

TEXAS GOVERNMENT ACCOUNTABILITY ASSOCIATION

Comprehensive Transparency and Ethics Policy for Texas Municipalities, Version 251204 *(as may be amended, supplemented or otherwise modified from time to time, hereinafter referred to as “Policy”)*

This Policy:

1. Is not applicable to any Elected Official’s candidacy or election that is regulated by the Texas Ethics Commission; and
2. Does not waive the authority and discretion of any City, City Body, Elected Official, or City Official to enforce higher ethical standards than those established by this Policy.

SECTION 1. TRANSPARENCY & DISCLOSURES

1. **General Covenants and Provisions.** The transparency standards and requirements set forth in this Policy shall extend to the City, all City Bodies, Elected Officials, City Officials, Affiliated Organizations, Local Government Affiliate, and other Persons as applicable.
2. **Financial.** The City must post to its website, at no cost to the public, for the current fiscal year, and for each fiscal year following the adoption of this Policy by the City, the information set out below in this Section. Unless stated otherwise below, all reports shall be for each fiscal year.
 - a. **ACFR.** All Annual Comprehensive Financial Reports for the City.
 - b. **Audits.**
 - i. The City shall conduct an efficiency audit of each department within a rolling five (5) years, which audit shall be conducted by an outside independent firm; provided, however, this requirement does not apply to departments whose primary function is the provision of emergency services, including police, fire, or emergency medical services. The requirement is further waived if the City has an annual budget of \$2,000,000 or less for any year in which an efficiency audit would otherwise be required. The scope of the audit shall be to engage in fraud detection and to recommend suggested cost savings and identify revenue opportunities. The draft audit report and the final audit report shall be posted to the City’s website and the lead partner on the audit shall be made available for a Q&A session with City residents and taxpayers within thirty (30) days of report completion. The efficiency audit is not required if the City Council adopted a tax rate at or below the no-new-revenue tax rate for the previous or current fiscal year.

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- ii. The City shall conduct a City-wide financial audit every year, which audit shall be conducted by an outside independent CPA firm. The scope of the audit shall be to affirm the accuracy of all financial reporting and confirm proper accounting procedures are utilized. The draft audit report and the final audit report shall be posted to the City's website and the lead partner on the audit shall be made available for a Q&A session with City residents and taxpayers within thirty (30) days of the final audit report's completion, subject to the relevant provisions of the applicable accounting rules. A professional services contract for auditing services shall be limited to no more than four (4) years (including renewals beyond the initial term). An open procurement process with requests for proposals for auditing services shall be required every four (4) years.
- c. **Vendors.** The City shall require all Vendors, in order to receive more than \$10,000 in payments during a fiscal year, to fill out and sign under penalty of perjury, a form annually with the following information at a minimum:
 - i. Name of the Vendor;
 - ii. Address and phone number of the Vendor;
 - iii. Nature of such Subject Vendor's business dealings with the City or any City Body;
 - iv. Any Family Relationship between the Vendor or any Affiliate Organization of the Vendor with an Elected Official or City Official and/or any Elected Official or City Official's Affiliate Organizations;
 - v. The amount and timing of all political contributions by the Vendor or any Affiliate Organization of the Vendor to any Elected Officials in the previous twenty-four (24) months; and
 - vi. The name, position, and total payments of any individual employed by or otherwise paid within the previous twelve (12) months by the Vendor or a Vendor's Affiliate Organization to a current or former Elected Official or City Official or a Family Relationship of a current or former Elected Official or City Official.
- d. **Local Government Affiliates.** As a condition to receiving funds from the City, all Local Government Affiliates shall annually agree in writing to complying with this Policy.
- e. **Miscellaneous Financial Matters.**
 - i. **Individual Compensation.** A complete list of the total compensation paid to each Elected Official and City Official including wages, salary, overtime, and benefits (including health, dental, life and pension) on an annual basis organized by last name alphabetically.
 - ii. **Vendor Searchability.** Maintain and post to the City website an easily searchable database of all vendors who have received a payment within the twenty-four (24) months preceding the effective date of membership, with the database to be updated quarterly as new vendors and payments are added thereafter. Each database record shall include, for each payment,

a unique identifying number for the vendor, vendor name, date, amount paid, description (if any), reason for payment (if any), account number and account name of source of funds.

3. **Conflicts of Interest.** The City shall post on its website accessible from the navigation on the home page within fifteen (15) business days, the occurrence of any of the following with all the relevant details:
- a. ***City, City Body, & Local Government Affiliate Employment.*** If the City, City Body, or any Local Government Affiliate hires or pays for any purpose (other than for compensation listed above in Section 1.2(e)(i)) an Elected Official or City Official or any person that is a Family Relationship of any Elected Official or City Official.
 - b. ***Favorable Granting of a Permit or Zoning Variance.*** If the City or a City Body grants a permit or zoning variance to:
 - i. any Elected or City Official;
 - ii. any Family Relationship of any Elected Official or City Official; and/or
 - iii. any Affiliate Organization of any Elected Official or City Official or any of their Family Relationships.
 - c. ***Favorable Passing of Ordinances.*** If the City or any City Body enacts or passes any ordinance, legislation, rule, or regulation that is materially more favorable to any of the following than other City area citizens and organizations:
 - i. any Elected or City Official;
 - ii. any Family Relationship of any Elected Official or City Official; and/or
 - iii. any Affiliate Organization of any Elected Official or City Official or any of their Family Relationships.
 - d. ***Contracting.*** If the City, City Body, or any Local Government Affiliate signs a contract with or enters into any agreement (written or otherwise) with:
 - i. any Elected or City Official;
 - ii. any Family Relationship of any Elected Official or City Official; and/or
 - iii. any Affiliate Organization of any Elected Official or City Official or any of their Family Relationships.
 - e. ***Payments.*** The City, any City Body, or any Local Government Affiliate makes any payments to any of the following that is not pursuant to a written contract and which has not been previously disclosed pursuant to Section 1.3(a) or Section 1.3(d) above:
 - i. any Elected Official or City Official;
 - ii. any Family Relationship of any Elected Official or City Official; and/or
 - iii. any Affiliate Organization of any Elected Official or City Official or any of their Family Relationships.
 - f. ***Services & Asset Sales.*** Any Elected Official or City Official, any Family Relationship of any Elected Official or City Official, or any Affiliate Organization of any Elected Official, City Official or any their Family Relationships purchases on their own behalf or has another Person purchase on their behalf any material,

item, land, improvements, service, or anything of value from the City, a City Body, or a Local Government Affiliate.

4. City and City Body Meetings.

- a. All meetings of the City Council as well as boards and commissions of the City with members that are not employees of the City shall be fully subject to the Texas Open Meetings Act and Texas Public Information Act without restriction. If any court of law, administrative court, opinion, statute, or other ruling shall determine that any entity described herein is not subject to the Texas Open Meetings Act and/or Texas Public Information Act as a matter of law, said entity shall regardless adopt the provisions of the Texas Open Meetings Act and Texas Public Information Act and conduct its affairs in full compliance, including waiving immunity for injunctive relief to enforce compliance.
- b. All meetings involving a majority of the City Council shall be live-streamed and video recorded. The City will take all necessary steps to ensure that any individual speaking during the meeting, including any individual speaking to the City Council or making any presentation to the City Council is both clearly visible and identified during the live-stream and in the video recording. The City will ensure that video and audio recordings of all City Council meetings are promptly made available to the public, and in any event within forty-eight (48) hours, on the City's website.
- c. The City Council shall be permitted to meet in closed executive session to discuss certain sensitive or otherwise confidential information as allowed under Texas state law; provided, however, that any individual matter that the City Council proposes to have considered during a closed executive session must first be listed on the agenda of a regular meeting of such City Council, which such agenda shall be made available to the public on the City's website in advance of such regular meeting.
- d. The City Council shall be permitted to meet in closed executive session to discuss certain sensitive or otherwise confidential information solely as required under Texas state law.

5. Miscellaneous.

- a. **Organizational Chart.** A comprehensive organizational chart identifying all City Bodies, Elected Officials and City Officials, , the supervisor each person reports to, position descriptions, and contact information (including city phone number and city e-mail address as applicable) updated at least quarterly and posted to the City's website.
- b. **Building Permit Application Procedures.** The procedures required to apply for all building permits and zoning variances with the specific time periods the applicant can expect for all portions of the process for which the City is responsible for performing shall be posted to the City's website.

- c. ***Open Records Requests.*** The City shall implement a system to allow citizens to submit open records requests, to track such requests, and to receive responses to such requests within ten (10) days at the lowest cost applicable under Texas state law, and with only the redactions and limitations that are mandatory under Texas state law.
- d. ***City Body Appearances.*** Any Person who appears before a City Body, before speaking, shall be asked to disclose through a public comment form whether he or she, any Family Relationship, any Affiliate Organization, or any Family Relationships' Affiliate Organization has received payments from a City Body in the previous twelve (12) months.

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SECTION 2. ETHICS & RELATED PROHIBITIONS & REQUIREMENTS

1. General Covenants and Provisions.

- a. The ethics standards set forth in this Policy are designed to:
 - i. Encourage high ethical standards in official conduct by Elected Officials and City Officials; and
 - ii. Establish minimum guidelines for ethical standards of conduct for all Elected Officials and City Officials by setting forth those acts or actions that are incompatible with the best interests of the City.
- b. These standards shall extend to the City, all City Bodies, Elected Officials, City Officials, Local Government Affiliates, Family Relationship, Affiliate Organizations and other Persons as applicable.

2. Conflicts of Interest.

- a. **Decision Making.**
 - i. Elected Officials may not vote on any matter in Section 1.3 above for which they are a Conflicted Party.
 - ii. City Officials may not be the deciding party on any matter in Section 1.3 above for which they are a Conflicted Party.
- b. **Usage of City Property.** Unless explicitly allowed in writing per the terms of employment or office holding, an Elected Official or City Official shall not use, or permit others to use, any City or City Body funds, property, or personnel for non-City or non-City Body purposes, as applicable, except when otherwise available to the public generally or to a class of residents on substantially the same terms and conditions.
- c. **Representation.** Elected Officials and City Officials shall not for pay, profit, compensation, financial gain or other benefit represent or appear on behalf of themselves or on behalf of non-City or non-City Body interests before the City or City Body.
- d. **Personnel Reporting.** No Person employed by the City or a City Body shall report directly or indirectly to a Family Relationship without the affirmative, public approval by the City Council.
- e. **Proper Contracting.** No City Official shall be the decision maker for the hiring of a Vendor whereby said Vendor or an Affiliate Organization of the Vendor is a Family Relationship of the City Official.

3. **Gifts.** To avoid the appearance and risk of impropriety and self-enrichment, Elected Officials and City Officials shall not solicit or accept any Gift from any Person doing business with, seeking to do business with, or being regulated by the City. Those items or services that do not constitute prohibited Gifts include, but are not limited to:
 - a. Political contributions made and reported in accordance with all applicable local, state, and federal laws.
 - b. Gifts reported in accordance with all applicable local, state and federal laws.
 - c. Awards publicly presented in recognition of public service.

- d. Entertainment, meals or refreshments furnished in conjunction with public events, appearances, or ceremonies related to official city business, if furnished by the sponsor of such public event, and meals and refreshments having a value of less than \$540.00 when furnished or provided to an Elected Official or City Official during the conduct of public business.
 - e. Any item received by an Elected Official or City Official and immediately donated to a charitable organization.
 - f. Meals, lodging, or transportation in connection with services rendered by the Elected Official or City Official at a conference, seminar or similar event that is more than merely perfunctory.
 - g. Tickets, admission, meals, or hospitality associated with attendance at sporting, cultural, or entertainment events, when provided by the event sponsor or host organization and when such attendance serves a legitimate public, ceremonial, or representational purpose related to the duties of the Elected Official or City Official.
 - h. Attendance by an Elected Official or City Official at hospitality functions at local, regional, state or national association meetings and/or conferences or at community, ceremonial, or social events, such as holiday gatherings, civic receptions, or constituent meetings, when such attendance serves a legitimate public or representational purpose.
 - i. Pens, pencils, calendars, t-shirts, caps and similar items containing logos, slogans, company names or other marketing material and commonly given out for advertising purposes.
4. **Use of Confidential Information.** Elected Officials and City Officials shall not disclose confidential or proprietary information, or any information they have acquired or obtained in the course of any fiduciary capacity or relationship, that could adversely influence the property, government, or affairs of the City, nor directly or indirectly use his or her position to secure confidential information about any Person for their financial benefit or gain.
5. **Outside Employment and Political Activities.**
- a. Full-time City Officials must inform their supervisor in writing before engaging in off-duty employment.
 - b. If the City or a City Body signs a contract with or enters into any agreement (written or otherwise) with a Lobbyist to advocate for changes in state or federal policy, regulations, or laws in their capacity, then the City shall post the contract or agreement on its website accessible from the navigation on the home page within fifteen (15) business days.

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SECTION 3. GLOSSARY OF DEFINED TERMS

1. **Rules of Construction.** Words used in the present tense include the future tense. Words used in the plural number include the singular, and words in the singular include the plural. The word “shall” is always mandatory. The word “herein” means in this Policy. The word “regulations” means the provisions of any applicable ordinance, rule, regulation or policy.
2. **Defined Terms.** For the purposes hereof, the following terms have the meanings set forth below:
 - a. “**Affiliate Organization**” means any Person in which: (1) such Person or any Family Relationship of such Person holds a five percent (5%) or greater beneficial or ownership interest; and/or (2) such Person or any Family Relationship of such Person is directly or indirectly involved in the management and/or control of such entity.
 - b. “**City**” means any home rule city which has adopted a home rule charter for its local self-governance and all its subsidiaries, or any general law city as defined in the Texas Local Government Code.
 - c. “**City Body**” means the City Council and any commission or board of the City created by the City Council, together with any other governing body or group responsible for the management and administration of any City activities and their subsidiaries. “City Body” shall also include all committees, sub-committees, working groups, boards, corporations, local government corporations, commissions, agencies, departments, funds, non-profits, or any other entity created by any City Body.
 - d. “**City Council**” means the City Council or City Commission as defined in the City Charter or Local Government Code.
 - e. “**City Official**” means all persons appointed by the City Council or an individual City Council Member to a City Body and all employees of the City responsible for overseeing the operations of a specific city department or agency. For the avoidance of doubt, City Official shall not include the Elected Officials.
 - f. “**Conflicted Party**” means any Person who has entered into a relationship categorized as a Conflict of Interest as described by Section 1.3 above.
 - g. “**Elected Official**” means the elected officers of the City, including the mayor of the City and the members of the City Council.
 - h. “**Family Relationship**” means any relationships within the third degree by consanguinity or second degree by affinity, each as defined by Texas Government Code Chapter 573. In relevant part, (A) Texas Government Code §573.023(c) provides that “[a]n individual’s relatives within the third degree by consanguinity are the individual’s: (1) parent or child (relatives in the first degree); (2) brother, sister, grandparent or grandchild (relatives in the second degree); and (3) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of

the individual (relatives in the third degree)..”; and (B) Texas Government Code §573.025(b) provides that “[a]n individuals relatives within the second degree by affinity are: (1) anyone related by consanguinity to the individual’s spouse in one of the ways named in Sections 573.023(c)(1) and 573.023(c)(2); and (2) the spouse of anyone related to the individual by consanguinity in one of the ways named in Sections 573.023(c)(1) and 573.023(c)(2).

- i. “**Gift**” means a favor, service, hospitality, economic benefit, product or item having a value of \$540.00 or more, or \$1,080.00 or more within a twelve (12) month period. A “Gift” does not include campaign contributions or gifts reported as required by local, state, or Federal law, money, items, or benefits received from a relative if given on account of kinship, or any value received by will, intestate succession, or as a distribution from an inter vivos or testamentary trust established by a spouse or ancestor.
- j. “**in writing**” shall include by memorandum, letter, or email whereby receipt is verified.
- k. “**Lobbyist**” means any Person as defined by Texas Government Code Chapter 305.
- l. “**Local Government Affiliate**” means any Person in which a) payments (other than compensation) from the City accounts for at least thirty percent (30%) of such Person’s annual revenues, and b) either i) the City or an Elected Official or City Official appoints two or more board members or ii) the City established or renews such Person’s charter.
- m. “**Person**” means any individual, corporation, sole proprietorship, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, limited liability company, and any other legal entity.
- n. “**TGAA**” means the Texas Government Accountability Association, which has been organized in accordance with the Interlocal Cooperation Act, Texas Government Code §791.001, et seq.
- o. “**Vendor**” means any Person that receives payments from the City or any of its City Bodies that is not employment compensation.