



Florida Fish and Wildlife Conservation Commission  
*Office of Inspector General*

## FINAL REPORT

Audit Report IA-1107  
Enterprise Audit of Organizational Ethics  
April 2011

### Executive Summary

Pursuant to Section 14.32, Florida Statutes, the Executive Office of the Governor, Office of the Chief Inspector General initiated an enterprise audit of organizational ethics with the cooperation of twenty-four departments or agencies including FWC. The results of this FWC audit and the online ethical climate survey will be included in a roll-up report published by the Chief Inspector General's Office later this year.

Although FWC is not required to adopt or implement the Executive Office of the Governor's new Code of Ethics (as directed by Executive Order 11-03), and although FWC has previously instituted an internal ethics policy for all employees, we **recommend** the following:

- Updating and improving certain aspects of the internal ethics policy to help strengthen the reporting of ethical violations and enforcement of ethical standards.
- Updating and improving certain aspects of the internal ethics training course to complement internal policy changes, especially concerning the reporting of ethical violations.
- Address training frequency for ethics (and other subjects outlined in the Governor's Code of Ethics) in FWC operating procedures.

FWC management has concurred with the findings and their responses are included at the end of this report (**See, Exhibit Number One and Two**).

Apart from the findings and recommendations, we **suggest** that the FWC Chief Ethics Officer consider the adoption of the Governor's new Code of Ethics as a base standard for a revised FWC Code of Ethics, to the extent practicable, and adjusted for those unique program requirements and variables of the FWC.

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## Introduction and Background

*The 2011 Sterling Criteria for Organizational Performance Excellence states: “Organizations should stress ethical behavior in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organization’s governance body.”<sup>1</sup>*

In January 1999, Governor Jeb 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 would, 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 Charlie 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 (**See, Exhibit Number Three**), directing the immediate adoption and implementation of a revised Code of Ethics by the Office of the Governor. The revised Code (**See, Exhibit Number Four**) 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. Each agency is directed to implement any agency-specific adjustments to the Code within 45 days of the date of the order. While these directives apply to the executive agencies under the purview of the Governor, the Governor’s Order specifically asks for the assistance of all other state agencies in carrying out this directive. 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. Twenty-four state agencies have undertaken this assignment, and each agency inspector general 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.

Because of its unique status as a both a constitutional and legislative entity, FWC is not under the direct purview of the Governor even though it is an executive agency. FWC is therefore not required to implement the Governor’s revised code. FWC has participated in the enterprise audit primarily as a means to focus on and measure its internal ability to design, communicate, monitor, promote and enforce ethical standards and policies.

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<sup>1</sup> The 2011 Sterling Criteria for Organizational Performance Excellence, page 49.

The current FWC Code of Ethics Policy exists in the form of an Internal Management Policy and Procedure (IMPP) at Section 6.44, with the authority for this section coming from Chapter 112, Florida Statutes, and Governors Executive Order 07-01 (January 3, 2007). IMPP 6.44 (**See, Exhibit Number Five**) was approved by the Executive Director's Designee on August 3, 2007, and there have been no updates or revisions since that date.

The FWC Code of Ethics does not address ethics training issues for agency employees, however all new employees are asked to complete a short online ethics training course within five business days of employment. The ethics training course was first offered in December, 2006, at which time all FWC employees were notified of the requirement to complete the course (along with seven other courses) by March 30, 2007. There is no requirement for refresher training.

## Audit Results

### Finding #1

No requirement to report ethics violations and no reporting process provided to staff either in policy or training.

### Condition

Current FWC policy (IMPP 6.44) does not address or require FWC employees to report suspected ethics violations. IMPP 6.44 does designate the FWC General Counsel as the Chief Ethics Officer for the agency, but no provision or process is made for reporting ethics violations to the FWC Inspector General for investigation. The ethics online training course, required to be taken by all employees, makes no mention of who or where to report suspected ethics violations, and the only contact points provided in the training for answering ethics related questions are the FWC Office of Human Resources, and the Florida Commission on Ethics.

### Criteria

IMPP 6.44 provides a policy statement that “FWC shall promote the highest ethical standards for all FWC employees”, and the Governors Code of Ethics asks that even the state agencies not under his purview (such as FWC) make any necessary adjustments to maintain and effectively enforce the highest standard of ethics.

### Cause

Certain participants in the agency-wide ethical climate survey claimed to have witnessed or had direct knowledge of ethical violations, but they either did not report, did not know how to report, or were not comfortable with filing a report.

### Effect

The possibility exists that ethical violations have not been reported and investigated. The Nineteenth Statewide Grand Jury in their *Study of Public Corruption in Florida and Recommended Solutions*<sup>2</sup> suggested that a lack of incentive was one reason why employees do not report suspected ethical violations.

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<sup>2</sup> State of Florida Case No. SC 09-1910, December 17, 2010 (see pages 61 & 62)

Recommendation

1. We recommend that the FWC Chief Ethics Officer revise the current FWC Code of Ethics to include a requirement that all FWC employees report suspected ethical violations directly to the FWC Inspector General.
  
2. We recommend that the FWC Office of Human Resources incorporate into the ethics training course a requirement to report suspected ethical violations directly to the FWC Office of Inspector General. The training should also emphasize and encourage employees to contact the FWC Chief Ethics Officer whenever they have an ethics related question.
  
3. The FWC Code of Ethics is part of an electronic document stored on the FWC SharePoint site for ease of access by all employees. However, forty-eight out of ninety-three (52%) of the electronic reference links within the Code of Ethics do not work as intended. We recommend that the FWC Chief Ethics Officer ensures that the SharePoint custodian of this document repairs all of the malfunctioning electronic links within the document.
  
4. Suggestion: Given the serious fraudulent activity that has occurred within FWC recently (as detailed in FWC Inspector General audit and investigative reports) we suggest that the FWC Chief Ethics Officer consider the adoption of the Governor's new Code of Ethics as a base standard for a revised FWC Code of Ethics, to the extent practicable, and adjusted for FWC unique program requirements and variables.  
We also suggest that FWC leadership begin a proactive communication of FWC's commitment to ethics in general. This type of communication, often referred to as "tone at the top" refers to the ethical atmosphere created by the leaders of an organization, and the trickle-down effect it has on employees. The assumption is that if the leaders make ethical behavior a priority, employees will follow the example of their bosses.<sup>3</sup> Revising the FWC Code of Ethics and introducing required annual ethics training would provide an ideal opportunity to begin such communication with FWC employees.

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<sup>3</sup> Association of Fraud Examiners, Fraud Magazine Nov/Dec 2006, "How Management Can Prevent Fraud by Example" Fraud Basics Part One.

*Audit Results*  
Finding #2

No procedural requirement regarding ethics training or the frequency of ethics and related subject(s) training.

Condition

FWC operating procedures do not state that training in the subjects of ethics, public records, open meetings, records retention, equal opportunity, and proper personnel procedures will be provided annually as required by the Governor's Code of Ethics. The FWC New Employee Information Packet distributed to all new employees by FWC/HR states that eight E-Learning Modules "need" to be completed within five business days of employment. The courses are Americans with Disabilities Act, Ethics, Sexual Harassment Awareness, Drug Awareness, Customer Service, Diversity and New Employee Orientation. There is no requirement for annual refresher training. According to the FWC Training Coordinator, the E-Learning Modules have been available since December 2006, at which time the FWC Senior Leadership Team determined that all FWC employees "needed" to review all the modules by March 30, 2007. The Senior Leadership Team has not addressed the need for refresher training.

Criteria

IMPP 6.44 provides a policy statement that "FWC shall promote the highest ethical standards for all FWC employees", and the Governors Code of Ethics asks that even the state agencies not under his purview (such as FWC) make any necessary adjustments to maintain and effectively enforce the highest standard of ethics.

Cause

The agency-wide ethical climate survey revealed that overall (24 agencies reporting) 61% of respondents received ethics training provided by their own agency over the last year, compared to only 24% for FWC (**See, Exhibits Six through Nine**). In March 2011, we analyzed People First Training records for CY2010 and found that 79% of new FWC employees had not completed the Ethics E-Learning Module (66% of new FTE employees, and 83% of new OPS employees).

Effect

The lack of required training may be a major roadblock to attaining FWC's stated policy goal of promoting the highest ethical standards for all FWC employees. "Needing" employees to complete certain courses gives the appearance of an employee option, as shown by 79% of new 2010 employees who either chose not to complete the ethics training, or were not informed of the need to complete.

Recommendation

We recommend that the frequency of all required training courses be clearly stated

- on the FWC Human Resources SharePoint site
- during new employee orientation training, and
- during all supervisory training and workshops conducted by FWC Human Resources.

We recommend that ethics training be required of all employees annually.

Given that current controls for the monitoring of required training is not working, we also recommend that FWC Human Resources modify the annual *Performance Planning & Evaluation Form* to include required training courses as a mandatory performance expectation for all employees.



## **Purpose, Scope, and Methodology**

Section 20.055, Florida Statutes, requires the OIG to conduct audits, investigations and management reviews related to programs and operations of the Commission. The primary **purpose** of this audit was to evaluate the design and effectiveness of FWC's ethics-related objectives, guidance, and activities in order to identify potential areas of weakness and best-practices that could be shared among all agencies. The audit was performed as part of the OIG's mission to promote accountability, integrity and efficiency for the citizens of Florida by providing objective, timely audit and investigative services.

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

To achieve our purpose, we used the following **methodology**:

- Consulted with the Executive Office of the Governor and other participating agencies;
- Reviewed all internal ethics related policies;
- Reviewed the Executive Office of the Governor Code of Ethics (past present);
- Interviewed FWC Chief Ethics Officer;
- Interviewed FWC Training Officer;
- Interviewed FWC Office of Human Resources personnel;
- Conducted an online ethical climate survey and reviewed the results;
- Reviewed relevant training records of FWC personnel through People First.

## **Final Report Addressee and Distribution List**

Addressee:

Nick Wiley, FWC Executive Director

Distribution List:

Bud Vielhauer, FWC General Counsel and Chief Ethics Officer

Greg Holder, FWC Assistant Executive Director

Cindy Hoffman, FWC Human Resources Director

Melinda Miguel, Chief Inspector General, Executive Office of the Governor

David Martin, Florida Auditor General

## **Audit Team and Statement of Accordance**

This audit was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors. This audit was conducted by Christine Calianno, Internal Auditor, and was supervised and directed by the Audit Director, Trevor Phillips. Please address inquiries regarding this report to the Audit Director.

Requests for copies of the final report may be made by E-mail to [Trevor.Phillips@MyFWC.com](mailto:Trevor.Phillips@MyFWC.com), by telephone (850-488-6068), by FAX (850-488-6414), in person, or by mail at 620 South Meridian Street, Tallahassee, FL 32399.

## **Exhibit List (provided as attachments)**

- Exhibit Number One, Response from FWC Chief Ethics Officer
- Exhibit Number Two, Response from FWC Director/Office of Human Resources
- Exhibit Number Three, Executive Order Number 11-03 (1/4/2011)
- Exhibit Number Four, Executive Office of the Governor – Code of Ethics (1/4/2011)
- Exhibit Number Five, FWC Code of Ethics (IMPP 6.44)
- Exhibit Number Six, FWC Agency Wide Survey to Assess the Ethical Environment
- Exhibit Number Seven, Ethical Climate Survey Results - State
- Exhibit Number Eight, Ethical Climate Survey Results - FWC
- Exhibit Number Nine, Ethical Climate Survey – Response Rates by Agency