

1006 ETHICAL STANDARDS FOR DHS EMPLOYEES

I. Purpose

Public employment is a public trust. DHS employees must not only avoid any potential conflict of interest but also must avoid any appearance of impropriety. DHS employees must conduct themselves in a way that fosters public confidence in the integrity of state government.

II. Definitions

- (A) Close personal relationship: the relationship between spouses, between any persons sharing a household, and any of the following relationships, including step- and in-law relationships: child, parent, sibling, grandparent, grandchild, half-sibling, cousin, niece and nephew;
- (B) Confidential information: information exempt from disclosure under the Arkansas Freedom of Information Act;
- (C) Conflict of interest: all prohibited activities as defined in Section III;
- (D) DHS employee: any full- or part-time regular, emergency, or extra help salaried employee of the Department of Human Services (DHS) and any non-salaried individual performing services for DHS in his or her official capacity;
- (E) Earned income: anything of value received in return for services or labor;
- (F) Financial disclosure statement: a statement required by Ark. Code Ann. § 21-8-203;
- (G) Financial Interest:
 - (1) Notes, stock certificates, bonds, contracts, or other evidence of, or actual ownership interest in, any firm, corporation, or enterprise. The term does not include demand deposits, time deposits, or other types of deposits that do not vest an ownership interest in any firm, corporation, or enterprise;
 - (2) Ownership of any interest or involvement in any relationship as a result of which, a person within the past year has received, or is presently or in the future entitled to receive, more than \$1,000 per year- or its equivalent;
 - (3) Ownership or interest in any business;
 - (4) Holding a position in a business such as officer, director, trustee, partner, employee, or the like, or holding any management position;

- (H) Financial relationship: a financial interest held by the employee or a person with whom the employee has a close personal relationship;
- (I) Gift: any payment, entertainment, advance, services, or anything valued at over \$100;
- (J) Household: a place of residence;
- (K) Partner: a person who is associated with another person in a business or joint venture;
- (L) Procurement: the buying, purchasing, renting, leasing, or otherwise obtaining of any commodities or services. It also includes all functions that pertain to the obtaining of any public procurement, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration;
- (M) Provider: a person or entity that is a party to or is seeking to become a party to a contract, grant, or agreement, including certification and licensure, with DHS to furnish commodities or services to, on behalf of, or as a grantee or sub-grantee or recipient of DHS funds.
- (N) Regulatory agency: any state board, commission, department, or officer authorized by law to make rules or to adjudicate contested cases except those in the legislative or judicial branches;
- (O) Supervision: the authority, whether or not exercised, to do one or more of the following on a full-time, part-time, interim, or acting basis:
 - (1) hire, terminate, or promote the employee or the employee's rating supervisor,
 - (2) set compensation,
 - (3) evaluate performance,
 - (4) impose discipline,
 - (5) review disciplinary actions,
 - (6) approve leave requests, or
 - (7) approve travel reimbursement requests.

III. Prohibited Activities

A DHS employee will not:

- (A) Use his or her position or knowledge gained from the position to secure special privilege or exemption, either for personal gain or for the benefit of:
 - (1) Any person in a close personal relationship with the employee, or
 - (2) Any person with whom the employee or a person in a close personal relationship with the employee has a financial relationship
 - (a) This includes the approval of an account which draws or authorizes the drawing of a warrant or order to compensate any of the above;
- (B) Accept employment or engage in any activity or business interest while serving as a DHS employee that might reasonably be expected to require or induce the employee to disclose any confidential information or that would conflict with his or her official duties;
- (C) Disclose confidential information or use confidential information for the gain or benefit of the employee or a person in a close personal relationship with the employee;
- (D) Receive a grant from, or contract with, DHS without the express written approval of the DHS Director or designee;
- (E) Knowingly participate in any matter relating to any DHS contract, subcontract, solicitation, or proposal in which the employee or a person in close personal relationship to the employee is making or has made arrangements for prospective employment or is negotiating, or has a financial interest, whether directly or through a business or close personal relationship;
- (F) Participate in the eligibility determination for public assistance programs overseen by DHS regarding his or her own applications or for others with whom the employee may have a close personal relationship. DHS employees who receive public assistance shall not access their own cases or the cases of those with whom they have a close personal relationship;
- (G) Fail to follow any state procurement laws;
- (H) Participate on any public or private board, commission, advisory committee, or governing body that has applied for or is receiving any financial or administrative assistance from DHS, exclusive of reimbursable expenses for meals, lodging, and travel/mileage commensurate with attendance requirements, or is subject to DHS regulation, certification, or licensure. No DHS employee may participate in any discussion or proceedings of any public or private board, commission, advisory committee, or governing body regarding any future application to receive any financial or administrative assistance, certification, or licensure from DHS.

Attendance and participation at meetings solely in the course and scope of DHS employment for the purpose of providing information is not prohibited;

- (1) The DHS Director or designee may make an exception when the employee's participation does not present a conflict of interest. All employees must report, in writing, to their division director or the division director's designee and the DHS Ethics Officer any involvement on any board, commission, advisory committee, or governing body that receives, or is eligible to receive, financial assistance or administrative assistance from DHS. If there is a conflict, or the appearance of a conflict, the employee must disclose to the board the information which may be a conflict or create the appearance of a conflict and must not participate in the matter until full disclosure has been made;
- (I) Fail to disclose to the DHS Ethics Officer any benefits received from any state contract with a business or organization in which the employee or a person in a close personal relationship to the employee has a financial interest;
- (J) Be employed in a supervisory relationship to or subject to the same supervisor as any person with whom the employee has a financial relationship or close personal relationship;
- (K) Supervise or be supervised by any person with whom the employee has a close personal relationship;
- (L) Fail to notify the employee's Division Director, Office Chief, or designee if the employee becomes the supervisor of, or subject to the supervision of, a person with whom the employee has a close personal relationship or is employed in a supervisory relationship to or subject to the same supervisor as any person with whom the employee has a financial relationship or close personal relationship;
- (M) Accept gifts of any kind as an exchange for a favor, referral, placement, or preferential treatment or receive a gift for the performance of the duties and responsibilities of his or her office or position. However, an employee may receive an item conferred to show appreciation for the employee's job performance, so long as the value of the item does not exceed \$100;
- (N) Make or engage in any false record or communication whether internal or external;
- (O) Speak for DHS on any topic, unless certain that the views being expressed are those of DHS management and that it is DHS' management's desire that such views be expressed publicly; or
- (P) Unreasonably delay responding accurately to all requests for information and complaints regardless of the source.

IV. Restrictions on Employment

- (A) Employees who enter discussions regarding employment with a contractor, subcontractor, or provider related to their official duties shall immediately notify the DHS Ethics Officer at DHS.OCC.Ethics@dhs.arkansas.gov. The DHS Ethics Officer will ensure the employee is removed from any potential conflicts of interest if, or when, necessary. The DHS Ethics Officer shall keep all employees' information confidential.
- (B) Employees whose official responsibilities include personally and substantially making decisions or providing oversight of a contractor or a contractor's work must wait one (1) year after leaving DHS before accepting employment with that contractor if the employee will be knowingly acting as a principal or agent in matters that were within the employee's official duties while working for the state. Employees with questions should contact the DHS Ethics Officer for guidance (*Reference: Ark. Code Ann. § 21-8-102 (c) and §19-11-709 (b)(2)*).
- (C) Employees who participate personally and substantially in a particular matter on behalf of the state shall never participate in the same matter on behalf of anyone other than the state. Employees with questions should contact the DHS Ethics Officer for guidance (*Reference: Ark. Code Ann. § 21-8-102 (b) and § 19-11-709 (b)*).

V. Sanctions Against DHS Employees Who Fail to Promote Integrity in Public Employment

- (A) Any DHS employee who pleads guilty to or nolo contendere to or is found guilty of the following is required to forfeit his or her employment. The employee also will thereafter be disqualified from holding any employment with DHS:
 - (1) A felony offense relating to his or her employment;
 - (2) A misdemeanor offense involving fraud, dishonesty, bribery, forgery, or other form of corruption relating to the employee; or
 - (3) Theft of property under Ark. Code Ann. § 5-16-103 when the victim of the theft is DHS.
- (B) A DHS employee may not be disqualified from holding employment with DHS later if the offenses identified below are expunged, and employment is permitted under applicable law:
 - (1) A felony offense;
 - (2) Theft of property;
 - (3) Abuse of office; or
 - (4) Witness tampering.

VI. Financial Disclosure Statements

(A) Persons required to file:

- (1) DHS employees who are employed on a regular salary basis shall be required to disclose each source of income in excess of \$500 earned during any calendar year from sources other than the employee's regular salary from employment or from professional or consultant services rendered for any public agency.
- (2) DHS employees serving by appointment on any state, county, or local board, agency, commission, or department or similar entity who are authorized or charged by law with the exercise of regulatory authority through rule-making or adjudication or are authorized to receive or disperse state or federal funds shall file.

(B) Time and manner of filing:

- (1) Statements must be filed with the Secretary of State before January 31 of each year.
- (2) The statements shall be filed on forms provided by the Secretary of State.
- (3) On or before the last day of December of each year, Division Directors, Office Chiefs, or their designees will notify all employees and members of boards or commissions attached to their Divisions/Offices that all Financial Disclosure Statements must be filed with the Secretary of State on or before the last day of January of each year.

VII. Blind Trusts

An employee shall not be deemed to have a conflict of interest regarding matters pertaining to financial interests when the employee or any person with whom the employee has a close personal relationship holds that financial interest in a blind trust. However, the existence of any such blind trust must be disclosed to the DHS Ethics Officer and the Department of Finance and Administration Director.

VIII. Reporting Potential Conflicts of Interest

Upon discovery of a possible conflict of interest, an employee must promptly contact the DHS Ethics Officer at DHS.OCC.Ethics@dhs.arkansas.gov.

IX. Restrictions on Former Employees in Matters Connected with Their Former Duties

- (A) Within the limitations specified in Ark Code Ann. § 19-11-709, where the state is a party, a former employee shall be disqualified from acting as a principal or agent for anyone other than the state in connection with any judicial or other proceeding,

application, request for ruling, contract, claim, charge, or controversy in which the employee participated personally, or in matters which were within the employee's official responsibility;

(B) A former employee shall not sell or attempt to sell commodities or services to the state for one year following the date employment closed, unless the former employee's last annual salary was less than \$15,000.

(1) As used above, "sell" means signing a bid, proposal, or contract, negotiating a contract; contacting any employee for the purpose of obtaining, negotiating, or discussing changes to a contract; settling disputes concerning a contract; or any other liaison activity with a view toward the ultimate consummation of a sale even if the actual contract for the sale is negotiated by another person.

(C) Disqualification of Partners:

(1) When partner is a state employee: Where the state is a party, a partner of an employee shall not knowingly act as an agent or principal for anyone other than the state in connection with any judicial or other proceeding, application, request for a ruling, or other determination, contract, claim, charge, or controversy in which the employee either participates personally or which is the subject of the employee's official responsibility.

(2) When partner is a former state employee: Where the state is a party, a partner of a former employee shall not knowingly act as an agent or principal for anyone other than the state where such former employee is barred under this section.

NOTE: Nothing in this section is intended to preclude a former employee from accepting employment with private industry solely because the former employee's employer is a contractor with the state, or to preclude an employee, a former employee, or a partner of an employee or former employee from filing an action as a taxpayer for alleged violation of Ark Code Ann. § 19-11-702 *et seq.*

X. Civil and Administrative Remedies Against Employees and Non-Employees Who Breach Ethical Standards

Employees violating ethical standards may be subject to one or more of the following:

(A) Criminal penalties;

(B) DHS discipline up to and including termination;

(C) One or more of the following imposed by the Department of Finance and Administration Director:

- (1) Oral or written warnings and reprimands;
- (2) Forfeiture of pay without suspension;
- (3) Suspension with or without pay for specified periods of time;
- (4) Termination of transactions;
- (5) Suspension or debarment from being a contractor or subcontractor under any state contract; or
- (6) Termination of employment.

XI. Recovery of Values Transferred or Received in Breach of Ethical Standards by Employees and Non-Employees

The value of anything received by an employee or non-employee in breach of the ethical standards shall be recoverable by the state.

XII. Prohibited Personal Relationships

- (A) All job applicants will be asked whether they have a close personal relationship with any person presently employed who would be in a supervisory relationship to, or subject to the same supervisor as the applicant should the applicant be selected. Those answering “yes” will not be hired for that position. Any employee discovered to have falsified his/her application will be terminated in accordance with DHS Policy 1084, Employee Discipline: Conduct/Performance.
- (B) Upon notification that employees with a close personal relationship are supervisor and subordinate, the Division Director, Office Chief, or designee will not fill any positions which are in (1) an affected employees’ classification(s) or (2) an affected employees’ work unit(s) until the conflict of interest is resolved according to the procedure set out in Section XI. (c) below.
- (C) Affected employees may elect to choose between themselves who will be transferred. This request must be in writing and approved by both employees and the Division Director, Office Chief, or designee. This transfer will be accomplished by offering the employee to be transferred any existing or the first available vacancy occurring within ninety (90) working days in the same classification and grade. If the employees fail to submit a joint written request for transfer within ten (10) working days of notification of a conflict of interest, the employee with the least tenure (total years in a job classification) will be designated for transfer by the Division Director, Office Chief, or designee. If the employee refuses an offer of transfer to a position in the same grade and classification during the time frame provided, the employee will be terminated without prejudice. If a vacancy in the same classification and grade does

not become available during the ninety (90) working days from the employee's notification, the employee will be terminated without prejudice.

Replacement Notation: This rule replaces DHS Policy 1081 dated July 15, 2013.