

OESC Internal Fraud Policy

Introduction:

The Oklahoma Employment Security Commission (OESC) is committed to preventing fraudulent and wrongful acts. One of the fundamental ethical and moral values of our Agency is that we act as if the world will soon learn of our actions.

Responsibility:

Although management is primarily responsible for establishing and maintaining proper internal controls that provide security and accountability for the resources entrusted to them, all employees are responsible for preventing fraudulent and wrongful acts.

The Internal Audit Department is responsible for:

Providing sufficient oversight of the fiscal management of and compliance with federal and state requirements for the programs administered by the Agency.

Investigating suspected fraudulent activities within the Agency.

Reporting Procedures:

Any employee who has knowledge of an occurrence of fraudulent or wrongful acts, or has reason to suspect that one has occurred, shall immediately notify his/her Director and the Director of Internal Audit.

If the employee has reason to believe that his/her Director may be involved, the employee shall immediately notify the Director of Internal Audit.

Upon notification from an employee of suspected fraud or wrongful acts, or if the Director has reason to suspect that fraud or wrongful act has occurred, the Director shall immediately seek assistance from the Director of Internal Audit and the General Counsel. The Director shall not attempt to investigate the fraud.

If the Director of Internal Audit is suspected of fraud or wrongful acts, one or more of the following should be notified:

Commissioners, Executive Director, State Auditor and Inspector, State Attorney General, Office of Inspector General for the Department of Labor in Dallas (OIG), Oklahoma Accountancy Board, American Institute of Certified Public Accountants, and the Institute of Internal Auditors.

In any event of fraud or wrongful acts, any employee of the Agency is welcome to go directly to the Commissioners, State Auditor and Inspector, State Attorney General, or OIG if they do not feel comfortable with any of the channels above.

Investigation Procedures:

Upon notification of a suspected fraud or wrongful act, the Internal Audit Department will perform a preliminary investigation to determine the merit of the allegation. If the preliminary

work indicates a possibility that fraud has occurred, the Director of Internal Audit will notify the Executive Director, Deputy Director, and the General Counsel before a detailed investigation is commenced.

The Internal Audit Department will commence a detailed investigation promptly. The investigation will be conducted expeditiously but always in a thorough manner and in accordance with the Professional Practice of Internal Audit.

At the conclusion of the investigation, Internal Audit will document the results in a confidential report to the Commissioners, Executive and Deputy Directors, General Counsel, Program Director, and the State Auditor and Inspector.

The working papers documenting the evidence obtained during the investigation will be made available to the General Counsel.

The General Counsel shall return all working papers to the Internal Audit Department after all issues are resolved.

All fraudulent or wrongful act will also be reported to the OIG.

Disciplinary Procedures:

Employees found to have participated in a fraudulent or wrongful act will be subject to disciplinary action, up to and including termination of employment and prosecution if appropriate.

Employees who knowingly make up stories to destroy other peoples reputation by accusing them of fraud or wrongful acts will also be subject to disciplinary action, up to and including termination of employment.

Employees Right:

The State Whistle Blower Law protects employees reporting fraudulent or wrongful acts and those who cooperated with the investigation will be protected from retaliatory actions.

Examples of Fraudulent or Wrongful Act - Fraudulent or wrongful acts include but are not limited to the following:

- Establishing claims with bogus wages.
- Taking and processing unemployment claims of friends or relatives.
- Conducting any type of audit of employers or claimants that are relatives or friends.
- Intentionally authorizing an improper claim.
- Initiating claims for fictitious claimants.
- Misappropriating outgoing or returned benefit checks.
- Pocketing repayment made by overpaid claimants.
- Extorting money or accepting favors from program participants.
- Receiving kickbacks.
- Diverting refund checks.
- Initiating bogus refunds.
- Misusing blank or voided checks.
- Overstating travel expense reimbursements.
- Forging checks or other source documents.

- Misuse of Agency owned property.
- Intentional authorization of ineligible participation in Agency programs.
- Deliberately inputting erroneous data.
- Abuse of position for personal gain.
- Obtaining conflicting secondary employment.
- Intentional preparation of inaccurate fiscal or program reports.
- Misuse of confidential information.
- Failure to report income from Federal grants.
- Destroying Agency records to conceal fraudulent or wrongful acts.
- Authorizing invoices for which you know goods or services will not or have not been received.
- Misuse of petty cash.

Internal Audit Code of Ethics

In all engagements, the Internal-Audit Department will meet the standard of conduct promulgated by the Institute of Internal Auditors. The Director of Internal Audit and staff will:

Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.

Exhibit loyalty in all matters concerning the affairs of OESC but not knowingly be a party to any illegal or improper activity.

Not knowingly engage in acts or activities which are discreditable to the profession of Internal Audit or to OESC.

Refrain from entering into any activity which may be in conflict with the interest of OESC or which would prejudice their ability to carry out objectively their duties and responsibilities.

Not accept anything of value from an employee, client, customer, supplier, or business associate of OESC that would impair or be presumed to impair their professional judgment.

Be prudent in the use of information acquired during their duties. They will not use confidential information for any personal gain nor in any manner that would be contrary to law or detrimental to the welfare of OESC.

When reporting on results of audit work, will reveal all material facts known to them which, if not revealed, could either distort reports of operations under review or conceal unlawful practices.

Continually strive for improvement in their proficiency and in the effectiveness and quality of their service.

Be ever mindful of their obligation to maintain the high standards of competence, morality, and dignity promulgated by The Institute. Abide by the Bylaws and uphold the objectives of The Institute.

If you have a reason to believe that an incident of fraudulent or wrongful acts have occurred or are occurring, call the Fraud Hotline at (405) 557-5400 or use the space below.