Office of the Auditor General

Follow-up to the 2015 Audit of Ethics

Tabled at Audit Committee
September 30, 2020

Table of Contents

Executive summary

The Follow-up to the 2015 Audit of Ethics was originally included in the Auditor General's 2015 Audit Work Plan and tabled at Audit Committee in May 2017. At that time, we found that six of the eight recommendations were not complete. As a result, the follow-up was subsequently included in the Auditor General's 2020 Work Plan.

The key findings of the original 2015 audit included:

- The results of the all-staff survey conducted were positive and suggested that in general, the ethical climate at the City was quite strong, although some opportunities for improvement were noted.
- The City's Code of Conduct and Fraud and Waste Hotline were found to be important components in maintaining a strong ethical culture at the City.
- There was no mandatory requirement for all employees to regularly take training with a focus on ethics in a public sector environment or the Code of Conduct.
- Of the policies referenced in the Code of Conduct, 6 of 17 were overdue for review.
- The majority of ethics-related communications were conducted ad hoc or on demand as there was no overarching communications strategy that set out the frequency of communications and messaging to employees.
- Only a fraction of full-time employees were being assessed annually on their adherence to the Code of Conduct and the performance evaluation process was not consistently being used as a means to remind employees of the importance of their adherence.
- It was generally understood that the City Clerk and Solicitor as well as the Litigation and Labour Relations branch had taken the lead on the Code of Conduct and initiatives related to ethics, although the City's overall responsibilities for ethics management had not been formally defined or documented.

Table 1: Summary of status of completion of recommendations

Recommendation	Status as at May 2017	Status as at February 2020
#1	Partially complete	Complete
#2	Partially complete	Complete
#3	Partially complete	Partially complete
#4	Partially complete	Partially complete
#5	Complete	-
#6	Partially complete	No longer applicable
#7	Complete	-
#8	Partially complete	Complete
Total	**2 Complete (25%)** **6 Partially complete (75%)**	**3 Complete (50%)** **2 Partially complete (33.3%)** **1 No longer applicable** (16.6%)

Conclusion

Since our previous follow-up in May 2017, management has completed three recommendations concerning employee protection from reprisal and the establishment of an Ethics function. However, two recommendations remain outstanding. Despite in-person presentations to staff and the launch of an online module, few City employees have completed training related to ethics and the Code of Conduct. In order to fully implement this recommendation, management must ensure that all City staff complete the online module or equivalent in-person training. Corporate policies and procedures referenced by the Code of Conduct also need to be reviewed every four years to ensure that they remain current, relevant and aligned with the Code.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded to the audit team by management.

Detailed report – Assessment of implementation status

The following information outlines management's assessment of the implementation status of each recommendation as of December 1, 2019 and the Office of the Auditor General's (OAG) assessment as of February 29, 2020.

Recommendation #1

Table 2: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City reviews its existing incident reporting mechanisms and related investigation procedures to identify opportunities to ensure employees are appropriately protected from reprisal.

Original management response:

Management agrees with this recommendation.

Management, in consultation with the Office of the Auditor General, will review the Fraud and Waste Hotline process, as well as other incident reporting mechanisms at the departmental level by Q4 2014 to ensure staff are appropriately protected from reprisal. This will involve developing and/or updating communication materials (e.g. Management Bulletin, In The Loop article, Code of Conduct Questions and Answers) that emphasize whistleblower protection and the City's commitment to protecting employees who report a violation or participate in an investigation. Future circulations about the Code of Conduct will also highlight the Code's existing whistleblower protection clause in order to enhance awareness amongst all staff (managers / supervisors and employees alike) that retaliation for reporting violations is not tolerated.

Management update:

Implementation of this recommendation is complete.

The revised Fraud and Waste Policy, containing a section on whistleblower protection, was approved by Council on June 24, 2015. The revised Policy and Fraud and Waste Investigation Procedures were communicated to employees via an *In the Loop* article on September 9, 2015, a *Top 5* article on September 9, 2015 and a Q&A on the *Employee Code of Conduct* on September 23, 2015. The Ozone *Code* FAQs were also updated in October 2015 with additional information about reporting suspected fraud and waste cases.

Since 2015, management has continued promoting reporting mechanisms and whistleblower protection:

- In 2017, a dedicated email address (ethics-ethique@ottawa.ca) was created for questions regarding reporting, disclosure and investigations and has been regularly included in *Code*-related communications.
- Since April 2018, over 380 *Employee Code of Conduct* posters have been distributed to over 110 work sites targeting non-networked employees.
- In September 2018, a dedicated *Code* Ozone website was launched, which contains links to the Fraud and Waste Hotline and a statement about whistleblower protection.
- On October 10, 2018 the City's first eLearning module on the *Code*, 'Ethics, the Code and You', was launched, which includes a section on reporting and whistleblower protection.
- Specific content on whistleblower protection and reporting mechanisms has also been regularly included in *Code* presentations to City employees.
- Over 3,800 *Code* brochures were distributed in November 2018, to further promote the online module, reporting and whistleblower protection to non-networked employees, such as bus operators, personal support workers, recreation instructors and heavy equipment operators.

OAG assessment:

Management has used various channels to communicate to networked and non-networked employees that they are protected from reprisal. These include a brochure distributed to non-networked employees, the Code of Conduct page on Ozone, the "Ethics, the Code and You" online module and in-person presentations to employees.

Recommendation #2

Table 3: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City reviews communications with employees promoting the City's commitment to supporting protection of employees who report incidents of alleged violations of the Code of Conduct and associated corporate policies and procedures.

Original management response:

Management agrees with this recommendation.

Management will ensure communication materials (e.g. Management Bulletin, *In The Loop* article, Code of Conduct Questions and Answers) emphasize whistleblower protection and the City's commitment to protecting employees who report a violation or participate in an investigation by Q4 2014. Future circulations about the Code of Conduct will also highlight the Code's existing whistleblower protection clause in order to enhance awareness amongst all staff (managers/supervisors and employees alike) that retaliation for reporting violations is not tolerated.

Management update:

Implementation of this recommendation is complete.

Since 2017, management has promoted reporting mechanisms and whistleblower protection through a variety of communication and outreach methods:

- In 2017, a dedicated email address (ethics-ethique@ottawa.ca) was created for questions regarding reporting, disclosure and investigations and has been regularly included in *Code*-related communications.
- Since April 2018, over 380 *Employee Code of Conduct* posters have been distributed to over 110 work sites targeting non-networked employees.
- In September 2018, a dedicated *Code* Ozone website was launched, which contains links to the Fraud and Waste Hotline and a statement about whistleblower protection.

- On October 10, 2018 the City's first eLearning module on the *Code*, 'Ethics, the Code and You', was launched, which includes a section on reporting, investigations and whistleblower protection.
- Specific content on whistleblower protection and reporting mechanisms has also been regularly included in *Code* presentations to City employees.
- Over 3,800 *Code* brochures were distributed in November 2018, to further promote the online module, reporting mechanisms and whistleblower protection to non-networked employees, such as bus operators, personal support workers, recreation instructors and heavy equipment operators.
- Going forward the Ethics Research and Development Officer (a full-time employee, hired in February 2018) will continue to coordinate regularly-scheduled communications on reporting and whistleblower protections to networked and non-networked employees.

OAG assessment:

Management has used various channels to communicate to networked and non-networked employees that they are protected from reprisal. The Ethics Research and Development Officer has developed annual communications work plans to ensure the occurrence of regularly scheduled communications related to ethics and the Code of Conduct.

Recommendation #3

Table 4: Status

Management update	OAG assessment
Complete	Partially complete

Audit recommendation:

That the City develops, regularly reviews and revises training materials related to the Employee Code of Conduct and other ethical matters, and that this training is regularly delivered to all staff.

Original management response:

Management agrees with this recommendation.

Human Resources, in conjunction with the Litigation and Labour Relations branch, will develop a Code of Conduct eLearning module by Q4 2014. The module will be delivered regularly to all staff.

The City currently offers several courses with ethics-related material in its content, including the New Employee Orientation program for newly hired employees. In addition, in 2013 the City introduced mandatory training sessions for newly promoted/hired supervisors and managers: 'New Manager Orientation' and 'New Supervisor Transition'. The sessions are delivered by the City's executives and managers and both include a section on the Code of Conduct.

Also, Senior Management Committee has approved additional mandatory training for newly promoted/hired supervisors and managers. The curriculums include 'Supervising/Managing in a Unionized Environment' and 'Leading a Diverse Workforce' which is the supervisor/manager version of 'Respectful Workplace Training'. These mandatory curriculums will come into effect June 1, 2014.

All training courses and programs are subject to periodic review. In future reviews, Human Resources, in conjunction with the Litigation and Labour Relations branch, will seek to incorporate a component of the Code of Conduct in every training session/manual that the City offers where feasible.

Management update:

Implementation of this recommendation is complete.

Training on the *Employee Code of Conduct* is part of the new mandatory curriculum for newly promoted/hired supervisors and managers. Since its re-launch, 15 people have completed the 'New Supervisor Transition' course.

A high-level introduction to the *Code* is presented at the New Employee Orientation session. *Code* training is also included in the 'New Bus Operator' course, which 238 bus operators have completed since 2017. Furthermore, over 220 people have completed the 'Leading a Diverse Workforce' course since 2017, which has strong linkages to the *Code*.

During the week of October 10, 2018, 'Ethics, the Code and You', the first eLearning module about the *Code* was launched. The eLearning is available on iLearn for networked employees and uLearn for non-networked employees.

Accompanying the October 2018 *Code* eLearning launch, an *In the Loop* article was released, as well as a Management Bulletin asking managers and supervisors to encourage employees to watch the videos. As part of promoting the *Code* eLearning to non-networked employees, a brochure was distributed to over 3,800 non-networked employees in November 2018. A link to the eLearning has also been included on the new employee checklist and is promoted during orientation.

In 2016, management conducted six custom *Code* training presentations. In 2018, management conducted nine presentations, and in 2019 this increased to 17 presentations.

OAG assessment:

Management launched an online module related to ethics and the Code of Conduct in October 2018. Although employees were encouraged to complete it, they were not required to do so. Training data indicates that as of February 2020, approximately 4% of the employee population had completed the online module. However, as a result of data integrity issues with respect to training data, it is difficult to identify the exact number of employees who have done so. In order to ensure a basic level of understanding of ethics and the Code of Conduct among the employee population, completion of the online module or equivalent in-person training should be mandatory for all City staff.

Legal Services staff have delivered in-person sessions related to ethics and the Code of Conduct. Management's records indicate that approximately 1100 employees have attended these sessions since 2016. Content related to ethics and the Code of Conduct has also been integrated into other training programs including New Employee Orientation, New Bus Operator Training, New Supervisor Transition and New Manager Orientation. Given its role in maintaining a strong ethical culture at the City, information related to the Fraud & Waste Hotline should be included in all ethics and Code of Conduct training.

Recommendation #4

Table 5: Status

Management update	OAG assessment
Complete	Partially complete

Audit recommendation:

That the City ensures that all corporate policies and procedures referenced by the Code of Conduct are regularly reviewed and revised as necessary, but at least every three years to ensure that these remain current, relevant and align with the Code of Conduct.

Original management response:

Management agrees with this recommendation.

The City's existing Corporate Administrative Policy Framework requires that all corporate administrative policies and procedures, including the Code of Conduct, be reviewed every three years unless there is a requirement for more frequent review due to legislative or operational requirements. The Corporate Programs and Business Services department does and will continue to coordinate the policy review cycle; assist policy owners by consulting on quality, appropriateness and consistency of policies, and report to the Executive Committee on the annual policy review status.

Three policies (Discipline; Hiring and Employment of Family Members; Petty Cash Funds and Change Floats) noted as overdue for review have been revised since the time of the audit and the remaining three are in the review and consultation stages. They are expected to be updated by Q4 2014. The Police or Criminal Record Check Policy is currently being revised and is also expected to be updated by Q4 2014.

Management update:

Implementation of this recommendation is complete.

Further to the original management response, the Business Support Services team, in conjunction with the policy owner coordinates the policy review cycle, ensures quality, appropriateness and consistency of the policy(s) and reports to senior management on the annual policy review status. All of the policies noted for review have been revised.

In 2016, Legal Services drafted and communicated an additional *Employee Code of Conduct* FAQ question on Ozone to provide guidance on the Gifts, Entertainment and

Hospitality Policy. Following this communication, the Gifts, Entertainment and Hospitality Policy was rescinded.

In 2016, the *Employee Code of Conduct* was also amended to reflect the obligation of City employees as public office holders to review the Lobbyist Registry and to avoid knowingly communicating with a lobbyist who has breached the Lobbyist Registry.

The *Code* will be going through a comprehensive review in 2020 to ensure that references to the Alcohol and Drugs in the Workplace Policy, social media and the *Building Code Act* as well as any other necessary updates are made. This review will be complete by Q3/Q4 2020.

OAG assessment:

Although most policies and procedures referenced by the Code of Conduct have been reviewed within the prescribed review cycle (currently four years), three are overdue for review: the Disposal of Fleet Vehicles and Equipment Policy (2014), the Vehicle and Equipment Idling Policy (2016) and the Discipline Policy (2014).

Recommendation #6

Management update	OAG assessment
No longer applicable	No longer applicable

Audit recommendation:

That the City ensures that all full-time employees annually complete Individual Contribution Agreements using the most recent templates that include a section referencing their adherence to the Code of Conduct.

Original management response:

Management agrees with this recommendation.

The City requires all full-time employees to complete an Individual Contribution Agreement (ICA) on an annual basis with the exception of Transit Operators who are on an 18-month cycle. At the end of each year, the City Manager issues a Management Bulletin reminding managers and supervisors of the requirement to complete ICAs for all applicable employees.

The current method for tracking completion of ICAs is to conduct random file audits. The City is in the process of sourcing an automated Performance Management Solution for implementation in 2014 and anticipates that this will be completed by Q1 2015. The solution will house up-to-date ICA templates, which include a section referencing adherence to the Code of Conduct, as well as have the ability to track ICA completion status in order to follow up with managers in instances where ICAs have not been completed.

Management update:

This recommendation is no longer applicable.

The Individual Contribution Agreement (ICA) and annual process associated with it no longer exists for City employees. In 2016, the City moved towards managers having regular performance check-in conversations with employees and individual development planning. During these performance check-in conversations, managers and employees should: set expectations and goals, exchange feedback to discuss challenges and receive coaching, reinforce organizational culture and recognize

contributions and support the employee's learning and development goals to help them reach their full potential.

To support this new process, a Management Bulletin from Legal Services has been sent out annually since 2017 (December 2017, December 4, 2018 and November 26, 2019) reminding managers to discuss the *Code* with employees during performance check-ins. Additionally, an annual Management Bulletin (circulated in May 2017, May 8, 2018 and April 9, 2019) offering assistance from Legal Services in the form of training or a presentation to help facilitate more discussions about the *Code* has been released. Furthermore, in *Code* training or presentation sessions for managers/supervisors (including the 'New Supervisor Transition' and New Manager Orientation') a section encouraging and reminding managers/supervisors to discuss the *Code* during performance check-ins, team meetings and the importance of setting ethical behaviour expectations with employees is discussed.

OAG assessment:

As Individual Contribution Agreements (ICAs) and associated processes are no longer in place, this recommendation is no longer applicable. Management bulletins have been issued advising that Legal Services is available to provide information sessions on the Code of Conduct and reminding managers to review the Code of Conduct with their employees on a regular basis.

Recommendation #8

Table 7: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City formalizes the responsibilities of an Ethics function that would serve to define, lead and support the effectiveness and ongoing maturation of the City's EMFW. This function would be responsible for such items as tailoring guidance on the Code of Conduct, coordinating communications and training materials, and proactive management of City-wide risks to ethics-related objectives.

Original management response:

Management agrees with this recommendation.

A formalized Ethics function would most appropriately rest within the City Clerk and Solicitor department as part of the open and accountable governance model. The responsibilities of this function could include: responding to questions relating to ethical matters; contributing to the development and implementation of ethics-related communication strategies and training programs; and informing all City employees on the tools that are available to help them perform and lead with integrity. This function would also serve as one of the main points of contact for staff to report ethical violations and, in conjunction with the Office of the Auditor General, would ensure that reported concerns are promptly and thoroughly investigated, with corrective action and discipline when appropriate.

Management will include the proposal for this function and FTE for consideration during the development of the Term of Council Strategic Priorities and Draft 2015 Operating Budget, to be recommended to Council in Q1 2015.

Management update:

Implementation of this recommendation is complete.

As part of its draft 2016 Operating Budget, which was carried by Council on December 9, 2015, Management brought forward an FTE to staff the Ethics function as outlined in this recommendation. Partial funding was approved, but no FTE was provided.

The 2017 approved budget included an additional $90,000 for a new Ethics and Research and Development Officer position. In Q1 2018, the competition to staff the newly established Ethics Research and Development Officer position was completed. On February 6, 2018 the successful candidate formally joined the City as the first person to occupy this role.

Accomplishments and activities of the Ethics and Research Development Officer to date include:

- Distribution of over 380 *Code* posters across 110 locations
- Release of seven Management Bulletin articles related to the *Code*
- Release of nine *In the Loop* articles on the *Code* and ethics
- Launch of *Code* eLearning entitled: 'Ethics, the Code and You'
- Creation and update of a dedicated Ozone Code site
- Coordination and/or facilitation of 21 Code presentations/training
- Launch of the Ethics Library
- Re-release of a quiz on the Code
- Monitoring and responding to inquiries from the ethics email inbox
- Revision and drafting of the City's Ethics Management Framework
- Creation of an ethics and Code measurement framework

OAG assessment:

An Ethics Research and Development Officer position has been created and staffed. This position is responsible for:

- developing, maintaining and updating ethics-focused training materials and communications;
- researching and reviewing best practices in ethics management; and
- developing tools and targets to evaluate the effectiveness of the City's Ethics Management Framework.

Table 8: Status legend

Status	Definition
Not started	No significant progress has been made. Generating informal plans is regarded as insignificant progress.
Partially complete	The City has begun implementation; however, it is not yet complete.
Complete	Action is complete, and/or structures and processes are operating as intended and implemented fully in all intended areas of the City.
No longer applicable	The recommendation is obsolete due to time lapses, new policies, etc.