



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICAL STANDARDS

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): [PREVIOUSLY ETHICS & ANTI-FRAUD] JANUARY 2, 2020, JULY 27, 2020, OCTOBER 16, 2020, FEBRUARY 22, 2022, OCTOBER 1, 2022

A. Ethical Standards

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

The Human Resources Director, appointed by the City Manager 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 is responsible for oversight of financial reports and establishing and maintaining an adequate internal control structure with appropriate checks and balances. The Finance Department responds to any suspicions of fraud and investigates appropriately. Regular monitoring of the Ethics Point system for reporting possible ethical violations is completed to assist in the reduction of identified problem areas within the organization. The Ethics Officer will be primarily responsible for responding to non-compliance and taking appropriate action to prevent future violations of this policy. To make a report through the EthicsPoint system, team members may use either of the following methods:

- Visit www.cityofnewbraunfels.ethicspoint.com and select the "Make the Report" link
- Dial toll-free: 1-866-883-9397

It is important for team members 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 team member, the team members 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 team member.



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All team members must abide by applicable federal and state laws, administrative rules, as well as the City's standards of conduct and ethics. A team member who violates any provision of this Ethics policy is subject to disciplinary action up to and including termination, and possible prosecution. A team member who violates any applicable federal or state law or rule, or city ordinance, may be subject to civil or criminal penalties in addition to any disciplinary action. Team members 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 team members to avoid the delegation of substantial discretionary authority to individuals whom the City of New Braunfels knows or should know, have previously engaged in illegal activity.

New team members will have access to this policy upon hire through the City of New Braunfels Policy Library. In addition, the Human Resources Department will conduct required ethics training for all City staff on a biennial basis. All team members will be notified when revisions to the standards of conduct and ethics are made, as well as all other sections of the City of New Braunfels Policy Library. This policy applies to team members and vendors.

While not subject to this policy, City Councilmembers, as elected officials, must abide by the City Charter, the New Braunfels Code of Ordinances, Sections 2-1 to 2-8, Texas Local Government Code, Chapter 171 (Conflict of Interest) and Chapter 176 (Conflicts Disclosure Statement Requirements), and any other applicable local, state or federal laws. Newly elected City Council members will be given an Oath of Office and Statement of Officer upon appointment by the City Secretary. Councilmembers are required to review the requirements of the Open Meetings Act, Public Information Act, and conflict of interest laws in the Texas Local Government Code. This can be accomplished by studying most updated editions of the following Texas Municipal League publications for newly elected officials: A Guide to Becoming a City Official, Key Legal Requirements for Texas City Officials, and Handbook for Mayors and Council Members. Council Members will be required to attend at least one ethics training while holding office.

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1. Prohibition Against Gifts

- a. Team members 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 them in the discharge of their official duties or grant any improper favor, service, or thing of value.
- b. 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 team member, whether the benefit of the gift flows to the city or to an individual city officer or team member 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: 1) political contributions made and reported in accordance with state law; 2) awards publicly presented in recognition of public service; 3) 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.
- c. Any item offered to a team member of the city may be donated to a charitable organization or be presented to the city.

2. Personal Financial Interest

Team members 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.

3. Confidential Information

Team members 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.

4. Use of City Property

Team members 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.



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5. Conflict of Interest

Team members 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.

6. Representation Before City Council or City Boards and Commissions

No former city team member 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 team member in connection with any judicial or quasi-judicial proceeding, application, contract, claim, or charge relating to any matter that involved the team members former employment.

B. Anti-Fraud

The Anti-Fraud Policy relates closely to the City's Ethics Policy and applies to any actual or suspected fraud, theft, waste, or abuse involving any City team member, a consultant, vendor, contractor, outside agency, or person doing business with the City or in any other relationship with the City. The City of New Braunfels does not tolerate any type of fraud, theft, waste or abuse. The City's policy is to promote consistent, legal, and ethical organizational behavior by:

1. Assigning responsibility for reporting fraud, theft, waste, or abuse.
2. Providing guidelines to conduct investigations of suspected fraudulent behavior.
3. Requiring team members to attend fraud awareness training.

Failure to comply with this policy subjects any City to disciplinary action, up to and including immediate termination. Failure to comply by a consultant, vendor, contractor, outside agency, or person doing business with the City or in any other relationship with the City could result in cancellation of the business or other relationship between the entity and the City. The City of New Braunfels will pursue prosecution if the results of an investigation indicate the possibility of

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criminal activity.

The City of New Braunfels contracts with EthicsPoint as a means for team members to report suspected fraud, theft, waste, or abuse anonymously. The anonymity of the team member reporting will be respected at all times. To make a report through the EthicsPoint system, team members may use either of the following methods:

- Visit www.cityofnewbraunfels.ethicspoint.com and select the “Make the Report” link
- Dial toll-free: 1-866-883-9397

For purposes of this policy only, the term fraud or fraudulent includes theft, waste, and abuse as defined below.

1. Definitions of Fraud, Waste, Abuse and Theft

- a. Fraud is defined as an intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied.
- b. Waste is the loss or misuse of City resources that results from deficient practices, system controls, or decisions.
- c. Abuse is the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy machines, etc.
- d. Theft is defined as the act of taking something from someone unlawfully.

2. Responsibility to Report Suspected Fraud

- a. Each team member is required to report any suspected fraud, theft, waste or abuse or other improprieties, misconduct and/or dishonest conduct through EthicsPoint, to the team members supervisor or to the Ethics Officer. The Ethics Officer is the Human Resources Director or designee.
- b. Supervisors are required to report suspected fraud, theft, waste or abuse or other dishonest conduct, including reports from team members or other individuals, either through EthicsPoint, the Ethics Officer or to their supervisor.

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- c. The Ethics Officer has the authority to determine the merits of a report of suspected fraud and will make a determination with the assistance of City Management.
- d. The identity of a team member or complainant who reports suspected fraud will be protected to the full extent allowed by law.

C. Nepotism Policy

The City of New Braunfels strives to support family members in the workplace under appropriate circumstances. The purpose of the nepotism policy is to promote a workplace where team members maintain clear boundaries between family, personal, and work relationships that promote an environment that is fair, equitable, and safe.

Team members of the City shall be subject to and shall comply with the provisions of this policy, general state law regarding nepotism including, but not limited to, Chapter 573 of the Texas Government Code. No team member, including City Council appointed team members, may either directly supervise or be supervised by a person related to him or her within the second degree of affinity or third degree of consanguinity, defined below in paragraph E. In the event of conflict between this policy and an ordinance or City Charter, the Charter and ordinance will govern in that order.

As related to the nepotism policy, supervision is defined as an team member who is responsible for the day-to-day work of another team member (direct supervision) or an team member directing the day-to-day work of another team member through the organizational structure or chain of command (indirect supervision). This does not include high level, strategic messages or decisions that would affect everyone in the department and/or division equally. Team members may not make, participate in making, or influence any employment decision that impacts only the related person. Generally, employment decisions involve salary, benefits, promotion, assignment, and discipline.

Examples of employment decisions include, but are not limited to:

- Hiring, promoting, transferring, or assignment
- Performance appraisals
- Administrative investigation or discipline

If a conflict arises, immediately take the one or more of the following actions:

- Institute a written standing order to the supervisor to avoid any direct or indirect supervision of the related person as approved by the City Manager.
- Implement a written procedure that identifies who will handle all supervisory employment decisions involving the subordinate related team member.

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- Reassign the team member most recently hired, but if reassignment is not an option in the opinion of the City Manager, or if a written standing order is not approved, the situation will be reviewed on a case-by-case basis and a determination will be made by the City Manager's Office.

1. Nepotism Exception

It shall be an exception to the nepotism prohibition if a person is elected to the City Council and is related to a City team member within the second degree of affinity or third degree of consanguinity and that team member has successfully completed six [6] months of employment prior to the date of election. If he/she has not completed six [6] months of employment, he/she must tender his/her resignation effective the first day following the date that his/her relative completes the oath of office.

2. Consanguinity & Affinity

Consanguinity is commonly referred to as blood relationship and may be lineal [father, son, grandson] or collateral [brother, nephew, uncle]. An adopted child is considered to be a child of an adopted parent for this purpose.

Relation to Team member:

- 1st Degree: Child, parent.
- 2nd Degree: Grandchild, sister, brother, grandparent.
- 3rd Degree: Great grandchild, niece, nephew, aunt, uncle, great-grandparent.

Affinity is more commonly referred to as relationship by law or marriage.

Relation to Team member:

- 1st Degree: Spouse, spouse's child, spouse's parent, child's spouse.
- 2nd Degree: Spouse's grandchild, spouse's grandparent, spouse's brother and/or sister, brother, or sister's spouse.

Computations of degrees of consanguinity and affinity will be made in accordance with Chapter 573 of the Texas Government Code.