



MECHANISM FOR FOLLOW-UP ON
IMPLEMENTATION OF THE INTER-AMERICAN
CONVENTION AGAINST CORRUPTION

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Committee of Experts

**STANDARD FORMAT
FOR THE PREPARATION OF THE PROGRESS REPORTS (ARTICLES 31 AND 32 OF
THE RULES OF PROCEDURE AND OTHER PROVISIONS OF THE COMMITTEE)**

CANADA'S ANNUAL PROGRESS REPORT – MARCH 2017

PRINCIPAL DEVELOPMENTS

- Canada is currently undergoing its evaluation for its implementation of Article III, Paragraph 3 of the Convention (Instructions to government personnel to ensure proper understanding of their responsibilities and the ethical rules governing their activities), Article III, Paragraph 12 of the Convention (The study of preventive measures that take into account the relationship between equitable compensation and probity in public service), and the follow-up on implementation of the recommendations of the Second Round of review.

Canada's Response to the questionnaire, filed in December 2016, contains principal developments in its implementation of the Convention and can be found at the following link:

http://www.oas.org/juridico/english/mesicic5_can.htm

An on-site visit to Canada will be held in Ottawa from April 25-27, 2017 and Canada's Report will be discussed and adopted at the plenary meeting of the Committee of Experts in September 2017.

- On September 28, 2016, the Government of Canada introduced Bill C-25, *An Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act and the Competition Act*, in an effort to improve corporate transparency and to eliminate bearer shares. In summary, the Bill proposes to:

-In Part 1, which deals with corporate governance:

- (a) reform some aspects of the process for electing directors of certain corporations and cooperatives;
- (b) modernize communications between corporations or cooperatives and their shareholders or members;
- (c) clarify that corporations and cooperatives are prohibited from issuing share certificates and warrants, in bearer form; and
- (d) require certain corporations to place before the shareholders, at every annual meeting, information respecting diversity among directors and the members of senior management.

-In Part 2, to amend the *Competition Act* to expand the concept of affiliation to a broader range of business organizations.

Bearer instruments (unregistered financial instruments whose proof is in their possession) have been identified as vehicles for money-laundering and terrorism financing. These amendments, if passed, will enhance transparency and support Canada's compliance with international standards.

Bill C-25 received second reading in the House of Commons and is currently before the Standing Committee on Industry, Science and Technology. A link to the Bill can be found at this link:

<http://www.parl.gc.ca/HousePublications/Publication.aspx?Mode=1&DocId=8446299&Language=E>

SECTION I. PROGRESS IN THE IMPLEMENTATION OF THE RECOMMENDATIONS

A. FOURTH ROUND OF REVIEW

CANADA'S REPORT FROM THE FOURTH ROUND CAN BE FOUND AT:

http://www.oas.org/juridico/PDFs/mesicic4_can_en.pdf

3. THE PUBLIC SERVICE COMMISSION OF CANADA

3.4.3 Update the guides and manuals of the Public Service Commission, in particular the Audit Manual and those relating to investigations. (See section 3.2 of Chapter II of this Report)

ADOPTED MEASURES:

Audit Manual: As indicated in the progress report of March 2016, the Public Service Commission (PSC) updated its Audit Manual as part of an ongoing effort to ensure that the manual remains effective and up-to-date, and in response to the recommendation formulated by the Committee of Experts.

In April 2016, the PSC launched a new appointment framework and a strengthened oversight model. Given these changes, the PSC is developing a new Audit Manual to replace the manual referenced above. This new manual is expected to be completed by spring 2017.

Investigations: The redesign of the Investigations website (<https://www.canada.ca/en/public-service-commission/services/oversight-activities/investigations.html>) was completed, offering more comprehensive information on the investigations function. It also serves to replace the outdated Investigations frameworks and offers a more user-focused format, with interactive tools such as flowcharts, videos and brochures. In addition, the PSC continues to modernize its investigations function by taking steps to improve the efficiency and effectiveness of its investigations processes and communication tools.

The country under review believes that this recommendation has been satisfactorily considered.

FOLLOW-UP ON PROGRESS AND NEW AND RELEVANT INFORMATION AND DEVELOPMENTS WITH REGARD TO THE IMPLEMENTATION OF RECOMMENDATIONS SUGGESTED IN THE COUNTRY REPORT IN THE FIRST ROUND OF REVIEW

1. STANDARDS OF CONDUCT AND MECHANISMS TO ENFORCE COMPLIANCE (ARTICLE III, PARAGRAPHS 1 AND 2 OF THE CONVENTION)

1.2 Standards of conduct and mechanisms to ensure the proper conservation and use of resources entrusted to government officials

RECOMMENDATION:

Continue strengthening the norms and mechanisms with respect to the existing systems and measures requiring public officials to report to appropriate authorities acts of corruption in the performance of public functions of which they are aware.

SUGGESTED MEASURE:

- Adopt provisions to establish the obligation on public servants to report to appropriate authorities those acts of corruption set out in the Inter-American Convention against Corruption, which they come across in the performance of public functions.

ADOPTED MEASURES:

This issue is currently being considered by the Parliamentary Standing Committee on Government Operations and Estimates in the statutory review of the *Public Servants Disclosure Protection Act*.

A link to the Committee review is available at this address:

<http://www.parl.gc.ca/Committees/en/OGGO/StudyActivity?studyActivityId=9339754>