



MADIBENG LOCAL
MUNICIPALITY

INTEGRITY AND ETHICS MANAGEMENT FRAMEWORK

53 VAN VELDEN STREET, BRITS, 0250



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SUMMARY OF MLMS' INTEGRITY COMMITMENT

The Madibeng Local Municipality (MLM) seeks to employ and work with business and social partners who share MLM's commitment to integrity and ethics. The following is a summary of the key Principles contained in the MLM's Integrity and Ethics Framework.

- MLM, its employees and stakeholders will comply with relevant legislation at all times
- MLM, its employees and stakeholders will not solicit, give or offer to give, accept or offer to accept any gratification or facilitation payments
- MLM employees will avoid conflicts of interest and shall declare any personal financial or business interest or that of a close family member.
- MLM employees and stakeholders shall avoid receiving or offering any gift, gratuity or entertainment that might be perceived to unfairly favouring a business relationship, or which, if made public, could reasonably damage the reputation or good standing of MLM.
- MLM employees and officials will refrain from doing business with ANY municipality and/or municipal entity.
- MLM employees and stakeholders shall at all times behave in a manner not likely to have a negative impact on the reputation of MLM.
- MLM employees and stakeholders shall refrain from any form of discrimination or harassment.
- MLM employees and stakeholders undertake to investigate any allegations that breach this framework and where necessary the MLM will follow the disciplinary/legal process wherever the integrity of the municipality is compromised.
- MLM employees and stakeholders will share in the vision of the municipality to maintain high standards of governance and ethics in all that we do.
- MLM employees and MLM's stakeholders will maintain strict compliance to all laws and regulations, governance principles and policies adopted by Council.
- MLM employees and MLM's stakeholders will always be accountable to the community and all stakeholders.
- MLM Employees and MLM stakeholders are obligated to report any alleged acts of misconduct.



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DEFINITIONS

In this Framework, unless the context indicates otherwise-

Madibeng Local Municipality (MLM)	The municipality as an organisation and its satellite offices
Close family member	Close family includes: the person him or herself and people related to the person by blood and marriage to the second degree (for example spouse, including life partner, child, parent, brother, sister, grandparents, grandchildren, family in law, etc.)
Conflict of interest	A conflict between the public duties and private interests of an employee, in which the employee has private interests which could improperly influence the performance of his/her official duties and responsibilities
Corruption	Any offence in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).
Disciplinary Board	The disciplinary board appointed by Council in terms of the Municipal Regulations on Financial Misconduct and Criminal Proceedings, 2014
Ethics	Broadly defined as well based standards of right and wrong that prescribe our rights, obligations and benefits to society. Ethics is about how we ought to live, treat others, run or manage our lives and organisations.
Employee	Any person who works for the Council and who receives, or is entitled to receive, any remuneration; and any other person who in any manner assists in carrying on or conducting the business of the Council. For purposes of this Framework, employee includes independent contractors, labour broker employees, persons seconded from other local, provincial or national government, or seconded from any entity belonging to a local, provincial or national government.
Employment	Appointment in, or secondment to, the MLM for which the appointee receives remuneration or is rewarded for performance of work.
Gift	A token which is bestowed voluntarily without any expectation of tangible compensation, and for which no direct or indirect contractual obligation are imposed.
Gratuity / Gratification	Includes— <ul style="list-style-type: none"> (a) money, whether in cash or otherwise; (b) any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage; (c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;



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	<p>(d) any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;</p> <p>(e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</p> <p>(f) any forbearance to demand any money or money's worth or valuable thing;</p> <p>(g) any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;</p> <p>(h) any right or privilege;</p> <p>(i) any real or pretended aid, vote, consent, influence or abstention from voting; or</p> <p>(j) any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage</p>
Hospitality	Food, drink, entrance to events, accommodation or entertainment provided free of charge or heavily discounted and for which no direct or indirect contractual obligations are implied.
Integrity	The faithful and consistent application of generally accepted public values and norms in the daily practice of public sector institutions; the proper use of powers, authorities, assets, resources and funds according to the official purpose for which they are intended, with the end view of promoting public welfare
Integrity Management	The continuous process of building, enforcing and fostering a culture of integrity within an organisation;
Integrity and Ethics Management Committee / IEMC	The committee appointed by Council to manage; oversee and /or monitor ethics and integrity and related conduct at MLM
Integrity and Ethics Management Framework	The policies, procedures, principles and guideline implemented by the MLM from time to time to prescribe ethical behaviour and integrity in the MLM;
Inside information	Any confidential information, classified or not, to which an employee has access by virtue of official position and which has not been made available to the general public.
Remunerative work	Any work performed by an employee outside employment for which a reward or pay for services rendered is made.
Sexual harassment	Sexual harassment is unwanted conduct of a sexual nature. The unwanted nature of sexual harassment distinguishes it from behaviour that is welcome and mutual.
Bribery	Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of an MLM employee. This includes sexual bribery.



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Commissioner of Integrity	External independent person appointed by Council to act as the head of investigations, the chairperson of the Integrity and Ethics Management Committee and the chairperson of the Disciplinary Board
Community	The community members of Madibeng Local Municipality and general community members outside the jurisdiction of Madibeng Local Municipality including past, current and prospect service providers.



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Part A – Integrity Management Policy



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1. Introduction

Integrity, discipline, transparency, accessibility, accountability, professionalism, value for money and communication are core values of MLM. Integrity means to act consistently on a set of ethical principles. Ethics are rules of conduct aimed at ensuring morally justifiable behaviour and ethical conduct is inherently the right thing to do. Earning and continuing to command trust are fundamental to the success of the MLM. Our stakeholders should be confident that we will deal with them fairly and ethically.

Corruption, misconduct and unethical behaviour among public officials represents serious threats to the basic principles and values of government, undermining public confidence in democracy and threatening to erode the rule of law. Unethical behaviour leads to a corrupt society in which economic and political decisions become distorted, slowing social progress, hampering economic development and obstructing service delivery. Appropriate ethical behaviour in providing services to our community is essential to creating and maintaining a healthy, fair and just environment of value and benefit to all.

The Integrity and Ethics Management Framework ('the Framework') seeks to confirm MLM's position and to uphold the values and principles through high standards of ethics and integrity. The Framework consists of the Integrity Management Policy (the Policy), Integrity Management Principles (the Principles), the adapted Municipal Code of Conduct and the Anti-Fraud and Corruption Policy. The framework sets out the standards which guide how the municipality will conduct its services through a high standard of integrity and ethical behaviour. The framework makes it clear that the MLM is implacably opposed to corruption and unethical behaviour. It sets out the behaviours that underpin the policy, processes and procedures for the work of MLM. It is designed to highlight integrity as a key consideration in decision making and in our dealings with ourselves and others.

The Framework prescribes the appropriate processes for disciplinary action to be taken in the event of non-compliance with ethical standards and principles. The Framework addresses the following behaviour that could jeopardise the integrity of MLM employees and its stakeholders as it may result in unethical behaviour and/or corruption:

- Conflict of interest;
- Fraud, bribery
- Gifts, entertainment, hospitality and other benefits;
- Remunerated private work;



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- Unauthorised use of MLM assets;
- Facilitation payments;

2. Statement of Commitment

'Integrity' as an MLM value officially commits us to "maintain the highest level of ethics, fairness and transparency in our interaction with each other, customers and all other stakeholders". Transparency and openness are important supporting behaviours of ethical conduct. The fundamental ethical principles of responsibility, honesty, fairness and respect provide the four cornerstones of our approach to good governance. MLM commits to the following:

Serving our Community

Madibeng Local Municipality (MLM) commits to serving its community and stakeholders in a manner which is free of fraud and corruption and at all times acts in the legitimate interests of all stakeholders involved and discharge their duties with integrity, faithfulness, confidentiality, efficiency, competence and in a non-discriminatory manner.

Respect

MLM commits to upholding basic respect for all individuals and their differences. MLM does this by upholding fundamental human rights and dignity of all people. As local government, the MLM has a primary duty to play a positive role in the communities we serve.

Unbiased judgement

Employees of MLM must not accept, offer or solicit gratification of any kind which may be perceived to, or in reality, attempt to influence any decision related to work or affect the impartial judgement of employees.

"Awareness and respect of local laws and guidelines"

MLM employees and stakeholders will uphold all applicable laws and regulations as well as policies and guidelines regarding corruption and unethical behaviour, and are obliged to, promptly, report misconduct and/or criminal behaviour to MLM management and/or the anti-fraud hotline within a reasonable time. In addition to compliance with this policy, all employees and stakeholders have a duty to uphold and respect the laws of the country.

Bribery and Corruption



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MLM will not engage in, nor tolerate, any corrupt, dishonest or illegal practice such as bribery or fraud. It is unacceptable to directly or indirectly offer, pay, solicit or accept bribes in any form. No employee shall directly or indirectly request, accept, offer or grant a personal advantage in connection with a business activity. No employee shall make or accept any payment or kickback, nor offer or accept improper financial advantage to or from any person or company; or an official of a government or government-controlled entity for the purpose of obtaining a permit, authority, business or other services.

MLM seeks to prevent, detect and to react to the blight of corruption. MLM will neither ignore nor acquiesce with the tide of corruption, nor will it consider that local corruption is cultural and unchangeable. The MLM will neither initiate nor accede to corrupt practices. Corrupt activity including but not limited to bribery; fraud, sexual harassment; extortion; abuse of power or assets; abuse of privileged information; conflict of interest; gratification or nepotism, will not be tolerated. We will neither give nor accept bribes, nor permit others to do so in our name.

Ethics

MLM continually strives to improve the ethics within its organisation. It is the individual responsibility of each employee. To this extent, every employee of MLM shall at all times -

- Act within his / her powers and in the best interest of and for the benefit of MLM
- Carry out his / her duties with the skill and care to be expected from persons of their knowledge and experience, and their position/relationship within MLM; and
- Ensure that his/her conduct is always based on honesty, fairness, transparency and integrity.

To this end, each employee shall commit to the pledge of integrity as contained in Part C Code of Conduct of the framework, as a condition of employment.

3. Purpose

The purpose for introducing the MLM Integrity Framework is to strengthen measures and principles for managing ethical behaviour, to promote and embed an ethical culture at all levels within the MLM and to prevent fraudulent and corrupt activity within MLM.

The Framework prescribes principles for managing unethical conduct that can arise because of non-compliance with the Code of Conduct and due to contravention of MLM values.

In adopting the Framework, MLM seeks to:



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- Establish a common understanding of integrity to be observed and adhered to by all MLM employees and stakeholders; and
- Prevent the infringement of integrity and ethics by defining unacceptable behaviour in municipal service by all MLM employees and stakeholders.

The objectives of the MLM Integrity Framework are to:

- Foster a culture of good governance and ethical conduct within MLM;
- Promote legal compliance;
- Provide an ethics and integrity framework for MLM management, employees and stakeholders in order to enhance service delivery and ensure accountability, transparency, fairness and responsibility and thereby promoting excellence;
- Ensure that the MLM acts in line with best practices with regard to improved governance and accountability;
- Entrench an ethics culture in the processes and systems of the MLM across all spheres and levels;
- Ensure an integrated approach in the management of integrity in MLM by adopting a common language, process and methodology;
- Use ethics management as a tool for transformation and capacity building;
- Encourage value based management;
- Encourage improved knowledge and information management processes and culture; and
- Discourage inefficiencies and counter dishonesty, bribery and corruption or similar conduct; and
- Manage and monitor ethics and fraud risks within MLM.

4. Scope of application

This framework shall apply uniformly to all employees throughout the municipality and all stakeholders in as far as Integrity and Ethics Management is concerned, when doing business with MLM. Each MLM employee and stakeholder is required to know and understand the framework and its relevance to their areas of responsibility.



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5. Regulatory Framework

MLM shall above all else, comply with all laws and regulations applicable to the municipality.

This Integrity Framework should be read in conjunction with the following policies, procedures and relevant statutes, including but not limited to:

- Constitution of the Republic of South Africa, No. 108 of 1996
- Public Finance Management Act, No. 1 of 1999.
- National Treasury Regulations
- Basic Conditions of Employment Act, No. 75 of 1997
- Employment Equity Act, No. 55 of 1998
- Labour Relations Act, No. 66 of 1995
- Prevention and Combating of Corrupt Activities Act, No. 12 of 2004
- Protected Disclosures Act, No. 26 of 2000
- Local Government: Municipal Systems Amendment Act, No. 7 of 2011
- Local Government: Municipal Finance Management Act, No. 56 of 2003
- Municipal Supply Chain Management Regulations
- Local Government Municipal Structures Amendment Act, No. 33 of 2000
- Rationalisation of Local Government Affairs Act, No. 10 of 1998
- Public Service Act, No. 103 of 1994
- Public Service Regulations, 2001
- Municipal Financial Misconduct Regulations
- Municipal Disciplinary Regulations
- Protection of Personal Information Act
- Electronic Communications Transactions Act
- Minimum Information Security Standards (MISS).
- Code of Ethics for all members



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- Code of conduct for Municipal Staff
- Disciplinary Procedure Collective Agreement
- Corporate Gifts and Promotional Items Policy
- Risk Management Strategy
- Risk Management Policy
- Grants, Donations, Sponsorships and Gifts Policy
- King Report on Corporative Governance (Applicable Code)
- Compliance Policy and Manual
- Forensic Investigations Methodology & Investigation Guidelines

5.1 The Local Government Integrity and Ethics Management Framework

The Municipality has adopted the integrity framework as outlined in the local government framework. The Framework sets out the responsibility of municipalities in implementing the ethics and anti- fraud strategy:





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Figure 1 - Schematic diagram of the Local Government Integrity and Ethics Management Framework

- Municipal leadership should set the tone and drive good governance, organisational integrity and anti-corruption initiatives.
- Communities must be acknowledged as the 'owners' of municipalities and initiatives must be put in place to ensure transparent and accountable governance, and community oversight.
- Appropriate governance structures should be in place and should ensure effective governance, oversight and the implementation of the Integrity and Ethics Management Framework. There should be sufficient capacity to implement the Integrity and Ethics Management Framework.
- Municipalities should institutionalize integrity management initiatives based on the four pillars of:
 - - Prevention
 - - Detection
 - - Investigation; and
 - - Resolution.

Effective information management systems should be implemented and municipalities must submit reports to appropriate entities to ensure transparency through monitoring, oversight and accountability.



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The following diagram gives an overview of the four pillar approach to integrity management:

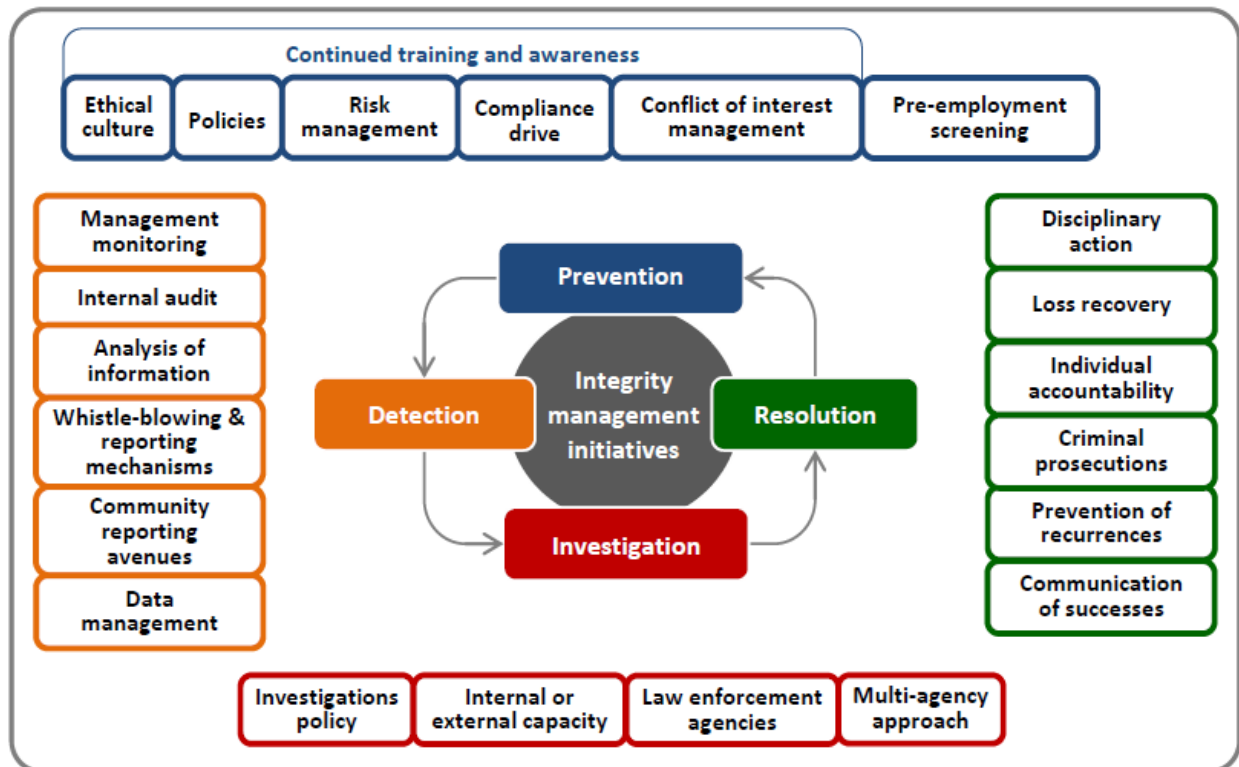


Figure 2 - Schematic diagram of the integrity management initiatives

6. Governance of the Integrity Management Programme

The Integrity and Ethics Management Framework requires the Municipality to have an Ethics Committees, Ethics Champion and Ethics Officers and governance structures that will oversee and monitor implementation and compliance of the framework.

Building an ethical culture in an organisation starts with the leadership of the organisation. Without a strong and clear leadership commitment, any attempt to introduce an integrity management programme may be ineffective.

To make ethics an integral part of the business and culture of the organisation, governance structures are required to ensure that ethics management always gets sufficient resources and leadership attention, and that it is aligned to MLM's key strategic deliverables. Use of the term integrity management in this document includes the management of ethics, fraud and corruption, and can be referred to interchangeably.



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6.1 Leadership commitment

The Leadership of MLM commits to drive good governance, organisational integrity, and anti-corruption initiatives. Councillors set an ethical tone for the municipality, ensuring sound governance and strong oversight in the interest of the community. The Accounting Officer ('AO') will provide ethical leadership in the administration of the municipality and will ensure that the municipality has a strong programme to promote integrity and fight corruption. The AO directly portrays the ethical character, reputation and credibility of MLM to all stakeholders. As influencers of behaviour, opinion formers, policy makers, decision makers and role models, leaders act as representatives of the MLM's ethical credibility. The power of individuals in senior management positions determines the extent to which ethical behaviour will be modelled. The AO is therefore in the best position to influence corporate ethical behaviour.

6.2 Governance Structures

Appropriate governance structures should be in place to ensure good governance and the implementation of integrity and anti-corruption programme and there must be sufficient capacity to implement the integrity management requirements.

Governance and management structures in MLM must ensure that ethics remains a strategic consideration that is effectively managed and monitored. The following governance structures and offices are critical for optimal implementation of anti-fraud, ethics and integrity management:

6.2.1 Integrity and Ethics Management Committee ('IEMC')

The IEMC is established as an oversight body of the management of ethics, fraud, and general misconduct. The core purpose of the Integrity and Ethics Management Committee (IEMC) is to provide strategic guidance to the MLM on, as well as oversee and/or monitor the implementation of, the municipality's integrity program and anti-corruption strategy within the Municipality.

For the IEMC to have standing and credibility in MLM, it collectively has to have a high level of integrity. An organisation that has an IEMC clearly demonstrates to all stakeholders that institutionalising ethics is a corporate priority. Besides its strategic and oversight role, the IEMC also has a powerful symbolic value, in that it conveys the message that the organisation is genuinely committed to ethics and anti-fraud management.

IEMC being the over-arching committee will constitute of the both the Disciplinary and Criminal Proceedings board according to the MFMA regulation together with the Ethics Committee

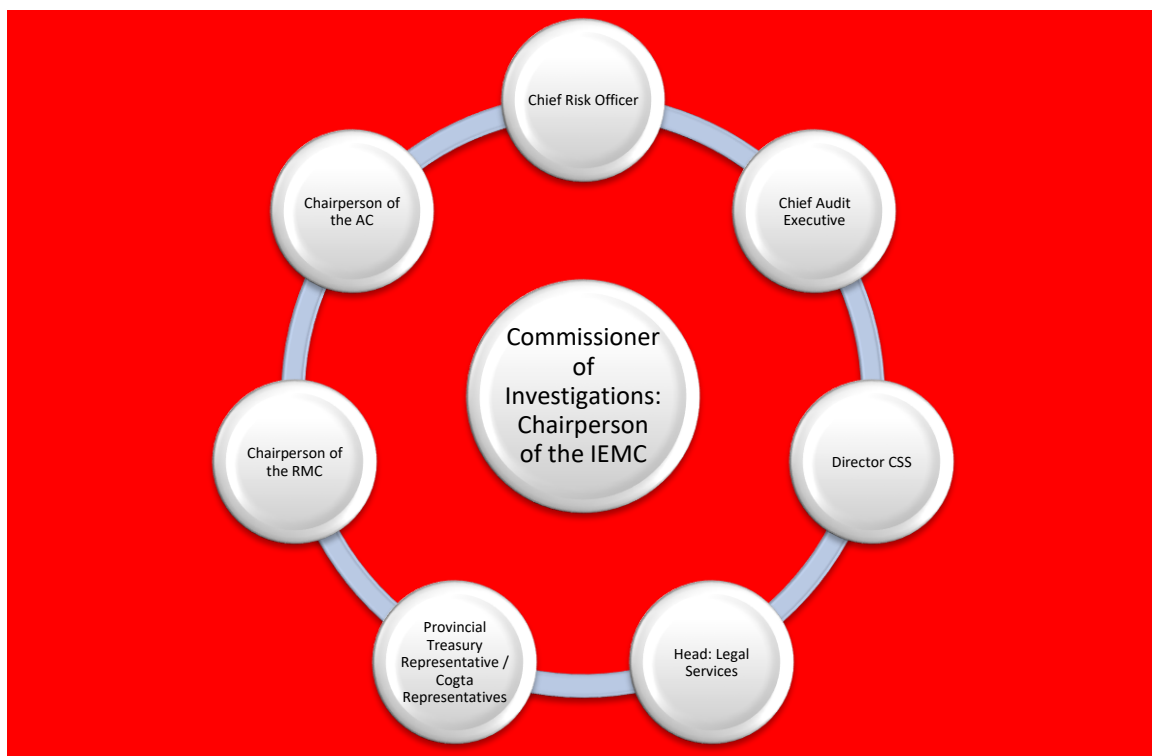


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however this does not remove the accountability of the IEMC as the overarching body on all investigative matters in the institution.

6.2.1.1 Composition of the IEMC

The IEMC shall be chaired by the Commissioner of Integrity and shall be appointed by Council, and the office of the Chief Risk Officer will be the secretariat. The committee shall be governed by a Terms of Reference approved by Council and shall be made up of the following members:





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6.2.1.2 Role of the IEMC

The Integrity and Ethics Management Committee will be responsible for the following:

- Oversee and monitor the ethics-management programme and management of ethical risks as well as institutionalising ethics,
- Oversee and monitor fraud, corruption and similar misconduct investigations,
- Report on cases, outcomes and/or implementation of recommendations of fraud and corruption cases to Council.
- Monitor whether disciplinary sanctions for fraud, corruption and similar misconduct are imposed in line with the laws of the Republic of South Africa and the policies of MLM.
- Monitor whether all cases in relation to general misconduct are investigated by the Forensics and reported to the IEMC.
- Liaise closely with other oversight structures of the MLM, as and when necessary.
- Where there are allegations against the Accounting Officer or the Executive Mayor, the IEMC shall constitute an independent team to investigate such allegations;

6.2.1.3 Reporting protocol of the IEMC

Since the IEMC incorporates the role of the Disciplinary Board as envisioned by the Financial Misconduct Regulations, the IEMC will report directly to the Council on cases of financial misconduct in relation to allegations raised against Accounting Officer and Senior Managers and all other investigations in relation to financial misconduct.

The committee will table quarterly reports to the Council in relation to all aspects of ethics, fraud and corruption matters. Furthermore, there will be a direct flow of information to other oversight structures i.e. Risk Committee and Audit Committee and Municipal Public Accounts Committee (MPAC) and the Mayoral Committee.

6.2.2 Commissioner of Integrity 'COI'

The office of the Commissioner of Integrity will be appointed as an independent external expert, and will table quarterly reports to Council. The COI is responsible for the following:

- Independent and external oversight over the investigations undertaken internally by the relevant departments;



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- Instituting civil or criminal action and reporting cases of fraud and corruption to the SAPS and Auditor General where applicable and as per legislation,
- Ensure the enforcement of remedial action and other recommended action as per the outcomes of investigations;

A dedicated office of the COI will be established to harness the efforts with respect to the monitoring, reporting and enforcement mechanisms effecting remedial action to address the incidents of fraud and corruption in the Organization, which will table quarterly reports to Council.

6.2.2.1 Standards of Ethical Conduct

The COI must uphold the standards of integrity and ethical values of the organisation. In doing so the COI is required to: -

- abide by the principles, rules and obligations of this framework and all related codes, practices, legislation;
- uphold the law;
- act on all occasions in accordance with the public trust placed in him/ her;
- discharge his/ her obligations, in terms of the Constitution, by placing the public interest and that of the organisation above any other;
- in the performance of their duties and responsibilities, be committed to the eradication of all forms of fraud, corruption and other criminal behavior in the organisation.
- Not engage in any activity that will or has the potential to bring his office and the organisation into disrepute. Where the COI is found guilty of such conduct, his/her contract may be terminated with immediate effect.

6.2.2.2 Roles and Functions of the Commissioner of Integrity:

The COI functions and duties include the following:

- To act on behalf of the Council to monitor and ensure implementation of recommendations pursuant to investigations conducted;
- Facilitation of a culture of public service and accountability, and support the prevention and combatting of corruption;
- To monitor and report on activities of the Anti-Fraud Hotline and the municipalities fraud case register;



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- Enforcement of municipal prescripts on the municipal code of conduct;
- Receive, enforce and monitor findings of investigations by forensics and other departments, and resolutions of MPAC;
- Institutionalise liaison with external law enforcement agencies, and become internal link for these processes to ensure the full extent of the law is enforced and cases are finalised i.e.
 - Penalties / Compensation / Recovery/ Preservation/ Forfeiture/ Confiscation/Disciplinary/ Dismissal / Civil action and motion proceedings in terms of the Criminal Procedure Act, Prevention and Combatting of Corrupt Activities Act; and Prevention of Organised crime Act or any other applicable legislation;
- Ensure an end-to-end process in combating fraud and corruption – that all cases from inception are consistently investigated and finalized in a consistent manner;
- The COI will allow the relevant departments to do investigations and simultaneously submit reports to the COI and IEMC;
- Initiate recovery of lost funds to aid in service delivery efforts, thus ensuring compliance with s32 of the MFMA;
- Advance a culture of responsible workforce actions which aid in the detection, investigation and reduction or eradication of incidence of fraud and corruption;
- Follow-up of cases reported to external bodies and ensure finality;
- Liaison with the Risk Management Department is fundamental as potential risks would be identified and be used as a base source for reviews, detection and prevention of fraud and corruption;
- Co-ordinating reports on different matters emanating from the Integrity Framework, and duly reporting to Council and to facilitate “a culture of public service and accountability, and prevention of corruption”.
- The report of the IEMC will be tabled by the COI to the Council.



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- Guide a full investigation through the appointment of investigators for allegations of financial misconduct under the authority of the Disciplinary Board.

6.2.3 Municipal Public Accounts Committee (MPAC)

The role of MPAC as a Section 79 Committee of Council plays an integral role in monitoring financial transactions, suspicion of imprudent financial management and holds the executive to account. This committee will be kept abreast of all cases of fraud and corruption, the findings and recommendations and enforcement of sanctions imposed. The Committee has the following roles and responsibilities:

- To oversee all programmes of the municipality and to investigate value for money on projects – overseeing the planning and implementation of projects against expenditure.
- To instruct other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda of the Council to direct any matter for investigation within its terms of reference.
- To have direct access to internal and external auditors and to direct investigations in any matters when necessary.
- The Committee should have permanent referral as they become available, of –
 - all accounts and financial statements of the municipality;
 - all reports of the Auditor-General;
 - all reports of the Audit Committee and the IEMC
 - Information on compliance (see section 128 and 133 of the MFMA);
 - Information in respect of any disciplinary actions taken in terms of the Municipal Finance Management Act (MFMA);
 - Information in respect of transgressions in terms of the MFMA.
- To summon any person to give evidence before it, or to require any person or institution to report to it. If in the interest of accountability, the Committee will not refrain from calling individuals who were responsible at the time of the events, even though they may since have taken up another position or resigned from the municipality.



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- To receive technical support from the Internal Audit office.
- To hold public hearings and instruct other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.
- To monitor the extent to which its recommendations and those of the AG are carried out.

6.2.4 Ethics office

A structured, formalised and dedicated approach to the management of integrity and ethics in a concerted way is required. This function will be executed by the Ethics Office currently situated in the office of the Chief Risk Officer. The Office, in consultation with the IEMC, must ensure the implementation of the Integrity Framework and creating awareness amongst all employees and stakeholders, monitoring the implementation of the anti-fraud strategy. For the Ethics Office to execute a fully-fledged ethics programme, the following functions are required:

- Managerial capacity: the Ethics Office will plan and coordinate the various aspects of an ethics-management process and liaise with role players at all levels of MLM.
- Policy-development capacity: The Ethics Office will play a key role in embedding the central repository pertaining to gifts, disclosure and moonlighting, and policies related thereto.
- Training capacity: The Ethics Office will be responsible for ensuring that new and existing staff are familiar with the ethics standards and policies of the organisation.
- Communications Capacity: The Ethics Office will communicate important ethics developments to MLM and maintain a high level of ethics awareness in MLM. This will be done through the IEMC and Communications Department.
- Administrative capacity: The Ethics Office will administer processes associated with the implementation of policies, like keeping records of declarations of interest and maintaining gift registers.
- Advisory-role capacity: The Ethics Office will provide advice to members of staff who have queries regarding the ethics standards and policies of the organisation.
- Risk Management: track of all relevant data such as ethics breaches, trend analysis, types of incidents, management and mitigation of ethics and fraud risks.



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- The Ethics Office will also be the collective owner of the Integrity and Ethics Management Framework, Fraud Response Plan, Anti-Fraud and Corruption Policy, Fraud and Corruption Strategy.

6.2.5 Council of MLM

The Council of MLM is ultimately accountable for ethical conduct within MLM. To this end the Council appoints the Integrity and Ethics Management Committee to ensure that MLM implements effective fraud strategies, ethics policies, structures and programmes to institutionalize and monitor ethics and fraud within the municipality.

6.2.6 Community Ownership

Madibeng community as defined in this framework is acknowledged as the “owners” of this municipality and are therefore entitled to transparent and accountable governance

In keeping with the municipality’s commitment to transparency, the municipality shall:

- Comply with legislative and regulatory requirements for promoting public participation
- Implement programmes to increase transparency of municipal processes
- Information on the budget planning and performance should be made easily accessible to the public in a clear and understandable format
- Comply with the spirit of the Promotion of Access to Information Act and the promotion of Administrative Justice Act.

Awareness raising

- The municipality shall raise awareness among communities of (among others):
- Their rights to transparent and accessible information when engaging with the municipality
- Their right to a just administrative action
- Recourse if they do not believe these rights have been fulfilled
- Avenues to raise concerns or report fraud and corruption
- Service Standards including clarity on procedures and costs for transactions (Ward councilors and community development workers should play a key role in awareness raising)



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Community Reporting Avenues

- For reporting of fraud and corruption cases the community is encouraged to make use of the municipal hotline, numbers of which will be published at a later stage.

6.2.7 Chief Risk Officer ('CRO') –

The CRO is responsible to ensure that all incidents reported into the Forensics Division through various platforms, are assessed and investigated. The division is tasked with the following: -

1. Recording all incidents on a single, managed incident database
2. Reviewing the nature of the allegation
3. If the allegation does not relate to the CRO mandate, as per the Charter; it must be referred to the relevant department who would best resolve such matter (i.e. HR related grievance). Close out reports for such cases must be submitted by the relevant department to the Risk Management - Forensic once finalised.
4. If the matter relates to an official, it must be referred to the 's Investigation Unit and recorded in the case register.
5. If the allegation does relate to fraud, corruption and unethical conduct (and not financial misconduct), the matter must be investigated by forensic office and reported to the IEMC and referred to the Office of the Commissioner of Integrity for direct action/ response.
6. All outcomes of investigations and recommendations must be reported to the IEMC and the Commissioner of Integrity.
7. Reporting to the IEMC on all cases investigated and finalised.

6.2.8 Accounting Officer (Accounting Officer)

The Accounting Officer has a duty in terms of Section 173(1)(iv) of the MFMA, to take measures that will prevent corruption and limit the Municipalities exposure to fraud and ethics risks. The Accounting Officer is shall take ownership and accountability to ensure that MLM comply with the MLM Integrity and Ethics Management Framework. The Heads of Departments (sec. 56 directors) of the various Departments are accountable to the Accounting Officer for the implementation of the Integrity and Ethics Management Framework within their departments as well as the implementation of recommendations by Internal audit.



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Where there are allegations of general misconduct, fraud, corruption or similar misconduct against a senior manager or any other official, the Accounting Officer must refer the matter to the Forensics Division for further investigation and all outcomes of such investigation must be reported to the IEMC and the Commissioner of Integrity.

6.2.9 Role of the Ethics Champion

The Ethics Champion of MLM is the Chief Risk Officer who is appointed and assigned by the Accounting Officer. The Ethics Champion plays the ownership role of defending and advocating the cause of ethics on an executive level. The most important role of the Ethics Champion is to provide the initial impetus for an ethics management drive and to ensure that the ethics initiative maintains momentum. The ethics champion's foremost responsibility is to provide the vision and energy that are required to launch the ethics initiative. He or she has a significant responsibility to market ethics and anti-fraud initiatives and must ensure that these programs gain and retain prominence.

In addition to this, and since the ethics champion role will be marked by very high visibility, the champion has to be regarded as an ethical role model. He or she is responsible to align the ethics management functions of all 27 departments within MLM as well as its entities. The ethics champion fulfils a vital role in ensuring that the ethics management function is adequately resourced. Funding and other resources are preconditions for its success. Due to the structure and size of MLM, there is a need for departmental level ethics champions, as well as an overall ethics champion. The Risk Champions officials in each department are to be appointed as departmental ethics champions/officers.

6.2.10 Role of the Ethics Manager

The ethics manager will manage the institutionalisation of ethics in MLM. The responsibilities of the ethics manager will be determined by the IEMC. The primary role of the ethics manager is to manage the Ethics Office. The ethics manager has the ultimate responsibility to provide direction, technical expertise, guidance, support, build capacity, and monitor departments and entities in implementing the Integrity Framework.

6.2.11 Responsibilities of the ethics officers

The ethics officers (currently located in the ERM office) are responsible for co-ordinating the implementation of the ethics and fraud management programme and the integrity framework at departmental level. Ethics officers are responsible for managing and monitoring ethics and fraud risks within the organisation and to report accordingly to the Risk Committee.



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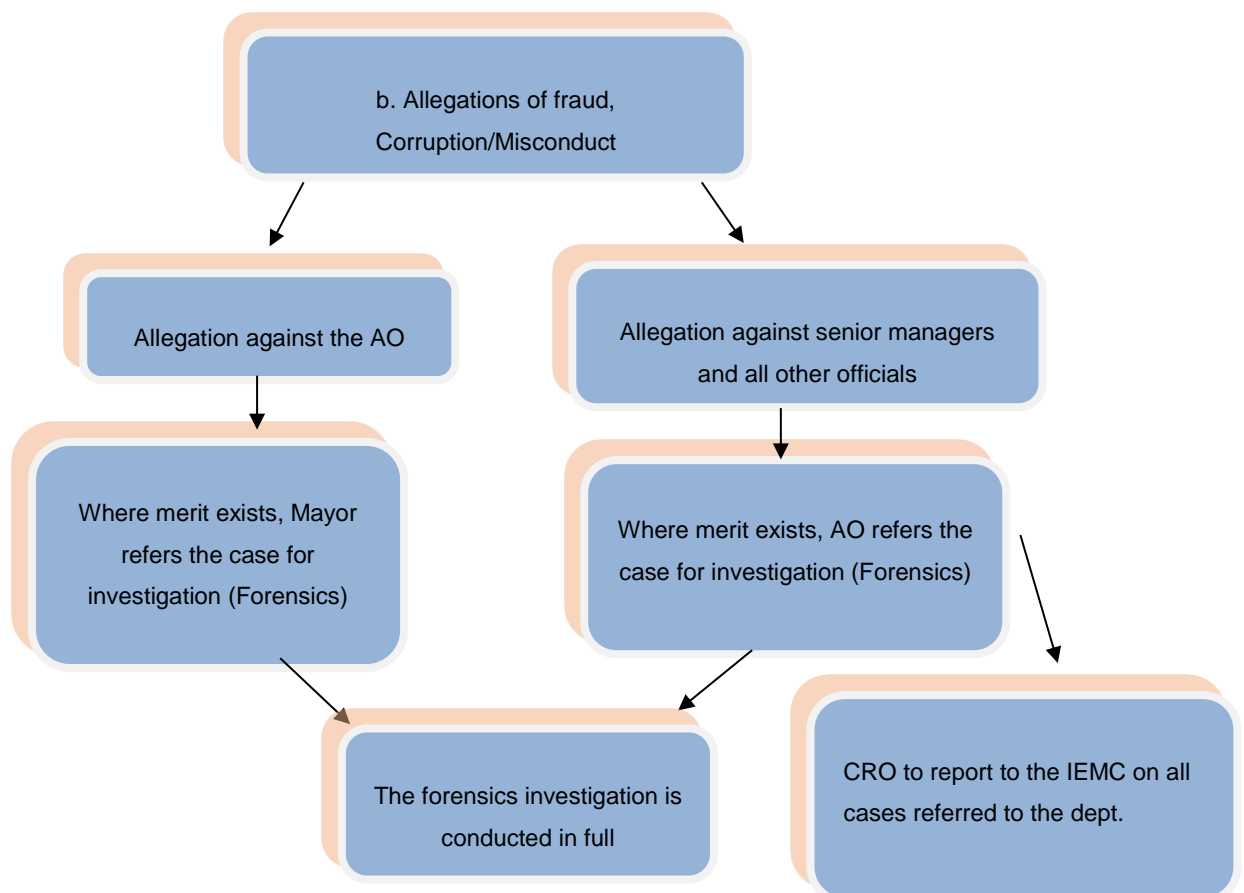
6.2.12 Employees and officials of MLM

Integrity and Ethics is the responsibility of every MLM employee and official. Each employee and official is personally responsible for ensuring awareness and understanding the integrity framework, relevant laws and provisions applicable to them. Each employee and official is equally responsible for behaving in accordance with this Framework.

6.3 Response Process for allegations:

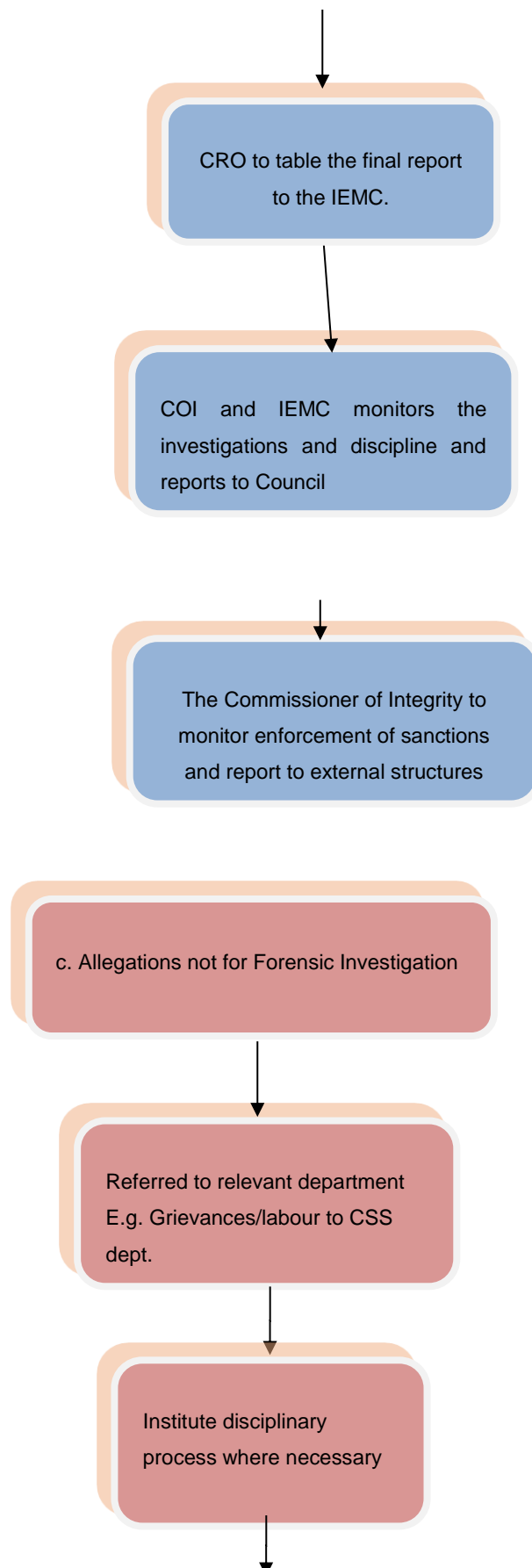
The process flow seeks to interpret and adapt compliance requirements of the Financial Misconduct Regulations and practically apply them to the MLM environment. **The processes outlined below refer specifically to:**

- a. all allegations of fraud, corruption or similar misconduct and other misconduct falling outside the ambit of Financial misconduct and
- b. other categories of misconduct not requiring forensic investigation



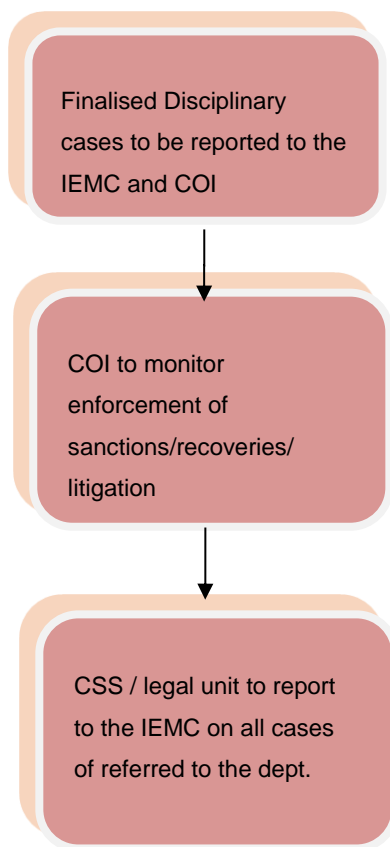


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7. Integrity Management Principles – An Overview

The Integrity Management Principles (the 'Principles') are intended as a guide to assist in identifying and interpreting situations of actual or potential misconduct and/or corruption. The Principles are principle-based, and provide a framework within which employees and stakeholders are expected to exercise their best judgement in relation to specific situations.

These Principles apply to all MLM employees and its stakeholders and are contained in more detail in **Part B** of this Framework. The Principles are outlined hereunder:

- ***Conflict of interest***
- ***Gifts, entertainment, hospitality and other benefits***
- ***Private work outside MLM***
- ***Abuse of MLM assets***
- ***Nepotism and favouritism***
- ***Facilitation payments***



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7.1 Conflict of interest

We avoid conflicts of interest and always declare conflict of interest with MLM's interests.

A conflict of interest is defined as any situation where a person representing MLM in any capacity has a direct or indirect business or financial interest which interest may reasonably be perceived as influencing such a person in the objective exercising of an obligation or performance of official duties.

Employees must avoid actual or perceived conflicts of interest, involving themselves or close relatives and where such a conflict has the potential to arise, must draw this to the attention of their line manager.

7.2 Gifts, entertainment, hospitality and other benefits

MLM employees have a responsibility to ensure that their dealings with MLM's stakeholders are based on objective decisions and are not influenced by gifts or favours. This is also applicable to MLM's stakeholders. Employees are prohibited from soliciting or receiving gifts and entertainment including favours, goods, gratuities, money and services that:

- May create a sense of obligation;
- May influence or be perceived to influence their business judgement;
- May create, or appear to create, a conflict between an employee's personal interests and those of their employer, MLM; or
- If it became public, adversely affect our reputation.

The soliciting or receiving of inappropriate gifts or entertainment can cause reputational damage to MLM. Particular concerns arise when the offering of gifts and entertainment may be connected in some way with an actual or potential business transaction. Even if the intent is not corrupt, there is still a risk that an objective third party may perceive the gift or entertainment to be an attempt to gain an undue advantage.

In the same way, MLM's stakeholders are prohibited from offering gifts and entertainment including favours, goods, gratuities, money and services that:

- May create a sense of obligation;
- May influence or be perceived to influence MLM employees' business judgement;
- May create, or appear to create, a conflict between an employee's personal interests and those of their employer, MLM; or



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7.3 Private work outside MLM (Extraneous employment/moonlighting)

No employee shall perform or engage him or herself to perform private work outside the MLM, except with the written permission of the Accounting Officer. The Municipal Code of Conduct (the 'Code') expressly states that,

'Except with the prior consent of a municipality a staff member of the municipality may not-

- c) be engaged in any business, trade or profession other than the work of the municipality.

All employees, unless otherwise specified in their employment contract, must place their official contracted working hours at the disposal of MLM. Consequently, no employees are permitted to perform any work outside their MLM duties during such official working hours, without prior authorisation.

No staff member of a municipality may be a party to or be a beneficiary under a contract for the provision of goods or services to any municipality or any municipal entity established by a municipality. Employees cannot obtain a financial interest in any business of the municipality or other municipalities or municipal entities.

7.4 Nepotism and favouritism

An employee of MLM may not take a decision on behalf of the MLM concerning a matter in which that employee or that employee's spouse, partner or business associate, has a direct or indirect personal or private business interest.

7.5 Use of MLM assets

The use of MLM's assets, such as premises, equipment or vehicles shall be used in the course of Council business in the capacity as an MLM employee or a government official, client or partner. MLM's assets should not be provided for the personal or discretionary use of its stakeholders or any other third parties where there is no underlying proper business purpose or clear benefit to MLM. Abuse of assets will not be tolerated.

7.6 Facilitation payments

MLM prohibits the accepting or offering of facilitation payments. A facilitation payment is a payment of nominal value made to a government official whose duties are essentially administrative in nature in order to secure the performance of routine governmental non-discretionary actions to which the payer is legally entitled.



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8. Disciplinary action

All employees of MLM and its entities are required to comply fully with the MLM Integrity Framework. MLM will endeavour to take prompt disciplinary action against employees found to have violated the Framework. The disciplinary procedure will ensure that the due process of law is applied. An employee found guilty of breaching the Framework may be subject to dismissal.

9. Reporting

It is the responsibility of every MLM employee to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to his/her Supervisor/Manager. If the employee is not comfortable reporting such matters to his/her Supervisor/Manager, he/she should report the matter to the ethics officer or the ethics office. Employees may also report incidents by using the anti-fraud hotline reporting facility, if they wish to remain anonymous or to the Internal Audit Forensics Division. A failure to report alleged misconduct, provide evidence in a disciplinary enquiry or in legal proceedings may be regarded as a disciplinary offence and employees may be subject to disciplinary action, including dismissal.

An employee, official, supplier, service provider or any member of the community can report fraud, corruption, theft, misconduct, maladministration or any other unethical conduct of a similar nature if it impacts MLM by using the **ANTI-FRAUD HOTLINE 0800 555 774**.

10. Protection of whistle-blowers

The Protected Disclosures Act, 26 of 2000 (Act) makes provision for the protection of individuals who makes a disclosure that is protected in terms of the Act.

Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the employee's employer for reporting is considered a protected disclosure under this Act. An employee making such a protected disclosure is protected from being subjected to an occupational detriment on account of having made a protected disclosure.

An employee who suspects or reports suspected dishonest activity or such activity which he/she has witnessed should be afforded the opportunity to remain anonymous should he/she so require.

Allegations made by employees which are false and made with malicious intentions, are discouraged. Where such malicious or false allegations are discovered, the person who made the allegations must be subjected to firm disciplinary action. Such disclosures are not protected by the Act.

10.1. Affirmation and compliance with the Protected Disclosure Act



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The MLM subscribes to the principles and requirements of this Act and in order to reaffirm our compliance with the Act, the MLM will:

- Ensure protection of employees who submit a disclosure in good faith and use the appropriate reporting channels provided by the MLM;
- Strive to create a culture which will facilitate the disclosure of information by employees relating to criminal and other unethical or irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and
- Promote zero tolerance to any criminal and other unethical conduct within the MLM.

11. Review of the Framework

The Framework shall be reviewed as and when required to ensure compliance with relevant laws and regulations.