



*"Making a Positive Difference"*

## Office of Internal Auditing

David J. Bryant  
CPA, CGAP  
*Director*

Michèle A. Kiker, CGAP  
*Senior Auditor*

Amber L. Culleiton  
*Auditor*

Jeanne Pilgrim  
*Property Records Technician*

Susan Reed  
*Administrative Secretary*

215 West Garden St.  
Room 217  
Pensacola, Florida  
32502

Call: 850-469-6272  
Fax: 850-469-6290

[www.escambia.k12.fl.us  
/adminoff/audit](http://www.escambia.k12.fl.us/adminoff/audit)

### Ethics Review

Audit Number: 2007-004

Report date: April 27, 2007

Period covered: July 2006 – April 2007

Fieldwork dates: February 14 – April 16, 2007

### EXECUTIVE SUMMARY

#### *Background*

On September 22, 2004, the School Board approved the Escambia County School District Employee Code of Ethics (the “Code”). Upon receiving a directive from the School Board, a committee consisting of union members, school employees, and community individuals developed the Code. Each July, the Code of Ethics is included in a packet that is distributed to all areas of the District. It is each employee’s responsibility to read and comply with the District’s Code of Ethics. Each employee certifies that he or she has read and agrees to comply with the Code by signing the annual “Certification of Required Reading Policy Compliance Notice” form.

#### *Objectives*

The International Standards for Professional Practice of Internal Auditing require internal auditors to “evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities.” The purpose of this review was to evaluate the District’s governance policies and ethical culture, including the related internal controls, policies, procedures, and transactions.

#### *Scope*

We interviewed personnel in the Human Resources Department to obtain an understanding of the development of the Code of Ethics and the policies and procedures that surround it. We selected a sample of current District employees to survey regarding the effectiveness of the District’s Code of Ethics. We also selected a sample of school districts within Florida to perform a comparison of their code of ethics to the Escambia County School District Employee Code of Ethics.

#### *Conclusions*

Overall, it appears the District has a strong written Code of Ethics. Policies and procedures are in place to provide for effective governance of District areas. The Code of Ethics provides far more guidance to employees than comparable school districts.

Within the District's governance and ethics function, there appears to be areas where opportunities for improvement exist. The following weaknesses were noted regarding policies and procedures:

- Violations of the "Personal Advertisements" section of the Code of Ethics may be occurring. This section prohibits employees to advertise business or professional activities on district property or use district hours, property, or services to perform or promote their personal or commercial enterprises.
- There may be instances in which the Board is not made aware of conflicts of interest due to the language of the "Conflict of Interest Resolution" section of the Code of Ethics.
- The phone number listed in the "Reporting Improper Conduct" section of the Code of Ethics is non-functioning. The number traditionally was directed to the Human Resources Department, which could result in fear of retaliation or inaction.
- Although the Code of Ethics states the term "employee" refers to the Board, Superintendent, and all employees, the Board members have not traditionally signed the notice.
- Per observation of Safe Schools system reports, there appear to be many employees that have not completed the on-line sexual harassment training.
- The District's Code of Ethics is not provided to employees when they are hired throughout the year.
- The Code of Ethics is not located on the District's website for the public's access.
- Exit interviews are only conducted with District teachers prior to their termination of employment, not other classes of employees, such as administrative, professional, and educational support personnel.
- It was noted in some instances that references made to School Board Rules and Florida Statutes within the Code of Ethics are no longer valid.
- In comparison with other industries' Code of Ethics, the Escambia County School District Employee Code of Ethics appears to be lengthy and cumbersome.

A sample of employees were sent a survey to assess the effectiveness of the Code of Ethics. We feel this sample is representative of the overall employee population. Based upon survey responses, it appears the majority of employees are familiar with the District's code of ethics (54.1% rated a 4 or 5 on a scale of 1-not familiar at all to 5-very familiar). However, when asked if the employee actually read the Code when issued, 53.7% responded with a 3 or below, with 1 indicating that the employee does not read the Code at all and 5 indicating the employee reads the Code completely.

As it relates to reporting ethics violations, employees were asked if they would feel comfortable reporting an ethics violation, with a response of 1 not being comfortable at all and 5 being very comfortable. Over 60.3% of employees responded with a 4 or 5; however, it appears most do not know how to report a violation. When asked if the employee knew how to report an ethics violation, 59.5% rated a 3 or below, with a response of 1 meaning the employee does not know how to report a violation at all and 5 meaning the employee knows completely how to report a violation. In addition, 54% of employees indicated that they are not aware there are leaders in the District whose job responsibilities include providing advice to employees on ethical issues.

When asked if they felt that the District leadership regularly shows it cares about ethics, 58.8% of employees rated the District a 3 or below; on a scale of 1 to 5, with 1 meaning the employee strongly disagrees and 5 meaning the employee strongly agrees. Employees (51.8%) rated the District at a 3 or below in regard to feeling employees at all levels in the District are held accountable for adhering to ethical standards.

A copy of the complete survey results, including responses to other questions, has been provided to the Assistant Superintendent of Human Resources, the Deputy Superintendent, Superintendent and School Board members.

#### *Noteworthy Accomplishments*

The District's Code of Ethics was compared to the codes of ethics and/or ethics policies of the four Florida districts with approximately the same number of students as Escambia County, as well as two neighboring districts. Only one county had a separately established code of ethics for all employees. All other counties rely upon the Florida DOE Code of Ethics and Florida statutes. The Escambia County School District leadership should be commended for its initiative in developing strong ethics policies.

#### *Management Action Plans*

Management has read this report and indicated that they will work to implement the recommendations contained herein. Follow-up work will be conducted to obtain the status of each recommendation.

#### *Process-improvement Recommendations*

- According to the "Personal Advertisements" section of the Code of Ethics, employees are not to advertise business or professional activities on district property or use district hours, property, or services to perform or promote their personal or commercial enterprises. However, it has been observed that several violations of this policy are occurring (selling of raffle tickets, cookies/candy, makeup, etc.).

We recommend that the language of this section of the Code be revised to allow for exceptions for activities the District supports, such as certain non-profit organizations, or the District should reiterate and enforce this section of the Code to employees through email or memo form.

- Under the “Conflict of Interest Resolution” section, the Code of Ethics states the Deputy Superintendent or Superintendent “where appropriate” will call all instances of conflict of interest to the Board’s attention.

To keep the Board apprised of all instances, as stated in the Code, we recommend the language “where appropriate” be removed from the Code of Ethics.

- For the “Reporting Improper Conduct” section of the Code of Ethics, the Code says employees can report violations to a hotline. The number listed, which was routed to Human Resources, is non-functioning.

We recommend the District re-establish a hotline for reporting violations. Ideally, the number should be independent of any District operating department, such as an outside service provider. With an independent resource for reporting violations, employees may feel empowered to report concerns without fear of retaliation or lack of action. The estimated cost of an outside ethics line is \$5,000-\$10,000 annually. District management could still determine which complaints merit investigation. The District could also consider having violations reported to the General Counsel’s office or the Office of Internal Auditing. According to the Association of Certified Fraud Examiners, 39.7% of fraud is discovered via tips, with 64.1% of those tips coming from employees.

*Note: At the time of the issuance of this report, the violation hotline had been changed to the Administrative Secretary in Human Resource Services.*

- Although the Code of Ethics states the term “employee” refers to the Board, Superintendent, and all employees, the Board members have not traditionally signed the notice.

Since the Board approved the Code of Ethics and its language, we recommend the Board members sign the notice to indicate their receipt and adherence to the Code.

*Note: At the time of the issuance of this report, all current Board members had received a copy of the Code of Ethics.*

- According to Safe Schools system reports, there are many employees that have not completed the on-line sexual harassment training. We noted 3,012 employees (35.8%) assigned the “Sexual Harassment: Student Issues and Response” had not completed the course. We also noted 2,985 employees (35.5%) assigned the “Sexual Harassment: Staff-to-Staff” course had not completed the course. Although there are deadlines to complete the courses, there appears to be no repercussions for those that do not comply. Employees are provided instructions for reporting violations in their introduction packet. Lack of employee knowledge regarding sexual harassment may lead to potential lawsuits for the District. A perceived reason for lack of employee completion is the time requirements for completing courses on-line versus observing videos.

We recommend additional follow-up from supervisors and penalties for non-compliance. With these implementations, the number of incomplete on-line training sessions should dramatically decrease.

- Although instructional employees receive a flyer on the Florida Department of Education Code of Ethics upon hire, the District's Code of Ethics is not provided to employees when hired. The District's Code is only provided annually in July. Also, substitute teachers are not provided the Code of Ethics at any time.

We recommend that the Code be given to each employee upon hire and that they sign for receipt of it. This process will ensure there are no time frames in which employees are not aware of the Code of Ethics. The distribution of the Code should include all substitute teachers as well.

- The Code of Ethics is not located on the District's website for the public's access.

We recommend the Code of Ethics be included on the website and be easy to locate. Having the Code of Ethics presented to the public displays the District's desire to uphold high standards. District management should also consider displaying the crucial elements of the Code in the workplace, much like the District's Mission Statement, to increase the awareness of the Code.

- Exit interviews are conducted with teachers only.

We recommend exit interviews be conducted with all employees that have been with the District for an established period of time (perhaps two years). This will give the District an opportunity to obtain feedback from a non-prejudiced source as to the strengths of the District and areas where improvement opportunities may exist for all categories of employees.

- Per our review of the written Code of Ethics, it was noted that references made to School Board Rules and Florida Statutes are no longer valid.

We recommend the Code of Ethics be updated to include the correct reference numbers for the School Board Rules and Florida Statutes.

*Note: At the time of the issuance of this report, references in the Code of Ethics had been updated.*

- In comparison with other industries' Code of Ethics, the Escambia County School District Employee Code of Ethics appears to be lengthy and cumbersome.

We recommend the District consider restructuring the thirteen page Code of Ethics to be a more concise and compact document. Ideally, the Code should help guide the behavior of employees. It is not intended to be all-inclusive of every situation. Reducing the size of the code may create a more user friendly reference material for employees.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The District's governance policies and ethical culture were not observed to be out of compliance with any laws and regulations applicable to the areas within the scope of this review.

## **METHODOLOGY**

A random sample of active District employees was selected to survey in an effort to determine the effectiveness of the District's Code of Ethics. Survey questions were developed based upon research of web-based ethics articles and a review of other industries' Code of Ethics. Also, a sample of school districts within Florida was selected for comparison of employee Code of Ethics policies.

## **STATEMENT ON AUDITING STANDARDS**

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing.



David J. Bryant, Director  
Office of Internal Auditing

## **AUDIT TEAM**

Amber Culleiton, Internal Auditor - Office of Internal Auditing  
Kaley Giles, Intern - Office of Internal Auditing

## **DISTRIBUTION**

Audit Committee  
School Board Members  
Jim Paul, Superintendent  
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