

# **KGATELOPELE LOCAL MUNICIPALITY**



## **ETHICS MANAGEMENT POLICY**

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## 1. PURPOSE

This policy establishes ethical standards for municipal employees, officials, and stakeholders to promote integrity, accountability, and inclusivity in governance. It ensures compliance with the **Municipal Systems Act (Act No. 32 of 2000)**, **Municipal Finance Management Act (MFMA) (Act No. 56 of 2003)**, and the **Constitution of the Republic of South Africa (1996)**.

All related Council policies and practices have been formulated to ensure ethical behaviour and decision making in the work environment. This is necessary to ensure that the employees enhance and maintain an organisational culture that places sound ethical values, principles and responsibilities at the forefront of the municipality's strategies and operations.

**Kgatelopele Local Municipality** contributes resources to social development and welfare. As such, the municipality have a responsibility to society to be good corporate citizens, leading by example in discharging our moral obligations and duties.

## 2. DEFINITIONS

<b>Kgatelopele Local Municipality (KLM)</b>	The municipality as an organisation.
<b>Close family member</b>	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.)
<b>Conflict of interest</b>	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
<b>Corruption</b>	Any offence in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).
<b>Disciplinary Board</b>	The disciplinary board appointed by Council in terms of the Municipal Regulations on Financial Misconduct and Criminal Proceedings, 2014
<b>Ethics</b>	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.
<b>Employee</b>	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 policy, 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.
<b>Employment</b>	Appointment in, or secondment to, the KLM for which the appointee receives remuneration or is rewarded for performance of work.

<b>Gift</b>	A token which is bestowed voluntarily without any expectation of tangible compensation, and for which no direct or indirect contractual obligation are imposed.
<b>Gratuity / Gratification</b>	Includes— <ul style="list-style-type: none"> <li>(a) money, whether in cash or otherwise;</li> <li>(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;</li> <li>(c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;</li> <li>(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;</li> <li>(e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</li> <li>(f) any forbearance to demand any money or money's worth or valuable thing;</li> <li>(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;</li> <li>(h) right or privilege;</li> <li>(i) any real or pretended aid, vote, consent, influence or abstention from voting; or</li> <li>(j) any any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage</li> </ul>
<b>Hospitality</b>	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.
<b>Integrity</b>	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.
<b>Integrity Management</b>	The continuous process of building, enforcing and fostering a culture of integrity within an organisation;
<b>Ethics Management Committee / EMC</b>	The committee appointed by Council to manage; oversee and /or monitor ethics and integrity and related conduct at KLM
<b>Inside information</b>	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.

<b>Remunerative work</b>	Any work performed by an employee outside employment for which a reward or pay for services rendered is made.
<b>Sexual harassment</b>	Sexual harassment is unwanted conduct of a sexual nature. The unwanted nature of sexual harassment distinguishes it from behaviour that is welcome and mutual.
<b>Bribery</b>	Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of an KLM employee. This includes sexual bribery.
<b>Community</b>	The community members of Kgatelopele Local Municipality and general community members outside the jurisdiction of Kgatelopele Local Municipality including past, current and prospect service providers.

#### 4. LEGAL FRAMEWORK

The directives from which this policy is derived are:

- 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 conduct for KLM Staff
- Disciplinary Procedure Collective Agreement
- KLM Risk Management Policy
- KLM Human Resource Policy
- King Report on Corporative Governance (Applicable Code)
- Forensic Investigations Methodology & Investigation Guidelines
- Local Government Ethics Committee Guidebook
- Code for Ethical Leadership in Local Government

## **5. SCOPE OF APPLICATION**

This policy 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 KLM. Each KLM employee and stakeholder is required to know and understand the framework and its relevance to their areas of responsibility.

## **6. OBJECTIVES**

The objectives of the policy are to:

- Foster a culture of good governance and ethical conduct within KLM;
- Promote legal compliance;
- Provide an ethics policy for KLM management, employees and stakeholders in order to enhance service delivery and ensure accountability, transparency, fairness and responsibility and thereby promoting excellence;
- Ensure that the KLM acts in line with best practices with regard to improved governance and accountability;
- Entrench an ethics culture in the processes and systems of the KLM across all spheres and levels;
- Ensure an integrated approach in the management of integrity in KLM 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 KLM

## **1. ROLES AND RESPONSIBILITIES**

### **RESPONSIBILITY OF EMPLOYEES:**

When carrying out our professional duties for KLM, employees are expected to conduct themselves in a manner consistent with inter alia, the Constitution, the core values of trust, integrity, accountability, service excellence and accessibility and the ethical standards of the Code of Conduct for municipal staff members.

As such, all employees must comply with and respect all rules, legislation and policies underpinning good ethical conduct.

### **RESPONSIBILITY OF MANAGEMENT:**

#### **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 shall take ownership and accountability to ensure that KLM comply with the Ethics Management Policy.

#### **Managers (sec. 56 directors)**

The Heads of Departments of the various Departments are accountable to the Accounting Officer for the implementation of the Ethics Management Policy within their departments as well as the implementation of recommendations by Internal audit.

While codes and policies for compliance are one aspect, continued ethical behaviour driven from the top is important to achieve widespread support for ethical values.

Management buy-in to ethics programmes and initiatives, and the identification of departmental ethics champions will help drive the intended ethical conduct in the organisation through actions, decisions and behaviours.

Management must provide assistance and guidance to subordinates with the application of this Ethics Management Policy, the organisational values, the Code of Conduct for municipal staff members, related policies and procedures, including functional roles and professional ethos enhancements.

Management is encouraged to place pertinent ethical issues on departmental/section meeting agendas for open discussion.

### **RESPONSIBILITY OF COUNCIL:**

Formally adopt the Code for Ethical Leadership in Local Government through a council resolution. Set an ethical tone in all their deliberations and committee meetings.

### **RESPONSIBILITY OF POLITICAL PARTIES:**

Advocate the importance of abiding by the Code to the councillors that they deploy, and hold them to account should they not abide by it.

Continuously emphasise the importance of setting the tone and that ethical leadership should be the non-negotiable 'way' in which they lead. Ethical leadership should be the core focus of training conducted by parties.

Avoid accepting funding from companies or individuals who are service providers to the municipality, as this could lead to conflicts of interest.

### **RESPONSIBILITY OF MUNICIPAL TRADE UNIONS:**

Assist in building an ethical culture for a well-functioning, trusted municipality.

Ensure that municipal leaders are encouraged to live by the Code of Conduct and this Policy.

### **RESPONSIBILITY OF BUSINESS PARTNERS AND SERVICE PROVIDERS:**

All KLM stakeholders should deal openly and transparently with municipal leaders, and avoid giving donations where this could potentially lead to a conflict of interest.

### **RESPONSIBILITY OF COMMUNITIES:**

All communities within the jurisdiction of KLM should support the spirit of ethical leadership.

As much as communities expect leaders to be ethical, they should similarly strive to abide by high ethical standards, and not put unreasonable demands that pressurise councillors into unethical conduct.

They should engage respectfully with all municipal stakeholders.

### **RESPONSIBILITY OF ETHICS MANAGEMENT COMMITTEE:**

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 KLM.

Monitor whether all cases in relation to general misconduct are investigated and reported to the EMC and Disciplinary Board.

Liaise closely with other oversight structures of the KLM, as and when necessary.



Where there are allegations against the Accounting Officer or the Executive Mayor, the EMC shall constitute an independent team to investigate such allegations.

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.

## REGULATORY CONTEXT

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:



**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.

**Figure 2 - The following diagram gives an overview of the four-pillar approach to integrity management:**

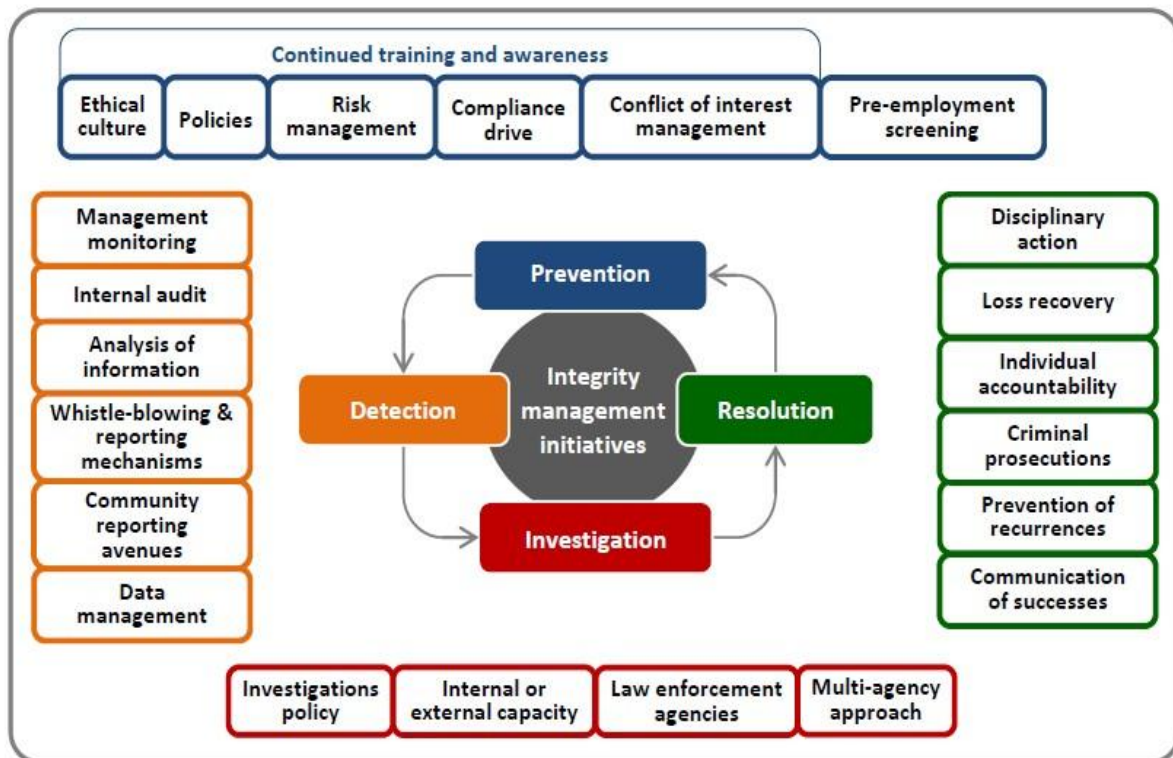


Figure 2 - Schematic diagram of the integrity management initiatives

## **8. CORE ETHICAL PRINCIPLES**

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.

### **8.1 Conflict of interest**

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

A conflict of interest is defined as any situation where a person representing KLM 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.

### **8.2 Gifts, entertainment, hospitality and other benefits**

KLM employees have a responsibility to ensure that their dealings with KLM's stakeholders are based on objective decisions and are not influenced by gifts or favours. This is also applicable to KLM'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, KLM; or
- If it became public, adversely affect our reputation.

The soliciting or receiving of inappropriate gifts or entertainment can cause reputational damage to KLM. 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, KLM'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 KLM employees' business judgement;
- May create, or appear to create, a conflict between an employee's personal interests and those of their employer.

### **8.3 Private work outside KLM (Extraneous employment/moonlighting)**

No employee shall perform or engage him or herself to perform private work outside the KLM, except with the written permission of the Accounting Officer.

All employees, unless otherwise specified in their employment contract, must place their official contracted working hours at the disposal of KLM. Consequently, no employees are permitted to perform any work outside their KLM 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.

### **8.4 Nepotism and favouritism**

An employee of KLM may not take a decision on behalf of the KLM 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.

The municipality commits to:

- Enforcing **Employment Equity Act (Act No. 55 of 1998)** standards in hiring practices.
- Providing equal access to opportunities regardless of race, gender, disability, or socio-economic background.

### **8.5 Use of KLM assets**

The use of KLM's assets, such as premises, equipment or vehicles shall be used in the course of Council business in the capacity as an KLM employee or a government official, client or partner. KLM'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 KLM. Abuse of assets will not be tolerated.

### **8.6 Facilitation payments**

KLM prohibits the accepting or offering of facilitation payments. A facilitation payment is a payment of nominal value made to a municipal 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.

## **9. ENFORCEMENT & ACCOUNTABILITY**

Violations of this policy may lead to disciplinary action, termination, or legal consequences in accordance with municipal and national laws

## 9.1 Ethical conduct & compliance

To ensure ethical governance, all municipal employees and officials must:

- Comply with **South Africa's anti-corruption legislation, including the Prevention and Combating of Corrupt Activities Act (Act No. 12 of 2004).**
- Avoid conflicts of interest and disclose any affiliations that may affect impartiality.
- Reject bribery, fraud, and unethical financial practices.
- Ensure fair and transparent procurement processes.
- Safeguard confidential information and use municipal resources responsibly.

## 10. REPORTING

It is the responsibility of every KLM 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 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 KLM by using the **NATIONAL ANTI-FRAUD HOTLINE 0800 701 701**.

## 11. 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.

### **11.1. Affirmation and compliance with the Protected Disclosure Act**

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

- Ensure protection of employees who submit a disclosure in good faith and use the appropriate reporting channels provided by the KLM;
- 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 KLM.

### **13. CONTINUOUS ETHICAL IMPROVEMENT**

This policy will be reviewed every 5 years or when need arise to ensure compliance with legislative updates and best practices in ethical governance.

### **14 APPROVAL BY:**

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**Accounting Officer**

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**Date**

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**Council Resolution**

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**Date**