



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 1018
SUBJECT/REPORT NO:	Follow Up to Audit Report 2013-02 Corporate Ethics Review (AUD18003) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Charles Brown CPA, CA, CPA (Illinois) 905-546-2424 x4469
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

That report AUD18003, respecting the follow up of Audit Report 2013-02, Corporate Ethics Review, be received.

EXECUTIVE SUMMARY

The Corporate Ethics Review was originally issued in December 2013, as Appendix "A" to the report on Corporate Culture, Values & Ethics for City Employees (CM13019). It included Audit Services' observations and 18 recommendations. Management responded by presenting 23 management action plans as Appendix "B" to report CM13019. The recommendations and action plans are in various stages of completion due to the involvement of various stakeholder groups. Details of the implementation of management's 23 action plans are included in Appendix "A" to report AUD18003.

Note that one of the 23 management action plans relates to Audit Services – the Whistleblower By-Law and the implementation of the Fraud and Waste Hotline. As such, Audit Services' opinion is not independent on this issue.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None
Staffing: None
Legal: None

HISTORICAL BACKGROUND

The Corporate Ethics Review was originally issued in December 2013, as Appendix “A” to the report on Corporate Culture, Values & Ethics for City Employees (CM13019). It included Audit Services’ observations and 18 recommendations. While management disagreed with Audit’s major recommendation to implement a corporate wide Employee Ethics Program, indicating the City had already started to implement the Corporate Culture Program which included “Steadfast Integrity”, it agreed that additional work was necessary. Therefore, management proposed that Audit’s recommendations be integrated into the existing management systems, and responded by presenting 23 management action plans as Appendix “B” to report CM13019.

In June 2015, management reported to Audit, Finance and Administration on the progress they had made on the implementation of their action plans by presenting Corporate Culture, Values & Ethics (CM15008) Information Report.

In December 2017, Audit Services conducted a follow up exercise to determine if appropriate actions have been taken on its 18 recommendations, as well as updating the status of management’s 23 action plans. These are presented as Appendix “A” to report AUD18003.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Corporate Culture action plans will be reflected in various City policies and procedures as they are reviewed and updated over time.

Progress on implementing the recommendations made in Audit Services’ Corporate Ethics Review will continue to impact updates and changes to the Whistleblower By-law, Code of Conduct Policy and related schedules i.e. Gifts and Hospitality, Conflict of Interest, Anti-nepotism, etc.

RELEVANT CONSULTATION

The results of this follow up were discussed with Human Resources management and staff responsible for developing and enforcing the Code of Conduct and related schedules.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The report attached as Appendix “A” to Report AUD18003 contains Audit Services’ comments resulting from the work performed in December 2017 and compares it to the Management Action Plans originally noted in 2013 in report CM13019, and management’s June 2015 report of the progress made in implementing the action plans (CM15008).

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The 23 Management Action Plans contained in the original 2013 Report were found to be in varying stages of completion. Some improvements were noted from the June 2015 report. The four Management Action Plans that remain “Not Completed” relate to the development of an ethics/compliance risk assessment which has been delayed due to Human Resources re-organization in 2017. Appendix “A” to Report AUD 18003 contains the details.

Of the 18 recommendations made in the original Audit Services report the one that remains outstanding is a hotline or other formal mechanism for external stakeholders, such as residents, to anonymously report fraud, waste, misconduct or misuse of City resources.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD18003