# City of Edmonton
# Ethics Framework Evaluation

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## Introduction

Ethics deals with the human conduct in relation to what is right and wrong, and with moral duty and obligation.  Organizational ethics is the application of values to guide the decisions of a group.  The City of Edmonton values integrity and ethics and expects its employees to demonstrate civic values by working responsibly, being trustworthy and behaving ethically.

The objective of this project was to assist the Senior Management Team (SMT) in evaluating the City's ethics management framework in relation to leading practices.  The Office of the City Auditor's (OCA) 2005 Annual Work Plan included project time for facilitating this evaluation and as required assisting SMT in preparing and prioritizing action plans to enhance the City's ethics program.

## Background

City employees are required to perform their duties in an impartial and responsible manner that maintains and enhances public confidence and trust.  To this end, the first policy providing guidance on civic employees accepting outside employment was adopted by Administration in 1972.  Over the years, various policies were formalized and implemented to establish principles of conduct to govern civic employees in the discharge of their duties.  The existing Administrative Directive A1100C on employee code of conduct came into effect on June 27, 2002 and it establishes principles for appropriate conduct in the workplace by City employees pertaining to appearances before Council, city assets, disclosure of information, gifts and gratuities, other employment, personal conduct, personal gain or benefit and political activity.

The OCA has continued to support the City's ethics framework through various projects and roles.  In 2001/2002, the OCA assisted the Administration in updating the City's Administrative Directive A1100C and in developing a new Code of Conduct for City employees.  The OCA is also responsible for investigating any alleged violations of the Code of Conduct as requested by the City Manager.  In addition, as required by Policy A1431, *Conduct of Examinations into Allegations or Suspicions of Fraudulent Acts,* the OCA coordinates the investigation of significant allegations or suspicions of activities constituting fraud.  Lastly, the OCA ensures that information on employee behavior/conduct received during fraud investigations that does not fall within the definition of "Fraud" is forwarded to the City Manager to be resolved within the framework of the Employee Code of Conduct Directive (A1100C).

## Objectives

1. Evaluate the City's ethics management framework in conjunction with departmental management teams and members of SMT.

2. Based on the results of the evaluation, facilitate the preparation and prioritization of action plans for maximizing the effectiveness of the ethics management framework and expanding its reach.

## Scope and Methodology

The scope of this review included all City Departments reporting to the City Manager, as well as the OCA.

During this review, the OCA undertook research of leading practices recommended by professional organizations such as the Institute of Internal Auditors and the Ethics Resource Center, as well as ethics management frameworks and practices of other public organizations. The OCA also determined the current state of the City's ethics framework through review of relevant documentation and meetings with key City staff. Based on these steps and an overall risk assessment, the OCA developed an ideal Ethics Management Framework (Attachment 1) that was used for evaluating the City's ethics program. Feedback was obtained from members of SMT and key staff of Corporate Services as well as the City's Union/Association leaders prior to finalizing the ideal framework and the terms of reference for this project.

The OCA also developed an Ethics Maturity Model for departmental management teams to provide ratings of the maturity of the City's ethics program and the impact each of the ten framework elements has had on the behavior of employees in their departments. This model provided a continuum which ranged from an environment where employees are uninformed about their organization's ethics requirements; to one where the requirements have been defined, communicated to and are internalized by employees; to an environment where there is ongoing promotion and information exchange; and lastly to an optimized environment where an organization's values are reflected in all that employees and its agents think, say or do. In order for participants to provide totally anonymous maturity ratings, the OCA used the Sharpe Decisions Executive Workshop system that uses wireless keypads to collect anonymous opinions.

Meetings were held with all departmental management teams consisting of the City Manager, General Managers, Branch Managers and the City Auditor to facilitate the evaluation of the City's ethics management framework. Thirty-three participants used the ideal framework, the City's current state and the ethics maturity model to evaluate the City's ethics framework in relation to leading practices. Results of these evaluations were consolidated, and members of SMT validated them from a corporate perspective.

A survey of Canadian municipalities was also undertaken to compare their processes for the ten ethics framework elements with those of the City of Edmonton and to learn from their successes.

# Summary of Results

The OCA approached the City's ethics framework evaluation from four perspectives, an assessment of the steps the City has taken to date, the evaluation undertaken by thirty-three departmental management team participants, the maturity ratings they provided and the comparison of the City's ethics framework with those of other Canadian municipalities.  The OCA commends all participants for their diligence in evaluating the City's ethics framework and for proposing numerous action plans to enhance the City's ethics program.  Overall, the City of Edmonton did an excellent job in preparing and rolling out the updated Code of Conduct to employees.  This is supported by the overall maturity rating provided to the City's ethics program that conveys that the City's expectations have been defined and communicated, employees have internalized them and are encouraged to put them into practice.  The City now needs to focus on promoting ongoing training, communication, information exchange and sharing of learnings to get to the next level where consistent behavior, improved decision making and visible role models emerge.  The participants' goal was to evaluate the City's ethics framework against ideal standards, so even where reasonable processes were in place, action plans were proposed as part of the continuous improvement process.

The following is a summary of the evaluation of the City's ethics management framework:

**Policy Statement**
Administrative Directive A1100C, *Employee Code of Conduct* was adopted by SMT in June 2002.  It defines roles and responsibilities of employees, supervisors, General Managers, the City Manager and the City Auditor.  Awareness of the Administrative Directive was created at the Code of Conduct training sessions, and the Directive is also available internally on e-City.  Since employees deal with a lot of information on a variety of topics, periodic corporate reminders of Administrative Directive A1100C and the City's requirements on appropriate conduct in the work place are needed to keep the ethic message fresh and interesting.  (Action Plan 2)

**Code of Conduct**
Administrative Directive A1100C requires all City employees to follow eight principles to guide appropriate conduct in the work place.  The roll out of the ethics program created awareness of the eight principles and most employees have acknowledged receipt of the City's Employee Code of Conduct Directive and the Employee Handbook and Guide.  The eight principles should be included in the employee orientation booklet, in the customer services training and they should be promoted to all stakeholders including the public.  (Action Plan 2)

**Detailed Instructions**
The City has prepared an Employee Code of Conduct Handbook and Guide to help employees interpret the Code consistently.  A training video has also been prepared to enhance employee understanding on application of the Code.  Positive feedback has been received on these resources and this information is shared with other cities when inquiries are received.  These resources and other training materials need to be reviewed and updated periodically to reflect current requirements.  SMT at their June 16, 2005 meeting clarified that the Corporate Services Department has ongoing responsibility for sustaining the ethics program.  General Managers or their designates will also promote information exchange and sharing at the departmental/corporate level to maintain and enhance awareness of the City's ethics requirements.  (Action Plans 1, 3 and 4)

**Training**
Initial Code of Conduct training was made available to all City employees from January to October 2004.  An ongoing program for existing employees who could not attend the initial training and for new employees hired after October 2004 was implemented in May 2005, and these employees are being encouraged to attend this training through their supervisors.  The training program needs to be implemented as a core requirement and complete records need to be maintained on employee attendance at training sessions as well as signed acknowledgements for receipt of the City's Employee Code of Conduct Directive and the Employee Handbook and Guide.  (Action Plan 3)

The Economic Crime Awareness training initiated in 1999 is also available to City employees.  This training has not been scheduled since November 2002 due to limited enrolment.  The training program needs to be reviewed to determine how best to achieve its objectives and how its principles can be reinforced.  (Action Plan 6)

**Communications**
Initial communication of the City's expectations took place during roll out of the revised Code of Conduct.  Varying levels of communication and information exchange is currently taking place at the departmental level.  SMT will ensure that a corporate communication strategy is prepared and implemented that includes conveying of periodic ethics related messages, current examples and reminders to employees and other stakeholders, using a variety of media to keep the ethics message fresh and interesting.  General Managers or their designates will also promote information exchange and sharing at the departmental/corporate level.  (Action Plans 2 and 4)

**Support Strategies**
The City has a number of related resources (policies, procedures and administrative directives, bylaws, Acts and training courses) to support and enhance the ethical culture.  Some of these were developed prior to the Administrative Directive on Employee Code of Conduct and need to be reviewed and updated to ensure consistency.  (Action Plan 8)

**Seeking Guidance**
The Employee Code of Conduct Handbook encourages employees to first seek clarification regarding ethical dilemmas from their peers and supervisors.  Employees can also seek advice from a number of other City resources such as Human Resources representatives, the City Manager and the City Auditor.  Employees are seeking guidance as required and discussions are taking place at varying levels in departments.  The City's underlying assumption that supervisors will provide ongoing guidance and interpretation of the Code needs to be promoted through the corporate communication strategy.  General Managers or their designates will promote a support culture for employees to seek guidance from peers and supervisors in a safe and effective manner.  More support and information also needs to be provided to supervisors for effectively dealing with ethical matters.  (Action Plans 2 and 5)

General Managers and their designates are documenting and retaining major approvals, decisions or directions given to employees.  The requirement in Administrative Directive A1100C for documenting any guidance provided will be amended to reflect current practice.  (Action Plan 7)

**Reporting Violations**
The Administrative Directive on Employee Code of Conduct requires employees to report suspected violations through various channels such as their supervisors, General Managers, the City Manager or the City Auditor.  The fraud policy also provides similar guidance to employees for reporting suspected fraudulent activities.  Departmental evaluations suggest that in most cases, employees are comfortable reporting suspected violations of the Code.  Professional organizations that City Employees belong to promote the obligation to report alleged violations.  The process may not be fully effective due to concerns about confidentiality and working relationships within operational areas.  This concern was discussed at the SMT meeting of June 16, 2005.  It was agreed that the existing reporting channels will be promoted more diligently, employee perceptions will be gauged through various methods such as the employee engagement surveys and the results reviewed to determine if further action is required.  The City Auditor in conjunction with the General Manager of Corporate Services will be reviewing the need and assess the risks and benefits of reporting alleged violations through a hotline.  (Action Plans 2 and 4)

**Evaluation and Investigation**
General Managers/designates and the City Auditor are responsible for investigating alleged violations.  Administrative Directive A1100C states that the City Manager and the City Auditor are to be notified of all alleged violations of the Code of Conduct.  The current practice is that General Managers/designates investigate routine allegations and significant cases are escalated to the City Manager and/or the City Auditor.  Since all General Managers and the City Auditor inform the City Manager of the results of investigations as they are concluded, quarterly reporting to the City Manager through the Corporate Services Department is not taking place as required.  Administrative Directive A1100C will be amended accordingly to reflect current practices.  (Action Plan 7)

In order to formalize the evaluation and investigation process, it was agreed that the City Auditor in conjunction with SMT will develop guidelines for evaluating alleged ethical violations and determining who will conduct investigations where further action is required.  (Action Plan 6)

**Monitoring, Measurement and Reporting**
From 2002 to 2004, the Administration was engaged in developing and rolling out the revised Code of Conduct.  This project, undertaken jointly with the Administration, facilitated the evaluation of the City's ethics management framework and provided a snapshot of how the City's ethics program measures up in relation to leading practices. At its June 16th meeting, SMT assigned responsibility for the regular monitoring, measurement and reporting at the overall program level to the Corporate Services Department, and this will be reflected in Administrative Directive A1100C.  General Managers will also obtain and share employee perceptions on the City's ethical climate to ensure that the ethics program is working as intended.  (Action Plans 1 and 7)

## DIRECTION-SETTING ACTION PLANS

Numerous action plans were proposed at the departmental meetings to enhance the City's ethics program and incorporate leading practices.  These were summarized into the following eight themes and direction-setting action plans at the corporate level.  At its June 16th meeting, SMT assigned individuals/groups to initiate action on their behalf and agreed on the proposed milestones for reporting on the status of implementation. Both the action plans and the implementation dates are acceptable to the OCA.

| Action Plans | Assigned to | Implementation |
| --- | --- | --- |
| **Sustaining the Ethics Program**<br><br>1.  SMT will clarify/assign ongoing responsibility for sustaining the Ethics Program as well as for regular monitoring, measurement and reporting at the overall program level. | Corporate Services through Human Resources & Business Partners | June 2005<br><br>Annual Reporting |
| **Ethics Communication Strategy**<br><br>2.  SMT will ensure that a corporate communication strategy is prepared and implemented that includes conveying of periodic ethics related messages, current examples and reminders to employees and other stakeholders, using a variety of media to keep the ethics message fresh and interesting. | Corporate Services | December 2005 |

| Action Plans | Assigned to | Implementation |
|---|---|---|
| **Ethics Training Program**<br><br>3.  SMT will ensure that an ongoing Code of Conduct training program is implemented as a core requirement, complete records on employee attendance at training sessions and signed acknowledgements are maintained, and the training materials are reviewed and updated periodically to reflect current requirements. | Corporate Services through Human Resources | December 2005 |
| **Departmental Responsibilities**<br><br>4.  General Managers or their designates will promote information exchange and sharing at the departmental/corporate level, obtain and share employee perceptions on the City's ethical climate, and take steps to maintain and enhance awareness of the City's ethics requirements. | General Manager or designate | Ongoing |
| 5.  General Managers or their designates will promote a support culture for employees to seek guidance from peers and supervisors in a safe and effective manner, and also provide more support and information to supervisors for effectively dealing with ethical matters. | General Manager or designate | Ongoing |
| **City Auditor/SMT**<br><br>6.  The City Auditor in conjunction with SMT will develop guidelines for evaluating alleged ethical violations, determining who will conduct investigations where further action is required, as well as review how best to achieve the objectives of the existing Economic Crime Awareness training program. | City Auditor | December 2005 |

| Action Plans | Assigned to | Implementation |
|---|---|---|
| **Changes to Administrative Directive A1100C, the Code of Conduct**<br><br>7.  The City Manager will ensure that the following changes are incorporated in Administrative Directive A1100C:<br><br>   • Section 2.4 (c): Change any approvals, decisions to major approvals, decisions.<br><br>   • Section 2.4 (d): Change reporting any alleged violations to significant alleged violations.<br><br>   • Section 2.4 (e): Change any alleged violations to routine alleged violations.<br><br>   • Reassess requirement for quarterly reporting to City Manager and make appropriate changes.<br><br>   • Define requirements for regular monitoring, measurement and reporting of the overall ethics program and reflect this in Administrative Directive A1100C. | Corporate Services through Strategic Services Branch | September 2005 |
| **Update Process for City Policies, Procedures and Administrative Directives**<br><br>8.  SMT will ensure consistency between Administrative Directive A1100C and other related City Policies, Procedures and Administrative Directives as part of the review processes scheduled by the City. | Corporate Services and Office of the City Clerk | Ongoing |

**Survey Results**

The OCA circulated a survey to nine Canadian cities to obtain a perspective on how the City of Edmonton's ethics framework compares with similar organizations. Seven responses were received which indicated that the City of Edmonton has done an excellent job developing and rolling out its ethics program. The City is one of the leaders in many elements of the framework such as the use of a corporate approach, a formalized Administrative Directive with principles that outline expected rules of behavior, as well as providing formal training and communicating the Code of Conduct to employees. In other framework elements, the City of Edmonton is at par with some municipalities. The following practices used by the cities that responded were shared with members of SMT for possible incorporation in the City's ethics program:

- In all cities, the Human Resources Branch has a clearly defined and visible role in the ethics program, such as communication, training, providing guidance, evaluation or reporting. The City of Edmonton's ethics program was rolled out through the Strategic Services Branch of Corporate Services and responsibility for sustaining the program has now been assigned to the Human Resources Branch.

- Some cities use various media to promote the Code of Conduct principles. Examples include annual refreshers for employees, circulation of frequently asked questions, e-mail reminders to employees from the City Manager and use of case studies to reinforce ethical behavior. The City of Edmonton can use these ideas when developing its ongoing communication strategy to sustain the ethics program.

- Three cities have posted their Code of Conduct on the internet thereby making it available not just to their employees but to all stakeholders including the public at large. The City of Edmonton's Code is available on e-City and is currently accessible only to employees with valid IDs and passwords. SMT has agreed to look into this and provide a wider circulation of the City's Code.

- Two cities include discussions on the Code of Conduct in their annual employee performance review process. This provides another opportunity to share information and obtain employee perceptions on their organization's ethical climate.

- Sample Code of Conduct documents obtained from the cities that responded were passed on to a working contact in the Corporate Services Department. Some cities have very clear wording on items such as the acceptance of gifts and gratuities and on consequences related to alcohol or drug abuse that could be considered when updating the City's Code of Conduct or other related directives.

Many of these practices are consistent with suggestions and comments that were made at the departmental sessions and members of SMT have agreed to consider whether they can be adapted to the City's environment.

## Conclusion

The City of Edmonton has implemented a number of leading practices in its ethics management framework. Comparison with other cities indicates that the City is one of the leaders in many of the framework elements. The challenge the City faces now is in sustaining and enhancing its ethics program by focusing on promoting information exchange, ongoing training, periodic communication of ethics related messages using a variety of media, as well as overall monitoring, measurement and reporting at a program level. Eight direction-setting action plans with implementation milestones that are acceptable to the OCA have been prepared that will assist in maximizing the effectiveness of the ethics management framework and expanding its reach.

Evaluation of the ethics framework created a greater awareness of the rationale and need for an ethical environment in the City.  Positive feedback was received from participants at the departmental meetings on the process used as well as the results achieved.

The OCA thanks all City staff who participated in this review for their support, cooperation and feedback.

## IDEAL ETHICS FRAMEWORK

| 1 | POLICY STATEMENT | A policy statement of fundamental principles which articulate the organization's expectations with respect to ethical standards, and which clearly defines the roles and responsibilities at all levels of the program. |
|---|---|---|
| 2 | CODE OF CONDUCT | A formal Code of Conduct for employees at all levels, which gives clear guidance on what behavior and actions are permitted and which ones are not.  A formal acknowledgement by all employees that they have received, read and understood the Code of Conduct and the responsibilities placed on them. |
| 3 | DETAILED INSTRUCTIONS | More detailed guidance and instructions on the organization's expectations and requirements, and how to interpret the Code of Conduct. |
| 4 | TRAINING | Ethics and related training for all employees upon hiring and regularly thereafter.  Easy access to learning opportunities to enable all employees to be ethics advocates. |
| 5 | COMMUNICATIONS | Frequent communication and demonstrations of expected ethical attitudes and behavior by the influential leaders of the organization. Compliance tips, statements and warnings should be disseminated to employees through a variety of available media such as newsletters, posters, e-mail, questionnaires and presentations. |
| 6 | SUPPORT STRATEGIES | Explicit strategies to support and enhance the ethical culture with regular programs to update and renew the organization's commitment to an ethical culture.  This includes effective screening and hiring procedures; due diligence in assigning personnel to positions with substantial authority; and positive practices that encourage employees to contribute to the organization's ethical climate on an ongoing basis. |
| 7 | SEEKING GUIDANCE | Creating safe and effective systems to enable employees to seek guidance and interpretation in the day to day application of the Code and prior to making difficult ethical decisions. |
| 8 | REPORTING VIOLATIONS | Several easily accessible ways for people to safely, effectively and confidentially report alleged violations of the Code, policies and other acts of misconduct. |
| 9 | EVALUATION & INVESTIGATION | Clear delegation of responsibilities to ensure that ethical consequences are evaluated, allegations of misconduct are promptly investigated and reported; and reasonable steps are taken to prevent similar occurrences. |
| 10 | MONITORING MEASUREMENT & REPORTING | Regular monitoring, measurement and reporting of the extent to which the organization's ethics/compliance and fraud prevention goals are being achieved. |