

**ARKANSAS 4-H FOUNDATION, INC**  
**ANTI-FRAUD AND WHISTLEBLOWER POLICY**  
**January 15, 2009**

**BACKGROUND:**

Fraud is defined as any unsafe, dishonest, or illegal act or the intentional, false representation or concealment of a material fact for the purpose of misleading another to act upon it to cause harm to Arkansas 4-H Foundation, Inc. As stewards of the financial and other resources of Arkansas 4-H Foundation, Inc, each individual handling 4-H funds and assets has the responsibility for preventing fraud and safeguarding those assets; specifically the assets for which he or she are directly responsible. This Anti-Fraud and Whistleblower Policy presents a compilation of existing policies included in other documents of Arkansas 4-H Foundation, Inc, as well as new policies, to restate and emphasize each Associate's responsibility for the prevention, detection, and reporting of fraudulent or potentially fraudulent activities. Whistleblower protections are in place to maintain the confidentiality of the reporting Associate and to guard against retaliation.

**FRAUD PREVENTION:**

The prevention of fraud requires each Associate to be alert and vigilant in the performance of his or her job responsibilities. The following are areas of focus, though other actions might be needed:

- Act with honesty, integrity and the promotion of ethical behavior.
- Believe that fraud is possible and that you may can identify it.
- Become familiar with Arkansas 4-H Foundation, Inc.'s system of internal controls and the policies in place to ensure the safeguarding of assets and to understand your role, such as:
  - ✓ Signature authority limits, which relate to Requests for Proposals, contracts, purchase orders, invoices, expense reports, and any documents that obligate Arkansas 4-H Foundation, Inc.'s resources – both financial and human
  - ✓ Conflict of Interest Policy
  - ✓ Supplemental Employment Policy
  - ✓ Travel Policy
  - ✓ Purchasing and Contracting Policies
- Identify assets for which you have responsibility, such as unit budgets, intellectual property, on-hand office supplies, computers, petty cash, amounts collected as donations or fee-based revenue, inventoried items (for sale or give-away), etc.
- Ask yourself questions, with regard to the following:
  - ✓ If these assets were to be misused or misappropriated, how would I know?
  - ✓ What controls exist to prevent or detect inappropriate use or loss?
  - ✓ What additional controls are necessary to safeguard these assets?

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**FRAUD PREVENTION (continued):**

- Establish a positive control environment by ensuring that all team members are aware of your attention to potentially fraudulent activities and aware of their responsibilities to prevent fraud.
  
- Ensure that the following actions are taken:
  - ✓ Maintain a positive work environment, as wrongdoing occurs most frequently when employees feel abused, threatened, or ignored.
  - ✓ Report and account for all revenues generated and all expenditures incurred in the financial accounting system of The Arkansas 4-H Foundation, Inc.
  - ✓ Make no false or artificial entries in the accounting records for any reason.
  - ✓ Make no payments in the name of Arkansas 4-H Foundation, Inc for any purpose other than that described by the documents supporting the payment.
  - ✓ Do not use Arkansas 4-H Foundation, Inc funds or assets for any unlawful purpose.
  - ✓ Do not use Arkansas 4-H Foundation, Inc identification, stationery, supplies, equipment, etc. for personal or political matters.
  - ✓ Use good judgment when expending Arkansas 4-H Foundation, Inc funds for reimbursable travel costs, etc. to ensure value received for every expenditure.
  - ✓ Do not engage in false advertising, deceptive marketing practices or other misleading representations.
  - ✓ Do not establish any bank or investment accounts in the name of Arkansas 4-H Foundation, Inc.
  - ✓ Record all transactions for accurate financial statement preparation.

**FRAUD DETECTION:**

To detect fraud, each Associate must be aware of actions constituting fraud, which may include, but are not limited to:

- Forgery or alteration of any document or account belonging to Arkansas 4-H Foundation, Inc
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies for non-Arkansas 4-H Foundation, Inc use or for personal use
- Impropriety in the handling or reporting of money or financial transactions, including the handling of customer credit card information, check copies, etc.
- Fraudulent financial reporting, billing for services not performed or for goods not delivered
- Disclosing confidential and proprietary information to outside parties.
  
- Accepting kickbacks or commissions.

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**FRAUD DETECTION (continued):**

- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment without the appropriate permission
- Any similar or related inappropriate or dishonest conduct

If there is any question as to whether an action constitutes fraud, contact the following members of Risk Management Team, Dr. Brad Davis – Executive Director, Bernadette Hinkle- Treasurer, Chairperson of Audit Committee, or the President of Arkansas 4-H Foundation, Inc.

**FRAUD REPORTING:**

In the event of an alleged incident of fraud, each Associate is responsible for acting as a whistleblower by immediately bringing the information to the following confidential resources:

1. his/her immediate Extension supervisor or
2. the stated members of the Risk Management Team or
3. the 800 number provided for this purpose. That number is **866-614-5861**.

This line is accessed by three people to ensure that the message is received.

Individuals must exercise caution and sound judgment to avoid baseless allegations, which are those made with reckless disregard for their truth or falsity.

The whistleblower should NOT contact the suspected individual in an effort to determine facts or demand restitution. The whistleblower should NOT discuss the case, facts, suspicions, or allegations with anyone, unless specifically asked to do so by the Executive Director or Treasurer. The whistleblower is not responsible for investigating the activity or determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

The party receiving the information will treat it as confidential, but will share it with the Risk Management Team or the President to ensure prompt action. The following actions may then be taken by Arkansas 4-H Foundation, Inc's management as the situation warrants:

- Contact legal counsel, as needed.
- Contact the Board Chair, as needed.
- Contact the Board Treasurer and/or Audit Committee Chair, as needed.
- A thorough investigation of the incident including, but not limited to consideration of the seriousness and credibility of the concern and the likelihood of confirming the allegation.
- Appropriate and consistent actions against violators, up to including legal prosecution.
- Assessment and improvement of relevant control systems.
- Communication and training to reinforce Arkansas 4-H Foundation, Inc's expectations.

The member of Arkansas 4-H Foundation, Inc's management performing the investigation shall have full access to:

- All foundation records and premises
- All video surveillance equipment throughout Arkansas 4-H Foundation, Inc's facility to include backup tapes.
- All or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use of custody of any such items or facilities

Please be aware that dishonest actions will not be tolerated and that violators may be referred to the appropriate authorities. Restitution may be required. This policy will be applied, as appropriate, to all individuals handling 4-H funds and assets regardless of position/title, length of service, or relationship to Arkansas 4-H Foundation, Inc.

## **WHISTLEBLOWER PROTECTIONS**

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, an Associate's identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense.

Arkansas 4-H Foundation, Inc will not retaliate against a whistleblower. Any whistleblower who believes he/she is being retaliated against must file a written complaint with the Executive Director or the President of the Foundation immediately. A proven complaint of retaliation shall result in a proper remedy for the person harmed. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

## **CONTACTS**

Questions related to the interpretation of this policy should be directed to any member of the Risk Management Team, of Arkansas 4-H Foundation, Inc.

EFFECTIVE DATE

Original January 15, 2009