



**Capital Area Rural
Transportation System
CARTS**

**Internal Compliance Program
and
Code of Conduct**

Capital Area Rural Transportation System (CARTS) has established an Internal Compliance Program. The General Manager, through the assigned designee, is charged with monitoring compliance within the organization and taking appropriate action in response to compliance related complaints. This employee through his designee is responsible for oversight of financial reports and establishing and maintaining an adequate internal control structure with appropriate checks and balances.

CARTS has taken all possible steps to avoid the delegation of substantial discretionary authority to individuals whom the organization knows, or should know, have propensity to engage in illegal activities.

Criminal background checks will be conducted annually for all current employees and upon employment for all future employees in high-level positions, who are involved in handling financial documents or highly confidential information, and/or who admit a prior felony conviction.

CARTS will ensure that compliance standards are effectively communicated to all of CARTS's employees by requiring them to participate in training and by disseminating to them information that explains, in understandable language, the requirements of CARTS Internal Compliance program.

A copy of the compliance policy, including any amendments and all related documents (agency handbook) will be made available to all employees. Training will be held during orientation and annually and each employee will sign a document acknowledging its receipt and their understanding of the policy's requirements and on ethical behavior generally.

CARTS Board of Directors will participate in any applicable annual training in ethics and in the compliance program as well as ethical behavior generally.

CARTS shall notify all agents of the organization of the organization's compliance policy, and its expectation of ethical behavior and compliance with the law from individuals and companies it does business with through distribution of written materials, or mail-outs of information, electronic communication, or verbal communication methods.

Employees are required to immediately report any suspicion of noncompliance with law, or unethical behavior.

CARTS has set up the following anonymous procedures for reporting noncompliance and unethical behavior. It is CARTS desire to provide whatever means possible to identify and address incidents of misconduct in an expeditious manner by fostering an atmosphere that encourages employees to spot potential compliance issues and bring them to management's attention.

Reports may be submitted anonymously by mail to:

CARTS
P.O. Box 6050
Austin, Texas 78762

Attention: David Marsh, General Manager

If you suspect that a CARTS employee or vendor is conducting business unethically, you can file a complaint anonymously and confidentially. CARTS encourages an honest and ethical working environment. Anonymous ethics complaints can also be emailed to ec@ridecarts.com

The General Manager or the assigned Designee will be primarily responsible for responding to evidence of noncompliance and taking appropriate action. CARTS personnel policy defines disciplinary policy and actions that may lead to discipline and/or termination. Any employee who violates the ethics policy shall be subject to termination or other employment-related sanctions, as well as applicable civil or criminal penalties. The General Manager shall be responsible for periodically assessing risks of criminal misconduct within the organization.

Respectfully,

David L. Marsh, General Manager CARTS

Employee Acknowledgement
of receipt and training:

Printed Name

Signature Date

Table of Contents

I. Record Retention	4
II. Fraud.....	5
III. Equal Opportunity Employment.....	5
IV. Sexual Harassment and Sexual Misconduct.....	5
V. Conflicts of Interest	6
VI. Personal Use of Organization's Property.....	6
VII. Gifts and Honoraria.....	7

General

This policy prescribes the standards of ethical conduct for all employees of the Capital Area Rural Transportation System (CARTS). 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 actions 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 conducting CARTS business. Employees shall not disclose confidential or sensitive organizational business information without prior written authorization.

I. Record Retention

CARTS 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.

As a local government, CARTS must adhere to Local Government Code, Chapters 202 – 204, addressing record management. Records management includes the application of management techniques to the creation, use, maintenance, retention, preservation, and disposal of records for the purposes of reducing the costs and improving the efficiency of recordkeeping (Local Government Code § 201.003(8)).

When a lawsuit is filed or is reasonably anticipated to be filed against CARTS, or when an internal or governmental investigation is initiated, you must ensure that all information potentially relevant to the suit or investigation is preserved. You may not alter, conceal, or in any way destroy information potentially relevant to a suit or investigation. You must take steps 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.

II. Fraud

Fraud is broadly defined, and may include any type of intentional deception for the purpose of personal or business gain or damage to an individual or organization. Examples of fraud include lying on an employment application, falsifying records, or providing false receipts for reimbursement CARTS.

Employees must be good stewards of resources entrusted to them and exercise due diligence to prevent and detect criminal conduct and noncompliance with laws and policies. You must report suspected fraud, waste, abuse, or non-compliance to the appropriate supervisor or manager. Engaging in acts of fraud may result in civil or criminal liability.

III. Equal Opportunity Employment

CARTS is an equal opportunity employer. It is CARTS's policy to promote and ensure equal employment opportunity for all persons regardless of race, color, disability, religion, sex, national origin, or age. Discrimination has no place within CARTS and will not be tolerated.

IV. Sexual Harassment and Sexual Misconduct

CARTS does not tolerate any form of sexual harassment in the workplace. Sexual harassment may include sexual advances, sexual solicitation, requests for sexual favors, or other verbal or physical conduct of a sexual nature.

Sexual misconduct includes behavior that is short of sexual harassment but nonetheless is unprofessional and inappropriate. Sexual misconduct is not permitted. All employees will treat one another and the general public with professionalism, respect, and fairness. You must conduct yourself with courtesy and restraint at all times on the job and whenever you may be perceived in any way as representing CARTS.

If you feel that you are being subjected to sexual harassment or sexual misconduct by any person in the workplace, or if you witness any incident that appears to be a violation of sexual harassment and sexual misconduct policies, you must report the incident to the appropriate supervisor or manager. Alternatively, if the subject of your complaint is your supervisor or manager, you must report the complaint to a higher level supervisor or manager, or to the office responsible for internal investigations. Employees who report sexual harassment are protected against retaliation by state and federal laws.

Supervisors or managers who receive reports of sexual harassment or sexual misconduct must report the complaint(s) to the appropriate authorities, regardless of the form of the complaint ("formal" or "informal") or whether it precisely follows CARTS's complaint procedures. Supervisors and managers must

keep accurate records of complaints and are responsible for taking appropriate action that actually stops the harassment or misconduct. Ignoring a report of sexual harassment or sexual misconduct is unacceptable.

V. Conflicts of Interest

Conflict of interest is a situation in which your private interest (usually financial or economic in nature) conflicts with or raises a reasonable question of conflict with your job-related duties and responsibilities. Importantly, if you violate a conflict of interest law, you may face civil and/or criminal charges resulting in monetary fines or jail time.

An employee shall not:

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

Local public officials (including a member of the governing body 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 establishes the standard for determining when a local official has a conflict of interest that would affect his or her 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. For example, Chapter 176 of the Local Government Code requires members of the governing body and executive officers of local government entities to file a conflicts disclosure statement relating to a person that the governmental entity has contracted with or is considering contracting with if the local officer or his or her family members have certain business relationships with that person.

VI. Personal Use of Organization's Property

Property owned or leased by or provided CARTS may only be used for official purposes as authorized by the Board of Directors and the General Manager. Any misuse or unauthorized use of CARTS's property, including information system resources, is subject to disciplinary action. Misuse of official property

may also result in criminal prosecution.

VII. Gifts and Honoraria

1. Gifts or Honoraria

You should always ask yourself whether it is appropriate for you to accept something from a person who wants, or may want, or may be seen to want, an official favor within your authority. It is unethical to accept or give a gift that is meant to sway a decision in favor of the gift-giver.

Under Local Government Code Chapter 176, a local government officer must disclose a vendor's offer of gifts to the officer or to the officer's family member worth \$250 or more using the Conflict of Interest Form approved by the Texas Ethics Commission. The Form requires disclosure even if the officer refuses the gift. An officer commits a Class C misdemeanor if the officer knowingly violates the disclosure requirements.

2. Giving Gifts or Honoraria to State Employees

State employees are legally and ethically prohibited from accepting gifts and honoraria, except in very limited situations. You may be held criminally liable for offering or conferring any benefit to a state employee in exchange for the recipient's decision, opinion, recommendation, vote, or other exercise of discretion as a public servant. "Benefit" means anything reasonably regarded as financial gain or financial advantage, including a benefit to any other person in whose welfare the beneficiary has an interest. Benefit does not include an item with a value of less than \$50 or a gift or other benefit conferred on account of kinship or an independent relationship.