



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

ETHICS POLICY

This section prescribes the standards of conduct and ethics for all employees of the City of New Braunfels. 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 for those employees who violate 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, employees 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 employees to come forward to report any violations of the standards of conduct and ethics by City employees. 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.



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

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, or city ordinance, 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 New Braunfels knows or should know, have previously engaged in illegal activity.

New employees 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 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 New Braunfels Policy Library. This employee policy applies to city employees and vendors.

While not subject to employee ethics policies, 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.

A. Prohibition Against Gifts



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

1. 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 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, 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: 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.
3. Any item offered to an employee of the city may be donated to a charitable organization or be presented to the city.

B. Personal Financial Interest

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

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

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.



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

E. Conflict of Interest

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.

F. Representation Before City Council or City Boards and Commissions

No former city 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 employee's former employment.

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 employee, 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:

- a. Assigning responsibility for reporting fraud, theft, waste or abuse.
- b. Providing guidelines to conduct investigations of suspected fraudulent behavior.
- c. Requiring employees to attend fraud awareness training.

Failure to comply with this policy subjects any City employee 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



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

criminal activity.

The City of New Braunfels contracts with EthicsPoint as a means for employees to report suspected fraud, theft, waste or abuse anonymously. The anonymity of the employee reporting will be respected at all times. To make a report through the EthicsPoint system, employees 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. The term employee includes employees in management positions. The term management includes directors, assistant directors, managers, assistant managers, supervisors and any other employee who has authority to sign another employee's performance evaluation.

A. Definitions of Fraud, Waste, Abuse and Theft

1. 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.
2. Waste is the loss or misuse of City resources that results from deficient practices, system controls, or decisions.
3. 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.
4. Theft is defined as the act of taking something from someone unlawfully.

B. Responsibility to Report Suspected Fraud

1. Each employee is required to report any suspected fraud, theft, waste or abuse or other improprieties, misconduct and/or dishonest conduct through EthicsPoint, to the employee's management or to the Ethics Officer. The Ethics Officer is the Human Resources Director or designee.
2. Management is required to report suspected fraud, theft, waste or abuse or other dishonest conduct, including reports from employees or other individuals, either through EthicsPoint, the Ethics Officer or to higher level management.



CITY OF NEW BRAUNFELS POLICIES AND PROCEDURES

PROCEDURE(S): ETHICS AND ANTI-FRAUD POLICY

EFFECTIVE DATE: MAY 20, 2019

REVISION DATE(S): JANUARY 2, 2020, JULY 27, 2020, SEPTEMBER 28, 2020

3. Management does not have the authority to determine the merits of a report of suspected fraud. The Ethics Officer will make a determination with the assistance of City Management.
4. The identity of an employee or complainant who reports suspected fraud will be protected to the full extent allowed by law.