ICAC

Independent Commission Against Corruption

Public Sector Anti-Corruption Framework Manual

FOREWORD

The objective of the Independent Commission Against Corruption (ICAC) is to make corruption socially and morally unacceptable in our society through a culture of integrity, public intolerance against corruption, public confidence in the fight against corruption and effective law enforcement.

Public bodies cannot escape certain factors, both internal and external, which may have serious bearings on their smooth running. Thus, building corruption resistance is a process that organisations need to undertake on an ongoing basis and the Public Sector Anti-Corruption Framework provides a roadmap towards this end.

Sound management system is recognised as the first line of defence against corruption. Therefore, public bodies have to devise strategies to address and manage corruption risks effectively and proactively. The framework will enable public bodies to take up the challenge of building their corruption resistance to reinforce their own objectives and enhance public trust in their respective organisations. The objective of this manual is to assist public bodies in the setting up of anti-corruption strategies, evaluating them independently and improving on existing measures. The manual which is in line with the objectives of the United Nations Convention against Corruption and the SADC Protocol Against Corruption aims at encouraging State Parties to promote integrity, accountability and proper management of public affairs and public property.

I invite you to consider the relevance of the framework provided in the manual and to develop a plan to implement corruption prevention strategies in your organisation. I hope that public bodies will take advantage of this framework to raise the level of integrity in their respective organisations.

A.K. Ujoodha
Director General
Independent Commission Against Corruption
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INTRODUCTION

The Independent Commission against Corruption has developed an anti-corruption framework to reinforce public sector efforts and capacity in preventing corruption and fostering public sector integrity.

The Prevention of Corruption Act 2002 (PoCA) provides for a zero-tolerance strategy against corruption and Section 30 of the act describes the general anti-corruption framework for public bodies. The Public Sector Anti-Corruption Framework will further strengthen the existing framework within public bodies through administrative policies in the field of internal control, oversight mechanisms, transparency and accountability.

The Framework aims at improving the institutional capabilities of public bodies through the establishment of appropriate mechanisms to control corruption. The initiative will be driven by an Anti-Corruption Committee (ACC), to be set up at the level of each public body. The ICAC will act as a facilitator in the implementation of the framework.

The Framework will not only strengthen the anti-corruption infrastructure, but will also aim at establishing and maintaining an ethical culture and good governance principles within public bodies.

This manual is structured in three parts - Part I of the manual provides an overview of the strategic approach to the Anti-Corruption Framework. Part II deals exclusively with anti-corruption strategies in high risk areas whereby guidelines have been provided and Part III provides the mechanism to coordinate, integrate, implement and monitor anti-corruption measures.

Part I

THE ANTI-CORRUPTION FRAMEWORK

The Public Sector Anti-Corruption Framework formalises the commitment of public bodies in the fight against corruption. It promotes a holistic and proactive approach to detect, prevent and combat corruption.

The Anti-Corruption Framework sets the strategic perspective in fighting the scourge of corruption in public bodies. In this respect, the framework provides the foundation for developing, implementing and sustaining anti-corruption initiatives in public organisations. It contains policies, systems and plans that are necessary to combat corruption and corrupt practices.

1.   Anti-Corruption Policy

Public bodies should develop and disseminate a comprehensive policy on corruption prevention to clearly state their position for a zero tolerance corruption culture. An anti-corruption policy sets the tone at the top on the full commitment for a culture of integrity. It should set aims and objectives, draw together existing policies and procedures that relate to corruption prevention and outline where further work needs to be done to minimise corruption risks in their respective organisations.

Public bodies should ensure that the anti-corruption policy is clearly disseminated to all staff and that its contents are understood.

Template of an Anti-Corruption Policy

- **Introduction/Background of the organisation**
- **Policy Statement**
- **Scope**   **Conflict of Interests**
                  Gift
                  Whistle blowing
                  Ethical behaviour
                  Training
- **Definitions**
- **Responsibilities for implementing the policy**
- **Structures to fight corruption**
- **Composition of the Anti-Corruption Committee**
- **Terms of Reference of the Anti-Corruption Committee**
- **Legislative and Administrative Requirements/Context**
- **How to report corruption internally and externally**
- **Handling of corruption cases**
- **Disciplinary measures**
- **Protection of whistleblowers**
- **Review of policy**

2. Corruption Prevention Plan

A Corruption Prevention Plan (CPP) provides a strategic approach to organisations to analyse, plan and implement the anti-corruption framework. It aims at allocating appropriate resources necessary for the fulfilment of the stated policy, specifying reasonable timeframe. It draws the path towards the achievements of the strategic objectives. Its ultimate aim is to improve systems and procedures, changing the attitudes of staff, and improving the overall integrity and performance of the organisation.

The critical factors for the successful implementation of a CPP in an organisation are:

- **Commitment from top management**
- **Training and involvement of staff at all levels**
- **Effective communication within the organisation and with all stakeholders**
- **Regular monitoring**
- **Review to ensure that it is up-to-date**
- **Compliance**

Significant cost savings could be made and loss of public confidence in a public body avoided if, management could plan, develop and implement an integrated corruption prevention policy across the organisation.

Template of a Corruption Prevention Plan

- **The organisation's policy on corruption prevention**
- **A comprehensive risk assessment**
- **The corruption prevention strategies to be used to reduce and control the identified risks**
- **The responsibilities that various members of staff have in the implementation of these strategies**
- **Timeframes and resources needed**
- **Reporting requirements**
- **Training and awareness raising programs to be provided for staff**
- **Monitoring and evaluation**
- **The corruption prevention plan must be supported and endorsed by the Chief Executive and senior management**

A Corruption Prevention Plan provides a clear direction on how corruption is to be addressed in a particular public body. Guidelines for developing a CPP are given below.

Guidelines

Corruption Prevention Policy	Public organisations should come up with a comprehensive and integrated policy on corruption prevention and ensure its dissemination to all staff and parties concerned.
Risk Assessment	Risk Assessment is an essential part of the corruption prevention plan. A guideline for the conduct of risk assessment is provided in chapter 3.
Corruption Prevention Strategies	The outcome of the risk assessment should form the basis for the development of the appropriate corruption prevention strategies. It should deal with the following: • Assessment of the internal control infrastructure • Robustness of the existing systems • Adequacy of policies and procedures • Enhancement of Supervisory and accountability structure • Ensuring efficient and transparent decision making processes
Time Frames	Reasonable timeframes for developing and implementing the corruption prevention strategies should be set.
Awareness Raising Programme	The corruption prevention plan should be supported by an awareness campaign (newsletter, training, circulars) to ensure that staff understands the objectives and commitment to corruption prevention. Staff at all levels should be called upon to play a role in corruption prevention.

Promote Awareness in the Community	The organisation should promote awareness both in the community and within the organisation that corruption is unacceptable and that complaints would be dealt with seriously. Annual reports, publications and customer charters could be used.
Internal Reporting System	An effective internal reporting system should be developed. Guideline for the development of an internal reporting system is given in part II.
Reporting to External Authorities	Clear policy and detailed procedures for reporting of corruption cases and malpractices to external authorities such as the ICAC and the Mauritius Police Force should be established.
Handling and investigating suspected corruption cases	Organisations should develop appropriate policies and procedures for handling and investigating suspected corruption cases.
Disciplinary Actions	Organisations should establish policies, standards and procedures on conduct and discipline to support the corruption prevention plan.
Review of CPP	The corruption prevention plan and strategies should be regularly reviewed and updated with regard to changing circumstances whenever required.

3. Corruption Risk Management

Corruption Risk Management (CRM) is a key corruption resistance tool that provides a mechanism within which generic risks can be managed proactively; specific risks can be identified, assessed and managed; and ethical behaviour and best practices actively promoted. It is an integral part of a Corruption Prevention Plan and consists of a Corruption Risk Assessment exercise which is reviewed and evaluated regularly. The different stages involved in a risk assessment exercise are illustrated in the diagram below.
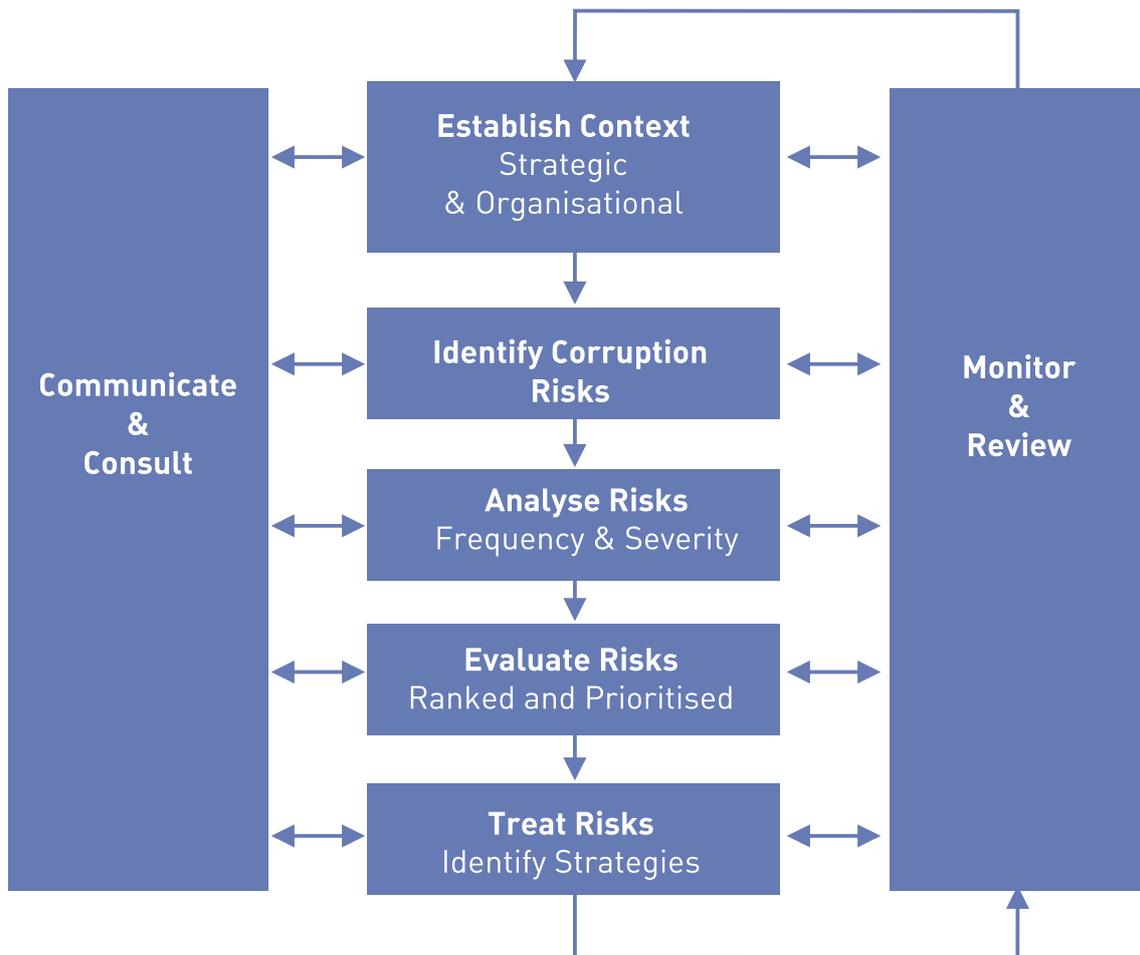
The Corruption Risk Management Process

The aim of risk management is to highlight each core and important activity of a public body and to associate the relevant risks it may face. The objective is to develop a strategy for addressing these risks. The framework requires each public body to perform a corruption risk assessment as part of the normal risk management process.

Methods for Assessing Risks

The following methods for assessing risks are recommended:

- Corruption risk surveys, using tailor-made questionnaires for specific functional units.
- Consultative workshops. 'Risk assessment teams' should be set up for each public body to identify and assess the risks relevant to their institution.
- Independent assessment of processes and procedures - including a series of one-to-one interviews with relevant staff and a review of internal control documentation.

Assessing Ethical Risk Areas

It is good practice to also identify and assess any ethical risk areas as their impact on an anti-corruption strategy can be severe. Ethical risks can be identified by using an organisation-wide survey to determine:

- The perception of the organisation's ethical commitment.
- The ethical standards of staff.
- Awareness and application of the Code of Ethics or Code of Conduct.
- Awareness of reporting mechanisms.
- Staff perceptions of fairness in the organisation.
- Whether ethical practices are rewarded in the organisation.

Guidelines

Planning the Risk Assessment	Public bodies should plan their risks assessment. This involves • Establishing Objectives • Identifying resources • Involving managers and staff (risk assessment should form part of their schemes of duty) • Setting timeframes
Identify Areas Vulnerable to Corruption	The functions that are vulnerable to corruption should be assessed. The following methodologies could be used - • Independent assessment of processes and procedures • Conduct of a corruption risk survey and interview with responsible officers. • Feedback and outcomes from Auditors report (Internal and External). • System reviews conducted by the ICAC. • Brainstorming sessions • SWOT, Gap analysis, Scenario analysis and questionnaire.
Assess Likelihood of Risks Occurring and Impact	For each area identified, the likelihood of the risks and their impact should be worked out.

Identify Response to Risk Areas Identified	Once the risks are identified, there is need to decide what to do to minimise such risks. Strategies for dealing with risks are: • Prevention through reinforcement of controls • Minimising risks and their impact, or • Accepting risks that cannot be avoided
Select Most Appropriate Response	Organisations should measure the relative cost and effectiveness of each option and select the option that is most suitable.
Develop Risk Management Measures	Risk management measures should be developed for each risk identified. The measures should: • Identify responsibility for implementation and monitoring • Set time frames for implementation • Be set in consultation with management to ensure effective implementation
Formalise Risk Management Plan	The risk management plan should be documented and approved by the Head of the Ministry/Department or the Board of Directors for Parastatal Bodies.
Implement Risk Management Plan	The plan should be implemented with due consideration given to: • Resources needed • Management responsibilities • Timing for implementation For staff to develop the sense of ownership they should be involved in the process.
Review and Evaluate	Organisations should periodically review and evaluate their risk management strategies to ensure their effectiveness and relevance.

Sample Risk Assessment Template

Activity/Function	:	
Date of Assessment	:	
Conducted by	:	

Step 1 Identify the Risks		Step 2: Assess the Risk	Step 3 Treat the Risk	Who & When	Reassess the Risks
Identify the task	What are the risks associated with each function?	Is the risk low, moderate, significant or high?	If the risk is deemed unacceptable for the task what will be done to reduce or remove the risk?	By Whom and by When?	Now that strategies have been put in place reassess the risk.

How do you assess the risk? For each risk identified answer A then answer B together to determine Risk and Action required

A – what is the potential impact or consequence of the risk.	B – what is the likelihood of the risk happening?	Add A and B together.	Risk Score	Actions
1 - Minor	1 - Low - it could happen, but only rarely		Score 1- 2 = Low risk	Proceed with caution
2 - Moderate	2 - Moderate – It could happen occasionally		Score of 3 - 4	Regularly monitor the situation
3 - Serious	3 - High – It could frequently happen		Score of 5 - 6 = High risk or extreme risk	Review of strategy

4. Corruption Prevention Strategies

Following completion of the risk assessment exercise, the organisation should come up with corruption prevention strategies to address risks identified. Such strategies should address both the systemic as well as the people aspects.

Major risk areas for which corruption prevention strategies should be developed by organisations are as follows:

- Decision-Making Process
- Discretionary Powers
- Disclosures
- Conflict of Interests
- Audit Committee
- Internal Control
- Internal Audit
- External Audit
- Internal Reporting System
- Complaints Handling System
- Procurement
- Contract Administration
- Recruitment and Selection/Promotion
- Inspection
- Stores Management
- Management of Assets
- Cash Handling
- Overtime
- Integrity in Information Technology
- Managing Integrity of Staff
- Code of Conduct

Implementation

The implementation of each strategy should include:

- Key responsibilities and targets to be met
- Activities and sub activities to be implemented
- Clear responsibilities for implementation within reasonable timeframes and resource requirements.

Evaluation and Review

The strategies should be subject to regular evaluation and review. Performance indicators should be developed to measure effectiveness of the corruption prevention strategies. Regular review reports should be produced and submitted to management and Board.

Part II
CORRUPTION PREVENTION STRATEGIES

The organisation should develop strategies with clear actions to address the identified risks. The strategies should be commensurate with the nature and extent of risks identified. These should be approved by management and communicated to staff concerned. Responsibilities should be clearly defined and a realistic timeframe for implementation provided. Each risk should be treated to strengthen controls and procedures.

Corruption prevention strategies should not be based solely on controls. Revising present policies and procedures, introducing additional rules, improving administrative procedures or tightening security arrangements are also valid strategies.

The development of corruption prevention strategies should be guided by the principles of **Transparency, Accountability and Integrity.**

Transparency: Transparency refers to the openness of an organisation's activities to scrutiny by interested parties. It involves providing documented reasons for decisions and appropriate information to relevant stakeholders.

Accountability: The principle of accountability warrants that each individual is accountable for his actions. Staff should submit themselves to whatever scrutiny that is appropriate to their position, duties and activities.

Accountability explains how the organisation has achieved its anticipated outcomes. It also shows how the public interest has been protected in the expenditure of public funds.

Integrity: Integrity is about the culture and attitude of the people working in the organisation. Integrity promotes trust and confidence in an organisation's dealings and helps to uphold organisational integrity. Management should ensure that appropriate mechanisms are in place to promote both staff and systems integrity to uphold a good corporate image.

1 DECISION-MAKING PROCESS

Decision-making forms an integral part of the administrative mechanism of any organisation. The premise for decision-making is that all decisions should be based on the principles of fairness, transparency and accountability. Decisions should be reached lawfully, based on relevant considerations, or based on the merits of the case.

Guidelines

Policies and Procedures	• Decisions should be guided by established policies and procedures and should comply with legal requirements.
Decisions	• Decisions should be based on acknowledged facts • There should be sufficient criteria to facilitate decision making. • Management should ensure that major decisions are not taken arbitrarily or based on mere speculation or suspicion.
Justification	• Justifications should be provided in writing for all decisions. • Reasons should be provided to a party affected by a decision upon request
Appeal	• A party should be duly informed of his right of appeal and objections. • A person affected by a decision should be able to exercise any right of objection, review or appeal that may be available.

2 DISCRETIONARY POWERS

Discretionary power is power conferred upon an individual/body by statute or authority, the exercise of which depends on judgement. Discretionary powers should be exercised by public officials promptly, in good faith and in accordance with the provisions of the law. Accountability in the form of appropriate checks and balances should be present within the system to avoid corrupt practices going unchecked. The higher the discretion, the higher should be the level of accountability .

Guidelines

Policy	• Public bodies should come up with a policy to guide decision-makers in exercising discretionary powers appropriately, consistently and fairly. Such policies should be communicated to relevant staff.
Recording	• Proper records should be kept on the exercise of discretionary powers.
Supervision	• The exercise of discretionary power should be closely supervised.
Reporting System	• A reporting system should be in place to ensure accountability and transparency in the use of discretionary power.

For more information
Refer to ICAC's Guide on Discretionary Powers

3 DISCLOSURES

Disclosure mechanism is the setting of policies and practices that can assist in the deterrence and detection of corrupt activities. Common forms of disclosure that are widely applied for public officials are:

- Disclosure of Assets & Liabilities;
- Conflict of Interests; and
- Gifts and Benefits.

Guidelines

Disclosure of Assets and Liabilities	• Disclosure regime allows for prompt identification of income derived by a public official through illegal or illicit activities. • Public official should declare or disclose their personal assets and liabilities: ▸ in accordance with their position where applicable. ▸ as permitted or required by law or administrative policies. • Management should implement measures to ensure proper monitoring and compliance.
Conflict of Interests	Public organisations should: • Identify potential situations of conflict of interests based on the activities of the organisation. • Provide appropriate measures to allow for proper disclosure of conflicts. • <u>Conflict of interests situations should be dealt with in accordance with relevant legislations including PoCA</u>.
Gifts & Benefits	• Organisations should adopt a zero tolerance policy on gifts and benefits. • The organisation should publicise the policy to all employees and stakeholders. • Official documents, such as Tender Documents, Letter of Award, letter of Appointment could make reference to the zero gift policy.

4 CONFLICT OF INTERESTS

A conflict of interests is a situation where the private or personal interests of a public official compete or conflict with his official duties. Understanding and managing conflict of interests are the most important aspects of building corruption resistance in an organisation. Corruption in most of the cases arises because of conflicts between the public interest and private, professional or commercial interests. As such, management should have in place an appropriate mechanism where:

- conflicts of interests are addressed in relevant administrative and operational policies and procedures.
- staff understand, accept and comply with the policy.
- those who would do business with the organisation understand, accept and comply with the policy.

Conflict of interests as per Section 13 of the Prevention of Corruption Act 2002 is a criminal offence liable to a penal servitude for a term not exceeding 10 years.

Guidelines

Policies and Procedures	• Policies and procedures to deal with conflict of interests situations should be developed. • Procedures for disclosing, recording and dealing with conflict of interests should be included in the organization's administrative and organisational activities.
Disclosure	• Officers should **disclose promptly in writing**, any situation of conflict of interests and the nature of such interests. • Where an officer or his relative or his associate has a personal interest in a decision of the public body, the officer should **not vote or take part in proceedings** of that public body relating to such decision.
Managing Conflict of Interests	• Potential conflicts should be identified at the outset of a project. • Proper channels should be established to report conflict of interests. • Conflict of interests declarations should be recorded properly and acted upon. • The behaviour/conduct of the official should be duly recorded.

Promoting the Conflict of Interests Policy	The organisation should: • Ensure wide dissemination of the conflict of interest policy among staff and relevant stakeholders. • Include information and discussions on conflict of interests in induction and management training programmes. • Ensure staff is aware of Section 13 (conflict of interests) of the Prevention of Corruption Act 2002.

For more information
Refer to ICAC's Handbook on Managing Conflict of Interests

5 AUDIT COMMITTEE

An Audit Committee is a key element in the corporate governance framework of any organisation. Its purpose is to assist management in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the organisation's process for monitoring compliance with laws and regulations.

In order to function effectively, audit committees should understand the issues associated with corporate governance and the evolving accounting/auditing regulatory framework.

Guidelines

Establishment of Audit Committee	Public bodies should establish an Audit Committee as part of their governance framework. **Parastatal Bodies** • The Board should establish the Audit Committee and define its terms of reference. • The Chairperson of the Board should not be a member of the Audit Committee. **Ministries/Departments** • The Monitoring Audit Committee of the Ministry of Finance and Economic Empowerment (MoF) should establish Audit Committees wherever applicable.
Authority	The Audit Committee should: • have explicit authority to investigate any matter within its terms of reference. • have full access to information. • resolve any disagreement between management and the auditor regarding financial reporting. • pre-approve all auditing and non-auditing services. • oversee the work of the external audit. • reinforce management's commitment to creating a culture of "zero-tolerance" to corruption.
Composition	• The Chairperson of the Audit Committee should be an independent member. • The Audit Committee should consist of at least 3 and not more than 6 members, the majority of whom should be independent members. • The members should have sufficient knowledge of audit, finance, risk and control. • At least one member should be designated as a financial expert.

Responsibilities	Responsibilities of the Audit Committee should include: • Reviewing significant accounting and reporting issues to understand their impact on the financial statements. • Ensuring that recommendations from internal and external auditors, regarding systems improvement are implemented. • Reviewing the annual financial statements.
Internal Control	The Audit Committee should: • Assess the adequacy and effectiveness of the organisation's governance, risk management, control frameworks and legislative and regulatory compliance. • Monitor internal control processes.
Internal Audit	The Audit Committee should: • Review with management and the head of internal audit, the charter, plans, activities, staffing and organisational structure of the internal audit function. • Approve the appointment, replacement and dismissal of the head of internal audit where applicable. • Review the effectiveness of the internal audit function, including compliance with auditing standards. • On a regular basis meet separately the head of internal audit to discuss any matter the Committee or the internal audit believes should be discussed privately.
External Audit	The Audit Committee should: • Review the external auditors proposed audit scope and approach. • Exercise final approval on the appointment and discharge of auditors where applicable. • Review the performance of the external auditors. • Review and confirm the independence of external auditors where applicable. • On a regular basis, meet separately the external auditor to discuss any matter the committee or the external audit believes should be discussed privately.
Reporting Responsibilities	• Regularly report to Board of Directors/Monitoring Audit Committee (MoF) on Committee activities, issues and related recommendations. • Provide an open avenue of communication between internal auditors, external auditors and management/Board of Directors. • Request periodic reports of acts of corruption or unethical conduct to ensure that the Board has been notified and corrective actions taken.

6 INTERNAL CONTROL

Internal control is the whole system of control established by management to ensure that the organisation conduct its affairs in an orderly and efficient manner. It is an essential element in the governance framework that plays a key role in identifying, minimising and managing risks and safeguarding of assets in an organisation. It is the responsibility of management to decide on the extent of the internal control system appropriate to its organisation.

Guidelines

Policies and Procedures	Public bodies should ensure that each activity is adequately supported by policies and procedures. These should be: • Clearly laid down. • Regularly communicated through briefing and training. • Regularly reviewed in the light of changes and new trends. • Disseminated to stakeholders where relevant and applicable.
Responsibilities	• Roles and responsibilities for each level of staff should be clearly defined to enhance accountability. • Responsibilities for authorisations and approvals should be clearly stated.
Segregation of Duties	• Duties and functions should be segregated to allow for proper checks and balances. • Staff should be rotated on a defined time period.
Maintaining Proper Documentation	• Proper and accurate records should be maintained to enhance accountability and facilitate audit trail.
Effective Supervision	• Supervisory control should be exercised at different levels of operations to deter and detect any undue delay or other irregularities.
Management Information	• Management information reports should be produced on a regular basis.
Safeguarding Sensitive Information	• Sensitive and confidential information should be properly classified and secured. • Measures to prevent access to sensitive and confidential information should be adopted. • Management should assign responsibilities to conduct surprise checks to ensure compliance.

7   INTERNAL AUDIT

Internal Audit is an independent objective assurance and consulting activity designed to add value and improve an organisation's operations. It provides a systematic and disciplined approach to evaluate the effectiveness of risk management control and governance processes.

The Internal Audit Unit has the responsibility for reviewing adequacy and reliability of the internal control mechanism, risk management and governance system within the organisation.

An effective internal audit activity is thus a valuable resource for management and the board due to its understanding of the organisation, its culture, its operations and its risk profile. It provides the necessary assurance to management and stakeholders of the effectiveness of the risk management framework and control environment. Internal Audit is expected to assist management in meeting their corporate objectives in an efficient and effective manner and to fulfil their obligations which, among others, include the fight against fraud and corruption.

Guidelines

Internal Audit Function	The Internal Audit function should encompass the following:
	Compliance • Ensure adherence to legislative and regulatory framework as well as compliance to policies and procedures. • Ensure effective and efficient use of the organisations' assets. • Check for actions in case of non-compliance to policies. **Assurance** • Assess the adequacy and effectiveness of the organisation's governance, risk management and control framework. • Ensure comprehensiveness of policies, including prohibited activities and the actions required whenever violations are discovered. • Ensure that appropriate authorisation policies for transactions are established and maintained. • Ensure monitoring of internal control processes. **Risk Assessment** • Risk Assessment to corruption should be an essential part of the Internal Audit function.

	Advisor • As an advisor and partner to management, Internal Audit should advise management on the impact of management decisions on the control infrastructure including reinforcement of control for creating a culture of "zero tolerance" to corruption.
Staffing	• Staffing should be commensurate with the size and complexity of the organisation. • Staff of the Internal Audit Unit should be adequately qualified.
Management Support	Management should: • Give Internal Audit full access to information. • Provide necessary logistics and resources. • Ensure implementation of recommendations.
Planning	The internal auditor should have an audit plan, approved by management and the Audit Committee. The plan should: • Focus not only on financial operations but also on operational/technical functions. • Ensure proper allocation of audit resources with respect to high risk areas.
Independence	• The Internal auditor should report directly to a properly constituted Audit Committee or Board.
Internal Audit Charter	Public Bodies should adopt an Internal Audit Charter which: • Defines the internal audit activity's purpose, authority and responsibility. • Establishes the objectives and scope of the internal audit function. • Clarifies duties and responsibilities in order to carry out the auditing function effectively.

For more information
Refer to ICAC's Do-it-Yourself Guide on Internal Audit Charter

8   EXTERNAL AUDIT

External Audit has the crucial function to provide an independent opinion on the status of the affairs of an organisation. Public sector auditing often transcends the traditional financial audit role and ensures a wider accountability through value for money audit and stewardship of public funds.

The external auditor has a responsibility to design appropriate audit programmes to assess the adequacy and efficiency of the internal control system of an organisation in order to prevent and deter fraud and irregularity and other arrangements to limit the opportunity for corrupt practices. External auditors should always be alert to the possibility of fraud and irregularity, and have to act without undue delay if grounds for suspicion come to their notice.

Guidelines

External Audit Function	The External Audit function should: • Provide an independent opinion on the state of affairs of an organisation. • Safeguard the stewardship of public money. • Promptly report any corrupt or other malpractices. • Review the effectiveness of Internal Audit. • Be susceptible to fraudulent financial reporting. • Assess exposure to misappropriation of assets.
Appointment	• Public bodies having an External Auditor other than the National Audit Office should review the terms and conditions of appointment of the external auditor and also its rotation on a defined period.
Access	• There should not be any restriction on access to information for the External Auditor.
Independence	• For Parastatal Bodies, the external audit report should be submitted to the Audit Committee or Board. • For Ministries and Departments, the report should be submitted to their heads.
Management Responsibility	• Management should ensure that recommendations of external audit are duly implemented and follow up are done and appropriate actions taken.

9 INTERNAL REPORTING SYSTEM

An effective internal reporting system is an invaluable mechanism for early detection of corruption and unethical behaviours. It enables staff within an organisation to receive and act promptly upon reports of corruption and maladministration. Public officers should be encouraged to report acts of corruption, misconduct or malpractices in their daily businesses. They should be provided with safe, confidential and private ways of reporting as a means to deter fear of retaliation from management.

It is worthy to note that **public officials have the duty to report an act of corruption under Section 44 (1) of the PoCA 2002**, which states that:

"**where an officer of a public body suspects that an act of corruption has been committed within or in relation to that public body, he shall forthwith make a written report to the Commission**"

And Section 45(1) states that:

"Notwithstanding sections 43 and 44, where in the exercise of his functions -
(a)   a Judge or Magistrate;
(b)   the Ombudsman;
(c)   the Director of Public Prosecutions;
(d)   the Director of Audit; or
(e)   the chief executive of a public body

is of the opinion that an act of corruption may have occurred, he may refer the matter to the Commission for investigation."

Guidelines

Clearly Documented Policies and Procedures	• The organisation's top management should come up with a statement of commitment for the protection of staff in the internal reporting policy. • The policy should also provide for sanctions against unfounded and malicious reporting that may tarnish the reputation of an employee
Channels for Reporting	• Clear identification of people, positions and responsibilities in designated reporting channels should be provided where whistleblowers can make disclosures. • The internal reporting policy should be communicated to staff at all levels.

Ensuring Confidentiality	• Confidentiality clauses should be provided to ensure the protection of employees who report on corruption and malpractices.
Follow up on Disclosures	The organisation should ensure: • Proper record keeping of disclosures and actions taken. • Investigation and follow up of disclosures so that corrupt conducts are acted upon and organisational improvements implemented.
Sanctions	• Provision should be made for disciplinary actions against staff who unnecessarily breach the confidentiality of a disclosure.
Review of the Internal Reporting System	The organisation should: • Assess the effectiveness and appropriateness of reporting channels established. • Ensure complainants are not being disadvantaged. • Analyse the organisational improvements that have resulted from the system and any detrimental effects that may have occurred. • Ensure that any recommended improvements to the internal reporting system agreed upon are implemented.
Feedback	The organisation should gather feedback on the following: • Are all staff aware on how and to whom to report acts of corruption? • Are staff's fears of reprisals taken seriously? • Are managers aware that they are responsible for ensuring that staff who make disclosures are not victimised? • Will confidentiality be adequately maintained? • Are disclosures adequately followed up and systems put in place to prevent similar situations from arising in the future? • Are there adequate disciplinary measures in place to deal with staff found to be or to have been engaged in corrupt practices?

10 COMPLAINTS HANDLING SYSTEM

A complaint handling system is an appropriate mechanism for recording and responding to complaints. It is an effective way to aim at customer satisfaction and at the same time to provide instances where unethical behaviours on the part of employees can be disclosed.

An effective complaints handling system is an essential part of providing quality service. It provides positive feedback about aspects of the service that work well, and is a useful source of information for improvement.

Guiding principles

- Customer focus - customers are valuable and the heart of business
- Complaints are an opportunity, not a nuisance
- Customers should be helped and supported to make complaints
- Redress should be provided for justified complaints

Guidelines

Policy	The policy should address among others the following: • Reasons for the policy e.g. benefits to customers and staff • The aims and objectives of the system • Definition of a complaint • Who is responsible for taking, recording, resolving, and analysing complaints • How complaints may be lodged • Resources required
Procedures	Procedures should contain among others : • How customer feedback will be sought e.g. self addressed feedback forms • What type of complaints are accepted: verbal, written and anonymous • Who is responsible for taking the complaint, and at what point the complaint is referred on • How complaints and outcomes will be recorded • Timeframes for resolution

A Means of Recording	• The use of complaint forms should make it easy for customers to lodge feedback.
Staff Empowerment	• Management should assign specific accountabilities to staff.
Remedies	• Remedies should be appropriate and reasonable.
Performance Standards	• The organisation should establish performance standards to measure the efficiency and effectiveness of the complaint handling system, one measurement being - Time taken to resolve problems.
Alternative Remedies	• The complaint system should cater for alternative remedies.

11 PROCUREMENT

Procurement encompasses the whole process of acquiring goods, services and works. It starts with the identification of a need and involves the process of risk assessment, seeking and evaluating alternative solutions, contract award, delivery and payment of goods and services and where relevant, the ongoing management of a contract.

Public procurement is one of the highest corruption risk areas for every type of government organisation. This is primarily due to the fact that it involves large quantities and substantial monetary amounts in its dealing. Therefore, to reduce the scourge of corruption, public bodies should adopt a strategic approach to procurement. An efficient and effective procurement rely mainly on the principles of fairness, impartiality and free competition.

Guidelines

Compliance	• Public bodies should ensure compliance with the Public Procurement Act 2006, its regulations, policies, directives and instructions of the Procurement Policy Office.
Risk Management In Procurement	Risk management can contribute to better procurement decisions. As such, the organisation should: • Establish the risk context • Identify potential risks • Analyse the risk • Assess and prioritises the risk • Treat the risk • Prepare and implement treatment plans • Monitor and review the risk management plan.
Identification of Needs	Public bodies should: • Set-up a Committee of Needs. • Obtain appropriate approvals before undertaking process. • Develop proper forecasting, planning and consultation with users. • Obtain clear statement of work and definition of need. • Analyse need accurately including functional and performance requirements.

Developing the Specification	Public bodies should: • Define the required outcome. • Develop functional or performance specifications. • Ensure specification is consistent with needs analysis. • Utilise commonly used contracts. • Ensure proper control mechanism to review specification before release. • Be familiar with requirements.
Selecting the Procurement Method	The organisation should: • Improve its market knowledge. • Improve its knowledge and expertise in tendering methods. • Improve its tender documentation and clearly identify in bidding documents the selection criteria. • Ensure that the time and cost of the procurement is comensurate with its value.
Tender Documents	The organisation should: • Gain appropriate commercial expertise. • Develop proper tender planning and preparation. • Assess the conditions of contract and select appropriate conditions. • Review tender documents before issuing them and ensure that the selection criteria contain the critical factors on which assessment of tenders will be based.
Seeking, Clarifying and Closing Offers	Public bodies should ensure that the organisation's value for integrity, fairness and professionalism are respected. As such, it should: • Respond in a timely manner to service provider enquiries. • Allow adequate time for tenderers to respond. • Establish formal security procedures. • Perform regular audits and reviews of security processes. • Use appropriate tender advertisement strategy to increase competition. • Issue modifications to all suppliers that have responded to the procurement entailing the extension of the date of delivery of submissions. • Ensure that answers provided for clarifications to one supplier's questions are also provided to all other suppliers. • Not accept late submissions of bids and return such bids unopened to the bidder.

Evaluating Offers	The basic principles of value for money, fairness, transparency and impartiality should be ensured. As such, public bodies should: • Improve tender assessment and evaluation processes. • Maintain, audit and review evaluation processes. • Maintain, audit and review security procedures. • Establish a Tender Opening Committee. • Ensure that the Bid Evaluation Committee has the right composition, members possess the necessary technical skills and it is permissible for an external expert to be brought in for the technical part of the evaluation. • Ensure that the evaluation report provides reasons for any elimination of a submission from further consideration, and that it is signed by all members of the bid evaluation committee.
Award	Effective communication renders the process more transparent. As such, • The award of major contracts should be promptly published in a national newspaper within 7 days of the award. • The organisation should provide the unsuccessful supplier with a debrief if requested within 30 days of the publication of the award.
Delivery	• All deliveries should be inspected by an officer and an inspection report indicating acceptance or rejection of the goods should be prepared.
Payment	• The procurement contract should provide that the contractor is liable for liquidated damages for delay in the performance under the contract.

For more information
Refer to ICAC's Best Practice Guide on Procurement of Goods and Services for Public Bodies

12 CONTRACT ADMINISTRATION

Contract administration is highly prone to corruption because it often requires high technical and professional knowledge with complicated and detailed work procedures, and involves substantial sums of money.

Corruption within contract administration resulting in substandard works may seriously threaten public safety and undermine public confidence. The risk of corruption can be reduced if appropriate safeguards are built into the contract administration system and if contract administration is performed in an accountable and transparent manner.

Guidelines

Acceptance of Works	• Where applicable, the client should first obtain an estimated cost of the project before acceptance of works. • The Project Manager should first obtain the approval of the client before the commencement of any work.
Site Inspections	• Regular site visits should be performed by the Architect, Engineer and the Quantity Surveyor to ensure compliance with respect to quality and timeliness of work done. • After each site inspection, a site visit report should be produced by each of the above professionals. • Regular site meetings should be made with the different stakeholders to ensure that progress of work is in accordance with the programme of work. These meetings should be minuted. • Instructions to contractors should be made in writing.
Variations	• The contractor should not make any variation without the instruction of the Project Manager. • The contractor should provide the Project Manager with a quotation for the variation to be carried out within the prescribed time limit in the contract. • If the contractor's quotation for the variation is unreasonable, the Project Manager may change the contract price. • All variations should be included in the updated programme/activity schedule of the project.

Extensions of Time	• The contractor should notify the Project Manager of the occurrence of the event within the prescribed number of days defined in the contract. • After notification, the contractor should provide detailed particulars relating to the event within a defined time period to the Project Manager. • The Project Manager should determine without undue delay whether to accept or reject the contractor's application for extensions of time. • When the Project Manager rejects the application for extensions of time, liquidated damages should be charged to the contractor.
Measurement	• Measurements on site should either be performed or monitored (if delegated to technical officers) by Quantity Surveyors. • All calculations with respect to measurement should be properly recorded and produced when required for the preparation of Interim/Final Payment Certificate.
Interim Payment Certificate	• The Project Manager should deliver the Interim Payment Certificate to the client for payment within the prescribed time limit in the contract. • The Client should pay the contractor within the time limit defined in the terms and conditions of the contract. • Whenever the client fails to pay the contractor in due time, interest at the rate defined in the contract should be paid to the contractor.
Final Payment Certificate	• The contractor should submit his final statement to the Project Manager within the prescribed period in the contract only after the issue of the defects liability certificate. • The Quantity Surveyor should prepare the Final Payment Certificate within due date after the receipt of the final statement. • The contractor should be paid interest whenever there are late payments.
Evaluation of Contractor's Performances	• There should be an appropriate system to record the performance of contractors. • At the termination of a contract, a performance report should be prepared on the particular contractor. • All aspects of an unsatisfactory performance report should be discussed with the contractor at a formal site meeting. • When a recommendation not to do further business with a contractor is made, the contractor should be able to appeal to an independent panel.

For more information
Refer to ICAC's Best Practice Guide on Contract Works for Public Bodies

13 RECRUITMENT AND SELECTION

The principle of merit selection is vital in public sector recruitment as the level of professionalism depends on attracting and recruiting talents. Therefore, high standards of integrity as well as increased transparency, fairness and accountability are crucial to eliminate the perception of corruption in terms of pecuniary motives or favouritism, nepotism and cronyism in the recruitment and selection exercise.

Guidelines

Strategic Approach	The organisation should: • Develop a Manpower plan. • Perform an internal assessment to identify resources gap and redundancies. • Develop a documented policy and procedures for recruitment and selection in the organisation. • Ensure performance measurement after each recruitment exercise.
Request to fill a Position	• To put in place a "Request to fill a position" form to be filled in by the officer responsible for the department where the vacancy arises.
Job Analysis	• Most appropriate ways to gather formal and informal information should be used such as: Job Analysis Interviews, Employee Observation or Written Questionnaires.
Job Specification	• Ensure that the Job Specification is determined by the user department in conjunction with the HR department.
Job Description	• The Job Description should describe the job and not the person who fills it.
Advertising	• The content of the advertisement should be clear and concise. • The placing of advertisements should not be discriminatory.

Enquiries	• Management should designate an enquiry person who will act as the contact person between the organisation and the applicants to provide useful information regarding the vacant post.
Applications	• The forms should be standardised to obtain information that the institution requires in relation to the vacant post. • The date of receipt should be stamped on each application form. • A responsible person should be identified to keep a list of all applications received. • Application forms should be kept confidential and in a secured place.
Screening	• Only application forms received before the closing date and time should be considered. • All the sections of the application form should have been properly filled and signed by applicants. • Minimum advertised requirements in terms of age, qualifications and competencies should be met.
Short-Listing	The selection criteria should include: • Successful screening of candidates • The level of qualifications and competencies • The relevancy of qualifications, competencies and experiences.
Final Selection	• The selection panel should be composed of at least: ▸ Three persons. ▸ A woman and a man. ▸ One member is independent. • The selection criteria should be based on: ▸ Successful short-listing of candidates. ▸ An applicant's level of competence in respect of knowledge, skills, experience and aptitude. • A selection committee report on the recommended applicant should be submitted.
Pre-Appointment	• Pre-appointment checks should usually be performed on: ▸ Educational records. ▸ Referee checks. ▸ Criminal records.

	• If requested by any unsuccessful candidate, the chairperson of the interview panel should conduct a post-selection interview/discussion with the unsuccessful candidate to discuss about his strengths and weaknesses in relation to the selection criteria.
Appointment	• The job offer may be made orally, either in person or over the phone, but it should be followed by a letter of offer. • Acceptance of an offer should be in writing, prior to reporting for duty.
Orientation	The orientation should cover among others: • A review of the job description with the new employee. • Some discussions of what the business does. • Basic work rules. • Handing-over of the manual of procedures and a code of conduct to the new employee.

For more information
Refer to ICAC's Best Practice Guide on Recruitment and Selection

14

INSPECTION

It is in public interest for organisations to promote trust in the enforcement functions and this entails not only compliance with standards but also the perception that inspections are fair, transparent and not subject to corruption. Inspection works ensure compliance with laws, regulations, policies and procedures.

For sustainability and effectiveness in inspection works, anti-corruption practices need to be integral parts of the enforcement function and these should be based on the principles of accountability, transparency and fairness.

Guidelines

Pre-Inspection	• Self-evaluation of clients should be undertaken to assess the scope of the forthcoming inspection. • Inspection works should be strategically planned through efficient use of inspectors' resources with focus on the results of the inspection. • Pre-inspection briefings should be conducted to guide inspectors and monitor their works on sites. • Checklists should be used to gather specific and practical information from the client. • Movement of inspectors should to be monitored using a movement book.
Inspection Works	• An opening meeting should be convened where applicable to secure collaboration of the client. • Inspections should be carried out openly with those being inspected. • Every conclusion drawn should be substantiated with appropriate evidence. • Warnings, contraventions and seized evidences should be properly recorded for effective prosecution. • Outcomes of visits should be reported in a systematic way.
Post-Inspection	• Relevant management information should be compiled and updated regularly. • Appropriate general and technical controls should be established for computerised systems. • Audit trails should be possible for each transaction and management should ensure proper backup up of database. • Proper follow-up should be in place to ensure improvement. • Appropriate sanctions should be applied to ensure effective enforcement.

Performance Indicators	• For an effective and efficient inspection function, performance should be gauged against indicators set at various levels.
Accountability Mechanism	• Proper accountability mechanism should be embedded at each stage of the inspection process.
Ethics Infrastructure	• Public organisations with an enforcement role should have an ethics and integrity programme to enhance the level of integrity and engender public confidence and trust in the inspectorate function.

For more information
Refer to ICAC's Best Practice Guide on Inspection Works for Public Bodies

15 STORES MANAGEMENT

An effective store management system based on transparency and accountability is essential to deter corruption such as abuse of power and malpractices, falsification of stock records, unauthorised disposal of stores, stocktaking manipulation etc.

Guidelines

At this level, the following measures may be adopted:

Stock Control Policy	• The organisation should have its stock control policy dealing with issues such as classification of stock, stock control levels and record keeping for the purpose of stock's identification.
Procedural Guidelines	To ensure compliance with the stock control policy and consistency in practices, there should be written guidelines on: • The authorisation levels for various store control functions e.g. the authority for order of replenishment and condemnation of goods. • The frequency of spot checks, stock-taking exercises and audit checks. • The stores control procedures including procedures for disposal of surplus, obsolete or condemned stores.
Stock Records	• Accurate and up-to-date inventory records should be kept, either manually or by way of a computer system to ensure transparency and accountability.
Segregation of Duties & Job Rotation	• As far as practicable, different staff members should be assigned to handle different duties such as receipt and issue of goods, supervision of stores, and stock-taking. • Staff members assigned storekeeping duties such as receiving of goods should be rotated from time to time as far as practicable.

Ensuring Accountability	• Each store transaction including receipt, issue, return or transfer of goods should be entered promptly in the store records and supported by an approved voucher. • A wrong entry in the record should not be erased but should be duly marked with the correct one entered by its side. The supervisor should initial against all additions, deletions and corrections of store records. • Completed vouchers should be filed in sequential order to facilitate checking. • Computerised stores systems should have standard access control for data input and amendment as well as audit trail functions. • As the storekeeper is accountable for the stock under his control, his duties should be clearly defined.
Internal Audit	• There should be a schedule of internal audits for stores. This is a means to ensure that the laid down store policies and procedures are followed, and to help deter corruption and malpractice.

16 MANAGEMENT OF ASSETS

Public bodies have the responsibility to ensure that their procedures and supervisory practices provide adequate safeguards on the control, management and disposal of assets. Effective implementation of asset management principles can only be achieved within a framework of appropriate control and monitoring by management.

Guidelines

Risk Management	• Development of a systematic risk management process, particularly in the identification and treatment of risks pertaining to corruption in asset management.
Accountability for Assets	For accountability mechanisms to be effective, an operation and maintenance plan should be developed to: • Ensure proper recording of assets' identification and the section where it is being used and under whose responsibility. • Establish the standards for the level of use, condition, maintenance and performance of assets • Document the resources required to operate and maintain assets. • Assign specific responsibilities to appropriate employees for authorising transactions and activities.
Internal Control Structure	An effective internal control structure should establish and promulgate asset policies and procedures. It should among others: • Maintain an effective internal audit function. • Promulgate asset policies and procedures manual that detail the requirements for effective management of assets in respect of purchase, use, maintenance and disposal. • Place physical controls over access to, and use of assets and records. • Ensure proper segregation of duties. • Maintain an information system based on the organisation's asset register providing reliable, relevant and timely financial and non-financial data on acquisition, asset identification, accountability information, performance, disposal and accounting.

	• Set systems for verifying the existence of assets against recorded information, promptly detecting irregularities or errors and follow-ups on discrepancies (Physical stock taking) • Promulgate use of control form to document the process of acquisition, change in ownership, transfer and disposal. • Ensure staff involved in asset management receives training commensurate with their responsibilities. • Ascertain that the asset register is integrated with the financial and budgetary systems. • Ensure that asset information is readily accessible to staff who are accountable for assets.
Disposal	Organisations should have an asset disposal plan which: • Establishes the rationale for, the anticipated time and method of, and the expected proceeds on disposal. The plan should be refined and reviewed, if necessary. • Take account of the market and physical condition of the asset prior to disposal. • Under-utilised and under-performing assets should be identified as part of a regular, systematic review process. • The reasons for under-utilisation or poor performance should be critically examined and corrective actions taken to remedy the situation or a disposal decision should be taken. • Regular evaluation of disposal performance should be undertaken.

17 CASH HANDLING

Any instance of mishandling public money can be very damaging to the reputation and credibility of public officials. The principles of probity and accountability should apply to all cash collected within an organisation. Proper controls for cash collection are necessary to prevent mishandling of funds, safeguard employees from inappropriate charges and ensure all funds are collected for services performed by the public body.

Public bodies have an ongoing task to review their organisation's cash handling practices, anticipate opportunities for malpractices, and introduce preventive measures and monitor their effectiveness.

Guidelines

Policy and Procedures	- Public bodies should establish a revenue policy that incorporates the following control procedures for over-the-counter cash collections: - Procedures for receipting, securing, transferring and banking cash should be standardised and all procedures documented and clearly communicated to staff. - Procedures should provide for an effective audit trail.
General Controls	- Use automated systems (e.g., computer or cash register) where practical to increase cash processing efficiency and to provide more detailed support for reconciliations. - Pre-numbered receipts bearing date, mode of payment, and the identification of the department and the person issuing the receipt should be issued for each payment received. - Management information should be compiled in respect of cashiers' cumulative surpluses and shortages. This information should be used in evaluating employee performance.

Ensuring Accountability	• A system which allows for any discrepancy between the amount of money collected and the total of receipts issued to be traced to the person responsible for collecting, receipting and securing the funds should be in place. • There should be a receipting system which incorporates an effective audit trail and links deposits to the cashier with receipts issued at cash collection points. • As far as possible, responsibilities should be separated so that the person receiving the funds is not the person responsible for banking them. • Adequate controls should be ensured for safely collecting and storing cash.
Security Controls	• Strict physical access controls to the cash drawer should be established. • Responsibility should be assigned to the cashier for securing the cash drawer. • Periodic draw-downs by management or the cashier during days of large collections should be made to ensure that the amount of cash in each drawer does not become excessive. • Cash should be stored in a safe or other secure place until they are deposited. This includes a locked cabinet/storage device with restricted access.
Monitoring Controls	The organisation should, • Monitor deposits to ensure cash is actually being deposited. • Perform timely bank account reconciliations and investigate any discrepancies between the public body's internal records and the bank's records. • Conduct surprise cash counts to ensure the accuracy of collections. • Perform trend analysis of cash deposits and activity levels, which may identify anomalies or potential fraud. • Monitor register voids and use of "no sale" key and investigate excessive use. • Require management to verify the daily receipt and reconciliation process.

18 OVERTIME

In all organisations, supervision of attendance and overtime work is a common area of concern in staff management. Common malpractice includes falsifying attendance records and claiming undue overtime allowance.

Such malpractice not only affects operating efficiency and increases staff cost of an organisation but, more importantly, undermines management control and hurts the reputation of an organisation.

Guidelines

Policy	The policy on overtime should include among others: • Purpose • Scope • Rates of pay • Conditions of payment
Attendance Records	• Staff attendance records should be maintained by a register, time clock or smart cards. • Daily work schedules should be used for staff performing outdoor duties. • Supervisors should conduct surprise site checks on staff attendance against the attendance register. • Attendance records should be kept at a secured location.
Control of Overtime Work	• Supervisors should give detailed requirements and justifications for overtime work. • Prior approval for overtime work should be obtained from the designated managerial staff. • The operational requirements of overtime work should be monitored and reviewed regularly.
Allocation of Overtime Work	• A fair, objective mechanism should be in place for allocation of the overtime work to all eligible staff. • The discretionary power of officers allocating overtime work should be properly structured.

Supervision of Overtime Work	• Supervisors should check the output from overtime duties on a daily basis or at frequent intervals. • A team leader should be appointed to supervise the overtime work carried out (where deemed necessary). • Surprise checks should be conducted by supervisors.
Certifying Overtime Records	• Records of the overtime duties performed by individual staff should be certified by authorised supervisors.
Time-Off	• Time-off which is granted in by some institutions in lieu of payment of overtime, should be approved by designated supervisors, properly recorded, and counter-checked by managerial staff.

19

INTEGRITY IN
INFORMATION TECHNOLOGY

Public organisations are invariably embracing Information Technology (IT) system to improve the effectiveness and efficiency of their operations. However, though IT is undoubtedly a useful tool to enhance transparency, yet it also increases the scope for various forms of malpractices and corruption. Hence, IT security standards should be established to maintain system security, data integrity and privacy to safeguard against corruption and other malpractices.

Guidelines

IT Security Policy	• Organisations should have an IT security that contains standards for systems security, data integrity and preventing unauthorised access to data and misuse of information.
Environmental and Physical Access Controls	Organisations should: • Limit access to the central computer (Server) and other network and back-up equipment. • Control access to terminals and install security measures to prevent databases from being tampered. • Ensure that the air conditioning and humidity control systems for the Local Area Network (LAN) server are adequate. • Protect devices from natural disasters.
Logical Access Controls	Logical access controls may exist both at the system and the application level. These should include: • Allocation of password to access the system. • Allocation of unique log-in IDs to system so as to identify users. • Reminding staff to keep their passwords strictly confidential and to change them periodically • Ensuring that only authorised persons have access to those modules/options required for their duties. • Installation of anti-virus, intrusion detection and firewall systems. • Installation of a monitoring system to track abnormal activities. • Establishment of a system to identify locations and users accessing computers and information from database. • Encryption over transmission of data.

Operational Controls	Operational controls reduce the risks of inappropriate working practices. These should include: • Adequate controls over staff working in the computer department. • Adequate maintenance of hardware and software.
Disaster Recovery	Organisations should: • Develop a Disaster Recovery Plan. • Keep a complete inventory of all files. • Maintain backup copies, both within and outside the organisation of all data and computer programmes to protect against loss of information
Segregation of Duties	• The organisation should ensure that no single person has control over the entire computer programme.
Change Management Controls	Change management controls ensure that amendments to a computer system are properly authorised, tested, accepted and documented. As such, an organisation should: • Ensure modifications to programmes are authorised. • Ensure that a feasibility study is carried out before changes are brought. • Ensure proper testing of programmes before transferring to live environment. • Involve users at the time of development.
Audit Trails	Audit trails help trace computer transactions and serve as a deterrent against the misuse of access rights. Recorded events and information should include: • User identifier • Successful and unsuccessful log-ins • User ID lock-out record • Date • Time • Physical location

20 MANAGING INTEGRITY OF STAFF

Corruption in an organisation is not solely based on systems. Sound system as well as an ethical corporate culture is crucial for the success of any corruption prevention strategy. Management has the prime responsibility to implement effective policies to ensure that staff perform with integrity and observe the highest ethical standards. The integrity of the staff needs to be built up and sustained with clear actions and programmes.

Guidelines

Leading with Integrity	Values and attitudes of Senior Management are important determinants of staff behaviour. As such, • Organisations should hire leaders who live up to the highest standards of honesty and integrity. • Leaders should be viewed as role models. • Honest exchanges between leaders and followers should help in fostering a positive work culture resting on integrity • Senior officials should demonstrate congruence between their talk and their walk.
Building an Ethical Organisational Culture	Organisations should promote and sustain ethical behaviours through: • A clear and positive set of values that are usually written in a code. • A common sense of purpose. • Encouragement to employees to take ownership and act on values both in groups and alone. • Honesty, mutual trust and respect (should be at the centre of all relationships in the organisation). • Organisation values which should be well disseminated to all stakeholders • Promotion of integrity messages among departments
Ethics and Integrity Programmes	Ethics and Integrity programmes should: • Include training on Ethics and Integrity. • Serve as a reminder to employees to uphold the highest ethical standard. • Promote strong work ethics at the workplace.
New Recruits	• New recruits should be apprised and invited to adhere to principles of ethical behaviour in the organisation • Values and Ethics should be an important part of each training session.
Prompt Actions on Unethical Behaviour	• Management should ensure that prompt actions are taken in case of unethical behaviours.

21 CODE OF CONDUCT

A code of conduct is a comprehensive statement of the guiding principles an institution expects its staff to follow. It sets out in very practical and clear terms the standards of behaviour expected of employees in their respective working environments.

It is an important management tool that can positively shape the culture and reputation of an institution and promote public confidence and trust in the organisation. It strengthens the moral courage of officers and provides them with a guide to maintain high level of public trust and self pride.

A code is also an effective way to remind all officers of their public duties and legal responsibilities and to ensure that business is conducted with integrity, dedication and professionalism.

Guidelines

Development of a Code of Conduct	• Public organisations should develop a specific code of conduct/ethics and take initiatives to implement it. • The code should bind all staff including top management. • It should be written, reviewed and edited by a multidisciplinary team. • It should address all relevant areas and should be in line with the values and culture of the organisation. • The language should be simple, concise and readily understood by all employees.
Scope of the Code	The code of conduct should: • Set out the core values of the organisation and standards of behaviour expected of staff. • Be in line with other corporate communications and policies. • Define acceptable and unacceptable behaviours. • Provide a framework within which staff agrees to work and help to solve ethical dilemmas.
Implementation	• The code should be properly disseminated, implemented and monitored. • Adherence to the code should be emphasised during training and other empowerment sessions. • Each employee should be provided with a copy of the code for which he should acknowledge receipt. • The code should form part of an employee handbook or policy manual or some other formal document so that it can be referred to when needed

Monitoring and Review	• Adherence to the code should be ensured. • There should be disciplinary procedures to deal with dishonest or unethical behaviour. • A mechanism should be in place for sanctions and appeal.

For more information
Refer to ICAC's Model Code of Conduct for Employees of Parastatal Bodies

Part III
IMPLEMENTATION OF THE FRAMEWORK

Management Commitment

Management should demonstrate its commitment through the application of adequate resources, appropriate administrative structures, effective monitoring and review mechanisms which are essential for the successful implementation of any corruption prevention measure.

The "Anti-Corruption Committee" (ACC)

Public bodies are invited to set up an Anti-Corruption Committee, comprising of dedicated officers to drive the project ahead. A committed person at management level should be designated to chair the Committee. This committee will be responsible for developing and coordinating the implementation of anti-corruption initiatives and programmes in their respective organisations.

Operation of the ACC

Chairmanship and Secretary - An officer at a senior level (preferably among the top management level) or a Board member in the case of statutory bodies should be called upon to lead the project and chair all meetings. The Chairperson should as far as possible be well-known for his commitment and understanding of good corporate governance. The institution should identify an officer to act as Secretary. The Chairperson should develop a time-bound programme with clear and precise deliverables and related budget and execute it once it is approved by top management or the Board.

Composition of the Committee - The committee should comprise of a minimum of 5 members and a maximum of 7 members. Responsible officers from both operational and support departments of the institution should be present on this committee.

Frequency of meetings - The committee should meet on a regular basis, preferably every month or as decided by the Chair of the ACC.

Sub-Committees - The Chair should decide upon the setting up of sub-committees if he/she deems it necessary for the prompt implementation of any initiatives decided by the ACC.

Terms of Reference of the Anti-Corruption Committee

1. Formulation of an Anti-Corruption Policy.
2. Development of a Corruption Prevention Plan.
3. Development and implementation of an integrated Corruption Risk Management Plan.
4. Overseeing and coordinating implementation of corruption prevention strategies.
5. Implementation of recommendations proposed by the ICAC in Corruption Prevention Reviews.
6. Advise management on corruption prevention issues with respect to new projects and policies on which the organisation is embarking.
7. Building and sustaining an ethical culture to promote integrity of staff within the organisation.
8. Interact with other Anti-Corruption Committees to share corruption prevention experiences.
9. Report achievements through the Chief Executive of the Ministry/Department to the Director General of the ICAC twice yearly.

Reporting Mechanism of the ACC

Anti-Corruption Committees should report progress through their management to the ICAC on the status of implementation of the framework and results achieved twice yearly (June and December).

The Role of the ICAC

Fighting corruption and promoting good governance remain some of the key priorities of the government. For not only is corruption a threat to democratic institutions, but it also impacts negatively on service delivery and development. With a view to enhancing integrity in public bodies, the ICAC will oversee the implementation of the Anti-Corruption Framework.

The ICAC shall,

- Act as a facilitator to public bodies in the implementation of the Public Sector Anti-Corruption Framework.
- Assist public bodies in establishing their Anti-Corruption Committees and advise them on how to make it functional.
- Conduct workshops and working sessions to facilitate the understanding and implementation of the Anti-Corruption Framework.
- Empower public bodies to keep abreast of new challenges in the fight against corruption.
- Develop new strategies to tackle emerging risks of corruption.

ICAC