



Integrity Management Toolbox for Zambian Water Sector SME

Description Integrity Instruments

Version 2.0

Accounts and Finance Manual <small>Instruments</small>	Conflicts of Interest Policy <small>Instruments</small>	Improve Work Environment and Conditions for Staff <small>Instruments</small>	Salary Guidelines & Policy <small>Instruments</small>
Anti-Corruption Commitments <small>Instruments</small>	Counter Overpricing <small>Instruments</small>	Improved Customer Complaint Management <small>Instruments</small>	Sanctions Catalogue for Unethical Behaviour <small>Instruments</small>
Anti-Corruption Policy <small>Instruments</small>	Downwards Accountability Standards <small>Instruments</small>	Integrity Training for Staff & Management <small>Instruments</small>	Sensitisation of Partners <small>Instruments</small>
Asset Management <small>Instruments</small>	Due Diligence Investigation of Partners <small>Instruments</small>	Internal Complaints and Reporting System <small>Instruments</small>	Seven Golden Rules for Handling Cash <small>Instruments</small>
Black/White Listing of Partners <small>Instruments</small>	Due Diligence Tool for Public Procurement <small>Instruments</small>	Leadership Training and Team Building <small>Instruments</small>	Sound Billing System <small>Instruments</small>
Budget Transparency <small>Instruments</small>	Establish and Disseminate Delegated Authority Document <small>Instruments</small>	Lobbying <small>Instruments</small>	Staff Engagement to Curb Corruption <small>Instruments</small>
Checklist for Audits <small>Instruments</small>	Evaluation of Existing Integrity Instruments <small>Instruments</small>	Merit-Based Appointments, Promotions & Job Security <small>Instruments</small>	Standard Operating Procedures <small>Instruments</small>
Clarified Corporate Governance Structure <small>Instruments</small>	External Audits <small>Instruments</small>	Monitoring of Staff Performance & Satisfaction <small>Instruments</small>	Strengthening Internal Auditing <small>Instruments</small>
Clarify Handling of Facilitation Payments <small>Instruments</small>	Field Inspections <small>Instruments</small>	Policy on Gifts and Entertainment <small>Instruments</small>	Supervision & Inspection of Staff <small>Instruments</small>
Clear Job Descriptions <small>Instruments</small>	Financial Planning <small>Instruments</small>	Product Management <small>Instruments</small>	Tax Compliance <small>Instruments</small>



IMPRINT

© cewas 2014

cewas – international centre for water management services

Ettiswilerstrasse 24

6130 Willisau

Switzerland

www.cewas.org

WIN – Water Integrity Network

Alt Moabit 91b

10559 Berlin

Germany

www.waterintegritynetwork.net

WASAZA – Water and Sanitation Association of Zambia

Plot 5778 Junction of Great East Road and Lufubu Road, Kalundu

Lusaka

Zambia

www.wasaza.org.zm



Contents

Contents	3
List of Abbreviations	5
Mandatory Integrity Instruments	6
1. Integrity Agent and Team.....	6
2. Kick-Off Event	7
3. Learning Organisation.....	8
Integrity Instruments	11
4. Accounting Skills Training	11
5. Accounts and Finance Manual.....	12
6. Anti-Corruption Commitments.....	13
7. Anti-Corruption Policy and Sanctions Catalogue	15
8. Asset Management	18
9. Billing System	20
10. Black or White Listing	22
11. Board of Directors Proceedings.....	23
12. Budget Transparency	24
13. Cash Management	25
14. Checklist for Audits	26
15. Code of Conduct.....	28
16. Communicating Integrity	30
17. Compliance Management.....	32
18. Computerised Integrated Accounting System	33
19. Cooperation with Anti-corruption Authorities and Civil Society Organisations.....	35
20. Cooperation with the Media	36
21. Corporate Governance Structure.....	38
22. Counter Overpricing.....	40
23. Customer Complaint Management	41
24. Delegated Authority Document.....	42
25. Downwards Accountability Standards	43
26. Due Diligence Investigation of Partners.....	44
27. External Audits.....	46
28. Financial Planning	48
29. Financial Review Checklist	49
30. Integrity Training	51
31. Interest Groups and Networks	55
32. Internal Auditing	56
33. Internal Reporting System	58
34. Job Descriptions	61
35. Joint Ventures and Consortia	62
36. Leadership Training and Team Building	64
37. Lobbying	67



38. Merit-Based Appointments, Promotions & Job Security	69
39. Monitoring and Evaluation of Existing Integrity Instruments	71
40. Monitoring of Staff Performance and Satisfaction	72
41. Payment Procedures	75
42. Policy on Conflicts of Interest	76
43. Policy on Facilitation Payments	77
44. Policy on Gifts and Entertainment	78
45. Product Management	79
46. Project Management.....	81
47. Reconciliation of Accounting Records	84
48. Recruitment Guidelines	85
49. Salary Guidelines.....	87
50. Sensitisation of Partners.....	88
51. Specification of Dispute Resolution Mechanisms in Contracts.....	88
52. Specification of Standards in Contracts.....	90
53. Staff Engagement to Curb Corruption	92
54. Staff Rotation	93
55. Standard Operating Procedures	95
56. Supervision & Inspection of Staff.....	96
57. Tax Compliance.....	98
58. Work Conditions and Environment for Staff.....	99



List of Abbreviations

BoD	Board of Directors (of Water Service Providers)
cewas	International centre for water management services
CPC	Corruption Prevention Committee
IC	Integrity Committee
NGO	Non-governmental organisation
NPO	Non-profit organisation
SME	Small and Medium-Sized Enterprises
SOP	Standard Operating Procedure
TI	Transparency International
WIN	Water Integrity Network



Mandatory Integrity Instruments

1. Integrity Agent and Team

Description/ Definition	The Integrity Agent is a member of SME management that is appointed to be representative of the Integrity Change Process. The integrity agent can be supported by a team consisting of staff members.
Purpose	Many ideas for change are not pursued successfully because no one feels responsible for its implementation. In order for the Integrity Change Process to be effective, it is important to designate an integrity agent (and team) who is responsible for the implementation of the integrity management road map, who takes the initiative to keep the process going and identifies necessary actions.
Link to integrity	<ul style="list-style-type: none"> • The Integrity Change Process gets a “face” within the organisation • Leadership for the implementation of the Integrity Change Process is created
Examples/ How to	<p>1. Appoint Integrity Agent The management appoints a willing and respected member of the management as a representative and facilitator of the Integrity Change Process. In smaller SME, this task can also be assigned to a qualified and respected member of staff. It is important that the integrity agent is given respect from all staff and management members and that he or she receives the necessary room for manoeuvre.</p> <p>2. Appoint Integrity Team (for larger SME) After having appointed an integrity agent, the management (together with the integrity agent) appoints an integrity team, which will be facilitated by the integrity agent. The integrity team represents and facilitates the change process together with the integrity agent. To enable the integrity team to successfully exercise its task, it is important that staff and management accept the integrity team. Therefore, team members need to be respected members of staff. The integrity team should also be constituted heterogeneously and cover relevant departments, genders, hierarchic levels, etc.</p> <p>3. Initiate and take leadership of Integrity Change Process The integrity agent and team will jointly take the leadership for the Integrity Change Process, based on the road map, which is to be developed jointly by the management (including the integrity agent) and the integrity team. The integrity agent or team are not necessarily responsible for implementing the integrity instruments themselves, but they are responsible for assigning specific staff members to do so. In order to ensure the mandate and importance of the integrity team, it should be acknowledged in the company’s business model. To have a clear distribution of responsibilities, every member of the integrity team should be put in charge of specific aspects of the road map.</p> <p>4. Meet regularly To ensure the stability of the team and the flow of the change process, the integrity agent and team should meet regularly (e.g. weekly meetings) to discuss current issues, the state of the process, concerns, ideas, etc. When problems</p>



	arise, the external Integrity Management Coach or cewas should be consulted for assisting the integrity agent or team. Depending on the meeting schedule set out in the road map, the IM Coaches can also be integrated into the meetings regularly.
Complex/ simple ¹	Simple
Legal framework/ Potential implementation partners ²	Integrity Management Coaches cewas - the international centre for water management services SME staff SME management
References, further readings	ADB 2009, Fast and Effective Change Management; ADB 2009, Forestalling Change Fatigue JAIN et al 2006. Participatory Adult Learning, Documentation and Information Networking

2. Kick-Off Event

Description/ Definition	The kick-off event is an event takes place at the SME up to 1 month after the Integrity Management workshop. The kick-off event officially launches the Integrity Change Process within the SME.
Purpose	The aim is to create acceptance and commitment and to motivate staff to actively contribute to the process. This is done 1) by informing employees about the planned Integrity Change Process and 2) by getting their feedback on the planned activities.
Link to integrity	<ul style="list-style-type: none"> • Creating a mutual understanding for the Integrity Change Process • Creating acceptance and commitment • Activation of employees • Mitigation of fear and scepticism
Examples/ How to	<p>The Integrity Agent and Team organise and facilitate an Integrity Kick-Off Event. The participants will be the board of directors (if applicable), management, staff and any external stakeholders that should be involved in the Integrity Change Process (depending on the potential partners for the implementation of specific integrity instruments). This half to full day event should take place up to 1 month after the Integrity Management Workshop. The following three elements make up the agenda of the event:</p> <ol style="list-style-type: none"> 1. Information about the Integrity Change Process and the planned activities: When communicating to the employees it is important to address the following aspects of the change process (ADB 2009, Fast and Effective Change Management; ADB 2009, Forestalling Change Fatigue): <ul style="list-style-type: none"> • Context—Why make these changes? What is happening with our customers, competitors, stakeholders, and the like, that make these changes so important for us? Explain why Integrity Management is so important in face of the identified risks and the opportunities it holds for the company. • Content—What exactly is it that we are changing? What are the scope, nature, and timing of the planned change initiatives? Present the contents

¹ Complex instruments require more resources (money, time, knowledge, etc.) to be implemented successfully. Simple integrity instruments are easily developed and quick to implement.

² This section shows which regulations provide framework conditions and which actors can support the SME in implementing this instrument.



	<p>of the road map here. Name the employees that have taken leadership for the change process (Integrity Agent and Team) and the time and financial resources that are set aside to support the Integrity Change Process.</p> <ul style="list-style-type: none"> • Consequences—What is in it for me personally, if I demonstrate defiance, compliance, or alliance with the proposed change initiatives? Name the role of the employees in the Integrity Change Process, demonstrate the personal benefits that each individual can get from cooperating in the Integrity Change Process and behaving with integrity (trainings, incentives etc.). Finally also define and communicate possible sanctions that employees are faced with that do not cooperate and comply with the Integrity Change Process. Make sure that you do not take a moralising approach though. Employees should see the change process as an opportunity for their personal development. <p>2. Feedback from the employees: to ensure acceptance and commitment for the planned changes, it is absolutely essential to get your employees' feedback. For this purpose you ask them general questions like the following:</p> <ul style="list-style-type: none"> • What is my motivation to contribute to the Integrity Change Process? • What is my contribution to the Integrity Change Process? • What are my expectation concerning IM the Integrity Change Process? • What are my resources for the Integrity Change Process? <p>Depending on the size of your staff, you can also ask them for their concrete feedback on the draft version of the road map that you have developed during the Integrity Management Workshop. It is important to clarify to your employees that you might not be able to accommodate all their ideas and wishes, but that you will try. Likewise, once you have collected their statements, you decide which ones contribute to the overall success of the Integrity Change Process and you integrate them in the further planning of the process by updating the road map.</p> <p>3. Celebration and kick-off of the Integrity Change Process: Once you have informed about the process and taken your employees' feedback, celebrate the start of the Integrity Change Process. You can do this by performing a ceremonial act like cutting a ribbon or unveiling a picture or statue that stands for the Integrity Change Process. You should also offer some snacks and drinks to underline the ceremonial nature of the event.</p>
Complex/ simple	Simple
Legal framework/ Potential implementation partners	IM Coaches SME staff SME management
References, further readings	ADB 2009, Fast and Effective Change Management; ADB 2009, Forestalling Change Fatigue

3. Learning Organisation

Description/ Definition	<p>The SME must become a learning organisation that is committed to continuous learning, adjustment and innovation in support of the Integrity Change Process. A learning organisation supports the learning activities of its employees.</p> <p>Learning is a process by which knowledge and skills are built by an individual or an organisation. It is important to note that learning is not a matter of shifting</p>
----------------------------	---



	<p>around information from one database to the other. It is not about written publications but about the engagement of an individual human being in the learning activity. Learning can be done by observation, conversation, execution and so on. The following is a selection of basic learning activities that are highly recommended for a learning organisation:</p> <ol style="list-style-type: none"> 1. Communities of Practice with representatives from different SME 2. Team learning for SME employees 3. Knowledge platform
<p>Purpose</p>	<p>Learning within the SME contributes to improving the quality and sustainability of the implementation of the integrity instruments, increasing the potential for innovation, reducing risk factors and finally influencing the success of the Integrity Change Process.</p> <p>The most prominent benefits of a learning organisation are:</p> <ul style="list-style-type: none"> • Ensuring access to relevant knowledge – knowledge available in other SMEs and with individuals from within the SME • Ensuring the quality of knowledge and knowledge management for the SME • Finding common ground for the joint implementation of the Integrity Change Process.
<p>Link to integrity</p>	<ul style="list-style-type: none"> • Building capacities that are of importance for the implementation of the Integrity Change Process • Creating a mutual understanding of the Integrity Change Process • Continuously reflecting the experiences made during the Integrity Change Process to be able to adapt and optimise its implementation
<p>Examples/ How to</p>	<ol style="list-style-type: none"> 1. Communities of Practice with representatives from different SME (adapted from SDC 2008 and http://wenger-trayner.com/map-of-resources/, Accessed: 29.01.2014) <ul style="list-style-type: none"> • Identify potential members: The first step is to have a series of workshops with potential members. Participating SME from the Integrity Management Workshop should be the founding members of a first series of Community meetings. Later on, other stakeholders may follow (for instance potential partners you listed in your road maps). Dare introducing new forms of sharing experience and encourage others! Find potential members who are willing to join the community of practice and invest their time to move towards improved integrity in the water sector. • Organise regular meetings: Engage a dedicated core group consisting of the founding members in designing a format of workshops that suits everyone. Organise regular workshops to exchange experiences with the Integrity Change Process within or between SME and discuss other integrity-related issues the participants deem relevant. During the meetings, concrete questions from participants are discussed and solutions for practical implementation are deduced. Know-how is shared, refined and applied to specific cases. The following questions can guide the workshops: <ul style="list-style-type: none"> - Which targets have been achieved? - Why were they achieved? - Which targets have not been achieved? - Why where they not achieved? - What problems did you encounter? - How did you solve them? - Which problems could not be solved? - How could these problems be solved? <p>It is important to assure frequent workshops for the Community of Practice.</p>



	<p>Ask the Integrity Management Coaches for assistance if needed. To reduce on costs and organisation, the workshops can be held at the offices of the SMEs who take turns in hosting a workshop.</p> <p>2. Team learning for SME employees: Carry out learning events for employees that relate to their competence level, responsibilities, the challenges they face at work, etc. Examples for learning events are trainings, leadership development and team building (see also instruments 0 & 36) as well as collegial coaching. Use these events for communicating information on the Integrity Change Process and visualise the commitment of the management (see also instrument 16).</p> <ul style="list-style-type: none"> • Collegial coaching is a method by which employees coach each other to build personal and professional competence (adapted from SDC 2009. Knowledge Management Toolkit). It is a confidential process through which employees share their expertise and provide one another with feedback, support, and assistance for the purpose of refining present skills, learning new skills, and / or solving problems related to the Integrity Change Process. Ensure the following principles when doing a collegial coaching session: <ul style="list-style-type: none"> - Companionship: Talk about success and failure with understanding. - Feedback: Give each other objective feedback without judging the other person. - Analysis: Help each other find new approaches for analysing the problem at hand. - Adaptation: Work together to find an approach that fits the special needs of the problem/ task at hand. - Support: Get support from integrity team or IM Coach if needed. <p>3. Information platform: Make sure that information regarding the Integrity Change Process (success stories, ideas or concerns from employees, dates for trainings etc.) is being exchanged. For this purpose install a platform in the form of a drop-box, a notice board, an email address or similar where two-way communication between the integrity team and the employees can happen. Be open for concerns, ideas, etc. from employees and reward them for their contributions to the Integrity Change Process.</p>
Complex/ simple	Complex
Legal framework/ Potential implementation partners	IM Coaches cewas - the international centre for water management services SME staff SME management
References, further readings	SNYDER and SOUZA BRIGGS. 2003. Communities of Practice. http://wenger-trayner.com/map-of-resources/ ODI 2006. Tools for knowledge and learning SDC 2009. Knowledge Management Toolkit DFID 2003. Tools for development

Integrity Instruments

4. Accounting Skills Training

Description / Definition	Accounting is the classification and recording of monetary transactions and the presentation of financial results of activities in a way that shows how the business is doing (PEARSON EDUCATION n.y., p. 3). The purpose of accounting is to accumulate and report financial information about the performance, financial position and cash flows of a company. This information is then compiled into a financial statement, comprising the income statement, balance sheet, statement of cash flows and statement of retained earnings (ACCOUNTINGTOOLS 2011).
Purpose	Accounting and finance lie at the heart of any SME, and serious faults within the management and control of the finances will sooner or later lead to its failure. Good accounting helps to keep the business under control and provides information and confidence to make the right decisions (RYAN 2008, p. 1). Ensuring that the responsible SME staff has sufficient accounting skills is essential to being able to produce proper financial statements.
Link to integrity	Well-trained staff can ensure that accounting serves as an important measure to promote transparency and accountability. The use of transparent financial accounting information enhances the effectiveness of the governance process, which in turn can help prevent corruption (UN n.y.; VIRGINIA ET AL n.y.). Disclosure of financial statements and accounting can prevent (UN n.y., p. 11): <ul style="list-style-type: none"> • The establishment of off-the-books accounts • The making of inadequately identified transactions • Recording non-existent expenditures • Entry of liabilities with incorrect identification of their objects • Internal destruction of bookkeeping earlier than foreseen by the law
Examples/How to	Basic Training in Accounting should consist of: <ul style="list-style-type: none"> • Familiarising staff with basic concepts such as income statements, balance sheets, and debits and credits. • Providing staff (if applicable) with the necessary skills to operate a computerised financial accounting system. • Teaching staff the specific accounting requirements for the SME. • Training staff in bookkeeping. • Training staff in producing balance sheets and income statements. It is important that all staff working in finance (also clerks) have at least a basic understanding of accounting procedures.
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ACCOUNTINGTOOLS. 2011. What is the purpose of accounting? http://www.accountingtools.com/questions-and-answers/what-is-the-purpose-of-accounting.html (Accessed on 19.4.2013). • PEARSON EDUCATION. n.y. The importance of financial accounting. • RYAN. 2008. The role of accounting and finance in business. • UN. n.y. United Nations convention against corruption. Preamble. • VIRGINIA ET AL. n.y. The role of financial accounting information in

	<p>strengthening corporate control mechanisms to alleviate corporate corruption.</p> <ul style="list-style-type: none"> • MANGO. 2012. Financial Management Essentials - A Handbook for NGOs. • THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. 2010. Mitigating the risks of corruption. • UNHABITAT 2008 Finance and accounts policies and procedures manual.
--	---

5. Accounts and Finance Manual

Description / Definition	<p>A 'finance manual' is a manual for Accounts & Finance staff that supports them in carrying out their day-to-day work systematically and consistently. Such a manual may contain pertinent rules, guidelines or policies as well as organisational standards for corporate accounts. A finance manual should provide detailed information on the various tasks and procedures, such as budgeting, bookkeeping, or preparing financial statements and reports (INVESTOPEDIA n.y.). As such, an Accounts and Finance Manual serves as an umbrella for more detailed tools relating to accounting (such as reconciliation and auditing of accounting records, computerised financial accounting, enhancing expenditures and budget accountability etc.).</p>
Purpose	<p>The overall purpose of the Financial Manual is to set out an organisation's principles, policies and practices on all finance and accounting matters. More specifically, a financial manual should:</p> <ul style="list-style-type: none"> • Standardize the way finance and accounts activities are carried out in order to ensure consistence • Provide overall guidance to all staff of Accounts and Finance for smooth execution of their duties • Have in place an adequate system of internal controls that promotes a high level of compliance with a company's policies and procedures. • Continuously review the internal control system to be able to meet the challenges of growth and globalization. • Implement and maintain this system of control to assist the company to carry out its activities in an efficient and orderly manner, ensure adherence to management policies, safeguard the company's assets, and secure the accuracy and reliability of its records. <p>(UNHABITAT 2008, p.1)</p>
Link to integrity	<p>Clear, transparent and understandable policies as well as defined responsibilities are essential to prevent fraud and misconduct, but also to prevent misunderstandings and lacking consistency.</p>
Examples/How to	<p>A finance manual or work guide should include:</p> <ul style="list-style-type: none"> • Organisation's values, mission and strategy • Key responsibilities and organisational structure • Detailed explanation of specific finance policies and corresponding procedures (i.e. budget planning, budget expenditure, financial statement, payroll, etc.) • Specific finance procedures (i.e. banking, accounting routines) • Chart of accounts • Additional information, i.e. examples, resources materials, checklists. <p>(MANGO n.y.)</p> <p>Templates and examples for accounting and financial policy and procedure manuals:</p>

	<ul style="list-style-type: none"> • http://www.business.vic.gov.au/_data/assets/word_doc/0011/56909/Finance-policy-manual-template.doc • http://www.foask.ca/Finance%20Policies%20and%20Procedures%20Manual%20-%20TEMPLATE.pdf • www.safe-wise.com/downloads/SampleFinancialProceduresManual-MNNPCouncil.pdf • www.nonprofitresource.com/models/policiesindex.pdf (for NPOs) • www.nami.org/Content/NavigationMenu/NAMI_Center_for_Excellence/Tools_for_Excellence/NAMIAccountingManual.pdf
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INVESTOPEDIA. n.y. Accounting manual. http://www.investopedia.com/terms/a/accounting-manual.asp (Accessed on 15.4.2013). • UNHABITAT. 2008 Finance and accounts policies and procedures manual. • MANGO. n.y. Finance Manual. http://www.mango.org.uk/Guide/FinanceManual (Accessed on 22.03.2013) • MAF EUROPE. 2006. Finance and Related Matters Reference Book. • MANGO.2012. Financial Management Essentials. A Handbook for NGOs. Oxford: Management Accounting for Non-governmental Organisations. • MOSIN. 2009. Sample accounting manual

6. Anti-Corruption Commitments

Description / Definition	<p>The project owner and each major project partner (companies participating in the project initiated by the project owner) should provide anti-corruption contractual commitments which expressly cover the main types of corruption, and which oblige them to implement anti-corruption measures. Remedies should be specified in the event of breach of these commitments.</p> <p>(http://www.giaccentre.org/project_anti_corruption_system_home.php, Accessed 12.12.2013)</p>
Purpose	<p>Anti-corruption commitments will serve a number of purposes:</p> <ul style="list-style-type: none"> • They will focus the parties' minds on the question of corruption. • They will be legally enforceable. • Parties will, therefore, take them more seriously. <p>(http://www.giaccentre.org/PACS_PS5.php, Accessed: 12.12.2013)</p>
Link to integrity	<p>By engaging in anti-corruption commitments, the company shows its zero tolerance of corruption and reduces the risk to be exposed to such risks when cooperating with partners.</p>
Examples/How to	<ul style="list-style-type: none"> • Anti-corruption contractual commitments should be exchanged between: <ol style="list-style-type: none"> a) the project owner and each tenderer for a major contract; and b) each major contractor and each tenderer for its major sub-contracts. • These commitments should be exchanged at the outset of each party's involvement in the procurement process. They should continue to apply for the duration of each party's involvement in the project. • These commitments may be provided as a separate anti-corruption



	<p>agreement, or as part of the tender documentation and/or project contract.</p> <ul style="list-style-type: none">• Where any party is a joint venture, then the joint venture members should each join in the anti-corruption commitments.• Any tenderer who fails to provide these commitments should be disqualified from participation in the project.• The anti-corruption commitments in sub-clauses (1) to (18) below should be held by each party in relation to the project: <p>Honesty and fairness</p> <ol style="list-style-type: none">1) The involved party has acted, and will continue to act, at all times honestly and fairly.2) It has not acted, and will not act, dishonestly to cause loss to any party or to deprive any party of its rights. <p>Bribery and improper advantage</p> <ol style="list-style-type: none">3) It has not offered or given, and will not offer or give, directly or indirectly, any bribe or other improper benefit or advantage to any individual or organisation.4) It has not demanded or accepted, and will not demand or accept, directly or indirectly, any bribe or other improper benefit or advantage for itself or any individual or organisation.5) It has not made, and will not make, directly or indirectly, any payment except to the extent that such payment is legitimate compensation for legitimate services.6) It has not received, and will not receive, directly or indirectly, any payment except to the extent that such payment is legitimate compensation for legitimate services. <p>False information</p> <ol style="list-style-type: none">7) It has not provided to any party, and will not provide to any party, any written or oral information which it knows to be false, inaccurate or misleading, or where it is wilfully blind or reckless as to whether the information is false, inaccurate or misleading.8) It has not dishonestly withheld from any party, and will not dishonestly withhold from any party, any written or oral information. <p>Acquiescence</p> <ol style="list-style-type: none">9) It has not authorised or acquiesced in or turned a blind eye to, and will not authorise or acquiesce in or turn a blind eye to, any corruption. <p>Conflict of interest</p> <ol style="list-style-type: none">10) Neither it, nor any of its principal shareholders, senior officers or senior managers has any undisclosed actual or potential conflict of interest. It will disclose any future actual or potential conflict of interest. <p>Acting impartially</p> <ol style="list-style-type: none">11) It has acted and will act impartially in carrying out any duty which requires it to act impartially, including:<ol style="list-style-type: none">a. evaluating tenders;b. certifying payments, extensions of time, variations, or the value or quality of works, services or materials. <p>Defective work</p> <ol style="list-style-type: none">12) In relation to provision of works, materials, equipment or services, it will not deliberately, with wilful blindness, or recklessly, carry out, authorise, condone or be party to:<ol style="list-style-type: none">a. the provision of works, materials, equipment or services which are not of the quality and quantity contractually required;b. the concealment of defective work, material, equipment or
--	---

	<p>services;</p> <p>c. payment for non-existent or defective work, material, equipment or services.</p> <p>Claims</p> <p>13) It will submit only those claims which it honestly believes to be true and which can be reasonably substantiated by accurate written or oral evidence, and to which it believes it has a bona fide legal or contractual entitlement.</p> <p>14) The party receiving a claim will not dishonestly challenge or disregard the claim, and will promptly pay any sums, award any extensions of time, issue any certificates or take other steps which it honestly believes are due in relation to the claim.</p> <p>Anti-corruption measures</p> <p>15) It will comply with the anti-corruption measures which apply to the project.</p> <p>Penalties for corruption</p> <p>16) It will introduce and enforce contractual penalties for corruption in relation to its business partners and its officers and employees.</p> <p>17) It is aware that corruption may result in criminal liability for both organisations and individuals and that the penalties for such liability may be severe and may include imprisonment for individuals and fines for organisations.</p> <p>Passing-down of commitments</p> <p>18) [This commitment should be provided only by each tenderer for a major contract to the project owner.] It will obtain the above contractual commitments from each of its major sub-contractors, agents and related companies and will take reasonable steps to enforce these commitments.</p> <p>19) This Standard may be implemented on its own. It is, however, recommended that it is implemented in conjunction with all other PACS Standards, as far as appropriate.</p> <p>(http://www.giaccentre.org/PACS_PS5.php, Accessed: 12.12.2013)</p>
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> Global Infrastructure Anti-Corruption Centre GIACC, URL: http://www.giaccentre.org/PACS_PS5.php (Accessed: 12.12.2013)

7. Anti-Corruption Policy and Sanctions Catalogue

Description / Definition	An Anti-Corruption Policy is a document that provides guidance regarding the standards of conduct regarding bribery and corruption in the company (ELEKTA 2011). In order to enforce the Anti-Corruption Policy it is important to have a Sanctions Catalogue for Unethical Behaviour in place. A Catalogue of Sanctions for Unethical Behaviour is a collection of threatened penalties for disobeying ethical conduct (OXFORD DICTIONARIES n.y.). This also includes rules and consequences regarding sexual harassment.
Purpose	The successful creation and implementation of an Anti-Corruption Policy and Sanctions Catalogue requires full support from the company's top management. Managers need to understand the importance of fighting corruption during the



	<p>organisation's operations, formally commit the company to this choice and signal its support to the system in order to create trustworthiness and give legitimacy to the initiative. The commitment of the top management needs to be formalised and written down into a policy condemning and refusing the use of any form of bribery and corruption during the company's operations (BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/commit.aspx, Accessed: 16.12.2013).</p> <p>Appropriate Sanctions for Unethical Behaviour serve the purpose of disciplining infringements, preventing and discouraging future violations of the wrongdoer and deterring others from engaging in similar misconduct (UNODC 2013, p. 86; HUMBOLDT-VIADRINA SCHOOL OF GOVERNANCE 2012, p. 4).</p>
Link to integrity	<p>The Anti-Corruption Policy reflects the company's values and its willingness to promote a zero tolerance strategy of corruption.</p> <p>Sanctions against SME staff, partners, or contractors where unethical behaviour was uncovered are a key element to deter dishonesty such as corruption and fraud (ANTI-CORRUPTION RESOURCE CENTRE 2009, 7). Sanctions are further believed to curb bribery, embezzlement, and collusion (UNDP 2011, p. 40).</p>
Examples/How to	<p>An Anti-Corruption Policy should generally address the following:</p> <ul style="list-style-type: none"> • Statement of recognition of corruption risk in the organization and acknowledgement that corruption can occur. • Statement confirming that the responsibility of addressing corruption rests with management, staff and stakeholders. • Structures put in place to prevent, detect, investigate and punish corrupt officers (e.g. Sanctions Catalogue for Unethical Behaviour). • A summary of possible corrupt practices in an institution to guide public servants. • A breakdown of corruption risk areas and corrupt practices in the institution. • Composition of corrupt prevention committee members, its mandate and operations. • How to report corruption internally and externally. • Confidentiality of information and protection of informers and whistle blowers (KENYA ANTI-CORRUPTION COMMISSION 2007a, p. 3). <p>See also: Guidelines for the preparation of an Anti-Corruption Policy for public institutions (KENYA ANTI-CORRUPTION COMMISSION 2007b)</p> <p>A sample of a very basic anti-corruption policy can be downloaded here: www.business-anti-corruption.com/media/61760/fileadmin-user_upload-word-Integrity_System_Sample_Policy.doc (Accessed: 16.12.2013)</p> <p>An effective Sanctions Catalogue for Unethical Behaviours should be:</p> <ul style="list-style-type: none"> • Consistent with applicable laws. Sanctions should be designed to deter potential wrongdoers from violating the company's Anti-Corruption Policy. Sanctions should be in compliance with applicable laws and good practice standards and designed to be dissuasive in nature and scope. • Relevant and proportionate. Sanctions that are too minor may be disregarded entirely. Sanctions that are too severe, in contrast, run the risk that employees will refrain from reporting irregularities. Ideally, companies would establish a Sanctions Catalogue which lists possible sanctions for the different levels of severity of the infringements. Companies may request



	<p>feedback on the catalogue by employees and business partners in order to establish relevant and proportionate sanctions.</p> <ul style="list-style-type: none"> • Applied in practice. Companies which have established disciplinary policies should underscore their deterrent effect by making appropriate use of the sanctions in practice. Sanction schemes which exist only on paper undermine, rather than strengthen, the Anti-Corruption Policy. If sanctions are not applied rigorously at all levels of the company, the overall programme will lose its credibility. • Depend on effective controls. Sanctions will only have a deterrent effect if the detection of violations is perceived as realistic. Companies should ensure that internal controls are effective and reliable in order to support credibility of sanctions. An Anti-Corruption Policy must therefore contain both sanctions and a system of internal controls, as neither can function without the other. • Exist next to incentives. The dual application of reward and punishment is commonly known as the “carrot and stick” approach. It has been shown that policies and procedures that reward good behaviour with “carrots” and punish wrong behaviour with “sticks” are more effective than policies that only apply either sanctions or incentives. • Credible and dissuasive. • Detailed and clear. • Announced, publicized, and disseminated. <p>Sanctions can be applied to employees as well as to external business partners. Sanctions can be....</p> <p>...of commercial and operational kind:</p> <ul style="list-style-type: none"> • Decreases in remuneration • Non-promotion • Transfer to a lower position • Termination of relationships • Exclusion from future business opportunities (e.g. debarment) • Assignment of unfavourable conditions (e.g. higher due diligence requirements) <p>...of legal nature:</p> <ul style="list-style-type: none"> • Fines and penalties • Compensation for damages • Confiscation of proceeds • Judicial proceedings and imprisonment <p>... reputational:</p> <ul style="list-style-type: none"> • Punishment through case publication • Punishment through analysis of comparative performance <p>(UNODC 2013, p. 87-89; ANTI-CORRUPTION RESOURCE CENTRE 2009, 7; LLZ 2010, p. 4; HUMBOLDT-VIADRINA SCHOOL OF GOVERNANCE 2012, p. 5)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	



References and Further readings	<ul style="list-style-type: none"> • ELEKTA. 2011. Elekta anti-corruption policy. • KENYA ANTI-CORRUPTION COMMISSION. 2007a. Framework for Mainstreaming Corruption • INSTITUTE OF BUSINESS ETHICS. 2012. Anti-Bribery & Corruption (ABC) Standards and Frameworks. • HANNA ET AL. 2011. The effectiveness of anti-corruption policy • UN ODCCP. 2001. United Nations Manual on Anti-Corruption Policy. • VEENMAN. 2012. Anti-Bribery and Anti-Corruption Policy. • BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/commit.aspx (Accessed: 16.12.2013) • ANTI-CORRUPTION RESOURCE CENTRE. 2009. Good Practice in addressing corruption in water resource management projects. • HUMBOLDT-VIADRINA SCHOOL OF GOVERNANCE. 2012. Siemens Integrity Initiative. Best Practice on Anti-Corruption Incentives and Sanctions for Business'. Executive overview. • LLZ. 2010. Fighting Corruption? How Regulation can foster Transparency, Participation, Accountability and Integrity in the Water Sector- Lessons learned from Zambia, Boehm. • OXFORD DICTIONARIES. n.y. Sanction. http://oxforddictionaries.com/definition/english/sanction (Accessed on 28.3.2013). • UNDP 2011 Fighting Corruption in the water Sector • GAROUPA AND KLERMAN. 2004. Corruption and the optimal use of nonmonetary sanctions. • NHS CFS. 2007. Applying appropriate sanctions consistently. • WASREB. 2011. Water Action Groups (WAGs). Implementing the human right to water and sanitation in the Kenyan Urban Setting by Empowering Consumers and the Underserved. • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide.
---------------------------------	--

8. Asset Management

Description / Definition	<p>Asset management is a systematic process to guide planning, acquisition, maintenance, operation, renewal and disposal of assets in order to maximise the asset service delivery potential and to manage involved risks and costs (TWEED SHIRE COUNCIL n.y., p.3).</p> <p>The Asset Management Policy provides the framework for such a management system from procurement to disposal. It applies to all assets owned or controlled by the SME (TWEED SHIRE COUNCIL n.y.).</p>
Purpose	<p>Fixed assets (such as water infrastructure, buildings, vehicles, machinery and office equipment) may represent considerable capital of a SME and require special attention to ensure that their value is maintained and that they do not disappear through lack of vigilance.</p> <p>An Asset Management Policy ensures that fixed assets values are maintained, properly operated, managed and secured. An Asset Management Policy articulates a SME's commitment to Asset Management and provides policy statements to guide staff in carrying out the SME's business strategies, plans and activities. The policy also should clearly outline how Asset Management is to be</p>



	integrated within the organization in order that it is coordinated, cost effective and organizationally sustainable (LGAMWG n.y., p. 2). By doing so, an Asset Management can help the SME to yield better performance and to increase the reliability of the asset portfolio at reduced cost. It can improve the maintenance, and helps to identify and correct errors and failures. In addition, it can help the SME to plan preventatively (ORACLE n.y.).
Link to integrity	Ensuring that assets are managed properly decreases the risk for fraud and furthermore ensures that assets can be utilised effectively and throughout their entire life span.
Examples/How to	<p>An Asset Management system should cover the following domains (MANGO 2012, p. 92-93):</p> <ul style="list-style-type: none"> • An assets register should be established with an entry or record for each item. Each asset should be tagged with a unique reference number for identification purposes. The register should record important information about each asset, such as: where and when the item was purchased and how much it cost, where it is held or located or how much it is insured for (including serial numbers details of guarantees or warranties). The depreciation rate and method can be included where relevant. The record sheet should also state who is responsible for its maintenance and security. The assets register should be checked by a senior manager or committee member every quarter and any discrepancies reported and appropriate action taken. • In regards to equipment, the Asset Management Policy must ensure proper functioning and maintenance. Office equipment such as computers, photocopiers etc. should also receive regular services by qualified staff to ensure they are operating properly. • Every organisation that owns vehicles should have a vehicle policy. This will set down the policy on a range of issues such as: depreciation, insurance, purchasing, replacement and disposal, maintenance and repair, private use of vehicles by staff, what to do in case of an accident, driver qualifications and training, carrying of passengers, etc.. The costs of repairs and replacements must also be adequately reflected in the budget process. • Asset Management also includes the proper management of buildings and infrastructure – which is, of course, more complex. The aim of the Asset Management Policy is to ensure that infrastructure is maintained properly, in order to remain functional as long as possible. This can, for example, be achieved with a maintenance contract for which a realistic budget must be provided. • For non-fixed assets it is important to maintain inventory systems, accounting controls and record keeping systems (NORDMANN 2012b). <p>An Asset Management Policy template can be found here:</p> <ul style="list-style-type: none"> • http://www.communitydoor.org.au/documents/quality/policy/11.5-asset-management-policy-template.doc (Accessed: 22.01.2014) <p>Guidance on how to develop an Asset Management Plan can be found here:</p> <ul style="list-style-type: none"> • http://www.wikihow.com/Develop-a-Strategic-Asset-Management-Plan (Accessed: 22.01.2014)
Complex/simple	Simple
Legal framework/	

Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • LGAMWG. n.y. A Guide to Developing a municipal asset management policy. • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • TWEED SHIRE COUNCIL. n.y. Asset Management. Policy. Version 1.4 • EPA. 2008. Asset Management: A Best Practices Guide. • MANGO. 2012. Appendix 19 - , Appendix 22. • MCGRAW_HILL CONSTRUCTIONS. 2013. Water Infrastructure Asset Management. Adopting Best Practices to Enable Better Investments. • RIVERINA WATER COUNTY COUNCIL. 2012. Asset management policy. • BMC SOFTWARE. n.y. Automated IT Asset Management. Maximize organisational value using BMC Track-It. • MANGO.2012. Financial Management Essentials. A Handbook for NGOs.. • NORDMANN 2012b Deepening Governance in Water and Sanitation Services • ORACLE. n.y. Oracle Utilities Work and Asset Management. http://www.oracle.com/us/products/applications/utilities/business-solutions/work-asset-management/overview/index.html (Accessed on 15.4.2013). • TWEED SHIRE COUNCIL. n.y. Asset Management. Policy. Version 1.4 • GIZ. 2013. Good Governance in the Kenyan Water Sector (NORDMANN). • NORDMANN. 2012a. Good Governance in the Kenyan Water Sector.

9. Billing System

Description / Definition	In a sound Billing System, the billing and payment patterns are regulated, monitored and externally audited; the bills accurate and transparent; the transactions, procedures and services correctly documented, and customer records properly stored and protected (BRITISH COLUMBIA MINISTRY OF HEALTH n.y.; SPARTANBURG REGIONAL HEALTH SERVICES DISTRICT n.y., p. 19-20).
Purpose	A Billing System allows for the identification and adjustment of inappropriate and incorrect billing practices. Increased transparency of bills informs customers on their bills. If customers see what they are charged for, they may be more likely to pay their bills. A sound Billing System also improves the management of expenditures (BRITISH COLUMBIA MINISTRY OF HEALTH n.y.).
Link to integrity	Transparent billing systems are the hallmark of effective governance (K'AKUMU 2007, p. 533). By implementing a Billing System, SME can detect and prevent dishonest activities related to billing and payment, such as bribery, petty cash theft or money laundering. It also increases the financial accountability and transparency. Increased transparency of bills gives customers the chance to crosscheck the amount charged for the provided goods and services and – if necessary – to file a complaint if the amounts don't correspond. (PRNEWSWIRE 2012).
Examples/How to	Examples of sound Billing include: <ul style="list-style-type: none"> • the use of standard invoices • the development and maintenance of supporting documentation (for all expenditures and incomes)



	<ul style="list-style-type: none"> the implementation and verification of a billing system process the use of a transparent billing format (e.g. on a transparent bill, all the costs should be broken down, so that the customer can immediately identify how much is charged for different kinds of material, working hours etc.) a good filing system to keep everything in order <p>(KONOVE ET AL 2011, p. 5-22)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> BRITISH COLUMBIA MINISTRY OF HEALTH. n.y. Billing Integrity Program. http://www.health.gov.bc.ca/msp/infoprac/bip.html (last accessed on 25.3.2013). KONOVE E, GRIFFITH E, WILSON A, SEPULVEDA J. 2011. The Billing Process. Sound Practices to Ensure Financial Integrity. Panel contribution to the 70th Annual Meeting of the Southeastern Association of State Highway and Transportation Officials (SASHTO) in Louisville, KY. K'AKUMU. 2007. Toward effective governance of water services in Kenya. MANGO.2012. Financial Management Essentials. A Handbook for NGOs. Oxford: Management Accounting for Non-governmental Organisations. SPARTANBURG REGIONAL HEALTH SERVICES DISTRICT, INC. N. Y. Guide of Integrity. Standards of Ethical Conduct. Spartanburg: Spartanburg Regional Health Services District, Inc. GAUDIN. 2004. Transparent prices for municipal water. Impact of pricing and billing practices on residential water use. UN HABITAT. 1999. Community managed system for operation, billing and collection of water charges. ASIAN WATER AND WASTEWATER. 2013. The bill of confusion. http://sahanasingh.wordpress.com/2013/03/21/the-bill-of-confusion/ (Accessed on 17.4.2013). GIZ.2012. WAVEplus Training Programme Report of the Water Integrity Training for the Private Water Operators and Staff of the Ministry of Waster and Environment in Uganda. K'AKUMU. 2007. Toward effective governance of water services in Kenya. MONEYMAKER AND KENNEDY. n.y. Billing transparency. See-through processes improve every step if the emergency medicine billing cycle. PACIFIC INSTITUTE. n.y. Water rates. Communication and Education. PRNEWSWIRE. 2012. Transparent billing may save governments billions. http://www.prnewswire.com/news-releases/transparent-billing-may-save-governments-billions-140846763.html (Accessed on 23.4.2013). IRC. 2013. Applying a life-cycle costs approach to water. SAMED. 2008. SAMED Policy and Procedure. Transparent invoicing model.

10. Black or White Listing

<p>Description / Definition</p>	<p>Contractors can be listed in two ways, either on blacklists or whitelists.</p> <p>A Blacklist is a list of groups or people that are regarded as unacceptable or untrustworthy (OXFORD DICTIONARIES n.y.-a). In the present case, these could be businesses from the water or sanitation sector that have been involved in illegal activities. Blacklisting or debarment of contractors means preventing an entity from engaging in further contracts for a certain time. This process is done on the basis of pre-established grounds (ANTI CORRUPTION RESOURCE CENTRE 2006, p. 1). Some blacklisted companies are also published by the Zambia Public Procurement Authority (http://www.ppa.org.zm/barred_bidders.php).</p> <p>A Whitelist, on the other hand, is a list of entities that, for one reason or another, are considered acceptable or trustworthy (OXFORD DICTIONARIES. n.y.-b.). In the present context, it could be businesses which have performed particularly well, in an especially transparent manner, which have introduced particular anti-corruption measures, or also simply all those which are not blacklisted.</p>
<p>Purpose</p>	<p>Black- and Whitelists are instruments mainly used in public procurement, but also associations or other interest groups can have Blacklists. Also for SME it can be useful to nurse their own Black- and Whitelist. In this way, the knowledge about previous experiences with other companies remains available in the company and can prevent the SME from re-engaging with a company, which had exhibited illicit behaviour.</p> <p>SME should also check whether the contracting or contracted entity appears on a public Blacklist.</p>
<p>Link to integrity</p>	<p>Black- and Whitelists can prevent a company from engaging with a company, which knowingly (based on previous experiences, newspaper articles, public blacklists, etc.) adopts illicit behaviour. This reduces the risk of the SME to be exposed to integrity and reputational risks. It also motivates and encourages companies to set up anti-corruption procedures in order to be listed on the Whitelist or not to appear on the Blacklist.</p>
<p>Examples/How to</p>	<p>The following procedures should be considered when engaging in Blacklisting:</p> <ul style="list-style-type: none"> • The listing system should be timely, as delays in the beginning of a debarment process increase costs and reduce credibility. • The list should be binding. • The debarment should be effective for a period of time that reflects the severity of the violation. • The conditions under which the contractor would be removed from the list need to be established prior to the lapse of the established period. • It needs to be established to what extent subsidiaries, parent companies or partners of a debarred company should be covered by the debarment. <p>(TRANSPARENCY INTERNATIONAL 2006, p.58-59; ANTI_CORRUPTION RESOURCE CENTRE 2006, p. 2-3).</p> <p>The Blacklist should contain:</p> <ul style="list-style-type: none"> • Name of the company • Details about the engagement (what was the role of the company (contracting or contracted entity), what works did the company perform, in which project, when, where, etc.) • Details about the illicit behaviour

	<p>The Whitelist should contain:</p> <ul style="list-style-type: none"> • Name of the company • Details about the engagement (what was the role of the company (contracting or contracted entity), what works did the company perform, in which project, when, where, etc.) • Further commentaries
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ANTI-CORRUPTION RESOURCE CENTRE. 2006. Using blacklisting against corrupt companies. • NATIONAL COUNCIL FOR LAW REPORTING. 2010. The public procurement and disposal act. Chapter 412C. • OXFORD DICTIONARIES. n.y.-a. Blacklist. http://oxforddictionaries.com/definition/english/blacklist (Accessed on 17.4.2013). • OXFORD DICTIONARIES. n.y.-b. Whitelist. http://oxforddictionaries.com/definition/english/white%2Blist?q=whitelist (Accessed on 17.4.2013). • TRANSPARENCY INTERNATIONAL. 2006. Curbing Corruption Public Procurement. • The Philippines' Government Procurement Policy Board publishes a monthly blacklist of constructors. These are barred from participating in all government procurement opportunities and are only delisted after the time period stated in the official governmental Blacklisting order. http://www.gppb.gov.ph/monitoring/blacklistedCon.php • ALLAFRICA. 2011. Ghana: Blacklist Contractors Who Perform Poorly in Water Sector. URL: http://allafrica.com/stories/201111010479.html (Accessed on 17.4.2013). • ECCHR. 2010. Blacklisted: Targeted sanctions, preemptive security and fundamental rights. • TRANSPARENCY INTERNATIONAL. 2005. Corruption in the water sector. Opportunities for addressing a pervasive problem.

11. Board of Directors Proceedings

Description / Definition	<p>The role of a Board of Directors (BoD) is to ensure the company's prosperity by collectively directing the company's affairs. Overseeing rather than actively managing the day-to-day operation, the BoD is responsible for the company's stewardship, and for meeting the interests of its shareholders and stakeholders (PROMETIC n.y, p.1, BREFIGROUP 2000, p.1).</p>
Purpose	<p>Board of Directors' meetings and proceedings should:</p> <ul style="list-style-type: none"> • Ensure accessibility of board decisions by all stakeholders • Ensure that board decisions are made in line with the policies and interests of institution • Mitigate conflicts of interests for board members



	<ul style="list-style-type: none"> Mitigate unjustified levels of board expenditures
Link to integrity	By laying bare the BoD Proceedings, the transparency for all stakeholders can be increased. The transparent proceedings can ensure that Board decisions are made in line with the policy and interest of the SME and can help to mitigate unjustified levels of Board expenditures (GIZ WAVEplus 2013).
Examples/How to	<p>To ensure transparency in the Board Proceedings, the following actions can be undertaken (adapted from WASREB 2009):</p> <ul style="list-style-type: none"> Have a schedule for the next year's full Board meetings at the end of every year. Have only one full Board meeting per quarter. All meetings should be properly recorded and the minutes of the proceedings kept. Minutes and papers of the Board should be circulated at least 7 days before a meeting. Records of resolutions need to be kept and communicated in writing to shareholders and relevant stakeholders. Documentation of Board decisions (minutes of meetings, reports on decisions, etc.) need to be accessible, for example on the website or in other modes of communication.
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> BREFIGROUP. 2000. The Board of Directors – roles and responsibilities. GIZ WAVEplus. 2013. Proposed Integrity Guideline Manual for the Kenyan Water Sector. PROMETIC. n.y. Board of Directors Charter. WASREB. 2009. Corporate Governance Guidelines for the Water Services Sector.

12. Budget Transparency

Description / Definition	Budget Transparency is defined as “the full disclosure of all relevant fiscal information in a timely and systematic manner” (PEKKONEN AND MALENA n.y., p. 1). Employees should have access to information on the company's financial situation and on the allocation of the company's budget.
Purpose	Budget Transparency enables employees to evaluate the stewardship of the company's money. It also allows them to participate in and provide inputs to the budget process. In addition, an early identification of weaknesses and strengths of budget policies can reduce risks while it fosters stability (adapted from PEKKONEN AND MALENA n.y.).
Link to integrity	Transparent budgets play a significant role in improving accountability, as a lack of transparency in budget processes can open up opportunities for graft and corruption. Since SME staff and management may act more responsibly if the budget is accessible to SME employees, Budget Transparency can reduce the chance for budget manipulations and misappropriation of resources. Budget Transparency also enables independent budget analysis and expenditure tracking, which can prevent mismanagement and corruption (IBP n.y.; PEKKONEN AND MALENA n.y.).



Examples/How to	There are a number of steps that are typically involved in achieving budget transparency (PEKONNEN AND MALENA n.y.): <ul style="list-style-type: none"> • Assess the existing level of Budget Transparency • Advocating for greater Budget Transparency • Obtain, demystify and disseminate budget information • Enhance the level of budget literacy
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • MAKE BUDGETS PUBLIC NOW. n.y. What do we want? http://makebudgetspublic.org/ (Accessed on 25.4.2013). • PEKKONEN AND MALENA. n.y. Budget Transparency. • IBP. n.y. Social audits in Kenya. Budget transparency and accountability. • IBP. 2012. Open Budget survey 2012. • CONSTANCE. 2005. Between a rock and a web page. http://www.iadb.org/idbamerica/index.cfm?thisid=3741&lanid=1 http://www.iadb.org/idbamerica/index.cfm?thisid=3741&lanid=1 (Accessed on 25.4.2013). • IMF. 2007. Manual on Fiscal Transparency. • OECD. 2002. Best practices for budget transparency. • UPADHYAY AND O'LEARY. 2012. Nepal. Budget Accountability and Transparency in Water supply and sanitation (WSS) sector.

13. Cash Management

Description / Definition	Cash handling is a business activity that involves accepting, counting, tracking or dispensing cash (WISEGEEK n.y.). The Seven Golden Rules For Handling Cash, according to MANGO (2012), are simple but effective guidelines to Cash Management in an organisation.
Purpose	Rules for Cash Management aim to give guidelines to prevent mishandling or loss of SME funds, and intend to ensure consistency of cash handling (UNIVERSITY OF WELLINGTON n.y., p.1). Clear Cash Management processes help to keep petty cash under control. All payments made out of petty cash should be made in accordance with the below “Seven Golden Rules for Handling Cash”. Petty cash should mainly be used for emergencies or in very small amounts.
Link to integrity	Petty cash tends to be prone to integrity issues. Anyone responsible for sorting or managing cash is in the position to steal it or assist others in stealing it. A simple and clear process and management of cash helps to prevent corruption, theft or fraud (UN OFFICE ON DRUGS AND CRIME 2004).
Examples/How to	The Seven Golden Rules for Handling Cash are (MANGO 2012, p. 91f.): <ol style="list-style-type: none"> 1. Keep money coming in separate from money going out- Never put cash received into the petty cash tin, as this will lead to error and confusion in the accounting records. All money coming into the organisation must be paid into the bank promptly and entered into the records before it is paid out again. Otherwise, it will lead to distortion of financial information.



	<ol style="list-style-type: none"> 2. Always give receipts for money received- This protects the person receiving the money and assures the person handing it over that it is properly accounted for. Receipts must be written in ink and preferably from a numbered receipt book. 3. Always obtain receipts for money paid out- If not possible, the cost of each transaction should be noted down straight away so that the amounts are not forgotten and so that they can then be transferred to a petty cash slip and authorised by a line manager. 4. Pay surplus cash into the bank- Having cash lying around in the office is a temptation for theft. Additionally, the money would be better managed if it were earning interest on a bank account. 5. Have properly laid down procedures for receiving cash- There should always be two people present when opening cash collection boxes in order to protect those handling money. Both should count the money and sign a receipt. 6. Restrict access to petty cash and the safe- Keys to the petty cash box and the safe should only be given to authorised individuals. This should be recorded in the organisation's Delegated Authority document. 7. Keep cash transactions to an absolute minimum- Petty cash should only be used for payments when all other methods are inappropriate. Wherever possible, suppliers' accounts should be set up and invoices paid by cheque, as this produces a parallel set of accounts in the form of the bank statement and ensures that only authorised people make payments. Thus, it reduces the likelihood of theft or fraud.
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • UN OFFICE ON DRUGS AND CRIME. 2004. UN anti-corruption toolkit. • UNIVERSITY OF WELLINGTON. n.y. Cash handling procedure. • WISEGEEK. N.y. What is cash handling? http://www.wisegeek.com/what-is-cash-handling.htm (Accessed on 23.4.2013). • NORTHUMBRIA UNIVERSITY. 2011. Cash handling procedure. • BYSTRYNSKI. N.y. Handling cash: 6 simple steps. http://www.ptotoday.com/pto-today-articles/article/391-handling-cash-6-simple-steps (Accessed on 23.4.2013). • UN HABITAT. 2008. Finance and accounts policies and procedures manual.

14. Checklist for Audits

Description / Definition	An audit is a formal examination of an organization's records, procedures and activities, resulting in a report containing the findings. As a systematic and disciplined approach to evaluate and improve the effectiveness of risk
--------------------------	---



	<p>management, control and processes, an audit helps an organization accomplish its objectives (OECD 2011, p. 6). An Audit Checklist is a document that contains a list of tasks that needs to be completed when performing an audit (SOX 2006; WESTFALL 2011; WISEGEEK n.y).</p>
Purpose	<p>Using an Audit Checklist provides a documentation process for the audit that helps to shape the specifics of what needs to be looked at and how to measure the results. The goal of Audit Checklists is to add organisation and structure to audits and to ensure complete coverage (SOX 2006, WESTFALL 2011, WISEGEEK n.y.; RICHARDS n.y.).</p>
Link to integrity	<p>Audits increase the SME's credibility and are a crucial instrument to demonstrate transparency and accountability (MANGO 2012, p. 101). Being based on sampling, an audit is not designed to provide absolute assurance to detect errors or – worse – fraud. However, these checks are an established preventive tool against fraud in organisations. They also play a pivotal role in preventing corruption (OECD 2011, p. 9). By enhancing the quality of audits, Audit Checklists greatly contribute to integrity.</p>
Examples/How to	<p>A number of aspects should be considered when developing an Audit Checklist (RICHARDS n.y.):</p> <ul style="list-style-type: none"> • Define what you want to audit, how it can be done and what outcomes you desire. • Develop questions that yield measurable answers • Develop measurements (and respective scoring methods) that correspond to the audit's objective. • Develop a checklist document that captures the result of the audit. • Perform quality assurance testing to find out if the criteria in the audit are valid and make sense for the desired outcomes. <p>The following issues may be part of an Audit Checklist (adapted from SOX 2006):</p> <ul style="list-style-type: none"> • Accounting policies exist, are kept current, and are communicated to the appropriate personnel. • Close procedures, including due dates, responsibilities, disclosure updates, and account classifications are defined, communicated, and implemented. • Access to accounting and reporting applications is limited to the appropriate individuals. • There is a checklist of the standard closing journal entries made at month-end, quarter-end, and year-end. • Pre-numbered vouchers are used to ensure that all non-recurring entries are processed only once in the system. • Write-offs and reserves are clearly defined, consistently applied, and monitored in accordance with company policy. • All account balances are reconciled prior to closing the books, including confirming that balances agree with related parties. • Significant variances in reconciliations are investigated and resolved in a timely manner. • Fluctuation analysis of actual to budget or prior periods is performed. • The financial reporting package is reviewed by management before submission to corporate offices. • Duties are appropriately segregated in the closing process.

	<p>A set of audit checklists for different kind of audits can be found here:</p> <ul style="list-style-type: none"> • http://www.internalauditexpert.in/checklist/process (Accessed: 18.12.2013)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • OECD. 2011. Internal Control and Internal Audit. Ensuring Public Sector Integrity and Accountability. • RICHARDS. N.y. How to design an audit checklist. http://www.ehow.com/how_6565214_design-audit-checklist.html (Accessed 19.4.2013). • SOX 2006 Audit Checklists. • WESTFALL. 2011. From audit requirements to checklist items to evidence gathering plans. • WISEGEEK. n.y. What is an audit checklist? http://www.wisegeek.com/what-is-an-audit-checklist.htm (Accessed on 19.4.2013). • GOVERNMENT OF KENYA. n.y. Part I. Internal auditing regulations. • GOVERNMENT OF KENYA. n.y. Internal audit manual. Appendices. • NATIONAL COUNCIL FOR LAW REPORTING. 2012. The public finance management act 2012. • UNITED NATIONS. 2009. Audit Manual.

15. Code of Conduct

Description / Definition	The Code of Conduct is a “statement of principles and values that establishes a set of expectations and standards for how an organisation, government body, company, affiliated group or individual will behave, including minimal levels of compliance and disciplinary actions for the organisation, its staff, and volunteers” (TRANSPARENCY INTERNATIONAL 2009, p. 8).
Purpose	The Code of Conduct is an important management tool for establishing and articulating a company’s values, responsibilities, obligations and ethical ambitions and the way it functions. It also serves as a reference in support of day-to-day decision-making, as it clarifies the corporate mission and principles, linking them with standards of professional conduct. A properly written Code of Conduct sets out the behavioural standards expected of employees and helps them to solve ethical dilemmas they encounter in everyday work. By equipping employees with corporate values, they can make decisions based on those principles and will be able to take action even when specific guidance is not available. That is crucial, as it is almost impossible to make reference to each and every problematic situation that might occur in the workplace in the code itself or accompanying guidance documents. (UNIDO & UNODC 2012, p. 57-59)
Link to integrity	Generally speaking, confidence is a very important element in business, because companies gain contracts and clients when other market players trust them. For that reason, a proper code of conduct can be an excellent business tool in some situations, and has the potential to improve a company’s profitability. In addition, codes of conduct offer an invaluable opportunity for SMEs to create a positive



	<p>public identity, which can, in the long run, lead to a more supportive political and regulatory environment. (UNIDO & UNODC 2012, p. 58)</p> <p>A Code of Conduct encourages discussion about ethics and guides employees when dealing with ethical dilemmas, prejudices and grey areas of everyday work and life encounters (KENYA ANTI-CORRUPTION COMMISSION n.y., p. 1).</p>
<p>Examples/How to</p>	<p>A Code of Conduct can only be effective and useful in practice if it is disseminated, implemented, monitored and embedded at all levels so that behaviour is influenced.</p> <p>A Code of Conduct should:</p> <ul style="list-style-type: none"> • State a company’s core values and principles that should guide decisions • Include values, beliefs and expectations rather than facts • Specify methods for addressing specific issues that are in line with corporate values • Define what conduct is acceptable and what not • Describe how employees can seek guidance in ethically unclear or demanding situations • Detail how to report breaches of the code • Provide a set of incentives and sanctions that ensure compliance • Be written in uncomplicated, plain and direct language so that it is understandable to employees with lower levels of education and can be read by employees at different levels of responsibility and in a wide range of functional areas. For employees that are illiterate, arrangements should be made for the code to be read aloud on a regular basis and graphics or drawings should be inserted for easier understanding. • Give examples when appropriate. • Incorporate opinions from employees at all levels of the company to ensure ownership • Be fully disseminated among the staff • Become a “living document”. The code should be endorsed by the management or owner of the company. That is particularly important in SMEs whose business environment has a high degree of informality and reliance on interpersonal relations • Be strictly enforced. If a case of misconduct is discovered, sanctions have to be applied as foreseen in the code. The failure of management to do so will have a demoralizing effect on all employees and all the efforts and time invested in the development of the code will be undermined. <p>(UNIDO & UNODC 2012, p. 58-61; KENYA ANTI-CORRUPTION COMMISSION n.y., p. 2)</p> <p>Elements of a Code of Conduct:</p> <ul style="list-style-type: none"> • Description of corruption in general and the forms it can take • Conflict of interest provisions (gifts and hospitality, political activities of staff, outside employment, family members and friends, and disclosure of financial interests) with a clear definition of what constitutes a conflict of interest and guidance for staff and board members and management on handling conflicts of interest when they arise • Record-keeping (maintaining records and information, confidentiality, transparency and access to information, disclosure and accuracy of books and records) • Relationships with partners in business (procurement, contract negotiation)



	<ul style="list-style-type: none"> • Hiring practices, in particular in relation to favouritism and nepotism • Employment practices (harassment, fair treatment and equal opportunities, discrimination, health and safety in the workplace, illegal drugs, alcohol and smoking, use of company property, etc.) • Reporting misconduct • Guidance on ethical dilemmas • Sanctions and incentives <p>(UNIDO & UNODC 2012, p. 59-60; ANTI-CORRUPTION REPORT CENTRE 2013, p. 5)</p> <p>A sample code of conduct can be downloaded here: www.business-anti-corruption.com/media/61762/fileadmin-user_upload-word-Integrity_System_Sample_Code_of_Conduct.doc [Accessed: 16.12.2013]</p>
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • UNIDO & UNODC 2012. Corruption Prevention to Foster Small and Medium-Sized Enterprise Development Vol. II. • KENYA ANTI-CORRUPTION COMMISSION. n.y. Guidelines for the Development of a code of conduct and ethics for public officers. • TRANSPARENCY INTERNATIONAL. 2009. The Anti-Corruption Plain Language Guide. • WASREB. 2009. Corporate Governance Guidelines for the Water Services Sector. • NYERI WATER & SEWERAGE COMPANY (NYEWASCO). 2007. Code of Conduct for Employees. • WIN. 2008. Code of Conduct. • BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/show-all.aspx [Accessed: 16.12.2013]

16. Communicating Integrity

Description / Definition	<p>Businesses commonly use multiple communication formats to reach the widest audience possible when conveying messages. Each communication format offers advantages or disadvantages depending on the message being delivered and the individuals receiving the message. Also, certain communication formats may cost more than others. Many small businesses are interested in the cost of business communication because they may not have large amounts of capital for administrative services. Businesses must tailor their message carefully so the least amount of confusion occurs when individuals receive the message and interpret its meaning.</p> <p>(http://smallbusiness.chron.com/5-different-formats-business-communication-696.html, Accessed: 27.01.2014)</p>
Purpose	<p>Communication formats can be used for different purposes, e.g. to communicate business values to employees, to discuss business strategies among management members and to communicate success stories regarding integrity.</p>
Link to integrity	<p>Integrity should be an integral part of a business' values and strategic</p>



	<p>considerations. It is therefore important to include integrity-related topics in internal communication, to discuss them during meetings (staff and management meetings) and to inform staff and other stakeholders adequately. Showcasing and the celebration of success motivates stakeholders involved in the process (employees, partner companies, etc.) to continue their engagement and is an opportunity for the company to communicate the efforts made to increase the level of integrity and to improve reputation.</p>
<p>Examples/How to</p>	<p>Examples of business communication formats are:</p> <ul style="list-style-type: none"> • Letters and memos are the most traditional written business communication. Letters are commonly used to present official business information to other businesses, to individuals or to outside business stakeholders. Organizations can also use letters to communicate business contracts or build professional relationships with other companies in the business environment. Memos are usually an internal written communication format used to convey information to managers and employees. Companies may be using fewer memos in today's business environment, especially given the increase in use of business email. • Meetings offer organizations a way to convey information using a personal format. Meetings may include managers, employees or customers. Businesses use meetings to ensure that little or no confusion exists in the conveyed message; they allow individuals listening to the speaker to have an opportunity for asking questions or providing feedback. Meetings can also be used in order to allow for staff representatives to discuss integrity-related issues with the management, to produce new ideas or to communicate concerns of employees to the management. • Email is an electronic form of written communication. This communication format has become more popular as organizations increase the use of personal computers in their business operations. Email offers businesses a near-instant format to convey a message or transfer information to individuals inside or outside the business organization. While business communication through email was seen as less formal in its early days, many companies have developed formal email formats for business communication to maintain a standard level of professionalism. Small businesses commonly use email communication because it is an inexpensive option for contacting internal and external business stakeholders. • Work performance assessments/ personal talks: regular talks between employees and their superior allow for employees to address their concerns or to communicate ideas and suggestions (e.g. with regard to integrity). These talks should be characterised by open discussions, where employees are not afraid to openly disclose their concerns. This format can also be used in order to assess the employees' work performance and to discuss possibilities for personal and professional development and opportunities of engagement in the integrity change process. <p>(adapted from http://smallbusiness.chron.com/5-different-formats-business-communication-696.html, Accessed: 27.01.2014)</p> <p>To communicate success stories on IM implementation (e.g. jobs secured, lower costs) the company can use different tools like:</p> <ul style="list-style-type: none"> • award ceremonies, company newspapers, mailings and meetings for the internal communication • media, conference presentations, project visits and partner network channels for the communication outside the company



Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<p>See also:</p> <ul style="list-style-type: none"> • How to write a memo: <ul style="list-style-type: none"> ○ http://www.wikihow.com/Write-a-Memo, Accessed: 27.01.2014 ○ http://esl.about.com/od/businessenglishwriting/a/bizdocs_2.htm, Accessed: 27.01.2014 ○ http://www.writing.engr.psu.edu/workbooks/memo_format.html, Accessed: 27.01.2014 • How to write a business letter: <ul style="list-style-type: none"> ○ http://www.wikihow.com/Write-a-Business-Letter, Accessed: 27.01.2014 ○ http://writingcenter.unc.edu/handouts/business-letters/, Accessed: 27.01.2014 • How to run effective meetings: <ul style="list-style-type: none"> ○ http://www.wikihow.com/Run-an-Effective-Meeting, Accessed: 27.01.2014 ○ http://leadership.uoregon.edu/resources/exercises_tips/skills/running_effective_meetings, Accessed: 27.01.2014 ○ https://www.ohrd.wisc.edu/AcademicLeadershipSupport/LeadMeetings/tabid/74/Default.aspx, Accessed: 27.01.2014 • How to write business emails: <ul style="list-style-type: none"> ○ http://www.wikihow.com/Write-Business-Emails, Accessed: 27.01.2014

17. Compliance Management

Description / Definition	Compliance means conforming with stated requirements. At an organizational level, it is achieved through management processes which identify the applicable requirements (defined for example in laws, regulations, contracts, strategies and policies), assess the state of compliance, assess the risks and potential costs of non-compliance against the projected expenses to achieve compliance, and hence prioritize, fund and initiate any corrective actions deemed necessary (WIKIPEDIA n.y.).
Purpose	The purpose of Compliance Management is to ensure a company's conformity with externally imposed standards such as laws or regulations in order to prevent criminal misconduct.
Link to integrity	The main aim of compliance is to avoid legal sanctions. Corrupt practices and other integrity-related illicit behaviours are generally punished by law, therefore Compliance Management is an important step towards improving a company's level of integrity.
Examples/How to	Compliance Management can include the development of compliance standards, education and training of staff and management, reduced discretion, auditing and controls, conduct investigations, and penalties in case of misconduct. (SHARP PAINE 1994, p. 113)
	In order for the Compliance Management to be effective, it is important that the



	<p>company:</p> <ul style="list-style-type: none"> • Oversees and monitors the implementation of the compliance program that meets the needs and addresses the risk areas of the organization • Carefully monitors the staff • Ensures employees have received, read and understood the standards of conduct; • Investigates root causes of occurring non-compliance • Takes corrective action in case of non-compliance • Establishes risk control measures • Seeks to ensure that all employees and management are knowledgeable of, and comply with, pertinent Federal and State standards and the organization's policies and procedures • Continuously monitors and revises the program in light of regulatory updates, changes in the organization's needs or services, or revisions to the policies and procedures of government <p>(adapted from THE BEST PRACTICE NETWORK GUIDELINES n.y.; FOY 2012a, FOX 2012b; 1CONSULTING. n.y., p. 1)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • WIKIPEDIA. n.y. Governance, Risk Management and Compliance. http://en.wikipedia.org/wiki/Governance,_risk_management,_and_compliance (Accessed: 22.01.2014) • FOX TR. 2012a. Three keys to the role of a chief compliance officer. http://tfoxlaw.wordpress.com/2012/03/22/three-keys-to-the-role-of-a-chief-compliance-officer/ (Accessed on 28.3.2013). • FOX TR. 2012b. Five essentials of a chief compliance officer position. http://www.infosecisland.com/blogview/22769-Five-Essentials-of-a-Chief-Compliance-Officer-Position.html (Accessed on 28.3.2013). • INVESTOPEDIA. n.y. Compliance officer. http://www.investopedia.com/terms/c/compliance-officer.asp (Accessed on 28.3.2013). • THE BEST PRACTICE NETWORK GUIDELINES. n.y. Duties of a compliance officer. http://www.best-practice.com/compliance-best-practices/compliance-management/duties-of-a-compliance-officer/ (Accessed on 28.3.2013). • WASREB. 2009. Corporate governance guidelines for the water services sector. • 1CONSULTING. n.y. Compliance Officer role and responsibilities tip sheet. • FONDATION GENEVE PLACE FINANCIERE. 2006. Compliance officer.

18. Computerised Integrated Accounting System

Description / Definition	<p>An Integrated Accounting System is a software-based budgeting and accounting system for the management of spending, payment processing, budgeting and reporting. It computerises and automates key aspects of budgeting and accounting and combines them into a unified database and user interface (BUSINESS DIRECTORY n.y., TECHOPEDIA n.y., US AID n.y, p. 1).</p>
--------------------------	--



	Integrated Accounting Systems allow a variety of reports for budgeting, funding, treasury, cash flow, accounting, audit, and day-to-day management concerns.
Purpose	The purpose of Computerised Accounting Systems is to have a clear, transparent and reliable system to keep track of financial transactions. Integrated Accounting Systems can strengthen the financial and managerial capacity of a company by enhancing the management of cash, debt and liabilities, using historical information to provide improved budget modelling processes, reducing costs for financial transactions, and gaining effective control over finances and budget execution (TECHOPEDIA n.y.; US AID n.y., p. 1; ANTI-CORRUPTION RESOURCE CENTRE 2009, p. 2; DAI n.y.).
Link to integrity	Integrated Accounting Systems enhance the comprehensiveness, transparency and accountability and thus the confidence and credibility of finances. Such systems also deter corruption and fraud by increasing the risks of detection. A number of features (for example automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-reference of asset inventories with equipment purchase, automated cash disbursement rules, identification of ghost workers, etc.) help detect excessive payments, fraud and theft (US AID n.y., p. 1; ANTI-CORRUPTION RESOURCE CENTRE 2009, p. 1-2; NORDMANN 2012b, p.8)
Examples/How to	<p>Integrated Accounting Systems should:</p> <ul style="list-style-type: none"> • Give an overview of different types of annual revenues (e.g. revenue for the provision of particular goods and/or services) • Provide insight on different types of expenses (e.g. materials, rent, staff) • Connect billing and accounting systems: Billing and collections should be integrated into the accounting system (NORDMANN 2012b) <p>The installation and operation of Integrated Accounting Systems has proven to be challenging in practice, particularly for SME. Successful implementation can be attained by</p> <ul style="list-style-type: none"> • purchasing appropriate software, • ensuring ICT readiness among the responsible staff members, • sound project design and management, • a phased approach to implementation, • adequately allocated financial and human resources <p>(ANTI-CORRUPTION RESOURCE CENTRE 2009, p. 1).</p> <p>Practical questions to clarify are:</p> <ul style="list-style-type: none"> • Is the necessary hardware (e.g. computers, internet connection etc.) available? • What are the costs of implementing such a system (e.g. training, programmes, support)? • How to make sure that the staff is capable and confident in using a computerised accounting system? • How to ensure consistency and comparability with the existing accounting system? • Can billing and collection be integrated in the financial accounting system? <p>It is worthwhile comparing different options to find a solution that is adapted to the specific needs and size of the SME.</p>



Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INVESTOPEDIA. N.y. Financial Accounting. http://www.investopedia.com/terms/f/financialaccounting.asp (Accessed on 15.4.2013). • BusinessDirectory. n.y. Integrated financial system. http://www.businessdictionary.com/definition/integrated-financial-system.html#ixzz2OjmYE9aA (Accessed on 27.3.2013) • ANTI-CORRUPTION RESOURCE CENTRE. 2009. The Implementation of Integrated Financial Information Management Systems (IFMIS). U4 Expert Answer.. • DAI. n.y. Water and Wastewater Sector Support (LWWSS). http://dai.com/our-work/projects/lebanon%E2%80%94water-and-wastewater-sector-support-lwwss. (Accessed on 16.4.2013) • Techopedia. n.y. Integrated Financial Management System (IFMS). http://www.techopedia.com/definition/981/integrated-financial-management-system-ifms (Accessed on 27.3.2013). • USAID. n.y. Introducing Integrated Financial Management Information Systems. Best Practices in Fiscal Reform and Economic Governance. http://blog-pfm.imf.org/pfmblog/files/ifmis_bpn_web1.pdf (Accessed on 26.3.2013) • USAID. 2008. Integrated financial management information systems. A practical guide. • KENYA WATER INSTITUTE.2012. Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya - Documentation Report. • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • NORDMANN. 2012b. Deepening Governance in Water and Sanitation Services. • INDEPENDENT COMMISSION AGAINST CORRUPTION. 2011. Investigation into Corrupt Conduct of Sidney Water employees and others.

19. Cooperation with Anti-corruption Authorities and Civil Society Organisations

Description / Definition	In case a SME detects illicit behaviour inside or in the external environment of the company, it should report it to and cooperate with the responsible anti-corruption authorities or civil society organisations.
Purpose	Companies benefit from cooperation with anti-corruption authorities and civil society organisations as they help to enhance integrity and underscore their commitment to zero-tolerance of corruption. If a company reports an incident of corruption within its own company it may result in reduced or even suspended sanctions for the company under certain circumstances (UNODC 2013, p. 91).
Link to integrity	The role of companies in the prevention, detection and prosecution of actors involved in typically complex and covert corrupt practices cannot be underestimated. Anti-corruption authorities and civil society organisations benefit from cooperation with companies in that they are able to learn how the



	<p>corrupt act occurred, how it was initially covered up and how it was uncovered, allowing them to be more effective in their future investigations. Actors in the private sector may also be in a position to play a vital role in the identification of criminal proceeds and their return to legitimate owners. A cooperative relationship between the private sector and anti-corruption authorities or civil society organisations is thus instrumental to the effective fight against corruption and its adverse consequences. Cooperation also underscores the company's strong commitment to zero-tolerance of corruption (UNODC 2013, p. 91-93).</p>
Examples/How to	<p>Companies can cooperate with anti-corruption authorities or civil society organisations before they are aware of the allegation of a corrupt act or once they have witnessed corrupt behaviour. Self-reporting refers to the disclosure of relevant information and evidence of actual or possible violations to anti-corruption authorities or civil society organisations and before allegations have been raised against the company or one of its representatives. Companies should also report illicit behaviours in their external environment.</p> <p>Beyond mere reporting, companies may also cooperate with anti-corruption authorities after the authorities are aware of the corrupt act, independent of whether the violation was self-reported by the company or was originally identified by authorities. Companies can support the investigation process of authorities by disclosing additional relevant information or by providing investigative resources like manhours.</p> <p>Furthermore companies may cooperate with anti-corruption authorities after allegations against the company or one of its representatives have been raised by undertaking other remedial measures such as:</p> <ul style="list-style-type: none"> • Voluntary restoration of damages or loss caused by the offence; • Recovery of ill-gotten gains (e.g. proceeds of the corrupt act); • Other voluntary restraints (e.g. abstention from bidding for public contracts); • Acceptance of an external compliance monitor; • Corrective organizational actions (e.g. removal or other disciplinary measures against responsible employees). <p>(UNODC 2013, p. 91)</p>
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide. • TRANSPARENCY INTERNATIONAL ZAMBIA. 2013. The Advocacy and Legal Advice Centre (ALAC). http://www.tizambia.org.zm/?p=703 (Accessed: 22.05.2014)

20. Cooperation with the Media

Description / Definition	The media - that is traditional mass media like radio, television, newspaper and magazines as well as new technologies such as social networks (ARNOLD and
--------------------------	--



	LAL 2012) - is an important actor in the water sector that can be instrumental in communicating anti-corruption efforts and reporting illicit practices to the public or a specific target group.
Purpose	The media can be seen as an important pillar of culture and an important political player. They influence people's perceptions of what is right and what is wrong. Cooperation with media can help SMEs increase their leverage and be heard on cases where corruption has negatively affected them. However, media can also propagate false perceptions (WORLD BANK. n.y.; ARNOLD and LAL 2012), which makes it all the more important for companies to stick to facts and avoid speculation, when engaging journalists.
Link to integrity	The media can be used by SMEs as an instrument to communicate to the public. The media as watchdog and investigative journalism can be a catalyst for reform by uncovering grand corruption and forcing politicians into making changes. The attention given this way to corrupt companies serves as a kind of social sanction to these bad performers. As agenda setters, media organisations can support anti-corruption movements by bringing them to the attention of a large audience. At the same time media outlets can share relevant information with the public, providing the basis for participation and public scrutiny that may prevent corruption from happening in the first place. When the media act as public forum, they can introduce and spread opinions, solutions, and innovations. By doing so, media coverage influences norms and cultures, which in turn can influence policy-making and legislative reform towards more integrity (adapted from ARNOLD and LAL 2012).
Examples/How to	<p>How to systematically cooperate with the media in the fight against corruption:</p> <p>1. Understand how citizens use the media Before engaging with the media, a SME should identify its target audience. The definition of the target audience depends primarily on the objective of the SME and on the type of corruption in focus. If it concerns petty corruption for example it is recommendable to choose the local community as an appropriate target audience.</p> <p>After defining the target audience of anti-corruption efforts, the next step is to explore the media environment this target audience moves in: Which media do they mostly turn to and where do they get most of their information from?</p> <p>2. Understand how the media works Once target audience and their preferred media have been identified, a relationship with the media should be built. If there is an interest to foster long-term systematic change, it is recommendable to build a coalition with journalists or editors. Steps toward forming a coalition with the media include:</p> <ul style="list-style-type: none"> - Identify and specify the issue (according to point 1) - Map relationships and stakeholders - Form the coalition - Sustain the coalition <p>The media can help to enhance integrity; however journalists cannot be seen as miracle workers. The media are an industry and operate under a number of constraints (for example limited freedom of press) that need to be understood by those that want to engage them in the fight against corruption. (Adapted from ARNOLD and LAL 2012).</p>



	For information on how to write a media release see: http://www.wikihow.com/Write-a-Press-Release (Accessed: 27.05.2014)
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • N.A. n.y. Corruption and good governance in the Water Sector (Draft Integrity Manual, GIZ). • CORONEL, S. n.y. Chapter 5. Corruption and the Watchdog Role of the News Media. http://www.hks.harvard.edu/fs/pnorris/Acrobat/WorldBankReport/Chapter%205%20Coronel.pdf (Accessed: 21.05.2014) • ARNOLD, A. and LAL, S.. 2012. Using Media to Fight Corruption. A paper for the 2011 Asia Regional Peer-Learning and Knowledge Sharing Workshop “Engaging Citizens against Corruption in Asia: Approaches, Results and Lessons”. • WORLD BANK. n.y. Community Knowledge Guide. http://ckg.runckc.org/Home/Module-III--MEDIA--TECHNOLOGY/session3/activity-two-four-main-purposes-of-media (Accessed: 27.05.2014) • KAMAKANDA, G.. 2014. Malawi : ACB Calls On the Media to Report Corruption Cases Effectively. http://allafrica.com/stories/201402260029.html (Accessed: 21.05.2014)

21. Corporate Governance Structure

Description / Definition	<p>Corporate Governance is the system by which a business is directed and controlled. The Corporate Governance Structure specifies the distribution of rights and responsibilities among different stakeholders, such as the board, managers or shareholders, and spells out the rules and procedures for decision-making in corporate affairs (OECD 2004).</p> <p>Good Corporate Governance requires an effective system of mutual checks and balances among the top corporate bodies (SWISS RE 2013).</p> <p>Although it is not common to relate Corporate Governance principles to SMEs, certain Corporate Governance principles are as relevant for SMEs as they are for larger companies in order to facilitate growth and competitiveness. Transparency, openness, respect for clients, quality standards and corporate social responsibility are also important aspects of an SME’s operations to attract customers and financing from banks and other lenders (MAASSEN n.y.).</p>
Purpose	<p>Clear roles and responsibilities on each level (from the board, to the management, staff and stakeholders) are essential for an SME to function efficiently and to ensure that each level is held at bay by a system of checks and balances. Clarifying Corporate Governance structures means establishing a system of sound approaches by which companies are directed and controlled, focusing both on internal and external corporate structures (adapted from WASREB 2009, p.4-5).</p> <p>The reasons for SMEs to invest Corporate Governance activities further include</p>



	<p>(MAASSEN n.y.):</p> <ul style="list-style-type: none"> Enhanced business reputation and image: with a better image, it is easier to attract financing, trading partners, customers and employees and to build contacts with policy-makers; Increased sales and customer loyalty for the company's products and services: customers take corporate social responsibility into consideration when they purchase goods and services; and Ethical reasons (mainly altruistic): many SMEs have the desire to "give something back to society."
Link to integrity	Clear Corporate Governance Structures allow to monitor the actions of management and directors and thereby mitigate agency risks that may stem from the misdeeds of corporate officers (adapted from WIKIPEDIA n.y.).
Examples/How to	<p>Board members should be selected through transparent processes set out in publicly available policies, have defined terms of office, receive no remuneration beyond reimbursement of expenses and should not profit from the organisation's assets. There should also be conflict of interest provisions for board members in place.</p> <p>Board functions should be clearly separated from management, and the management should not have a voting role on the Board. Board competencies include the appointment and annual review of the management performance, the review of financial performance and statements, as well as the responsibility to hire the auditor. (ANTI-CORRUPTION RESOURCE CENTRE 2013, p. 4)</p> <p>Possible Corporate Governance norms for SME (DUBE et al. 2011; MAASSEN n.y.):</p> <ul style="list-style-type: none"> Prepare and publish 'Mission Statement' of enterprises; Enterprise Policy Statement to manage business growth; Enterprise succession plan; Annual management and accomplishment statements; Management structure and level of professional qualification as relevant to the sector; Relationship between the board of directors and the management; Method of accounting and disclosure of audited account; Stakeholder relations and welfare undertaken by the enterprise; Legal and regulatory compliances; Internal control and risk management systems; Reporting to partners and members; Independence of the auditor; Reporting of financial information to financiers (silent partners); Production of reliable and timely financial information;
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> MAHMOOD. n.y. Corporate Governance and Business Ethics for SMEs in Developing Countries: Challenges and Way Forward.

	<p>http://kantakji.com/fiqh/files/companies/w111.pdf (Accessed: 22.01.2014)</p> <ul style="list-style-type: none"> • DUBE et al. 2011 Corporate Governance Norm for SME. http://www.macrothink.org/journal/index.php/jpag/index (Accessed: 22.01.2014) • MAASSEN n.y. Corporate Governance and Small and Medium-Sized Enterprises: How SMEs can benefit from Corporate Governance Principles and Corporate Social Responsibility. http://www.developmentwork.net/document-clearinghouse/function-startdown/151/ (Accessed: 22.01.2014) • APPLIED CORPORATE GOVERNANCE. 2013. Best Corporate Governance Practice. http://www.applied-corporate-governance.com/best-corporate-governance-practice.html (Accessed: 27.03.2013). • ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 2004. The OECD Principles of Corporate Governance. • SWISS RE. 2013. Our approach to corporate governance: fulfilling our commitment to our stakeholders. http://www.swissre.com/about_us/corporate_governance/ (Accessed: 27.03.2013). • WASREB. 2009. Corporate Governance Guidelines for the Water Services Sector. • ECONOMIESUISSE. 2008 Swiss Code of Best Practice for Corporate Governance. • MULILI AND WONG. 2011. Corporate Governance Practices in Developing Countries. • PRIVATE SECTOR INITIATIVE FOR CORPORATE GOVERNANCE. n.y. Principles for corporate governance in Kenya. • RAMPA. 2011. Analysing governance in the water sector in Kenya.
--	---

22. Counter Overpricing

Description / Definition	Overpricing or overcharging refers to the difference between an observed market price and a billed price (CONNOR 2003, p. 3).
Purpose	Countering Overpricing ensures fair and transparent prices for consumers and suppliers and increases their readiness to pay (UNDP 2011, p. 6).
Link to integrity	Overpricing is often a consequence of corruption. If it can be countered, the means to finance questionable activities can be reduced (UNDP 2011, p. 6).
Examples/How to	Overpricing can be countered in numerous ways: <ul style="list-style-type: none"> • Developing a sector-specific price index for goods and services (for everything from pipes to borehole-drilling or pipe-laying) to counteract inflated prices (GIZ 2013, p. 32). • Monitoring and comparing costs for standard commodities. Here, official tariff guidelines (as described above) are very helpful. • Inviting customers to obtain at least two cost estimations from different enterprises. • In case the SME has overcharged a customer, the SME issues a refund which should be accompanied by an apology.
Complex/simple	Simple
Legal framework/Potential	



implementation partners	
References and Further readings	<ul style="list-style-type: none"> • CONNOR. 2009. Price-fixing overcharges. • GIZ. 2013. Good Governance in the Kenyan Water Sector. • UNDP. 2011. Fighting Corruption in the water Sector. • WASREB. n.y. Tariff Guidelines.

23. Customer Complaint Management

Description / Definition	Customer Complaint Management is a system that allows customers (which can be a commercial utility, a governmental institution, an NGO or a private person) to file their dissatisfaction with the SME. It allows businesses to obtain feedback on how to improve their services and to decrease the likelihood for problems with the customer base (CUSTOMER EXPRESSIONS CORPORATION n.y.).
Purpose	An effective Customer Complaint mechanism can improve accountability, make sure that customers' expectations are met and ensure that service provision is continuously improved (WORLD BANK 2009, p. 116, ANTI-CORRUPTION RESOURCE CENTRE 2007). Dealing with customer complaints efficiently can also provide a business with an opportunity to profit, as customer complaints illustrate the areas of a business that require attention.
Link to integrity	A Customer Complaint System is an effective tool to establish good governance.
Examples/How to	<p>Customers should be provided with various ways of filing complaints. Everyone should be enabled to file a complaint and no one ought to be discriminated against (e.g. illiterate customers, those without mobile phones etc.). Ways of how complaints can be filed include:</p> <ul style="list-style-type: none"> • Installing complaint boxes. • Setting up complaint telephone numbers. • Preparing ready-made complaint forms. • Establishing complaint committees (for large SME). <p>Furthermore, it should be kept in mind that:</p> <ul style="list-style-type: none"> • Information received from complainants need to be treated in confidence. Witnesses, victims and whistleblowers need to be protected. • A register of complaints should be maintained – complaints are a goldmine of information. Evaluating complaints and taking corresponding measures will result in improved service quality. • A defined process on how to deal with complaints (filing, registration, addressing, responding) should be developed. • The independence of investigation into complaints needs to be ensured, in particular in serious cases or alleged fraud or corruption. In such cases, the person dealing with the complaint must not be the same person that the complaint is directed against. • A zero-tolerance policy for fraud and corruption should be displayed. • Responses to complainants and communities need to be given according to a defined time span (e.g. 7 days after being processed by a desk officer). • Complaints should be resolved thoroughly.
Complex/simple	Complex



Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ANTI-CORRUPTION RESOURCE CENTRE. 2007. Anti-corruption complaint mechanisms. • CUSTOMER EXPRESSIONS CORPORATION. n.y. Consumer Complaints Management Summary.GIZ. n.y. Summary WAG complaint mechanism. • WORLD BANK.2009. Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation - Action, Learning, Experiences • GRAHAM AND LENNARD. 2007. Complaint handling. Principles and best practice. • ISIGHT. n.y. Handling Customer Complaints, a best practice guide.

24. Delegated Authority Document

Description / Definition	Delegation of Authority means dividing authority and power downwards to the subordinate (MANAGEMENT STUDY GUIDE n.y.). The decisions taken regarding Delegation of Authority should be detailed in a Delegated Authority Document. This document clarifies who has the authority to make decisions, to commit expenditures or to sign legal undertakings on behalf of the organisation (MANGO 2012, p. 84).
Purpose	A Delegated Authority Document prevents confusion about responsibilities (MANGO 2012, p. 84).
Link to integrity	<p>If Delegated Authority is not documented, SME employees can claim authority to make decisions for corrupt purposes. Employees can act outside their delegation, for example, by granting a development approval that benefits the employee, awarding a contractor, or discontinuing enforcement in exchange for a bribe (INDEPENDENT COMMISSION AGAINST CORRUPTION n.y.).</p> <p>Transactions for personal benefit are less likely if Delegated Authority is documented, as this document makes the individual vulnerable to accusations of abuse.</p> <p>In addition, it can act as a control tool, as members of the staff who are not authorised to sign (but did) can be held responsible. Having a procedure in place to standardise the procedure of payment approval will diminish the chances of employees committing any fraud.</p>
Examples/How to	<p>The Delegated Authority Document should be reviewed every year in order to make sure that it still fits current needs. Breach of Delegated Authority should be dealt with appropriately (MANGO 2012, p 84):</p> <p>The Delegated Authority Document should include instructions for duties such as:</p> <ul style="list-style-type: none"> • Placing and authorising orders for goods and services • Signing cheques • Authorising staff expenses • Handling incoming cash and cheques • Access to the safe and petty cash • Checking and authorising accounting records

	<ul style="list-style-type: none"> • Signing legal undertakings <p>Available to all personnel, it shows who has to be involved for which decisions. This document also acts as a control measure for financial transactions and other important decisions: if the required signatures are not on the paper, the documents are not valid.</p> <p>The knowledge of who has the authority to make decisions and commit expenditures makes it clear which members of the staff should be included in the decision-making process. In case of illness, holidays or other absences, this Delegated Authority Document does not give room for any exception or excuses such as “I had to decide as you were not here.”.</p> <p>Leaving the Delegated Authority Document in a drawer will not lead to its intended success: it should be available to all staff. Furthermore, personnel with particular tasks (e.g. pay out money) should receive additional training on different procedures of expenditures and decision-making structures. These persons can identify misconduct when they see that expenditures don't have the required signatures, and refuse to carry out the transaction until all requirements are met.</p> <p>This procedure can be supported by means of a document with which the staff members can crosscheck the authenticity of the signatures.</p> <p>A template for a Delegated Authority Document can be found here:</p> <ul style="list-style-type: none"> • http://www.communitydoor.org.au/documents/quality/policy/11.6-financial-management-and-delegations-policy-template.doc (Accessed: 23.01.2014)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INDEPENDENT COMMISSION AGAINST CORRUPTION. n.y. Delegation of Authority. http://www.icac.nsw.gov.au/preventing-corruption/knowning-your-risks/delegation-of-authority/4895 (Accessed on 18.4.2013). • MANAGEMENT STUDY GUIDE. N.y. Delegation of Authority. http://www.managementstudyguide.com/delegation_of_authority.htm (Accessed on 18.4.2013). • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • MANGO.2012. Appendix 2. • PUBLIC HEALTH SEATTLE AND KING COUNTY. n.y. Delegations of authority. • UNITED NATIONS. 2004. Delegation of authority and accountability.

25. Downwards Accountability Standards

Description / Definition	NGOs are accountable upwards towards their donors and funders; they are also accountable downwards – towards the people that should benefit from the NGO's activities. The downwards accountability should be ensured by SME as well by setting (publicly accessible) standards the SME should comply with.
--------------------------	---



Purpose	The issue of downward accountability of SME towards their stakeholders is typically neglected. However, SMEs dealing with service delivery have developed some experience with such accountability by promoting greater participation of the stakeholders and target groups in the programme implementation. (ANTI-CORRUPTION RESOURCE CENTRE 2013, p. 6) Downward accountability increases trust from clients and other stakeholders and can lead to more higher goodwill and assignments.
Link to integrity	Higher downwards accountability increases the organisation's credibility, reputation and improves transparency.
Examples/How to	Downward accountability standards could include: <ul style="list-style-type: none"> • Open-house policies; • Community meetings; • Participatory evaluation of programmes with participation of stakeholders/ feedback; • Complaints/ feedback mechanisms; • Open books to the public / to people benefitting from the organisation's activities. (ANTI-CORRUPTION RESOURCE CENTRE 2013, p. 6)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ANTI-CORRUPTION RESOURCE CENTRE 2013 : Key Features of NGO Accountability Systems • KEYSTONE 2006: Downward Accountability to "Beneficiaries" – NGO and Donor Perspectives • LLOYD & LAS CASAS n.y.: NGO Self-Regulation – Enforcing and Balancing Accountability • JACOBS & WILFORD n.y.: Putting New Approaches to NGO Accountability into Action • JORDAN n.y.: Mechanisms for NGO Accountability

26. Due Diligence Investigation of Partners

Description / Definition	Due Diligence refers to the care a reasonable and prudent person should take before entering into an agreement or transaction with another party (contractors, suppliers, sub-contractors and other partners). It involves a systematic collection and analysis of information on how a particular company does business (e.g. data on the history, finances, performance, clients, etc.) (INVESTOPEDIA n.y.; PINOW n.y.).
Purpose	A Due Diligence Investigation reveals whether a potential partner commits to proven and recognized business practices, and uncovers the risks and opportunities involved in a potential alliance. By conducting such investigations, SME can reduce the chance for unpleasant surprises - in both financial and non-financial terms (TAFE QUEENSLAND INTERNATIONAL 2011, 10; USAID n.y.-a). Due Diligence has special relevance in procurement in general and particularly in public procurement (see also Due Diligence Tool for Public Procurement).
Link to integrity	By conducting Due Diligence Investigations, SME can assess the multiple dimensions of integrity (accountability, transparency, rule of law, etc.) of their



	<p>partners. This contributes to the SME's own integrity, as the risk of getting involved in dubious affairs with collaborators in the water sector can be reduced.</p>
Examples/How to	<p>A Due Diligence Investigation usually includes 5 areas, namely the corporate image (e.g. positive representation in the media), social responsibility (e.g. towards water users and local communities), environmental accountability (e.g. enhancement of water quality), financial soundness (e.g. transparency) and policy compatibility. It is useful to develop a due diligence investigation checklist, so that all important aspects are considered.</p> <p>The assessment and analysis of these themes should be woven into a 5-step outline:</p> <ol style="list-style-type: none"> 1. Planning 2. Gathering available information (websites, annual reports, references, further available data (e.g. appearance on black or white lists, see also "Listing of Partners")) 3. Analysing the information gathered 4. Drafting a memo that details the results of the analysis of the above-mentioned areas for the attention of operational decision makers 5. Continuing Due Diligence investigations beyond the formation of partnerships in order to identify new issues <p>(USAID n.y.-a; USAID n.y.-b)</p> <p>A sample contractor or subcontractor investigation procedure which can help a supplier to identify situations where bribery might potentially occur in the phases from the initial offer, the contract negotiation, the signing of the contract to the execution of the delivery can be found here: http://www.business-anti-corruption.com/tools/due-diligence-tools/contractor-procedure.aspx. The procedure gives advice on how to deal with these issues in each steps of the process.</p> <p>(BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/due-diligence-tools/contractor-procedure.aspx [Accessed: 16.12.2013])</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INVESTOPEDIA. n.y. Definition of 'Due Diligence - DD.' http://www.investopedia.com/terms/d/duediligence.asp (Accessed on 25.3.2013) • NATIONAL COUNCIL FOR LAW REPORTING. 2010. The public procurement and disposal act. Chapter 412C. • PINOW n.y. Due Diligence Investigations. http://www.pinow.com/investigations/due-diligence (Accessed on 25.3.2013) • TAFE Queensland International. 2011. Queensland VET Sector Partnership Due Diligence. A Best Practice Guide for Partnership Due Diligence. Brisbane: TAFE Queensland International. Department of Education, Training and Employment. http://training.qld.gov.au/resources/information/pdf/due-diligence-best-practice-guide.pdf (Accessed on 25.3.2013). • USAID. n.y.-a Due Diligence: A Step-by-Step Guide. Washington DC: United States Agency for International Development. http://idea.usaid.gov/gp/due-



	<p>diligence-step-step-guide (Accessed on 25.3.2013)</p> <ul style="list-style-type: none"> • USAID. n.y.-b. Due Diligence: Step 1-5. Washington DC: United States Agency for International Development. http://idea.usaid.gov/gp/due-diligence-step-1-5 (Accessed on 25.3.2013) • DFID. n.y. Due Diligence Frequently Asked Questions. • MILLER THOMSON LLP. n.y. Exercising due diligence in municipal water systems. • TAYLOR ET AL. 2009. Due diligence for human rights • BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/due-diligence-tools/contractor-procedure.aspx [Accessed: 16.12.2013]
--	---

27. External Audits

Description / Definition	<p>An External Audit is a periodic, independent examination of account books and records conducted by an external and qualified accountant (BUSINESSSDICITONARY n.y.; CIMA n.y.).</p> <p>In order to have an independent auditor, it is important to appoint him or her neutrally, merit-based, independently from the view of the management or other interested parties and not according to favours, bribes, family relations, or friendship (INSTITUTE OF CHARTERED ACCOUNTANTS 2003, p. 2; UNITED NATIONS 2009, p. 17 NDUNG’U WAINAINA 2012).</p>
Purpose	<p>The objective of an External Audit is to determine whether the accounting records of a SME are accurate, complete, and free of material misstatements, fraud, or error, whether they are prepared in accordance with the provisions of generally accepted accounting principles, and whether the statements fairly present the organisation's financial position, as well as the results of its financial operations (BUSINESS DICTIONARY n.y.). A requirement for an External Audit is to ensure that the auditor is independent and unbiased. Honest audits increase trust, can augment the attractiveness for funding by donors, and reduce the risk for filing inappropriate tax returns that could lead to hefty penalties (INSTITUTE OF CHARTERED ACCOUNTANTS 2003, p. 2; UNITED NATIONS 2009, p. 17; YEN AND SHIONG 2008).</p>
Link to integrity	<p>Based on sampling, an External Audit is not designed to provide absolute assurance to detect errors or – worse – fraud, especially when the auditor is improperly recruited. However, these independent (financial) checks are an established tool to uncover and prevent irregularities such as fraud, corruption or nepotism and to add a further level of assurance that money is spent as intended (DFID 2013, p. 2; KENYA REVENUE AUTHORITY 2006, p. 6; DOIG AND RILEY 1998, p. 46).</p>
Examples/How to	<p>The External Audit of the financial statement can only be undertaken by a recognised auditing firm. Usually, it is a part of the service of the chosen auditing firm to inform the SME on how the financial statement has to be produced before it can be audited.</p> <p>Needless to say, an audit stands and falls with the independence and reputation of the auditor, who thus has to be chosen carefully. In order to make an impartial appointment, the auditor should be recruited based on the fulfilment of clearly defined and documented requirements and on experience in the field of auditing in the respective sector (INSTITUTE OF CHARTERED ACCOUNTANTS 2003; WAPP, p. 2).</p>



	Moreover, it is vital that the external audits are accompanied by consistent and effective penalties in order to ensure the compliance with regulations and quality standards (GOGO KWS in N.A. n.y, p. 7).
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • BUSINESS DICTIONARY. n.y. External Audit. http://www.businessdictionary.com/definition/external-audit.html (Accessed on 16.4.2013). • CIMA. n.y. Guidelines on the contribution external audit experience may make towards a successful application for membership of CIMA. • DFID. 2013. DFID's Anti-Corruption Strategy for Kenya. • DOIG AND RILEY. 1998. Corruption and Anti-Corruption Strategies. Issues and case studies from developing countries. • KENYA REVENUE AUTHORITY. 2006. Anti-fraud and corruption policy. • KENYA WATER INSTITUTE 2012. Enhancing Water Integrity in the provision of Quality Water and Sanitation services in Kenya. • N.A. n.y. Corruption and good governance in the Water Sector. • WASREB. 2009. Corporate Governance Guidelines for the Water Services Sector. • WASREB. 2010. Service Provision Agreement • LARCKER AND TAYAN. 2011. Financial reporting and external audit. • MANGO. 2012. Financial Management Essentials. • NATIONAL COUNCIL FOR LAW REPORTING. 2012. The public finance management act 2012. • YEN CP, SHIONG LT. 2008. Does an external audit add value? http://www.asiaone.com/Business/SME%2BCentral/Dollars%2B%2526%2BSense/Story/A1Story20081112-100164.html (Accessed on 28.3.2013) • VITEZ, O., n.y.. What are the Benefits of an External Audit? http://smallbusiness.chron.com/benefits-external-audit-4068.html (Accessed on 17.12.2013) • NDUNG'U WAINAINA. 2012. NPSC should conduct recruitment process with Impartiality and Integrity. http://ke.kcsis.org/npsc-should-conduct-recruitment-process-with-impartiality-and-integrity/ (Accessed on 28.3.2013) • UNITED NATIONS. 2009. Audit Manual. • INSTITUTE OF CHARTERED ACCOUNTANTS. 2003. Reviewing auditor independence. Guidance for audit committees. • WAPP. 2013. Recruitment of the external auditor of the west African Power Pool (WAPP). • WASREB. 2009. Corporate Governance Guidelines for the Water Services Sector. • NEW ZEALAND WATER AND WASTE ASSOCIATION. n.y. External Audit Independence Policy. • WHO. 2011. Appointment of the External Auditor.

28. Financial Planning

Description / Definition	<p>Financial Planning is one element of Financial Management. It is the task of determining how a business will afford to achieve its strategic goals and objectives. Usually, a company creates a Financial Plan immediately after the vision and objectives have been set. The Financial Plan describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved</p> <p>(http://en.wikipedia.org/wiki/Financial_planning_%28business%29, Accessed: 06.02.2014).</p>
Purpose	<p>The purpose of the financial plan is to allow you to take your business goals and assumptions and express them in figures. The resulting numbers will allow you to determine a concrete amount for the required financing.</p> <p>The main goal of financial planning is to illustrate how the financial situation will develop if all objectives are achieved as planned. Furthermore, it is an important business management tool for every company. It constitutes an essential source of information for the management, investors and other people involved.</p> <p>In addition, it might have an influence on your credit relationship, as well as on the credit rating. Use the following table for short-term and long-term financial planning.</p>
Link to integrity	<p>A company with sound Financial Planning is less likely to find itself in liquidity crises where vulnerability to illicit behaviour is increased (e.g. bribing in exchange for contracts; accepting credits from dubious sources, etc.).</p>
Examples/How to	<p>Elements of short-term planning are:</p> <ul style="list-style-type: none"> • Liquidity planning: the goal of liquidity planning is to be solvent at all times and to evaluate short-term financial requirements. <p>Elements of long-term planning are:</p> <ul style="list-style-type: none"> • Balance sheet forecast are used to assess the current and future financial situation. • Forecast of income statement to identify future earnings prospects. • Key financial figures are used to calculate the various key financial figures and is supported by your income statement and balance sheet forecast. • Cash flow statement forecast serves the purpose of monitoring capital expenditure and financing movements, development of future «free cash flow», determination of long-term financial requirements. • Capital expenditure planning includes necessary capital expenditure, time schedule, and necessary financing requirements • Budget controls help to determine whether the budgeted figures have been achieved <p>(http://www.startups.ch/en/preparation/selbstaendigkeit/die-finanzplanung/, Accessed: 06.02.2014)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<p>Business Financial Plan Basics:</p> <ul style="list-style-type: none"> • http://smallbusiness.chron.com/business-financial-plan-basics-495.html (Accessed: 06.02.2014) <p>Basic elements of financial planning with downloadable worksheets:</p>

	<ul style="list-style-type: none"> • http://www.balancetrack.org/FinancialPlanning/index.html (Accessed: 06.02.2014) <p>E-learning material, further literature and tools for financial management of SME can be found here:</p> <ul style="list-style-type: none"> • http://www.smetoolkit.org/smetoolkit/en/category/918/Financial-Management-Reporting (Accessed: 23.01.2014) <p>Other relevant information:</p> <ul style="list-style-type: none"> • SME CORPORATION MALAYSIA. 2011. Financial Guide for SMEs. http://www.smecorp.gov.my/vn2/sites/default/files/Financial%20ENG.pdf (Accessed: 23.01.2014) • N.A. n.y. Financial Management of Small and Medium Enterprises. • KORAH. 2009. Good Financial Management for SMEs. http://www.korahandkorah.com/articles.html (Accessed: 23.01.2014)
--	---

29. Financial Review Checklist

Description / Definition	Even for the smallest business, periodic financial reviews need to be done regularly. A Financial Review Checklists describes which points should be taken into consideration when doing the company's financial review.
Purpose	Financial Review Checklists make sure that all important points are considered in the SME's financial review and that no important aspects are forgotten.
Link to integrity	Financial Reviews help to detect irregularities in the company's budget, which could indicate integrity deficiencies.
Examples/How to	<p>A financial review should cover the following aspects:</p> <ul style="list-style-type: none"> • Cash Flow Cash flow is truly the lifeblood of a business. It's what pays the bills and keeps the doors open. Whether you're a fledgling startup or a seasoned operation, think about: <ul style="list-style-type: none"> ○ Timing of payables and receivables. Scrutinize when cash is received and dispersed. Do you find that you're periodically short on cash and need to dip into reserves? You may be able to better time inflows so they cover expected costs, or to negotiate payment terms that give you more flexibility. ○ Major expenditures. How will they be funded? While some strategic outlays such as a new facility may call for debt financing, others can often be paid for from cash flow if you plan ahead. For instance, when you buy a new piece of machinery, set up a capital fund to pay for a replacement down the road. And since the cost of capital equipment can be deducted over its useful life, your actual expense won't hit your bottom line all at once. ○ Lines of credit. Sometimes unanticipated major expenses just happen. A critical piece of equipment suddenly dies, or a one-time opportunity offers itself that requires substantial outlays. That's why it's wise to establish a line of credit well in advance, so you'll be prepared when the unexpected occurs. • Balance Sheet A critical part of any financial review should be an assessment of your business's net worth — its assets and liabilities and how leveraged and liquid it is. While the makeup and structure of balance sheets varies widely depending upon what business you're in, there are several general points you'll want to cover. <ul style="list-style-type: none"> ○ Leverage. How indebted is your business? Look at the ratio of debt to equity and see how it compares with your peers. Higher-growth businesses will generally warrant greater leverage, but too much means higher risk if sales sour.



	<ul style="list-style-type: none"> ○ Liquidity. Next to cash flow, short-term assets are a critical resource for meeting a business's liquidity needs. If you cannot collect on a major invoice, will you be able to cash in some assets without taking a hit? Calculate your current ratio of short-term assets to short-term liabilities to see how well your business can meet its short-term liabilities. ○ Inventory. What's the "right" inventory level? This will depend upon the nature of your business and anticipated sales. Consider setting a target inventory and adjusting it as needed, keeping in mind that too much means tying up capital that could be used more productively elsewhere, while too little means potential delays in production or delivery. Also keep in mind that the amount of time it takes to move your inventory can indicate whether business conditions are improving or slowing down. • Expenses Cost control is integral to running any business. It means identifying when and where costs are getting out of hand, while not scrimping on the areas that warrant the expense. <ul style="list-style-type: none"> ○ Trends. When scrutinizing costs, look for cost trends. Compare with last year, not just last month. Do any variations stand out? You should see increases in areas you have targeted for growth, but not across the board. If you find otherwise, it may be time to cut back. ○ Procedures. As you examine cost trends, think about the procedures you have in place to control costs. Who approves what, and is it working? Consider processes that might better control expenses on an ongoing basis. ○ Taxes. While many small businesses do not worry about taxes until tax time, periodic financial reviews are the ideal time to identify potential tax savings. Ask your accountant or tax advisor how you could potentially lower your tax bill with different methods of booking revenues or expenses permitted by the IRS, or by taking advantage of qualifying tax credits. • Sales Even if sales are booming, there may be ways to boost them further by scrutinizing where the sales are coming from — what products and clients are generating them — and identifying which sales practices are working and which are not. <ul style="list-style-type: none"> ○ Revenue sources. Which products sell best? Who are your best customers? Identifying the specific revenue generators of your business is half the battle in growing it. Look for recent trends and shifts in composition. It may be time to shift your emphasis to better-selling products or to focus on a different client profile. ○ Cost of sales. How much is it costing you to sell your product or services? Expenses such as sales commissions and travel expenses are usually controllable and can be managed. If your gross margin — defined as net sales (gross sales less sales costs) divided by gross sales — is slipping, you may want to revisit sales incentives or selling costs. ○ Pricing. How do your prices stack up with your competitors'? What profit margin do they generate? You may need to raise your prices or cut costs if your profits are static or declining. <p>(https://online.citibank.com/US/JRS/pands/detail.do?ID=CitiBizArticleFinancialReviewChecklist, Accessed: 17.12.2013)</p>
Complex/simple	Complex
Legal framework/ Potential implementation	



partners	
References and Further readings	<ul style="list-style-type: none"> • https://online.citibank.com/US/JRS/pands/detail.do?ID=CitiBizArticleFinancialReviewChecklist, Accessed: 17.12.2013 • http://www.cybf.ca/cybf_resources/struggling-with-the-financials/conducting-financial-reviews/, Accessed: 17.12.2013

30. Integrity Training

Description / Definition	By providing a conceptual background, an overview of available instruments and tools as well as examples of good practice, Integrity Training aims to build the capacities, knowledge, and skills on integrity, accountability and anti-corruption necessary to initiate positive change (UNDP et al 2011, p. 8). Training should not only be provided to SME staff and management, also external stakeholders (clients, partners, sub-contractors, etc.) should be sensitised. The aim of sensitisation is to familiarise the partners with the SME's values, norms and integrity systems, and thus to foster fairness, honesty, and mutual trust between the SME and other stakeholders (LITZINGER 2012, p. 2).
Purpose	Integrity Trainings can help shape negative attitudes towards corruption and ethically questionable practices and can promote commitment to integrity among SME staff and management. They also aim to raise awareness - not only on responsibilities, but also on the financial benefits of integrity. Representatives from different divisions can also help disseminate good practice through their own teams and by involving staff in the review process and reporting procedures. (US Securities and Exchange Commission 2005, p. 2; OECD 2011, p. 4; Ritter 2011, p. 50; SiHver 2011, p. 50-65; UNIDO & UNODC 2012, p. 64).
Link to integrity	Integrity Trainings are an essential guide in the identification of corruption opportunities and in sealing loopholes. Furthermore, they can help change the culture, attitudes and behaviour within SME that favour unethical behaviour. Staff involvement in awareness raising will help people understand the importance of the challenge of overcoming corrupt practices. Training in integrity provides managers and staff members with the necessary background, skills and knowledge necessary to promote and ensure integrity within the SME. The sensitisation of external stakeholders further helps to create an enabling business environment (INTERNATIONAL GOVERNANCE INSTITUTE 2007, p.6; UNIDO & UNODC 2012, p. 64).
Examples/How to	<p>1. Identification of training needs</p> <p>Before starting the trainings, the training needs of key stakeholders need to be analysed according to targets and tasks set in the Integrity Management Implementation Plan.</p> <p>Depending on the knowledge and experience of the stakeholders as well as on the targets and tasks set in the IM Implementation Plan, an Integrity Training in the water sector could provide knowledge and capacities in the fields of water governance, corruption in the water sector, corruption risks, anti-corruption laws, institutions and instruments, transparency, and access to information and accountability.</p> <p>2. Identification of trainer</p> <p>Depending on the training needs, the Change Agent and Team might need the support of an external trainer to realise the trainings. Qualified trainers could be found at (UNIDO & UNODC 2012, p. 64-65):</p>

- National anti-corruption bodies, agencies or bureaux: such institutions are created by the Government to eradicate corruption in a country. Most of them have programmes in place for the private sector and provide training to companies. The services they offer are relatively cheap or even free of charge. They are also excellent sources of information on national laws and regulations and can explain how best to react when faced with public officials' demands for bribes. In Zambia, this could be:
 - Anti-Corruption Commission (<http://www.acc.gov.zm/>, Accessed : 24.01.2014)
- Business associations or chambers of commerce: such institutions usually provide different types of training services for member firms and some may include corruption-related issues in their training portfolio. In Zambia, this could be:
 - Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) (<http://www.teveta.org.zm/>, Accessed: 24.01.2014)
 - Chamber of Small and Medium Business Associations (ZCSMBA) (<http://www.zcsmba.org/>, Accessed: 24.01.2014)
 - Construction Sector Transparency Initiative (CoST) (<http://www.ncc.org.zm/important-information/cost-zambia/>, Accessed: 22.01.2014)
- International organizations and NGOs, such as United Nations Global Compact local networks, Transparency International national chapters and the International Business Leaders Forum: such organizations can provide a regular forum for business leaders and senior executives to exchange best practice on improving corporate governance and reducing corruption. They may also organize meetings and round tables, collate practical tools in local languages and set up collective action projects and programmes for young leaders. In Zambia, this could be:
 - Transparency International Zambia (www.tizambia.org.zm, Accessed: 24.01.2014)

3. Training of relevant persons (internal / external):

Once the training needs and the person responsible for the trainings have been identified, key stakeholders (including staff, management and external stakeholders) are provided with tools needed to pursue the integrity change process.

The following methods could be used for internal trainings (UNDP et al 2011):

- plenary brainstorming,
- group work,
- presentation of examples and case studies,
- role-play,

- panel discussions or
- testing of tools like the corruption risk assessment tool.

In order to increase the motivation of SME employees to get involved in the integrity change process, IM trainings should be combined with personal development targets.

External stakeholders can be sensitised through:

- Informational letters
- Seminars
- Awareness training
- Workshops
- Information upon contract signature

(LITZINGER 2012, p. 2; INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION 2013; GIABA 2012)

4. Recognition

Don't forget to recognize stakeholders for their contribution to the change process.

SMEs may face resource constraints in developing the content and distribution channels for their communication and training activities. SMEs may consider a variety of options to ease such burdens:

- Participate in supply chain trainings: SMEs that are part of a supply chain of a larger company may request to participate in trainings or to receive communications. Attention should be paid to ensure that the training content suits the requirements of the SMEs anti-corruption programme.
- Use communication and training material that is available free-of-charge.
- Apply a train-the-trainer approach: A small number of employees can attend an external anti-corruption training, and then convey the information to other internal colleagues.
- Establish interest groups: SMEs can jointly combine their efforts for trainings through collaboration with a local chamber of commerce or trade union. SME could also form small groups to share their knowledge and receive training and then to pass on their expertise to other SME.

(UNODC 2013, p. 72)

Free online trainings and materials are available at:

- www.business-anti-corruption.com/media/61763/fileadmin-user_upload-word-Integrity_System_Training_Procedure.doc (Training Procedure)
- <http://www.business-anti-corruption.com/tools/training/>
- <http://zamcom.smetoolkit.org/zambia/en/content/en/54664/SME-Integrity-Tool>
- <http://thefightagainstcorruption.org/certificate/>



	<ul style="list-style-type: none"> • http://www.doingbusinesswithoutbribery.com/ • http://toolkit2.artmedianet.com/index.html (Anti-Corruption Resource Kit) • www.sswm.info (for project and business management in the water and sanitation sector)
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INTERNATIONAL GOVERNANCE INSTITUTE. 2007. Public Service Integrity Training Program. • OECD. 2011. Introduction. Proceedings of the Expert Seminar Anti-Corruption Policy and Integrity Training held in Vilnius, Lithuania, 23-25.3.20.11 • Ritter S. 2011. Ensuring integrity in public administration and training managers about their responsibility. The Austrian approach. • SIHver A. 2011. How to develop ethical competence in public service through integrity training and guidelines. • UNDP/WGF/SIWI, WIN, Cap-Net, WaterNet. 2011. Training Manual on Water Integrity. • US Securities and Exchange Commission. 2005. Field Officers Integrity Program. Evaluation Report 395. Washington DC: US Securities and Exchange Commission. • UNIDO & UNODC 2012. Corruption Prevention to Foster Small and Medium-Sized Enterprise Development Vol. II. • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide. • GIABA. 2012. Praia hosts sensitization seminar for francophone and lusophone journalists in ECOWAS. • INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION. 2013. Summary of Report of the inauguration of the anti-corruption and transparency unit (ACTU) and Gender sensitization workshop for cross river basin development authority, 4-5th October 2012. http://icpc.gov.ng/icpc-inaugurates-sensitizes-actu-of-cross-river-basin-development-authority-read-full-report/ (Accessed on 28.3.2013). • OXFORD DICTIONARIES. n.y. Sensitize. http://oxforddictionaries.com/definition/english/sensitize (Accessed on 19.4.2013) • SSWM Toolbox: Training-of-Trainers (http://www.sswm.info/content/training-trainers-0, Accessed: 06.02.2014) • DYAR A. N.Y. How to Improve Workplace Culture. http://www.ehow.com/how_6512546_improve-workplace-culture.html#ixzz2OegvWOW6 (Accessed on 26.3.2013). • JOSTLE 2012 9 Simple Ideas for Employee Engagement. http://www.jostle.me/blog/9-simple-ideas-for-employee-engagement/ (Accessed on 25.04.2013). • MCGABE C. 2010. How to Create a Positive Work Culture in an Organisation. http://retainhr.blogspot.ch/2010/05/how-to-create-positive-work-culture-in.html (Accessed on 26.3.2013). • MANAGEMENT STUDY GUIDE. n.y. Work Culture - Meaning, Importance

	<p>and Characteristics of a Healthy Culture. http://www.managementstudyguide.com/work-culture.htm (Accessed on 26.3.2013).</p> <ul style="list-style-type: none"> • PHEGAN B. 2003. A Good Company Culture Defined. Company Culture. Introduction. leadership and motivation training. http://www.companyculture.com/basics/good.htm (Accessed on 26.3.2013). • ROLTGEN W. 2010. Creating a positive work culture to motivate staff. http://suite101.com/article/creating-a-positive-work-culture-to-motivate-staff-a247683 (Accessed on 26.3.2013) • SHAH P. n.y. How To Improve Work Culture? http://www.citehr.com/187657-how-improve-work-culture-team-building.html#ixzz2OegGtAbD (Accessed on 26.3.2013). • MINISTRY OF MANPOWER. 2010. Energising Work Culture. • MOWBRAY. 2009. A Positive Work Culture – essential for wellbeing and performance at work.
--	--

31. Interest Groups and Networks

Description / Definition	<p>SME can join to combine their efforts by forming Interest Groups. Interest Groups can be organised rather loosely, such as networks (see below), or they can be formally organised, such as Joint Ventures or Consortia (see instrument 35). Generally, a business network is a strictly or loosely defined structure of cooperating entities linked by so-called network relationships. The system of relationships is often decentralised and largely informal (compared to “Joint Ventures and Consortia”, instrument 35). Network relationships may be established and maintained with different groups of entities (such as customers, suppliers, influential entities and competitors), and at the local level, the national level or broader – at the international level encompassing foreign entities. One example for a network in order to foster positive competition and best practices in IM is the establishment of a Club of Excellence in IM by key stakeholders. (http://www.europeanfinancialreview.com/?p=6537, Accessed: 27.01.2014)</p>
Purpose	<p>Due to increasing competitive pressures and dynamic changes occurring within their business environments, companies may not benefit to a satisfying degree and achieve their goals if they limit their strategies only to internal development. For this reason, it is important to move away from treating relationships with other business entities solely in terms of competition where, as in most competitions, there is a winner and a loser. Close cooperation, network relationships and business networks can bring equally beneficial or perhaps even better results, leading to market success, growth and improved competitiveness. (http://www.europeanfinancialreview.com/?p=6537, Accessed: 27.01.2014)</p> <p>Interest groups can also serve the purpose of sharing knowledge, experience and information or to receive training.</p>
Link to integrity	<p>Business networks can lead to a better position in the market, a higher market share and more power to influence other stakeholders. If the network consists of businesses with high integrity values, this can help to promote integrity among other stakeholders in the sector and strengthens the position of businesses, which respect integrity values.</p> <p>Other forms of interest groups can lead to exchange of information and experiences on integrity-related issues, so that the SME can profit from experiences and knowledge available in other companies.</p>

Examples/How to	<p>Benefits from building interest groups:</p> <ul style="list-style-type: none"> • new business opportunities, opportunities for growth, • cost reduction, • access to resources and capabilities, including knowledge, • increasing the innovativeness of the company and its products, • reducing operational risk, • increasing bargaining power against other entities, • the benefits of specialisation, • economies of scale and increased market range (at the local and international level). <p>(http://www.europeanfinancialreview.com/?p=6537, Accessed: 27.01.2014)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • UNIDO. 2001. Development of Clusters and Networks of SMEs. http://www.unido.org/fileadmin/user_media/Services/PSD/Clusters_and_Networks/SMEbrochure_UNIDO.pdf (Accessed: 27.01.2014) • RATAJCZAK-MROZEK. 2013. Business Networks and Cooperation within the Supply Chain as a Determinant of Growth and Competitiveness. http://www.europeanfinancialreview.com/?p=6537 (Accessed: 27.01.2014)

32. Internal Auditing

Description / Definition	An Internal Auditing is defined as an independent and objective examination, monitoring and analysis of activities related to a company's operations (including its business structure, employee behaviour, or information systems) (NATIONAL COUNCIL FOR LAW REPORTING 2012, p. 32; INVESTOPEDIA n.y.).
Purpose	In an Internal Audit, the adequacy of SME systems or procedures is reviewed, and it is made sure that they are implemented appropriately (MANGO 2012, p. 101). By bringing a systematic and disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes, Internal Auditing aims to add value, improve operations and accomplish set objectives (NATIONAL COUNCIL FOR LAW REPORTING 2012, p. 32).
Link to integrity	Internal Audits increase the SME's credibility and are a crucial instrument to demonstrate transparency and accountability (MANGO 2012, p. 101). Being based on sampling, an audit is not designed to provide absolute assurance to detect errors or worse, fraud. However, these independent (financial) checks are an established preventive tool against fraud in organisations. They also play a pivotal role in preventing corruption (OECD 2011, p. 9).
Examples/How to	<p>Internal auditors, though generally independent of the activities they audit, are part of the organization they audit.</p> <p>Corrective action, perhaps by changing a procedure or training a staff member, can be implemented by the management based on internal audit reports (MANGO 2012).</p> <p>"A typical internal audit assignment involves the following steps:</p> <ol style="list-style-type: none"> a) Establish and communicate the scope and objectives for the audit to



	<p>appropriate management.</p> <ol style="list-style-type: none"> b) Develop an understanding of the business area under review. This includes objectives, measurements, and key transaction types. This involves review of documents and interviews. Flowcharts and narratives may be created if necessary. c) Describe the key risks facing the business activities within the scope of the audit. d) Identify management practices in the five components of control used to ensure each key risk is properly controlled and monitored. Internal Audit Checklist can be a helpful tool to identify common risks and desired controls in the specific process or industry being audited. e) Develop and execute a risk-based sampling and testing approach to determine whether the most important management controls are operating as intended. f) Report issues and challenges identified and negotiate action plans with management to address the problems. g) Follow-up on reported findings at appropriate intervals. Internal audit departments maintain a follow-up database for this purpose.” <p>(WIKIPEDIA, http://en.wikipedia.org/wiki/Internal_audit#Internal_Audit_Execution, Accessed: 18.12.2013)</p> <p>The internal control environment may require a review if the violation was detected by sources other than the established internal financial and operational controls. Violations may indicate that existing internal controls should be more frequent, more in-depth, or designed differently. They may also indicate that existing controls are inefficient and need to be replaced with a set of new controls (UNODC 2013, p. 90).</p> <p>A set of audit checklists for different kind of audits can be found here: http://www.internalauditexpert.in/checklist/process (Accessed: 18.12.2013)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • INVESTOPEDIA. n.y. Internal Audit. http://www.investopedia.com/terms/i/internalaudit.asp (Accessed on 26.4.2013). • INTERNAL AUDIT EXPERT. n.y. http://www.internalauditexpert.in/checklist/process (Accessed: 18.12.2013) • MANGO. 2012. Financial Management Essentials. • MWENDA AND GACHOCHO. 2003. Budget transparency. Kenyan perspective. • NATIONAL COUNCIL FOR LAW REPORTING. 2012. The public finance management act 2012. • OECD. 2011. Internal control and internal audit. • ACCA. 2012. Internal Audit. • UNITED NATIONS. 2009. Audit Manual. • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide. • (WIKIPEDIA,

http://en.wikipedia.org/wiki/Internal_audit#Internal_Audit_Execution,
Accessed: 18.12.2013)

33. Internal Reporting System

Description / Definition	An internal reporting system is a system that allows those with concerns and suggestions (e.g. about discrimination, harassment or corrupt practices) to file them with a trusted body that is endowed with the powers to investigate (see also OSCE 2004, p. 75). The system has to give incentives to report unethical behaviours and include a strategy to protect whistleblowers.
Purpose	Internal Reporting Systems are implemented to: <ul style="list-style-type: none"> • Contribute to the creation of a supportive environment and a culture of mutual respect, transparency and accountability. • Set integrity standards. • Help identify and address sensitive areas or processes. • Empower victims of misconduct. (ANTI-CORRUPTION RESOURCE CENTRE 2007, p. 1-2)
Link to integrity	Reports by staff members have been recognized as an important source for the detection of misconduct (UNODC 2013, p. 82). An internal reporting system that properly deals with every input is an effective tool to enhance integrity (e.g. through improved and respectful behaviour, transparency and accountability, or prevented bribes, fraud and corruption) (ANTI-CORRUPTION RESOURCE CENTRE 2007, p. 2; GIZ 2013, p. 13; GIZ WAVEplus 2013, p. 10). If such a system is absent, honest managers may be unaware of what is going on within the SME. Dishonest managers, on the other hand, are free to act, as they know that they are safe from subordinates' scrutiny (OSCE 2004, p. 75).
Examples/How to	<p>Internal Reporting System:</p> <p>In order to be effective, the internal reporting system should:</p> <ul style="list-style-type: none"> • Have a clear scope and procedure. • Be 100% confidential in order to motivate the staff to forward allegations of misconduct. • Comprise a responsible that assesses all complaints, refers the matters to authorities, reviews and conducts inquiries and formal investigations, reports to the general manager, and makes recommendations. • Include a quick response system that can deal with urgent complaints. • Be widely publicised. • Include relevant documentation of e.g. the source of the information, to whom it was reported within the company and how these individuals responded to the incident. • Give incentives to report unethical behaviour (see below). • Protect whistleblowers (the ones placing the complaints/suggestions) (see below). (OSCE 2004, p. 75; WARRINGAH COUNCIL 2004, p. 1-6; KWOK MAN-WAI 2006, p. 199; ANTI-CORRUPTION RESOURCE CENTRE 2013, p. 5; UNODC 2013, p. 90) <p>Incentives to report unethical behaviour:</p> <p>Assuming rational decision making, a person will blow the whistle when the benefits exceed the costs (RAPP 1987). Possible ways of increasing the rate of reporting unethical behaviour include:</p>

- 10% rewards for reporting theft, bribery, etc. (staff and customers).
- Non-monetary incentives that aim to increase the reputation of an employee or a citizen (e.g. employee of the month award, positive media coverage, etc.) (LEE AND FARGHER 2012, p. 5).
- Providing protection for whistleblowers (see above)
- Putting into place a system of mandatory whistleblowing by making not blowing the whistle a criminal offense (DE SCHEPPER 2009, p. 42).
- Regular compliance surveys (e.g. every 6 months), which are mandatory for all staff with questions to non-ethical behaviour such as corruption and bribery. This “compliance radar” reduces the inhibition threshold to report internal irregularities because the whistleblowers don’t feel themselves as squealers – it’s part of the normal procedure.
- Contractual agreements with employees to communicate corruption cases.
- Installation of an online tool to improve the quality and quantity of reports it receives, which enables the SME to communicate with informants anonymously. This incentive system has been implemented at the Zambian Anti-Corruption Commission and is online available on their homepage. The idea of an anonymous, web-based reporting mechanism is to address several challenges linked with high risks of reporting: it guarantees security of reporting, allows two-way communication between the informant and the SME to improve the quality of data received, and facilitates case management by allowing the SME to filter and sort information (ANTI-CORRUPTION RESOURCE CENTRE 2010).

Whistleblowers’ Protection:

Studies have revealed that the fear of retaliation, which could take the form of job loss, harassment by peers or restrictions on conditions and access in the work place, is the main reason why potential informants choose to stay silent (UNODC 2013, p. 82). Protecting whistleblowers from retaliation or reprisal is therefore an important strategy to encourage people to report illegal activities or misconduct and should be part of the Internal Reporting System (ANTI-CORRUPTION RESOURCE CENTRE 2008, p. 1). The following guiding principles for drafting whistleblowing legislations can be recommended:

- Developing a single, clear and comprehensive framework in order to be most effective
- Ensuring safety for whistleblowers and closely associated individuals
- Whistleblowers should receive professional or social recognition for having prevented harm to the organisation or society (e.g. financial rewards)
- Both internal and external reporting must be protected
- Whistleblowers protection needs to be effectively and consistently enforced

(TRANSPARENCY INTERNATIONAL 2010, p. 2-4)

An example for a Whistle Blowing Policy can be found here:

http://www.lten.org.uk/downloads/gp_toolkit/InternalPolicies.pdf

(Accessed: 23.01.2014)

Complaints on discrimination and harassment:

- Because of the variables that can arise in discrimination and harassment cases (e.g., the severity and complexity of the allegations, relative seniority of the parties, whether the allegations are admitted or denied, etc.), it is



	<p>recommended that employers offer staff both informal and formal complaint procedures (for further information see e.g. http://www.humanrights.gov.au/developing-and-implementing-internal-complaints-procedures, Accessed: 23.01.2014). Anyone who has responsibility for dealing with them will require specialist expertise and should receive appropriate training. A staff counsellor could support employees on how to best proceed if they have concerns (e.g. related to integrity, working conditions, etc.), or to help them to find adequate solutions. An example for an Internal Reporting Policy can be found here: http://www.lten.org.uk/downloads/qp_toolkit/InternalPolicies.pdf (Accessed: 23.01.2014)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ANTI-CORRUPTION RESOUCCE CENTRE. 2007. Anti-corruption complaints mechanisms. U4 Expert Answer. • ANTI-CORRUPTION RESOUCCE CENTRE. 2013. Key features of NGO accountability systems. U4 Expert Answer. • GIZ. 2013. Good Governance in the Kenyan Water Sector. • GIZ WAVEplus. 2013. Proposed Integrity Guideline Manual for the Kenyan Water Sector. • Kwok Man-wai T. 2006. Formulating an effective anti-corruption strategy. The experience of Hong Kong ICAC. • OSCE. 2004. Complaint mechanisms and the Ombudsman. • Warringah Council. 2004. Complaint Management Procedures and Implementation Guidelines. • BIOA. 2007. Guide to principles of good complaint handling. • COMMONWEALTH OMBUDSMAN. 2009. Better practice guide to complaint handling. • IRC. 2006. About corruption and transparency in the water and sanitation sector. • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide. • ANTI-CORRUPTION RESOURCE CENTRE. 2010. Reducing Risks of Reporting Corruption. Lessons from an Online Complaints System in Kenya. • DE SCHEPPER 2009 Setting the right incentives for whistleblowers. • LEE AND FARGHER 2012. Whistle-blowing to detect fraud. Incentives, opportunities and fraud characteristics. • RAPP. 1987. Beyond protection. • ANTI-CORRUPTION RESOURCE CENTRE. 2008. Making Whistleblower Protection Work. • ANTI-CORRUPTION RESOURCE CENTRE. 2009. Good practice in Whistleblowing Protection Legislation (WPL). • TRANSPARENCY INTERNATIONAL. 2010. Whistleblowing, an effective tool in the fight against corruption. • BANISAR. 2006. Whistleblowing. International standards and developments. • DE MARIA. 2005. Whistleblower Protection - Is Africa Ready? • LATIMER AND BROWN. 2008. Whistleblower law. International best practice.

	<ul style="list-style-type: none"> • WHISTLEBLOWER INFO. n.y. Whistleblower info. http://www.whistleblowingprotection.org/ (Accessed on 18.4.2013). • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide.
--	---

34. Job Descriptions

Description / Definition	Employee Job Descriptions are written statements that describe the duties, responsibilities, qualifications, and reporting relationships of a job. They are based on a job analysis, an understanding of the competencies and skills and the needs of the organization (HEATHFIELD n.y.).
Purpose	If effectively developed, employee job descriptions are communication tools that can foster the SME's success. Poorly written job descriptions, on the other hand, can lead to workplace confusion, hurt communication, and make people unsure about what is expected from them (HEATHFIELD n.y.).
Link to integrity	Clear Job Descriptions that include the responsibilities of the workers can serve as basis on which employees can be held accountable when acting outside their competences. As such, Clear Job Descriptions can help to curb corruption and other unethical behaviour, especially when they emphasize the staff's responsibility to report such behaviour (adapted from SECO n.y., p. 21).
Examples/How to	Clear Job Descriptions should include at least the following elements (HEBERT 2011, SCHLEIFER 2007): <ol style="list-style-type: none"> 1. Job title, location, department, and to whom the employee reports. 2. Key responsibilities. 3. Qualifications. 4. Terms such as work schedule, salary or pay grade, and any special benefits. 5. Special requirements, such as the ability to do heavy physical work or the need to spend a lot of time on the road. 6. Goals.
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • HEATHFIELD. 2013. Why Effective Employee Job Descriptions Make Business Sense. 5 Tips About Employee Job Descriptions. http://humanresources.about.com/od/glossary/j/jobdescriptions.htm (Accessed on 18.4.2013). • HEBERT.2011. Writing Clear Job Descriptions. http://management411.net/writing-clear-job-descriptions/ (Accessed on 18.4.2013). • SCHLEIFFER.2007. Job Descriptions: Essential Elements Explained. http://hrdailyadvisor.blr.com/archive/2007/08/22/job_descriptions_elements_sample_prewritten.aspx (Accessed on 18.4.2013). • SECO. n.y. Preventing corruption. Information for Swiss businesses operating abroad. • SHEPELL FGI. 2011. Delineating Responsibilities. Crafting a clear job description. • UNIVERSITY OF MINNESOTA. 2011. Writing a job description.

35. Joint Ventures and Consortia

Description / Definition	<p>An SME might feel that, due to limited resources, experience or skills, certain challenges are difficult to be mastered alone. In this case, the SME should consider to pool efforts with other companies. Two possibilities, which go further than loose partnerships or networking (see instrument 31), are Joint Ventures and Consortia.</p> <p>A Joint Venture is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity. In a Joint Venture (JV), each of the participants is responsible for profits, losses and costs associated with it. However, the venture is its own entity, separate and apart from the participants' other business interests. (http://www.investopedia.com/terms/j/jointventure.asp, Accessed: 23.01.2014)</p> <p>A Consortium is an association of two or more individuals, companies or organisations with the objective of participating in a common activity or pooling their resources to achieve a common goal. Within the Consortium, each participant retains separate legal status and the Consortium's control over each participant is generally limited to activities involving the joint endeavour, particularly the division of profits. A Consortium is formed by contract (BELFAST CITY COUNCIL n.y.).</p>
Purpose	<p>The purpose of engaging in a Joint Venture or Consortium is basically to pool resources, skills, experience and expertise to accomplish a common task or to achieve a common goal.</p>
Link to integrity	<p>Such a common goal could be public tendering. Tendering for public sector contracts can be difficult, particularly for SME, due to the size of contract, the range of products or services required, or the level of experience required. Forming Consortia or Joint Ventures is one way SME can increase their capacity to respond to and deliver public sector contracts. (BELFAST CITY COUNCIL n.y.) However, the common goal could also be to join forces in order to enhance integrity and to have more power and influence to counter illicit behavior when dealing with corrupt project owners, suppliers or officials.</p>
Examples/How to	<p>The following things should be considered when setting up a Joint Venture:</p> <p>The structure of the Joint Venture should set out the nature of your partnership. There are two main types of agreements: If the Joint Venture is a business in its own right, it will be an incorporated Joint Venture. A co-operative arrangement between two existing parties that keep their separate identities is called a contractual Joint Venture. The Joint Venture agreement should include:</p> <ul style="list-style-type: none"> • Objectives: keep it simple and try to have no more than five objectives. • Funding: both parties need to specify how much funding they will put into the venture, and for how long. • Assets: list any assets or employees that will be transferred throughout the duration of the joint venture. • Intellectual property: state who owns any intellectual property created during the Joint Venture and how any financial benefits will be distributed. • Roles: state who has responsibility for the processes involved during the Joint Venture. If you are setting up a new company, the composition of the Board – e.g. Chief Executive and Chief Financial Officer - should be identified and voting rights agreed. • Agreement: incorporated Joint Venture agreements may also need to include a shareholders' agreement, covering issues such as dividend policy and how the management accounts will be produced and made available.



- Third parties: any consents or approvals needed from third parties should be explained in the agreement.
- Finances: state how any profits or losses will be divided between parties. Liabilities must also be clearly listed.
- Disputes: specify a mechanism by which any disputes can be resolved, such as arbitration by an agreed third party.
- Duration: specify how long the Joint Venture would last. If it is open ended the agreement should state the period of notice that each party should give if they want to withdraw.
- Confidentiality: you may wish to consider a confidentiality or nondisclosure agreement.
- Principles: include a statement that is not, in itself, legally binding on the two parties. Instead it should be seen as a statement of principles – enabling the parties to negotiate a final, legally definitive agreement in good faith.

Points to consider when developing a **consortium** written agreement:

- Clarity: you will need to clearly define your project and give clear and concise detail on what the Consortium is being formed to do.
- Duration: the commencement dates and the duration of the Consortium must be identified so that all parties are clear regarding start and end dates.
- Outputs: what are the outputs and deliverables that the project partners intend to create and what is the intended exploitation strategy for those outputs and deliverables?
- Roles: clearly identify the lead partner and all of the roles and responsibilities of the other parties involved.
- Structure: a clear management structure must be identified to include project management structures and steering groups.
- Finance: financial management of the project should be clearly detailed and fully described for each of the Consortium members. Details should also be included in relation to the allocation of project funding and distribution of income.
- Responsibilities: obligations and responsibilities of each of the Consortium partners should be clearly identified and each member must sign up to their role within the group.
- Exit: A clear exit strategy for Consortium members should also be detailed that will enable members to see clearly how they may remove themselves, or their company, from the consortium.
- Resources: project resources that include allocation and distribution will be required including information on invoicing and claims.
- Personnel: addition and removal of parties to the Consortium should be included, giving clear direction on the process that this will take.
- Privacy: confidentiality and intellectual properties should also be described.

Furthermore, companies planning to enter into a partnership, Joint Venture or Consortium need to carefully select their partners in order to reduce risks related to corruption and bribery (see <http://www.business-anti-corruption.com/tools/due-diligence-tools/joint-venture-consortium.aspx>, Accessed: 23.01.2014).

Examples for Joint Venture agreements can be found here:

- <http://www.jurifax.com/extracts/1436Econ.pdf> (Accessed: 23.01.2014)
- <http://www.cypruslegalanswers.com/modules/modListDocuments/uploadFiles/>



	<p>miscFiles/1312980042-ENG%20Pre%20Tender%20Joint%20Venture%20Agreement.pdf (Accessed: 23.01.2014)</p> <ul style="list-style-type: none"> • https://www.rocketlawyer.com/secure/interview/new.aspx?id=1591&try=1&v=3&utm_source=1024#q1 (Accessed: 23.01.2014) <p>Examples for Consortium agreements can be found here:</p> <ul style="list-style-type: none"> • http://snowman-era.net/downloads/Example_Consortium_Agreement.pdf (Accessed: 23.01.2014) • http://www.web2rights.org.uk/navigator/content/documents/3.6_Template%20Consortium%20Agreement_1.1.doc (Accessed: 23.01.2014) <p>(For further information of pros and cons of Joint Ventures and Consortia see BELFAST CITY COUNCIL n.y.)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • BELFAST CITY COUNCIL n.y. Joint Ventures and Consortia Toolkit. • UNIDO. 2001. Development of Clusters and Networks of SMEs. http://www.unido.org/fileadmin/user_media/Services/PSD/Clusters_and_Networks/SMEbrochure_UNIDO.pdf (Accessed: 27.01.2014)

36. Leadership Training and Team Building

Description / Definition	<p>Team building refers to a wide range of activities, presented to businesses, schools, sports teams, religious or nonprofit organizations designed for improving team performance. Team building is pursued via a variety of practices, and can range from simple bonding exercises to complex simulations and multi-day team building retreats designed to develop a team (including group assessment and group-dynamic games), usually falling somewhere in between. Team building is said to have benefits of self-development, positive communication, leadership skills and the ability to work closely together as a team to solve problems. Team building can also be seen in day-to-day operations of an organization and team dynamic can be improved through successful leadership (http://en.wikipedia.org/wiki/Team_building, Accessed: 24.01.2014). Leadership can be defined as one's ability to get others to willingly follow.</p> <p>Work Culture Training is training that aims to improve work ambience determining factors such as teamwork, leadership, dialogue, respect and appreciation (MANAGEMENT STUDY GUIDE n.y.).</p>
Purpose	<p>A happy and productive team can deliver great success for a business, whilst a dysfunctional team often results in failing projects and poor company performance. The successful construction of a team is essential to avoid the common pitfalls, which can cause a team to be ineffective. (http://sme-blog.com/business-advice-2/the-four-phases-of-constructing-a-successful-team-and-how-team-building-activities-can-help, Accessed: 24.01.2014)</p> <p>Leadership skills are necessary to build and lead a successful team.</p>



<p>Link to integrity</p>	<p>Possible dysfunctions that occur in teams are (http://sme-blog.com/business-advice-2/the-four-phases-of-constructing-a-successful-team-and-how-team-building-activities-can-help, Accessed: 24.01.2014):</p> <ul style="list-style-type: none"> • The absence of trust and openness among team members • Fear of conflict • Lack of commitment to a topic or plan • Unwillingness to hold teammates accountable • Inattention to results and lack of focus on the collective actions that must be taken. <p>These dysfunctions can increase the risk of illicit behaviour to occur. A responsible, motivated and productive team is important for the success of the company and its efforts to promote integrity.</p>
<p>Examples/How to</p>	<p>Successful team leaders frequently contain six of the same leadership abilities:</p> <ul style="list-style-type: none"> • A team leader is usually goal-oriented to keep the team on track. • They must promote a safe environment where members can openly discuss issues. • A leader must build confidence amongst members by building and maintaining trust and offering the members responsibilities. • A leader should be technically competent in matters relating to team tasks and goals. • It is important for a team leader to set a manageable list of priorities for the team to keep members focused. • Finally, leaders should offer clear performance expectations by recognizing and rewarding excellent performance, and provide feedback to others. <p>Eight effective strategies a leader should employ to enhance team building:</p> <ul style="list-style-type: none"> • Establish clear and inspiring team goals • Maintain a results-oriented team structure • Assemble competent team members • Strive for unified commitment • Provide a collaborative climate • Encourage standards of excellence • Furnish external support and recognition • Apply principled leadership <p>(http://en.wikipedia.org/wiki/Team_building, Accessed: 24.01.2014)</p> <p>Work Culture Trainings: Work Culture Training is training that aims to improve work ambience determining factors such as teamwork, leadership, dialogue, respect and appreciation (MANAGEMENT STUDY GUIDE n.y). It helps to develop a positive work culture that motivates the staff to follow rules and regulations and to perform better. As the staff's performance ultimately drives the business's success, creating a positive work culture can contribute greatly to the SME's prosperity. Improved work culture can also reduce staff turnover and the related costs. (MCGABE 2010; ROLTGEN 2010) Work culture training sensitises staff members on their behaviour and work morale, and sets their actions into the bigger context for the firm and its vision and mission. Giving staff a broader picture and a training of how they are expected to conduct their work can lead to higher motivation and quality of work (adapted from JOSTLE 2012). Staff members who are satisfied with their work environment will more likely</p>



	<p>comply with the SME's rules and interests. As they strive to keep their position, they will prefer to put their personal interests behind the business's and refrain from dishonest behaviour such as fraud, embezzlement, accepting bribes, engaging in corrupt activities or theft.</p> <p>Work culture training focuses on:</p> <ul style="list-style-type: none"> • Team building • Emphasizing shared beliefs and values • Enhancing the feeling of safety, openness and trust • Improving communication, cooperation and teamwork • Emphasizing personal responsibilities • Acknowledging and appreciating hard work and initiative • Personal contact between management and employees • Encouraging ownership and participation • Considering staff suggestions (evaluation forms, suggestion boxes) • Fair and equal treatment of employees • Making sure all employees are getting fair and equal treatment • Giving employees outlets to express feelings <p>(DYAR N.Y., MCGABE 2010, PHEGAN 2003, SHAH N.Y.)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • THORMAN and MENDONCA. n.y. Team Building Toolkit. http://hrweb.berkeley.edu/files/attachments/Team-Building-Toolkit-KEYS.pdf (Accessed: 24.01.2014) • How to Build Powerful and Successful Teams. http://humanresources.about.com/od/involvementteams/a/team_one_stop.htm (Accessed: 24.01.2014) • Top 10 Leadership Qualities. http://www.hrworld.com/features/top-10-leadership-qualities-031908/ (Accessed: 24.01.2014) • THE LEADERSHIP CIRCLE. n.y. These leadership development tools cultivate a very specific type of change – the kind that evolves authentically from the inside out. http://www.theleadershipcircle.com/wp-content/uploads/2011/01/tlc-brochure-web.pdf (Accessed: 24.01.2014) • DYAR A. N.Y. How to Improve Workplace Culture. http://www.ehow.com/how_6512546_improve-workplace-culture.html#ixzz2OegvWOW6 (Accessed on 26.3.2013). • JOSTLE 2012 9 Simple Ideas for Employee Engagement. http://www.jostle.me/blog/9-simple-ideas-for-employee-engagement/ (Accessed on 25.04.2013). • MCGABE C. 2010. How to Create a Positive Work Culture in an Organisation. http://retainhr.blogspot.ch/2010/05/how-to-create-positive-work-culture-in.html (Accessed on 26.3.2013). • MANAGEMENT STUDY GUIDE. n.y. Work Culture - Meaning, Importance and Characteristics of a Healthy Culture. http://www.managementstudyguide.com/work-culture.htm (Accessed on 26.3.2013). • PHEGAN B. 2003. A Good Company Culture Defined. Company Culture. Introduction. leadership and motivation training. http://www.companyculture.com/basics/good.htm (Accessed on 26.3.2013).

	<ul style="list-style-type: none"> • ROLTGEN W. 2010. Creating a positive work culture to motivate staff. http://suite101.com/article/creating-a-positive-work-culture-to-motivate-staff-a247683 (Accessed on 26.3.2013) • SHAH P. n.y. How To Improve Work Culture? http://www.citehr.com/187657-how-improve-work-culture-team-building.html#ixzz2OegGtAbD (Accessed on 26.3.2013). • MINISTRY OF MANPOWER. 2010. Energising Work Culture. • MOWBRAY. 2009. A Positive Work Culture – essential for wellbeing and performance at work.
--	---

37. Lobbying

Description / Definition	Lobbying is the act of attempting to influence decisions made by officials in the government, most often legislators or members of regulatory agencies. Lobbying is done by many different types of people and organized groups, including individuals in the private sector, corporations, fellow legislators or government officials, or advocacy groups (interest groups). (http://en.wikipedia.org/wiki/Lobbying , Accessed: 24.01.2014) SME of the Zambian water sector could e.g. lobby for integrity in public procurement.
Purpose	Lobbying can be misused by people, organisations or institutions with high socioeconomic power to corrupt the law (twisting it away from fairness). But lobbying can also have another purpose: the positive side of lobbying is making sure that others' interests are duly defended against others' corruption, or even simply making sure that minority interests are fairly defended (adapted from http://en.wikipedia.org/wiki/Lobbying , Accessed: 24.01.2014). Fair and transparent lobbying provides a forum for the resolution of conflicts among often diverse and competing points of view; provides information, analysis, and opinion to legislators and government leaders to allow for informed and balanced decision making; and creates a system of checks and balances that allows for competition among interest groups, keeping any one group from attaining a permanent position of power. Lobbyists can help the legislative process work more effectively by providing lawmakers with reliable data and accurate assessments of a law's effect (adapted from http://legal-dictionary.thefreedictionary.com/Lobbying , Accessed: 24.01.2014).
Link to integrity	The ethics and morality of lobbying are dual-edged. Lobbying is often spoken of with contempt, when the implication is that people with inordinate socioeconomic power are corrupting the law (twisting it away from fairness) in order to serve their own conflict of interest. But another side of lobbying is to use it to defend minorities' interests or to defend legitimate interests against other's corruption and to promote integrity and transparency in public processes. If adequately regulated, lobbying can also represent a legitimate alternative to corruption in developing countries. (CAMPOS 2009)
Examples/How to	Elements of successful lobbying are (http://www.hillwatch.com/Publications/Bulletins/Successful_Lobbying.aspx , Accessed: 24.01.2014): <ul style="list-style-type: none"> • Anticipation and Early Warning: These provide the necessary lead-time to put strategies into effect. If your organization is always surprised by government decisions, it is already behind the eight ball. Interested and effective organizations continuously monitor government. Since much public information is now online, this task is easier. But, technology cannot substitute for personal contact – most effective organizations have someone who, on an ongoing basis, calls government officials and asks, "What's New? Fortunately, governments move slowly. This makes it possible for you to inform yourselves on intended policies and predict



their eventual direction.

- **Good Position:** The value of a company should never be underestimated. The company's position has to reflect organizational interests and accents should be set on the public interest of the debate. Sometimes organizations cannot reach effective positions. Internal processes are too slow or lack of consensus may exist. This undermines the effectiveness of the undertaking. Positions must move beyond 'motherhood' statement to have an impact. They need an edge and point of view to move public debate.
- **Concentrated Intelligence:** Despite its large reservoir of bright, highly educated employees, government's internal fetters hinder it from mobilizing its intellectual capital in consistent, deliberate, and imaginative ways. Additionally, government tend to create buffers between itself and the 'real world'. This creates opportunities for private organizations to bring in real world evidence, marshal facts, develop argumentation, define issues and shape public debate.
- **Problem/Solution:** Any problem presented to government must be accompanied by a workable solution. Success depends on government becoming convinced a solution is less risky than ignoring the problem.
- **Grass Root Mobilization:** There are a number of factors that distinguish organizations with highly effective lobbying programs, but the most critical is an engaged and active membership that periodically, and at critical times, makes its presence felt directly on decision-makers.
Grassroot and Grasstop lobbying work on the fundamental premise that public policy is made by those who bother to show up.
Increasingly, the internet is the organizational medium of choice for organizing and managing effective grassroot campaigns. Many organizations lag some of the leading issue NGOs in effectively adapting to this new medium and they need to move up the learning curve.
- **Working the Process:** Government is nothing if not process-ridden. These processes can work both for and against your interests by deflecting, defusing and delaying decisions. Since you never totally escape these processes, you learn to use them to achieve your objectives.
- **Coalitions:** There is strength in numbers and the more organizations rally behind an issue, the stronger the overall posture with government.
Coalitions also have a downside. Developing commons positions is a protracted process and you may find your issues submerged.
- **Advocacy/Personal Contact:** You reduce the size and impersonality of government by identifying that small group of appointed and elected officials whose views are decisive on any given issue. The number of individuals with impact on a given decision can be as low as 10 and as high as several hundred. The usual range is in the order of 30 to 40 people. Of that groups maybe 10 top 15 individuals are key and the rest follow their lead.
- **Attention to Detail:** The Devil is in the details. Tactical adjustments and refinements minimize friction in dealings with government. Opportunities are often buried in the details.
- **Consistent Pressure:** One of the singular achievements of government is that it is perfectly designed to defuse and dissipate momentum behind worthy proposals. To counter the natural inertia of government machinery, it is necessary to focus and continuously refocus decision-makers attention on a proposal in order to propel it through the machinery.
- **Judgment:** Finally, this is the elusive quality that allows lobbyists to mould most, or all of these elements into a successful strategy. Good lobbying judgment is a function of aptitude, creative problem-solving, strong communications skills, and



	concrete experience gained over multiple lobbying campaigns.
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • CAMPOS. 2009. In pursuit of policy influence: Can lobbying be a legitimate alternative to corruption in developing countries? - See more at: http://www.u4.no/publications/in-pursuit-of-policy-influence-can-lobbying-be-a-legitimate-alternative-to-corruption-in-developing-countries/ (Accessed: 24.01.2014) • OECD. 2009. Lobbyists, Governments and Public Trust. Increasing Transparency through Legislation. Volume 1. http://www.keepeek.com/Digital-Asset-Management/oecd/governance/lobbyists-governments-and-public-trust-volume-1_9789264073371-en#page1 (Accessed: 24.01.2014) • OECD. 2012. Lobbyists, Governments and Public Trust. Promoting Integrity through Self-Regulation. Volume 2. http://www.keepeek.com/Digital-Asset-Management/oecd/governance/lobbyists-governments-and-public-trust-volume-2_9789264084940-en#page1 (Accessed: 24.01.2014)

38. Merit-Based Appointments, Promotions & Job Security

Description / Definition	<p>Appointments and promotions should be determined solely on the basis of relative ability, knowledge and skills after fair and open competition that assures that all receive equal opportunity.</p> <p>Employees with personnel authority shall not grant any preference or advantage not authorized by law, rule or regulation to any employee or applicant for employment (including defining the scope or manner of competition or the requirements for any position) for the purpose of improving or injuring the prospects of any particular person for employment (NHPA n.y., p.1+26).</p> <p>Job Security is the assurance that an employee has the continuity of gainful employment for his or her work life (BUSINESSDICTIONARY n.y.).</p>
Purpose	<p>Promoting and appointing the best performing/qualified employees can enhance the company's overall performance. It further enhances staff motivation as the prospect of a higher job is linked directly to their performance. Job security linked to the employees' performance increases the loyalty and quality of work delivered by them.</p>
Link to integrity	<p>Performance and integrity are linked. If an employee engages in corrupt practices, the quality of their work is directly affected. Setting the priority on merit and staff performance as the basis for promotions and appointments of jobs and tasks will implicitly incentivise ethical behaviour.</p> <p>Appointments and promotions according to favours, bribes and/or ethnic considerations lead to inefficient work (not the best are selected), non-committed staff (as the promotions are not transparent) and a higher risk of company prosecution due to non-ethical staff in the middle management. Improper recruitment can also result in situations where a SME is legally bound to poorly</p>



	performing staff in the long run. A SME may not be in the position anymore to easily cancel their contract or can face lawsuits from dismissed staff.
Examples/How to	<p>Clear promotion policies and predictable salary increments based purely on merit state specific targets to be met and the maximum period within which staff serves at a given grade before being considered for the next grade. This strategy makes the staff buy time to wait for promotion (ASSOCIATION OF PROFESSIONAL SOCIETIES IN EAST AFRICA N.Y.).</p> <p>To base appointments and promotions according to merit:</p> <ul style="list-style-type: none"> • In the job application or promotion, certain requirements can be listed. These requirements can be checked by the Human Resources Department. Only approved candidates can be selected. • Recruitment should happen according to clear selection criteria, and the process should be properly documented. • Each decision should be made by two people (four eyes principle). Private interviews negate the whole system of transparency and accountability. (INTERNATIONAL CENTER FOR POLICY AND CONFLICT N.Y., 12). • Evaluation of quality of work can be performed by a performance checklist and/or by interviewing the direct superior as well as other staff. • Formulate a written report on why someone was chosen and the others not (e.g. advantages & disadvantages of the different candidates). • Link the HR department's objectives with the overall performance of the SME. <p>To enhance transparency, processes and criteria for appointments and promotions should be documented and shared in a guideline or policy document.</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ANTI-CORRUPTION RESOURCE CENTRE 2009b • KENYA LAW REPORTS 2011 Judges Colloquium 2011- Opening Speech. URL: http://www.kenyalaw.org/klr/index.php?id=906 [Accessed: 19.04.2013] • ASSOCIATION OF PROFESSIONAL SOCIETIES IN EAST AFRICA N.Y. How to Retain Key Staff in Competitive Environment. URL: http://www.apsea.or.ke/index.php?option=com_content&view=article&id=301%3Ahow-to-retain-key-staff-in-competitive-environment&catid=29%3Aapsea-news&Itemid=16 [Accessed: 19.04.2013] • INTERNATIONAL CENTER FOR POLICY AND CONFLICT N.Y. Vetting Policy for Kenya (Draft). • NHPA n.y. Merit System Principles BUSINESS DICTIONARY n.y. Job Security. URL: http://www.businessdictionary.com/definition/job-security.html [Accessed: 24.04.2013]

39. Monitoring and Evaluation of Existing Integrity Instruments

Description / Definition	<p>Monitoring is the systematic collection and analysis of information as a project (in this case the implementation of the IM implementation plan) progresses. Monitoring enables you to determine whether the implementation of the IM change process in your business works as it was planned or to identify if things are going wrong. Evaluation is the comparison of actual impacts to planned impacts. It helps to answer whether the already implemented integrity instruments actually serve its purpose, namely preventing corruption in the company's business operations.</p> <p>(BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/show-all.aspx, Accessed: 16.12.2013)</p>
Purpose	<p>The level of Implementation of Existing Integrity Measures as well as their effectiveness should be analysed in order to see whether the efforts to promote integrity are going into the right direction and whether improvements can/need to be made.</p>
Link to integrity	<p>Integrity instruments are good to have, but if they are not correctly implemented or do not serve their purpose, they are useless and costly. The monitoring of the IM implementation plan and the evaluation of the instruments' effectiveness are therefore very important in order to effectively and efficiently combat corruption and promote integrity.</p>
Examples/How to	<p>Steps of monitoring and evaluation, using the example of perception-based monitoring:</p> <ol style="list-style-type: none"> 1. Determine responsibilities The first step consists in identifying who will be involved in the design, implementation and reporting of the monitoring and evaluation. 2. Clarify the scope, purpose, use, audience and budget 3. Define success criteria Selected individuals of the company set relevant success criteria for the implementation of the change process. They need to be within the scope of action of the SME and allow for quantitative or qualitative measurement of the criteria fulfilment (criteria could be the targets and tasks set in the IM implementation plan). 4. Assessment Selected individuals assess the perceived implementation of the Integrity Management Change Process by looking at the past, present and target state of the selected criteria. The comparison of past and present states illustrates the achieved development, while the comparison of the present and the target states illustrates the need for further actions. The assessment of the development should be conducted by different individuals (from different departments, genders, hierarchical levels, etc.). 5. Communicate the findings The findings and insights together with recommendations for next steps are communicated to relevant stakeholders. <p>The company can also compare its integrity management to those of industry leaders and to international standards - see for example:</p> <ul style="list-style-type: none"> • OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: www.oecd.org/corruption/anti-bribery/44884389.pdf



	<ul style="list-style-type: none"> • ICC Rules of Conduct and Recommendations to Combat Extortion and Bribery: http://www.iccwbo.org/Advocacy-Codes-and-Rules/Document-centre/2005/ICC-Rules-of-Conduct-and-Recommendations-to-Combat-Extortion-and-Bribery-%282005-Edition%29/ • COSO Enterprise Risk Management Framework: http://www.coso.org/documents/coso_erm_executivesummary.pdf (BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/show-all.aspx, Accessed: 16.12.2013)
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • UNODC 2013: An Anti-Corruption Ethics and Compliance Programme for Businesses – A Practical Guide. • BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/show-all.aspx (Accessed: 16.12.2013) • BUSINESS SURVIVAL TOOLKIT. n.y. Monitoring and Evaluation Framework Checklist. • SHAPIRO. n.y. Monitoring and Evaluation Toolkit.

40. Monitoring of Staff Performance and Satisfaction

Description / Definition	Monitoring of Staff Performance and Satisfaction is a periodic, structured and planned activity (vs. constant supervision and inspection of staff, see instrument 0) where the manager and the employee together compare the staff member's performance against the agreed performance objectives. This can and should include the co-worker's compliance with integrity management. (HENSHAW 2011, LAUREL 2009).
Purpose	Staff Performance and Satisfaction Monitoring allows SME to recognise and reinforce good performance and to identify and improve unsatisfactory performance. This doesn't only bring out the best in the staff and improve the quality of the service but also facilitates recruitment and retaining of good and honest staff. Furthermore, it creates a culture of responsibility (DAIRYNZ 2012, p. 1; ETHICS AND ANTI-CORRUPTION COMMISSION n.y; GEM n.y., p. 1-2; LAUREL 2009).
Link to integrity	Performance and Satisfaction Monitoring can greatly increase the SME's integrity in two ways. Firstly, it can support the SME in identifying staff members that do not comply with the set integrity goals. Secondly, Performance Monitoring can reduce dishonest behaviour, as the staff is aware that the management watches over them, takes them seriously, and values good performance.
Examples/How to	SME should implement a Performance and Satisfaction Monitoring that includes the following steps: <ol style="list-style-type: none"> 1. Agreeing on performance indicators with the staff 2. Consistently supervising and evaluating the employee's performance based on their own feedback, others' feedback (e.g. of co-workers or customers), observations and the consultation of sales reports, deadlines met, error and accuracy reports, time sheets, work records, etc. 3. Providing accurate, objective and balanced feedback in monthly or annual



	<p>progress reviews to show the employees that their work is considered important and that their contribution to the business is valued</p> <ol style="list-style-type: none"> 4. Giving positive suggestions to strengthen the performance 5. Using the best staff member as a model for current and future employees in order to validate the expectations and prove that the expectations are realistic and reasonable. 6. Rewarding employees in order to make them feel appreciated and valued, which in turn increases their motivation to keep up the level of performance (HENSHAW 2011; JOAN 2012; LAUREL 2009; WOHNER 2013). <p>Factors that were found to influence staff performance and that would therefore be suitable for monitoring or for a survey include:</p> <ul style="list-style-type: none"> • Organisational structure • Work environment and living conditions • Work-life balance • Non-material incentives • Rewards • Management style • Level of motivation • Workload and stress • Workplace security • Training and support • Availability of resources and skills • Recruitment, selection and orientation of staff • Awareness of career opportunities • Transparent expectations • Supervisor feedback • Conflict resolution through supervision • Salary <p>(OBWAYA 2010, SOKORO 2012, KILEL 2012, UNIVERSITY OF NAIROBI n.y.)</p> <p>To measure employee satisfaction and behaviour and to identify possibilities for improvement, satisfaction surveys addressing the working environment, remuneration, training needs, etc. should be carried out on a regular basis.</p> <p>One successful approach used in health care in Kenya is that facility-based teams assessed their own work climates and generated activity plans to test low-cost approaches for improvement. Accomplishments include departmental work plans, more equitable shifts, managed inventories, safe waste disposal, cleaner yards and facilities, organised customer flow, staff lounges with free tea, new resource centres, community outreach days, painted and refurbished facilities, new equipment and more frequent team meetings and sharing of information (CAPACITY PROJECT 2009).</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • CAPACITY PROJECT 2009 What about the Health Workers? Improving the Work Climate at Rural Facilities in Kenya.



<http://www.intrahealth.org/page/voices-from-the-capacity-project-what-about-the-health-workers> (Accessed on 23.4.2013).

- DAIRYNZ. 2012. Monitoring performance. People smart factsheet.
- ETHICS AND ANTI-CORRUPTION COMMISSION. n.y. Annual Report of Activities and Financial Statements for the Financial Year 2010/2011 for the Kenya Anti-Corruption Commission.
- GEM. n.y. Staff performance monitoring and management. Learning outside the classroom heritage sector partnership guidance Notes.
- HENSHAW J. 2011. Performance Objectives Now. Why Monitor Employee Performance? The Purpose of Monitoring Employee Performance Against Objectives. <http://www.performanceobjectivesnow.com/blog/why-monitor-performance/> (Accessed on 25.3.2013).
- KILEL. 2012. Factors affecting performance of employees of humanitarian non-governmental organizations in Kenya. A case of World Vision-Southern Sudan Program. Abstract available at <http://ir-library.ku.ac.ke/ir/handle/123456789/5993> (Accessed on 26.4.2013).
- JOAN. 2012. How to Monitor Staff Performance against Performance Objectives. <http://www.10mmt.com/2012/performance-review/how-to-monitor-staff-performance-against-performance-objectives/> (Accessed on 25.3.2013)
- LAUREL D. 2009. How to Monitor Employee Performance. <http://EzineArticles.com/4048028> (Accessed on 25.3.2013).
- OBWAYA. 2010. Effectiveness of employee performance management system at Kenya National Audit Office. Abstract available at <http://erepository.uonbi.ac.ke/handle/123456789/5918?show=full> (Accessed on 26.4.2013).
- SOKORO. 2012. Factors that influence employee performance in Kenya wildlife service. Abstract available at <http://erepository.uonbi.ac.ke/handle/123456789/13299?show=full> (Accessed on 26.4.2013).
- UNIVERSITY OF NAIROBI. n.y. Factors influencing performance of staff in public technical, industrial, vocational and entrepreneurship training (TIVET) institutions in Kisumu county, Kenya. Abstract available at <http://business.uonbi.ac.ke/node/1043> (Accessed on 26.4.2013).
- WOHNER N. 2013. How to Monitor Employee Performance. http://www.ehow.com/how_5831433_monitor-employee-performance.html#ixzz2OYjbBa5Z (Accessed 25.3.2013)
- CEVENT. n.y. Employee satisfaction.
- OBINO MOKAYA. 2012. Effects of workplace recreation on employee performance. The case of Kenya Utalii College.
- OPM. 2001. A handbook for measuring employee performance. Aligning employee performance plans with organizational goals.
- HANNOVER RESEARCH. 2012. Assessing Faculty and Staff Satisfaction
- SAGEER ET AL. 2012. Identification of Variables Affecting Employee Satisfaction.

41. Payment Procedures

Description / Definition	A clear Payment Procedure gives guidance on the basic principles and safeguards associated with authorising expenditure and making payments. Quality controls should be appropriate to the scale of the assets at risk and the potential loss to the SME.
Purpose	<p>SME should ensure that their use of resources is properly authorised and controlled. Payments should be incurred in a way that represents value for money, taking into account potential risks to regularity and propriety. Effective control over expenditures must be maintained at all stages and supported by an appropriate accounting system. Essentials of systems for committing and paying funds are as follows:</p> <ul style="list-style-type: none"> • Internal controls to provide authority for acquiring the goods or services to be purchased. • System access to make and authorise these changes should be carefully restricted and logged. • Authorisation for payment should be separated from the process of making payment, with appropriate validation and recording at each step. This separation of duties similarly should also be maintained for receiving goods and services from the process of making payment. • The four-eye-principle should be obligatory for payments above a certain threshold amount. This authorisation reduces the likelihood of illicit behaviour. • Checks that the goods or services acquired have been supplied in accordance with the relevant agreement(s) before making payment. • Payment terms should be chosen or negotiated to provide good value. • Invoices should be paid accurately and on time. • A balance of preventive and detective controls to deter and tackle fraud. • Audit trails that can be checked readily and reported upon both internally and externally. • Periodic reviews to bring to bear any lessons from internal audit examination or other relevant experience, or to implement developments in good practice.
Link to integrity	Expenditures should be authorised in the operational area which entered into the commitment, with due consideration of separation of duties. No one should be able to control all aspects of the payment authorisation procedure, and different people should be responsible for ordering goods and services, for approving payments, and for processing payments. Where this is not possible due to limited resources, alternative arrangements should be agreed with the organisation's central finance function.
Examples/How to	<p>A clarified Payment Procedure must ensure that:</p> <ul style="list-style-type: none"> • Where necessary, the expenditure has been approved and the proposed payment is in accordance with the approval. • The payment is properly due, supported by invoices, goods received notes or other vouchers and (if appropriate) certified. • The claim or invoice is arithmetically correct, in accordance with contract or other commitment (e.g. conditions of grant) and properly discounted. • Where payment is made by instalments (e.g. interim or part payments), the proposed payment is within the approved total cost. • The claim or invoice is not a duplicate, is not a statement, and has not previously been passed for payment. • Any increase in cost over the order price is permissible and has been agreed



	<p>upon.</p> <ul style="list-style-type: none"> • Checks for duplicate invoices are carried out periodically. • Amendments and deletions to accounting records are independently authorised. These should be evidenced by signature, together with name and grade, • Independent checks to ensure amendments have been carried out correctly. These should be evidenced by signature, together with name and grade. • Knowledge of transfer codes (and passwords if payments are initiated by computer) is restricted to approved individuals. Passwords should be changed frequently and always when staff leaves. • Expenditures are authorised by an approver to confirm that spending is in line with budget and is appropriate. • An alternate approver is established so employees cannot authorize their own or their direct superior's reimbursements. • Signature authorizations are cancelled or changed with staff rotation. <p>The checks on payments should be reviewed on a sample basis to ensure they have been performed satisfactorily. (INDEPENDENT COMMISSION AGAINST CORRUPTION 2011; BLINK UC SAN DIEGO 2012; MANGO 2012).</p>
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • Blink UC San Diego. 2012. Expenditure Accountability Checklist. http://blink.ucsd.edu/go/accountability (Accessed on 26.3.2013) • HERIOT WATT UNIVERSITY. 2008. Managing the Risk of Fraud – Policy Support Paper. Risk and Controls in Specific Systems. • INDEPENDENT COMMISSION AGAINST CORRUPTION. 2011. Investigation into Corrupt Conduct. • MANGO. 2012. Financial Management Essentials. A Handbook for NGO's. • THE SCOTTISH GOVERNMENT. (2012. Expenditure and Payments. http://www.scotland.gov.uk/Topics/Government/Finance/spfm/payments (Accessed on 23.4.2013). • DEL ROSARIO et al. 2011 Anti-Corruption Manual for SME

42. Policy on Conflicts of Interest

Description / Definition	<p>“A Conflict of Interest is when an employee’s personal interest conflicts with his or her official duties and responsibilities. An example of a conflict of interest is when a company’s procurement officer gives a family member a contract for the supply of goods even though the goods offered by the family member are more costly or inferior in quality.” (DEL ROSARIO et al. 2011, p. 31)</p> <p>The Conflicts of Interest Policy describes possible situations where conflicts of interest could occur and how the affected person should react.</p>
Purpose	<p>To maintain the integrity of business relationships and transactions, all employees should be required to declare any actual or perceived conflicts of interest. (DEL ROSARIO et al. 2011, p. 31)</p>



Link to integrity	Conflicts of Interest might lead to illicit behaviour if they are not reported and dealt with. It is therefore important that a company's management and staff knows how to deal with that kind of situations.
Examples/How to	To maintain the integrity of business relationships and transactions, all employees should be required to declare any actual or perceived conflicts of interest. A standard form for declaration of conflict of interest should be made readily available. There should also be an established procedure for managing declared conflicts of interest, such as requiring the employee with the conflict to withdraw from any involvement in the transaction at issue. (DEL ROSARIO et al. 2011, p. 31)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • DEL ROSARIO et al. 2011 ANTI-CORRUPTION MANUAL FOR SME, p. 27

43. Policy on Facilitation Payments

Description / Definition	<p>A particular area where employees should receive in-depth guidance is that of facilitation payments. Facilitation payments are a form of bribery made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action and not to obtain or retain business or any other undue advantage. They are typically demanded by low level and low income officials in exchange for providing services to which one is legally entitled without such payments. Employees should be taught how to react when they are asked for such payments.</p> <p>(BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/about/about-corruption/vocabulary.aspx#Facilitation, Accessed: 16.12.2013)</p>
Purpose	Facilitation payments are a common form of bribery in many countries, the probability to encounter this illicit practice can be high. It is therefore important to train staff and management on how to handle these situations and to inform them about possible consequences of non-compliance.
Link to integrity	To set clear rules for the handling of facilitation payments reduces the risk of non-compliance and helps to counter illicit behaviour of public officials.
Examples/How to	<p>Faced with a demand for a facilitation payment, for example in customs or during a company inspection, the following steps should be taken by the employee faced with the demand:</p> <ol style="list-style-type: none"> 1. Ask to see the enabling legislation 2. Refuse if enabling legislation is not showed. 3. Say no again and refer to the prohibition for facilitation payments in anti-bribery legislation and your company policy 4. Inform your manager before making the payment or as soon as possible 5. Keep the amount to a minimum and ask for a receipt 6. Record the payment in the book keeping system and identify it as a 'facilitation payment' 7. Report to the (Compliance) Manager <p>(BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-</p>



	corruption.com/tools/integrity-system/show-all.aspx , Accessed: 16.12.2013)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> BUSINESS ANTI-CORRUPTION PORTAL, http://www.business-anti-corruption.com/tools/integrity-system/show-all.aspx (Accessed: 16.12.2013)

44. Policy on Gifts and Entertainment

Description / Definition	“Giving or accepting gifts or entertainment can be an important part of building business relationships, but they become unethical when used to influence a business decision or gain an unfair business advantage. It is critical for employees to understand the difference between an acceptable gift or entertainment and a bribe.” (DEL ROSARIO et al. 2011, p. 27)
Purpose	Without guidance, it is hard to decipher when a gift might be inappropriate, or when a gift could be considered a bribe. A Policy on Gifts and Entertainment helps to clarify such situations. The Policy on Gifts and Entertainment can be an integrative part of the code of conduct (see chapter “Code of Conduct”).
Link to integrity	Gifts and entertainment could be offered in order to influence staff in decisions about procurement, contracts or other. The regulation or restriction of gifts and entertainment reduces the risk of staff being manipulated.
Examples/How to	<p>In some companies, employees are outrightly prohibited from receiving any gifts from vendors, suppliers, customers or potential employees, with the exception of promotional material of nominal value, such as coffee mugs, T-shirts, pens, key chains and note pads. For these companies, a no-gift policy demonstrates their commitment to impartial treatment of all persons and entities with whom they do business.</p> <p>Other companies specify the maximum value of gifts and entertainment that employees are allowed to give or accept. Still other companies require that all gifts above a certain value be declared to management and recorded in a centralized register. Requiring that gifts be recorded serves a dual purpose: 1) it allows the company to monitor the giving and receiving of gifts and entertainment by employees, and 2) it makes the employees think carefully before accepting or giving gifts or entertainment.</p> <p>(DEL ROSARIO et al. 2011, p. 27)</p> <p>A policy on the giving and receiving of gifts and hospitality should be consistent with other aspects of the organisation’s ethics policy in encouraging high standards of personal honesty and integrity. It should set out:</p> <ul style="list-style-type: none"> • what can be accepted without disclosure, • what cannot be accepted or given, • what should be recorded and how, • how staff can seek further guidance. <p>(ETHIC INTELLIGENCE, http://www.ethic-intelligence.com/experts/149-overcoming-the-challenges-of-gifts-and-invitations-policies, Accessed: 18.12.2013)</p>
Complex/simple	Simple

Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • DEL ROSARIO et al. 2011 ANTI-CORRUPTION MANUAL FOR SME, p. 27 • ETHIC INTELLIGENCE, http://www.ethic-intelligence.com/experts/149-overcoming-the-challenges-of-gifts-and-invitations-policies (Accessed: 18.12.2013) • Examples for Policies on Gifts and Entertainment: <ul style="list-style-type: none"> ○ ALTRON GROUP. n.y. Corporate Gifts and Entertainment Policy ○ CAE. 2012. Gifts and Entertainment

45. Product Management

Description / Definition	<p>Product Management is an organizational lifecycle function within a company dealing with the planning, forecasting, or marketing of a product or products at all stages of the product lifecycle. Main aspects of Product Management are product development, product strategy and product marketing. (http://en.wikipedia.org/wiki/Product_management, Accessed: 27.01.2014).</p> <ul style="list-style-type: none"> • Product development is a broad field of endeavour dealing with the design, creation, and marketing of new products. Sometimes referred to as <i>new product development</i> (NPD), the discipline is focused on developing systematic methods for guiding all the processes involved in getting a new product to market. (http://searchcio.techtarget.com/definition/product-development-or-new-product-development-NPD, Accessed: 27.01.2014) • A product strategy is the ultimate vision of the product, as it states where the product will end up. By setting a product strategy, you can determine the direction of your product efforts. Similar to making effective use of a map, you first need a destination, and then you can plan your route. Just as a business has a strategic vision of what it wants to be when it grows up, the product has its own strategy and destination. (http://www.marsdd.com/articles/product-strategy-why-it-matters-and-how-to-create-on/) • Product marketing is a business function that identifies consumer needs, determines target markets and applies products and services to serve these markets. It also involves promoting such products and services within the marketplace. Marketing is integral to the success of a business, large or small, with its primary focus on quality, consumer value and customer satisfaction. A strategy commonly utilised is the "Marketing Mix". This tool is made up of four variables known as the "Four P's" of marketing. The marketing mix blends these variables together to produce the results it wants to achieve in its specific target market (see Examples/ How to). (http://toolkit.smallbiz.nsw.gov.au/part/3/12/56, Accessed: 27.01.2014)
Purpose	<p>The objective of Product Management is to offer quality products and services in order to win contracts and to maximise sales revenues, market share and profit margins. This is done by defining, developing, deploying and maintaining products and services that</p> <ul style="list-style-type: none"> • provide more value than the competition, • help build a sustainable competitive advantage,



	<ul style="list-style-type: none"> • deliver measurable benefit to the business. <p>(http://de.slideshare.net/brainmates/what-is-product-management-4905498, Accessed: 27.01.2014)</p>
Link to integrity	<p>Particularly in procurement processes it is important to offer high quality products and services. Companies offering low quality products or services are more vulnerable to illicit behaviour (e.g. as their product does not fulfil the quality requirements of the contract, they are asked to bribe in exchange for winning the contract). Additionally, high quality provides companies with a competitive advantage compared to low-quality product providers.</p>
Examples/How to	<p>Elements of a Product Strategy are:</p> <ul style="list-style-type: none"> • What are you selling? Describe how potential customers will perceive your product compared to competitive products. Understand what makes your product unique in the market. • What value do you provide your customers? Determine what problems your product solves for customers. You cannot be everything to everyone within a particular market, but you can help to solve specific problems. Create a value proposition to position the value you provide and the benefits that customers will receive with your solution. • How will you price your product? State how you will price the product. Include its perceived value and a pricing model. • How will you distribute your product? Describe how you will sell your product, and how your target market will acquire your product. <p>(http://www.marsdd.com/articles/product-strategy-why-it-matters-and-how-to-create-on/, Accessed: 27.01.2014)</p> <p>Elements of Product Marketing are:</p> <ul style="list-style-type: none"> • Products are the goods and services that your business provides for sale to your target market. When developing a product you should consider quality, design, features, packaging, customer service and any subsequent after-sales service. • Price concerns the amount of money that customers must pay in order to purchase your products. There are a number of considerations in relation to price including price setting, discounting, credit and cash purchases as well as credit collection. • Place is in regards to distribution, location and methods of getting the product to the customer. This includes the location of your business, shop front, distributors, logistics and the potential use of the internet to sell products directly to consumers. • Promotion refers to the act of communicating the benefits and value of your product to consumers. It then involves persuading general consumers to become customers of your business using methods such as advertising, direct marketing, personal selling and sales promotion. <p>(http://toolkit.smallbiz.nsw.gov.au/part/3/12/56, Accessed: 27.01.2014)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • Business Model generation: http://www.businessmodelgeneration.com/ (Accessed: 06.02.2014) • SME Toolkit. http://www.smetoolkit.org/smetoolkit/en > Marketing & Sales (Accessed: 27.01.2014) • SME Toolkit Zambia. http://zamcom.smetoolkit.org/zambia/en > Marketing & Sales (Accessed: 27.01.2014) • Entrepreneur.

	http://www.entrepreneur.com/marketing/marketingbasics/index.html (Accessed: 27.01.2014)
--	---

46. Project Management

Description / Definition	<p>Project Management is a carefully planned effort to accomplish a specific objective, using knowledge, skills, tools, and techniques to plan and implement activities to meet or exceed stakeholder needs and expectations from a project.</p> <p>Components of Project Management:</p> <ul style="list-style-type: none"> • Team: A project team is comprised of a group of people who will realise the project result. The group is often comprised of people who have various backgrounds, each of whom contributes knowledge and skills. • Goal: A product result (or goal) is desired. After a project has been completed, something has been realised. A new treatment system has been implemented, a training course has been carried out or an assessment has been done. In many projects, it is necessary to adapt the goal as the project proceeds. • Limited resources: The amount of time and money that is available for completing a project is always limited. No project is completely free of time pressure. • Uncertainty (risk): One characteristic feature of projects is that their success is never guaranteed beforehand. Even if the desired goal is already being reached, it is uncertain whether it will be achieved within the available budget or within the proposed time. It is not unusual for a project to take three times as long and to cost twice as much as originally estimated. It is also not unusual for only thirty per cent of the original project team members to be working on the project upon its completion. <p>(SSWM Toolbox, http://www.sswm.info/category/planning-process-tools/implementation/implementation-support-tools/executing/project-manage, Accessed: 27.01.2014)</p>
Purpose	<p>The final aim of managing projects in the water and sanitation sector should be to “implement activities identified and planned for in the previous phases in an effective, cost-efficient and high quality way” (MORIARTY et al 2007).</p>
Link to integrity	<p>Careful Project Management increases transparency when carrying out projects and reduces the risk of corruption and other illicit behaviour to happen and to remain undetected. By managing a project properly, you can anticipate external risks and adapt your planning accordingly (e.g. if you anticipate that getting licenses will take very long, you can adapt your time management; if you know that getting pre-payments takes long, you can adapt your finance planning).</p>
Examples/How to	<p>The five parameters of Project Management are:</p> <ul style="list-style-type: none"> • Time management: The time factor manifests itself in a project in the form of deadlines for tasks and the amount of time that these tasks may take. Managing time involves ensuring that tasks are completed on time. Time in project plans: <ul style="list-style-type: none"> ○ Determine which activities should take place in which phase. ○ Estimate how long each activity will take. ○ Determine the order in which activities should be completed. ○ Allocate people and material. ○ Allocate activities over time.

	<ul style="list-style-type: none"> ○ Determine the (most important) deadlines. <p>Time in progress monitoring:</p> <ul style="list-style-type: none"> ○ Monitor progress. ○ Monitor deadlines. ○ Adjust schedules. <p>Time in project reporting:</p> <ul style="list-style-type: none"> ○ Report on the actual timeline. ○ Analyse and explain why some tasks proceeded much more quickly or much more slowly than expected. <ul style="list-style-type: none"> • Finance management: The money factor manifests itself in the project budget. The management of money within a project involves ensuring that the costs remain within the budget. Given that the majority of the costs in most projects are comprised of labour costs, the factors of money and time (the number of labour hours) are closely intertwined. <p>Money in project plans:</p> <ul style="list-style-type: none"> ○ Determine the fees of the team members. ○ Estimate the hours for the team members. ○ Assign budgets to team members for specific tasks. ○ Determine costs for material and tools. <p>Money in progress monitoring:</p> <ul style="list-style-type: none"> ○ Monitor cash flow. ○ Negotiate with suppliers. ○ Determine whether the original cost estimates are still accurate. ○ Adjust budgets. ○ Negotiate with customer and/or client concerning budget adjustments. <p>Money in project reporting:</p> <ul style="list-style-type: none"> ○ Compile financial reports and statements. ○ Analyse definitive financial report. <ul style="list-style-type: none"> • Quality management: The project result must fulfil a number of quality requirements. This also applies to the various intermediate products of the project. When managing a project, it is particularly important for quality requirements to be determined, agreed upon and recorded in writing during the definition phase. These requirements should never remain implicit. A clear list of requirements can be checked at the end of the implementation phase. This can allow the project team to prove that they have carried out the project according to specifications. Additional quality requirements may be specified for various tasks within the project. For example, a particular task can be carried out only by certified personnel. <p>Quality in project plans:</p> <ul style="list-style-type: none"> ○ Establish the desired quality of the project result and the intermediate products. ○ Establish the desired quality of the carrying out of the various activities in the project. <p>Quality in progress monitoring:</p> <ul style="list-style-type: none"> ○ Test the (intermediate) results. ○ Address any quality problems. <p>Quality in the project reporting:</p> <ul style="list-style-type: none"> ○ Confirm that the desired quality has been attained. ○ Address any complaints (particularly in the follow-up phase). <ul style="list-style-type: none"> • Managing people: Within a project, the team must be managed. In the narrowest sense, team management involves determining who will do what
--	--



	<p>from the list of activities. In broader terms, it also involves all of the soft skills (e.g. motivational techniques, communication skills, leadership styles) that are needed to achieve a goal with a group of people.</p> <p>Organisation in project plans:</p> <ul style="list-style-type: none"> ○ Assemble the team. ○ Assign authority. ○ Assign tasks to team members. ○ Make agreements concerning the availability of people with other (project) managers and higher management. <p>Organisation in progress monitoring:</p> <ul style="list-style-type: none"> ○ Direct the team. ○ Monitor human aspects (soft skills). ○ Mediate between the parties who are involved in the project. <ul style="list-style-type: none"> • Managing information: The information factor concerns how, by whom and on which basis decisions can be taken, as well as which tools (e.g. project website, issue tracker, e-mail notification, joint agenda) will be used for communication. These and other informational issues must be answered before a project can be started. Organisations that regularly work with projects have a number of tools (e.g. Word templates) on hand for handling information within a project. <p>Information in project plans:</p> <ul style="list-style-type: none"> ○ Which information must be provided to whom and in which form? ○ Which information will be recorded, distributed and archived? ○ Which information tools will be used? <p>Information in progress monitoring:</p> <ul style="list-style-type: none"> ○ Arrange for periodic consultation. ○ Ensure that the right information is provided to the right person. ○ Determine whether agreements have been met. <p>Information in project reporting:</p> <ul style="list-style-type: none"> ○ Write the project report. <p>(SSWM Toolbox, http://www.sswm.info/category/planning-process-tools/implementation/implementation-support-tools/executing/project-manage, Accessed: 27.01.2014)</p> <p>Elements of successful Project Management (NAUGHTON n.y.):</p> <ul style="list-style-type: none"> • Know the business drivers for your business and where it's most important to apply project management techniques first. • Decide on a simple and proven approach to project management. If you choose something too complicated, no one will follow it. • Have people at every level learn the skills needed to effectively use project management to improve their value to your business. • Empower people with tools for successful project management: <ul style="list-style-type: none"> ○ Develop simple templates to build the project plan in a consistent manner. ○ Use a tool such as MS Project for simple and effective project scheduling. ○ Use project management Scorecards to measure the effectiveness of your Project Managers throughout the project.
Complex/simple	Complex
Legal framework/ Potential	



implementation partners	
References and Further readings	<ul style="list-style-type: none"> • NAUGHTON. n.y. Growing your SME with Project Management. www.projectmanagement.ie/images/assets/pdf/growingyoursme.pdf (Accessed: 27.01.2014) • METHOD 123. 2003. Project Management Guidebook. • BERR. 2007. Guidelines for Managing Projects. • SSWM Toolbox. Project Management. http://www.sswm.info/category/planning-process-tools/implementation/implementation-support-tools/executing/project-manage (Accessed: 27.01.2014) • MORIARTY et al. 2007. The EMPOWERS Approach to Water Governance.

47. Reconciliation of Accounting Records

Description / Definition	Reconciliation of Accounting Records is a review mechanism in which the integrity of different parts of an accounting system is verified (MANGO 2012, p. 89). This checking duty is the key responsibility of the Financial Manager and he/she needs to be held responsible for any irregularities.
Purpose	The purpose of reconciliation is to ensure that the accounting records of SME are free of errors or omissions by balancing the cash book to the bank statement (MANGO 2012). Effective account reconciliation activities greatly increase executives' ability to proactively identify and resolve issues that could result in misstatements and could lead to substantial write-offs. They also help to safeguard cash by detecting errors. (PRICEWATERHOUSECOOPERS 2007, p. 1; OFFICE OF THE STATE COMPTROLLER n.y., p. 2).
Link to integrity	Reconciliation of Accounting Records is the most important instrument to detect any irregularities in accounting. It can prevent fraud like falsified or amended accounting records that allow unauthorised payments. Moreover, it strengthens the SME's internal control, which in turn enhances accountability (PRAUD PREVENTION n.y.; OFFICE OF THE STATE COMPTROLLER n.y., p. 2). Reconciliation can also uncover theft, ghost workers or ghost equipment.
Examples/How to	Reconciliation of Accounting Records should be performed monthly (OFFICE OF THE STATE COMPTROLLER n.y., p. 4). Depending on the size and complexity of the SME, various tools can be used to verify accounting records, from simple lists or Excel tools for small companies, up to specialised reconciliation software for larger enterprises. Records that should be reconciled at regular intervals are (MANGO 2012, p. 89-90): <ul style="list-style-type: none"> • Bank records- Ensure that the organisation's own records agree with the bank's records, which are rather like a parallel set of records. This should be reconciled once a month. • Petty cash book- Count up all the payments made since the last reimbursement, counting the cash in the tin. Cash should be counted and reconciled at least weekly. • Stock control records- Stock records must be checked against the supplies held in the store and receipts from sales to ensure that no errors have crept in (and no stock has crept out). • Wages book- This must be reconciled every month to ensure that the correct deductions are being made and passed on to the relevant authority.

Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • FRAUD PREVENTION. n.y. Risks associated with cash handling. http://www.fraud-stoppers.info/risks/cash.html (Accessed on 17.4.2013). • MANGO. 2012. Financial Management Essentials. A Handbook for NGOs. • OFFICE OF THE STATE COMPTROLLER. n.y. Technical assistance bulletin. • PRICEWATERHOUSECOOPERS. 2007. How to improve account reconciliation activities. • MANGO 2012 Appendix to financial management essentials (p.33: Financial reporting)

48. Recruitment Guidelines

Description / Definition	Recruitment Guidelines for staff help to provide equal access to employment for all and to ensure that the best person, in terms of knowledge, skills, experience and aptitude, is chosen for each position that arises (adapted from CORK CIL 2012, p. 1).
Purpose	<p>Recruiting and selecting the right people is of paramount importance to the continued success of the SME (UCL 2013). Guidelines can help guide the process by setting out criteria and standards relating to (CORK CIL 2012, p. 2; AUSTRALIAN HUMAN RIGHTS COMMISSION n.y.):</p> <ul style="list-style-type: none"> • Job descriptions and selection criteria • Personnel specifications • Advertising job vacancies • Application procedures • Short listing procedures • Reference checks • Interviewing and testing • Offers of employment • Management of panels • Unsuccessful candidates
Link to integrity	The staff recruitment process can be a potential source for unethical behaviour within SME, for example for bribing (in exchange for employment). Recruitment Guidelines can prevent such conduct by defining clear procedures and criteria. Recruitment Guidelines set out how to ensure, as far as possible, that the best people are recruited on merit and that the recruitment process is free from bias and discrimination. As such, Recruitment Guidelines are crucial in determining the transparency and accountability of SME (UNDP AND WGF 2007, p. 17; TRANSPARENCY INTERNATIONAL n.y., p. 44; UCL 2013).
Examples/How to	<p>Recruitment Guidelines could describe the recruitment process as follows (CORK CIL 2012, p. 2):</p> <ol style="list-style-type: none"> 1. Review of Vacancy: When a post becomes vacant it will be reviewed by the manager and/or designate. 2. Recruitment Request Form: When the decision to recruit to the post has been made, a recruitment request form will be completed by the service co-ordinator, finance officer and signed by the manager or designate before recruitment process is commenced.



	<ol style="list-style-type: none"> 3. The Job Description and Person Specification: The job description and person specification will be reviewed and prepared for each post to ensure that they accurately and adequately reflect the skills, qualities, experience and attributes required for the post. As roles, duties and responsibilities change over time, where an advertisement, job description and/or person specification are already in existence, they must be checked and updated to ensure they clearly reflect the current requirements of the job. Job descriptions and personnel specifications and advertisements must be approved by the manager and or ALS coordinator. 4. Advertisement: Vacancies will be advertised as openly and as widely as possible. The advertisement will state the overall purpose of the job and give clear guidance on the required method of application. 5. Shortlisting: Shortlisting will be undertaken by a minimum of two people and referenced against the person specification. 6. Interview & Selection: Interviews will be undertaken by a minimum of two people and referenced against the person specification. 7. Reference Checks: References will be taken up. 8. Vetting: If applicable, posts are subject to Vetting prior to commencement 9. Formal Offer 10. Contract & Commencement of Employment. <p>Recruitment Guidelines should contain non-discriminatory clauses in order to prevent discrimination based on characteristics such as, sex, colour, ethnicity, national origin, religion or belief.</p> <p>Examples for Recruitment Guidelines can be found here:</p> <ul style="list-style-type: none"> • http://www.lten.org.uk/downloads/qp_toolkit/InternalPolicies.pdf (Accessed: 23.01.2014)
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • AUSTRALIAN HUMAN RIGHTS COMMISSION. n.y. Best practice guidelines for recruitment and selection. http://www.humanrights.gov.au/best-practice-guidelines-recruitment-and-selection (Accessed on 22.4.2013). • CORK CIL.2012. Recruitment Policy and Procedure. Policy and Guidelines. • TRANSPARENCY INTERNATIONAL. n.y. Preventing corruption in humanitarian operations. Pocket guide of good practices. • UCL. 2013. Recruitment and Selection Policy. http://www.ucl.ac.uk/hr/docs/recruitment.php (Accessed on 22.4.2013). • UNDP AND WGF. 2007. Improving water governance in Kenya through the human rights-based approach. • PUBLIC SERVICE COMMISSION. n.y. A toolkit on recruitment and selection. • QUAH. 2006. Preventing police corruption in Singapore. The role of recruitment, training and socialisation.

49. Salary Guidelines

Description / Definition	Salary Guidelines are practical documents to aid in the administration of salaries of employees.
Purpose	The provisions in Salary Guidelines are to ensure that the same decision factors and priorities are consistently applied when adjusting salaries of SME staff and when approving salary actions (OHIO UNIVERSITY n.y., p. 1).
Link to integrity	Salary equity among employees should be considered when setting/changing salaries, since perceived inequity impacts on employee morale and motivation and can trigger contentions of discrimination and/or other grievances. (UCDAVIS 2010).
Examples/How to	<p>When determining changes in salaries, the skills and work experience of the employee should be compared to the skills and work experience of others performing similar work and the result of the comparison should be factored into the salary decision. (UCDAVIS 2010).</p> <p>Salaries are typically determined by referring to the position being filled, the individual's job-related experience, knowledge and skills, current pay, and the salaries of other employees performing the same or similar job functions. In order to compare pay for employees in similar jobs, a manager must also analyse job-related characteristics for each employee, including (OHIO UNIVERSITY n.y., p. 2):</p> <ul style="list-style-type: none"> • Job content (are employees doing similar work?) • Years of experience • Qualifications and education • Job-related knowledge • Skills (required and "premium") • Technical expertise • Performance • Value of job in the labour market
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • UCDAVIS (2010): Salary Setting Guidelines for Classification Actions. http://www.hr.ucdavis.edu/salary/job-class/salarysetting (Accessed on 18.4.2013). • OHIO UNIVERSITY. n.y. Managers' Guidelines for Salary Requests for Administrative Staff at Ohio University. • INDIANA UNIVERSITY. 2009. Salary decisions for professional staff. http://www.indiana.edu/~uhrs/policies/nonunion/2.0/2.6.html (Accessed on 18.4.2013).

50. Sensitisation of Partners

Description / Definition	To sensitize contractors means to cause partners, suppliers and other contractors to respond to certain stimuli, in this case to issues relating to integrity (OXFORD DICTIONARIES n.y.).
Purpose	The aim of sensitisation is to familiarise the partners with the SME's values, norms and integrity systems, and thus to foster fairness, honesty, and mutual trust between the SME and their contractors (LITZINGER 2012, p. 2).
Link to integrity	Sensitising Partners on integrity issues raises their awareness and may lead to the initiation of integrity management processes within their business. Above all, when informing sub-contractors about possible sanctions, SME can increase the likelihood of sub-contractors to comply with the SME's integrity standards.
Examples/How to	Contractors can be sensitised through: <ul style="list-style-type: none"> • Informational letters • Seminars • Awareness training • Workshops • Information upon contract signature (LITZINGER 2012, p. 2; INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION 2013; GIABA 2012)
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • GIABA. 2012. Praia hosts sensitization seminar for francophone and lusophone journalists in ECOWAS. • INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION. 2013. Summary of Report of the inauguration of the anti-corruption and transparency unit (ACTU) and Gender sensitization workshop for cross river basin development authority, 4-5th October 2012. http://icpc.gov.ng/icpc-inaugurates-sensitizes-actu-of-cross-river-basin-development-authority-read-full-report/ (AAccessed on 28.3.2013). • OXFORD DICTIONARIES. n.y. Sensitize. http://oxforddictionaries.com/definition/english/sensitize (Accessed on 19.4.2013) • LITZINGER. 2012. Integrity management at GIZ. • WIN. 2009. Case information sheet. Corruption prevention strategies of the BWB.

51. Specification of Dispute Resolution Mechanisms in Contracts

Description / Definition	When negotiating a contract it is important to pay attention to the choice of dispute resolution mechanisms. Besides litigation through the judiciary system there are alternative dispute resolution mechanisms like negotiation, mediation, arbitration and withdrawal of either party from the contract. Companies should carefully consider the kinds of disputes which are likely to arise under the contracts they
--------------------------	--



	<p>negotiate, and choose a dispute resolution mechanism (or combination of mechanisms), which is best suited to resolve those kinds of disputes. It is often the case that companies give little attention to this or do not consider the issue at all. When the contract ends up saying nothing about dispute resolution, then any disputes, which arise under it are being resolved by litigation (BLG 2012).</p>
Purpose	To enforce a contract at a reasonable cost in case of a dispute, it is important to choose the adequate dispute resolution mechanism when negotiating the contract.
Link to integrity	<p>Integrating a dispute resolution mechanism into the contract can help foster integrity between contract parties, as it serves as a disincentive to breach the contract. In case of a dispute between two contracting parties, the dispute resolution mechanism gives the possibility to resolve it in the most efficient manner. The judicial system may not be a feasible option in countries, with high levels of bureaucracy and/or corruption in public administration.</p> <p>In the case of a SME being awarded a contract, which includes a Dispute Resolution Mechanism, it can foster integrity within the SME by knowing that there are specific agreements on how to settle a dispute in case of corrupt practices for example. At the same time it serves the SME in case the project owner tries to enforce specifications that do not comply with the contract.</p> <p>In the case of a SME subcontracting a company Dispute Resolution Mechanisms provide the possibility to resolve a dispute efficiently when the subcontracting company does not fulfil the contract's specification because of illicit behaviours. At the same time it puts the subcontracting company under pressure to abide by the contract.</p>
Examples/How to	<p>Different types of Dispute Resolution Mechanisms:</p> <p>In cases when a dispute cannot be prevented, there are commonly used mechanisms to resolve them like negotiation, mediation, arbitration and litigation (see list below). The ultimate goal is to resolve any difficulties quickly; therefore it is essential to integrate a Dispute Resolution Mechanism into the contract. For choosing the most adequate mechanism, a variety of factors have to be taken into consideration: the possible nature of a dispute; the relationship between the two parties; the sensitivity of the issues involved; and the likely outcome and cost of litigation (adapted from UNDP n.y.).</p> <ul style="list-style-type: none"> - Negotiation: Negotiation means that the parties involved in a dispute compromise toward an agreed resolution of their dispute. By definition, it produces an acceptable result. If both parties do not agree, there is no resolution. - Mediation: Mediation is negotiation facilitated by an agreed neutral, normally a trained and experienced mediator. - Arbitration: In arbitration the parties agree to give a neutral the power, not to facilitate an agreed resolution of their dispute, but to impose a legally binding resolution on them, whether they agree with it or not. Arbitration is essentially "private litigation". But in the hands of experienced counsel, it can have important advantages over litigation. - Litigation: Litigation is fundamentally the same kind of process as arbitration. A neutral has the power to impose a legally binding resolution on the parties. But instead of the parties agreeing on that neutral, they are appointed by the state, in the person of a judge. (BLG 2012) - Withdrawal from contract: A paragraph that clearly specifies the options and conditions under which either partner can withdraw from the contract provides another option to resolve a dispute.

	<p>All the different types of Dispute Resolution Mechanisms have their advantages and disadvantages. Depending on the context the one or the other is more useful; however, the alternative types are usually less costly than litigation.</p> <p>For more detailed information on how to choose and draft a dispute resolution clause see: WORLD BANK n.y. Dispute Resolution - Checklist and sample wording.</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • BLG (BORDEN LADNER GERVAIS). 2012. Choosing a Dispute Resolution Mechanism. Dispute Resolution Newsletter. • WORLD BANK. n.y. Dispute Resolution – Checklist and sample wording. • OECD. n.y. Policy Framework for Investment User’s Toolkit. Contract enforcement and dispute resolution. http://www.oecd.org/investment/toolkit/policyareas/investmentpolicy/contractenforcementanddisputeresolution.htm (Accessed: 23.05.2014) • UNDP (UNITED NATIONS DEVELOPMENT PROGRAMME). n.y. Implementation – Managing Conflict. http://pppue.undp.2margraf.com/en/20_4.htm (Accessed: 23.05.2014) • REPUBLIC OF ZAMBIA. n.y. Judiciary. http://www.judiciary.gov.zm/ (Accessed:23.05.2014) • REPUBLIC OF ZAMBIA. n.y. Mediation in Zambia and Statistics. http://www.judiciary.gov.zm/index.php/services/mediation/86-mediation-in-zambia-and-statistics (Accessed: 23.05.2014) • ZAMLII (THE ZAMBIA LEGAL INFORMATION INSTITUTE). Certified Arbitrators. http://www.unza.zm/zamlii/arbitrators.html (Accessed: 23.05.2014)

52. Specification of Standards in Contracts

Description / Definition	<p>A specification of standards refers to the exact statement of the particular needs to be satisfied, or essential characteristics that a contracting body requires (in a good, material, method, process, service, system, or work) and which a (sub)contractor must deliver. Specifications are usually written in a manner that enables both parties (and/or an independent certifier) to measure the degree of conformance (BUSINESS DICTIONARY. n.y.).</p> <p>In the case of a government contract that has been awarded to a SME, the specification, which describes the government’s requirements, was already contained in the invitation for bids or request for proposals on which the SME based its bid or proposal (SBA, n.y.).</p> <p>When a SME is subcontracting to a company, the responsibility lies with the SME to specify standards in the contract.</p>
Purpose	<p>A SME or its subcontractor is bound by the terms of the specification:</p> <ul style="list-style-type: none"> • If a SME is contracted by the government for example and it fails to meet these terms, it may result in termination of the contract by default (SBA, n.y.). • When a SME is subcontracting to a company it can inspect the company’s work’s conformity with the terms. In case of nonfulfillment the contract can be terminated by default.
Link to integrity	<p>When a SME has been awarded a contract it has to fulfil the standards as specified in the contract. Specified standards ensure transparency and help avoiding</p>



	<p>misunderstandings and legal sanctions (see also 'Compliance Management'). When a SME is subcontracting to a company it can monitor the subcontractor's work based on the specified standards. If its work does not conform to the contract, the SME has a legal basis to confront the subcontractor.</p> <p>The specification of standards in contracts helps to foster integrity, because the contract is binding and can be referenced to enforce the specified work or to solve disputes when a subcontractor does not deliver adequate work. A way to foster integrity even more is to publish the contract specifications and the implementation details. That way third parties can monitor the work.</p>
Examples/How to	<p>Tips when receiving a contract (specifications):</p> <p>When a SME receives a proposed contract it is important to read it carefully before signing. The specification has to be read and understood by the SME. In case standards are not specified properly the SME should consider requesting that the contract requirements are specified in further detail; this also provides a better reference and clarity for the SME. Before starting the work under the contract it is recommended to read the specification again.</p> <p>Tips for preparing and writing a specification:</p> <p>Specifications are the basis of all offers, and therefore the basis of a contract. When the contract is in place, the specification becomes an essential contract management document, which is used to ensure that the chosen (sub) contractor provides what has been agreed. It must therefore be clearly defined what is expected from a (sub) contractor: the outputs (for services) or the functional and performance requirements (for goods).</p> <p>Well-prepared specifications assist (sub) contractors to understand tenders, to respond effectively and to carry out their contractual obligations. Where possible, specifications should be written in terms of the outputs or functions to be fulfilled, rather than listing specific technical requirements. (VICTORIAN GOVERNMENT PROCUREMENT GROUP, DEPARTMENT OF TREASURY AND FINANCE 2012)</p> <p>When writing specifications it is important to apply each of the 4 C's and to use words that are easily understood:</p> <ul style="list-style-type: none">• Clear: no ambiguity• Concise: no excess verbiage• Complete: All required information in the proper format• Correct: Technically accurate and applies to this project <p>(MCDOT ENGINEERING DIVISION 2011, p. 3)</p> <p>Before setting the final specifications it is useful to have it vetted by someone other than the author in order to make sure that it is clear and easy to read (VICTORIAN GOVERNMENT PROCUREMENT GROUP, DEPARTMENT OF TREASURY AND FINANCE 2012).</p> <p>Further information on how to write specifications and examples of specifications can be found here:</p> <ul style="list-style-type: none">• How to write technical specifications: http://www.wikihow.com/Write-a-Technical-Specification (Accessed: 27.05.2014)• Guide to Specification Writing: http://www.sypte.co.uk/uploadedFiles/Corporate/Freedom_of_Information/ProcurementGuideAppendixB.pdf (Accessed: 27.05.2014)



	<ul style="list-style-type: none"> A sample set of contract specifications for specific material/ products and a sample set of contracts clauses: WRAP. n.y. Sustainable Procurement Regional Guidelines. Contract Specification and Clauses.
Complex/simple	Simple
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> MCDOT ENGINEERING DIVISON. 2011. A Guide for the Preparation of Contract Specifications. BUSINESS DICTIONARY. n.y.. Specification (spec). http://www.businessdictionary.com/definition/specification-spec.html (Accessed: 20.05.2014) SBA, THE U.S. SMALL BUSINESS ADMINISTRATION. n.y. Understanding the Federal Marketplace: Contract Responsibilities. http://www.sba.gov/content/contract-responsibilities#Specifications (Accessed: 20.05.2014) VICTORIAN GOVERNMENT PROCUREMENT GROUP, DEPARTMENT OF TREASURY AND FINANCE. 2012. Good Practice Guidelines. Specification Writing. Appendix B. Guide to Specification Writing. http://www.sypte.co.uk/uploadedFiles/Corporate/Freedom_Of_Information/ProcurementGuideAppendixB.pdf (Accessed: 21.05.2014) WIKI HOW. n.y. How to Write a Technical Specification. http://www.wikihow.com/Write-a-Technical-Specification (Accessed: 21.05.2014) WRAP. n.y. Sustainable Procurement Regional Guidelines. Contract Specification and Clauses. WORLD BANK. 2010. Publishing Construction Contracts and Outcome Details.

53. Staff Engagement to Curb Corruption

Description / Definition	Staff engagement to curb corruption helps to spearhead and mainstream anti-corruption measures within the company.
Purpose	Getting staff emotionally engaged in curbing corruption, letting them formulate their own anti-corruption measures and showing their contribution to the SME's performance can not only enhance behaviour with integrity, but also increase customer satisfaction, productivity and profitability. Involving them in leading change, letting them generate their own activity plans and letting them implement measures themselves can unveil hidden qualities and be a great source for creativity, innovation, quality and improvements. (JOSTLE 2012, CAPACITY PROJECT 2009, p.1). The rewarding of employees that successfully implement or contribute to the IM of the SME can create positive competition to increase integrity efforts
Link to integrity	Staff Engagement can lead to a more emotionally engaged workforce. Giving them a broader perspective, sharing feedback, celebrate success and letting them understand how their actions influence the customers' perception of service quality can decrease corruption and increase staff motivation and customer satisfaction, as well as lead to higher productivity (JOSTLE 2012).



Examples/How to	<p>While developing a Staff Engagement strategy, there are several useful tips, such as (EMPLOYEE ENGAGEMENT NETWORK n.y., p.24; JOSTLE 2012):</p> <ul style="list-style-type: none"> • Clarify the purpose continuously: People need to know the grand purpose to which they are subscribing. • Show how they contribute: Show staff the results and give them the broader perspective. Communicate success stories on IM implementation. • Involve staff in leading change. • Foster communication • Use external and internal feedback. • Act on it: Show that the company cares by acting on the feedback. Better yet, involve people in implementing those actions. • Track your progress, celebrate your success and learn from your challenges. • Create an employee engagement advisory team that includes staff from all departments. <p>One example of Staff Engagement is with health workers in rural facilities in Kenya who have developed their own activity plans to test low-cost approaches for improvement during team workshops. Such staff engagement led to higher satisfaction and motivation, and a higher use of the facilities' services (CAPACITY PROJECT 2009).</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • JOSTLE 2012 9 Simple Ideas for Employee Engagement. URL: http://www.jostle.me/blog/9-simple-ideas-for-employee-engagement/ [Accessed: 25.04.2013] • EMPLOYEE ENGAGEMENT NETWORK n.y. The Top Tens of Employee Engagement. • DCEC. n.y. Corruption Prevention Division. URL: http://www.dcec.gov.bw/en/dcec-structure-topmenu-44/corruption-prevention • ANTI CORRUPTION COMMISSION ZAMBIA. n.y.. Integrity Committees. URL: http://www.acc.gov.zm/?page_id=373 • KENYA ANTI-CORRUPTION COMMISSION 2007 Framework for Mainstreaming Corruption - Prevention in Public Institutions

54. Staff Rotation

Description / Definition	<p>Staff Rotation is a management approach in which employees are shifted between assignments or jobs at regular intervals in order to expose them to all verticals of an organization. In this pre-planned approach, the employees' skills and competencies are tested in order to place him or her at the right position. In addition, it reduces the monotony of the job, gives the employees a wider experience, and helps them gain more insights (MANAGEMENT STUDY GUIDE n.y.).</p>
Purpose	The purpose of Staff Rotation is to give the staff the chance to explore the own



	<p>interests and gain experience in different fields as well as reduce the boredom of the same job every day. On the other hand, it helps the management of SME to explore the potentials of their employees (MANAGEMENT STUDY GUIDE n.y.).</p>
Link to integrity	<p>Staff Rotation is an instrument that aims at reforming organisational structures and procedures in order to create a less fertile ground for corruption (ABBINK 1999, p. 1)</p> <p>Long-time relationships between bribers and SME staff create a particularly advantageous environment for bribery, as corruption is built on trust and reciprocity. Staff Rotation can prevent such long-time relationships to be built in the first place. This increases the uncertainty about the other person's behaviour and thus reduces the temptation for unethical conduct (ABBINK 1999, p. 1).</p> <p>Furthermore, Staff Rotation reduces the monotony of a job and thus improves the work culture. This can increase work motivation and reduce the incentive for unethical behaviour.</p>
Examples/How to	<p>Generally, the following points should be observed when initiating a Staff Rotation programme (ABOUT:COM n.y.; EHOW n.y.):</p> <ol style="list-style-type: none"> 1. Identify the operational divisions that could benefit from a job-rotation program. 2. Determine the specific knowledge and tasks that must be shared during rotation. 3. Specify the employees who will be allowed to participate in the program, and requirements for participating. 4. Clarify if the program is optional, voluntary, or mandatory. 5. Write a formal job-rotation policy to clarify all the parameters of the program. 6. Perform a survey on employees before, during, and after each rotation. Implement employees' suggestions in the next rotation. <p>Key areas for effective Staff Rotation:</p> <ul style="list-style-type: none"> • Leave employees in the rotation long enough that they can learn the full responsibility of duties, but once the initial training is completed, don't keep an employee out of the assignment for too long. • Written documentation, an employee manual, or online resource enhances employee learning. • A mentor, internal trainer, or supervisor/trainer who has the responsibility to teach, answer questions, and mentor during the training should be provided at each step of the job rotation plan.
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • ABBINK. 1999. Staff rotation. A Powerful Weapon Against Corruption. • ABOUT.COM. n.y. Job Rotation: Keys to Successful Job Rotation. http://humanresources.about.com/od/glossaryj/g/job-rotation.htm (Accessed on 27.03.2013). • MANAGEMENT STUDY GUIDE2013. Job Rotation – Meaning and its Objectives. http://www.managementstudyguide.com/job-rotation.htm (Accessed on27.03.2013)

	<ul style="list-style-type: none"> • EHOW.COM .2013. How to Implement an Effective Job-Rotation Program in your Company. http://www.ehow.com/how_4763302_effective-job-rotation-program-company.html (Accessed on 27.03.2013). • MOHSAN ET AL. 2012. Impact of job rotation on employee motivation. • SERRA 2012 Anti-corruption policies. Lessons from the lab.
--	---

55. Standard Operating Procedures

Description / Definition	A Standard Operating Procedure (SOP) is a set of written instructions that document a routine or repetitive activity followed by an organization. SOPs address the who, what, where and when of an activity (EPA 2007, p. 1; BETHMANN n.y., p. 2).
Purpose	The development and use of SOPs is an integral part of a successful quality system, as they provide individuals with the information to perform a job properly, minimise variability and facilitate consistency and standardisation of the quality and integrity of a product or end-result. The term “SOP” may not always be appropriate and terms such as protocols, instructions, worksheets, and laboratory operating procedures may also be used (EPA 2007, p. 1; BERTHMANN n.y., p. 3).
Link to integrity	The development and use of SOPs minimizes variation and promotes quality through consistent implementation of a process or procedure within the organization, even if there are temporary or permanent personnel changes. SOPs can indicate compliance with SME guidelines and governmental requirements, and can be used as a part of a personnel training program, since they should provide detailed work instructions. They minimize opportunities for miscommunication and can address safety concerns. When historical data are being evaluated for current use, SOPs can also be valuable for reconstructing project activities when no other references are available. In addition, SOPs are frequently used as checklists by inspectors when auditing procedures. Ultimately, the benefits of a valid SOP are reduced work effort, along with improved comparability, credibility, and legal defensibility (EPA 2007, p. 1f).
Examples/How to	<p>When developing SOPs, one should consider the following aspects:</p> <ul style="list-style-type: none"> • SOPs should be written in a concise, step-by-step, easy-to-read format. • They should be clear, complete, consistent and controlled. The information presented should be unambiguous and not overly complicated. SOPs should not include vague wording but should be formulated as precisely as possible. • SOPs need to remain current to be useful. Therefore, whenever procedures are changed, SOPs should be updated and re-approved. • Use a checklist of a consolidated set of work instructions for complex procedures • Procedures should be written in chronological order • Troubleshooting should be included where applicable • Use the same format, font and tone for all SOPs • The SOPs should be made up of the sections a) purpose, b) references, c) materials d) procedure, e) forms and documentation • Envision areas where deviation from SOPs may occur and address it (EPA 2007, p. 2f; BETHMANN n.y., p. 5-21).
Complex/simple	Simple



Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • BETHMANN. n.y. Standard Operating Procedures. • EPA 2007 Guidance for Preparing Standard Operating Procedures • GLEASON. 2013. Standard operating procedures (SOPs) –a quick guide. http://clinfield.com/2013/03/standard-operating-procedures-sops/ (Accessed on 22.4.2013). • GRUSENMEYER. n.y. Developing effective Standard Operation Procedures. • HOMELAND SECURITY AND SAFECOM. n.y. Writing guide for standard operating procedures. • LORETTE. N.y. How do I write a standard operations procedures manual? http://smallbusiness.chron.com/write-standard-operations-procedures-manual-2596.html (Accessed on 22.4.2013).

56. Supervision & Inspection of Staff

Description / Definition	<p>Supervision & Inspection of Staff is included in the day-to-day work of the company and is a constant process (vs. periodic Monitoring of Staff Performance and Satisfaction, see instrument 40). While Staff Supervision is conducted by a line manager and comprises the overseeing of the productivity and the progress made by the employees, Staff Inspection, is a process of checking other people's work and is a quality control tool put in place by personnel who are not within the direct chain of command of the inspected people. Staff Inspection also includes the regular monitoring of field staff and their work (WANZARE 2012, p.1; PIERCE AND ROWELL 2006, p. 1; WAKEFIELD CHILDCARE 2013; MILWAUKEE POLICE DEPARTMENT 1988, p. 3-4; FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION 2012, p. 2).</p>
Purpose	<p>The purpose of Staff Supervision is to monitor and promote the workers' performance and effectiveness as well as to enhance their professional and personal development. The benefits of supervision practices include facilitation of performance, improving the quality of work, and enabling instructional supervisors to monitor the staff's work.</p> <p>Staff Inspection, on the other hand, is conducted for:</p> <ul style="list-style-type: none"> • Evaluation of quality, efficiency, and effectiveness of operations • Ensuring that the set goals are pursued • Certification that legal mandates, regulations, policies, and procedures are adhered to • Determination if resources are sufficiently and adequately used • Determination if equipment is properly maintained • Facilitation of performance <p>Through regular inspections, patterns of organizational behaviour can be discerned and identified.</p> <p>(WANZARE 2012; NORDMANN 2012, p. 18; WAKEFIELDCHILDCARE 2013; FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION 2012, p. 1; EXECUTIVE OFFICE OF PUBLIC SAFETY AND SECURITY n.y.; MILWAUKEE POLICE DEPARTMENT 1988, p. 3-4)</p>



Link to integrity	Both Supervision and Inspection are important measures to enforce integrity. A lack of one of the two can make the staff feel as though they are free to act as they wish, which can lead to dishonest behaviour such as theft, fraud, and corruption. (GOGO KWS 2012, p. 19f; MILWAUKEE POLICE DEPARTMENT 1988, p. 3-4).
Examples/How to	<p>In order to be effective, supervision should:</p> <ul style="list-style-type: none"> • Be fair and equal • Provide guidance and structure • Be consistent in time • Be encouraging and support growth • Foster a positive work climate and culture • Enhance professional and personal development • Be planned, regular, and systematic • Be negotiated between the supervisors and the subordinates • Be recorded and documented <p>Effective inspection should:</p> <ul style="list-style-type: none"> • Be accompanied by follow-up and penalties where needed • Yield accurate, persuasive, objective, and factual data, and provide conclusions and recommendations to the attention of supervisors • Be guided by an approved project work plan that describes the scope, goal, and methodological approach of the inspection • Be appropriately followed up <p>Different methods exists to ensure inspections are successful, such as:</p> <ul style="list-style-type: none"> • Random sampling: an inspector reviews employees' work through random sampling. A manager or another inspector goes back over an inspector's reports and randomly reviews a certain percentage of these reports. This sampling will reveal a pattern, if any exists, in quality problems of work. • Separation of duties: Another successful method is separating employee duties in inspection procedures. This can be explained in a quality plan, which details how to inspect every product or work step at each stage, such as the beginning, middle and end, or it might be in the creation of an inspection form. For example, a cashier might use two employees to verify an employee's monies collected at the end of a cashier shift, and both employees would sign to confirm their findings. • Customer complaint investigation: Quality inspections can also be more successful when companies use their inspectors to research customer complaints about quality. An investigation might reveal, for example, when a faulty product was installed because of a lapse in employee adherence to quality control procedures. In this sense, customer complaints are the beginning of addressing problems in employee performance. • 4 eyes principle: When two inspectors are supervising the work in the field, the risk of corruption or collusion with the inspectors e.g. in order to cover up low quality work is reduced. <p>(CIGIE 2011, p. 15-18; FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION 2012, p. 3; NYEWASCO 2007, p. 4; NORDMANN 2012, p. 25; PIERCE AND ROWELL 2006; WAKFEFIELD CHILDCARE 2013)</p>
Complex/simple	Complex
Legal framework/ Potential	



implementation partners	
References and Further readings	<ul style="list-style-type: none"> • COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY. 2011. Quality Standards for Inspection and Evaluation. • EXECUTIVE OFFICE OF PUBLIC SAFETY AND SECURITY. n.y. Staff inspections. http://www.mass.gov/eopss/law-enforce-and-cj/law-enforce/prof-stds/staff-inspections.html (Accessed on 28.3.2013) • WANZARE 2012 Instructional Supervision in Public Secondary Schools in Kenya. URL; http://ema.sagepub.com/content/40/2/188.abstract [Accessed: 24.04.2013] • FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION. 2012. Staff inspections and accreditation management. • GOGOKWS. 2012. Good Governance in the Kenyan Water Sector, GIZ & WSRP. • MILWAUKEE POLICE DEPARTMENT. 1988. Standard operating procedure. 500 - personnel evaluations/line and staff inspections. • NORDMANN 2012. Policies, Pipes, and Participation of the People. Water Governance Practices on the Ground. Draft 3. • NYEWASCO. 2007. Code of conduct for employees. Nyeri: NYEWASCO. • PIERCE AND ROWELL. 2006. The 10 keys to effective supervision. A developmental approach. White paper January 2006. • THEFREEDICTIONARY. n.y. Staff supervision. http://www.thefreedictionary.com/staff+supervision (Accessed on 28.3.2013). • WAKEFIELD CHILDCARE. 2013. Staff supervision. Section 2. Definitions. http://wakefieldchildcare.proceduresonline.com/chapters/p_supervision.html (Accessed on 28.3.2013). • MARIN MUNICIPAL WATER DISTRICT (2006): Customer Service Field Inspector. URL: http://www.marinwater.org/documents/Customer_Service_Field_Inspector.pdf [Accessed: 14.03.2013] • EHOW 2013: Methods to Ensure Quality Inspection Are Successful. URL: http://www.ehow.com/info_8543763_methods-ensure-quality-inspection-successful.html [Accessed 19.04.2013].

57. Tax Compliance

Description / Definition	Operating a business is a privilege accorded by the government. Businesses, in exchange, have an obligation to follow laws and regulations, which include the correct declaration and payment of taxes. (DEL ROSARIO et al. 2011, p. 43)
Purpose	Through the correct declaration and paying on time of an SME's taxes, the company ensures budget transparency and prevents itself from being legally prosecuted.
Link to integrity	An SME can resist bribery demands from tax officials only if it is in fact declaring correct revenues and paying taxes on those revenues (DEL ROSARIO et al. 2011, p. 43).
Examples/How to	One possibility to ensure Tax Compliance is to use a tax compliance software. "Tax compliance software is software that ensures Tax Compliance for income tax, corporate tax, VAT, service tax, customs, sales tax, use tax, or other taxes its users may be required to pay. The software automatically calculates a user's tax liabilities to the government, keeps track of all transactions (in case of indirect

	<p>taxes), keeps track of eligible tax credits, etc. The software can also generate forms or filings needed for tax compliance. The software will have pre-defined tax rates and slabs and can allocate income or revenue in the right slab itself. The aim of the software is to provide the user with easy way to calculate tax payment and minimize any human error. Tax compliance software has been present in developed countries for long in the form of tax calculators mainly for direct taxes, such as income tax and corporate tax. Gradually some more complex and customized tax compliance software were designed and developed by organizations around the globe.” (WIKIPEDIA, http://en.wikipedia.org/wiki/Tax_compliance_software, Accessed: 16.12.2013)</p> <p>Another possibility is to engage an external accountant, e.g. in order to manage the accounts during big projects or to review tax declarations (see also instrument 27 “External Audits”). Of course the impartiality, professionalism and integrity of the external accountant needs to be ensured.</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • DEL ROSARIO et al. 2011 Anti-Corruption Manual for SMEs • WIKIPEDIA, http://en.wikipedia.org/wiki/Tax_compliance_software, Accessed: 16.12.2013

58. Work Conditions and Environment for Staff

Description / Definition	<p>Work Environment comprises the physical, geographical location and the immediate surroundings of a workplace (including factors like air quality, noise level, etc.), as well as the perks and benefits associated with an employment. Working Conditions, on the other hand, are circumstances such as working hours, stress, degree of safety, or danger that affect the workplace (BUSINESSDICTIONARY n.y.-a; BUSINESSDICTIONARY n.y.-b; EIONET 2012).</p>
Purpose	<p>Improving the Work Environment and Conditions contributes greatly to the staff's motivation, and subsequently to their performance. An Improved Work Environment and better Work Conditions can also reduce staff turnover and the related costs (HISSOM 2009; LEBLEBICI 2012).</p>
Link to integrity	<p>Workplace climate is one of the nonfinancial factors affecting morale and motivation. Staff members that are satisfied with their work environment will more likely comply with the SME's rules and interests. As they strive to keep their position, they will prefer to put their personal interests behind the business' and refrain from dishonest behaviour such as fraud, embezzlement, accepting bribes, engaging in corrupt activities, or theft.</p>
Examples/How to	<p>To ensure a good and enabling working environment, the SME management needs to:</p> <ul style="list-style-type: none"> • help employees achieve work-life-balance • foster open communication • allow for constant development of skills • recognise hard work • strengthen team spirit



	<p>An initiative to improve Work Environment and Conditions should focus on four key areas: customer/staff relationship, staff/supervisor relationship, workplace environment and worker wellness.</p> <p>Other factors of Work Environment and Conditions that could be improved by SME include:</p> <ul style="list-style-type: none"> • Vacation and holidays • Payment and compensation of overtime • Job security • Work intensity and pace • Teamwork • Autonomy and freedom • Flexibility of working hours • Health and safety • Training and personal development <p>(EUROFOUND 2012; LOWE 2006)</p>
Complex/simple	Complex
Legal framework/ Potential implementation partners	
References and Further readings	<ul style="list-style-type: none"> • CAPACITY PROJECT 2009 What about the Health Workers? Improving the Work Climate at Rural Facilities in Kenya. http://www.intrahealth.org/page/voices-from-the-capacity-project-what-about-the-health-workers (Accessed on 23.4.2013). • HISSOM. 2009. Human Resource Management. • BUSINESSDICTIONARY n.y.-a. Working conditions. http://www.businessdictionary.com/definition/working-conditions.html (Accessed on 28.3.2013) • BUSINESSDICTIONARY n.y.-b. Work environment. http://www.businessdictionary.com/definition/work-environment.html (Accessed on 28.3.2013). • EIONET. 2012. Working conditions. http://www.eionet.europa.eu/gemet/concept?ns=1&cp=9369 (Accessed on 28.3.2013). • EUROFOUND. 2012. Trend of improved working conditions. HISSOM A. 2009. Human resource management. Understanding and controlling employee turnover. • LEBLEBICI D. 2012. Impact of workplace quality on employees productivity. Case study of a bank in Turkey. • LOWE GS. 2006. Creating a quality work environment. Results from the HSAA 2006 work environment survey. Submitted to the health sciences association of Alberta.