

**ANNUAL ETHICS AND DISCLOSURE REPORT
2011-12**

**Submitted to the
Audit Committee
June 14, 2012**

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



Introduction

Consistent with Treasury Board *Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises* (2003) and the Charter of the National Capital Commission's Audit Committee, this report is submitted annually to assist the Committee in their role of overseeing the NCC's standards of integrity and behaviour. Just as sound internal controls are essential for ensuring effective financial management, the values and ethics of an organization are essential for ensuring these controls are respected and not circumvented.

Accordingly information is provided to assure the Committee that incidents of fraud, theft or other ethical breaches that involved National Capital Commission (NCC) staff or property during the course of the year have been heard and addressed appropriately.

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 identifying respect, well being, commitment, fairness and honesty as key expectations of employees. A Code of Values and Ethics for Employees was produced in 2009 and a new Code of Conduct was approved by the Board in April 2011. In 2011-12, 24 awareness sessions were provided jointly by Audit and Corporate Ethics Branch and Human Resources Branch to all NCC employees. NCC's Code of Conduct has since been supplemented with the government's new Values and Ethics Code for the Public Sector that came into force April 2, 2012. Whereas previous public sector codes excluded crown corporations, this is no longer the case.

Both codes have been widely communicated to NCC employees by the Chief Executive Officer including the obligation that following them is a condition of employment. In addition, as part of the annual employee performance evaluation process, managers confirm with their employees in writing their understanding and obligation to abide to both codes.

While not an exact fit, the five values of the Public Sector have much in common with NCC's existing values as shown below:

Public Sector Values	NCC Values
Respect for Democracy	Respect
Respect for People	Well Being
Integrity	Honesty
Stewardship	Fairness
Excellence	Commitment

The key differences include the Public Sector Code making:

- Statements regarding the Roles of Public Servants and Ministers primarily with respect to upholding and preserving public trust, and maintaining a professional and non-partisan federal public sector;
- Explicit references to the Respect for Democracy and respecting the rule of law including employees loyally carrying out the lawful decisions of their leaders and providing decision makers with all the information they need; and
- Identifying Stewardship in regard to all of us using the public money, property and resources managed by us effectively and efficiently.

Consideration will be given in 2012-13 to merging the two codes into one identifiable source for NCC employees.

Ethics Enquiries and Reports

The NCC created the 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 remain in place:

- Ethics Office staff – available in person or by telephone
- Ethics Hotline – available 24x7x365 via telephone or email
- Values and Ethics Team – represented by all levels and Branches
- Union Local – for communicating formal grievances
- Informal Conflict Management System
- CEO Corner – available on the Intranet for employees to communicate directly to the Chief Executive Officer with comments or practical improvements

In 2011-12, there were 19 enquiries made of the Ethics Office either through the Hotline (1) or by staff (17) and Branch officials (1) contacting the office directly. The majority of these were questions posed by staff wanting to “do the right thing”, e.g., advice avoiding potential conflicts of interest. While some of these enquiries resulted in further reviews and corrective action (5) of a moderate nature, none of them met the definition of “wrongdoing”¹ under the *Public Servants Disclosure Protection Act (PSDPA)*. See Appendix A for other PSDPA statistical reporting requirements for 2011-12 – all null reports.

As reported by Human Resources Branch, two harassment complaints were made in 2011-12 of which one was unfounded and the other founded. The latter concluded the conduct was isolated and on a minor scale recommending training for both parties involved. There were no Human Rights complaints reported.

¹ Under the Act, the definition of wrongdoing relates to serious violations that go against public interest or those of the organization. *Source: Treasury Board Information for Employees Guidelines, PSDPA*

Of the four formal grievances filed by employees in 2011-12, two were withdrawn and two have not been concluded as they are in abeyance.

While reported separately to the Board on an annual basis, occupational safety and health (OSH) statistics are also indicative of NCC's caring for the well being of its employees and are thus reported briefly here. As reported by Human Resources Branch, the NCC is considered a low risk employer. In fiscal year 2011-2012, a total of 30 accidents were documented, 3 causing a total of 6.5 lost workdays. Furthermore, 23 incidents of which 20 included material damages were reported. A total of 204 employees were trained on a variety of OSH topics² including: First-aid (37 employees), Defibrillator (21), Fall Protection (9), Confined Spaces (10), and the Canada Labour Code (118). The NCC maintains an OSH program that complies with the requirements of the *Canada Labour Code – Part II*.

As reported by the Chief Financial Officer, there was no known fraud or malfeasance that occurred in 2011-12. Appendix B describes process established for reporting them if they were occur.

Public Service Employee Survey Results Pertaining to Values and Ethics

In 2011-12, the Public Service Employee Survey was conducted across the Public Service of Canada (PSC) from August 29 to October 7, 2011. Participation of National Capital Commission employees comprised 77% or 395 of 512 employees at the time the survey was conducted. Several of the questions posed provide an opportunity to directly assess NCC's performance with respect to values and ethics including those pertaining to diversity, discrimination and harassment. While the complete questions and their responses specific to the NCC and the Public Service as a whole are reported in Appendix C, in summary, they comprise the following:

Values and Ethics:

- NCC staff know where to go for help in resolving an ethical situation if faced with an ethical dilemma or a conflict between values in the workplace –
NCC: 89% PSC: 74%
- Discussions occur in the workplace about values and ethics –
NCC: 86% PSC: 57%
- Senior managers in the NCC lead by example in ethical behaviour –
NCC: 69% PSC: 58%
- Overall, NCC treats staff with respect –
NCC: 88% PSC: 76%

² Other more specialized and therefore less frequent training included supervisor / manager responsibilities, chain saw and chipper safety and workplace inspection.

Diversity

- NCC is committed to creating a diverse workforce –
NCC: 88% PSC: 76%
- NCC respects individual differences (e.g., culture, work styles, ideas, etc.)
NCC: 82% PSC: 75%
- In NCC work units, every individual, regardless of race, colour, gender or disability would be / is accepted as an equal member of the team –
NCC: 95% PSC: 88%

Discrimination:

- NCC works hard to create a workplace that prevents discrimination –
NCC: 89% PSC: 77%
- In the past two years, NCC staff have never been the victim of discrimination on the job –
NCC: 90% PSC: 86%

Harassment:

- NCC works hard to create a workplace that prevents harassment –
NCC: 83% PSC: 72%
- In the past two years, NCC staff have never been the victim of harassment on the job –
NCC: 76% PSC: 71%

Reported Security Incidents Involving Theft, Damage or Other Wrongdoing

The Security Services Division investigates and reports incidents involving theft, damage or other wrongdoing that have occurred. While some of the incidents occur at regular NCC places of work of its employees, the majority of incidents occur on other NCC properties. For 2011-12 these included:

Reported Security Incidents 2011-12		
Non-Employee Workplaces	Employee Workplaces	
37	NCC Real Property Damage / Loss ³	3
4	Other Property Theft / Missing / Lost	17
5	Other	9
46 (61%)	Total: 75	29 (39%)

³ Includes property damages and losses due to forced entries.

NCC Real Property Damage / Loss – The single largest category of security incidents is property damages at non-employee worksites including forced break-ins, vandalism / graffiti, fire and water damage. For those where there are estimates of value, monetary losses are generally limited to \$700 or less with two exceptional incidents estimated at \$2,000 (fire) and \$3,500 (break-in).

Other Property Theft / Missing / Lost – Incidents categorized as theft largely occur at employee places of work comprising low dollar value items such as lost (7) or stolen (10) NCC property such as blackberries, cell phones, cameras and binoculars as well as employee property such as clothing and money raised for activities. However, there was one incident whereby specialized lighting equipment valued between \$8,000 - \$10,000 was stolen at one of the Winterlude outdoor venues.

Other – This category includes, among other things, incidents of suspicious / disorderly conduct of unknown persons on NCC property, trespassing, and an assault of non-NCC employees on NCC property.

Appendix A

Report on Activities Concerning the *Public Servants Disclosure Protection Act* 2011-12

- 1)** Number of general inquiries relating to the PSDPA: **19**
- 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**

Appendix B

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 C

2011 Public Service Employee Survey Organizational Results: National Capital Commission as they Relate to Values & Ethics

The results of the 2011 Public Service Employee Survey (PSES) are presented in numerical order, grouped by section headings as they appeared in the questionnaire.

Note: Due to rounding, percentages may not add to 100.

The results from the 2011 and 2008 PSES are presented in the tables below as percentages for each response category, as a positive percentage that combines the responses from the two most positive response categories, and as an average score from 0 to 100 for questions employing a five-point response scale. The average score assigns different weights to each of the five response categories: the more positive the response, the higher the score.

- Positive Answers are calculated by summing the percentages for the two most positive response categories (e.g., 'Strongly agree' and 'Somewhat agree'), excluding 'Don't know' and 'Not applicable' responses.
- The Average Score (1-100) is calculated by assigning a score of 100 to the most positive response category, 75 to the second most positive response category, 50 for the middle response category, 25 to the second most negative response option, and 0 to the most negative response option.

Question 27. In my work unit, every individual, regardless of race, colour, gender or disability would be/is accepted as an equal member of the team.

Survey Year	Organization	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Don't know (%)	Not applicable (%)	Positive answers (%)	Average Score (0-100)	Total responses
2011	Public Service of Canada	67	20	5	4	3	1	1	88	86.00	199981
2011	National Capital Commission	73	21	3	2	1	0	0	95	91.00	399
2008	Public Service of Canada	63	20	6	5	4	1	1	85	84.00	166881
2008	National Capital Commission	64	21	5	5	2	2	0	88	86.00	310

Question 27. In my work unit, every individual, regardless of race, colour, gender or disability would be/is accepted as an equal member of the team.

Survey Year	Organization	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Don't know (%)	Not applicable (%)	Positive answers (%)	Average Score (0-100)	Total responses
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Question 40. If I am faced with an ethical dilemma or a conflict between values in the workplace, I know where I can go for help in resolving the situation.

Survey Year	Organization	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Don't know (%)	Not applicable (%)	Positive answers (%)	Average Score (0-100)	Total responses
2011	Public Service of Canada	35	36	12	8	5	4	1	74	73.00	199168
2011	National Capital Commission	59	30	6	4	1	0	0	89	86.00	397
2008	Public Service of Canada	31	36	12	10	7	4	1	70	70.00	165770
2008	National Capital Commission	36	38	9	7	5	3	1	78	75.00	307

Question 41. Discussions about values and ethics occur in my workplace.

Survey Year	Organization	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Don't know (%)	Not applicable (%)	Positive answers (%)	Average Score (0-100)	Total responses
2011	Public Service of Canada	19	35	21	12	7	5	1	57	62.00	199149
2011	National Capital Commission	48	37	10	3	1	0	0	86	82.00	395

Question 66. After having read the definition of discrimination⁴, in the past two years, have you been the victim of discrimination on the job?

Survey Year	Organization	Never (%)	Once or twice (%)	More than twice (%)	Total responses
2011	Public Service of Canada	86	8	6	198231
2011	National Capital Commission	90	6	4	394
2008	Public Service of Canada	82	10	8	164631
2008	National Capital Commission	87	8	6	304

Question 69. My department or agency works hard to create a workplace that prevents discrimination.

Survey Year	Organization	Strongly agree (%)	Somewhat agree (%)	Neither agree nor disagree (%)	Somewhat disagree (%)	Strongly disagree (%)	Don't know (%)	Not applicable (%)	Positive answers (%)	Average Score (0-100)	Total responses
2011	Public Service of Canada	35	36	14	4	2	8	0	77	77.00	198306
2011	National Capital Commission	51	34	8	2	1	5	0	89	85.00	395

⁴ Discrimination means to treat someone differently or unfairly because of a personal characteristic or distinction which, whether intentional or not, has an effect which imposes disadvantages not imposed upon others or which withholds or limits access to other members of society. There are eleven prohibited grounds under the *Canadian Human Rights Act*: race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, mental or physical disability and pardoned conviction.