**SECTION: BUSINESS CONDUCT AND ETHICS**

**POLICY:** Employee Conduct and Ethics **EFFECTIVE DATE:** insert date adopted

**STATEMENT OF PURPOSE:**

The City expects all employees to conduct the City's business with integrity and to comply with all applicable laws in a manner that excludes considerations of personal advantage or gain.

**DEFINTIONS:**

This policy’s definitions are described in each section.

**APPLICABILITY:**

This policy applies to all employees of the City, including full-time, part-time, temporary, and seasonal staff, interns and elected and appointed officials.

**POLICY:**

1. Employees
   1. Employees shall not seek or accept for themselves or others any gifts, favors, entertainment, or payments without a legitimate business purpose from any person or business organization that does or seeks to do business with or is a competitor of the City.
   2. Employees may accept for themselves common courtesies usually associated with customary business practices. These include but are not limited to:
      * Lunch and/or dinner with vendors if the invitation is extended by the vendor. [see City policy on maximum dollar amount limits]
      * The receipt of alcoholic beverages is discouraged.
      * Gifts of perishable items usually given during the holidays such as hams, cookies, nuts, etc., are acceptable if shared with staff.
   3. A strict standard is expected with respect to gifts, services, discounts, entertainment, or considerations of any kind from suppliers.
      * Day outings such as golf, fishing and hunting are acceptable with prior approval from the appropriate City official. The vendor must be in attendance and participation by the employee’s family members is not acceptable.
      * Use of vendor's facilities (vacation homes, etc.) by employees or their families for personal use is prohibited.
      * It is never permissible to accept a gift in cash or cash equivalent such as any forms of marketable securities of any amount.
   4. Management employees should not accept gifts from those under their supervision of more than limited value. [see City policy on maximum dollar amount limits]
2. Conflicts of Interest
3. Employees should avoid any situation which involves or may involve a conflict between their personal interest and the interest of the City. As in all other facets of their duties, employees dealing with customers, suppliers, contractors, competitors, or any person doing or seeking to do business with the City are to act in the best interest of the City. Each employee shall make prompt and full disclosure in writing to their manager of any potential situation which may involve a conflict of interest. Such conflicts include:
   * + Ownership by an employee or by a member of their family of a significant interest in any outside enterprise which does or seeks to do business with or is a competitor of the City.
     + Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside enterprise which does or is seeking to do business with or is a competitor of the City.
     + Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the City or its interests.
     + Any other arrangements or circumstances, including family or other personal relationships, which might dissuade the employee from acting in the best interest of the City.
4. Confidential Information

a) The revelation or use of any confidential product information, data on decisions, plans, or any other information which might be contrary to the interest of the City without prior authorization, is prohibited. The misuse, unauthorized access to, or mishandling of confidential information, particularly personal information, is strictly prohibited and will subject an employee to discipline up to and including immediate discharge.

1. Compliance
2. Any violation of this policy will subject the employee to disciplinary action up to and including termination of employment. Any City employee having knowledge of any violation of this policy shall promptly report such violation to the appropriate level of management. Each City Director of the City is responsible for compliance in their area of responsibility. When questions arise concerning any aspect of this policy, contact the City Manager and/or the Director of Human Resources.
3. Employees who believe they have been harassed or discriminated against should report the incident to their supervisor or to human resources as soon after the incident as possible. (Refer to the City’s Unlawful Anti-Harassment Policy and Complaint Procedure)
4. The City will investigate all reported instances of conflicts of interest or unethical behavior. In every instance where improper behavior is found to have occurred, the City will take appropriate action. This may include discipline, up to and including termination of employment.
5. Retaliation
6. The City will not tolerate retaliation against employees who raise genuine conduct or ethics concerns in good faith.
7. Purchasing Code of Conduct
8. It is the intent of the City for all employees, officers, or agents to conduct all activities associated with procurements on behalf of the City in compliance with the highest ethical standards, including the avoidance of any real or perceived conflict of interest. It is also the intent of the City to impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employees or officers who violate any of these requirements.
9. The following common standards of ethics shall govern the conduct of City employees involved in the purchasing function:
10. It is a breach of ethics to attempt to realize personal gain through public employment with the City by any conduct inconsistent with the proper discharge of the employee's duties.
11. It is a breach of ethics to attempt to influence any public employee to breach the standards of ethical conduct set forth in this code.
12. It is a breach of ethics for any employee of the City to participate directly or indirectly in a procurement when the employee knows that:
    * + The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
      + A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
      + Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
13. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of the City, or for any employee or former employee of the City to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.
14. In addition, Texas law makes a gift (an item valued at $50 or more, cash of any amount, or a negotiable instrument of any value) to a public employee a Class A misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body. (Texas Penal Code, 36.09[d] and [h]).
15. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of the City, or any person associated therewith, as an inducement for the award of a subcontract or order.
16. It is a breach of ethics for any employee or former employee of the City knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.
17. Local Government Code, Chapter 176 provides information regarding conflict of interest statements to be filed by vendors and certain City employees.
18. Federal Requirements
19. In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, in accordance with 2 C.F.R. § 200.18(c)(1), the City’s standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

* No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
* The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

# Reporting Unethical Behavior

1. The actions of one employee impact the credibility of all other employees either in a positive or negative manner. Employees should always strive to conduct themselves in a positive manner. If employees become aware of known or suspected wrongdoing on the part of another employee they should report that action or activity to their supervisor/manager or the Human Resources Department immediately.
2. If an employee is uncomfortable reporting such behavior to their supervisor/manager or to Human Resources, the employee can report any violation of these policies by contacting \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
3. Examples of unethical or improper conduct to be reported include, but are not limited to:
4. On-the-job drug and alcohol abuse
5. Theft or property damage
6. Poor workmanship or inappropriate “shortcuts”
7. Health, safety and environmental issues
8. Violations of City policies or procedures
9. other violations of applicable laws and regulations
10. Fraud
11. Misuse of public funds