1105.0.0 ANTIFRAUD AND CODE OF ETHICS POLICY

1105.1.0 Purpose

The purpose of this policy is to implement systems and procedures that aid in the prevention of fraud and support the Department of Human Service’s (DHS) culture and environment of honesty and ethical behavior. This policy is consistent with R1-19-4-505 of the Arkansas Financial Management Guide.

1105.2.0 Policy

In order to promote a culture of honesty and ethical behavior within DHS, the following procedures are mandated:

1105.3.0 Code of Ethics

1105.3.1 Within thirty days of the date of this policy, all DHS supervisors must distribute a copy of DHS’s Code of Ethics to each of their employees. Supervisors are required to explicitly discuss DHS’s requirement that employees report conduct or transactions that violate ethical provisions or are fraudulent and the options of how to communicate these matters. To verify that employees have received a copy of the Code of Ethics, employees must sign and date the last page. The original signed page from the Code of Ethics must be maintained in the employee personnel files. Employees shall be provided a copy for their records.

1105.3.2 DHS Human Resources shall create procedures to include an introduction to the Code of Ethics in new employee orientation sessions within 30 days of implementation of this policy. All employees receiving orientation shall sign and date the last page signifying that they have been provided a copy of the Code of Ethics. If the new employee does not attend orientation offered by DHS Human Resources, the employee’s supervisor is required to provide a copy of the Code of Ethics to the employee. The employee’s supervisor shall send the original signed page from the Code of Ethics to DHS Human Resources Personnel for inclusion in the employee’s personnel file.

1105.3.3 During an employee’s annual performance review, or at the time of promotion, each employee must reaffirm that he or she has been made aware of the Code of Ethics by signing a Code of Ethics Annual Acknowledgement Statement. This statement shall be included with the employee’s performance evaluation or hire packet that is sent to DHS Human Resources upon completion of the review or promotion. DHS employees who do not receive annual performance evaluations will reaffirm they have been made aware of the Code of Ethics by signing the Code of Ethics Annual Acknowledgement Statement on or about January 3rd each year and forwarding the original to DHS Human Resources Personnel. The DHS Code of Ethics is included as part of this policy as Attachment A.

1105.3.4 The DHS Code of Ethics Annual Acknowledgement Statement is included as part of this policy as Attachment B.
1105.4.0 Background Checks

Prior to extending job offers to applicants of positions that require the handling of cash or negotiable assets, DHS shall obtain a criminal history check from the Arkansas State Police in accordance with DHS Policy 1080, Employment Disqualification, Criminal and Maltreatment History Checks, Section 1080.11, Criminal Record Check.

1105.5.0 Investigations of Fraud

1105.5.1 DHS is committed to a thorough investigation of occurrences of alleged ethical violations, fraud, waste and abuse. In accordance with the Arkansas Financial Management Guide, the Department of Finance and Administration (DFA) Office of Accounting’s Internal Audit Section will be responsible for coordinating all investigations. This responsibility is in accordance with Governor’s Executive Order 04-04. The Internal Audit Section is authorized to request assistance from DHS employees who have the experience required to assist or perform such investigations. Investigations will be conducted in a confidential manner. If investigations indicate that a loss of state funds has occurred, then the amount of loss shall be reported to the Division of Legislative Audit in accordance with R1-19-4-2004 of the Arkansas Financial Management Guide. In addition, any loss of state funds involving criminal activity shall be reported to the Arkansas State Police for a criminal investigation.

1105.5.2 DHS employees shall be protected against any form of retaliation, including discharge, for reporting in good faith occurrences of ethical violations, fraud, waste and abuse of government resources as stated in the Arkansas Whistleblower Act (ACA 21-1-601 – 609).

1105.5.3 Allegations of ethical violations or fraud may be reported by telephone to the Arkansas State Employees’ Fraud, Waste, and Abuse Report Center (1-800-952-8248) or to the DFA Office of Accounting - Internal Audit Section (682-0370). An employee may also choose to report ethical violations, fraud, waste or abuse by completing a Complaint Form, included as Attachment C to this policy. Complaint forms can be mailed directly to the Internal Audit Section at the following address:

Department of Finance and Administration
Office of Accounting/Internal Audit Section
1515 West 7th Street, Room 215
Little Rock, AR 72201

1105.6.0 Evaluation of Anti-Fraud Processes and Controls

1105.6.1 In accordance with R1-19-4-505, DHS will reduce fraud opportunities by (1) identifying fraud risks, (2) mitigating fraud risks and (3) implementing preventive and detective internal controls.

1105.6.2 Identification of fraud risks will be conducted through a Department-wide fraud risk assessment every two years. The initial Department-wide risk assessment will be completed, and every two years thereafter. DHS management will implement
appropriate internal controls and change business processes when feasible to reduce fraud risks.

1105.6.3 The DFA Office of Accounting’s Internal Audit Section shall review the internal controls and changes made to business processes to determine if the control activities identified in the risk assessment are properly designed to mitigate the risk of fraud, waste and abuse of resources. This shall specifically include the internal control activities that are designed to prevent or detect fraud.