

## CODE OF CONDUCT ANNUAL REPORT

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### EXECUTIVE SUMMARY

The City of Calgary's Code of Conduct "the Code" is comprised of nine (9) policies. To support the Audit Committee in its role to monitor the adequacy and effectiveness of corporate policies including the Code of Conduct ("the Code"), the City Auditor's Office engaged KPMG LLP to conduct an assessment of the Ethics Program including of The City's Code of Conduct and Whistle-blower programs. KPMG prepared the Ethics Program Assessment report dated 2015 July 08, which was received for information by the Audit Committee on 2015 July 15 and subsequently by Council on 2015 July 27.

This annual report to Audit Committee focuses on the status and progress towards addressing actions from the KPMG report relating to the Code of Conduct. It also highlights some additional actions taken to increase the effectiveness and awareness of the Code of Conduct and its underlying policies.

The City Auditor will continue to monitor the progress of actions taken by the City to address the audit recommendations and report to the Audit Committee on the adequacy, effectiveness and timeliness of implementation.

### ADMINISTRATION RECOMMENDATION(S)

That the Audit Committee:

1. Receives this report for information; and
2. Recommends that Council receive this report for information;

### PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw (48M2012) states that the Audit Committee, among other things, is responsible for "[overseeing] *The City's* compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct." On 2015 July 16, the Audit Committee approved the City Auditor's recommendations contained in Report AC2015-0560 (as amended). Administration has submitted progress reports on 2015 November 12 (AC2015-1891) and 2016 June 16 (AC2016-0332) which outlined Administration's process to review and refresh the Code of Conduct to Audit Committee. .

### BACKGROUND

In 2014 August, The City Auditor engaged KPMG LLP to conduct an assessment of The City's Ethics Program, as a component of its governance mandate. The assessment, completed on 2015 July 8, documented twelve (12) Observations and associated Recommendations along with Management Responses and Actions relating to the Code of Conduct. Additional Observations and Recommendations were directed to the Whistleblower Program.

The City Manager maintains accountability for the KPMG report's actions and instructed the Chief Financial Officer's Department to coordinate follow-up actions on the Code in accordance with the timelines outlined in the report. A project to review and revise the Code was established and was included among a number of Human Resources projects in support of the Leadership

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Strategic Plan contract with Council, directive 2 “ a cohesive leadership culture and a collaborative workforce” (C2014-0703). Specific actions that Administration has taken in response to the Observations, Recommendations and approved Actions outlined in the KPMG report are summarized in Attachment 1.

Following a comprehensive review of best practices, Administration designed its refreshed Code of Conduct to articulate, but not replace, its nine (9) foundational policies (Attachment 1). The refreshed Code was launched to all employees, supported by a strategic awareness campaign in 2017 March.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

The City of Calgary recognizes that having a Code of Conduct, founded in our values, is key to our success. A strong Code of Conduct benefits everyone; it fosters a safe, healthy and ethical workplace; protects our collective reputation, and strengthens our commitment to making Calgary a great place to make a living and a great place to make a life. The Code of Conduct applies to all employees including; permanent, temporary on-call and seasonal employees (“employees”).

The Code of Conduct has been organized into four (4) behaviour based themes to support and reduce the complexity of the nine (9) underlying policies.

Diagram 1:



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The Code of Conduct provides direction, tools, resources and principles to guide behaviour and decision-making, including flow-charts and scenario-based examples to support employees' understanding of the Code.

The information contained within Attachment 1 is intended to provide the Audit Committee with an update on The City's Code of Conduct and assurance that The City's ethics program is serving as an efficient and effective internal control. The information provided in Attachment 1 demonstrates that:

- Throughout the past year, using a series of coordinated activities, The City of Calgary has designed and implemented a sustainable Code of Conduct. The City of Calgary has aligned its values based Code of Conduct with best practices to manage reputation risk inherent in The City's strategies, programs, processes and initiatives.
- The Code of Conduct is underpinned by the essential behaviours of our organization; competence, character, commitment and collaboration.
- Each of these activities has contributed to the successful completion of many of the KPMG 2015 Ethics Audit recommendations. Additional information about this progress is in Attachment 1.

### Stakeholder Engagement, Research and Communication

Administration is continuously seeking opportunities to advance the proactive application of the Code of Conduct which may affect or contribute to The City's ability to achieve its objectives. In addition to regularly reviewing leading practices, internal stakeholder input is used to continuously improve established practices. Designing, developing and implementing the refreshed Code of Conduct required a coordinated and collaborative approach between the Chief Financial Officer's Department, Policy Owners and Senior Leadership.

### Strategic Alignment

This report assists the Audit Committee in its role to monitor the adequacy and effectiveness of corporate policies including Code of Conduct and Conflict of Interest. The Code of Conduct review project is aligned with Council Priority: A Well-run City. On 2014 September 15, Council approved the Leadership Strategic Plan which includes the development of a "Cohesive leadership culture and collaborative workforce," founded on the values of a responsible and accountable public service. The Code of Conduct is an important vehicle for communicating values, expected behaviours and accountability.

### Social, Environmental, Economic (External)

The Code guides employee actions to support our corporate culture where City services are coordinated, integrated and citizen and customer-focussed; employees work together and as a team; services are supported by a sustainable financial plan; and The City instills confidence and trust in all that we do as an organization.

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### Financial Capacity

#### Current and Future Operating Budget:

Activities related to the Code of Conduct are within approved budgets and programs.

#### Current and Future Capital Budget:

None related to this report.

### Risk Assessment

A Code of Conduct serves as a principal tool to address operational and strategic risks. The Code of Conduct is designed to support the proactive management of The City of Calgary's Principal Corporate Risk: Reputation Risk; *damage to the image of The City or negative perceptions by citizens or stakeholders as a result of actions of elected officials or City employees* (AC2017-0020) by introducing preventative, administrative controls. The activities within The City's ethics program promote accountability, manage risk, and support an effective governance structure. The Code of Conduct addresses standards for workplace conduct in areas subjected to inherent risk for the organization.

### REASON(S) FOR RECOMMENDATION(S):

The City of Calgary is committed to promoting a culture of respectful, ethical and safe behaviour in the workplace, guided by a Code of Conduct. This report provides the key outcomes from the project that was established to address actions raised in the KPMG report as well as additional measures in support of the Code of Conduct and ethical behaviour.

### ATTACHMENT(S)

Attachment 1: Code of Conduct Annual Report