



Department of Transformation and Shared Services Office of Personnel Management

Policy Title: Anti-Fraud and Code of Ethics

Policy Number: 14

Authority: Department of Inspector General – Office of Internal Audit guidelines

Effective Date: May 20, 2021

The Department of Inspector General – Office of Internal Audit provides state government with the directive to develop and implement an Anti-Fraud Policy and Code of Ethics for the following purposes:

1. Creating and maintaining a culture of honesty;
2. Evaluating the risk of fraud and implementing the processes, procedures and controls needed to mitigate those risks; and
3. Developing an appropriate oversight process.

The model Anti-Fraud and Code of Ethics policy can be found [here](#).

The following elements of an anti-fraud program to create a culture of honesty and high ethics:

1. Setting the tone at the top
2. Creating a positive workplace environment
3. Hiring and promoting appropriate employees
4. Training
5. Confirmation
6. Discipline

With regard to criminal background checks, hiring and promoting appropriate employees is one of the key points in successfully preventing fraud. Therefore, effective polices must exist to minimize the chance of hiring or promoting individuals with low levels of honesty, especially for positions of trust. Proactive hiring and promotion procedures should include:

1. Conducting background investigations on individuals being considered for employment or for promotion to a position of trust.
2. Thoroughly checking a candidate's education, employment history, and personal references.
3. Periodic training of all employees about the entity's values and code of ethics.
4. Incorporating into regular performance reviews an evaluation of how each individual has contributed to creating an appropriate workplace environment in line with the entity's values and code of ethics.

Fraud Detection

A public employer is required to obtain a criminal background check before hiring an applicant for a position with supervisory fiduciary responsibility over all fiscal matters. The Arkansas State Police will conduct the background check. The applicant must sign a release of information to the public employer. The releasable information will be forwarded to the public employer. The public employer may pay for the criminal background check or require the applicant to pay for it.

A public employee with supervisory fiduciary responsibility over all fiscal matters is required to report a loss of public funds to Arkansas Legislative Audit (Legislative Audit) within five (5) business days of discovering the loss. The report can include apparent or unauthorized disbursements of public funds or apparent theft or



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misappropriation of public funds or property. An employee who purposely fails to report is guilty of a Class A misdemeanor.

More information about developing and implementing an Anti-Fraud Policy and Code of Ethics can be found at <https://www.dfa.arkansas.gov/internal-audit/fraud-waste-and-abuse/>.