Revised 12/16/10

{Agency} Internal Compliance Program

Pursuant to 43 TAC Section 31.39, subrecipients receiving state or federal public transportation funds from or through the Texas Department of Transportation (TxDOT) must have adopted an internal ethics and compliance program that satisfies the requirements of 43 T AC Section 1.8. The requirements set forth in Section 1.8, comply with the US Sentencing Guidelines.

Model Minimum Internal Compliance Program as adopted;

1. High level personnel are responsible for oversight of compliance with the standards and procedures

At least two high level employees or administrators are charged with monitoring compliance within the organization and taking appropriate action in response to compliance related complaints. These employees are responsible for oversight of financial reports and establishing and maintaining an adequate internal control structure with appropriate checks and balances.

2. Appropriate care is being taken to avoid the delegation of substantial discretionary authority to individuals whom the organization knows, or should know, have a propensity to engage in illegal activities

Criminal background checks will be conducted, at a minimum, for current and 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.

3. Compliance standards and procedures are effectively communicated to all of the organization's employees by requiring them to participate in training and disseminating to them information that explains, in understandable language, the requirements of the program

The organization distributes a copy of the compliance policy, including any amendments, (and all related documents, like a company handbook) or makes one available to all employees, who annually sign a document acknowledging its receipt and their understanding of the policy's requirements. The organization offers annual training to all employees on the policy's contents and ethical behavior generally.

4. The governing body or individuals of the organization have periodic training in ethics and in the compliance program

The organization provides annual training to members of the organization's governing body on the compliance policy's contents and ethical behavior generally.

5. Compliance standards and procedures are effectively communicated to the organization's employees or agents

The organization distributes a copy of the compliance policy, including any amendments, (and all related documents, like a company handbook) or makes one available to all employees, who annually sign a document acknowledging its receipt and their understanding of the policy's requirements. The organization notifies 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 if distributing written materials is overly burdensome.

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6. <u>Reasonable steps are being taken to achieve compliance with the compliance standards and procedures by using monitoring and auditing systems that are designed to reasonably detect noncompliance, and providing and publicizing a system for the organization's employees and agents to report suspected noncompliance without fear of retaliation</u>

Employees are required to immediately report any suspicions of noncompliance with law, or unethical behavior. An anonymous procedures for reporting noncompliance and unethical behavior has been established and communicated to employees, and agents. The undersigned acknowledges that TxDOT has created a hotline and website for this organization to use that allows anonymous reporting.

<u>7. Consistent enforcement of compliance standards and procedures is administered through appropriate disciplinary mechanisms</u>

This organization has a clearly defined disciplinary policy that describes what actions may lead to discipline and/or termination. It also specifies what individual or group is responsible for responding to evidence of noncompliance and taking appropriate action.

8. <u>Reasonable steps are being taken to respond appropriately to detected offenses and to prevent future similar offenses</u>

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. Preventing future offenses is accomplished through the training provided to employees on the compliance policy and ethical behavior, and periodically assessing risks of criminal misconduct within the organization.

9. <u>Written employee code of conduct that, at a minimum, addresses: record retention; fraud; equal opportunity employment; sexual harassment and misconduct; conflicts of interest; personal use of the organization's property; and gifts and honoraria</u>

This organization has adopted TxDOT's model Standards of Conduct or has adopted one that meets or exceeds TxDOT's model Standards of Conduct.

The undersigned understands and acknowledges that this document contains only the Model Minimum Standards for Internal Compliance Program Requirements as required by Title 43, Texas Administrative Code, Section 31.39. Any other requirements by any state, federal, or local law, rule, regulation, ordinance or otherwise is not included in these requirements and it is the sole responsibility of the undersigned to comply with such laws. This is not intended to provide legal advice or representation to the undersigned.

Organization Name: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

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