

MHMR OF TARRANT COUNTY
Board Policy

Board Policy
Number A.1

Adopted:
November 27, 1990

CODE OF ETHICS POLICY

It is the policy of the Board of Trustees to conduct all the affairs of this organization by the highest standards of ethical, moral, and business practices. All decisions of the Board will be guided by what is in the best interest of MHMR of Tarrant County's (MHMRTC) service recipients and the citizens of Tarrant County. Board and staff are prohibited from the following violation of laws related to his or her office: conflict of interest, conflict with professional practices, personal benefit by virtue of Board or staff membership, nepotism, improprieties or other irregularities involving fraud, collusion, violation of people's rights or confidentiality, and conflicting Board responsibility.

I. Introduction:

It is the intent of the Board that this policy be used in conjunction with the Board's Fraud Policy and Compliance Policy to initiate proactive practices that promote honest and open behavior on the part of the Board, the Center's staff and all those who conduct business with the Center. The following guidelines are intended to prevent actual or potential conflicts of interest or possible illegal or unethical activity on the part of Board members and staff. Where suggested policies have been developed from state law or Attorney General's Opinion, the source is cited.

II. Declaration of Policy:

MHMRTC Board members and staff hold positions of public trust and are responsible to the communities they serve. They must be willing not only to conduct MHMRTC's business conscientiously and openly, but also to subject their own activities to public scrutiny. As visible representatives whose conduct directly affects the public's perception of MHMRTC, they must adhere to high moral, ethical, and legal standards. As stewards of public funds, they must strive to obtain the highest quality services at the best value. Foremost, the Board's decision-making criteria must be in the best interest of MHMRTC's service recipients.

No Board member or staff shall have any financial or other interest that conflicts with the interests of MHMRTC in violation of this policy. They are required to comply with all pertinent statutes and must understand that civil and/or criminal penalties may apply for violation of those provisions of this policy that are based on state law. Board members and staff must also be aware that administrative sanctions, up to and including recommendation for removal from office or termination of employment may apply for violation of these policies.

III. Definitions:

For the purpose of this Code of Ethics the following words and phrases shall have the meanings respectively ascribed to them by this section:

Affinity – Two individuals are related to each other by affinity if (1) they are married to each other; or (2) the spouse of one individual is related by consanguinity to the other individual. The ending of a marriage by divorce or the death of a spouse ends relationship by affinity created by marriage unless a

child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives.¹

Benefit – means anything reasonably regarded as economic gain or economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include a contribution or expenditure made and reported in accordance with law.²

Board of Trustees – shall mean the individuals who are appointed to serve on the Board of Trustees of MHMRTC by the Tarrant County Commissioners Court in conformance with provisions of the Texas Health and Safety Code.³ The Board of Trustees serves as the legislative or policy-making body responsible for the operation of MHMRTC. Under the provisions of the Texas Health and Safety Code Board members are local public officials and public servants pursuant to applicable Texas State Law.⁴

Business Entity – shall mean a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, trust, or any other entity recognized by law whether established for profit or non-profit purposes.

Collusion – a secret agreement or cooperation for illegal or deceitful purpose.

Consanguinity – Two individuals are related to each other by consanguinity if (1) one is the descendant of the other; or (2) they share a common ancestor. An adopted child is considered to be a child of the adoptive parent for this purpose.⁵

Department – shall mean the Texas Department of State Health Services (DSHS), the Texas Department of Aging and Disability Services (DADS), or the Texas Department of Assistive and Rehabilitative Services (DARS), as appropriate

Direct or Indirect Financial Interest – An officer or employee of MHMRTC has a financial interest in a contract with this organization or a group or business entity in which he has a substantial interest, directly or indirectly:

- (a) Engages in the exchange, purchase or sale of any land, goods, materials, supplies, services or other thing of value with this organization, except on behalf of this organization as an officer or employee; or
- (b) Receives any commission, royalty, premium or other payment from the exchange, purchase or sale of any land, goods, materials, supplies, services or other thing of value from this organization, except on behalf of this organization as an officer or employee; or
- (c) Enters into any contract with this organization, except:

¹Texas Government Code, Section 573.024.

²Texas Penal Code, Section 36.01.

³Texas Health & Safety Code, Section 534.003.

⁴Id., Section 534.0065.

⁵Government Code, Section 573.022.

1. Rendering services to this organization as an officer or employee; or
2. Paying taxes to the county or paying this organization for any services received from this organization to include those for professional services or administrative acts such as copying or record reproduction.

Family Member – A person related to another person within the first degree of consanguinity or affinity.

Intent or Intentionally – The person acts intentionally or with intent, with respect to the nature of his/ her conduct or to a result of his/her conduct when it is his/her conscious objective or desire to engage in the conduct or cause the result.

Knowingly – A person acts knowingly or with knowledge, with respect to the nature of his/her conduct or to circumstances surrounding his/her conduct when he/she is aware of the nature of his/her conduct or that the circumstances exist. A person acts knowingly, or with knowledge, with respect to a result of his/her conduct when he/she is aware that his/her conduct is reasonably certain to cause the result.

Official Information – means information to which a public servant has access in his/her official capacity and which has not been made public.⁶

Officer – Shall mean any member of the Board of Trustees of MHMRTC.

Staff – shall mean any person employed by MHMRTC, including those individuals on a part-time basis, but such term shall not be extended to apply to any independent contractor.

Substantial Interest:

A. A person has a substantial interest in a business entity if:

1. The interest is ownership of ten percent (10%) or more of the voting stock or shares of the business entity, or ownership of either ten percent (10%) or more, or Five Thousand Dollars (\$5,000.00) or more, of the fair market value of the business entity⁷;
2. Funds received by the person from the business entity exceed ten percent (10%) of the person's gross income for the previous year⁸;
3. The person holds a position on the Board of Trustees or other governing body of the business entity;

⁶Id., Section 39.06.

⁷Texas Local Government Code, Section 171.002.

⁸Id.

4. The person serves as elected officer of the business entity;
 5. The person is an employee of the business entity;
 6. The person is a creditor, debtor, or guarantor of any person, group or business entity in the amount of Five Thousand Dollars (\$5,000.00) or more; or
 7. The property of the person has been pledged to a person, group or business entity or is subject to a lien in favor of the person, group or business entity in the amount of Five Thousand Dollars (\$5,000.00) or more.
- B. A person does not have a substantial interest in a business entity as envisioned by this policy if:
1. The person holds a position on the Board of Trustees or other governing body of a business entity;
 2. The person has been designated by MHMRTC Board of Trustees or CEO/designee to serve on such additional Board;
 3. The person receives no remuneration, either directly or indirectly, for his/her service on such Board; and
 4. The primary nature of the business entity is charitable, non-profit or governmental.
- C. A person has a substantial interest in real property if the interest is an equitable or legal ownership interest with a fair market value of Two Thousand Five Hundred Dollars (\$2,500.00) or more.⁹
- D. A person has a substantial interest under this article if the person's spouse or a person related to the officer or employee in the first degree by consanguinity or affinity has a substantial interest under this section.¹⁰ A person is related in the first degree by consanguinity to his or her father, mother, brother, sister, son or daughter. A person is related in the first degree by affinity to his or her father-in-law, mother-in-law, brother's spouse, sister's spouse, son-in-law or daughter-in-law.

⁹Id.

¹⁰Id.

IV. Standards of Conduct:

- A. No officer or employee of MHMRTC or their spouses, shall knowingly:
1. Accept or solicit any gift, favor, service or thing of value from any person, group or business entity that might reasonably tend to influence him/her in the discharge of his/her official duties;
 2. Grant in the discharge of his/her official duties any improper favor, service or thing of value to any person, group or business entity;
 3. Accept or solicit any gift, favor, service or thing of value including a promise of future employment, of sufficient economic value that it might reasonably tend to influence him/her, in the discharge of his/her official duties, from any person, group or business entity:
 - a. Who is engaged in any contractual or ongoing business relationship with MHMRTC; or
 - b. Who has a personal, financial interest in any proposed action or decision upon which the Officer or employee must act or make a recommendation;
 4. Disclose any confidential information gained by reason of the position of the officer or employee concerning the property, operations, policies or affairs of this organization, or use such confidential information to advance any personal interest, financial or otherwise, of such officer or employee, or others. This sub-paragraph shall not preclude disclosure of such confidential information in connection with any investigation or proceeding regarding whether there has been a violation of the standards of conduct set forth in this article;
 5. Use one's position or office of employment or this organization's facilities, personnel, equipment or supplies for the private gain of the officer or employee or for the private gain of his or her spouse;
 6. Engage in any exchange, purchase or sale of property, goods or services with this organization, except:
 - a. Rendering services to this organization as an officer or employee;
 - b. Rendering services to this organization as an employee eligible to provide foster companion services; or
 - c. Obtaining appropriate taxes to the county which is the senior governmental entity under whose general authority MHMRTC exists and paying for routine administrative services such as copying and document reproduction costs from this organization;
 7. Act as surety for a business entity that has work, business or a contract with this organization;
 8. Act as surety on any official bond required of an officer of this organization;

9. Utilize official information to acquire or assist another person in acquiring a financial interest in a transaction that may be affected by the information;
 10. Speculate or assist another person in speculating on the basis of official information;
 11. Hold any position outside this organization that could tend to impair his or her independence of judgment in the performance of his or her official duties with this organization;
 12. Receive any benefit for referral of people to this organization or to any other service providers.
- B. It shall be specifically against the policy of MHMRTC to permit officers, employees or their relatives to receive preferential services or consideration from this organization in the provision of its services.
- C. A Board member or staff member shall not violate any law relating to his or her office.

V. Conflicts of Interest:

- A. A Board member or staff member shall not hold any position outside MHMRTC that could tend to impair his or her independence of judgment as a member of the Board or staff.
- B. A Board member or staff member shall not knowingly serve on the Board for any for profit entity that contracts with MHMRTC.
- C. MHMRTC shall not knowingly contract with any for-profit entity in which a Board/staff member or any person related in the first degree of consanguinity or affinity to a Board/staff member has a substantial interest, except for eligible employees who may be contracted with to provide foster companion services.
- D. A Board/staff member shall not act as surety for a business entity that has work, business, or a contract with MHMRTC.¹¹
- E. A Board/staff member shall not act as surety on any official bond required of an officer of MHMRTC.¹²
- F. A Board/staff member shall not rely on official information to acquire or assist another person in acquiring a financial interest in a transaction that may be affected by the information; a Board/staff member shall not speculate or assist another person in speculating on the basis of official information.¹³
- G. Nothing in this policy is intended to prevent employees, board members or relatives from accessing MHMRTC services.

¹¹Local Government Code, Section 171.003.

¹²Id.

¹³Penal Code, Section 39.03.

VI. Conflicting Professional Practices:

- A. No officer or staff member shall be reimbursed for services to patients or individuals referred to his or her private practice by MHMRTC.
- B. No officer or staff member shall be allowed use of this organization's facilities free of charge for the purposes of conducting a private business. Any agreement whereby an officer or staff member leases property from this organization shall be discussed and voted on by the Board in an open meeting subject to the Open Meetings Act and all public disclosure requirements.
- C. No officer or staff member shall use his or her unique access to this organization to recruit or build private practice clientele during the course and tenure of their employment or relationship with MHMRTC.

VII. Disclosure of Interest:

- A. If any officer or staff member of MHMRTC has a substantial interest as defined in this policy, in any person, group or business entity or real property involved in any decision pending before such officer or staff member, such officer or staff member must disclose such interest (the manner for disclosing such interest is found below). Such officer shall not vote or otherwise participate in the consideration of the matter where such a substantial interest is involved unless the interest pertains to any of the following: 1) a decision concerning a bank or other financial institution in which the officer or staff member has a home mortgage, automobile loan, or other installment loan, if the loan is not currently in default, and was originally for a term of more than two years and cannot be accelerated except for failure to make payments according to the terms of the loan; 2) a decision concerning a bank or other financial institution in which the officer or staff member holds a savings account, checking account or certificate of deposit and which is fully insured by the U.S. Government or an agency thereof; 3) a decision concerning the business entity with which the officer or staff member has a retail or credit card account.
- B. An officer or staff member shall disclose the existence of any substantial interest in any person, business entity or real property involved in any decision pending before such officer or staff member by either filing an affidavit of disclosure as required by Section 171.004 of the Texas Local Government Code, or, in the event such an affidavit is not required, by publicly disclosing in the official records of MHMRTC or its official secretary the nature of the interest. In the event a staff member of MHMRTC has a substantial interest in a matter as defined in this policy, the staff member shall notify his or her superior in writing of the nature of any substantial interest he or she may have in a person, business entity or real property which would be affected by an exercise of his or her discretionary authority and then the superior shall assign the matter to another staff member.
- C. In addition to the requirements set forth above, all Officers and the Chief Executive Officer shall, in accordance with Chapter 176 of the Texas Local Government Code, complete a Conflicts of Interest Disclosure Statement disclosing:
 - 1. Any employment or business relationship the Officer or CEO has with any person who:
 - a. Contracts or seeks to contract for the sale or purchase of property, goods or services with MHMRTC; or
 - b. Is an agent of a person described by subsection (C)(1)(a) in the person's business with MHMRTC; or

2. An employment or business relationship with any person described in Section (C)(1) above or a Family Member's employment or business relationship with a person described in Section (C)(1) above that results in taxable income for the Officer or the CEO; or
 3. Any gifts, excluding gifts of food, lodging, transportation, or entertainment accepted as a guest, accepted by the Officer or the CEO and any Family Member of the Officer or the CEO from a person described in Section (C)(1) above during the preceding twelve month period if the aggregate value of the gifts from that person exceed \$250.
- D. The Officers and the CEO shall file a complete Conflicts of Interest Disclosure Statement with the Public Information Officer not later than 5:00 p.m. on the seventh business day after the date on which the Officer or CEO become aware of facts requiring disclosure. An updated Conflicts of Interest Disclosure Statement shall be filed at least once annually.

VIII. Nepotism:

- A. MHMRTC is fully aware and recognizes the dangers, which can be created by failing to fully honor the state law relative to nepotism in public employment and office. It is the intent of MHMRTC to fully comply with the nepotism provisions of the Texas Government Code.¹⁴ No Board member shall appoint, vote for, or confirm the appointment of any person related to himself or herself, or to any other Board member, by affinity within the second degree, or by consanguinity within the third degree, to any office or position of employment with this organization paid for directly or indirectly from public funds. (See Attachment I)
- B. A recipient of this organization's services who is related to a Board member and is actively involved in an employment training program of this organization may be considered for employment by this organization upon completion of such training.
- C. A staff member of this organization who is related to a Board member or Chief Officer in the prohibited manner described above may continue to be employed if he or she was employed by this organization no later than the 31st day before the date on which the member was appointed.
- D. The Chief Officer or staff member or the member of the Board of Trustees shall resign if the Chief Officer or staff member began the employment later than the 31st day before the date on which the member was appointed.
- E. When a relative of a Board member is allowed to obtain or continue employment within the provisions outlined above, the Board member must not participate in deliberation or voting on any issues specific to that staff member unless such issues affect an entire class or category of staff.
- F. No family member (as defined in section VIII A above) of a Chief Officer may be employed by MHMRTC.
- G. Cohabitation of persons on the same management team is prohibited.

IX. Rights of Individuals:

¹⁴Government Code, Chapter 573.

- A. Officers and staff of MHMRTC shall seek to ensure that all human and legal rights of individuals, including those outlined in the Texas Health & Safety Code, are upheld by the center and its employees.¹⁵
- B. This organization shall maintain a policy of absolute confidentiality in the handling and management of all individual records treating all such instruments as documents held in public trust pursuant to the provisions of applicable Federal and State laws, rules and regulations.

X. Board Procedure:

In order to ensure that the operation of the Board of Trustees of MHMRTC is undertaken in such a manner as to ensure not only full compliance with all ethical requirements of responsible local government but further to ensure that even the appearance of impropriety is avoided the following specific procedures shall be utilized by the Board.

- A. All meetings of the Board of MHMRTC shall be held in full conformance with the Open Meetings Act. Meetings of the Board shall be open to the public, agendas shall be posted and a regular meeting schedule shall be established in conformance with the provisions of the Open Meetings Act. Executive Sessions closed to public attendance shall be held only in strict conformance with the provisions of the Open Meetings Act.
- B. A record of all Board proceedings shall be kept, and all Board records shall be open to public inspection as provided by the provisions of the Public Information Act.
- C. A Board member who is also an officer or director of a banking institution shall file a conflict of interest affidavit and shall abstain from discussion or voting on issues concerning the selection of a depository of funds for MHMRTC.
- D. All real estate purchases of this organization shall be made in conformance with the dictates of reasonable business judgment. This organization shall not purchase real estate until an independent appraisal by a certified M.A.I. appraisal firm has been completed on the subject property. In the event that this organization decides to purchase the property for an amount greater than the appraised value, the Board shall render a statement of findings explaining the reason for exceeding the appraisal amount in the records of the Board's decision on the real estate item.
- E. The Board of Trustees shall establish in accordance with relevant Department rules competitive bidding procedures and practices for capital purchases, excluding the sale, acquisition and purchase of real property, and for purchases involving the Department funds or required local matching funds in accordance with the relevant sections of the Texas Health & Safety Code.
- F. Any Board member or staff who believes that there has been a violation of this policy shall report the violation or violations to the Board or Compliance Officer. If appropriate, this report may be handled in closed, executive session. The person accused of the violation of this code shall be given all appropriate substantive and procedural due process including, but not

¹⁵Health & Safety Code, Chapter 576.

limited to, the opportunity to explain his or her position on the issue. The Board shall investigate the complaint and take any action it deems necessary and appropriate to protect the interests of this organization, its individuals and the people of Tarrant County.

- G. The Board shall report all violations of this policy which involve civil or criminal penalties to the appropriate, legal authorities.

XI. Compliance With State And Federal Law:

It is the official policy of MHMRTC that all officers and staff shall conduct the business of this organization in full conformance with all applicable state and federal laws, rules and regulations. Any suspected violations of law or any questions concerning the legal appropriateness of conduct within this organization should be directed to their immediate supervisor and the Chief Executive Officer's office. The Chief Executive Officer shall assign the allegation to the Internal Auditor, Compliance Office, the Chief Financial Officer and/or Legal Counsel to investigate depending on the nature of the allegation. If the conduct in question involves the Chief Executive Officer, Legal Counsel shall be contacted through the Board Chair. Complete cooperation will also be expected during investigation.

XII. Confidentiality:

- A. MHMRTC shall maintain confidentiality of individual records in accordance with state and federal law.
- B. No Board member shall accept employment or engage in any business or professional activity that might reasonably be expected to induce him or her to disclose confidential information acquired by reason of official position on the Board.

XIII. Personal Benefit by Board/Staff Members:

- A. A Board/staff member shall not solicit, accept, nor agree to accept from another person:
 - 1. Any benefit in return for the Board/staff member's decision, opinion, recommendation, vote, or other exercise of discretion as a public servant; or
 - 2. Any benefit in return for a violation of a duty imposed by law.¹⁶
- B. A Board/staff member shall not solicit, accept, nor agree to accept any benefit from a person the Board/staff member knows is interested or is likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the Board/staff member's discretion.¹⁷
- C. A Board/staff member shall not knowingly receive any benefit for referral of individuals to MHMRTC or to other service providers.

¹⁶Penal Code, Section 36.02.

¹⁷Id., 36.08.

- D. Neither Board/staff members nor their relatives shall knowingly receive any preferential services or considerations of MHMRTC.
- E. A Board/staff member shall not misapply anything of value belonging to the government that has come into his or her possession by virtue of his or her office.¹⁸

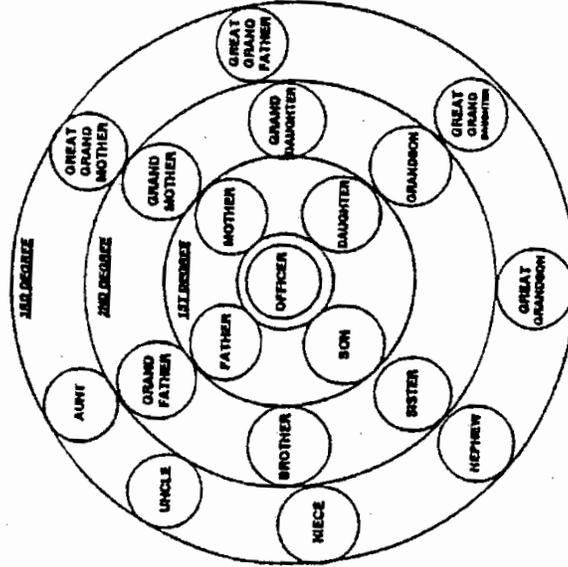
XIII. Conflicting Board Responsibilities:

A Board member shall not hold multiple Board offices where one is subordinate or accountable to another, where the independence of the positions would be jeopardized, or where responsibilities of the offices conflict.

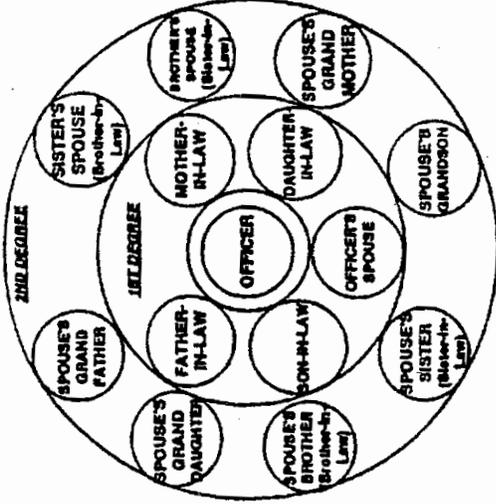
Last Amended: November 25, 2014
Last Reviewed: November 25, 2014

¹⁸Id., Section 39.01

NEPOTISM
Civil Law Method
Effective In Texas Since August, 1991



CONSANGUINITY KINSHIP CHART
(Blood)



AFFINITY KINSHIP CHART
(Marriage)