METSIMAHOLO LOCAL MUNICIPALITY

ETHICS POLICY

FINANCIAL YEAR 2023/2024

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1. INTRODUCTION

The Constitution of the Republic of South Africa, 1996, makes various calls for ethical behaviour by municipal officials and councillors. Section 195 of the Constitution states that public administration must be conducted with the democratic values and principles enshrined in the Constitution, as expressed in the following statements:

- A high standard of professional ethics must be promoted;
- Efficient, economic and effective use of resources must be promoted;
- Public administration must be development oriented;
- Services must be provided impartially, fairly, equitably and without bias;
- People's needs must be responded to, and the public must be encouraged to participate in policymaking;
- Public administration must be accountable;
- Transparency must be fostered by providing the public with timely, accessible and accurate information;
- Sound human resource management and career development practices designed to maximise human potential must be cultivated;
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past in order to achieve broad representation.

Therefore, guidance to simplify current working environment have to be created, to ensure that Metsimaholo Local Municipality adhere to the same values and ethical standards, promote trust, good behaviour and fairness amongst employees and councillors of Metsimaholo Local Municipality.

The absence of a specific guideline practice or instruction covering a particular situation does not relieve an employee from exercising the highest ethical standards applicable to the circumstances. If any employee has doubts regarding a questionable situation that might arise, that employee should immediately consult his supervisor or higher level.

Ethics is about distinguishing between what is morally right and wrong with the purpose of doing what is right. In an ethical organization employees will do the right thing for the right reason – not just because the rule says so.

Rules and procedures influence individuals' behaviour, but values are what change the culture within the municipality. The municipality should discharge these responsibilities effectively with the support, confidence and respect of its Councillors, employees, and relevant stakeholders within Metsimaholo Local Municipality's jurisdiction, with which it comes into daily contact.

It is therefore crucial that the institution operations and its community meet the highest possible standards of ethical and professional behaviour always or/and are seen to be doing so.

2. Purpose and Objective(s) of the Policy

The purpose of this Ethics Policy is to promote an ethical culture within Metsimaholo Local Municipality and to protect the municipality's integrity and brand. Furthermore, with an intend to combat unlawful conduct by providing a framework for measures aimed at prevention, detection, reporting and investigation of any unethical conduct.

Ethics and good governance are needed to place the South African local government under greater scrutiny and to induce institution(s) to become more socially responsible and accountable.

The key objectives of this Ethics Policy are to ensure that all Employees and Councillors of Metsimaholo Local Municipality:

2.1. Promote a high standard of professional ethics and conduct of amongst councilors and staff Members

2.2. Always act with respect, integrity, competence, diligence, and in an ethical manner during all forms of interaction with:

- The public/ stakeholders.
- Staff members, subordinates, superiors.
- Officials and councilors from other municipalities; and
- Officials and politicians from the provincial and national movement departments.

2.3. Always ensure that the integrity of the Municipality, Council and the interests of the public are placed above own personal interests.

2.4. Take reasonable care and exercise independent judgment in addressing the needs of the public

2.5. Act in such a way that others are encouraged to follow suit and thereby ensure that a culture of the highest professional, ethical behavior and excellence exist within the Municipality.

2.6. Promote and uphold the values and principles in section 195(1) of the Constitution of South Africa;

2.7. Promote and uphold the Batho Pele Principles.

2.8. Adhere to the Code of Conduct for Councilors and Municipal Employees as prescribed In Schedule 1 and Schedule 2 respectively of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

2.9. Promote and uphold the values as set out in the Integrated Development Plan of the Municipality; and

2.10. Enhance the Municipality's policies on Anti-Corruption, Fraud and Whistle blowing to eradicate corrupt and unethical practices in the administration and corruption and unethical behavior

3. **Policy Statement**

Metsimaholo Local Municipality subscribes to ethical values and legal principles. This requires that directors, managers, employees, customers and suppliers, act with integrity and create public confidence by conducting business in a fair, impartial and transparent manner. For this reason, Metsimaholo Local Municipality makes every effort to ensure that conflict of interest is not compromised or not perceived to compromise its business decisions and actions.

4. Legislative Framework

- Public Service Anti-Corruption Strategy;
- The Code of Ethics for Public Service;
- MFMA and Treasury Regulations;
- Prevention of Organised Crime, 121 of 1998;
- Financial Intelligence Centre Act, 38 of 2001; and
- Protected Disclosures Act, 26 of 2000.

5. Regulatory Context

5.1. *The Constitution*

Basic values and principles governing public administration and the municipality as set out in the Constitution. Section 195 (1) of the Constitution prescribes the following basic values and principles for public administration:

(a) A high standard of professional ethics must be promoted and maintained.

(b) Efficient, economic and effective use of resources must be promoted.

(c) Public administration must be development oriented.

(d) Services must be provided impartially, fairly, equitably and without bias.

(e) People's needs must be responded to, and the public must be encouraged to participate in policy making.

(f) Public administration must be accountable.

(g) Transparency must be fostered by providing the public with timely, accessible and accurate information.

(h) Good human resource management and career-development practices, to maximize human potential, must be cultivated.

(i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

5.2. *The Batho Pele Principles*

Aligned with the constitutional values and principles, the following are the eight Batho Pele Principles that were developed regarding service delivery and putting "people first" in the public service:

5.2.1 Consultation

We can only assume to know what our customers want. The only way we can find out for certain is by asking them. This can be done through integrated development planning processes, surveys, meetings, suggestion boxes, imbizos and by talking to our customers. It's important to report back to customers so they know what to expect, and to our staff so they know what is expected from us.

5.2.2 Service Standards

Citizens should be told about the level and quality of the services they receive. If possible, they should be given an opportunity to choose the service they want.

The standards we set are the tools we can use to measure our performance, and therefore need to be realistic depending on available resources. We should also be able to measure these standards so that everyone can see if they are being met.

5.2.3 Access

There is much more involved when referring to access. It means making it easy for our customers to benefit from the services we provide.

Easy access can be made possible by:

- having wheelchair ramps.
- disabled parking bays.
- taking our services out to the community.

Staff attitude may determine how approachable your directorate/department/section is.

5.2.4 Courtesy

We must be polite and friendly to our customers. Customers should be treated with respect and consideration. We must always be willing to assist. Telephone etiquette is vital. All our correspondence must be respectful.

5.2.5 Information

Citizens should be given full accurate information about the public services they are entitled to receive. Information is about reaching all our customers to make sure they are well informed about the services our department provides. This may be done in a number of ways-for example through newspapers, radio, posters and leaflets. It's important to remember that different customers have different needs and they do not all speak the same language.

5.2.6 Openness and Transparency

We should be open about our day-to-day activities, how much our departments receive, how that money is spent. This information should be available to the public. Annual reports, strategic plans, service commitment charters, etc must be made available to the public.

We should tell our customers where to complain and how to do it.

5.2.7 Redress

Redress is making it easy for people to tell us if they are unhappy with our service. We should train staff to deal with complaints in a friendly, helpful manner. An apology, full explanation and effective, speedy remedy should be offered when the promised standards of service have not been delivered. When complaints are made, we must give our customers a sympathetic ear.

Have positive responses to complaints.

5.2.8 Value for Money

We need to make the best use of available resources. Avoid wastage of time, money, and other resources. It also means eliminating waste, fraud and corruption and finding new ways of improving services at little or no cost.

5.3. Municipal Code of Conduct

Chapter 12, Schedule 1 and Schedule 2 of the Local Government Municipal Systems Act 32 of 2000, outlines the Code of Conduct for Councillors and Municipal Staff members respectively. It prescribes how councilors and employees must behave with specific reference to the ethical standards set by the codes and the penalties for improper behavior.

The Code of Conduct for Councilors applies to every member of a municipal council and must be adhered to by all councilors at all times.

The Code of Conduct for municipal staff members applies to every staff member of a municipal council and municipal functionaries and must be always adhered to by all staff members.

5.4. Good corporate governance

The fundamental importance of ethics management is further entrenched in the South African Corporate Governance Reports issued by the King Committees guidelines and recommended best practices for governance structures. These reports emphasise that ethics is the foundation, of good corporate governance.

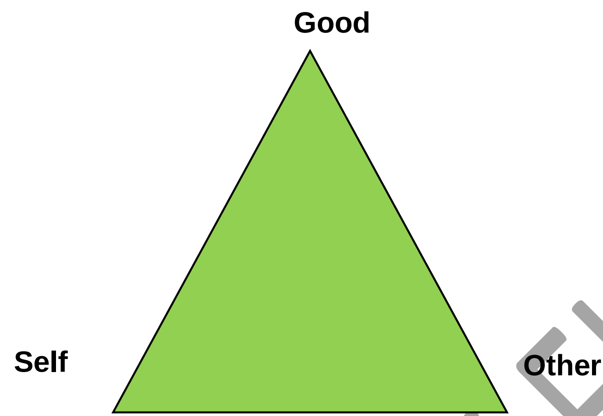
Corporate governance, as per the King report, is defined as the exercise of ethical and effective leadership by a governing body towards the achievement of governance outcomes such as an ethical culture. Furthermore, the King IV report introduced a sector specific supplement for municipalities with 16 principles, and two of those are reflective of the aspirations towards ethical and effective leadership, and ethical governance.

The first principle states that a municipal council should lead ethically and effectively. Ethical and effective leadership is exemplified by integrity, competence, accountability, fairness and transparency. Members of a municipal council should therefore individually and collectively cultivate these characteristics and exhibit them in their conduct. In addition to councillors assuming responsibility for their own character and conduct, the second principle provides that a municipal council should govern the ethics of a municipality in a way that supports the establishment of an ethical culture.

Among other measures, the adoption of this Ethics Policy by the municipality council and all existing related codes, policies and practices which have been formulated to ensure ethical behavior and decision-making at the work environment, demonstrates the Municipality commitment and adherence to the highest levels of good and effective governance.

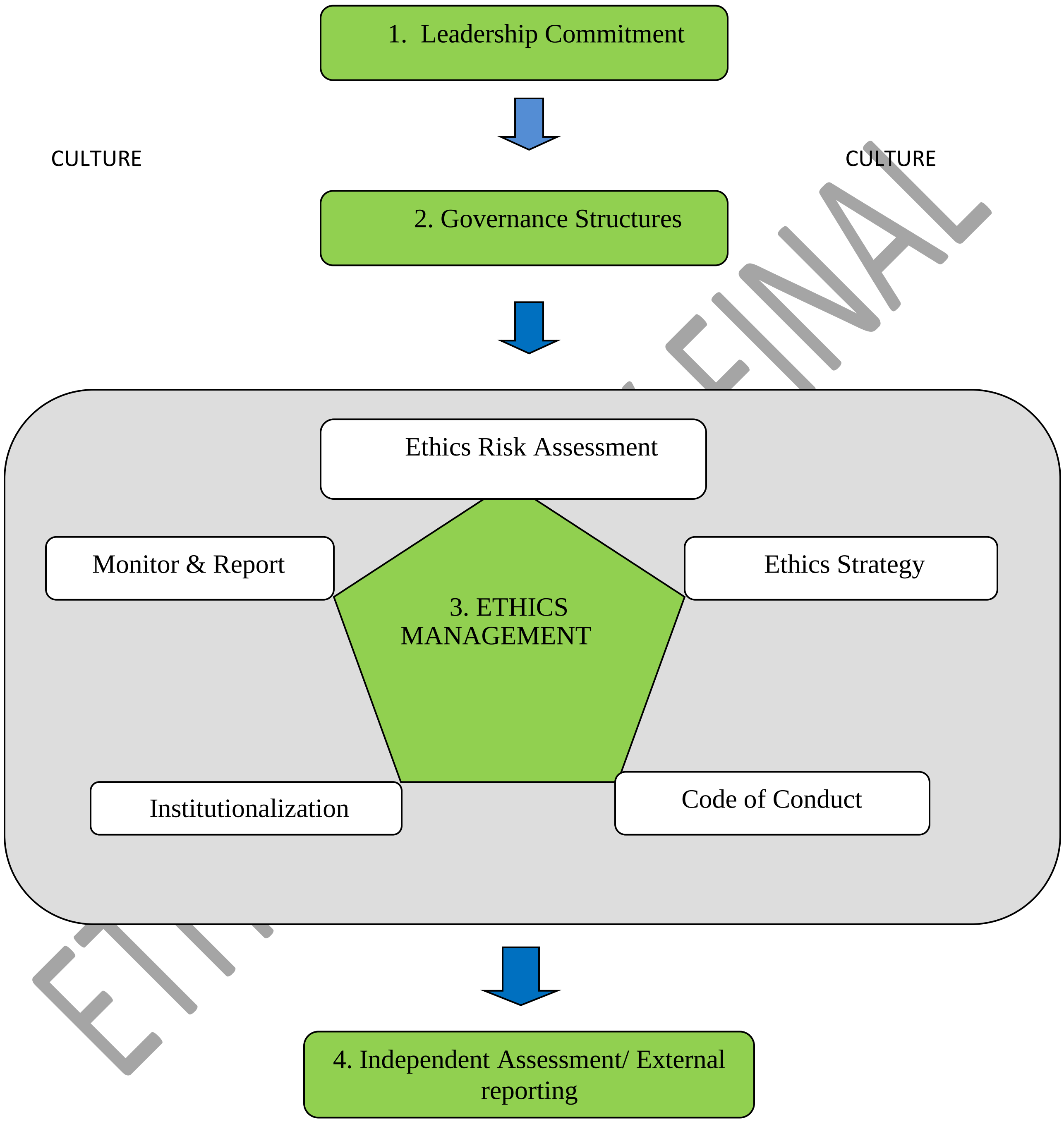
6. Ethics Management Framework

The definition of ethics is that ethics concerns itself with what is good or right in human interaction. It revolves around three central concepts: *self*, *good*, and *other*, as depicted in the figure below.



Ethical behaviour results when one does not merely consider what is good for oneself, but also what is good for others. Both the self and the other can refer to an individual, a group, or an organisation. Organisational ethics is about a conception of what good (values and standards) guides the organisation (self) in its interaction with the other (stakeholders) in a sustainable way.

Governance of Ethics Framework



Each of the dimensions of the framework is discussed below:

6.1 Leadership Commitment

No ethics management initiative can be successful unless the organisation's leadership:

- understands the value of ethics in ensuring the organisation's sustainable development
- is fully committed to ethics and has ethics management competence
- acts ethically ('walks the talk')
- acts as an ethical role model for employees and other stakeholders
- sponsors ethics management interventions
- Corporate governance best practice guidelines in this regard are the following:
    - The organisation's executive committee should provide effective leadership based on an ethical foundation.
    - The executive committee should ensure that it builds and sustains an ethical corporate culture in the organisation.

The accounting officer should set the ethical tone for the organisation and provide ethical leadership and create an ethical culture in the organisation.

6.2 Governance Structures

Since ethics needs to be managed in a structured manner, ethics governance structures dedicated to the ethics-related dimensions of the organisation need to be designed and implemented. Metsimaholo Local Municipality’s governance structures are Council, Mayoral Committee, Risk Management Committee and Audit Committee.

The Risk Management committee must provide strategic direction and oversight of the ethics management of the Municipality regarding material ethics issues that have been identified.

6.3 Ethics Management

The philosophy of managing ethics is to apply the belief that ethics can indeed be managed in an organisation. The role of the Risk Management office and its practitioners:

- Actively manage ethics.
- Provide ethical guidance to the Council, directors, senior management, and staff on ethics-related issues.
- Co-ordinate ethics risk assessments.
- Promote integrity and ethical behaviour in the municipality.
- Advise employees on ethical matters.
- Ensure organisational integrity of policies, procedures, and practices.
- Manage conflicts of interests, including:
    a. financial disclosures related to employees
    b. applications for external remunerative work
    c. maintaining gift registers
- Develop and implement Fraud and ethics awareness and other ethics training programmes, coupled with sound ethics management- and anti-corruption measures.
- Identify (through the anti-fraud and corruption hotline and other channels) and report on unethical behaviour and corrupt activities.
- Keep a register of all employees under investigation and those disciplined for unethical conduct.
- Provide regular feedback to the council and executive management on ethics performance and challenges.

6.4 Ethics risk assessment

Ethics risk assessment is the indispensable first step in addressing the challenges of determining the good and striving for an optimal balance between the self and the other. Metsimaholo Local Municipality should assess (in a structured way) what its ethics risks are, how often the municipality intends doing its Ethics Risk assessment, and how the register is going to be kept.

The ethics risk assessment, culminating in an ethics risk profile, provides the organisation with a clear understanding of unethical behaviours and organisational practices that could put the organisation at risk. At the same time, ethics risk assessment identifies the opportunities related to ethics that can be used by the organisation.

6.5 Ethics Strategy

Once the ethics risk assessment has been conducted, the organisation needs to decide on a ethics management strategy. This would, amongst others, depend on the perceived purpose of bringing ethics into the organisational domain, the current state of the ethics of the organisation, previous reputational damage that was incurred, the magnitude of identified risks, and the desired end state at a point in the future. Once an organisation has determined its optimal ethics management strategy, it could design a ethics management plan that contains measurable objectives; assigns specific responsibilities, timeframes, and target dates; and allocates the human, financial, and other resources required to implement that strategy.

6.6 Code of Conduct

Best practice corporate governance recommends that the accounting officer in the organisation should:

(i) ensure that the ethical values to which the organisation will adhere are expressed in its code of ethics (or conduct) and,

(ii) ensure that the code of ethics (or conduct) and ethics-related policies are implemented.

6.7 Institutionalising Ethics

A corporate governance directive for the institutionalisation of ethics is that the Accounting Officer should ensure that compliance with the code of ethics (conduct) is integrated into the operations of the organisation. Formulating a code of ethics and supporting policies is, however, a necessary but insufficient step in making ethics an integral component of the organisation. Ethics needs to be institutionalised in the organisation – merely being able to demonstrate the existence of the code is not enough. Ethics management systems that complement the formation of an ethical culture, together with an ethics management strategy, need to be designed and implemented.

Such systems are usually aimed at making ethics manifest throughout the organisation. Typical ethics management systems, among others, are:

- communication systems (ethics awareness campaigns, ethics helpdesks, and safe reporting/whistle-blowing facilities)
- ethics training initiatives (training on ethical standards and decision-making,

  providing line managers with the ethics competence they require to effectively manage the ethics of their subordinates)
- orientation/induction programmes containing ethics management as an important component
- performance assessments including ethics management as an indicator
- human resource management systems that recruit, select, and retain employees with integrity
- effective disciplinary processes

6.8 Monitoring and Reporting

Best practice governance guidelines include a directive that the Accounting Officer should ensure that adherence to ethical standards is monitored and measured. The Risk Management Unit should monitor the implementation of the ethics management plan, and report to the Risk Management Committee on progress in this regard, as well as on the state of ethics in the organisation.

6.9 Independent Assessment and External Reporting

The governance prescript in this regard is that the Accounting Officer should ensure that the organisation's ethics performance is assessed, monitored, reported, and disclosed. There should be independent assessment of the ethics management processes (e.g., through an internal audit) and of the ethics management reports (e.g., by external auditors). This should then be reported to external stakeholders in integrated sustainability or annual reports.

6.10 Ethics Culture

The desired outcome of any ethics governance and management initiative is a strong ethical culture. Although organisations may survive for many years on laissez-faire approaches to ethics, truly sustainable organisations pro-actively build an organisational culture marked by ethical leadership, ethics awareness, ethical decision-making, and sustained ethical behaviour. A truly ethical culture cannot be achieved in the short term but requires sustained leadership commitment to ensure an ethical culture over time.

7. Adherence to Legislation and Policies

Employees and Councillors of Metsimaholo Local Municipality must:

a. Know, understand and comply with all the legislative requirements governing local government.
b. Know end understand their respective roles and respects the roles of co-employees and councillors.
c. Know and understand the Code of Conduct for Councillors and all municipal staff members.
d. Know, understand, comply and promote the policies of the Municipality and specifically those that speaks to Anti-Corruption and Fraud, Ethics, Confidentiality, and Access to Information.
e. Dissociate from any violation of any laws, rules, regulations and policies; and
f. Dissociate from any actions that violate the right, privileges and peace and comfort of co-employees, councillors and the public or any member thereof.

8. Independence and Objectivity

Employees and Councillors of Metsimaholo Local Municipality must:

a. Always take reasonable care when dealing with matters concerning the general public or any individual member of the public.
b. Maintain Independence and objectivity in their respective areas of work and when dealing with matters concerning the general public or any individual member of the public.

c. Not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity as well as that of the Municipality.
d. Declare any offer, gift, benefit, compensation in terms of the relevant legislative prescripts; and
e. Uphold confidentiality on alt matters declared as such by the Council and its committees.

9. Bad faith and misrepresentation

Employees and Councillors of Metsimaholo Local Municipality shall:

a. Not knowingly make any misrepresentations or give false information relating to any matter, duty or task assigned to them.
b. Refrain from making false or misleading declarations in any document to be presented to the Council or its committees, a member of the public or any staff member.
c. Not make any misleading information public or submit it to the news media for whatever reason, and
d. Ensure that all their actions, statements and informative interactions with a person, one another or the general public or an Individual member of the public is in good faith and honest end to the benefit of the Council, the Municipality end the broader public.

10. Conduct of Fraud, Corruption and Dishonesty

Employees and Councillors of Metsimaholo Local Municipality shall refrain from:

a. Any conduct involving corruption, fraud, dishonesty, or deceit or any other unethical and discriminatory behaviour; and
b. Committing any act that reflects adversely on their reputation, integrity, or competence and negatively impact on the Municipality or the Council.

11. Conduct and Confidentiality

Employees and Councillors of Metsimaholo Local Municipality shall:

a. Always act with a high standard of conduct.
b. Not process or disclose information in contravention of the Protection of Personal Information Act, 2013 (Act 4 of 2013), or any related policies thereto.
c. Not Disclose information in contravention of the Promotion of Access to Information Act, 2000 (Act 2 of 2000), or any related policies thereto.

d. Not disclose information to a person for reasons other than in an official capacity and concerning the specific official Interest of that person.
e. Not make any confidential information public.
f. Not spread disinformation or falsely accuse colleagues or deliberately spread any Information for to the detriment of any other person or the Municipality or Council.
g. Not act or cause others to act on Information for any other reason but to comply with legislation or to fulfil an official duty.

12. <u>Loyalty</u>

Employees and Councillors of Metsimaholo Local Municipality:

a. Have a duty of loyalty to the Municipality and must act with reasonable care and exercise prudent judgment.
b. Must act for the benefit of the public, the Municipality and the Council.
c. Must place the interests of the public, the Municipality and the Council before their own interests.
d. Must refrain from furthering their own political and personal agendas; and
e. Must refrain from any action or conduct that may cause harm to the Municipality and the Council.

13. <u>Disclosure of Interest</u>

Employees and Councillors must, in the prescribed manner, disclose all their financial interests and declare any other Interests in terms of the relevant code of conduct.

14. <u>Reporting</u>

Employees and Councillors have an obligation to report acts of unethical behaviour committed in contravention of the Ethics Policy. Any contravention may be reported In terms of the procedures outlined in of the Anti-Fraud & Corruption Strategy and Risk Management Policy of Metsimaholo Local Municipality.

15. Review and Approval of the Policy

The Risk Management Committee shall review the Ethics Policy annually or when the need arises to determine its adequacy and effectiveness for current circumstances and to also ensure that it remains relevant for the approval of the Accounting Officer.

The approval of this policy rests with the Municipal Council with recommendation of the Accounting Officer and the Risk Management Committee and Audit & Performance Committee.

Recommended by the Risk Management Committee:

Signature: ____________________

Date: **14th June 2023**

Approved by the Council:

Date: **19 OCTOBER 2023**