

CDBG-DR Codes of Conduct Policy



**NEW MEXICO HOME RECOVERY PROGRAM
DEPARTMENT OF HOMELAND SECURITY AND
EMERGENCY MANAGEMENT**

This policy is effective as of 3/20/2026 and may be updated periodically to reflect program implementation and evolving guidance from the U.S. Department of Housing and Urban Development (HUD).

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I. PURPOSE AND SCOPE

Purpose: This Code of Conduct outlines the ethical standards and expectations for all personnel, contractors, subrecipients, and officials involved in the administration, procurement, and implementation of Community Development Block Grant – Disaster Recovery (CDBG-DR) programs under the State of New Mexico Action Plan. It integrates the relevant requirements from the State of New Mexico Code of Conduct and the U.S. Department of Housing and Urban Development (HUD) CDBG-DR guidelines.

Scope: This policy applies to all employees, officers, agents, contractors, consultants, subrecipients, and elected officials participating in activities funded in whole or in part with CDBG-DR funds.

II. BACKGROUND

Following the federally declared 2024 disasters—DR-4795 (South Fork Fire, Salt Fire, and subsequent flooding) and DR-4843 (severe storms and flooding in Chaves County)—the U.S. Department of Housing and Urban Development (HUD) allocated \$137,178,000 in CDBG-DR funding to the State of New Mexico. The New Mexico Department of Homeland Security and Emergency Management (DHSEM) was designated as the lead agency responsible for the administration of this funding. As such, DHSEM is required to adhere to a Code of Conduct in compliance with HUD and State of New Mexico laws and regulations.

III. POLICY STATEMENT

This Code of Conduct outlines the ethical standards and expectations for all personnel, contractors, subrecipients, and officials involved in the administration, procurement, and implementation of Community Development Block Grant – Disaster Recovery (CDBG-DR) programs under the State of New Mexico Action Plan. It integrates the relevant requirements from the State of New Mexico Code of Conduct and the U.S. Department of Housing and Urban Development (HUD) CDBG-DR guidelines.

IV. DEFINITIONS

Term	Definition
Code of Conduct	A set of ethical standards and expectations for all personnel, contractors, subrecipients, and officials involved in the administration, procurement, and implementation of a project. This Code of Conduct adheres to relevant requirements from the State of New Mexico Code of Conduct and HUD CDBG-DR Guidelines.



Conflict of Interest	Occurs when an official, employee, or agent involved with project funds gains a personal financial benefit or interest in a project, contract, or activity, or has family/business ties that comprise impartiality.
Gifts	Payment or enrichment without equivalent retribution or of a lesser value. Includes, but is not limited to, money, goods or any other object, favorable economic opportunities, tips, concessions, benefits, discounts, privileges, or special considerations.

V. SCOPE OF WORK AND EVALUATION CRITERIA

A. Standards of Conduct

The State of New Mexico's Code of Conduct, as detailed in the Governor's Code of Conduct, establishes ethical standards for all state employees and officials. Key components include:

- **Integrity and Honesty:** Employees must perform their duties with the highest standards of integrity and honesty, avoiding any actions that could discredit the state.
- **Conflicts of Interest:** Employees are required to avoid situations where personal interests conflict with official duties. Disclosure of any potential conflicts is mandatory.
- **Use of Public Resources:** State resources must be used solely for official purposes. Personal use of state property or funds is prohibited.
- **Confidentiality:** Employees must protect sensitive information acquired through their positions and not disclose it without proper authorization.
- **Compliance with Laws:** Adherence to all applicable federal, state, and local laws and regulations is mandatory.
- **Reporting Violations:** Employees are encouraged to report any unethical behavior or violations of the Code of Conduct to appropriate authorities.

The U.S. Department of Housing and Urban Development (HUD) mandates that all grantees and subrecipients of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds adhere to strict ethical standards. Essential elements include:

- **Written Standards of Conduct:** Grantees must develop and maintain written policies governing the conduct of employees involved in the selection, award, and administration of contracts.
- **Conflict of Interest Provisions:** Individuals involved in CDBG-DR activities must avoid any real or apparent conflicts of interest. This includes situations where personal or financial interests could compromise decision-making.



- **Prohibition of Gifts:** Acceptance of gratuities, favors, or anything of monetary value from contractors or parties involved in procurement is strictly prohibited.
- **Transparency and Accountability:** All procurement transactions must be conducted in a manner providing full and open competition, with complete documentation maintained for each transaction.
- **Enforcement and Sanctions:** Violations of the Code of Conduct can result in disciplinary actions, including suspension or termination of contracts, and may lead to legal consequences.

For states or grantees subject to the same requirements as states, a written standard of conduct and conflicts of interest policy must be written that complies with the requirements of 24 CFR 570.489(g), (h), and (l) and subparagraph II.A.1.b.(i) Procedures for procurement of the Universal Notice, which policy includes the process for promptly identifying and addressing such conflicts.

B. Gifts and Gratuities

Gifts and gratuities for state employees and officials in New Mexico are primarily governed by the **Gift Act**, codified in **NMSA 1978, §§ 10-16B-1 to 10-16B-4**. This Act establishes clear guidelines to prevent undue influence and maintain public trust in state operations.

- **Prohibition of Gifts:** State officers and employees, or their family members, are prohibited from accepting gifts totaling more than **\$250** in a calendar year from a **restricted donor**, which includes lobbyists, lobbyists' employers, or government contractors.
- **Influence on Duties:** Acceptance of gifts, gratuities, bribes, loans, or rewards intended to influence the performance of official duties is strictly prohibited.
- **Disposition of Rewards:** Any rewards received that are not permissible under the Act must be declined or, if received inadvertently, returned or donated to an appropriate authority or charitable organization.

These provisions are designed to prevent conflicts of interest and ensure that public officials act in the best interest of the public without undue influence.

In accordance with the U.S. Department of Housing and Urban Development (HUD) Code of Conduct for HUD Grant Programs (see Appendix) and 24 CFR § 570.611 - Conflict of Interest (see Appendix), all grantees and subrecipients of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds adhere to strict ethical standards. Essential elements include:

- **Prohibition of Gifts:** Employees are prohibited from soliciting or accepting gifts or gratuities in excess of minimal value from contractors or parties involved in procurement.
- **Conflict of Interest:** Such prohibitions are in place to prevent real or apparent conflicts of interest in the administration of HUD-funded programs.
- **Enforcement:** Violations of these standards may result in administrative and disciplinary actions.



C. Certification Requirements

The State of New Mexico Procurement Code (NMSA 1978, §§ 13-1-28 to 13-1-199) outlines the requirements for procurement processes, including the necessity for contractors and subcontractors to adhere to established regulations. All contractors and subcontractors engaged in federally funded projects must certify their compliance with applicable state and federal procurement regulations.

The Certification Requirements aligns with HUD regulations (particularly 2 CFR § 200.318(c)(1)) and recommended practices for grantee and subrecipient compliance under CDBG-DR programs. All individuals and entities participating in the administration, oversight, or delivery of activities funded under the Community Development Block Grant – Disaster Recovery (CDBG-DR) program must certify their understanding of and compliance with this Code of Conduct.

Certification Requirements:

- Acknowledgment of Code of Conduct
 - All employees, officers, agents, consultants, contractors, and subrecipients shall review and sign a Code of Conduct Acknowledgment Form prior to engaging in any CDBG-DR related activities.
 - Signed acknowledgment forms must be retained in personnel or contract files and made available for audit or review by HUD or authorized oversight entities.
- Annual Recertification
 - Individuals involved in the administration of CDBG-DR funds must recertify compliance annually by completing an updated acknowledgment form and participating in mandatory ethics or procurement training, as applicable.
 - Annual recertification shall include a reaffirmation of conflict-of-interest disclosures and agreement to abide by program standards.
- Subrecipient and Contractor Certification
 - All subrecipients and contractors must certify in writing that they have adopted and will enforce a code of conduct consistent with federal procurement standards under 2 CFR Part 200 and HUD CDBG-DR requirements.
 - Certifications must include:
 - Prohibition on real or apparent conflicts of interest
 - Ban on solicitation or acceptance of gifts and favors
 - Compliance with HUD procurement and recordkeeping regulations
- Enforcement and Compliance
 - Failure to complete required certifications may result in suspension from program participation, termination of contract, or other administrative actions.



- Certifications shall be reviewed during program monitoring and audits, and any discrepancies may trigger corrective action or disallowance of costs.

VI. ROLES AND RESPONSIBILITIES

Stakeholder	Roles & Responsibilities
DHSEM	Adhere to Code of Conduct Policy. Enforce Code of Conduct Policy for all program subrecipients, contractors, and consultants.
Subrecipients	Maintain compliance with Code of Conduct Policy.
Contractors and Consultants	Maintain compliance with Code of Conduct Policy.

VII. COMPLIANCE & ENFORCEMENT

A. Reporting Violations

Under the State of New Mexico Conflict of Interest Policy, specifically the Governmental Conduct Act (GCA) (NMSA 1978, Chapter 10, Article 16), public officers and employees are mandated to uphold ethical standards and report any real or potential conflicts of interest:

- **Duty to Disclose:** Public officials and employees must fully disclose any real or potential conflicts-of-interest. This includes situations where personal interests might compromise official duties.
- **Written Complaints:** Any individual who believes a violation of the GCA has occurred can file a written, sworn complaint with the appropriate authority, such as the Secretary of State, the Attorney General, or a District Attorney.
- **Agency-Specific Procedures:** Certain agencies, like the New Mexico Children, Youth and Families Department, have specific protocols. For instance, if an employee has a close personal relationship with a client, they must immediately report this to their supervisor, and another employee will be assigned to the case.
- **State Ethics Commission:** Established in 2020, the New Mexico State Ethics Commission has jurisdiction over state-level public officials and employees. It handles complaints related to ethics violations, including conflicts of interest, and provides advisory opinions.
- **Annual Disclosures:** Agencies may require employees to complete annual conflict of interest disclosure forms to ensure ongoing compliance with ethical standards.

Under the HUD Community Development Block Grant – Disaster Recovery (CDBG-DR) program, conflict of interest provisions are outlined in 24 CFR § 570.489(h). These regulations



apply to individuals involved in CDBG-DR activities, including employees, agents, consultants, officers, and elected or appointed officials of the state, local governments, designated public agencies, or subrecipients receiving CDBG funds. Here are the Reporting Procedures:

- **Mandatory Disclosure:** Any person who exercises or has exercised functions or responsibilities with respect to CDBG activities, or who is in a position to participate in decision-making processes or gain inside information regarding such activities, must disclose any potential or actual conflicts of interest. This includes financial interests or benefits from CDBG-assisted activities, contracts, subcontracts, or agreements, either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.
- **Written Documentation:** The disclosure must be documented in writing, detailing the nature of the conflict and the parties involved. This documentation should be maintained in the program's records and made available for review by HUD upon request.
- **Public Disclosure:** In cases where an exception to the conflict-of-interest provisions is sought, there must be public disclosure of the conflict. This includes a description of how the public disclosure was made, ensuring transparency in the process.
- **Requesting Exceptions:** Exceptions to the conflict-of-interest provisions may be granted by HUD on a case-by-case basis. Full Disclosure: A detailed account of the nature of the conflict and assurance that public disclosure has been made.
 - **Legal Opinion:** An opinion from the attorney for the state or the unit of general local government stating that the interest for which the exception is sought does not violate state or local law.
 - **Justification:** A written justification explaining why the exception would serve to further the purposes of the CDBG program and the effective and efficient administration of the project.
- **HUD Review:** HUD will review the request for an exception, considering factors such as the nature of the conflict, the integrity of the program, and the public interest. An exception may be granted if it is determined that it will not violate any applicable laws and will further the program's objectives.

B. Enforcement

The State of New Mexico enforces federal contracts through a combination of statutory mandates, regulatory oversight, and ethical compliance mechanisms. Below is an overview of the enforcement framework:

New Mexico Procurement Code (NMSA 1978, Chapter 13, Article 1): The New Mexico Procurement Code governs all state and local public body procurements involving federal funds. Key enforcement provisions include:



- **Applicability:** The code applies to every expenditure by state agencies and local public bodies for the procurement of items of tangible personal property, services, and construction.
- **Competitive Bidding:** Contracts must be awarded through a competitive, sealed process to ensure fairness and transparency.
- **Violations and Remedies:** Violations of the Procurement Code can lead to contract cancellation, debarment of contractors, and other legal remedies.

Governmental Conduct Act (NMSA 1978, Chapter 10, Article 16): This act establishes ethical standards for public officers and employees, including those involved in federal contracts:

- **Conflict of Interest:** Public officers and employees are prohibited from participating in any official act that directly affects their financial interest.
- **Post-Employment Restrictions:** Former public officers or employees are restricted from representing clients before their former agencies for a period of one year.
- **Enforcement:** The State Ethics Commission has the authority to investigate and enforce violations of the Governmental Conduct Act.

State Ethics Commission: Established in 2020, the New Mexico State Ethics Commission oversees the enforcement of ethics laws related to state contracts:

- **Jurisdiction:** The commission has jurisdiction over state-level public officials, employees, lobbyists, and contractors.
- **Enforcement Powers:** It can adjudicate civil complaints, issue advisory opinions, and impose civil penalties for violations.

Oversight by the General Services Department (GSD): The GSD's State Purchasing Division ensures compliance with procurement laws and policies:

- **Policy Guidance:** Provides resources and information on procurement regulations, including the Procurement Code and related executive orders.
- **Training and Certification:** Offers training programs for Chief Procurement Officers to ensure adherence to procurement standards.

Federal Compliance and Enforcement: In addition to state enforcement mechanisms, federal laws and regulations also apply:

- **Contract Disputes Act of 1978:** Establishes procedures for resolving disputes related to federal contracts.
- **2 CFR Part 200 Subpart D:** Sets forth the policies and procedures governing federal procurement, which state agencies must follow when utilizing federal funds.



1. HUD CDBG-DR Enforcement Provisions

- Grantees and subrecipients are required to implement oversight and compliance monitoring protocols to ensure adherence to ethical standards.
- Violations of HUD’s conflict of interest or code of conduct requirements may result in administrative, civil, or criminal penalties, including but not limited to debarment, repayment of funds, and referral to federal enforcement agencies.
- HUD mandates that grantees must enforce disciplinary actions against employees, contractors, or officials who violate federal procurement or ethical conduct standards as defined in 2 CFR 200.303 and 24 CFR Part 570.
- The HUD Monitoring Handbook (6509.2 REV-7) further provides guidelines on how grantees must document, monitor, and report violations.

2. CDBG-DR Action Plan Enforcement

- The New Mexico Department of Homeland Security and Emergency Management (DHSEM) is charged with programmatic compliance across all CDBG-DR programs.
- DHSEM’s Monitoring Procedures (GRA 418) define how enforcement is applied across all subrecipients and contractors. This includes:
 - Monitoring for compliance with HUD regulations and ethics standards
 - Investigating and documenting noncompliance
 - Recapturing funds in cases of ineligible expenditures or ethical violations
- CDBG-DR-funded activities must adhere to enforcement clauses as defined in federal requirements, with dedicated staff to support monitoring and ensure accountability.

VIII. CONFLICTS OF INTEREST AND MODIFICATIONS

The New Mexico Home Recovery Program Conflict of Interest Policy is a standalone document provided to uphold the integrity, fairness, and transparency of all Community Development Block Grant – Disaster Recovery (CDBG-DR) funded activities within the State of New Mexico. The New Mexico Home Recovery Program Conflict of Interest Policy applies to all employees, officers, agents, consultants, elected officials, and appointed officials who are involved in the planning, approval, procurement, implementation, or oversight of any CDBG-DR funded project or activity.

State of New Mexico's Code of Conduct, as detailed in the Governor’s Code of Conduct, establishes ethical standards for all state employees and officials. Key components include:

- Full Disclosure: Employees must fully disclose any real or potential conflicts of interest.



- **Avoidance of Conflicts:** Employees should avoid situations where personal interests conflict with official duties.
- **Use of Position:** Employees are prohibited from using their position to secure personal benefits.
- **Recusal:** In situations where a conflict exists, employees must recuse themselves from related decision-making processes.

These provisions are further supported by the Governmental Conduct Act, specifically Section 10-16-3 NMSA 1978, which emphasizes the importance of treating public service as a public trust and mandates full disclosure of real or potential conflicts of interest. The Act also requires public officers and employees to disqualify themselves from engaging in any official act directly affecting their financial interest.

The U.S. Department of Housing and Urban Development (HUD) mandates that all grantees and subrecipients of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds adhere to strict ethical standards, particularly concerning conflicts of interest. These requirements are codified in 24 CFR § 570.611.

- **Prohibition of Conflicts:** Individuals involved in CDBG-DR activities must avoid any real or apparent conflicts of interest. Specifically, no person who exercises or has exercised any functions or responsibilities with respect to CDBG activities, or who is in a position to participate in a decision-making process or gain inside information regarding such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.
- **Disclosure Requirements:** All potential conflicts must be disclosed in writing. The disclosure should include the nature of the conflict and an assurance that there has been public disclosure of the conflict, along with a description of how the public disclosure was made.
- **Restrictions on Participation:** Persons with conflicts are prohibited from participating in the selection, award, or administration of contracts supported by CDBG-DR funds. This restriction extends to any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity.
- **Exceptions:** Exceptions to these provisions may be granted by HUD on a case-by-case basis, provided that full disclosure is made, and the individual does not violate state or local law. To request a provision, you must provide:
 - A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.



- An opinion of the recipient's attorney that the interest for which the exception is sought would not violate state or local law.
- A written request to HUD, which will consider factors such as whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available, and whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity.

IX. DOCUMENTATION & RECORDKEEPING

A. Acknowledgement

The Acknowledgment component of the Code of Conduct Policy ensures individuals have received, reviewed, and agreed to adhere to the ethical standards set forth by the respective governing bodies.

The New Mexico CDBG-DR 2024 Action Plan implicitly references the requirement for certification and adherence to conduct and compliance policies in the certifications section of the plan. The most relevant reference is located in the Certifications section on page 150, where the State of New Mexico:

- "...certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out disaster recovery activities in a timely manner and that the State of New Mexico has reviewed the requirements applicable to the use of grant funds."
- "...certifies the accuracy of its Financial Management and Grant Compliance Certification Requirements, or other recent certification submission...".

The Universal Notice outlines the requirement for grantees to establish codes of conduct and maintain compliance. The Notice emphasizes the need for grantees to have policies and procedures in place to ensure compliance with federal regulations, including ethical standards and training protocols.

Below are the specific sections detailing the acknowledgment requirements for both the State of New Mexico and the HUD CDBG-DR programs:

- *The HUD CDBG-DR Code of Conduct Policy requires grantees and subrecipients develop and implement their own codes of conduct, which must include acknowledgment procedures. According to HUD's guidelines:*
- *"Each grantee must submit a copy of its Code of Conduct, which includes provisions for employees to acknowledge their understanding and commitment to adhere to the code."*

HUD mandates that grantees have mechanisms in place to ensure that employees and officials formally recognize and commit to the ethical standards outlined in their respective codes of conduct.



X. REFERENCES

Executive Order, Federal and State Laws and Regulations	Description
The Governor’s Code of Conduct	Code of Conduct for all officers and employees in the executive service, including employees of the Office of the Governor.
24 CFR 570.489(g), (h), and (i) and subparagraph II.A.1.b.(i)	Procedures for procurement of the Universal Notice.
The Gift Act (<i>NMSA 1978, §§ 10-16B-1 to 10-16B-4</i>)	Establishes clear guidelines around gifts and gratuities to prevent undue influence and maintain public trust in state operations.
24 CFR 570.611	Outlines Conflict of Interest rules for CDBG programs.
State of New Mexico Procurement Code (<i>NMSA 1978, §§ 13-1-28 to 13-1-199</i>)	Outlines the requirements for procurement processes, including the necessity for contractors and subcontractors to adhere to established regulations.
2 CFR § 200.318(c)(1)	Mandates a strict Conflict of Interest Code of Conduct for non-Federal entities/grantees receiving federal funds.
Governmental Conduct Act (GCA) (<i>NMSA 1978, Chapter 10, Article 16</i>)	Establishes ethical standards for public officers and employees, including those involved in federal contracts.
24 CFR § 570.489(h)	CDBG-DR conflict of interest provisions.
Contracts Dispute Act of 1978	Establishes procedures for resolving disputes related to federal contracts.
2 CFR Part 200 Subpart D	Sets forth the policies and procedures governing federal procurement, which state agencies must follow when utilizing federal funds.
2 CFR 200.303	Mandates that organizations receiving federal funds (non-federal entities) establish and maintain strong Internal Controls to ensure they manage grants compliantly, protect federal assets, prevent fraud, and achieve program goals, aligning with the Green Book's five components.



HUD Monitoring Handbook (6509.2 REV-7)	Provides guidelines on how grantees must document, monitor, and report violations.
GRA 418	DHSEM's monitoring procedures.

XI. APPENDIX

The appendix contains supplementary material which forms a part of this document but is not essential for its completeness, containing supporting information and will appear in this section.

Form Name, Process Map Name, OR Document Name	Link to Document
Code of Conduct for HUD Grant Programs	https://www.hud.gov/program_offices/spm/gmo/mgmt/grantsinfo/conductgrants
24 CFR § 570.611 - Conflict of Interest	https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-K/section-570.611
The Governor's Code of Conduct	https://www.spo.state.nm.us/wp-content/uploads/Code-of-Conduct-revised-7.1.23.pdf
HUD Monitoring Handbook	https://www.hud.gov/sites/dfiles/OCHCO/documents/65092TRNCP7.pdf