



**COE INTEGRITY MANAGEMENT COMMITTEE**

**TERMS OF REFERENCE**

### **1. Introduction**

The Integrity Management Committee (the Committee) is constituted as a management oversight committee to oversee the management of ethics, fraudulent and corrupt activities, general and financial misconduct. Its members are also tasked to act as the Disciplinary Board in respect of financial misconduct as per the Financial Misconduct Regulations. The duties and responsibilities of the members of the Committee who are part of the municipal administration are in addition to their ordinary duties as officials of the Council. The deliberations of the Committee do not reduce the individual and collective responsibilities of officials in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their obligations to the municipality.

### **2. Purpose of the terms of reference**

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

### **3. Composition**

The Integrity Management Committee is established by Council and shall be chaired by the Commissioner of Integrity. The Committee comprises of no less than eight members appointed by the Council:

1. Commissioner of Integrity;
2. Head of HR;
3. Divisional Head: Governance;
4. Divisional Head: Forensics;
5. Chief Audit Executive;
6. Head of Legal;
7. Chief Risk Officer and
8. Head of Labour Relations.

The Disciplinary Board shall be constituted as per Item 4(6) of the Regulations on Financial Misconduct and shall be chaired by the Commissioner of Integrity. The Disciplinary Board comprises of no more than 5 members of the Committee, i.e.

1. Commissioner of Integrity;
2. Head of Legal;
3. Chief Risk Officer;
4. Chief Audit Executive;
5. Chairperson of Audit Committee or nominee of the Audit Committee

## COE Integrity Management Committee Terms of Reference

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The members of the committee as a whole must have sufficient experience in Local Government, Risk Management, Legal and Compliance, Fraud and Ethics, Business Continuity and Finance to fulfil their duties.

### 4. Purpose

The purpose of this Committee is two-fold.

Firstly, it is to provide strategic guidance to the COE on, as well as oversee and/or monitor the implementation of, the municipality's integrity programme and anti-corruption strategy and to ensure enforcement of remedial, disciplinary and/or legal action where required.

Secondly, a maximum of 5 of its members, as appointed by Council for a period not exceeding 3 years, shall serve as the Disciplinary Board as established by Council in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. Such appointments shall occur every 3 years.

### 5. Responsibilities

#### **Responsibilities of Committee**

The Committee must perform all the functions as is necessary to fulfil its purpose and including, but not limited to, the following:

In relation to any breaches of ethics and integrity, the Committee's core functions are to:

- Monitor the implementation of the Integrity Management Framework within COE;
- Oversee and monitor the ethics-management programme and management of ethical risks as well as institutionalising ethics;
- Oversee and monitor investigations of fraud, corruption and similar misconduct;
- Report on cases, outcomes and/or implementation of recommendations of fraud, corruption and similar misconduct;
- 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 the COE;
- Monitor whether all cases of general misconduct are investigated by forensics or other appropriate body and reported to IMC;
- Approve the Terms of Reference of all investigations of fraud, corruption and similar misconduct;
- Liaise closely with other oversight structures of the COE, as and when required.

## COE Integrity Management Committee Terms of Reference

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In relation to financial misconduct, the Committee's core functions are to:

- Investigate (or where appropriate, delegate the investigation of) allegations of financial misconduct in the municipality;
- Provides reports and recommendations to Council, and any other persons, as required in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings;
- Monitor the institution of disciplinary proceedings against an alleged transgressor;
- Provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.

The Committee does not assume the functions of management, which remain the responsibility of the Accounting Officer, Heads of Departments, officers and other members of senior management.

### **b. Responsibilities of the Commissioner of Integrity 'COI' (Chairperson of the IMC)**

The office of the Commissioner of Integrity will be appointed as an independent external person, and will report to the Council. The key roles of the COI include:

- Independent and external oversight over the investigations undertaken internally by the relevant departments;
- Act as Chairperson of the IMC and member of the Disciplinary Board;
- Ensuring the implementation of recommendations arising from investigations undertaken by Internal Audit, EMPD or any other investigative teams appointed in terms of the Financial Misconduct Regulations;
- Instituting civil or criminal action and reporting cases of fraud and corruption to the SAPS and Auditor General where applicable and as per legislation,
- Holding senior management and other officials accountable for the enforcement of remedial action;
- Report quarterly to Council

A dedicated office (official) will be established to harness the efforts with respect to the monitoring, reporting and enforcement mechanisms effecting remedial action to address the incidents of fraud and corruption in the Organization, which will report directly to Council.

### **c. Roles and Functions of the Commissioner of Integrity:**

The COI functions and duties include the following:

- To act on behalf of the Executive to monitor and ensure implementation of recommendations pursuant to investigations conducted;
- Facilitation of a culture of public service and accountability, and support the prevention and combatting of corruption in terms of S6(2)(b) of the Municipal Systems Act and S173(2)(iii) of the MFMA and the Prevention and Combating of Corrupt Activities Act.
- To monitor and report on activities and of the Anti-Fraud Hotline and the municipalities fraud case register;
- Enforcement of municipal prescripts on municipal code of conduct;
- Receive, enforce and monitor findings of investigations by IA and other departments, and resolutions of MPAC/Council;
- Institutionalise liaison with external law enforcement agencies, and become internal link for these processes to ensure the full extent of the law is enforced and cases are finalised i.e.
  - Penalties / Compensation / Recovery/ Preservation/ Forfeiture/ Confiscation/Disciplinary/ Dismissal / Civil action and motion proceedings in terms of the Criminal Procedure Act, Prevention and Combating of Corrupt Activities Act; and Prevention of Organised crime Act or any other applicable legislation;
- Ensure an end-to-end process in combating fraud and corruption – that all cases from inception are consistently investigated and finalized in a consistent manner.
- The COI will have the authority to initiate further investigations, but will allow the relevant departments to do investigations and simultaneously submit reports to IMC and MPAC;
- Initiate recovery of lost funds to aid in service delivery efforts, thus ensuring compliance with s32 of the MFMA.
- Advance a culture of responsible workforce actions which aid in the detection, investigation and reduction or eradication of incidence of fraud and corruption.
- Follow-up of cases reported to external bodies and ensure finality – continuously report to the IMC.

## COE Integrity Management Committee Terms of Reference

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- Seamlessly complement and support other structures i.e. Risk, Internal Audit, Labour and CLS Departments.
- Liaison with Risk Department through the IMC is fundamental as potential risks would be identified and be used as a base source for reviews, detection and prevention of fraud and corruption.
- Co-ordinating reports on different matters emanating from the Integrity Framework.
- The report of the IMC will be submitted to the Audit Committee, MPAC and Council.
- Guide a full investigation through the appointment of investigators for allegations of financial misconduct under the authority of the Disciplinary Board.

### **d. Standards of Ethical Conduct of the COI**

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

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

### **6. Authority**

- The Committee acts in terms of the delegated authority of the Council as recorded in these terms of reference.
- It has the power to investigate any activity within the scope of its terms of reference.
- The Committee, in the fulfilment of its duties, may call upon the MMCs of Departments, any of the heads of departments, officers or city secretary to provide it with information, subject to following a Council approved process.
- The Committee has reasonable access to the municipal's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

## COE Integrity Management Committee Terms of Reference

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- The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at municipal's cost, subject to following a Council approved process.
- The Committee makes the recommendations to Council that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.
- In its capacity as the Disciplinary Board, the IMC draws its authority from the Financial Misconduct Regulations.

### **7. Meeting procedures**

#### **7.1 Frequency**

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of one meeting per quarter. Meetings in addition to those scheduled may, with approval of the chairperson, be held at the request of other members of the Committee.

#### **7.2 Attendance**

Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the chairperson. If the chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as chairperson. Persons other than members may attend Committee meetings only by invitation of the chairperson.

#### **7.3 Agenda and minutes**

- The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- The annual plan must ensure proper coverage of the matters laid out in these terms of reference.
- The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.
- Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion.
- The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.
- The minutes must be formally approved by the Committee at its next scheduled meeting.

#### **7.4 Quorum**

A quorum shall be achieved when 50% plus one member of the Committee are present. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

**7.5 Secretarial Services**

Chief Risk Officer shall be the secretariat of the Committee.

**8. Evaluation**

The effectiveness of the Committee shall be assessed every year by the Accounting Officer and the report on the effectiveness of the Committee shall be communicated to Council annually.

**9. Reporting**

The chairperson of the Committee shall prepare written reports every quarter to the COE Risk Committee, COE Audit Committee, Mayoral Committee, MPAC that deals with the fraud prevention and detection, loss incidents, misconducts and remedial actions for the quarter and any other such matter as falls within its terms of reference.

**10. Resources and budget**

The IMC shall be fully resourced and allocated a budget to fulfil its responsibilities.

**11. Approval of these terms of reference**

**Adopted by Council on \_\_\_\_\_ per resolution No. \_\_\_\_\_.**