



STATE BOARD OF INTERNAL CONTROL

Code of Conduct

What is a Code of Conduct?

- ▶ A written set of principles that typically works in conjunction with an organization's mission statement to clearly identify expectations regarding **appropriate behavior**.

Difference between a Code of Ethics and a Code of Conduct

▶ Definition of Ethics:

- A set of moral principles, values, or concepts that govern a person's or group's behavior
- Rules of conduct based on the ideas of what is morally good or bad
- The values a person uses in determining right or wrong

Difference between a Code of Ethics and a Code of Conduct

▶ Code of Ethics

- A document that outlines a set of principles that affect decision-making.
- An entity's guidance on the ethical values that employee should use in making business decisions.
- Enables employees to make independent judgments about the most appropriate course of action.

▶ Code of Conduct

- A document that outlines specific behaviors that are required and prohibited as a condition of ongoing employment.
- Little to no judgment involved, a fairly clear set of expectations about which actions are required, acceptable, or prohibited.

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Items commonly included in a Code of Conduct

- ▶ Conflicts of Interest
- ▶ Personal and Professional Integrity
- ▶ Harassment
- ▶ Fraud
- ▶ Customer Relations
- ▶ Vendor Relations
- ▶ Use of Company Property
- ▶ Expense Reimbursement
- ▶ Discrimination
- ▶ Confidentiality

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Items in State of SD Draft Code of Conduct

- ▶ Trustworthiness
- ▶ Gifts or Gratuities
- ▶ Drug-free Work Force
- ▶ Conflicts of Interest
- ▶ Respect, Caring, and Attitude
- ▶ Responsibility
- ▶ Personal Appearance
- ▶ Use of State Property
- ▶ Fairness
- ▶ Outside Employment
- ▶ Social Responsibility
- ▶ Political Activity

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Employee Morale

- ▶ Increasing employee morale can be an added benefit to creating a code of conduct as long as it is done correctly.
 - The code is created and enforced at the highest level of the State, creating a favorable tone at the top.
 - Employees have a document to show what is expected of them and what is prohibited.
 - Having this document helps treat all employees equally.

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Employee Morale – Steps to Take

- ▶ When creating a code of conduct, management has to be sure not to make it so strict as to hurt employee morale.
 - Accommodate employees when creating the code. Ask for staff input and actually use that input in the code. Employees are more likely to comply if they are engaged.
 - Be flexible and take into account individual circumstances. Do not just say “Tardiness will not be tolerated;” instead, give acceptable reasons for being late.

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South Dakota Code of Conduct

- ▶ BFM along with the Lt. Governor have prepared a Draft Code of Conduct for the Board to review
 - There are still things that need to be added and changed before it is finalized.
 - Lighthouse Services suggests having an engaging title such as World Bank Group's *Living Our Values*.
 - They also suggest having an introductory letter from the Governor or chairperson of the SBIC detailing the purpose of the code and its importance.

Scenarios to Consider

- ▶ Anne is a procurement specialist at a state agency. A vendor sends a basket of expensive food gifts to her home at Christmas with a card that says, “We hope that you and your family enjoy the goodies.”
- ▶ Zack is an employee of a state agency. He has a student at one of the local schools, and he furnishes his student with pencils and occasionally uses the office copier for reports to be copied.
- ▶ Ally is an employee of a state agency. She receives frequent flier miles while traveling for State business?