct themselves in an ethical and responsible manner, appropriate for the professional position for which the employee was hired. Actions which reflect negatively on the position and/or the City will be subject to disciplinary action up to and including dismissal.

Intent

To encourage City employees to act appropriately, responsibly, and to uphold City policies while on or off the job. (See personnel policy, article 6, section 59-61.)

Requirements

Whether on or off the job, employees are expected:

1. To conduct themselves in an appropriate manner.
2. To not possess or use any alcoholic beverage or illegal drug while on the job, the worksite, or on City property.

3. To refrain from any deliberate or willful gross negligence in the performance of duties or gross misconduct.
4. To refrain from deliberate destruction or reckless use of City property or the property of others.
5. To refrain from unauthorized use of firearms, explosives or any lethal weapon while on the job, City time, on City premises, or in any way connected with City employment.

Example

Situation: You are a supervisor, you witness an employee on your crew arrive to work and stumble from her vehicle, in uniform across the parking lot. She walks by you and you smell alcohol on her breath. She is one of your best workers, she has not clocked in for her shift yet.

Solution: Supervisors are required to make tough decisions and must set the example for the general workforce. Ask the employee to accompany you to your office. Ask someone else trained in reasonable suspicion to verify your suspicion that the person has been drinking. Follow the procedures outlined in the City's drug and alcohol policy for reasonable suspicion. Even though the employee has not clocked in, she is on City property, in uniform with the intent to start work.

K. MANDATORY REPORTING OF ILLEGAL ACTS OR VIOLATIONS OF ANY CITY POLICY

Every City employee is required by this policy to report immediately, which means as soon as is practical or no longer than 24 hours, any known or suspected unlawful act or unethical work behavior or violation of City policy. Employees should follow their departmental procedures regarding how to contact a supervisor outside of regular business hours.

The City encourages employees to follow the chain of command where possible when dealing with a job-related complaint. However, due to the possibility that one's supervisor may be involved in a suspected ethical concern, any employee who feels that it would be more reasonable and prudent may notify anyone listed below, orally or in writing:

1. The employee's immediate supervisor.
2. Any supervisor employed by the City of Asheville.
3. Any employee in the Human Resources Department.

4. The City Manager.
5. The Assistant City Manager.
6. The City Attorney.

Supervisors are not permitted to receive or have knowledge of such report without taking prompt and immediate action. In an instance where a supervisor receives or has knowledge of such report, he/she is required to contact either their department director or the Human Resources Director immediately.

This policy prohibits retaliation against any employee who in good faith reports an incident of ethical violation. Every effort will be made to protect the safety and confidentiality of anyone who comes forward with concerns, however complete confidentiality cannot be guaranteed.

Example

Situation: While doing a routine review of purchases for your department, you notice that an employee in your office – a close friend of your supervisor – added some extra items to a purchase order. These items were clearly ordered for the employee's personal use at home and not for use at work.

Solution: You need not report to your direct supervisor but you must choose someone to report what you have discovered within 24 hours. You may choose any supervisor or you may notify anyone in the Human Resources Department, the Assistant City Manager, or the City Manager.

L. PENALTIES

Employees who violate this Ethics Policy may be subject to disciplinary action up to and including dismissal as is consistent with Article 6 of the City of Asheville Personnel Policy.

Employees are encouraged to direct questions regarding this policy to their department director, Human Resources, the Assistant City Manager or the City Manager.

MEMORANDUM

DATE: January 26, 2015

TO: Chris Corl, Karen Gillespie, Sam Powers, Kelley Dickens, Cathy Ball

FROM: Barbara Whitehorn, CFO

VIA: Patricia Rosenberg, Internal Auditor and Frank McGowan, Strategic Planning & Performance Manager

RE: USCC Assessment follow-up – tipped employees

Background

In 2012 Fiscal Services staff became aware that U.S. Cellular Center concessions staff were receiving tip income. In January 2013, Human Resources and Fiscal Services met with USCC management to discuss tips received by USCC events staff. The meeting was intended to assess alignment or conflict with the City's Ethics Policy, as well as addressing any potential risks associated with the City's Cash Handling policy. Concern regarding IRS treatment of tips reporting was expressed and H.R. discussed FLSA concerns with their consultant (Mark Knuckles) and Fiscal Services researched the IRS reporting requirements. Fiscal Services concluded that estimated tips (based on gross receipts for a particular period) warranted IRS reporting. Further, Fiscal Services staff prepared a document to assist in educating events staff on IRS reporting requirements. The matter was being considered by the H.R. and Finance Departments in 2013, however, no action had been taken.

In 2014, the Business Performance Consulting team were engaged by the Economic Development Director and the USCC General Manager to review the non-profit concessions program and cash handing and controls at the U.S. Cellular Center. At the conclusion of the project in May 2014, the Business Performance Consulting team delivered a report to the USCC General Manager outlining recommendations for various process improvements, including appropriately reporting tips received by concession employees.

The receiving of tips by employees is in conflict with the City of Asheville's Ethics policy. USCC management expressed concern that disallowing tips would result in increased turnover in low wage positions. A proposal to increase the pay rate for these employees was brought forward by Chris Corl and Sam Powers. Human Resources recommended against this increase and agreed instead to add the positions to the Class and Compensation Study. The employees are continuing to receive tips while the Class and Compensation study is being completed. Once the study is complete, the hope is that pay for tipped employees increase to a living wage and staff will no longer receive tips.

Current Situation

Regardless of the outcome of the Class and Compensation Study's conclusions, the issue of tipping of USCC concessions staff needs to be addressed. Even if tipping of USCC

staff is discontinued, a situation exists where USCC patrons may insist on tipping bartenders and concessionaires. In any case, proper reporting of tips by employees is required. By establishing a tip reporting policy, the City of Asheville will be in compliance with IRS regulations and ensure transparency, while USCC staff will be able to maintain personal integrity.

Recommendation

The Finance & Management Services Department is recommending that USCC employees are allowed to accept and report tips. It is further recommended that the City of Asheville's Ethics Policy is amended to reflect this change.

Interim Solution

Until the results of the Class and Compensation Study are presented, the following solution is proposed, with the goal of improving transparency and compliance in regard to reporting of tips.

- Effective immediately, all tips received at a concession stand must be counted at the end of each shift by two people (two staff or, when applicable, one staff/one volunteer) and the gross amount recorded. When a non-profit volunteer group is staffing a concession stand with USCC staff, a member of the volunteer group will verify the gross tip amount with their signature before any tips are distributed.
- For every event, USCC management will ensure the recording of gross sales for each stand, the names of staff receiving cash tips, and the cash tips received by each tipped employee. (Note: The USCC does not accept tips on credit cards.)
- The sales, names, and tip information will be captured in the USCC point of sales system.
- USCC management will also allocate tips among employees who receive them if the total tips reported to you during any payroll period are less than 8% of the gross receipts for that period.
- USCC management will provide tipped employee reports and allocated amounts to the Fiscal Services (Payroll) division for each payroll period.
- USCC management will train staff on the requirement to report tips.
- USCC management will inform volunteer groups of the changes and their role in the verification of tips at the end of a shift.

Communication and Training

All tipped employees at the USCC must be informed of the IRS requirement to report tips to their employer. By capturing the information in the POS system, the reporting will be To assist in the

Other Process Improvement Recommendations

Open call for new volunteer groups

Suggested changes to non-profit contracts

Some key benefits of the service include: confidentiality, affordability, reliability, increased assurance, decreased risk, increased accountability, and service continuity.

Another additional benefit is the ability to use the system to log and track issues for the Civil Service employee grievance process.

Potential challenges include: determining internal processes, education of employees, potentially high initial call volume, unpredictable call volume, increased public information requests, and allocation of internal resources to respond to issues.

Implementation

Implementation of an employee ethics and compliance hotline program will require coordination between departments and divisions. Processes and workflow will need to be determined, key contacts assigned, an employee educational program developed, and other protocols defined. The City Manager's Office, Communication & Public Engagement Division, Finance & Management Services Dept., Risk Division, Human Resources Dept., and Legal Dept. will all play a role in the successful roll-out of this program.

Additionally, the City of Asheville's Ethics Policy will need to be amended to include information about the ethics and compliance hotline.

Ongoing funding for the program will be budgeted in the operating budget of the Finance & Management Services Dept.

Additional Services Offered by the Vendor

In addition to the ethics hotline, the vendor also offers a policy management module for an additional fee. The module was also reviewed by Finance, Risk, and Human Resources staff. All involved agreed that the policy management module would greatly enhance and improve how the City of Asheville maintains, deploys, and trains staff on policies. The initial cost to purchase this service is \$6,995 and the subsequent annual cost is \$5,995.

Direction and next steps

If approved, the Finance & Management Services Dept. is prepared to enter into a contract with The Network, Inc. for employee ethics and compliance hotline services. The extension of services to include policy management services is recommended, but not necessary at this time and can be added at a later date, if desired.

MEMORANDUM

DATE: January 28, 2015

TO: All U.S. Cellular Center Employees

FROM: Barbara Whitehorn, CFO

VIA: Patricia Rosenberg, Internal Auditor and Frank McGowan,
Strategic Planning & Performance Manager

CC: Sam Powers, Kelley Dickens, Cathy Ball, Carey Price

RE: Acceptance and Reporting of Tip Income

Background

In 2012 Fiscal Services staff became aware that U.S. Cellular Center concessions staff were receiving tip income. In January 2013, Human Resources and Fiscal Services met with USCC management to discuss tips received by USCC events staff. The meeting was intended to assess alignment or conflict with the City's Ethics Policy, as well as addressing any potential risks associated with the City's Cash Handling policy. Concern regarding IRS treatment of tips reporting was expressed and H.R. discussed FLSA concerns with their consultant (Mark Knuckles) and Fiscal Services researched the IRS reporting requirements. Fiscal Services concluded that estimated tips (based on gross receipts for a particular period) warranted IRS reporting. Further, Fiscal Services staff prepared a document to assist in educating events staff on IRS reporting requirements. The matter was being considered by the H.R. and Finance Departments in 2013, however, no action had been taken.

In 2014, the Business Performance Consulting team were engaged by the Economic Development Director and the USCC General Manager to review the non-profit concessions program and cash handling and controls at the U.S. Cellular Center. At the conclusion of the project in May 2014, the Business Performance Consulting team delivered a report to the USCC General Manager outlining recommendations for various process improvements, including appropriately reporting tips received by concession employees.

The receiving of tips by employees is in conflict with the City of Asheville's Ethics policy. USCC management expressed concern that disallowing tips would result in increased turnover in low wage positions. A proposal to increase the pay rate for these employees was brought forward by Chris Corl and Sam Powers. Human Resources recommended against this increase and agreed instead to add the positions to the Class and Compensation Study. The employees are continuing to receive tips while the Class and Compensation study is being completed. Once the study is complete, the hope is that pay for tipped employees increase to a living wage and staff will no longer receive tips.

Current Situation

Regardless of the outcome of the Class and Compensation Study's conclusions, the issue of tipping of USCC concessions staff needs to be addressed. Even if tipping of USCC staff is discontinued, a situation exists where USCC patrons may insist on tipping bartenders and concessionaires. In any case, proper reporting of tips by employees is required. By establishing a tip reporting policy, the City of Asheville will be in compliance with IRS regulations and ensure transparency, while USCC staff will be able to maintain personal integrity.

Recommendation

The Finance & Management Services Department is recommending that USCC employees are allowed to accept and report tips. It is further recommended that the City of Asheville's Ethics Policy is amended to reflect this change.

Interim Solution

Until the results of the Class and Compensation Study are presented, the following solution is proposed, with the goal of improving transparency and compliance in regard to reporting of tips.

- Effective immediately, all tips received at a concession stand must be counted at the end of each shift by two people (two staff or, when applicable, one staff/one volunteer) and the gross amount recorded. When a non-profit volunteer group is staffing a concession stand USCC staff, a member of the volunteer group will verify the gross tip amount with their signature before any tips are distributed.

Communication and Training