

Minnesota Management & Budget Statewide Operating Policy

Minnesota Management & Budget, Internal Control & Accountability
Issued: January 3, 2012

Number 0103-01
Revised: N/A

Code of Conduct

Objective

To create a framework for employee honesty, integrity, and ethical behaviors to:

- Strengthen governance processes;
- Increase accountability;
- Improve the accuracy and reliability of financial and operational reporting;
- Promote timely detection of internal control deficiencies and financial and operational irregularities; and,
- Reduce fraud, waste, and abuse.

This policy supplements the following documents:

- [Code of Ethics for Employees in the Executive Branch, Minnesota Statute 43A.38](https://www.revisor.mn.gov/statutes/?id=43A.38) (https://www.revisor.mn.gov/statutes/?id=43A.38)
- [Ethical Practices and Conflict of Interest, Minnesota Statute 16C.04](https://www.revisor.mn.gov/statutes/?id=16C.04) (https://www.revisor.mn.gov/statutes/?id=16C.04)
- [State Agency Bulletin 98.30, preventing conflicts of interest in the acquisition of goods, services, and utilities](http://www.mmd.admin.state.mn.us/pdf/alpappnpolicy4.pdf), (http://www.mmd.admin.state.mn.us/pdf/alpappnpolicy4.pdf); and,
- [MMB Statewide Operating Policy 0102-01, Internal Control](http://www.beta.mmb.state.mn.us/doc/statewide-financial/ch1/0102-01.pdf). (http://www.beta.mmb.state.mn.us/doc/statewide-financial/ch1/0102-01.pdf)

Policy

Each executive branch agency head must establish an ethical tone within their organizational culture. Through words and actions, the agency head must establish an organizational culture that promotes honesty and accountability, and is conducive to preparing reliable financial information for decision-makers.

Each executive branch agency must devote sufficient financial resources and management involvement to the establishment and maintenance of a formal code of conduct/ethics program. The program must include documented internal policies and procedures that ensure compliance with this policy. At a minimum, each agency's internal procedures must address the following:

- The specific employees or staff positions to which the code of conduct/ethics program will apply;
- Retaliation-free mechanisms and communication channels for employees to report suspected code of conduct and ethics violations;
- Process for documenting, investigating, and resolving reports of suspected code of conduct and ethics violations;
- Code of conduct/ethics-related training requirements and frequency; and,
- Employee code of conduct certification.

Definitions

Applicable Employees – At a minimum, the code is applicable to the agency head, senior management team, and all employees with accounting, auditing, financial reporting, and tax filing duties (i.e., all employees involved directly or indirectly in recording, processing, summarizing, or reporting financial transactions).

Accountability – The obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. Accountability in government means to answer to the public - to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based upon the belief that the public has a right to know, a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives.

Significant Internal Control Deficiency – A weakness in the design or operation of an internal control, which in an individual's personal judgment, could adversely affect an organization's ability to initiate, record, process, summarize, or report financial data. Such deficiencies may involve any or all aspects of the five components of the *Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework*: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; and, (5) monitoring.

Ethics Violation – A crime could be considered an "ethical violation." Examples would be the breaking or dishonoring of law or policy, or breach of a duty or right. However, a violation need not be a crime to be considered an "ethics violation." An example would be a situation where a person or organization chose between alternatives in a manner that a reasonable person would consider as right (ethical) or wrong (unethical).

Code of Conduct Certification – Each applicable employee, upon initial employment and annually thereafter, must certify their understanding of their responsibilities under the Code and their commitment to abide by the Code policy provisions. (NOTE: Links to the certification forms are included in the code of conduct procedures. It is not required that hardcopy certification forms be signed and/or retained in any particular location, such as personnel files. Agency management can choose to have employees certify electronically and to file the completed forms electronically, or in any format desired, as long as the forms can be readily accessed and verified).

Procedures

[MMB Statewide Procedure 0103-01.1, Code of Conduct](#)

See Also

1. Any employee who dishonestly or fraudulently affects the state's accounting processes, auditing processes, financial reports, or tax filings; inappropriately destroys documents; or improperly influences or misleads auditors is subject to disciplinary action, up to and including termination of state employment, as well as prosecution for violations of relevant criminal statutes, pursuant to [Minnesota Statute, Chapter 609](#), (<https://www.revisor.mn.gov/statutes/?id=609>), as applicable.
2. Employees are required to report violations of this policy and any significant internal control weaknesses through the designated agency channels and/or other proper authorities within the agency. This reporting requirement supplements an employee's statutory obligation to report to the Legislative Auditor evidence of long-distance telephone misuse pursuant to [Minnesota Statute 10.47](#) (<https://www.revisor.mn.gov/statutes/?id=10.47>), violations of the code of ethics in the executive branch pursuant to [Minnesota Statute 43A.39, subdivision 2](#), (<https://www.revisor.mn.gov/statutes/?id=43A.39>) or any theft, embezzlement or unlawful use of public funds or property pursuant to [Minnesota Statute 609.456, subdivision 2](#) (<https://www.revisor.mn.gov/statutes/?id=609.456>).
3. Any employee who makes a good faith report or evidence of a violation of this policy, a significant internal control weakness, or other unlawful act(s) is covered by the state's [Whistleblower Act \(Minnesota Statute 181.932](#) [<https://www.revisor.mn.gov/statutes/?id=181.932>]), which prohibits the employer from disciplining, discharging, threatening, penalizing, or otherwise discriminating against the reporting employee(s).
4. [Minnesota Statute 181.932, Subdivision 3](#), (<https://www.revisor.mn.gov/statutes/?id=181.932>) makes it unlawful for an employee to knowingly make false statements or disclosures with the intent to injure or defraud. Making a false statement(s) will be subject to disciplinary action, up to and including termination of state employment.