

CITY OF POTEET



INTERNAL ETHICS & COMPLIANCE POLICY

ADOPTED BY CITY COUNCIL: AUGUST 17, 2020

ETHICS POLICY

This section prescribes the standards of conduct and ethics for all employees of the City of Poteet. The purpose of this policy is to encourage the highest ethical standards by employees in conducting official business, establish minimum guidelines for ethical standards of conduct to be followed by employees, and to provide a mechanism for disciplinary action those employees who violate the established standard of conduct.

1. The City Secretary, or any other designated employee appointed by the City Administrator as the City's Ethics Officer, is charged with monitoring compliance within the organization and taking appropriate action in response to compliance related complaints. The Finance Department responds to any suspicions of fraud and investigates appropriately. The Ethics Officer will be primarily responsible for responding to non-compliance and taking appropriate action to prevent future violations of this policy. These employees, along with the Comptroller are responsible for oversight of financial reports and establishing and maintaining an adequate internal control structure with appropriate checks and balances.
2. It is important for employees to come forward to report any violations of the standards of conduct and ethics. If a member of management becomes aware of or suspects unethical behavior and/or a violation of this policy, they have a responsibility to promptly consult the Ethics Officer for a proposed course of action. Anyone who condones or fails to take appropriate action may be found in violation of the standards of conduct and ethics. The Ethics Officer will be responsible for investigations; however, Managers/Supervisors may need to preliminarily investigate and talk with the employee, the employee's co-workers, or others to resolve an issue. If they are unsuccessful or require assistance, then the Ethics Officer will be responsible for any further investigation. The resolution of some issues may affect more than one employee. The City will strive to keep any investigations and issues submitted as confidential as possible.
3. All employees must abide by applicable federal and state laws, administrative rules, as well as the City's standards of conduct and ethics. An employee who violates any provision of this Ethics policy is subject to disciplinary action up to and including termination, and possible prosecution. An employee who violates any applicable federal or state law or rule may be subject to civil or criminal penalties in addition to any disciplinary action. Employees responsible for purchasing on behalf of the City are also responsible for communicating to individuals and companies doing business with the City that they must abide by applicable federal, state, and local laws, as well as the City's standards of conduct and ethics. Criminal background checks are conducted upon employment for all future employees in an attempt to avoid the delegation of substantial discretionary authority to individuals whom the City of Poteet knows or should know, have previously engaged in illegal activity.
4. New employees will receive this policy upon hire. In addition, the Human Resources Department will conduct required ethics training for all City staff on a biennial basis. All

employees will be notified when revisions to the standards of conduct and ethics are made, as well as all other sections of the City of Poteet Employee Handbook and Policies.

5. Council members will be given an Oath of Office and Statement of Officer upon appointment, as well as required review of the Open Meetings Act and Public Information Act. Member may also be scheduled to attend the Newly Elected Official training, including but not limited to: City Council Relations Policy and Code of Ethics, and Chapter 171 and 176 of the Local Government Code. Council Members will also receive ethics training on a biennial basis.
6. All steps are taken to ensure that compliance standards are effectively communicated to all employees by requiring participation in training and by distributing information that explains the requirements of the City of Poteet Internal Ethics and Compliance Policy. A copy of the Ethics and Compliance Policy, including any amendments and all related documents are made available to all employees.
7. All agents (Volunteers, Interns, Contractors, etc.) of the organization will receive a copy of the Internal Ethics and Compliance Policy and its expectation of ethical behavior and compliance with the law through distribution of written materials, electronic communication, or verbal communication.
8. Representation before City Council or City, boards, and commissions. No former city official or employee may, for a period of one year, for compensation, appear on behalf of any person other than a governmental entity, or make any appearance before, or negotiate with any city officer or employee in connection with any judicial or quasi-judicial proceeding, application, contract, claim, or charge relating to any matter that involved the city official's or employee's former employment.
9. A former city officer or employee shall not use nor disclose confidential government information acquired during service as a city official or employee. This rule does not prohibit any disclosure that is no longer confidential by law; or the confidential reporting of illegal or unethical conduct to authorities designated by law.
10. Annual internal audits are conducted along with other risk evaluations to monitor compliance and assist in the reduction of identified problem areas. It is the entity's desire to identify and address incidents of misconduct in an expeditious manner by encouraging employees to spot and report potential compliance issues to management. If an employee is uncomfortable in reporting directly to management, employees can and are encouraged to make a report with the Texas Comptroller's Office by calling through the Network at **(866) 420-8369**, or employees may also contact the State Auditor's Office (SAO) Fraud Hotline at **1-800-TX-AUDIT (1-800-892-8348)**, person who report fraud to the hotline may choose to remain anonymous. Reports made through the hotline are handled confidentially. Employees who report suspected non-compliance with law or unethical behavior can do so without fear of retaliation.
11. The City of Poteet is committed to proper maintenance and retention of records. Records are defined broadly to include almost any type of business information, and the required retention

period varies with the type of record. Falsifying records, deliberately concealing records, destroying records in bad faith, exploiting confidential information, or otherwise mishandling records is not acceptable. Records management includes the application of management techniques to the creation, use, maintenance, retention, preservation, and disposal of records for the purpose of reducing the cost and improving the efficiency of recordkeeping.

The City of Poteet will follow the standards contained in the Internal Controls and Cash Handling Policy. When a lawsuit is filed or is reasonably anticipated to be filed against the City of Poteet, or when an internal or governmental investigation is initiated, we must ensure that all information potentially relevant to the suit or investigation is preserved.

Records will not be altered, concealed, or in any way destroyed that are potentially relevant to a suit or investigation. Steps must be taken to ensure potentially relevant information is not inadvertently destroyed pursuant to document retention schedules or by routine computer operations or common computer settings, such as the automated deletion of emails.

CODE OF CONDUCT

Introduction:

This policy prescribes the standards of ethical conduct for all employees of the City of Poteet. All employees must familiarize themselves with this policy. All employees must abide by applicable federal and state laws, administrative rules, and this ethics policy. An employee who violates any provision of this conduct policy is subject to disciplinary action up to and including termination. An employee who violates any applicable federal or state law or rule may be subject to civil or criminal penalties in addition to any disciplinary action.

All employees shall perform their official duties in a lawful, professional, and ethical manner; practice responsible stewardship of organizational resources, and report any conduct or activity that they believe to be in violation of this policy. Employees shall not knowingly make false or misleading statements, oral or written, in the course of the conducting of City of Poteet business. Employees shall not disclose confidential or sensitive organizational business information without prior written authorization.

1. Policy

It is hereby declared to be the policy of the city that the proper operation of democratic government requires that public officers and employees be independent, impartial and responsible only to the people of the city; that no officers, employees or members of any standing committee or board shall permit any interest, financial or otherwise, direct or indirect, or engagement in any business, transaction or professional activity to conflict with the proper discharge of their duties in the public interest; that public office not be used for illegal or improper personal gain; and that the city council at all times shall be maintained as a nonpartisan body. To implement such a policy, the city council deems it advisable to enact a standard of conduct for all officers and employees, whether elected or appointed, paid or unpaid, to serve not only as a guide for official conduct of the city's public servants, but also as a basis for discipline for those who refuse to abide by its terms, the overriding interest being that officers and employees of the city shall at all times strive to avoid even the appearance of impropriety.

The city further recognizes that public servants are also members of society and, therefore, cannot and should not be without any personal and economic interest in the decisions and policies of government; that public servants retain their rights as citizens to interests of a personal or economic nature, and their rights to publicly express their views on matters of general public interest. It is not the intent of this article to thwart the opportunity of public servants to enjoy their rights as citizens of the community.

2. Purpose

The purpose of this article is to:

- A. Encourage the highest ethical standards by city officers and employees in conducting official business;
- B. Establish minimum guidelines for ethical standards of conduct to be followed by city officers and employees; and,
- C. Provide a mechanism for punishment of those officers and employees who violate the established standard of conduct.

3. Definitions

- A. The following words, terms, and phrases, when used, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:
- B. Business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership trust, or any other entity recognized by law.
- C. City Council, City Official, or councilmember means the elected legislative and governing body of the city consisting of the mayor, mayor pro-tem, council members, municipal court judge, the city attorney, and members of all boards or commissions.
- D. Employee means any person employed by the city including part-time and temporary employees.
- E. Officer means any appointive member of a city board, commission, or committee set up by city council action, ordinance, state law, or federal law on a permanent or ad hoc basis.

4. Standards of Conduct

A. Prohibition against gifts

- 1) Council members, officers and employees of the city shall not accept or solicit any gift, favor, or service from any person or business entity doing business with the city that might reasonably tend to influence council members, officers or employees in the discharge of their official duties or grant any improper favor, service or thing of value.
- 2) Several factors are considered in evaluating whether a gift is prohibited including the value of the gift, any preexisting relationship between the donor and city employee/s, whether the benefit of the gift flows to the city or to an individual city officer or employee and whether any consideration is given in exchange for the gift.

Those items or services that do not constitute prohibited gifts include, but are not limited to, the following:

- a) political contributions made and reported in accordance with state law;
 - b) awards publicly presented in recognition of public service;
 - c) entertainment, meals, or refreshments furnished in connection with public events, appearances or ceremonies related to official city business, if furnished by the sponsor of such public event.
- 3) Any item offered to a councilmember, officer or employee of the city may be donated to a charitable organization or be presented to the city.

Under Local Government Code Section 176.003, a local government officer shall file a conflicts disclosure statement with respect to a vendor if the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that a contract between the local governmental entity and vendor has been executed.

B. Personal financial interest

Council members, officers and employees of the city shall not participate in a vote or decision on any matter in which they have a direct or indirect substantial financial interest. Where ownership of stock in a corporation is involved, such stock ownership in an amount in excess of one percent of the stock of such corporation shall constitute substantial interest.

C. Confidential information

Council members, officers and employees of the city shall not disclose information that could adversely affect the property, government, or affairs of the city; nor directly or indirectly use any information gained solely by reason of their official position or employment for their own personal gain or benefit or for the private interest of others.

D. Use of city property

Council members, officers and employees of the city shall not use city supplies, equipment, or facilities for any purpose other than to conduct official city business, unless otherwise provided for by law, ordinance, or city policy.

E. Conflict of interest

Council members, officers and employees of the city shall not represent or appear on

behalf of themselves or on behalf of the private interests of others before the city council or any city board, commission or committee when a conflict of interest exists or represent the private interest of others in any action or proceeding involving the city.

Conflict of interest is a situation in which one's private interest (most often financial in nature) conflict with or raises a reasonable question of conflict with their job-related duties and responsibilities. Importantly, if someone violates a conflict of interest law, they face civil and/or criminal charges resulting in monetary fines or jail time.

Council members, officers and employee shall not:

1. Engage in any activity that would create a conflict of interest or even the appearance of a conflict.
2. Make personal investments in any enterprise that would create a substantial conflict between the members, officers, or employee's private interest and City of Poteet.
3. Engage in outside business or professional activities or accept employment if the activities create a conflict between the members, officers, or employee's private interest and City of Poteet; use or appear to use information obtained in connection with the employee's duties for City of Poteet, or could be expected to impair the members, officer, or employee's independence of judgment in the performance of the members, officers, or employee's duties for the City of Poteet.

Local public officials (including members of governing bodies or another officer, whether elected, appointed, paid, or unpaid, of any district including a transit authority or district), as well as certain other employees involved with contracting, are subject to the conflict of interest provisions in Chapter 171 of the Texas Local Government Code. Chapter 171 established the standard for determining when a local official has a conflict of interest that would affect their ability to discuss, decide, or vote on a particular item. Other state and federal laws may be applicable to officials and employees in particular situations.

F. Limitations on the political activities of city official and employees are imposed by states law and city employee handbook and policies. In addition, the following ethical restrictions apply:

a) **Influencing subordinates.** A city official or employee shall not, directly, or indirectly, induce or attempt to induce any city subordinate or the official or employee to:

- 1) Participate in an election campaign, contribute to a candidate or political committee, or engage in any other political activity relating to a particular party, candidate, or issue; or

- 2) Refrain from engaging in any lawful political activity.

A general statement merely encouraging another person to vote does not violate this rule.

- b) **Paid campaigning.** A city official or employee shall not accept anything of value, directly or indirectly, for political activity relating to an item pending on the ballot, if he or she participated in, or provided advice relating to, the exercise of discretionary authority by a city body that contributed to the development of the ballot item. Anything of value does not include a meal or other item of nominal value the city official or employee receives in return for providing information on an item pending on the ballot.
- c) **Official vehicles.** A city official or employee shall not display or fail to remove campaign material on any city vehicle under his or her control.



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A copy of the Internal Ethics & Compliance Policy has been provided to me. I have read and understand the City of Poteet Internal Ethics & Compliance Policy.

By signing below, I acknowledge that I have read and understand the standards of conduct and ethics for all employees of the City of Poteet.

Print Name: _____

Signature: _____

Date: _____