



Santé
Canada

Final Audit Report

Audit of the Centre for Ethics and Values Inquiry

October 2008

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Executive Summary

The Government of Canada expects its leaders to embody public service values and ethics and to foster a culture of integrity and respect in their organizations. Sound values and ethics are basic to good government. Accordingly, the Government of Canada expects its employees to act at all times in such a way as to uphold the public trust and to demonstrate respect, fairness and courtesy in their dealings with both citizens and fellow public servants.

The objective of the audit was to determine if an adequate control framework was in place to support the management of the Centre of Ethics and Values Inquiry – specifically in relation to its governance and accountability, mandate, business planning, and promotion of values and ethics at Health Canada.

The audit focused solely on the program delivered by the Centre for Ethics and Values Inquiry (Part I of the *Values and Ethics Code for the Public Service*) and was conducted by the Audit and Accountability Bureau in accordance with the Government of Canada's *Policy on Internal Audit*.

As a pilot department for modern comptrollership, Health Canada recognized the importance of embracing values and ethics, which began with the creation of the Centre for Values and Ethics Inquiry (the Centre) in 2000. Since that time senior management has earmarked both financial and human resources to the values and ethics program initiatives.

Over the years, the Centre has continuously delivered several learning events, operated kiosks and produced publications. This work has been completed largely without the review and direction of senior management. Insufficient strategic leadership/direction from senior management may have resulted in missed opportunities to focus values and ethics activities on departmental needs.

The mandate and services offered by the Centre have evolved over the past eight years and they need to be updated. Following a document review of published departmental values and ethics material, it was noted that the mandate and services were inconsistently stated.

While the Centre has been actively delivering many events, it has neglected to focus on its business planning. As a result, the Centre has not demonstrated sufficient rigour and formality in this key area. Given the limited resources available to the values and ethics program, a lack of attention to its business plans may have further resulted in missed opportunities to focus on values and ethics activities that will best meet the needs of Health Canada.

Introduction

Background

The Government of Canada expects its leaders to embody public service values and ethics and to foster a culture of integrity and respect in their organizations. Sound values and ethics are basic to good government. Accordingly, the Government of Canada expects its employees to act at all times in such a way as to uphold the public trust and to demonstrate respect, fairness and courtesy in their dealings with both citizens and fellow public servants.

Health Canada has adopted the Public Service's definition of values and ethics. It defines values as enduring beliefs that we hold and which influence our attitudes, our actions and the choices we make. Ethics involve determining what is right or wrong in the workplace, then doing the right thing. In essence, ethics are "public service" values in action and are shaped by the traditions of our democratic system of government.

The Centre for Ethics and Values Inquiry

The Centre for Ethics and Values Inquiry (the Centre) was established in 2000. At the time of its creation, Health Canada opted for a values-based ethics program. A values-based program was thought to be an appropriate fit with expectations of doctors, nurses, scientists, and other professionals who were already governed by professional values and codes of ethics. It was also considered to be a better base for sustainable, widespread engagement and compliance leading to a better program design.

During 2001-2002, the Centre launched an extensive dialogue with more than 700 people at all levels of the organization to identify those values which are particularly relevant to Health Canada employees. The dialogue also contributed to developing an action plan to increase awareness, understanding of the Department's core values and building a well supported culture.

Health Canada's Core Values

- Taking Pride in What We Do
- Building a Workplace Community
- Caring for the People of Canada

The Centre is housed within the Public Affairs, Consultation, and Regions Branch (PACRB). It is headed by a Director and two staff who use a portfolio approach to serving the needs of clients—i.e., different staff members focus on the scientific community, the nursing community, and the broader organizational community. They frequently collaborate in developing learning approaches and delivering learning events specific to these groups.

The Centre's mission is to "promote dialogue, sound judgement and leadership in order to empower all employees to build a vibrant ethical culture in meaningful, sustainable and innovative ways". Currently, the Centre is working toward increasing the understanding of complex challenges such as honouring public service values, the idea of the "public interest", the meaning of "ethical culture" at the interface between science and policy, and the state of organizational culture. This includes updating and refining existing learning products and strengthening strategic approaches and partnerships for values and ethics.

Objective

As a part of the Government of Canada's *Internal Audit Policy* Health Canada's Departmental Audit Committee is required to review, at least annually, the arrangements established by management to exemplify and promote public service values and standards of ethical conduct. In order to assist the Deputy Minister and the Departmental Audit Committee in partially fulfilling this requirement the audit of the Centre of Ethics and Inquiry was added to the 2007-2008 Risk-based Audit Plan.

The objective of the audit was to determine if an effective control framework is in place to support the management of the Centre of Ethics and Values Inquiry – specifically in relation to its governance and accountability, mandate, business planning, and promotion of values and ethics at Health Canada.

Scope and Approach

The audit focused solely on the program delivered by the Centre for Ethics and Values Inquiry (Part I of the *Values and Ethics Code for the Public Service*).

Specifically, the audit focused on the Centre's program structure and the planning and delivery of activities that support the Centre in fulfilling its mandate. It also looked at the approach used for engaging senior management in key departmental areas where potential ethical risks or challenges exist. Finally, the audit examined the ability to monitor organizational culture, determine departmental "values and ethics" needs, develop a meaningful "menu" of services, and report on the results achieved.

The audit did not examine the Ombudsman Services or any of the programs within Human Resources Services Directorate (Part 2 and 3 of the *Values and Ethics Code for the Public Service*) such as conflict of interest or post-employment measures. Nor did it

examine the Internal Disclosure Office (Part 4 of the *Values and Ethics Code for the Public Service*),

The preliminary survey was conducted between October and December 2007, and field work was carried out between January and March 2008.

The audit was conducted by the Audit and Accountability Bureau in accordance with the Government of Canada's *Policy on Internal Audit*. The audit team carried out interviews, work sessions with the Centre's key staff, and analyzed internal and external documentation related to standards, guidance and good practices for values and ethics. Work was primarily carried out in Headquarters.

During the planning phase of the audit, the audit criteria were discussed and agreed upon with the Centre.

Findings, Recommendations and Management Responses

Governance and Accountability

Audit Criteria

The Centre should be well positioned within the Department, and should have the support and engagement of senior management with respect to values and ethics.

The Centre's reporting relationship

Best practice literature suggests that a values and ethics office should be seen as a key advisor and be located strategically close to the Deputy Minister. However, at Health Canada, there are three layers of separation existing between the Centre and the Deputy Minister. The values and ethics office or "the Centre", is part of the Ethics and Internal Ombudsman Services within the Public Affairs, Consultation and Regions Branch (PACRB). The Director of the Ethics and Internal Ombudsman Services reports to a Director General and, in turn, the Director General reports to the Assistant Deputy Minister, who reports to the Deputy Minister.

The rationale for including the Centre within PACRB is not clear and its current reporting relationship does not enhance the visibility and importance of the function.

Senior management's involvement

Health Canada's governance framework consists of the Senior Management Board (and its various sub-committees), the Departmental Executive Council, as well as the

Departmental Audit Committee. The Senior Management Board (SMB) is the key decision-making body that provides coherent and strategic overall management of the department's substantive and corporate responsibilities, such as values and ethics.

The Departmental Audit Committee (DAC) provides independent and objective advice, guidance and assurance to the Deputy Minister on a variety of areas including values and ethics. However, at the time of the audit, the DAC was not operational and thus was not included in the following observations.

Clearly senior management support was evident in early 2000 when they approved the creation of the Centre and earmarked funding for its activities. Financial support has continued for the past eight years. Other senior management involvement with values and ethics has been demonstrated in speeches and past committee discussions. Specifically, in 2002 an action plan was discussed and approved by the senior management cadre. Three years later a values and ethics progress report on actions taken was presented to senior management which led to a list of executive commitments. However, in the past two years (2006 and 2007) there was no recorded discussion or decision relating to the Centre. While a copy of the *Ethics and Internal Ombudsman Services' Annual Report* is available to senior management, it has not been formally discussed nor endorsed.

Recent limited attention and direction from senior management may prevent the Centre from focusing on those values and ethics priorities which are of importance to the Department.

Despite not being on recent senior management agendas the Centre has been active with some of Health Canada's executives. In 2003, a needs assessment for the executive cadre resulted in an "Armchair Discussion" series. The discussion series has occurred in 2006, 2007 and 2008, where 272 executives and managers have participated. As well, where individual Branches have taken the initiative to engage the Centre, they have been able to integrate tailored values and ethics events for their Branch Executive Committees.

Performance Agreements for executives

In their annual performance agreements, members of the executive cadre continue to be accountable for promoting and supporting values and ethics activities. These agreements require them to ensure that values and ethics are regularly discussed with staff in relevant and constructive ways and that public resources and assets are managed transparently and prudently. The agreements also require senior executives to actively maintain a reprisal-free environment that encourages employees to raise issues and use the recourse and advisory services available to them when needed. At the time of our audit, these requirements had been in place for two years.

In March 2006, the Centre provided criteria to the Human Resource Services Directorate for assessing the extent to which senior executives had fulfilled the values and ethics requirements of their performance agreements. The Centre receives annual assurance

from Human Resources Executive Services that executives are meeting their values and ethics commitments. However, during the review of the agendas and minutes from 2006 and 2007, this information was not tabled at the Departmental Executive Committee. The Centre has not received feedback on the criteria and the measurement results. This type of performance information may lend itself to fine tuning the Centre's service focus.

Recommendation No. 1

The Centre should report more regularly to the Senior Management Board on the progress of integrating values and ethics across the Department.

Management Response

The Centre accepts the recommendation.

Values and ethics are a key element of good governance and building a strong ethical culture requires senior management support and leadership. The Centre recognizes the importance of further engaging Senior Management Board with regards to its activities and priorities. The Centre will work regularly with Senior Management Board to explore how to further integrate values and ethics in the day-to-day activities throughout the department and enhance its ethical culture.

The Centre's Mandate

Audit Criteria

The Centre should have clear, relevant and well-communicated mandate and services.

Mandate

In the past few years, the Centre has been re-named and re-positioned within the Department. Since then, it has not updated either its mandate or terms of reference; nor has it developed a strategic plan taking into consideration the relatively small size of the Centre in relation to the Departmental needs.

The *Ethics and Internal Ombudsman Services' Annual Report*, Intranet, departmental documents and presentations provide inconsistent information on the Centre's mandate, the services it offers and the benefits it provides. As well, the Centre has yet to directly solicit feed-back on the clarity of its mandate and the focus of its services. As a result, the Centre's operational focus remains unclear and the mandate may not be well-understood in Health Canada.

Recommendation No. 2

The Centre should refine its mandate and services and have it approved by the Senior Management Board.

Management Response

The Centre accepts the recommendation.

Since its inception in 2000, the Centre's mandate, mission and services have evolved over the years to respond to the changing needs and expectations of the department. In July 2008, senior management has re-positioned the Centre's reporting relationship; it now reports to the Departmental Secretariat in the Deputy Minister's Office. This recent change clearly indicates senior management's continued support of the values and ethics program. The Centre will seek direct feedback from senior management on its mandate and services and will present its draft strategic framework for discussion and approval.

Business Planning

Audit Criteria

Values and ethics performance objectives and operational risks should be identified and progress in relation to work plans should be monitored and reported.

Strategic Framework

Strategic frameworks include statements of vision, mission and values and are typically supported by planning, priority setting, risk identification and resource allocation.

The Centre had a multi-year plan for 2002-2005 which identified the senior management commitments. While the Centre operated for two years without a formal framework, in Spring 2007 they drafted a "2007-2009 Strategic Framework" which highlights broad areas of interest. The framework has yet to be fully implemented as the Centre has been implementing on a Branch-by Branch basis.

Work Plans and priorities

Work plans outline and communicate short-term priorities by establishing key activities and corresponding deadlines. Additionally, plans typically designate accountabilities, resource levels and provide management with a yearly measurement of success. In order to ensure congruence with Departmental priorities, initiatives and resource levels, work plans should be reviewed and approved by senior management.

As the primary point of integration for department-wide issues, the Senior Management Board should be providing strategic direction for the values and ethics program. A draft work plan for 2007-2008, which included a number of priorities and key activities, was not presented to senior management for discussion and endorsement. As well, the Centre's work plan gives limited consideration to the level of resources required and the implications of potential resource limitations. Specifically, the plan did not allocate resources in support of identified priorities.

Risk Management Strategy

Risk management is a shared responsibility amongst Health Canada's decision-makers and is defined as the systematic process (including the practice and procedures) that is used to manage risks.

Integrated risk management is meant to incorporate risk information into the strategic direction-setting and allow for decision-makers to allocate resources and make decisions that consider risk tolerance. The vision for modern comptrollership is that management decisions, at every level, integrate risk.

To date, the Centre has not developed a values and ethics risk profile. Risk analysis, combined with mitigating strategies, would help the Centre to identify those risks that may hinder the Centre from achieving their objectives.

Measuring and reporting performance

A performance management framework is a prerequisite for monitoring and measuring the extent to which a program has met its objectives (see work plans, above), influenced behaviours across a Department and affected the delivery of services.

Although the Centre began to develop a logic model for its program activities, the model has not been completed and currently, no framework is in use to measure the Centre's performance.

In its response to the 2007-2008 Management Accountability Framework, the Centre indicated that the former Departmental Executive Committee had previously requested that an approach be developed for measuring Health Canada's overall values and ethics performance. Accordingly, the Centre developed an ethical climate survey as part of its services. The survey was piloted amongst 40 teams in clusters across a variety of functions. Since the survey has been in pilot phase, it has yet to be consistently and randomly administered across the Department. Once a valid and random survey exercise is administered, it should provide the Centre with a more useful baseline for measuring performance.

The *Annual Report on Ethics and Internal Ombudsman Services* is produced to communicate services from both functions. It includes information on the role of these functions, key accomplishments, plans for the upcoming year, and statistical information

on attendance at learning events and activities. As part of the report, the Internal Ombudsman and the Centre outline issues and priorities related to workplace conflict, values and ethics.

While the Annual Report provides an overview of the activities the report could provide more information on the Centre's mandate, services and how it determines its priorities. The Report contains only limited information on the actual performance of the Centre in relation to meeting its priorities.

Overall, the Centre has not demonstrated sufficient rigour and formality with respect to its business planning activities.

Recommendation No. 3

The Centre's work plan should include priorities/objectives, resources, timelines and a risk management strategy. The strategic framework and performance results should be presented to the Senior Management Board.

Management Response

The Centre accepts the recommendation.

The Centre will adopt a more integrated business planning approach. A draft strategic framework will be presented to the Senior Management Board members for discussion and approval. An integrated work plan, including a risk management strategy, will then be developed in line with the strategic directions provided by Senior Management Board.

Promotion of Values and Ethics

Audit Criteria

The Centre should develop materials and communication activities to promote values-based and ethical behaviours, and should provide learning events that meet the needs of the Department's employees.

Reference material

Public servants need to know the basic principles and standards they are expected to apply to their work and where the boundaries of acceptable behaviour lie. A concise, well-publicized statement of core ethical standards and principles that guide public service—for example in the form of a code of conduct—can accomplish this by creating a shared understanding across government and within the broader community.

To raise awareness of values and ethics and promote its services, the Centre relies on employee-orientation sessions, learning events, kiosk activities, and presentations to Branch Executive and Regional Executive Committees. The Centre has also published reference material for promoting values and ethics, and for providing guidance, advice and support to managers and staff on values and ethics issues. However, this material was not readily accessible on the Department's intranet website.

Although the Centre has always done consultation, it is beginning to do it more systematically. Recently, they have begun a new process for engaging Health Canada executives, and for raising ethical awareness, examining partnership opportunities with Branches, Regions, and communities of practice.

As well, the Centre will be developing a marketing plan to promote its approach for assessing and creating an ethical climate and other learning activities in Health Canada as part of its 2008-2009 priorities.

Learning events

Learning events in ethics is essential to give employees the knowledge and skills they need to fulfill their ethical obligations and to foster an ethical climate. These events need to evolve with the values-based environment and as new ethical dilemmas emerge.

Approximately 6,900 Health Canada employees participated in values and ethics learning events from February 2002 to October 2007 (although some of these employees are no longer with the Department). Routinely, presentations are made to Branch Executive Committees (BECs) and Regional Executive Committees (RECs). These presentations include awareness of values and ethics issues and information on available services. The Centre monitors employees' participation in learning events and attendance information is reported in the Annual Report.

Recommendation No. 4

Published reference material on values and ethics should be posted on the Department's intranet, including the Ethics and Internal Ombudsman Services' Annual Report.

Management Response

The Centre accepts the recommendation and has completed its work.

In early July 2008, the Ethics and Internal Ombudsman Services (EIOS) revamped and launched its intranet site. It provides updated information on the EIOS mandate and services. It also provides list of workshops offered, learning material and publications, including the latest *Ethics and Internal Ombudsman Services' Annual Report*.

Appendix A: Audit Criteria & Lines of Enquiry

Lines of Enquiry	Audit Criteria
Governance and Accountability	<ul style="list-style-type: none">▪ The Centre should be well positioned within the Department, and should have the support and engagement of senior management with respect to values and ethics.
The Centre's Mandate	<ul style="list-style-type: none">▪ The Centre should have clear, relevant and well-communicated mandate and services.
Business Planning	<ul style="list-style-type: none">▪ Values and ethics performance objectives and operational risks should be identified and progress in relation to work plans should be monitored and reported.
Promotion of Values and Ethics	<ul style="list-style-type: none">▪ The Centre should develop materials and communication activities to promote values-based and ethical behaviours, and should provide learning events that meet the needs of the Department's employees.