

**ANNUAL DISCLOSURE REPORT
2010-2011**

**Submitted to the
Audit Committee
5 April 2011**

Audit and Corporate Ethics Branch / Direction de l'audit et de l'éthique



National Capital Commission

Annual Disclosure Report 2010-2011

This report is submitted annually to the audit committee to assure the committee that incidents of fraud, theft or other ethical breaches that involved National Capital Commission (NCC) staff or property in the course of the year have been heard and addressed appropriately. The report draws from three related activities: values and ethics including wrongdoing; the formal disclosure process; and, reported security incidents.

1. Values and Ethics at the NCC

The NCC has been a pioneer in fostering an organizational culture that stresses the importance of ethical behaviour and values. These values were set out in the Code of Values and Ethics for Employees, produced in 2009. This Code will soon be subsumed in the new Code of Conduct expected to be launched in April 2011.

The NCC created an Ethics Office in July 2006 to receive complaints about suspected wrongdoing or any other ethical dilemma facing employees. An Ethics Program was established and a wide variety of mechanisms for employees to discuss workplace issues, resolve conflicts, or share concerns were put in place:

- Hotline – available 24x7x365 via phone or email
- Values and Ethics Team – all levels and Branches are represented
- Union Local – for grievances
- Informal Conflict Management System
- CEO Corner (on the Intranet for employees to communicate directly to the Chief Executive Officer (CEO) with comments or practical improvements)

Although nothing requiring disclosure was reported in 2010-2011, two (2) cases of control failures were uncovered. Both cases were investigated, the funds restored and the control failures addressed. Each of these cases was reported to the audit committee at the November 2010 meeting in accordance with the process found in **Appendix A**.

2. Disclosure under the Disclosure Protection Act

In July 2007, the *Public Servants Disclosure Protection Act* (PSDPA) came into force to encourage those who suspected a wrongdoing to come forward and to protect them from retaliation. This Act came about because enhancing and maintaining public trust in the institutions of government is fundamental to the work of the federal public service. All employees must ensure their actions and decisions uphold the values of the public service and conform to high ethical standards as expressed in a Code of Conduct.

The *Act* specifies that if a disclosure to a supervisor or the senior officer leads to a finding of wrongdoing, the organization must promptly take action. Moreover, 60 days after the end of each fiscal year, the CEO must submit a report to Treasury Board Secretariat with respect to all disclosure activities indicating among other things:

- the number of enquiries received related to the *Act*
- the number of disclosures received under the *Act* and whether they were acted upon
- the number of investigations commenced; and
- whether any systemic problems were found that lead to the wrongdoing

There were no formal disclosure cases this year. The one-page report is attached as **Appendix B**.

3. Security Services reporting of incidents involving theft, damage or other wrongdoing for 2010-2011

The Security Services Division reports incidents that involve NCC staff and properties. The following summary has been prepared using information provided by the Security Services Division.

Reported incidents 2010-2011	
Property damage/loss	13
Forced entry/theft	20
Other	23
Total	56

Property damage/loss

The incidents involving property damage were mainly in the leasing portfolio. One property was destroyed by fire, while another was vandalized. These properties were vacant and were being considered for demolition.

Forced entry/theft

The incidents involving break and enter or theft were also mainly in the leasing portfolio and involved several incidents where copper was stolen. The number of forced entry or theft incidents remains the same as previous years.

Other

This category comprises incidents where disgruntled individuals verbally harassed NCC employees either by phone or in person and an incident report was sent to security services to address the problem.

4. Conclusion

There are no additional breaches in 2010-2011 that require reporting to the audit committee.

When an act of wrongdoing or ethical breach is uncovered, management investigates promptly and takes action where and when required, which reflects a continuous commitment on the part of management to maintain high ethical standards and to strengthen the security and control environments to ensure their continued effectiveness.

Appendix A

PROCESS FOR REPORTING THEFT, FRAUD, MALFEASANCE, ETHICAL AND OTHER BREACHES OF THE CODE OF CONDUCT TO THE AUDIT COMMITTEE

The following describes the process for reporting theft, fraud, malfeasance, ethical and other breaches of the Code of Conduct. This process is intended to the Audit Committee in its oversight role for standards of integrity and behaviour.

The Chief Audit Executive (CAE), the Chief Financial Officer (CFO), and the Departmental Security Officer (DSO) all have a specific role and reporting responsibility with respect to the identification, prevention or investigation of theft, fraud, malfeasance, ethical or other security breaches in accordance with various corporate administrative policies and procedures.

Given the reporting responsibilities of the CAE and to ensure proper reporting to the audit committee and the Office of the Auditor General, the CAE should be immediately advised of:

- *Any alleged theft, fraud or malfeasance.*
- *Any alleged ethical or other security breach where controls require strengthening.*

Process

1. In order to assess the need to investigate any known incidence of theft, fraud, malfeasance, or security and ethical breaches, a meeting of the CAE, CFO, and DSO will be convened to discuss the facts and to determine what actions or audits might be required to address such incidents. The CAE, CFO, and DSO should all agree on an investigation before launching, be briefed periodically throughout an investigation, and be informed along with the Chief Executive Officer of the conclusion and outcome of any investigation.
2. In order to provide an appropriate level of assurance and to ensure comprehensive reporting by the CAE to the audit committee on weaknesses in internal controls, fraud and other security breaches, the CAE will advise the chair of the audit committee of all known incidents and will keep him/her informed of developments as well as any corrective actions taken by management. The chair of the audit committee at his/her discretion will advise the audit committee of any incidents requiring their attention.

An annual summary report will be submitted by the CAE to the audit committee at its April meeting which outlines incidents of theft, fraud, malfeasance, ethical or other security breaches and any management actions taken to address control weaknesses.

Appendix B

Report on Activities Concerning the *Public Servants Disclosure Protection Act* 2010-2011

- 1) Number of general inquiries relating to the PSDPA: **13**
- 2) Number of disclosure received according to the PSDPA: **0**
- 2a) Number of referrals resulting from disclosures made in other public sector organizations: **0**
- 2b) Number of disclosures received that were acted upon: **0**
- 3) Number of investigations commenced as a result of disclosure received: **0**
- 4a) Number of disclosures received that led to a finding of wrongdoing: **0**
- 4b) Number of disclosures received that led to corrective measures: **0**
- 5) Were any systemic problems found that give rise to wrongdoings? **0**
- 6) Additional comments:
The National Capital Commission drafted its own Code of Conduct which will be available in April 2011.