



School District of
OSCEOLA COUNTY
FLORIDA

School District of Osceola County, Florida

Internal Audit Report: Whistleblower Reporting

February 27, 2024



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TRANSMITTAL LETTER

February 27, 2024

Audit Advisory Committee
School District of Osceola County, FL
817 Bill Beck Blvd.
Kissimmee, FL 34744

Pursuant to the statement of work dated November 14, 2023 with the School District of Osceola County, Florida (“District”, “SDOC”), and as approved by the Audit Advisory Committee in the fiscal year (“FY”) 2023-24 internal audit plan, we hereby present our Internal Audit Report of the whistleblower reporting process. This report will be presented at the next regularly scheduled Audit Advisory Committee meeting on March 7, 2024. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the results noted in our internal audit over the whistleblower reporting process.
Background	This provides an overview of the whistleblower reporting process, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a review of the various phases of our approach.
Regulatory Compliance Matrix	This section includes a description of the existing regulation governing whistleblower reporting activities and the procedures performed by the District to maintain compliance.
Process Improvement Opportunities	This section includes a description of the opportunities to enhance the existing processes noted during our internal audit.

We have no reportable audit observations as a result of our procedures at this time. The District’s current whistleblower reporting procedures are sufficient to manage the current level of reporting volume. We have provided process improvement recommendations in this report to provide consistency and scalability should the District’s whistleblower complaint volume escalate in the future.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

Background

At the School District of Osceola County, Florida (“District”, “SDOC”), instances of fraud, waste, and abuse can be reported confidentially through a whistleblower hotline. This hotline, which provides both email and phone line reporting options, is managed by external legal counsel to provide an additional layer of confidentiality.

In 1986, the Florida Legislature passed F.S. Sections 112.3187, 112.3188, 112.3189, and 112.31895, collectively known as the Florida “Whistleblower’s Act.” This act is intended to protect public employees from retaliation when disclosing information about wrongdoing or violations of law within their organization. It encourages reporting of such matters and prohibits adverse retaliatory action against whistleblowers.

The whistleblower hotline function serves as a confidential reporting channel for employees or stakeholders to disclose concerns, unethical behavior, or illegal activities within the District. This mechanism promotes transparency, ethical conduct, and regulatory compliance while providing a secure platform for individuals to voice their concerns without fear of retaliation. The hotline aims to enhance organizational integrity, identify potential risks, and facilitate timely investigations, ultimately fostering a culture of accountability and ethical behavior within the workplace.

Overall Summary / Highlights

Internal audits provide insight into an organization’s culture, policies, and procedures and aids the board and management with oversight by verifying internal controls such as operating effectiveness, risk mitigation, and compliance with relevant laws/regulations/policies.

We have no reportable audit observations as a result of our procedures at this time. The District’s current whistleblower procedures are sufficient to manage the current level of reporting volume. We have provided process improvement recommendations in this report to provide consistency and scalability should the District’s whistleblower complaint volume escalate in the future.

Objectives and Scope

The primary objective of this engagement was to assess whether the system of internal controls over receiving and responding to whistleblower complaints through the District's reporting hotline is adequate for maintaining compliance with regulatory guidelines and sufficient to address complaints as they are received. The scope of our work included the following:

- Reviewed the structure and accessibility of the whistleblower hotline for compliance with Florida Statutes and Board policy;
- Assessed the process for receiving, documenting, and tracking complaints and reports;
- Assessed the design of internal controls surrounding the hotline;
- Evaluated management's ability to collect key performance measures of hotline usage, including usage rates and number of calls and cases; and
- Identified weaknesses or deficiencies in the internal controls and provide recommendations for improvement.

We conducted interviews and walkthroughs with the District General Counsel, and external legal Counsel to obtain an understanding of the current policies and administration procedures as they relate to the processes within our scope.

We developed a risk-based work plan to evaluate the design effectiveness of in scope processes and controls based on information obtained through our review, inquiry, and walkthrough procedures.

At the conclusion of our audit, we summarized our findings into this written report, and conducted exit conferences with District leadership and General Counsel.

Fieldwork was performed January 2024 through February 2024.

Summary of Results

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We would like to thank all District team members who assisted us throughout this internal audit.

BACKGROUND

Overview

“Whistleblowers” are individuals who expose information about wrongdoing or illegal activities within an organization, often revealing it to the public or applicable authorities. Information disclosed by whistleblowers typically concerns unethical, illegal, or fraudulent activities. This could include, but is not limited to fraud, safety violations, or other misconduct. Whistleblowers may face challenges, including retaliation or legal consequences that may deter them from reporting activities. As a result, whistleblower protection laws and policies are established that aim to shield whistleblowers from reprisals and encourage the reporting of wrongdoing.

Governing Ordinance

Whistleblower processes are subject to State of Florida laws and regulations, as well as internal policies. These guidelines include, but are not limited to, the following:

Florida Statutes

- F.S. 112.3187 – Adverse action against employee for disclosing information of specified nature prohibited; employee remedy and relief
- F.S. 112.3188 – Confidentiality of information given to the Chief Inspector General, internal auditors, inspectors general, local chief executive officers, or other appropriate local officials.
- F.S. 112.3189 – Investigative procedures upon receipt of whistleblower information from certain state employees.
- F.S. 112.31895 – Investigative procedures in response to prohibited personnel actions.

School Board Policies

- School Board Policy 6.75 – Whistleblower Protection

Whistleblower Reporting Process Overview

At the District, the whistleblower reporting process begins when a District stakeholder identifies either:

1. Any violation or suspected violation of any federal, state, or local law, rule, or regulation committed by an employee or agent of an agency or independent contractor that creates and presents a substantial and specific danger to the public’s health, safety, or welfare; or
2. Any act or suspected act of gross mismanagement, misfeasance, gross waste of public funds, suspected or actual Medicaid fraud or abuse, or gross neglect of duty committed by an employee or agent of an agency or independent contractor.

Upon identification or reasonable suspicion of these violations, an individual should file a complaint through the District’s whistleblower hotline. Currently, whistleblowers are provided two (2) methods to report: a phone hotline and via email. These reporting mechanisms do not require whistleblowers to identify themselves, and complaints may be submitted anonymously. Both the phone line and email are monitored by a third-party legal firm, which reviews submitted complaints each week. Upon receipt, external legal counsel determines whether the complaint constitutes a whistleblower complaint and alerts General Counsel and the Superintendent to the complaint’s nature. If a valid whistleblower complaint is received, external legal counsel coordinates with the Superintendent and General Counsel to determine an appropriate course of action. The Superintendent is responsible for allocating resources and facilitating an investigation into the alleged wrongdoing.

BACKGROUND (CONTINUED)

The nature of the investigation, and the responsible investigating party(ies) involved, may be triaged in several different ways:

Internal Audit	Legal	Human Resources (HR)	External Investigative Agencies
<ul style="list-style-type: none">• Financial Misconduct: Allegations of embezzlement, misappropriation of funds, or accounting fraud.• Internal Control Violations: Concerns regarding the effectiveness of internal controls and processes within the organization• Regulatory Compliance Issues: Complaints related to violations of financial regulations or industry standards• Ethical Concerns in Financial Matters: Whistleblower reports involving ethical breaches tied to financial decisions or transactions.• Risk Management: Allegations that certain financial activities pose risks to the organization and its stakeholders.• Corporate Governance Issues: Complaints related to governance practices, particularly those impacting financial transparency and accountability.	<ul style="list-style-type: none">• Legal Violations: Allegations of violations of laws or regulations, whether at the local, national, or international level.• Discrimination and Harassment: Complaints related to discrimination, harassment, or other legal violations in the workplace.• Retaliation Claims: Whistleblower reports that involve retaliation against employees for reporting misconduct, which may have legal implications.• Contractual Breaches: Allegations of breaches of contracts or agreements that could have legal consequences.• Intellectual Property Issues: Complaints related to the misuse, theft, or infringement of intellectual property.• Privacy Violations: Concerns about breaches of privacy laws or improper handling of sensitive personal information.	<ul style="list-style-type: none">• Workplace Harassment: Allegations of harassment, discrimination, or inappropriate conduct in the workplace.• Employee Relations Issues: Complaints related to conflicts between employees, team dynamics, or issues affecting the work environment.• Policy Violations: Whistleblower reports concerning violations of company policies, especially those related to employee behavior or code of conduct.• Retaliation in the Workplace: Concerns about retaliation against employees for reasons such as reporting misconduct, participating in investigations, or exercising their rights.• Health and Safety Concerns: Whistleblower complaints regarding unsafe working conditions, inadequate safety measures, or violations of health and safety standards.• Employee Benefits Mismanagement: Allegations of mishandling employee benefits, compensation, or other HR-related matters.• Bullying or Intimidation: Reports of bullying or intimidation within the workplace.	<ul style="list-style-type: none">• Regulatory Violations Beyond Internal Jurisdiction: Allegations that fall under the jurisdiction of external regulatory bodies and require their intervention.• Conflict of Interest Involving Key Personnel: Complaints involving conflicts of interest that implicate key decision-makers within the organization.• Government Misconduct: Reports of misconduct by government agencies or officials that may need external oversight.

BACKGROUND (CONTINUED)

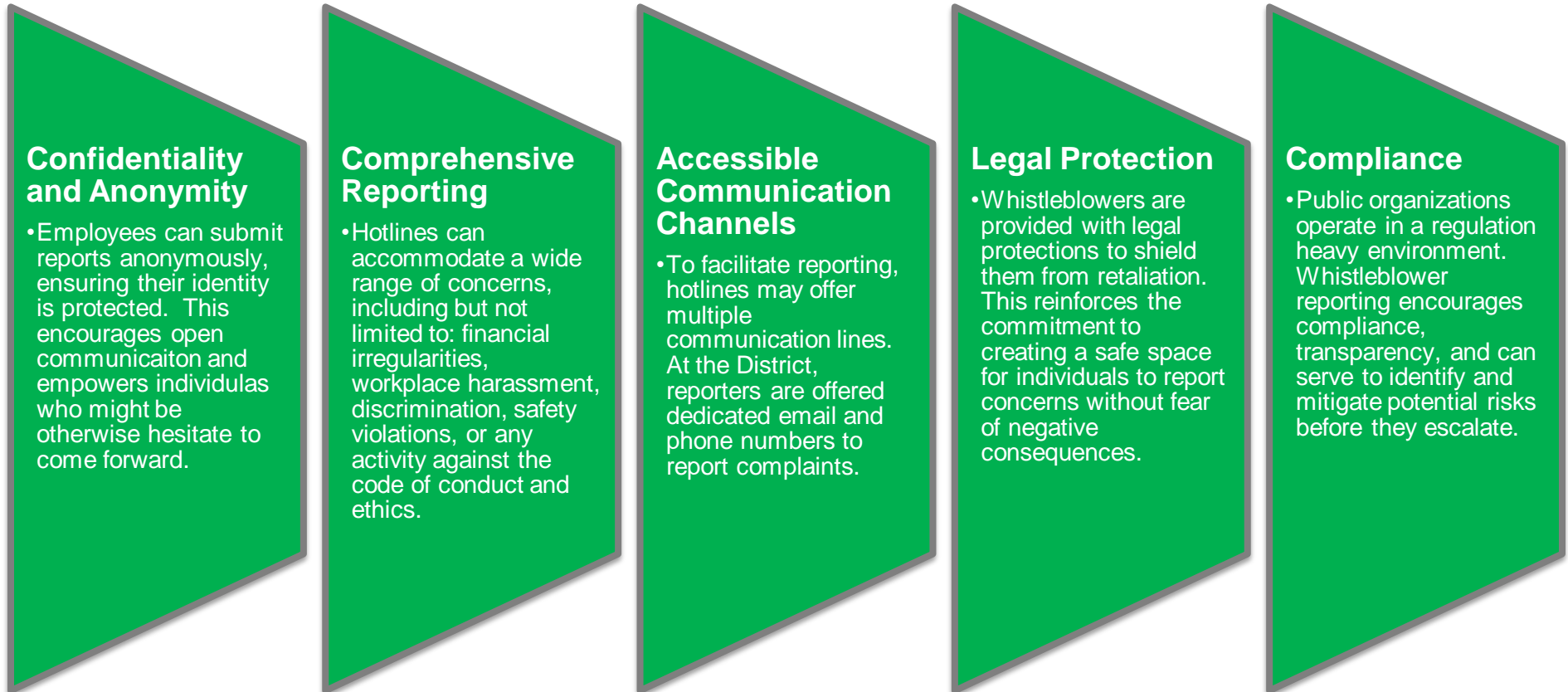
Roles and Responsibilities

There are a variety of key personnel and stakeholders that perform key functions in the facilitation of a whistleblower hotline. These personnel and individuals are outlined in the graphic below:



BACKGROUND (CONTINUED)

The whistleblower reporting process plays a pivotal role in organizational governance and ethics by providing a confidential and secure channel for employees to report any observed misconduct, fraud, or unethical behavior. It serves as a safety net, allowing individuals to express their concerns without fear of reprisal. There are a variety of key benefits of a whistleblower reporting process that utilizes an anonymous reporting hotline like the District's, indicated in the graphic below:



REGULATORY COMPLIANCE MATRIX

The below matrix identifies regulatory requirements for whistleblower reporting and prohibited actions in response to a whistleblower complaint. The matrix aligns the stated requirement with the regulatory body, and further indicates the standard operating procedures performed by District personnel to maintain compliance with all stated whistleblower reporting requirements at the State and District level.

Requirement	Statute	SB Policy	Standard Operating Procedures
Neither the School Board, Superintendent, department heads, nor principals shall take or recommend to the School Board to take adverse personnel actions against an employee for disclosing information.	FS 112.3187 – 112.31895	Board Policy 6.75	Complaints are received by external legal counsel. Upon receipt, the complaint is triaged through General Counsel and the District Superintendent as applicable. District policy reiterates protection against retaliation for whistleblowers.
Neither the Superintendent nor the School Board shall take any adverse personnel action that affects the rights or interests of an independent contractor in retaliation for the contractor's disclosure of the information under this policy.	FS 112.3187 – 112.31895	Board Policy 6.75	External legal counsel and General Counsel are retained to advise the District in maintaining protections against retaliation to whistleblowers. If retaliatory action is perceived by the whistleblower, it can be reported through the hotline or communicated to General Counsel.
The information disclosed shall include reporting of any violation or suspected violation of federal, state, or local laws, School Board policy, or administrative directive by a School Board member, employee, or independent contractor that presents a substantial and specific danger to interests of the School Board. Additionally, information disclosed, which indicates acts or suspected acts of malfeasance, misfeasance, gross waste of funds or neglect of duty committed by an agency, shall be included.	FS 112.3187 – 112.31895	Board Policy 6.75	Complaints are received by external legal counsel. They determine whether the complaint constitutes a whistleblower complaint, recommends the appropriate course of action (including whether there is sufficient evidence to warrant an investigation), and communicates the situation to the Superintendent alongside applicable investigative parties.
The information shall be disclosed to the appropriate entity having the authority to investigate, police, manage, or otherwise remedy the violation or act.	FS 112.3187 – 112.31895	Board Policy 6.75	The Superintendent coordinates with external counsel and General Counsel to determine the appropriate triaging of complaints to appropriate individuals/departments.
Policy protects employees and other persons who disclose information on their own motive in a written and signed complaint, or who are requested to participate in an investigation, hearing or other inquiry conducted by the Superintendent, School Board, state agency, or federal government.	FS 112.3187 – 112.31895	Board Policy 6.75	The whistleblower hotline provides multiple reporting options: email and phone lines. Whistleblowers are not required to submit their complaints in writing and may elect to stay anonymous. See Process Improvement Opportunity #1.

REGULATORY COMPLIANCE MATRIX (CONTINUED)

Requirement	Statute	SB Policy	Standard Operating Procedures
Any employee who is subject to adverse personnel action has a right to file a grievance pursuant to the applicable collective bargaining agreement or School Board policy. An independent contractor may appeal to the School Board for administrative review.	FS 112.3187 – 112.31895	Board Policy 6.75	External legal counsel and General Counsel are retained to advise the District in maintaining protections against retaliation to whistleblowers. If retaliatory action is perceived by the whistleblower, it can be reported through the hotline or communicated to General Counsel.
If information is false, whistleblower protection does not extend to cover the individual reporter.	N/A	Board Policy 6.75	Complaints are received by external legal counsel, which offers attorney-client privilege. Reports can be anonymously reported without being disclosed to the District. External legal counsel must determine if the evidence provided is sufficient to escalate to District involvement.

OBJECTIVES AND APPROACH

Objectives

The primary objective of this engagement was to assess whether the system of internal controls over receiving and responding to whistleblower complaints through the District's reporting hotline is adequate for maintaining compliance with regulatory guidelines and sufficient to address complaints as they are received.

Approach

The scope of our work will be to assess the design and effectiveness of internal controls related to the District's whistleblower reporting process and its compliance with Florida Statute and Board Policy. Our procedures included the following:

- Reviewed laws, regulations, and other information deemed necessary in order to better understand the fraud, waste, and abuse reporting requirements pertaining to federal, state, and local governments and the District's current environment;
- Reviewed the structure and accessibility of the whistleblower reporting process for compliance with Florida Statute Sections 112.3187-112.31895 ("Whistleblower's Act") and Board Policy 6.75 - Whistleblower Protection;
- Obtained and reviewed District whistleblower reporting standard operating procedures;
- Assessed the process for receiving, documenting, and tracking complaints and reports;
- Evaluated the communication and notification protocols for whistleblowers;
- Evaluated the effectiveness of the whistleblower hotline in facilitating the reporting of concerns and misconduct;
- Evaluated whether document retention controls allow for efficient retrieval of information;
- Evaluated management's ability to collect key performance measures of hotline usage, including usage rates and number of calls and cases; and
- Identify any weaknesses or deficiencies in the internal controls and provide recommendations for improvement.

Reporting

At the conclusion of this internal audit, we summarized our findings into this written report. We have reviewed the results with the appropriate District leadership and General Counsel.

PROCESS IMPROVEMENT OPPORTUNITIES

There were no reportable observations identified during our audit procedures; however, we have identified three (3) process improvement opportunities which are detailed below:

1. Transcription of Complaints

In the current system, the District facilitates whistleblower complaints through both email and phone line reporting channels, which complies with regulatory requirements. Although not required, there is an opportunity to expand the hotline's capabilities by introducing form-based reporting. This can create advantages in addition to traditional email or phone-based reporting methods, including, but not limited to:

- **Structured Format:** Forms provide a standardized and structured format, ensuring the consistent and thorough collection of information for each whistleblower incident.
- **Clarity and Quality:** Standardized forms assist whistleblowers in articulating their concerns with clarity, reducing ambiguity, and ultimately enhancing the quality of the information provided.
- **Accessibility:** Whistleblowers can easily access and complete forms through various channels, such as online platforms or hard copies, thereby making the reporting process more accessible.
- **Customization:** Forms may be customized to address specific types of incidents, enabling tailored reporting based on the nature of the concern. This customization contributes to focused and efficient investigations.
- **Documentation and Compliance:** Forms create a documented trail of the reporting process, promoting transparency, accountability, and compliance with record-keeping requirements.
- **Systematic Data Analysis:** Form-based reporting facilitates systematic data analysis, enabling the identification of trends, patterns, and areas of concern through aggregated and anonymized data.
- **Integration with Case Management Systems:** Form-based reporting can be seamlessly integrated with case management systems, utilizing tools to streamline the investigation process and maintaining a centralized repository of whistleblower incidents (Process Improvement Opportunity #3). This integration enhances overall efficiency and effectiveness in managing reported incidents.

PROCESS IMPROVEMENT OPPORTUNITIES (CONTINUED)

2. Whistleblower Hotline Awareness

The District currently promotes its whistleblower hotline via the District's webpages, annual orientation training, and flyers posted at each District site. To further enhance the culture of transparency and awareness of the whistleblower hotline, the District can consider some or all of the following strategies:

- **Diversify Communication Channels:** Leverage various communication platforms such as school newsletters, website announcements, staff meetings, and social media to reach a diverse audience. This approach aims to maximize awareness for many stakeholders of the District.
- **Conduct Awareness Sessions:** Currently, District personnel are required to complete orientation training upon hire, which includes instructional material regarding the whistleblower hotline. Annually, additional training is performed for all District personnel, including whistleblower hotline awareness and intent. However, the District may consider including additional opportunities to broaden hotline awareness by promoting the whistleblower hotline during training sessions for staff, educators, and administrators. Awareness messaging should cover reporting options for various complaints and define what qualifies as a whistleblower complaint.
- **Implement Periodic Reminders:** Use ongoing communication channels to provide regular reminders and updates about the whistleblower hotline. This will reinforce its presence and encourage consistent reporting.
- **Enhance Website Promotion:** Elevate the promotion of the whistleblower hotline on the District website to a more prominent landing page. Clearly identified website disclaimers should outline the various complaint reporting options and guide individuals on which channel is most appropriate for their specific complaint.

Additionally, the District utilizes 'Let's Talk,' a communication channel designed for staff, students, families, and community members to express questions, concerns, suggestions, and compliments. While this platform is not intended for whistleblower complaints, we understand that 'Let's Talk' receives complaints that may have been better suited for the whistleblower hotline. Thus there exists an opportunity to enhance the distinction between the whistleblower hotline and 'Let's Talk' reporting channels. Additionally, the District may consider a mechanism in which employee whistleblower calls to Let's Talk are referred directly to the whistleblower hotline. By implementing these measures, the District can provide a clearer distinction between reporting channels, enhance awareness of the whistleblower hotline, and foster a culture of openness and accountability within the school community.

PROCESS IMPROVEMENT OPPORTUNITIES (CONTINUED)

3. Case Management Software

Mature document retention practices extend the scale of case and report management. There is not currently a large volume of whistleblower complaints, thus currently, all whistleblower reports and supporting evidence is retained by email. If volume increases, it may be difficult to identify trends or maintain organized records. To enhance its whistleblower document retention procedures, the District may consider implementing case management software. As whistleblower complaints are received, they, and any supporting evidence submitted, can be retained within this software and logged to monitor access, time of submission, and to supplement the case files as investigations are performed and additional evidence may be obtained related to the original whistleblower complaint. Additional fields of data to be maintained to facilitate the effective monitoring of hotline usage may include the method by which the complaint was received, whether it was submitted anonymously, and the number of calls and case resolutions.

General Counsel is currently exploring case management software solutions, in anticipation of future increases in whistleblower reporting volume. We support this initiative.



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