



*Office of the Inspector General
Bureau of Internal Audit*

Report No. 11-18
May 5, 2011

Enterprise Wide Audit of Organizational Ethics Agency for Health Care Administration

Executive Summary

Pursuant to Section 14.32, Florida Statutes, the Executive Office of the Governor, Office of the Chief Inspector General initiated an enterprise wide audit of organizational ethics. The Agency for Health Care Administration's (Agency) Inspector General's Office is cooperating with the Chief Inspector General on this project. Agency results will be included in a roll-up report published by the Chief Inspector General's Office. The purpose of the audit was to evaluate the Agency's implementation of and compliance with the Governor's revised Code of Ethics and the effectiveness of the Agency's ethics-related objectives and activities.

Our audit revealed that the Agency has taken the necessary steps to ensure that the Agency's ethics policy is in compliance with the Governor's revised Code of Ethics and is appropriately communicated and promoted. In early 2011, the Agency's ethics officer completed a side-by-side comparison of the Agency's ethics policy and the Governor's revised Code of Ethics. The ethics officer found that the Agency's ethics policy and Code of Ethics are substantially the same.

During this engagement, we reviewed the Agency's ethics policy and training materials. The Agency's ethics policy (#01-HR-55) states "The Agency's Secretary and all of its employees will attend training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures. Thereafter, all employees will receive training on an annual basis." We determined that not all of these subjects are covered in the annual training provided by the Agency. Therefore, we recommend the Agency incorporate these subjects into the Agency's required training courses in order to comply with the Agency's ethics policy. We also recommend that the Agency continue to ensure that all employees receive the required annual training on ethics.

Scope, Objectives and Methodology

The scope of this engagement focused primarily on recent actions taken by the Agency to design, communicate, monitor, promote and enforce ethical standards and policies applicable to its employees.

The objectives were to evaluate the:

- Implementation of the Office of the Governor's Executive Order Number 11-03, Ethics and Open Government.
- Design and effectiveness of the Agency's ethics-related objectives, guidance, and activities in order to identify areas of potential weakness and best practices that could be shared among all state agencies.

To accomplish our objectives we reviewed applicable laws, policies, procedures, guidelines and best practices. We also reviewed Agency training materials, interviewed appropriate Agency personnel and surveyed staff to assess the Agency's ethical climate.

Background

In January 1999, Governor Bush issued Executive Order 99-20, directing the immediate adoption and implementation of a revised Code of Ethics by all Secretaries and Deputy Secretaries of executive agencies under the purview of the Governor. In the Order, the Executive Office of the Governor/Lieutenant Governor was to provide training on ethics to each executive agency head. It was the desire of the Governor that such agencies will, thereafter, arrange for similar ethics training to all employees on an annual basis. Another stipulation of the Order declared that each executive agency shall designate an Ethics Officer. The Ethics Officer shall undertake appropriate measures to ensure that the employees responsible for adhering to the Code of Ethics become familiar with all relevant ethics requirements. In January 2007, Governor Crist issued Executive Order 07-01, which also directed immediate adoption and implementation of a Governor's Office Code of Ethics and a Code of Personal Responsibility. Executive Order 07-01 both reinforced and built upon sections of Executive Order 99-20.

In January 2011, Governor Scott issued Executive Order 11-03, directing the immediate adoption and implementation of a revised Code of Ethics by the Office of the Governor which applies to all employees within the Office of the Governor, as well as the secretaries, deputy secretaries, and chiefs of staff of all executive agencies under the Governor's purview. It requires each executive agency secretary to designate an individual at his or her agency to act as the agency's chief ethics officer, who will make reasonable efforts to ensure that the employees responsible for adhering to this Code become familiar with relevant ethics, public records and open meeting requirements. It also directs each agency secretary to attend training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures, and to arrange for similar training of agency employees on an annual basis. The Agency Secretary directed the Deputy General Counsel to serve as the chief ethics officer for the Agency. Each agency is directed to implement any agency-specific adjustments to the code within 45 days of the date of the order. This Code of Ethics imposes more stringent requirements than the Code it revises.

To provide an overall look at ethics in state government in Florida, the Governor's Chief Inspector General has called on all inspectors general to come together to conduct an enterprise evaluation of each agency's ethical climate. Over 20 state agencies have undertaken this assignment. Each team will provide a report to their agency head. Based on findings and recommendations in agency reports, the Chief Inspector General will provide a roll-up report to the Governor.

Overview of Agency Ethics Training

The Agency begins its employee training process by requiring new employees to complete the mandatory New Employee Orientation (NEO) course. NEO gives employees a general overview of the Agency and its mission, as well as covering such topics as Ethics, Agency Policies & Procedures, Security and Information Technology.

In early 2011, the Agency implemented its "Keep Informed" training course to cover annual training topics that are required by Florida Statutes and Administrative Codes. This training covers Ethics, Health Insurance Portability and Accountability Act (HIPAA), Security Awareness and Safety and is offered on a quarterly basis. All employees are required to attend this training course once during each calendar year.

During NEO and the Keep Informed courses the Agency’s chief ethics officer gives a presentation that covers the statutory Code of Ethics, the Agency’s ethics policy, penalties for ethics violations and ethics requirements. Employees learn about the Agency “Trust Program” which was developed to help ensure that we uphold our core values of Accountability, Fairness, Responsiveness and Teamwork. Employees are also informed of the Ethics team (the Agency Secretary, Chief Ethics Officer, Inspector General, and Human Resources Bureau Chief) and the many ways to submit anonymous complaints, questions or concerns.

The Agency’s Bureau of Human Resources keeps track of all employees’ attendance of the required training. Employees are reminded periodically, via email, to attend the required annual training by the Human Resources training director. The training director reviews attendance logs to ensure that all employees attend the training.

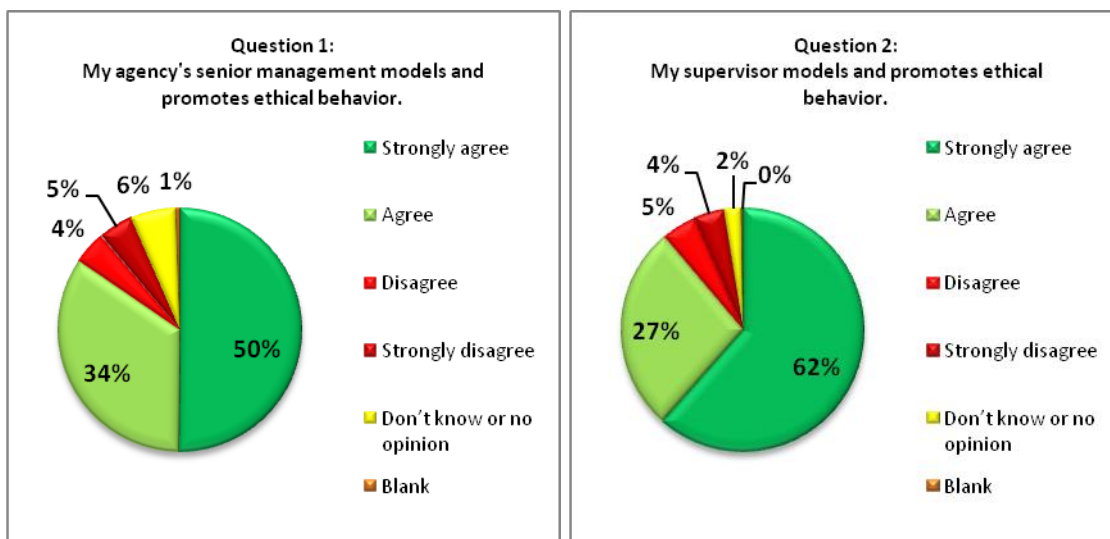
Ethical Climate Survey

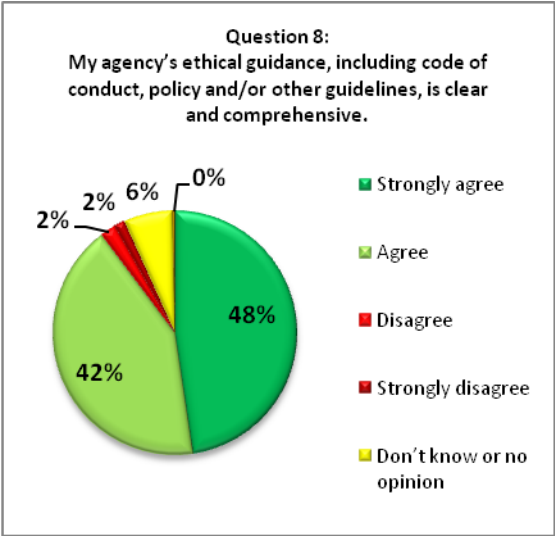
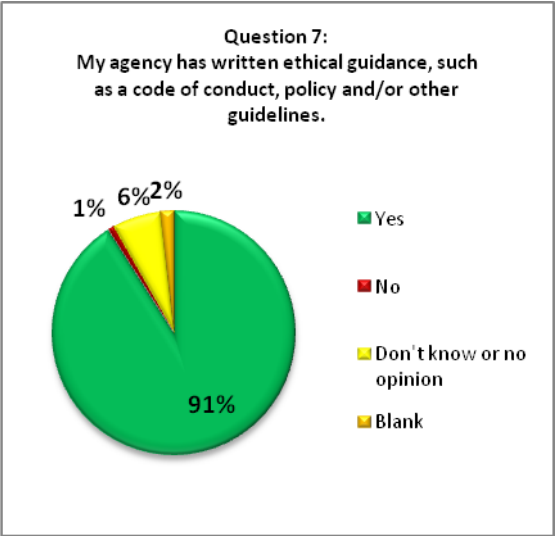
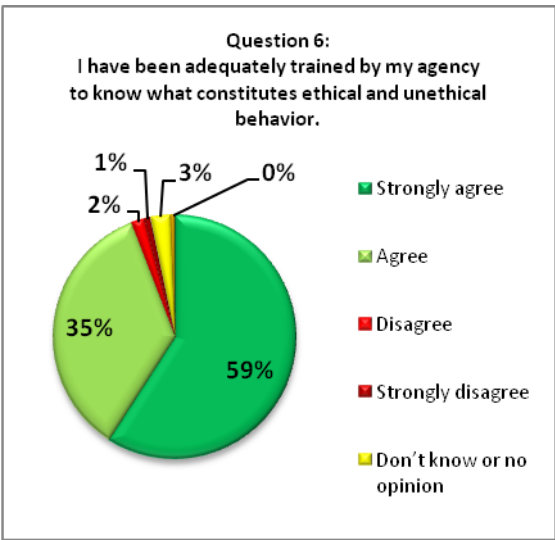
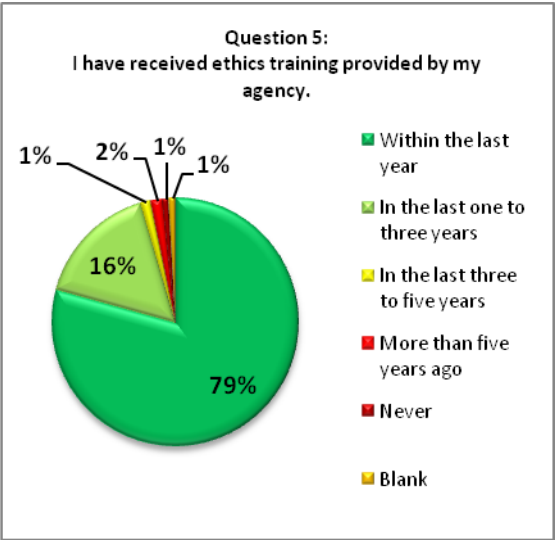
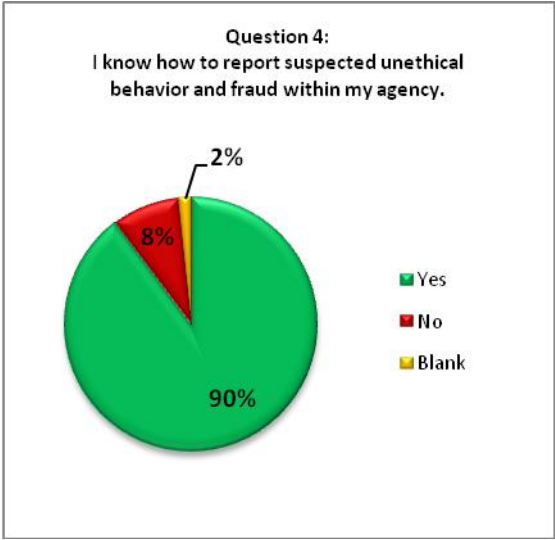
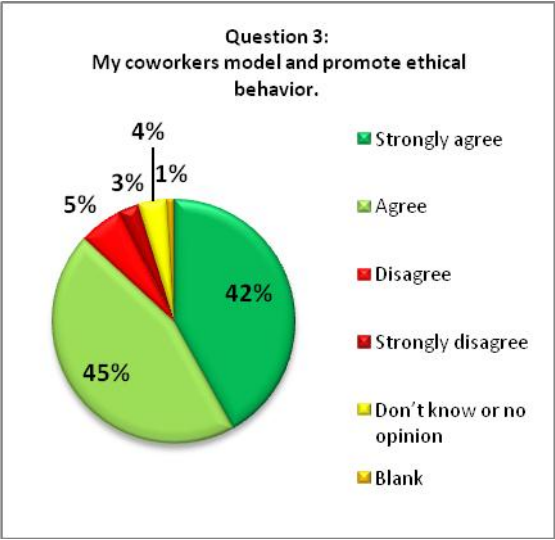
A key step in performing this audit was to assess the ethical climate of the Agency. To accomplish this task, the Secretary distributed an agency wide survey of twelve questions that asked employees to rate the ethical climate and structure within the Agency. Employees were asked to select the most appropriate response based on their personal experience.

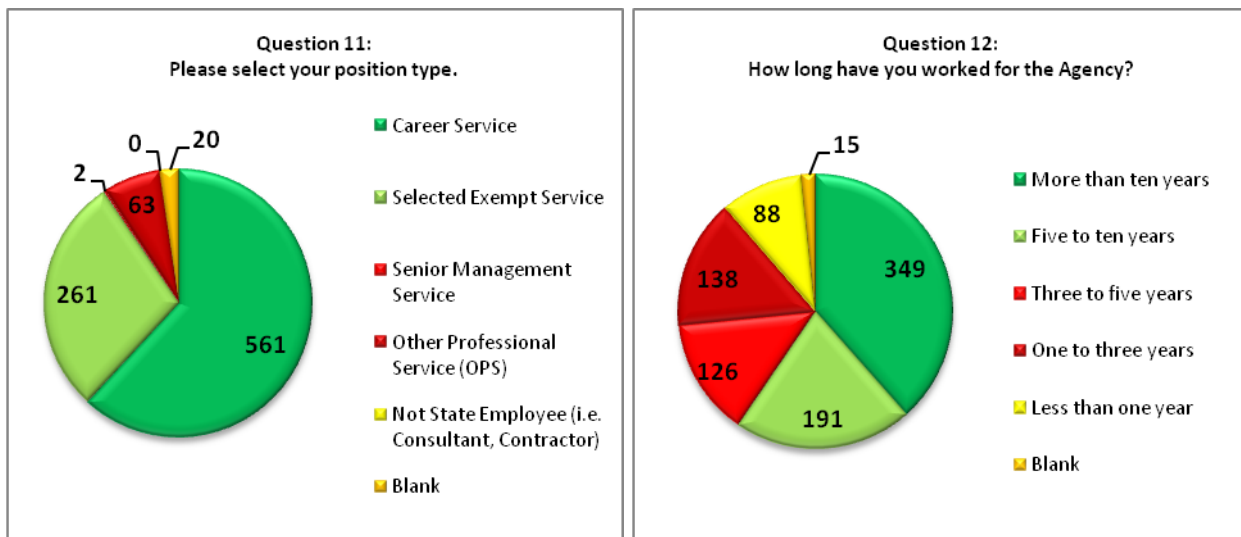
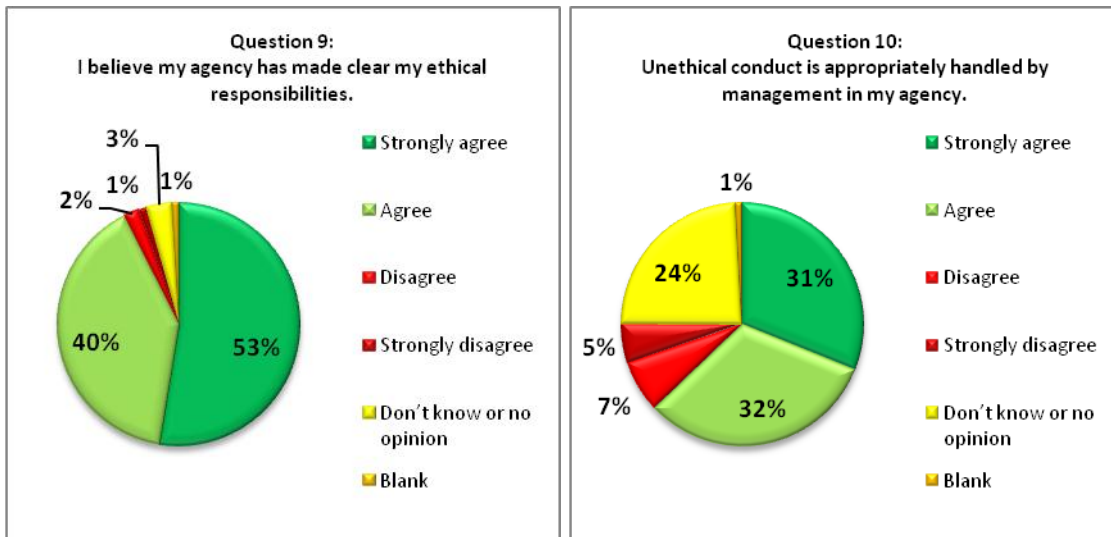
The Agency distributed this survey to 1,691 employees of which 907 responses were received, a response rate of 54%. 113 of these respondents provided detailed comments which will be reviewed and categorized later for further analysis. The overall response for the Agency's ethical environment was favorable. For example:

- At least 84% of respondents agree and strongly agree that senior management, supervisors and coworkers promote ethical behavior.
- 94% of respondents agree and strongly agree that they have been adequately trained by the Agency to know what constitutes ethical and unethical behavior.
- 90% of respondents agree and strongly agree that the Agency's ethical guidance is clear and comprehensive.

The following charts details the results of the ethical climate survey:







Implementation of Executive Order #11-03

On January 4, 2011, Governor Scott issued a revised code of ethics (Executive Order #11-03) for the Executive Office of the Governor employees. The provisions within the Governor’s revised code of ethics directs “Each secretary of an executive agency under the purview of the Governor will review this Code of Ethics and evaluate his/her agency's existing code of ethics, with a view towards using this Code as the base standard for his or her agency to the extent practicable, adjusted for those unique program requirements and variables of his or her agency.”

A side-by-side comparison of the Governor’s revised Code of Ethics and the Agency’s ethics policy was performed by the Agency’s Deputy General Counsel. The Deputy General Counsel found that the Agency’s ethics policy and Code of Ethics are substantially the same with the exception of the following four areas that differ in substance:

- In accord with statutory law, the Agency’s policy allows employees to accept gifts from non-lobbyists in certain limited circumstances and sets a dollar limit of \$25 on the gift which is under the statutory limit of \$100.00. The Governor’s revised policy does away with the dollar limit and does not allow any gift to be accepted.
- The Agency’s policy requires employees whose immediate relatives are lobbyists, or employees who are in a personal relationship with a lobbyist to consult with the chief ethics officer about the relationship. The Governor’s revised policy alters this requirement to “employees who are married to lobbyists” or are involved in a personal relationship.
- The Governor’s revised policy adds an exception to gift acceptance not found in the Agency policy. It allows employees to accept non-lobbyist “gifts (regardless of value) involving volunteer campaign-related travel, lodging, and/or food or beverage expenses, provided the chief ethics officer has approved such acceptance.”
- The Agency’s policy includes language allowing employees to accept honoraria from other agencies only where it is allowed by law, and then requires that the employee’s salary be reduced by the amount of the honorarium. The Governor’s revised policy does not include similar language.

The Deputy General Counsel recommended no changes to the Agency’s current ethics policy.

Findings and Recommendations

Finding 1: Additional Training Topics

The subjects of public records, open meetings, records retention and equal opportunities, along with the proper personnel procedures for each of these subjects, are not covered in all of the Agency’s employee training.

The Governor directed that each agency secretary attend training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures, and that each agency secretary arrange for similar training of his or her employees on an annual basis. In addition, the Agency’s ethics policy (#01-HR-55) states "The Agency’s Secretary and all of its employees will attend training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures. Thereafter, all employees will receive training on an annual basis."

After review of training materials and discussions with the Human Resources training director and ethics officer, it was determined that the subjects of public records, open meetings, records retention and equal opportunity are not being covered in the required employee annual training as shown in table 1. If these subjects are not covered in employee training the Agency’s training program would not be in compliance with the Governor’s Code of Ethics and Agency employees would not be made aware of relevant State requirements.

Table 1: Subjects Covered in Agency Training

Subject	Training Courses		
	New Employee Orientation	Keep Informed	Supervisory
Ethics	✓	✓	✓
Public Records			✓
Open Meetings			
Records Retention			
Equal Opportunity	✓		✓

Recommendation

We recommend that all the subjects of public records, open meetings, records retention, equal opportunity and the related proper personnel procedures be incorporated into the Agency’s required New Employee Orientation and Keep Informed training classes.

We also recommend that the Bureau of Human Resources continue to track and send email reminders to employees that have not yet fulfilled their annual training requirements. As shown in question five, only 79% of the employees that responded state they have received ethics training within the last year. The Agency has however recently implemented a quarterly “Keep Informed” training course to cover required annual training topics which will help ensure that all Agency employees have the opportunity to complete their required annual training.

Management Response

The subjects of public records, open meetings, records retention, equal opportunity and the related proper personnel procedures will be incorporated into the Agency’s required New Employee Orientation and Keep Informed training classes.

The Bureau of Human Resources will continue to track and send email reminders to all employees who have not completed their annual training requirements. We will also notify the supervisor, via email, if an employee is non-compliant for inclusion on their evaluation. The Division of Information Technology is currently developing a database that will make tracking more efficient and effective.

Final Comments

The Office of the Inspector General, Bureau of Internal Audit would like to thank the Agency Secretary and Deputy Secretaries, General Counsel, Bureau of Human Resources, and the Office of the Inspector General for their assistance and cooperation extended to us during this engagement.



The Agency for Health Care Administration’s mission is Better Health Care for All Floridians. The Inspector General’s Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management and staff in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, F.S., in accordance with *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. The engagement was conducted by Tim Vause, PMP under the supervision of Mary Beth Sheffield, CPA, CIA, CFE, Acting Audit Director.

Please address inquiries regarding this report to the AHCA Audit Director by telephone at (850) 412-3990.

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