Correctional Service Canada

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SAFETY, RESPECT
AND DIGNITY
FOR ALL

LA SÉCURITÉ,
LA DIGNITÉ
ET LE RESPECT
POUR TOUS

Audit of Values and Ethics

Internal Audit

378-1-265

May 31, 2011

Canada

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EXECUTIVE SUMMARY

BACKGROUND

The audit of Values and Ethics was conducted as part of Correctional Service Canada's (CSC) Internal Audit Branch (IAB) 2009-2012 Audit Plan. The objective of this audit is to provide reasonable assurance that a management control framework for Values and Ethics is in place and operating as intended. The audit criteria are aligned with OCG's Core Management Controls as well as the TBS Management Control Framework for Values and Ethics. (See *Annex A* for detailed audit criteria.)

The TBS Management Control Framework for Values and Ethics is comprised of three key components:

- *Leadership demonstrates strong values and ethics behavior;*
- *Values and Ethics Infrastructure is in place, understood and effective; and*
- *Organizational Culture is reflective of public service values and ethics.*

The audit was national in scope and included the processes and practices to support values and ethics in CSC including; the Office of Values and Ethics (OVE) and the Office of Internal Disclosure (OID), which are part of the Values, Integrity and Conflict Management Branch (VICMB).

The audit included interviews and documentation reviews at NHQ as well as visits to two regional offices (Atlantic and Pacific) and a number of institutions in these regions. The fieldwork was conducted during the period November to December 2010.

Conclusion

The audit found that a management control framework for Values and Ethics is in place and operating as intended, with a number of areas identified for improvement. For example:

- annual reminders should be sent to employees to remind them of the requirements of the Values and Ethics Code for the Public Service;
- the Conflict of Interest administrative processes should be reviewed to ensure the Confidential Report process meets the Code's requirements;
- based on the risks with certain contracts, specific attention should be drawn to the requirements of the Standards of Professional Conduct;
- refresher values and ethics training should be given that is practical and work oriented ;
- implementing a more formal coaching/ mentoring program for new CXs and CMs with a specific focus on ethical leadership and ethical decision making should be considered;

- the Values, Integrity and Conflict Management Branch (VICMB) should conduct an ethical risk assessment to serve as the basis for planning and management activities; and provide input to the Corporate Risk Profile/Functional Risk Profile (CRP/FRP) process;
- the VICMB should ensure that the activities, outputs and outcomes detailed in the V&E Strategic Plan are clearly linked with ethical risks and CSC priority improvement areas (text removed); and
- the VICMB should also ensure that a department wide, statistically valid ethical climate survey is conducted; and a management action plan is developed and actioned to address the results of the ethical climate survey.

Recommendations have been made in the report to address areas for improvement. Management has reviewed and agrees with the findings contained in this report and a Management Action Plan has been developed to address the recommendations (See *Annex C*).

STATEMENT OF ASSURANCE

This audit engagement was conducted with an audit level of assurance.

In my professional judgment as A/Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were shared with management. The findings are applicable only to the areas examined.

_____   Date: _____

Sylvie Soucy, CIA

A/Chief Audit Executive

1.0 INTRODUCTION

The audit of Values and Ethics was conducted as part of Correctional Service Canada's (CSC) Internal Audit Branch (IAB) 2009-2012 Audit Plan. The objective of this audit was to provide reasonable assurance that a management control framework for Values and Ethics is in place and operating as intended. The criteria are aligned with OCG's Core Management Controls as well as the TBS Management Control Framework for Values and Ethics. (See **Annex A** for detailed audit criteria.)

Background

The first decade of the millennium saw a number of ethical breaches in the federal public service including: Health Canada-First Nations and Inuit Health Branch, PWGSC –Sponsorship, Privacy Commissioner, the RCMP, and recently, the allegations concerning the Integrity Commissioner.

Canadians expect their public institutions to function at the highest level of ethical standards. Values and Ethics are at the core of all aspects of the public service including: financial management, human resources, contracting, policy analysis and advice, corrections and public safety and program management, including grants & contributions.

The report, *A Strong Foundation* by John Tait released in 1996, identified "the need for the Public Service to rediscover and understand its basic values…to recommit and to act on these values at work". Since then, the federal government committed to ensuring the highest standards of ethical behavior in serving the Canadian public by developing a suite of policies and a Management Control Framework for Values and Ethics as well as embedding it within the TBS Management Accountability Framework (MAF).

The Public Servants' Disclosure Protection Act (PSDPA), also known as the "whistleblower act", which came into force on April 15, 2007, required departments to establish and maintain internal procedures to manage disclosures as well as designating a senior officer for internal disclosures.

1.1 TBS Management Control Framework for Values and Ethics

The Office of Public Service Values and Ethics, TBS (formerly OPSVE/CPSA) developed a Management Control Framework (MCF) for values and ethics that is based on three key components: leadership, infrastructure and organizational culture. The management of values and ethics requires an integrated approach, addressing each of the three key elements of the MCF while also addressing the other elements of management; i.e.: finance, HR, contracting, program management, operations, etc.

The three key elements of the MCF for V&E are:

- *Leadership demonstrates strong values and ethics behavior;*
- *Values and Ethics Infrastructure is in place, understood and effective; and*
- *Organizational Culture is reflective of public service values and ethics.*

1.2 TBS Management Accountability Framework

The TBS Management Accountability Framework (MAF) assesses, on an annual basis, each department's performance on 10 key areas of management including Values and Ethics. Departments are assessed at one of four levels. From the lowest to the highest they are: "Attention Required", "Opportunity For Improvement", "Acceptable" or "Strong" for each of the 10 Areas Of Management (AOM).

For 2006 (Round IV) CSC Values and Ethics performance was assessed at "Attention Required".

The MAF assessment methodology was refined during 2007 (Rounds V) and 2008 (Round VI) and all departments were explicitly assessed against the TBS MCF for V&E with Round VI taking a more focused risk-based approach. For these two rounds of MAF, CSC Values and Ethics performance was assessed at "Acceptable".

For 2009 (Round VII) CSC Values and Ethics performance was assessed at "Opportunity for Improvement". It is not possible to directly compare Round VII results of MAF V&E performance with the previous years' results because a different methodological approach was utilized. Primarily the assessment was based on the input from the Public Service Employee Survey (PSES) as well as limited departmental information such as harassment complaints, grievances and plans. For the same reasons, it is not possible to draw inferences regarding the current state of the MCF for V&E within CSC based on the Round VII (2009) results. The purpose of this audit is to assess the state of the MCF for Values and Ethics within CSC.

In 2008/2009 TBS conducted a 5 year evaluation of MAF. The first recommendation required the TBS to: "Implement a risk-based and priority based approach to the MAF assessment process". In the future, Departments will be assessed using 4 categories of AOM: Core (annual assessment), department-specific, remedial and rotational (3 year cycle). As an indication of its importance, values and ethics is one of the core Areas of Management (i.e. annual assessments) as well as financial management, people management, risk management, internal audit and evaluation.

1.3 CSC Context

Values and ethics have an impact at every level of interaction that CSC officials have amongst themselves and with a wide and varied group of people including: offenders, correctional partners, volunteers, the public at large, politicians, other government

departments at both the federal and provincial levels, international organizations, and the media.

Values and ethics are integral to CSC's Core Values, as set out in the Commissioner's Directive 001: Mission of the Correctional Service of Canada.

The Values, Integrity and Conflict Management Branch (VICMB) which consists of three sections: the Office of Values and Ethics (OVE); the Office of Conflict Management (OCM); and the Office of Internal Disclosure (OID); has the following V&E related priorities:

- The collaborative creation and promotion of a departmental Code of Values;
- The support of CSC in the assessment and mitigation of ethical risks, including the alignment of policies and operational values; and
- The promotion of ethical leadership at all levels of the organization.

Currently, the VICM Branch provides mechanisms for staff members to raise ethical issues through the OVE; administers the policy requirements legislated by PSDPA concerning wrongdoing in the workplace through the Office of Internal Disclosure (OID); and provides support mechanisms for staff and managers dealing with workplace conflict through the Office of Conflict Management (OCM). The OVE also provides a vehicle for the provision of information and training support on ethics and ethical work environments.

The Human Resources Management Sector (HRMS) also supports CSC's values and ethics program by providing V&E training courses and V&E training modules within courses, in collaboration with VICMB, for new employees, employees recently appointed to supervisory or managerial positions and executives. HRMS provides mechanisms for employees to report on Conflict of Interest matters, and provides support for formal employee recourse mechanisms, such as the grievance process, in order to deal with employee V&E concerns or complaints. The HRMS is also responsible for advising, investigating and supporting management on V&E disciplinary matters.

In order to maintain the issues related to an ethical workplace relevant in an operational context, executives in each region (Assistant Deputy Commissioner, Corporate Services) have been delegated Values & Ethics responsibilities including:

- partnering with VICMB in addressing regional V&E issues;
- establishing and supporting local ethics committees at select sites; and
- raising and following up on Values & Ethics issues at Regional Management Committees.

The department's Values and Ethics program is governed by a number of policy instruments. In addition to TBS policies such as: the Values and Ethics Code for the Public Service of Canada; the Public Servants Disclosure Protection Act (PSDPA); and

the Treasury Board Policy on the Prevention and Resolution of Harassment in the Workplace ; CSC has a number of departmental policies that include:

- CD 001, Mission of the Correctional Service of Canada;
- Corrections and Conditional Release Act, s. 4;
- Commissioner's Directive 060 – Code of Discipline;
- Standards of Professional Conduct in the Correctional Service of Canada;
- Statement of Values and Ethics in the Correctional Service of Canada; and
- Guide to CSC's Policy and Procedures on the Internal Disclosure of Wrongdoing in the Workplace.

2.0 AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objective

To provide reasonable assurance that a management control framework for Values and Ethics is in place, and operating as intended.

Specific criteria related to the objective are included in **Annex A**.

2.2 Audit Scope

The audit was national in scope and included the processes and practices (MCF) to support values and ethics in CSC including the Office of Values and Ethics (OVE) and the Office of Internal Disclosure (OID), which are part of the Values, Integrity and Conflict Management Branch. The audit included interviews and documentation review at NHQ and as well as visits to two regional offices (Atlantic and Pacific) and a number of institutions in these regions. The audit did not include regional community/parole offices.

The fieldwork was conducted during the period November/December 2010.

3.0 AUDIT APPROACH AND METHODOLOGY

The audit approach was a combination of interviews, examination of relevant documentation, and testing of processes.

Audit evidence was gathered through a number of techniques as follows:

Interviews: A total of 46 Interviews were conducted with the members of the National Advisory Committee on Ethics (NACE), NHQ officials including VICM Branch officials and regional executives and managers. Specifically, the interview findings are based on 28 in-depth interviews in the Atlantic and Pacific regions including Regional Deputy Commissioners, Assistant Deputy Commissioners and a sample of Wardens, Deputy Wardens and Assistant Wardens. The site visits included a representative mixture of institutions - maximum, medium, minimum, women's multi-level, and a Regional Treatment Centre.

The regional interview locations are included in **Annex B**.

VICM Branch and other NHQ interviews provided basic information and served as a pre-test to the interviews while senior leadership and National Advisory Committee on Ethics (NACE) member interviews were used to validate the interview findings.

Review of Documentation: Relevant documentation such as: policies, procedures, guidance materials, briefing decks, communications, email/other correspondence, plans and related documentation, and training material were reviewed to obtain evidence to assess the audit objective and criteria.

Testing: Testing was conducted on audit evidence (i.e., 330 human resources files, CSC VE communications, policies, etc.) to determine if sufficient and corroborating evidence exists and supports the Management Control Framework.

4.0 AUDIT FINDINGS AND RECOMMENDATIONS

Management Control Framework for Values and Ethics

The objective of this audit is to provide reasonable assurance that a management control framework for Values and Ethics is in place and operating as intended. The criteria are aligned with OCG's Core Management Controls as well as the TBS Management Control Framework for Values and Ethics. As such, in examining CSC's Management Control Framework (MCF) for Values and Ethics (V&E), we looked at leadership, the V&E infrastructure and the organization's V&E culture.

The audit concluded that a management control framework for Values and Ethics is in place and operating as intended. However, there are a number of areas where improvements can be made.

4.1 Leadership

The TBS Management Control Framework for V&E defines leadership as having management through its actions demonstrate that the organization's integrity and ethical values cannot be compromised. In considering leadership, we looked at various requirements of the Values and Ethics Code for the Public Service (the Code), such as communicating with employees the expected standards of conduct associated with the Code. Our findings are presented below.

4.1.1 Communication

We expected to find that management periodically reinforces the importance of integrity and ethical values through communications to all staff. In addition to formal communications this could also include oral briefings during regular staff meetings, one-on-one interfaces or in dealings with day-to-day activities.

There is clear, consistent and continuous communications on expected ethical behavior.

Our review of communications and policies as well as interviews with senior leadership and institutional management determined that V&E communications to all staff occurs periodically**.**

For example, 93% of interviewees confirmed there is clear, consistent and continuous messaging from the top on CSC values and expectations of behavior.

Institutional management interviewed (100%) confirmed that RHQ in their region is aligned with and supports senior NHQ leadership messaging with respect to values and ethics and expected behaviours.

Although we did not explicitly measure the knowledge of V&E by executives and managers, the ability of those we interviewed to speak at length and in-depth concerning the issues and initiatives underway within CSC indicated a high level of knowledge.

Institutional leaders raise V&E issues during management meetings.

Institutional leaders interviewed (74%) indicated that V&E issues are raised at institutional management meetings and briefings. This perspective was supported by subordinate management within the institution. Three institutions have established V&E committees. Regional and Institutional managers indicated that they relied upon and made use of the regional Office of Conflict Management (OCM) and V&E resources available and for more serious issues, they relied upon advice provided by the NHQ Office of Values and Ethics (OVE) and the resources of NHQ OCM.

4.1.2 Disciplinary Actions

We expected to find that deviations from policies, procedures and codes of conduct are documented, investigated, and when appropriate, acted on.

Management takes disciplinary action in response to departures from policies.

Management takes action in response to departures from approved policies, procedures or codes of conduct, as demonstrated by 349 disciplinary actions taken by CSC during the period FY 07/08 to FY 09/10 which resulted in 15 terminations, 2 demotions, 57 suspensions, and 55 financial penalties.

4.1.3 Letters of Offer

Consistent with the requirements of the Values and Ethics Code for the Public Service of Canada, we expected that upon commencement of employment with CSC, all new employees would be required to sign a statement, contained in their letter of offer, acknowledging understanding and compliance with the Code.

Letters of Offer comply with Code requirements.

We examined 330 letters of offer issued during the period FY 05/06 to FY 09/10 and in (97%) of cases there was a requirement for employees to indicate understanding and compliance with the policy.

This is a good first step; however, a positive assertion does not provide high assurance that indeed the new employee does not have a conflict of interest or that the individual will comply with the V&E Code on an ongoing basis. Approximately 46% of institutional leaders suggested (unprompted) that CSC should be more thorough in its screening of potential CX recruits and perhaps align its practices with those of other large police forces or other departments in the Public Safety portfolio. CSC is addressing these

concerns. On March 3, 2011, the National Human Resources Management Committee discussed the Enhanced Integrity Screening project with the objective to develop and implement a pre-employment disclosure questionnaire and interview approach as well as enhance the reference check approach by expanding the number of checks and broadening the scope of assessment.

4.1.4 Conflict of Interest

According to the Values and Ethics Code for the Public Service deputies are required to determine the appropriate method for a public servant to comply with the Code in order to avoid conflicts of interest.

Our audit of 330 employee records from FY 05/06 to FY 09/10 determined that 85% of letters of offer included information to ensure employees complied with the Conflict of Interest policy requirements. However, it is noted since FY 08/09 the compliance rate has been 100%.

Annual V&E Code Employee Reminder

We would also expect that employees, subsequent to their appointments, periodically acknowledge compliance with the Values & Ethics Code for the Public Service and Conflict of Interest requirements.

We found that CSC last sent out a GENCOM reminder to all employees of the requirements of the V&E Code in February 2009.

The Values and Ethics Code for the Public Service requires deputies to ensure that public servants in their organization are informed of the requirements of the Code on an annual basis.

During the period March 2009 to January 2011, there were 17 values and ethics employee communications, but none included an annual employee reminder regarding the requirements of the Code.

Recommendation 1 [1]
The Director General VICMB should ensure the distribution of an annual reminder to all staff regarding the requirements of the Code.

Central Repository

According to the Values and Ethics Code for the Public Service, deputies are required to ensure the personal information in conflict of interest Confidential Reports is secured in a central repository and treated in complete confidence, in accordance with the Privacy Act.

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[1] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

Confidential reports concerning Conflict of Interest matters are not kept in a central repository.

Confidential Reports submitted by employees in the regions are administered by Regional Labour Relations.

The Confidential Reports are not located in a central repository. We also found that there is no mechanism in place to ensure consistency in the administration of the Confidential Reports.

Recommendation 2	2
The Assistant Commissioner, Human Resources Management should review the employee Conflict of Interest administrative processes to ensure the Confidential Report process meets the Code's requirements, and to ensure that the processes are widely known by staff.	

4.2 Values and Ethics Infrastructure

The TBS MCF requires that the V&E infrastructure is in place, understood and effective. Infrastructure includes; policies and procedures, training, internal disclosure and risk-based multi-year V&E plans.

4.2.1 Policies and Procedures

We expected to find that V&E authority, responsibility, and accountability is clear, communicated and implemented.

Our audit found that V&E authority, responsibility, and accountability is clearly communicated and implemented in the department.

Governance

CSC has established the Values, Integrity and Conflict Management Branch (VICMB) which is headed by a Director General. The VICMB has clear authority, responsibility and accountability. Specifically, the Director General is the Commissioner's delegate with respect to his responsibilities and authorities for implementation of the Values and Ethics Code for the Public Service within the Service. Part of the position's responsibilities is to also ensure that the Code is fully upheld and advanced within CSC. The incumbent is accountable for working closely with the Assistant Commissioners and Regional Deputy Commissioners to ensure that employees, managers and executives understand, embrace, and are guided in their work and their professional conduct by the Code as well as CSC policies and directives.

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[2] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

Branch accountabilities and responsibilities are communicated in the DG and Director work descriptions, and in the VICMB Strategic Plan 2010-2013. Branch responsibilities are also outlined for employees on CSC's InfoNet.

CSC National Advisory Committee on Ethics

CSC has established a National Advisory Committee on Ethics (NACE) which meets quarterly to provide advice to the Commissioner regarding V&E matters.

The NACE is chaired by the Commissioner and its membership includes: Assistant Commissioner Policy, one Regional Deputy Commissioner, DG VICM Branch, the Senior Advisor VICM Branch, and three external members including a senior representative from TBS. The Values and Ethics Code does not mandate the creation of an Ethics Committee; however, authority for its establishment is contained within the general authority of the Code to permit the deputy head to "add compliance measures beyond those specified in the Code to reflect the department's specific responsibilities or the statutes governing its operations." The Committee is established for the purpose of ensuring that ethical values are embedded throughout the organization.

Values and Ethics Code

We expected to find that the organization's V&E code of conduct and related policies has been communicated clearly internally and to external stakeholders.

CSC has established a values and ethics code.

Our audit found that CSC has defined and implemented a values and ethics code of conduct and numerous CDs that are aligned with government–wide policies and expectations and this is communicated clearly to CSC employees.

Although some, but not all CSC employees have contact with offenders, it is required of all CSC employees to confirm in their letter of offer that they understand and will comply with the V&E Code of the Public Service as well as CSC's Standards of Professional Conduct. An excerpt: "Staff shall avoid conflicts of interest with offenders and their families….Inappropriate relationships include, but are not limited to, concealing an offender's illegal activity, using inmate services for personal gain, and entering into business or sexual relationships with offenders, their families, or their associates."

CSC works with partners via contracts and Grants & Contributions (G&Cs) as well as with over 9000 volunteers. These partner groups work closely with our employees and sometimes with offenders. Templates for volunteers, contractors and G&Cs (contribution agreements) outline the requirement to follow all CSC policies and legal requirements. Not all contractors and volunteers have contact with offenders; however, even in those cases where the contractor or volunteer works with offenders there is no specific clear linkage in the templates with the Standards of Professional Conduct to ensure they are aware of CSC's specific requirements. We were told that all volunteers

who interact directly with inmates go through three days of training which includes the standards of Professional Conduct, and therefore, this serves as a compensating control for volunteers.

Recommendation 3	[3]
The Assistant Commissioner, Corporate Services should examine whether, based on the risk with certain contracts, specific attention should be drawn to the requirements of the Standards of Professional Conduct.	

Consistent with the Clerk's 2010-11 Public Service Renewal Action Plan requirements to have developed and implemented a new departmental code by March 31st, 2011; the VICM Branch took steps in 2010-11, to develop and implement a renewed departmental values & ethics code. During the second half of 2010, the VICMB, conducted eleven (11) Values Renewal Sessions with the involvement of unions, executives and with staff members from a cross section of CSC disciplines in order to develop the new CSC values and ethics code.

The updated values and ethics code was presented at EXCOM on March 2, 2011, and to CMT on March 30, 2011.

4.2.2 Training

We expected to find that a comprehensive V&E training and development plan exists that is based on an identification of competency requirements.

We found that V&E themes are incorporated into training at all levels based on identified learning needs.

VICMB provides input to ensure that V&E components are incorporated into mandatory training (i.e., via National Training Standards) at all levels of the organization ranging from the New Employee Orientation Program (NEOP), Correctional Officers (CXs) recruitment training, Correctional Managers (CMs) training, training for new Assistant Wardens and Deputy Wardens, and a specialized course on V&E for executives. Our review of the records indicated that these courses are regularly offered to and taken by employees.

There is a need for refresher training.

Most managers that we interviewed believed that there was adequate training; however 72% identified the need for refresher courses on an ongoing basis.

It was further suggested that these refresher courses would be more useful if they were practical and work oriented. CSC should consider offering Values & Ethics refresher

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[3] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

training as part of the implementation of CSC's renewed departmental Values & Ethics Code.

There is a need for V&E coaching and mentoring.

Approximately 57% of institutional executives and managers interviewed suggested (unprompted) the need for a more formal coaching/ mentoring approach for new CXs and CMs. This response was provided in the context that while many interviewees felt existing V&E training was sufficient; there was also a need to provide an on-going learning support mechanism to reinforce course learning and to develop on-the-job ethical leadership and decision making competencies.

Recommendation 4	4
The Assistant Commissioner, Human Resources Management and the Director General VICMB should implement a more formal mechanism such as a coaching/mentoring program for CXs and CMs with a specific focus on ethical leadership and ethical decision making.	

4.2.3. Internal Disclosure

We expected to find that the organization has in place an independent oversight mechanism to deal with cases concerning Values & Ethics wrongdoing.

Office of Internal Disclosure (OID) has been established.

We found that the Office of Internal Disclosure (OID) has the necessary authority, responsibility and independence as required by the Public Servants Disclosure Protection Act (PSDPA).

As required by the PSDPA, CSC has established an Office of Internal Disclosure (OID) which is headed by a director, who is responsible for internal disclosures. The director has clear authority and accountability to handle internal disclosures.

Confidentiality

We expected to find that confidentiality of reporting is permitted and that all records of contact with the office are kept in a separate and secure file bank with access limited to staff with appropriate clearance.

Our review of the OID files confirmed that confidentiality of reporting is permitted.

The PSDPA requires departments to protect the identity of persons involved in the disclosure process including the discloser, witnesses and the person alleged to have committed a wrongdoing.

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[4] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

We expected to find that files are stored in a secure location.

We found that the files are stored in a central secure location.

We have been informed that the OID has recently obtained a secure database to manage/track reports/investigations.

Use of Internal Disclosure Process

We expected to find that employees actually use the communications channel.

There were seventeen potential Disclosures of Wrongdoing reported in FY 2009/10.

Considering the number of employees in the department (16,587 in 2010/11), we found that there is limited usage of the internal disclosure process. For example, during 2009-10 there were 17 potential disclosures and 7 were investigated.

Table 1.–Number of CSC Internal Disclosures Reported

Department / Fiscal Year	Received Disclosures	Acted Upon	Disclosures that led to Finding of Wrongdoing	Disclosures that led to Corrective Measures
CSC (16,587 FTEs in 10/11)				
2007/08	13	1	0	0
2008/09	4	1	0	0
2009/10	17	7	0	2

We asked executives and managers whether they believed that employees were aware of the PSDPA and knew the process. Most managers interviewed (64%) believed that CSC employees were aware that the policy existed, but that most employees would not be aware of the process. Some managers felt that employees would know where to find additional information if needed (32%).

We found that CSC's InfoNet has extensive information for employees such as: links to PSDPA, a CSC Guide for Reporting Wrongdoing, a section emphasizing reprisal protection, a Q & A section, contact information and links to the PS Disclosure Protection Tribunal and the Office of the PS Integrity Commissioner of Canada. In the last 3 years, there have been six Internal Disclosure GenCom's sent to staff. We also found Internal Disclosure information included in new employee training materials.

In terms of understanding the limited usage of the Internal Disclosure process in CSC institutions, the existence of an informal institutional code of conduct was confirmed

during interviews with managers to be present in some institutions (30% indicating a strong presence in their institution, 18% somewhat and 30% present elsewhere), but was not a key factor in the low usage of the Office of Internal Disclosure (OID). Managers interviewed (43%) felt the low usage of OID was likely due to the fact that alternative reporting approaches may be used (i.e. primarily grievances or other employee recourse mechanisms).

4.2.4 Risk-based Multi-year Plans

We examined the extent to which the organization: developed a multi-year plan to address ethical risks and priority improvement areas; periodically assesses and reports results and management adjusts course as required.

We expected to find that management identifies and assesses the risks (including ethical risks) that may preclude the achievement of its objectives.

***The Corporate Risk Profile (CRP) does not explicitly include ethical risks**.*

CSC has developed and approved a Corporate Risk Profile (CRP) which identifies and assesses corporate risks. The CRP outlines sources of risk, mitigation strategies and impacts for all 12 of the corporate risks. Although values and ethics is not one of the corporate risks, elements of V&E are embedded in several of the corporate risks. CSC is in the process of revisiting its Functional Risk Profile (FRP). This profile links risks (corporate, ethical, financial, etc) with the Program Activity Architecture (PAA).

The Functional Risk Profile (FRP) has identified ethical risks.

Although ethical risks are identified throughout the FRP, none of the risks have been formally assessed, ranked or mitigation strategies developed.

CSC has established an Integrated Corporate Planning Working Committee. One of the Committee's objectives is to integrate and streamline planning and assess the risks identified in the FRP. The FRP plan presented to senior management indicates that the risk assessment is proceeding and will be completed by June 2011.

Values and Ethics Strategic Plan

We expected to find that the VICM Branch had developed an organization wide multi-year V&E plan based on risks, weaknesses and priority areas.

The V&E Strategic Plan is not risk based.

We found that VICM Branch has developed a V&E Strategic Plan for 2010-2013. Although the plan discusses weaknesses and priorities in the background section, the activities, outputs and outcomes are not clearly linked with the weaknesses or priorities. The plan is also not risk-based.

In the absence of the assessment of the ethical risks via the FRP process, the VICM Branch has not attempted to identify or assess the ethical risks.

We believe that changes occurring within CSC could have an impact on ethical risks. In recent years, a number of complex challenges have emerged in CSC's operating environment that may result in increased risks, pressures and demands.

In the future, CSC will face converging risk factors that could have a significant impact on V&E:

- Legislative changes (Bill C-25 et al) will create significant population growth pressures for CSC to manage and possible overcrowding may increase tensions within prisons, which may negatively impact both employees and inmates;
- The resulting need for significant expansion of existing infrastructure and construction of new institutions will demand management attention and may be disruptive to employees and inmates; and
- At a time when the workforce must increase in size to deal with the increased needs and numbers of inmates, CSC will also be facing a significant increase in retirements. This will result in a disproportionately large influx of inexperienced employees.

Simply put, at a time of great change, the experienced personnel will be increasingly retiring and CSC will need to rely on relatively inexperienced employees to implement change while being placed in positions of increased tension and stress.

Ethical risks are rated medium/high by institutional managers.

Because the ethical risks have not been formally assessed, we attempted to estimate the magnitude of these risks in order to determine their significance.

We asked executives and managers to informally assess these risks and 46% of those interviewed indicated that the risk was "medium" and 39% rated it as "high". Only 14% felt that the risk was "low".

Ethical risks, therefore, merit formal assessment and management in the context of CSC's suite of risks.

Monitoring and Reporting

We expected to find that the VICMB periodically assesses progress against the V&E Plan and reports these results to senior management and action is taken as required.

There is no formal reporting on progress against stated objectives.

Although the VICMB informally reports progress via the NACE as part of the annual V&E Strategic Plan update, progress has not been formally assessed or reported to NACE or CMT/EXCOM and there is no resulting report on progress against stated objectives. CSC's Program Evaluation Branch will be conducting an evaluation of the V&E program in 2012/13.

Recommendation 5	5
The Director General VICMB should conduct an ethical risk assessment to serve as the basis for planning and management activities. The V&E Strategic Plan should be clearly linked with the ethical risks and CSC priority improvement areas; and annual progress should be formally reported.	

4.3 Organizational Culture

In considering organizational culture, we looked at the actions taken by CSC to periodically measure both: staff perceptions of the organization's V&E culture; and staff perceptions of the performance of the organizations leaders. We also examined what follow up actions were taken to address results.

Ethical Climate Survey in FY 2007/08 and 2008/09

We expected to find that the organization periodically measures employee perceptions and develops follow-up action plans.

We found that only a few institutions developed follow-up action plans.

CSC surveyed employees during the period FY 07/08 (1233 respondents) and FY 08/09 (789 respondents) using the department's Ethical Climate Survey (ECS) to measure both perceptions of V&E culture as well as leadership performance. At the time, the survey was only conducted at selected CSC sites. For example, the ECS was administered to Ethics Workshop participants at 18 of the 57 CSC sites in 2007/08 and 2008/09.

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[5] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

An analysis has been performed on the results of the ECS and the DG VICMB met with regional management to present and discuss the findings, but only a few institutions have developed plans with concrete actions to address results.

VICMB completed an analytical review of the ECS in May 2010 with a view to incorporating lessons learned in the next version of the ECS. VICMB has revised the draft ECS questions and the revised ECS was reviewed by NACE in February 2011. Upon receiving CMT/EXCOM approval, VICMB plans on commencing a new round of ECS measurement in 2011/12. VICMB should ensure that a management action plan is developed to address the results of the 2011/12 Ethical Climate Survey.

The VICM Branch V&E Strategic Plan for 2010-2013 includes a 2012/2013 work plan to develop and implement an approach for collecting and reporting available statistics on key ethical climate issues including information captured from the 2011/2012 Ethical Climate Survey. This VICMB activity will ensure the organization remains current regarding its ethical climate and positioned to take appropriate follow-up action if required.

Recommendation 6 [6]
The Director General VICMB should ensure that a statistically valid ethical climate survey is conducted on a departmental wide basis; and a management action plan is developed and actioned to address the results of the survey.

In response to the 2008 Public Service Employee Survey (PSES), the CSC Strategic Plan for Human Resource Management 2009-10 to 2011-12 identifies plans to address areas of concern, some of which are V&E related.

State of Values and Ethics

Because the ethical climate has not been assessed recently, and in advance of the CSC Ethical Climate Survey 2011-12, we estimated the current state of values and ethics in some CSC institutions in Pacific and Atlantic Regions by asking executives and managers.

We found that the state of V&E is reported as satisfactory/good by 61% of executives/managers interviewed in Pacific and Atlantic Regions.

We asked executives and managers to assess the "state of V&E culture" in their institution. We found (25%) reported it was "good", (36%) as "satisfactory" and (39%) as "problematic".

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[6] Recommendations highlighted in red require management's immediate attention, oversight and monitoring. Recommendations in yellow require management's attention, oversight and monitoring.

5.0 OVERALL CONCLUSION

The audit concludes that a management control framework for Values and Ethics is in place and operating as intended. The audit has also identified a number of areas for improvement and recommended actions. A Management Action Plan addressing the recommendations is found at **Annex C**. Identified areas for improvement include:

- annual reminders should be sent to employees to remind them of the requirements of the Values and Ethics Code for the Public Service;
- the Conflict of Interest administrative processes should be reviewed to ensure the Confidential Report process meets the Code's requirements;
- based on the risks with certain contracts, specific attention should be drawn to the requirements of the Standards of Professional Conduct;
- refresher values and ethics training should be given that is practical and work oriented ;
- implementing a more formal coaching/ mentoring program for new CXs and CMs with a specific focus on ethical leadership and ethical decision making should be considered;
- the Values, Integrity and Conflict Management Branch (VICMB) should conduct an ethical risk assessment to serve as the basis for planning and management activities; and provide input to the Corporate Risk Profile/Functional Risk Profile (CRP/FRP) process;
- the VICMB should ensure that the activities, outputs and outcomes detailed in the V&E Strategic Plan are clearly linked with ethical risk and CSC priority improvement areas; and
- the VICMB should also ensure that a department wide, statistically valid ethical climate survey is conducted; and a management action plan is developed and actioned to address the results of the ethical climate survey.

AUDIT OBJECTIVES AND CRITERIA

AUDIT OBJECTIVES	AUDIT CRITERIA
Objective: To provide reasonable assurance that a management control framework for Values and Ethics is in place, and operating as intended.	**Leadership**
	1.1 Management through its actions demonstrates that the organization's integrity and ethical values cannot be compromised.
	Infrastructure
	1.2 The organization has defined and implemented a values and ethics code of conduct/guidelines/ procedures that are aligned with government-wide policies and expectations.
	1.3 The organization provides employees with the necessary V&E training, tools, resources and information to support the discharge of their responsibilities.
	1.4 Formal channels of communication exist for people to report suspected improprieties.
	1.5 The organization has developed a multi-year plan to: address V&E risks, weaknesses and priority improvement areas; and periodically assesses and reports results; and management adjusts course as required.
	Organizational Culture
	1.6 The organization periodically measures: staff perceptions of the organization's values and ethics culture; and staff perceptions of the performance of the organization's leaders; and takes follow-up action to address results.

ANNEX B

LOCATION OF SITE EXAMINATIONS

REGION	SITES
National Head Quarters	• 340 Laurier Avenue West, Ottawa
Atlantic Region	• RHQ, Moncton, NB • Dorchester Penitentiary, Dorchester, NB • Shepody RTC, Dorchester, NB • Westmoreland, Dorchester, NB • Springhill Institution, Springhill, NS
Pacific Region	• RHQ, Abbotsford, BC • Matsqui, Abbotsford, BC • Kent Institution, Agassiz, BC • Ferndale, Mission, BC • Fraser Valley Institution, Abbotsford, BC

ANNEX C

AUDIT OF VALUES AND ETHICS INITIATIVES
MANAGEMENT ACTION PLAN (MAP)

Recommendation:	**Recommendation No. 1** The Director General VICMB should ensure the distribution of an annual reminder to all staff regarding the requirements of the Values and Ethics Code for the Public Service.		
Management Response / Position:	☑ **Accepted**	☐ Accepted in Part	☐ Rejected

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
1. The Office of Values and Ethics (OVE) will amend its 2011/2012 Work Plan to include the requirement to send out an annual reminder notice via Gen-Com no later than June 15, 2011 and every January thereafter.	Amended 2011/2012 OVE Work Plan	This will ensure that the requirement is contained in the current OVE WP and annually there-after that it becomes part of both the measurable results at the end of the year and the expectations for the up-coming year.	Senior Ethics Advisor – OVE	June 15, 2011
2. The annual January reminder will be added to the V&E action calendar each year.	Amended V&E action calendar	This will ensure that the reminder expectation, as identified in the WP, will be cross-referenced to an action schedule.	Senior Ethics Advisor – OVE	COMPLETED - Calendar updated to capture reminder notices on June 15, 2011 with a reference to schedule the next reminder for January 15, 2012.

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
3. The VICMB will develop a standard format reminder notice for 2011 that will remind all staff of the requirements of the PS Code.	Standard wording for an annual reminder via Gen-Com	This will ensure consistency in the message sent out regarding the requirements of the PS Code.	Senior Ethics Advisor – OVE	April 30, 2011 – signed off by the DG – VICMB
4. The standard reminder will be adjusted to accurately reflect the requirements of the new PS Code once that document has been released.	An amended annual reminder that accurately reflects the requirements of the new PS Code	This will ensure that the OVE is, in its annual reminder notices, providing CSC staff members with useful and current information.	Senior Ethics Advisor - OVE	Within two months of the release of the new PS Code.

Recommendation:	**Recommendation No. 2** The Assistant Commissioner, Human Resources Management should review the employee Conflict of Interest administrative processes to ensure the Confidential Report process meets the Code's requirements, and to ensure that the processes are widely known by staff.
Management Response / Position:	☑ **Accepted**　　　☐ Accepted in part　　　☐ Rejected

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
1. The ACHRM will conduct a national review of the implementation of the Confidential Report process to determine compliance with the Code's requirements. This may consist of meetings with Regional Management Committee members and/or focus groups with the Regional Administrators of Human Resources.	Report outlining the performance gaps with recommendations/action plan to ensure compliance.	This approach will clearly identify next steps in a logical, systemic manner.	ACHRM	Oct 2011
2. The ACHRM will review the administration of the Confidential Reports to ensure that they are archived at NHQ and that they are dealt with in accordance with the Privacy Act.	Report recommending a business process to ensure compliance.	This approach will determine how to best comply with the Code and the Privacy Act.	ACHRM	Oct 2011
3. The ACHRM will develop a mechanism to ensure national consistency when dealing with the content of the Confidential Reports.	Report recommending a business process to ensure national consistency.	This approach will complete the recommendation.	ACHRM	Oct 2011

Recommendation:	**Recommendation No. 3** The Assistant Commissioner Corporate Services should examine whether, based on the risk with certain contracts, specific attention should be drawn to the requirements of the Standards of Professional Conduct.
Management Response / Position:	☑ **Accepted** ☐ **Accepted in part** ☐ **Rejected**

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
CS will review the various types of contracts (those where services are directly provided to offenders) as well as the orientation module for the contractors to see what additional reference, if any, may be needed.	Modification to modules *if* warranted.		Comptroller	30 September 2011

Recommendation:	Recommendation No. 4
	The Assistant Commissioner Human Resources and the DG VICMB should implement a more formal mechanism such as a coaching/ mentoring program for new CXs and CMs with a specific focus on ethical leadership and ethical decision making.
Management Response / Position:	☑ **Accepted** ☐ *Accepted in part* ☐ *Rejected*

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
1. The DG VICMB will review in collaboration with Learning and Development the current development training offered to correctional Managers to determine whether any components need to be adjusted to incorporate additional focus on ethical leadership and ethical decision making.	Report recommending amendments to MMDP if appropriate.	This approach will determine how to best position the program.	Primary OPI: DG VICMB Secondary OPI: ACHRM	Oct 2011
2. The ACHRM will develop a coaching/mentoring program for middle managers that will include focus on ethical leadership and ethical decision making.	A Coaching-Mentoring program for middle managers.	This approach will complete the recommendation.	Primary OPI: ACHRM Sec. OPI: DG VICMB	March 2012

| Recommendation: | Recommendation No. 5

The Director General VICMB should conduct an ethical risk assessment to serve as the basis for planning and management activities. The V&E Strategic Plan should be clearly linked with the ethical risks and CSC priority improvement areas; and annual progress should be formally reported. |
|---|---|
| Management Response / Position: | ☑ Accepted ☐ Accepted in part ☐ Rejected |

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
1. The Office of Values and Ethics (OVE) will develop an environmental scan and high level ethical risk assessment process to identify a suite of ethical risks and which can be implemented in stages, beginning with discussions at the senior management level.	A 3-4 year high level ethical risk assessment with suggested areas for detailed analysis in subsequent years (i.e. institutions, community supervision, etc)	This will provide an opportunity to establish, in 2011/2012, an initial identification of areas of potential Ethical Risk and to use this data as a benchmark through subsequent stages of assessment.	Senior Ethics Advisor–OVE and DG–VICMB	April 30, 2011
2. The OVE will amend its 2011/2012 Work Plan to incorporate that aspect of the ethical risk assessment that will occur in 2011.	An amendment to the OVE 2011/2012 WP to capture the addition of the ethical risk assessment	This will ensure that the initial stage in the ethical risk assessment is viewed as an operational expectation, can be measured at the end of the year and will identify required	Senior Ethics Advisor – OVE	April 30, 2011

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
		actions in the subsequent operational year.		
3. A series of interviews will be conducted with senior managers at the national and regional levels and focused on the identification of areas of potential ethical risk.	The specific number of interviews and the profile of the participant list will be determined as part of #1. A record of these interviews will be maintained.	The interviews will serve to not only gather the targeted information but to also provide an opportunity to pursue the ethics dialogue at the senior management level and to reinforce the roll-out of the new CSC Statement of Values.	Senior Ethics Advisor-OVE	Interviews completed by September 30, 2011
4. Risk assessment and development of risk mitigation strategies for high level risks (risk mitigation strategy may include follow-up on detailed analysis for certain business lines i.e. institutions, community supervision, etc).	The data gathered from these interviews will be assessed, reported on and a plan of subsequent action developed.	This will provide an over-view of areas of potential areas of ethical risk and a tool upon which to build through the subsequent stages of the Ethical Risk Assessment Strategy.	Senior Ethics Advisor-OVE and DG-VICMB	Report completed by November 30, 2011
5. In 2012, based on the details of the initial ethical risk assessment Strategy and information from the first stage in 2011 a work plan for the balance of the ethical risk assessment Strategy will be finalized.	An adjusted Ethical Risk Assessment Strategy	This will provide a formal direction for the remainder of the multiple year Strategy.	Senior Ethics Advisor-OVE and DG-VICMB	March 31, 2012
6. Preparation of an end of Strategy Report with recommendations and a proposed Work Plan	A Final Report and proposed Work Plan	This will provide an evaluation of the	Senior Ethics Advisor-OVE and	Dependent upon the decided duration of

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
based on those recommendations.	deliverable to EXCOM May 30, 2012.	areas of ethical risk and a proposed work plan moving forward.	DG-VICMB	the Ethical Risk Assessment Strategy in 2013 or 2014.

Recommendation:	**Recommendation No. 6** The Director General VICMB should ensure that a statistically valid ethical climate survey is conducted on a departmental wide basis; and a management action plan is developed and actioned to address the results of the survey.
Management Response / Position:	☑ **Accepted** ☐ **Accepted in part** ☐ **Rejected**

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
What action(s) has / will be taken to address this recommendation?	*Expected deliverable(s) / indicator(s) to demonstrate the completion of the action(s)*	*How does this approach address the recommendation?*	*Who is responsible for implementing this action(s)?*	*When will action(s) be completed to fully address the recommendation?*
1. The next generation of the Ethical Climate Survey (ECS) has been developed, including review by members of the National Advisory Committee.	The instrument is available for review.	The development will ensure the instrument is statistically valid.	Senior Ethics Advisor and DG VICM	Completed
2. The ECS is ready for administration and authorization is currently being requested to proceed.	Authorization is received from the Commissioner's Office.	Opinion research must be duly approved.	OPI: Senior Ethics Advisor and DG VICM	September 2011
3. The survey will be administered during the current fiscal year.	Results will be received.	Departmental results will be collected.	OPI: Senior Ethics Advisor and DG VICM	January 2012
4. Results will be summarized and presented to Executive Committee with supporting action plans for approval.	A report will be generated.	Analysis will support communication and consideration of action plans.	OPI: Senior Ethics Advisor and DG VICM	May 2012

Action(s)	Deliverable(s)	Approach	Accountability	Timeline for Implementation
5. As per the Values and Ethics Strategic Plan the Branch will collect and report statistics on ethical climate issues from 2011 to 2013.	Further reports on data and action plans will be provided.	Adequate data will be available to support risk assessment, mitigation, and program refinement.	Senior Ethics Advisor and DG VICM	2012 – 2013