

**CITY OF HAMILTON  
INTERNAL AUDIT REPORT 2013-02  
CORPORATE ETHICS REVIEW - FOLLOW UP**

<b>MANAGEMENT ACTION PLAN (DECEMBER 2013)</b>	<b>STATUS REPORTED BY MANAGEMENT (JUNE 2015)</b>	<b>FOLLOW UP STATUS (DECEMBER 2017)</b>
<p><b>A) Integration</b> 1. Integrate Ethics into Corporate Culture action plans that are being developed in 2014.  Target Completion: End of 2014</p>	<p>Complete. Ethics has been incorporated into Corporate Culture Action Plans and exists within a key pillar in the strategy - Steadfast Integrity.</p>	<p>Completed. Management indicated that development of the City's five Corporate Culture Pillars comprised the Corporate Culture action plans. Ethics has been incorporated into the Steadfast Integrity pillar.</p>
<p>2. Shape the interview and reference checking process to include explicit behavioural questions on corporate culture and ethics. This includes support and training if required for hiring managers to hire and manage to this standard.  Target Completion: End of 2014</p>	<p>Complete. Employment Services has incorporated interview and reference checking questions that reflect the corporate culture pillars. While there is some choice in the questions asked, every interview must contain two of these questions.</p>	<p>Partially Completed/Management Intends No Further Action. The interview questions used currently do not consistently include behavioural questions designed to assess ethics. The standard reference check questionnaire does not contain questions pertaining to corporate culture. Human Resources indicated that job descriptions do not include anything specific to ethics as they are within the competencies/values of the corporation.</p>

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<p><b>A) Integration (cont.)</b> 3. Ensure all employees receive an update on the Code of Conduct Policy in 2014, using existing staff meetings/training sessions.</p> <p>Target Completion: May 2014 EMT; all employees by end of 2014</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, and Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Completed/Management Intends No Further Action. There is evidence showing that an update on the Code of Conduct revisions was provided to all management employees as well as many City employees via memos, newsletters, postings on the City's intranet site and meetings in 2014. Human Resources instructed Managers to provide employees with an update on the Code of Conduct and provided supports to do so. However, Audit Services was not able to ascertain whether such updates were provided to all City employees that year.</p>
<p>4. Incorporate ethics into the updated Annual Performance Management Process starting with the roll-out in 2014.</p> <p>Target Completion: End of 2015</p>	<p>Complete. The Code of Conduct is currently a part of the Performance Accountability and Development (PAD) form and a signed copy of the verification form must be included with the PAD.</p>	<p>Alternative Implemented. From 2014-2015, the Performance Accountability and Development (PAD) form required that a signed Code of Conduct Form be attached to the completed PAD form. In 2016, sign off on the Code of Conduct Form was no longer required to close the PAD form. Human Resources created a separate process to track signed Code of Conduct Forms which is no longer linked to the annual performance management process. The core competencies in the PAD remain linked to the Corporate Culture Pillars which include integrity.</p>

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<p><b>B) Policy Review</b> 1. Review and update the Employee Code of Conduct Policy for Council approval. Review to set out a timeframe for regular review within the policy and assess roles and responsibilities of Senior Management and Council to ensure they are clear. The policy also needs to ensure that appropriate controls are set out to ensure compliance.</p> <p>Target Completion: September 2014</p>	<p>Complete. Approved by Council on September 24, 2014.</p>	<p>In Progress. The Code of Conduct was updated to include a timeframe for regular review, to clarify the roles and responsibilities of Council and management, and to include some controls to ensure compliance such as annual email notification and on-line employee sign offs, as well as the whistleblower program. However, key controls such as regular awareness training for all employees and monitoring have yet to be included. Human Resources has agreed to explore this further. A completion date cannot be estimated at this time.</p>
<p>2. External review of the Council Code of Conduct Policy to ensure consistency with the Employee Policy. Approval by Council in 2015.</p> <p>Target Completion: Initiate in Q3 2014, Approval by Council in 2015</p>	<p>To be discussed with new Integrity Commissioner. Review of the Council Code of Conduct is a responsibility of the Integrity Commissioner. The Integrity Commissioner By-law, section 7 e) states – Provide advice and recommendations to Council regarding amendments to the Code of Conduct and any other procedures, rules or policies governing their ethical behaviour.</p>	<p>No Longer Applicable. The Council Code of Conduct was updated in October 2016 to incorporate the recommendations brought forward by the City's Integrity Commissioner in conjunction with Legal Services. These changes included a number of housekeeping amendments including alignment with the Integrity Commissioner and Lobbyist By-Laws. While the Council and Employee Codes of Conduct include the same topical areas, Legal Services confirmed that the two Codes of Conduct are not and were never intended to be identical. There are no plans to ensure both Codes of Conduct are perfectly consistent.</p>

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<p><b>B) Policy Review (Cont.)</b> 3. Ensure all employees receive an update on the Code of Conduct Policy in 2014, using existing staff meetings/ training sessions.</p> <p>Target Completion: May 2014 EMT; all employees by end of 2014.</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Implemented and management intends no further action. There is evidence showing that an update on the Code of Conduct revisions was provided to all management employees via memos, newsletters, postings on the City's intranet site and meetings in 2014. Evidence is also available to show that management updated many City employees on the revised Code of Conduct. However, Audit Services was not able to ascertain whether such updates were provided to all City employees that year.</p>
<p>4. Review and update the Gifts and Hospitality Procedure.</p> <p>Target Completion: Q2 2014</p>	<p>Complete.</p>	<p>Completed. Procedures pertaining to Gifts and Hospitality have been incorporated into a broader Code of Conduct Procedure. Gifts and Hospitality provisions were last reviewed and updated in September 2015.</p>

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<p><b>B) Policy Review (Cont.)</b> 5. Review and update the Whistleblower By-Law to ensure consistency with related policy. Review to include establishing related procedures and protocols for gathering reports of suspected non-compliance events.</p> <p>Target Completion: End of 2014 and Approval by Council in 2015</p>	<p>Review and update of Whistleblower By-law is on hold until new Director of Audit Services is hired. In the interim, a Whistleblower tracking system has been developed and implemented by the Acting Director. The current By-laws reporting requirements will be complied by the Acting Directors. An initial report to disclose the nature, number and outcome of disclosures under the current Whistleblower By-law is anticipated to be presented to the Audit, Finance and Administration Committee in September for activity in May, June and July 2015, with quarterly reports (as required by the current By-law) thereafter until the By-law is reviewed and updated.</p>	<p>Initiated. The Whistleblower By-Law has not been reviewed to ensure consistency with the Code of Conduct Policy and the ethics communication strategy. Although a review of the whistleblower intake and reporting process was performed, and Legal Services has provided Audit Services with advice on draft procedures, these considerations have yet to be incorporated into the By-Law or internal procedures. The Director of Audit Services indicated that By-Law and procedure amendments will be considered in conjunction with consideration of a fraud hotline. However, due to lack of dedicated funding, the Director of Audit Services has been unable to implement a fraud and waste hotline.</p> <p>Expected Completion: December 2018.</p>

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<p><b>B) Policy Review (Cont.)</b> 6. Develop a procedure for the Code of Conduct Policy to assist with implementation of the policy, including a checklist. This will assist in defining roles and responsibilities of management and Council. The procedure will also help to clarify how controls set out in the policy are monitored and tracked. The procedure will also address the process for employee review and sign off of the policy.</p> <p>Target Completion: End of 2014</p>	<p>In progress - Procedure was drafted and reviewed by corporate Policy Review Group, edits are being made, will go to SMT for approval in June.</p>	<p>In Progress. The Code of Conduct Procedure contains sufficient information to implement the Policy, defines the roles and responsibilities of management and Council (in their capacity as People Leaders), and contains a process for employee review and sign off on the Code of Conduct. The Procedure outlines how controls, such as the annual employee sign offs and the Whistleblower program, are to be monitored and tracked. As indicated in Policy Review Management Action Plan #1, a procedure to track and monitor annual awareness training will be developed after this control is further developed and included in the Code of Conduct. A completion date cannot be estimated at this time.</p>
<p>7. Tracking and Reporting – The review of the policies will consider appropriate metrics and reporting processes that demonstrate compliance with the appropriate policy.</p> <p>Target Completion: See above dates</p>	<p>In progress, ongoing.</p>	<p>In Progress. In 2017, Human Resources with the assistance of Information Technology has designed and built an electronic sign off tool that will track annual employee sign off on the Code of Conduct. This tool will provide information on the date of sign off, the agreement/disagreement and who enters the sign off. The system also provides leaders with notification emails to advise of their employees' completion status. At the point of this audit, information from this tool gathered in 2017 had not been assessed and Human Resources was not able to show the metrics that were adopted and used. A completion date cannot be determined at this time.</p>

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<p><b>C) Risk Assessment</b> 1. Develop an ethics/compliance risk assessment process so that a consistent approach can be followed by all departments. The development of the process will also consider requirements for training and tools such as checklists. The scope will include both work processes and project management practices how to incorporate checks and controls into these processes.</p> <p>Target Completion: End of 2014</p>	<p>Draft complete; currently under review by corporate Policy Review Group and will be implemented by end of 2015.</p>	<p>Partially Completed/Management Intends No Further Action. Human Resources has developed a process to assess Code of Conduct compliance risk of all positions across the City. A draft risk assessment was presented to the corporate Policy Review Group (PRG) in July 2015. Human Resources plans to streamline the risk assessment based on the PRG's concerns over the amount of time and resources required to undertake this assessment. A completion date cannot be estimated at this time.</p>
<p>2. Complete the risk assessment and development of scenarios across the organization. The outcome of the assessment is to identify risk areas, appropriate controls and metrics to ensure ethics compliance.</p> <p>Target Completion: End of 2015</p>	<p>On target to be completed by end of 2015.</p>	<p>Not Completed. As noted above, the risk assessment remains in draft form only. Therefore, it has not been possible to complete the risk assessment, develop scenarios and risk mitigations. A completion date cannot be estimated at this time.</p>

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<p><b>C) Risk Assessment (Cont.)</b>  3. Implementation</p> <p>Target Completion: As developed in 2015 and ongoing</p>	<p>Not started.</p>	<p>Not Completed. As noted above, the risk assessment remains in draft form only. Therefore, it has not been possible to implement the risk assessment. A completion date cannot be estimated at this time.</p>
<p>4. Review and Update job descriptions as required based on risk assessments.</p> <p>Target Completion: 2016 and ongoing</p>	<p>Not started.</p>	<p>Not Completed. Human Resources will not be altering the job description process to include risk assessments based on ethics. Human Resources expects that within the responsibilities in the Code of Conduct Policy, leaders across the City will review their sections/jobs to identify ethical risks and tailor code of conduct discussions around these risk areas. A completion date cannot be estimated at this time.</p>



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<p><b>D) Awareness, Training and Communications</b></p> <p>1. Ensure appropriate face to face interaction with ALL City employees and that they receive face to face information on ethics and corporate culture in 2014. This will include expectations for reporting and monitoring under the Gifts and Hospitality Policy. The metric for 2014 is to confirm that all employees have read, understood and signed off on the Code of Conduct Policy.</p> <p>Target Completion: End of 2014</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Completed/Management Intends No Further Action. There is evidence showing that presentations on ethics and corporate culture, including the Gifts and Hospitality Policy, were carried out for some City employees. Human Resources additionally released a number of communications over the course of 2014 to employees through memos, employee newsletters and postings on the City's intranet to provide employees with an update on the Code of Conduct Policy. However, due to lack of documentation at the departmental level, Audit Services is unable to ascertain whether face to face interactions occurred with all city employees in 2014. As face to face interactions were not required for employees to sign off on the Code of Conduct, the metric outlined in the management action plan is inadequate to show in person contact occurred in 2014.</p>
<p>2. Direct Managers and Supervisors to Include Ethics as a topic at staff meetings/training on a regular basis, whenever an ethics non-compliance issues arises in the workplace, and at a minimum of once per year.</p> <p>Target Completion: End of 2014</p>	<p>Completed.</p>	<p>Completed. The current Code of Conduct requires Directors, Managers and Supervisors to incorporate Code of Conduct discussions into staff meetings. Furthermore, the May 2014 Extended Management Team presentation "Strengthening Our Ethics to Earn the Public's Trust" directed that such staff meeting discussions occur at least annually. Staff meetings provide an opportunity for management to discuss non-compliance issues that arise in the workplace.</p>

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<p><b>D) Awareness, Training and Communications (Cont.)</b> 3. Develop training materials so they can be delivered in a brief manner in multiple formats and integrated into existing training and development activities where ever possible, e.g. existing departmental training, existing Management Skills Development modules, Extended Management Team meetings, town hall meetings. Supervisor/Manager specific training will also be developed.</p> <p>Target Completion: End of 2015</p>	<p>Completed – Corporate New Employee Orientation sessions that occur monthly include training on the Code of Conduct; a Manager Toolkit on Strengthening Ethics and Earning Trust was developed and disseminated to all supervisors and above.</p>	<p>In Progress. Ethics and Code of Conduct training materials have been developed for managers, supervisors and employees. The toolkit "Strengthening Ethics and Earning Trust" is available on the City's intranet site. McMaster University developed online ethical leadership and employee training modules for the City; however, while Ethics and Code of Conduct training are included in corporate orientation sessions for new employees, these materials are not yet available to all employees. An implementation date cannot be estimated at this time.</p>
<p>4. Review existing training programs to determine how ethics can be integrated.</p> <p>Target Completion: 2015</p>	<p>In progress.</p>	<p>In Progress. Human Resources has integrated ethics training into the corporate new employee orientation training. Human Resources has indicated a desire to incorporate ethics training into other training programs in the future once training materials are finalized. A completion date cannot be estimated at this time.</p>
<p>5. Review frequency of training as tools are developed and risk assessments are completed.</p> <p>Target Completion: 2016</p>	<p>Not started.</p>	<p>Not Completed. As noted in section C, the risk assessment remains in draft form only. Training materials and an ethics risk assessment process have yet to be finalized. Reviewing the frequency of ethics training will follow. A completion date cannot be estimated at this time.</p>

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<p><b>D) Awareness, Training and Communications (cont.)</b> 6. Review employee survey and engagement approaches to determine how to evaluate employee awareness of ethics policies</p> <p>Target Completion: 2014</p>	<p>In progress. The on-line training module on Code of Conduct and ethics will include an assessment of employee's understanding. Human Resources is currently looking at inclusion of employee awareness of ethics questions in our corporate measurement model.</p>	<p>Completed. Human Resources has decided to evaluate employee awareness of ethics policies as part of an employee survey every three years. The Our People Survey was last conducted in the fall of 2017.</p>
<p>7. Develop an internal communications strategy and tactics (e.g.. Posting information in workplaces, website, etc.) that can be used to communicate ethics information as well as other key information for employees for implementation in 2015. The plan and tactics will evolve over the next five years.</p> <p>Target Completion: Q1 2015</p>	<p>In Progress.</p>	<p>In Progress. Human Resources, has developed a number of tactics to communicate ethics related information (e.g. management team bulletins/memos/emails and posting information on the City's intranet website). While Human Resources, together with the City's Communications section, continues to investigate how to communicate with front line employees, an internal communications strategy has yet to be developed. A completion date cannot be estimated at this time.</p>
<p>8. Develop external communication materials so the community is aware of the City's policies and approach and what they can expect from the City.</p> <p>Target Completion: End of 2015</p>	<p>In Progress.</p>	<p>Completed. Corporate policies and procedures, including the Code of Conduct, are posted on the City of Hamilton website. The public may access these materials at any time.</p>