

# **ANNEXURE G:**

## **INTEGRITY MANAGEMENT IMPLEMENTATION PLAN**



## Integrity Management Strategy

Including anti-fraud and anti-corruption measures

### A. INTRODUCTION

In order to be a well governed municipality that fulfils its obligations and delivers services to the community, we need effective, committed leadership and a professional, competent workforce. We also have a responsibility to manage our entrusted resources responsibly and to combat all forms of fraud, corruption and misconduct.

We strongly believe that none of the above will be possible without a strong ethical culture that enables all parties to focus on the right things for the right reasons. For this reason, Midvaal is committing to managing its organisational integrity more actively.

The South African Local Government Anti-Corruption Strategy of 2016 requires all municipalities to strengthen their resilience against corruption by implementing the Local Government Integrity Management Framework. This Midvaal Integrity Management Strategy aligns with the Integrity Management Framework, but it has been adapted to Midvaal's specific circumstances and needs.

The Strategy was developed after an Ethics Management Maturity Assessment and an Ethics Risk Workshop was conducted in the Municipality.

### B. STRATEGIC OBJECTIVES

Following a review of the existing integrity management maturity, the municipality developed an integrity management strategy. We believe that by focusing on the following 5 key objectives we will improve the culture and manage our ethics risks.

- 1. Set a strong ethical tone with clear standards;**
- 2. Develop a professional workforce, in a respectful workplace;**
- 3. Actively manage operational fraud, corruption and ethics risks;**
- 4. Ensure effective consequence management; and**
- 5. Work with communities and service providers.**

**1. Set a strong ethical tone with clear standards (Leadership)**

Midvaal is committed to strong ethical governance. To avoid us becoming complacent about our ethical standards we believe it is necessary to be more explicit about what we stand for and what we expect of each other. We therefore commit, as the political and administrative leaders of the municipality, to developing a clear values-statement for the municipality, and to ensure that this becomes embedded in our language and our actions. Our values will be supported by our policies, and communicated to all our stakeholders in a way that conveys the importance that these values have to us.

**2. Develop a professional workforce, in a respectful workplace (People)**

We believe that if we are focussed and effective, there will be fewer temptations to be involved in unethical actions. We therefore aim to get the right people into the organisation so that they are competent and confident in fulfilling their responsibilities, and proud of the work they do. We also believe that when employees are treated fairly and feel respected, they are more inclined to give their best to the organisation and the community. We therefore aim to develop respectful personnel practices and creating a fair and supportive work environment.

**3. Actively manage operational fraud and corruption and ethics risks (Processes)**

Midvaal has a strong focus on risk management which extends to risks related to fraud and corruption. We do however believe that we have a responsibility for additional oversight and diligence in high risk areas. Where people have discretionary power, the temptations are numerous and we must help to keep each other, and our external stakeholders, honest.

**4. Ensure effective consequence management (Accountability)**

We understand that we will not be able to prevent all occurrences of misconduct, fraud and corruption. Where incidents do occur, we want to ensure that we find out about it so that we can rectify the situation. We owe it to our communities to ensure that those who steal or abuse resources and position are held accountable, and that we recover losses. We also believe that we can prevent large incidents by consistently managing discipline and acting swiftly and fairly as soon as the need arises.

**5. Work with communities and service providers (External stakeholders)**

Creating an ethical Midvaal is dependent on a mature, transparent and accountable partnership between the municipality and the community. The municipality must build trust with the community and ensure we create open and responsive communication avenues. At the same time, the morality of the municipality is only as strong as that of the community, and we will therefore aim to partner with community organisations to promote a healthy, moral society.

### 1. **Objective 1: Set a strong ethical tone with clear standards**

Midvaal is committed to strong ethical governance. To avoid becoming complacent about ethical standards we believe it is necessary to be more explicit about what we stand for and what we expect of each other. We therefore commit, as the political and administrative leaders of the municipality, to developing a clear values-statement for the municipality, and to ensure that this becomes embedded in our language and our actions. Our values will be supported by our policies, and communicated to all our stakeholders in a way that conveys the importance that these values have to us.

#### **Actions**

##### **1.1 Clarify our values**

1. Develop a clear values statement for Midvaal;
2. The values statement will be aligned with all relevant documents and policies of the municipality.

##### **1.2 Ensure that we have clear policies on ethics and anti-corruption**

1. Review anti-fraud and corruption risk management strategy and related policies annually;
2. Develop integrated code of ethics document for the municipality;
3. Revisit the conflict of interest policy annually.

##### **1.3 Communicate the Integrity Management Strategy**

Once the strategy has been adopted by Council, a campaign will be launched to make the strategy known in the municipality.

##### **1.4 Create awareness of ethics and anti-corruption**

Review and implement the ethics and anti-corruption communication strategy.

##### **1.5 Ensure governance oversight of the implementation of the Integrity Management Strategy**

1. Incorporate the Integrity Management Strategy (IMS) in the IDP;
2. Report quarterly progress to the Performance & Audit Committee;
3. Allocate budget to ensure the implementation of the IMS.

### 2. **Objective 2: Develop a professional workforce, in a respectful workplace**

We believe that if we are focussed and effective, there will be fewer temptations to be involved in unethical actions. We therefore aim to have an organisation where employees are competent and confident in fulfilling their responsibilities, where they assist each other and the communities, and are proud of the work they do. We aim to get the best people into the organisation, and then to create an environment where each employee lives our values intuitively.

## **Actions**

### **2.1 Ensure we get the right people into the organisation**

1. Ensure consistent recruitment procedures are applied;
2. Include reference to our values statement in recruitment adverts;
3. Include values-alignment as a requirement for appointment;
4. Implement competency assessments for directors, specialised and tactical positions;
5. Include the values and code in appointment letters.

### **2.2 Ensure employees and councillors know and share our values:**

1. Develop internal capacity to facilitate interactive ethics workshops in the municipality;
2. Include a significant ethics component in induction processes;
3. Frequent ethics workshops to management and staff;
4. Annual ethics workshops for councillors;
5. Training and awareness for all SCM staff on ethics, fraud and corruption.

### **2.3 Acknowledge when employees live our values**

Launch a good conduct acknowledgement initiative.

### **2.4 Promote professionalisation**

Actively encourage employees to register with recognised professional bodies.

### **2.5 Create a network of ethics ambassadors**

Identify and capacitate ethics ambassadors in the organisation.

## **3. Objective 3: Actively manage operational fraud, corruption and ethics risks**

Midvaal has a strong focus on risk management which extends to risks related to fraud and corruption. We do however believe that we have a responsibility for additional oversight and diligence in high risk areas. Where people have discretionary power, the temptations are numerous and we must help to keep each other, and our external stakeholders, honest.

The following have been identified as areas of high-risk areas:

- Counter-productive employee behaviours
- Supply Chain Management
- Recruitment
- Illegal Electricity Connections
- Traffic management
- Misuse / Abuse of Council's resources (Vehicles)
- Theft of Council's resources / Assets

(The complete list of ethics risks workshopped with management is attached as Appendix B)

## **Actions**

### **3.1 Improve corruption risk management**

1. Assess ethics risks and fraud and corruption risks as part of the annual risk assessment going forward;
2. Review mitigating strategies for key risk areas.

### **3.2 Ensure active detection and oversight**

Provide additional oversight through unscheduled audits (by Internal Audit) for high risk areas.

### **3.3 Improve Supply Chain Corruption risk management**

1. Conduct due diligence on potential service providers (pre-contracting);
2. Maintain the 'Ethics pledge' for service providers;
3. Reconfirm ethical obligations in information sessions to service providers ;
4. Publish all bid awards on the municipality's website;
5. Maintain the 'open tender processes';
6. Maintain the standard "conflict of interest" statement or paragraph in the letters of appointment and contracts.

## **4. Objective 4: Ensure effective consequence management**

We understand that we will not be able to prevent all occurrences of misconduct, fraud and corruption. Where incidents do occur, we want to make sure that we find out about it so that we can rectify the situation. We owe it to our communities to ensure that those who steal or abuse resources and position are held accountable, and that we recover losses. We also believe that we can prevent large incidents by consistently managing discipline and acting swiftly and fairly as soon as the need arises.

## **Actions**

### **4.1 Improve awareness of the whistle-blowing facility**

Communicate to internal and external stakeholders and make the scope broader than just fraud.

### **4.2 Improve performance and discipline management**

Engage with / train managers to enhance instruction, information and supervision on performance and discipline management.

### **4.3 Establish accountability mechanisms in Council**

1. Council's Ethics Committee to define processes for keeping councillors accountable to the Code of Conduct;
2. Maintain the investigations component of the anti-fraud and corruption risk management strategy to ensure independence and oversight in investigations.

## **5. Objective 5: Work with communities and community organisations**

Creating an ethical Midvaal, between die municipality and the community, dependent on a mature, transparent and accountable partnership. The municipality must build trust with the community and ensure we create open and responsive communication avenues. At the same time, the morality of the municipality is only as strong as that of the community, and we will therefore aim to partner with community organisations to promote a healthy, moral society.

### **Actions**

#### **5.1 Be deliberate in engaging communities on transparency and accountable service delivery**

1. Keep the community informed on the municipality's ethics strategy;
2. Improve community participation to promote transparency and accountability.

## D. GOVERNANCE ARRANGEMENTS

### Governance structures

Institutionalisation of the strategy requires leadership commitment, direction and oversight.

The following governance arrangements will be put in place to implement the strategy.

#### 1. Oversight committee

##### 1.1 Ethics & Risk Management Committee;

- Responsible for pro-active and reactive measures;
- Oversee implementation of the strategy.

##### 1.2 Performance & Audit Committee

- Direction and oversight of proactive and reactive measures;
- Monitoring the implementation of the strategy;
- Oversight of investigations.

##### 1.3 Council

- Receives and consider reports from the Performance & Audit Committee

#### 2. Integrity Champion

2.1 The Municipal Manager takes ultimate responsibility for driving and promoting the implementation of the strategy;

2.2 The implementation and co-ordination of the strategy is delegated to the Deputy Municipal Manager.

#### 3. Working group

3.1 The working group combined with the Ethics & Risk Management Committee constituted to maintain the programme and ensure improved co-ordination and synergies to implement the strategy;

3.2 The members include: Deputy Municipal Manager, IDP, PMS, and Chief Risk Officer, Director: Legal, Head of Labour Relations, Internal Audit, Occupational Health & Safety and any other stakeholder engagements.

#### 4. Implementers

4.1 Responsibilities for implementation are included in the project plan.



## **5. Reporting and information management**

- 5.1 The Deputy Municipal Manager must ensure that regular reports on progress with implementation are made to the Performance & Audit Committee;
- 5.2 The other role-players must submit their progress to the Deputy Municipal Manager. This reporting will be done at the working group meetings.

## **E. IMPLEMENTATION PLAN**

The strategy is supported by an implementation plan, attached as Annexure A. This implementation plan is the outcome of the workshops with the Midvaal management team.

## Integrity Management Strategy – Implementation Plan

	ACTIVITY	DESCRIPTION	RESPONSIBILITY	TIMELINE	COMMENTS
<b>Strategic Objective 1 – Set a strong ethical tone with clear standards</b>					
<b>1. Clarify our Values</b>					
1.	Develop a Value Statement for Midvaal	A clear values statement developed through a structured engagement with both political and administrative leadership of the municipality. The intent is to develop a principle-based document focusing more on what we want to promote than what we want to prevent.	Municipal Manager in consultation with the Executive Mayor	March 2021	Develop and include a Value Statement in the Integrated Development Plan (IDP)
2.	Align values statement with all documents / policies	Ensure that the new values are the ones reflected in other documents.	Deputy Municipal Manager	May 2021	IDP, Budget, SDBIP and Council policies to reflect Council's Value Statement
<b>2. Ensure policy clarity</b>					
1.	Review Anti-fraud and Corruption Risk Management Strategy and related policies to align with Integrity Management Strategy (IMS)	Since the IMS includes many aspects of anti-fraud and anti-corruption, the existing Anti-Corruption Policy and Plan be reviewed to ensure consistency with this document.	Deputy Municipal Manager	Mar 2021	Anti-Fraud & Corruption Policy & Plan reviewed and approved by Council and is now referred to as the Integrity Management Policy & Plan

	ACTIVITY	DESCRIPTION	RESPONSIBILITY	TIMELINE	COMMENTS
2.	Develop integrated Code of Ethics document	<p>1. To ensure we have one reference document that aligns with our values, develop an integrated code of ethics document, including the Value Statement, the Code of Conduct for Councillors, the Code of Conduct for Employees, and the Supply Chain Management Code of Conduct.</p> <p>2. The document must be clear about what applies to whom.</p> <p>3. It may also include reference to other policies such as the whistle-blowing and conflict of interest policies.</p>	Municipal Manager	Mar 2021	Include in the Integrity Management Policy
3.	Revisit the Conflict of Interest policy	Review conflict of interest through annual financial declarations in view of components of the code of conduct of staff, councillors and supply chain management including service providers.	Deputy Municipal Manager	Jul 2021	
4.	Develop policy register for all policies	Ensure that all municipal policies are reviewed annually.	Deputy Municipal Manager supported by all other heads of department	Mar 2021	Policy Register to be reviewed in consultation with the Section: Committees
<b>3. Communication of the Integrity Management Strategy (IMS)</b>					
1.	Develop communication strategy to communicate the IMS and present to the Executive Mayor	This refers to the communication strategy that the Executive Mayor and Council will implement to raise awareness of the IMS to stakeholders.	Deputy Municipal Manager	Mar 2021	Communication Strategy to address communication with other relevant role-players/stakeholders
2.	Communicate the IMS to the staff	Ensure that staff is aware of the content and intent of the strategy.	Deputy Municipal Manager	Apr 2021	Review and update awareness material
<b>4. Create awareness of ethics and anti-corruption</b>					

	ACTIVITY	DESCRIPTION	RESPONSIBILITY	TIMELINE	COMMENTS
1.	Develop ethics and anti-corruption communication strategy which includes the following:	The below are indicative and the communication strategy could be broader than these items.	Deputy Municipal Manager	May 2021	
	- Communication of Values Statement by Leadership	A communication strategy for the values-statement at a leadership level.	Deputy Municipal Manager	May 2021	
	- Disseminate the values statement	Through municipal communication (e.g. e-mail disclaimer).	Deputy Municipal Manager	May 2021	
	- All Council and Committee agendas should reflect on MLM values statement	Including LED Forums and other forums.	Municipal Manager	May 2021	
	- Include ethics themes in information sharing sessions	Inclusion of ethics presentation in the information sharing sessions.	Deputy Municipal Manager	May 2021	
	- Require annual commitment to ethical values by every employee	Completion and submission of annual Financial Declarations, including ethical values statement	All HoDs and Employees	May 2021	
<b>5. Governance oversight</b>					
1.	Incorporate the Integrity Management Strategy (IMS) into the IDP	Inclusion of the IMS in the IDP	Deputy Municipal Manager	Mar 2021	
2.	Report progress on implementation of IMS to the Audit Committee	Quarterly progress reporting of the IMS, incorporated in the Performance & Audit Committee's Charter.	Deputy Municipal Manager	3-year cycle	

## Strategic Objective 2 - Develop a professional workforce, in a respectful workplace

### 1. Ensure we get the right people into the organisation

1.	Ensure consistent application of recruitment procedures and adherence to Recruitment Policy	Monitor consistent application of recruitment procedures and no incidents of nepotism, favouritism, or abuse of cadre deployment	Deputy Municipal Manager	Per appointment	
2.	Include reference to our values statement in recruitment adverts	Job and tender advertisements	Deputy Municipal Manager	May 2021	
3.	Include values-alignment as a requirement for appointment	Promoting values statements during interviewing and asking questions relevant to values statement	Deputy Municipal Manager	May 2021	
4.	Implement competency assessments for directors, specialised and tactical positions	<ul style="list-style-type: none"> <li>- MFMA competencies for existing staff</li> <li>- Competency assessments for new tactical positions</li> <li>- Specialised = Task Grade 12 upwards</li> <li>- Tactical = Middle management</li> </ul>	Deputy Municipal Manager - in consultation with relevant line departments	May 2021	
5.	Reflect the values and Code of Conduct in appointment letters	Maintain values and Code of Ethics in Letters of Appointment	Deputy Municipal Manager	May 2021	

### 2. Ensure employees and councillors know and share our values

1.	Develop internal capacity to facilitate interactive ethics workshops in the municipality	Train the trainer intervention (possibly for managers to train their staff)	Deputy Municipal Manager	Mar 2021	Province indicated willingness to assist
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2.	Include a significant ethics component in induction processes	Maintain including the ethics component in induction processes	Deputy Municipal Manager	Monthly	
3.	Annual roll-out of ethics workshops to management and staff	Annual workshops on ethics (including the Code and Values statement)	Deputy Municipal Manager	Jul 2021	
4.	Annual workshops for councillors on Code of Conduct for Councillors	Ethics workshops for (on code of conduct for councillors and that of officials) at Strategic Planning Sessions.	Deputy Municipal Manager	Jul 2021	
5.	Train or conduct awareness for all Supply Chain Management Staff on ethics, fraud and corruption	Conduct continuous awareness sessions and annual declarations	Chief Financial Officer	Jul 2021	
<b>3. Acknowledgement</b>					
1.	Launch good conduct acknowledgement initiative	Acknowledge good conduct through formal and informal means - e.g. Formal - Wall of acknowledgement / Reward and recognition per department Informal - Ethics reflections in staff meetings	Municipal Manager in consultation with all relevant Heads of Department	Jun 2021	
<b>4. Professionalisation</b>					
1.	Actively encourage employees to register with recognised professional bodies	Especially the top 3 levels	All HoDs	Jul 2021	
<b>5. Ethics Ambassador Programme</b>					
1.	Identify and capacitate ethics ambassadors in the organisation	Develop criteria for identification of Ethics Ambassadors (Heads of Department to become Ambassadors)	Municipal Manager	Mar 2021	

### Strategic Objective 3 - Actively manage operational fraud, corruption and ethics risks

#### 1. Risk management

1.	Assess ethics risks and fraud and corruption risks as part of the annual risk assessment going forward	Integrate ethics, fraud and corruption risks during enterprise risk assessment session each year	Deputy Municipal Manager & Chief Financial Officer	Aug/Sep 2021	
2.	Review mitigating strategies for key ethics risk areas	Maintain and incorporate with risk register	Deputy Municipal Manager & Chief Financial Officer	Aug/Sep 2021	
		Report progress on ethics risk register implementation	Deputy Municipal Manager	Quarterly	

#### 2. Specific measures in Supply Chain Management

1.	Conduct due diligence on potential service providers		Chief Financial Officer	Jul 2021	
2.	Implement an 'Ethics Pledge' for service providers	Maintain communicating Council's Ethics Pledge to service providers	Chief Financial Officer	Ongoing	
3.	Include ethical obligations in information sessions to service providers	Maintain communicating Council's Ethics Pledge to service providers	Chief Financial Officer	Ongoing	
4.	Publish all bid awards on the municipality's website	Maintain publishing awards on the website	Chief Financial Officer	Ongoing	
5.	Explore the possibility of 'open tender processes'	Maintain "open tender processes"	Chief Financial Officer	Ongoing	
6.	Include standard "Conflict of Interest" statement or paragraph in the Letters of Appointment and contracts	Amend Letters of Appointment to include "Conflict of Interest" statement	Chief Financial Officer	Ongoing	

<b>3. Active detection and oversight</b>					
1.	Provide additional oversight through unscheduled audits for high risk areas	Use risk register to conduct unscheduled audits by Internal Audit	Internal Audit	Annually	
<b>Strategic Objective 4 – Ensure effective consequence management</b>					
<b>1. Awareness of whistle-blowing facility</b>					
1.	Improve the awareness of the whistle-blowing facilities	To internal and external stakeholders, for example using the website and road-shows to report, any dubious actions	Deputy Municipal Manager	Ongoing	
<b>2. Improve performance and discipline management</b>					
1.	Performance Management – Enhance instruction, information and supervision on performance, but also on discipline management	Continuous communication at: <ol style="list-style-type: none"> <li>1. Toolbox talks as in Health and Safety;</li> <li>2. Supervisors trained on supervision responsibilities and discipline management;</li> <li>3. Departmental management meetings.</li> </ol>	All HoDs	May – Aug 2021	
2.	Maintain the investigations component of the Anti-fraud and Corruption Risk Management Strategy to ensure independence and oversight in investigations	<ol style="list-style-type: none"> <li>1. Investigations to cover non-fraud related matters and any other related matters;</li> <li>2. Ensure independence, especially where senior staff or politicians are implicated;</li> <li>3. Align and comply with the MFMA Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (2014).</li> </ol>	Municipal Manager	Ongoing	



<b>2. Establish accountability mechanisms in Council</b>					
1.	Council Rules and Ethics Committee to define processes for keeping councillors accountable to the Code of Conduct	Procedures should include methods for ensuring independence, especially where senior politicians (e.g. mayor / speaker) are implicated	Municipal Manager	Jun 2021	
<b>Strategic Objective 5 – Work with communities and community organisations</b>					
<b>1. Be deliberate in engaging communities on transparency and accountable service delivery</b>					
1.	Keep the community informed on the municipality's Ethics Strategy	Ethics Strategy to be distributed to all Ward Committee Members	Office of the Speaker	Jun 2021	
		Include ethics components in the Midvaal Newsletter	Deputy Municipal Manager	Jun 2021	
		Make Ethics Strategy available on Council's Website	Deputy Municipal Manager	Jun 2021	
2.	Improve community participation to promote transparency and accountability	Engagement with communities on the periodic performance evaluation of the municipality during IDP/Budget Engagements	Deputy Municipal Manager	Oct 2021	
3.		Invite stakeholders in the ward to observe ward committee meetings	Office of the Speaker	Oct 2021	

## Ethics Risk Discussion

### What are the ethical risks that Midvaal could be exposed to?

The survey conducted during 2018/2019 revealed the following, the comments give more detail in terms of the identified possible ethical risks:

<b>Low risk</b>	<b>0 – 33</b>
<b>Moderate risk</b>	<b>34 – 49</b>
<b>High risk</b>	<b>50 – 66</b>
<b>Severe risk</b>	<b>67 – 100</b>

Question	Risk
Employees are given false hopes of career advancement	39
Political interference	35
Outsourcing work that can be done internally	34
Making promises to communities that cannot be kept	33
Abusive treatment of employees by managers (e.g. bullying, rudeness, swearing)	33
Incompetent / unqualified people being appointed	32
Victimisation of employees who differ with managers	32
No consequences for unethical behaviour	31
Inconsistency in the application of rules / discipline	29
Disrespectful treatment of the public (clients)	27
People being at work, but not working	26
Conflicts of interest	26
Jobs being given to family members and friends	26
Giving contracts to family, friends or 'connected' individuals	25
Abuse of sick leave	25
Not adhering to policies and procedures / Bypassing policies and procedures	25
Unethical instructions given to employees	24
Abuse of cadre deployment (inappropriate political interference in appointments)	24
Wasteful expenditure	24
Abuse of time (e.g. late-coming / absenteeism)	23
Abuse of the municipality's resources for personal matters (e.g. cars, tools stationary, internet, phones)	21
Private work interfering with official duties	14
Staff receiving bribes or kickbacks	14
Cheating on claims / allowances (e.g. overtime, travel, shift)	13
Inappropriate acceptance of gifts	10
Sexual harassment / sexual favours	8

# INTEGRITY PLEDGE

**As a committed resident of Midvaal Local Municipality, I will strive to serve the municipality and its people with respect, dignity, integrity and consistent with the values and principles of the Constitution.**

**I commit myself to set an example through ethical conduct for the furtherance of integrity and good governance and to report all corruption and other forms of unethical practice that I am aware of.**

**I will not accept or offer any advantage, gifts or benefits that might be seen to prejudice my position or lead to conflicts of interest.**

**I am prepared to explain honestly and be accountable for my actions when dealing with all spheres of society. Therefore, my actions will be transparent.**

**I will strive for high standards of service and ethical behaviour that are conducive to the development of the economy and the eradication of poverty.**

**I will promote these values in those around me.**

**Through the above actions I hope to promote the welfare of all our people.**

**Alderman B.M. Baloyi  
Executive Mayor**

