



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF ACCOUNTING  
Internal Audit Section**  
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January 13, 2006

**Rule Implementing Governor's Executive Order 98-04,  
Act 34 of 1999 & Act 2262 of 2005**

To Whom It May Concern:

The Department of Finance and Administration has adopted the above referenced rule and it is effective December 12, 2005. This rule replaces the existing Rules and Regulations Implementing Governor's Executive Order 98-04 and Act 34 of 1999.

The rule has been revised throughout to bring it into conformity with present statutory law, following an act in 2005 that revised and expanded upon the definition of a "relative" and prohibits the hiring of relatives by public officials, prohibits a state agency employee from supervising a relative, and imposes civil and criminal penalties for violations. The term "relative" is defined as an individual's spouse, children of that individual or his or her spouse, and brothers, sisters or parents of the individual or his or her spouse, plus the stepmother, stepfather, stepbrother, stepsister, half-brother, half-sister, daughter-in-law, son-in-law, uncle, aunt, first cousin, nephew or niece. This is more restrictive than the definition of "immediate family member" used in the current rules for EO 98-04. A public official is defined as any constitutional officer, members of the Arkansas General Assembly and the executive head of any agency, department, board, commission, institution, bureau or council of the state.

The disclosure forms at the back of the rule have been revised to reflect the changes from Act 2262 of 2005 and to further streamline and eliminate some repetition of information on the forms. Taxpayer ID and FEIN fields have been removed from the Contract and Grant Disclosure and Certification Form (page 27).

If you have any questions regarding the implementation of the rule you may contact me by phone at (501) 682-0370 or by fax (501) 371-1471.

Thank you for your cooperation.

| Sincerely,

A handwritten signature in cursive script that reads "Ricky Quattlebaum".

Ricky Quattlebaum, CPA, CGAP  
Internal Audit Administrator