Integrity Management Toolbox for Water Service Providers

Description of WSP Integrity Instruments

Version 2.0 – updated and field-tested

Contents

BoD	Board of Directors (of Water Service Providers)
cewas	International centre for water management services
DFID	Department for International Development (UK)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
KEWI	Kenyan Water Institute
MD	Managing Director
MoU	Memorandum of Understanding
NGO	Non-Governmental organisation
OECD	Organisation for Economic Cooperation and Development
PPDA	Public Procurement and Disposal Act
PPOA	Public Procurement Oversight Authority
SECO	State Secretariat for Economic Affairs
SOP	Standard Operating Procedure
TI	Transparency International
UNDP	United Nations Development Programme
USSD	Unstructured Supplement Service Data
WAG	Water Action Group
WARIS	Water Regulatory Information System
WSB	Water Service Board
WSP	Water Service Provider
WASPA	Water Services Providers Association
WASREB	Water Services Regulatory Board
WIN	Water Integrity Network

About this document

This is part of a set of three resource documents included in the Integrity Management Toolbox for Water Service Providers (WSPs):

» Facilitator's Guide

» Description of WSP Integrity Risks

» Description of WSP Integrity Instruments (this document)

The toolbox also contains all the necessary training materials to run an integrity management workshop with WSPs, and a CD containing an easy-to-use Excel file linking all the integrity risks with the instruments. A comprehensive open-source library containing more than 250 integrity-related references, further reading documents and additional materials for each training module are also provided on the CD and are available upon request.*

The Integrity Management Toolbox was developed in a joint effort by cewas and the Water Integrity Network (WIN). It was piloted in Kenya in cooperation with the Water Services Providers Association (WASPA), Kenya Water Institute (KeWI) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ). During the development phase, integrity challenges and potential solutions were identified through a desk study, and verified and complemented jointly with staff of five Kenyan WSPs. These findings were converted into a methodological concept for integrity management for WSPs and provided the basis for the development of the Integrity Management Toolbox. The toolbox was validated with a wide range of sector stakeholders; eight WSPs then took part in the pilot implementation phase between August 2013 and March 2014. The pilot proved the feasibility of the approach and led to demonstrable outcomes that enhance transparency, accountability and participation in service provision. Based on a positive evaluation of the pilot phase, the integrity management initiative in Kenya is now scaled up to several additional WSPs. Adapted to the different regulatory frameworks, the Integrity Management Toolbox is also being implemented in other countries such as Indonesia, Bangladesh and in the Middle East. As the concept of the Integrity Management Toolbox can be transferred and adapted to any geographical context,

administrative level and target group, the approach has received substantial interest beyond water and sanitation service provision and is being adapted for use by small and medium sized enterprises in the water sector, river basin organisations and in the field of climate change adaptation.

This document (Description of WSP Integrity Instruments) provides elaborate descriptions of different types of integrity instruments that can help mitigating integrity risks within water utilities. As many such instruments do not only serve the purpose of enhancing integrity, this link is explicitly specified for each instrument. Further examples and ways how the different instruments could be implemented are provided together with a list of further reading.

The water sector framework in a given country provides specific mechanisms, which – if used properly – can help to mitigate integrity risks. Specific guidelines and regulations may for example provide guidance for processes related to procurement, reporting, or the selection of board members or staff.

We use the Kenyan water sector as a case study to provide concrete examples throughout the different resource documents of the Integrity Management Toolbox. Some of the integrity instruments presented in this document may not be directly applicable in other countries. These instruments are highlighted as Kenya-specific instruments, and have been linked to the following specific areas:

» Water sector policy and regulation

» Governance of WSPs

» Procurement and anti-corruption legislation

» Other country-specific integrity instruments

These Kenya-specific instruments provide an initial lead to identify relevant integrity instruments elsewhere.

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* Literature and the Excel-based toolbox can be requested from WIN or cewas.

ROAD MAP
INSTRUMENTS

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Change agent and integrity team

DESCRIPTION / DEFINITION

The change agent is a member of WSP management who is appointed to be a representative for the integrity change process. The change agent can be supported by an integrity team consisting of staff members.

PURPOSE

Many ideas for change are not successfully pursued because no one feels responsible for their implementation. In order for the integrity change process to be effective, it is important to designate a change agent (and team) who is responsible for the implementation of the integrity management road map, takes the initiative to keep the process going, and identifies necessary actions.

LINK TO INTEGRITY

The integrity change process gets a "face" within the organisation, and leadership for the implementation of the integrity change process is generated.

EXAMPLES / HOW TO

1. Appoint change agent

The management appoints a willing and respected member of the management team as a representative and facilitator of the integrity change process. In smaller WSPs, this task can also be assigned to a qualified and respected member of staff.

It is important that the change agent be respected by all staff and management members and that he or she receives the necessary room for manoeuvre.

2. Appoint integrity team (for larger WSPs)

After having appointed a change agent, the management (together with the change agent) appoints an integrity team, which will be facilitated by the change agent. The integrity team represents and facilitates the change process together with the change agent.

To enable the integrity team to successfully carry out 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 diverse and include men and women as well as representatives of relevant departments, hierarchic levels, etc.

3. Initiate and take leadership of integrity change process

The change agent and team will jointly take leadership of the integrity change process, based on the road map which is to be developed jointly by the management (including the change agent) and the integrity team. The change agent and integrity 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 authority of the integrity team, it should be acknowledged in the company's business model. To ensure a clear distribution of responsibilities, every member of the integrity team should be put in charge of specific aspects of the road map.

4. Meet regularly

To ensure the stability of the integrity team and the flow of the change process, the change agent and team should meet regularly (e.g. weekly meetings) to discuss current issues, the state of the process, concerns, ideas, etc. When problems arise, the external integrity management coach or cewas should be consulted to assist the change agent or team. Depending on the meeting schedule set out in the road map, the integrity management coaches can also be regularly included in the meetings.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Ash, 2009, Fast and Effective Change Management, Asian Development Bank (ADB), Philippines

Serrat, 2010, Forestalling Change Fatigue, Asian Development Bank (ADB), Philippines

Jain et al., 2006, Participatory Adult Learning, Documentation and Information

Networking (PALDIN), Course 2, Professional Development Program for Adult Education, India

Kick-off event

DESCRIPTION / DEFINITION

The half- to full-day kick-off event takes place at the WSP up to one month after the integrity management workshop. The kick-off event officially launches the integrity change process within the WSP.

PURPOSE

The aim is to create acceptance and commitment, and to motivate staff to actively contribute to the process. This is done by 1) informing employees about the planned integrity change process and 2) getting their feedback on the planned activities.

LINK TO INTEGRITY

» Creating a mutual understanding for the integrity change process

» Creating acceptance and commitment

» Engagement of employees

» Mitigation of fear and scepticism

EXAMPLES / HOW TO

The change agent and integrity team organise and facilitate an integrity kick-off event. The participants will be the board of directors (BoD) (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). The following three elements make up the agenda:

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 (Serrat 2010):

- **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 of the road map. Name the employees who have taken leadership of the integrity change process (change agent and integrity team) and the time and financial resources that are set aside to support the process.

- **Consequences** – What is in it for me personally, if I demonstrate defiance, compliance, or alliance with the proposed change initiatives? Outline the role of employees in the integrity change process. Demonstrate the personal benefits, to each individual, of cooperating in the integrity change process and behaving with integrity (trainings, incentives etc.). Finally, define and communicate possible sanctions faced by employees who do not cooperate and comply with the integrity change process. However, make sure that you do not take a moralising approach. Employees should see the integrity change process as an opportunity for personal development.

2. **Feedback from the employees**

To ensure acceptance of and commitment to the planned changes, it is absolutely essential to get your employees' feedback. For this purpose, ask them general questions such as:

- What is their motivation to contribute to the integrity change process?
- What contributions can they make to the integrity change process?
- What are their expectations concerting the integrity change process?
- What are the resources available for the integrity change process?

Depending on the size of your staff, you can also ask employees for their feedback on the draft road map that you developed during the integrity management workshop. It is important to make it clear 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, decide which ones contribute to the overall success of the integrity change process and integrate these into the road map.

3. **Celebration and kick-off of the integrity change process**

Once you have informed everyone 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 such as 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.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Ash, 2009, Fast and Effective Change Management, Asian Development Bank, Philippines

Serrat, 2010, Forestalling Change Fatigue, Asian Development Bank (ADB), Philippines

Learning organisation

DESCRIPTION / DEFINITION

The WSP must become a learning organisation that is committed to continuous learning, adaptation and innovation in support of the integrity change process. A learning organisation supports the learning activities of its employees.

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 around information from one database to the other. Nor is it about written publications; it is 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:

1. Communities of practice with representatives from different WSPs,
2. Team learning for WSP employees,
3. Knowledge platform.

PURPOSE

Learning within the WSP 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.

The most prominent benefits of a learning organisation are:

» Ensuring access to relevant knowledge – knowledge available in other WSPs and with individuals from within the WSP

» Ensuring the quality of knowledge and knowledge management for the WSP

» Finding common ground for the joint implementation of the integrity change process.

LINK TO INTEGRITY

» Building capacities that are important for the implementation of the integrity change process

» Creating a mutual understanding of the integrity change process

» Continuously reflecting on the experiences during the integrity change process in order to adapt and optimise its implementation

EXAMPLES / HOW TO

1. **Communities of practice with representatives from different WSPs** (adapted from SDC 2009 and Wenger and Trayner no year):

   ○ Identify potential members

   Participating WSPs from the integrity management workshop should be the founding members of a first series of community meetings. Later on, other stakeholders may get involved (for instance, potential partners you listed in your road maps). Dare to introduce new forms of sharing experiences and encourage others to do the same! Find potential members who are willing to join the community of practice and invest their time to improve 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 of the integrity change process within or between WSPs, and discuss other integrity-related issues the participants deem relevant. During the meetings, questions from participants should be discussed and solutions for practical implementation deduced. Know-how should be shared, refined and applied to specific cases. The following questions can guide the workshops:

   ● 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?

It is important to ensure frequent workshops for the community of practice. Ask the integrity management coaches for assistance if needed. To reduce costs and organisation, WSPs can take turns to host workshops at their offices.

2. Team learning for WSP 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, as well as collegial coaching. Use these events to communicate information on the integrity change process and to demonstrate the commitment of the management (see also instrument 16).

- **Collegial coaching** is a method by which employees coach each other to build personal and professional competence (adapted from SDC 2009). 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 holding a collegial coaching session:

- **Companionship:** Talk about success and failure with understanding.

- **Feedback:** Give each other objective feedback without judgement.

- **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:** Seek support from the integrity team or integrity management coach if needed.

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 set up a platform in the form of a drop-box, a notice board, an email address or similar to allow two-way communication between the integrity team and the employees. Be open to concerns, ideas, etc. from employees and reward them for their contributions to the integrity change process.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Snyder and Souza Briggs, 2003, Communities of Practice: A New Tool for Government Managers, IBM Center for The Business of Government

Remalingam, 2006, Tools for Knowledge and Learning, Overseas Development Institute (ODI), UK

Knowledge Management Toolkit, 2009, Swiss Agency for Development and Cooperation (SDC), Switzerland

Wenger and Trayner, no year,
List of resources (web), accessed June 2014,
http://wenger-trayner.com/map-of-resources/

Dearden et. al., 2003, Tools for development, Department for International Development (DFID), UK

INTEGRITY INSTRUMENTS

2

Water treatment: Part of an effort to rehabilitate the Pasig river, a sewage treatment plant was constructed in Marikina city (Phillipines) where waste water collected from residential and commercial establishment were treated and recycled.
© Danilo Victoriano

1

Accountability for expenditures

DESCRIPTION / DEFINITION

Accountability for expenditures is the moral or legal duty to submit financial reports to scrutiny and to explain to all stakeholders how funds, equipment, or authority was used, and what was achieved as a result (Mango 2012). In Kenya, all WSPs have the legal obligation (Service Provision Agreement, Clause 14, Section 2) to submit their annual reports, including a financial report, to the WSB. Financial statements also need to be provided to third parties such as donors or banks, and a short summary of the annual report needs to be made available to the public. In cases where WSPs receive revenues for the national government, the financial statements have to be published and publicised (Anti-Corruption Resource Centre 2013; WASREB 2010; WASREB 2007; National Council For Law Reporting 2012).

PURPOSE

By being accountable for expenditures, WSPs can display their commitment to transparency, establish credibility, and foster confidence among water users (Mango 2012). In particular, the WSP BoDs' expenditures can be extremely high: GIZ (2013) reported cases with expenditures surpassing 10 per cent of the WSP's income. In order to increase WSPs' financial efficiency, it is important that expenditures are tracked, controlled and made subject to scrutiny.

LINK TO INTEGRITY

Unreasonably high expenditures point towards questionable practices (Nordmann et al., 2013). Thus, accountability for expenditures builds safeguards against corruption, bribery, embezzlement, money laundering and theft (PG Exchange no year; Khan and Chowdhury no year).

EXAMPLES / HOW TO

Accountability for expenditures can be increased by:

» Submitting the budget and expenditures to audits

» Dividing the responsibility for processing financial transactions

» Reviewing guidelines to make sure that expenditures are in compliance

» Reviewing transaction reports in a timely manner

» Holding an annual public hearing on the WSP expenditures.

(Blink UC San Diego 2012; Mango 2012)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Key features of NGO accountability systems, 2013, Anti-Corruption Resource Centre, Norway

Expenditure Accountability Checklist (web), 2012, Blink UC San Diego 2012, accessed March 2013, http://blink.ucsd.edu/go/accountability

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Khan and Chowdhury, no year, Public accountability, corruption control and service delivery

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

The Public Finance Management Act 2012, 2012, National Council for Law Reporting, Kenya

Public Budgets and Expenditures (web), PG Exchange Toolkit, no year, PG Exchange, accessed June 2014 http://www.pgexchange.org/images/toolkits/

Reporting guidelines. Water regulation information system (WARIS), 2008, Water Services Regulatory Board (WASREB), Kenya

Citizens, accountability and public expenditure, 2005, Department for International Development (DFID), UK

Accountability and control of public spending in a decentralised and delegated environment, 2005, Organisation for Economic Cooperation and Development (OECD), France

Public expenditure and financial accountability, 2008, United States Agency for International Development (USAID), US

2

Accounts and finance manual

DESCRIPTION / DEFINITION

A finance manual supports accounts and finance staff 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 various tasks and procedures, such as budgeting, bookkeeping, or preparing financial statements and reports (Investopedia no year).

As such, an accounts and finance manual serves as an umbrella for more detailed tools relating to accounting (such as external audits and reconciliation of accounting records – instruments 19, 37 –, computerised financial accounting – instrument 13 –, accountability for expenditures – instrument 1 – etc.).

PURPOSE

According to the WASREB corporate governance guidelines (2009), WSPs have a responsibility to ensure the financial stability and credibility of the water sector. Furthermore, WSP directors need to be in a position to fully understand their financial statements. An accounts and finance manual can help to attain these goals.

The overall purpose of a finance manual is to set out an organisation's principles, policies and practices on all finance and accounting matters. Specifically, a financial manual should:

» Standardise the way finance and accounts activities are carried out, in order to ensure consistency

» 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 / utility's policies and procedures

» Continuously review the internal control system to be able to meet the challenges of growth and globalisation

» Implement and maintain this system of control to assist the utility / company to carry out its activities in an efficient and orderly manner, ensure adherence to management policies, safeguard the company's / utility's assets, and secure the accuracy and reliability of its records.

(UN HABITAT 2008)

LINK TO INTEGRITY

Clear, transparent and understandable policies as well as defined responsibilities are essential to prevent fraud and misconduct, but also to prevent misunderstandings and lack of consistency.

EXAMPLES / HOW TO

A finance manual or work guide should include (Mango 2012):

» 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.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Accounting manual, no year, Investopedia (web), accessed June 2014, http://www.investopedia.com/terms/a/accounting-manual.asp

Finance and accounts policies and procedures manual, 2008, United Nations Human Settlements Programme (UN HABITAT), Uganda

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Corporate Governance Guidelines for the Water Service Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Finance and Related Matters Reference Book, 2006, MAF Europe, UK

Mosin, 2009, Sample accounting manual, Oesterreichische Entwicklungsbank und ATC Consultants, Austria

3

Anti-corruption policy

DESCRIPTION / DEFINITION

An anti-corruption policy is a document that provides guidance on the standards of conduct regarding bribery and corruption (Elekta 2011).

PURPOSE

In Kenya, all public institutions are required to formulate and implement an anti-corruption policy in order to address issues of corruption and define strategies and measures to be put in place (Kenya Anti-Corruption Commission 2007a).

An anti-corruption policy is founded on good corporate governance. In the water services sector, good corporate governance means that boards and senior management of the Services Boards and water service providers govern their entities with integrity and enterprise in a manner which entrenches and enhances the objectives agreed under the license and the service provision agreement (WASREB 2009).

LINK TO INTEGRITY

Cost effective and efficient management and operation of water services can only be realised if the leadership in the water sector institutions is guided by the tenets of good governance (WASREB 2009).

EXAMPLES / HOW TO

An anti-corruption policy should generally address the following:

» Statement of recognition of corruption risk in the organisation 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

» 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 corruption prevention committee, its mandate and operations

» How to report corruption internally and externally

» Confidentiality of information and protection of informers and whistleblowers.

(Kenya Anti-Corruption Commission, 2007a; Kenya Anti-Corruption Commission 2007b)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Elekta anti-corruption policy, 2011, Elekta, Sweden

Framework for Mainstreaming Corruption, 2007a, Kenya Anti-Corruption Commission, Kenya

Guidelines for the Preparation of an Anti-Corruption Policy for Public Institutions, 2007b, Kenya Anti-Corruption Commission, Kenya

Gonzáles de Asís , O'Leary, Ljung and Butterworth, 2009, Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation – Action, Learning, Experiences, World Bank, USA

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Anti-Bribery & Corruption (ABC) Standards and Frameworks, 2012, Institute Of Business Ethics, UK

Hanna et al., 2011, The effectiveness of anti-corruption policy, The Evidence for Policy and Practice Information and Coordinating (EPPI) Centre, UK

United Nations Manual on Anti-Corruption Policy, 2001, United Nations Office for Drug Control and Crime Prevention (ODCCP), Austria

Veenman, 2012, Anti-Bribery and Anti-Corruption Policy

4

Asset management in utility stores

DESCRIPTION / DEFINITION

With regard to water services provision, asset management means to monitor and maintain facilities and systems with the objective of providing the best possible service to users and ensuring that installations achieve a good return.

PURPOSE

Fixed assets in utility stores may represent considerable capital of a WSP and require special attention to ensure that their value is maintained and that they do not disappear through lack of vigilance.

An asset management in the utility store ensures accurate asset accounting by tracking, unitising and capitalising assets. Asset management can help the WSPs to yield better performance and to increase the reliability of the asset portfolio at reduced cost. It can improve maintenance, and helps to identify and correct errors and failures. In addition, it can help the WSPs to plan preventatively (Oracle no year).

LINK TO INTEGRITY

Putting sophisticated asset management systems in place will minimise the risk of opportunistic theft or loss due to lack of monitoring. This includes common sense tools such as physical controls (24-hour cameras), asset registers and monitoring procedures.

EXAMPLES / HOW TO

A simple asset register is the minimum precondition for the management of utility store assets with an entry or record sheet for each item. Each asset should be tagged with a unique reference number for identification purposes. The record sheet should also state the responsible parties for its maintenance and security. The assets register should be checked by a senior manager or committee member every quarter, and any discrepancies need to be reported and followed up by appropriate action (Mango 2012).

» Make qualified staff directly accountable for stores (Nordmann 2012b).

» Automate utility stores to enforce proper booking. Sophisticated automated asset management systems improve accountability, make risk management more reliable and reduce costs (Kenya Water Institute 2012; BMC Software no year).

» Maintain inventory systems, accounting controls and record keeping systems for utility stores for non-fixed assets (Nordmann 2012b).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Automated IT Asset Management. Maximize organisational value using BMC Track-It, no year, BMC Software, USA

Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya – Documentation Report, 2012, Kenya Water Institute, Kenya

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Nordmann, 2012b, Deepening Governance in Water and Sanitation Services. Discussion Paper for Water Services Regulatory Board, Kenya

Oracle Utilities Work and Asset Management. Optimize Work Performance and Asset Management, no year, ORACLE (web), accessed June 2014, http://www.oracle.com/us/products/applications/utilities/business-solutions/work-asset-management/overview/index.html

Asset Management Policy Version 1.4, no year, Tweed Shire Council, Australia

A Handbook for Water and Wastewater Utilities, 2012, United States Environmental Protection Agency (EPA), USA

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

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Asset management policy

DESCRIPTION / DEFINITION

In general, 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.

In regards to water services provision, asset management means to monitor and maintain facilities systems with the objective of providing the best possible service to users, and ensuring that installations achieve a good return. An 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 WSP (Tweed Shire Council no year).

PURPOSE

An asset management policy ensures that fixed assets' value (such as water infrastructure, buildings, vehicles, machinery and office equipment) are maintained, properly operated, managed and secured. An asset management policy articulates a utility's commitment to asset management and provides policy statements to guide staff in carrying out the WSP's business strategies, plans and activities. The policy should also clearly outline how asset management is to be integrated within the organisation in order that it is coordinated, cost effective and organisationally sustainable (LGAMWG no year).

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 lifespan.

EXAMPLES / HOW TO

An asset management system should cover the following domains (Mango 2012):

» 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 when accidents happen, 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 an example, see also Clause 11 of WASREB's Sample Service Provision Agreement 2010).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Service Provision Agreement, 2010, Water Services Regulatory Board (WASREB), Kenya

A Guide to Developing a municipal asset management policy, no year, Local Government Asset Management Working Group (LGAMWG)

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Asset Management Policy Version 1.4, no year, Tweed Shire Council

Asset Management: A Best Practices Guide, 2008, United States Environmental Protection Agency (EPA), USA

Water Infrastructure Asset Management. Adopting Best Practices to Enable Better Investments, 2013, McGraw Hill Constructions, UK

Asset management policy, 2012, Riverina Water County Council, Australia

6

Budget transparency

DESCRIPTION / DEFINITION

Budget transparency is defined as "the full disclosure of all relevant fiscal information in a timely and systematic manner". It means that citizens and civil society organisations have access to all information on how resources are allocated (Pekkonen and Malena no year).

PURPOSE

Budget transparency enables citizens to evaluate the stewardship of public money. It also allows them to participate in and provide input to the budget process. In addition, an early identification of weaknesses and strengths of budget policies can reduce risks while it fosters fiscal and macroeconomic stability. Last but not least, budget transparency can enhance revenue collection, as citizens may be more willing to pay if they know how their money is used (Pekkonen and Malena no year).

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 WSP staff and officials may act more responsibly if the budget is open to public scrutiny, 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 no year; Pekkonen and Malena no year).

EXAMPLES / HOW TO

There are a number of steps that are typically involved in achieving budget transparency (Pekkonen and Malena no year):

» Assess the existing level of budget transparency

» Advocate for greater budget transparency

» Obtain, demystify and disseminate budget information

» Take specific measures to make the budget more transparent and accessible.

The following steps are demanded by the civil society group *Make Budgets Public NOW*:

» Publish the budget proposal

» Publish an independent audit of progress against this proposal

» Allow public hearings during the budget debate. (For the government budget, the Kenyan constitution stipulates that a committee from the National Assembly has to seek participation from the public to discuss the budget (IBP 2012).

» Publish a citizen's budget.

(Make Budgets Public NOW no year)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

What is BTAP? (web), no year, Global Movement for BTAP, accessed June 2014, http://www.globalbtap.org/what-is-the-global-movement-for-budget-transparency-accountability-and-participation-make-budgets-public/

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Social audits in Kenya – Budget transparency and accountability, no year, IBP

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Morgan, 2002, Handbook on public budgeting, Portland State University, USA

Mwenda and Gachocho, 2003, Budget transparency – Kenyan perspective, Kenya

Best practices for budget transparency, 2002, Organisation for Economic Cooperation and Development (OECD), France

7

Checklist for audits

DESCRIPTION / DEFINITION

An audit is a formal examination of an organisation'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 management, control and processes, an audit helps an organisation accomplish its objectives (OECD 2011).

An audit checklist is a document that contains a list of tasks that need to be completed when performing an audit (Approva 2006; Westfall 2011; WiseGEEK no year).

PURPOSE

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 (Approva 2006, Westfall 2011, WiseGEEK no year; Richards no year).

LINK TO INTEGRITY

Audits increase the WSP's credibility and are a crucial instrument to demonstrate transparency and accountability (Mango 2012). 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). By enhancing the quality of audits, audit checklists greatly contribute to integrity.

EXAMPLES / HOW TO

A number of aspects should be considered when developing an audit checklist (Richards no year):

» Define what you want to audit, how it can be done and what outcomes are desired.

» Document the questions that can yield measurable answers.

» Develop measurements (and respective scoring methods) that correspond to the audit's objective.

» Develop a checklist document that captures the results of the audit.

» Perform quality assurance testing in order to find out if the criteria in the audit are valid and make sense for the desired outcomes.

The following issues may be part of an audit checklist (adapted from Approva 2006):

» 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.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Internal Control and Internal Audit Ensuring Public Sector Integrity and Accountability, 2011, Organisation for Economic Cooperation and Development (OECD), France

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Part I. Internal auditing regulations, no year, Government of Kenya, Kenya

Internal audit manual – Appendices, no year, Government of Kenya, Kenya

The Public Finance Management Act 2012, 2012, National Council for Law Reporting, Kenya

Audit Manual, 2009, United Nations, USA

8

Clarified corporate governance structure

DESCRIPTION / DEFINITION

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).

According to WASREB (2009), the term refers to an "appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholder value and maximum human-centred development while remaining conscious of their other responsibilities to stakeholders, the environment and the society in general."

Good corporate governance requires an effective system of mutual checks and balances among the top corporate bodies (SWISS Re 2013).

PURPOSE

Clear roles and responsibilities at each level (from the board to the management, staff and stakeholders) are essential for a utility 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 utilities are directed and controlled, focusing both on internal and external corporate structures.

LINK TO INTEGRITY

Clear corporate governance structures allow monitoring of the actions of management and directors and thereby mitigate agency risks that may stem from the misdeeds of corporate officers (adapted from Wikipedia no year). Cost effective and efficient management and operation of water services can only be realised if the leadership in the water sector institutions is guided by the tenets of good governance (WASREB 2009).

EXAMPLES / HOW TO

Principles of good corporate governance (Applied Corporate Governance 2013):

» An ethical approach towards society must be a key organisational paradigm.

» Objectives should be balanced and respect the goals of all interested parties.

» The roles of key players such as the board, the management or staff / stakeholders must be clarified.

» A decision-making process must be in place – reflecting the first three principles and giving due weight to all stakeholders.

» Equal concern must be given for all stakeholders – albeit some have greater weight than others.

» Accountability and transparency is necessary – to all stakeholders.

The Water Act 2002 (section 47(h)) tasked WASREB with the development of corporate governance guidelines, to educate the water services sector institutions on their management practices, interactions with the shareholders and other stakeholders. A detailed description of corporate governance can now be found in WASREB 2009.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Best Corporate Governance Practice (web), 2013, Applied Corporate Governance, accessed June 2014, http://www.applied-corporate-governance.com/best-corporate-governance-practice.html

The OECD Principles of Corporate Governance, 2004, Organisation for Economic Cooperation and Development (OECD), France

Our approach to corporate governance: fulfilling our commitment to our stakeholders (web), 2013, Swiss Re, accessed June 2014, http://www.swissre.com/about_us/corporate_governance/

Corporate Governance Guidelines for the Water Service Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Swiss Code of Best Practice for Corporate Governance, 2008, Economiesuisse, Switzerland

Mulili and Wong, 2011, Corporate Governance Practices in Developing Countries, International Journal of Business Administration, Vol. 2, No. 1, Canada

Principles for corporate governance in Kenya, no year, Private Sector Initiative for Corporate Governance, Kenya

Rampa, 2011, Analysing governance in the water sector in Kenya, European Centre for Development Policy Management (ECDPM), The Netherlands

9

Clear 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 required, and the needs of the organisation (Heathfield 2013).

PURPOSE

If effectively developed, employee job descriptions are communication tools that can foster the WSP'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 2013).

LINK TO INTEGRITY

Clear job descriptions that include the responsibilities of the workers can serve as the 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 emphasise the staff's responsibility to report such behaviour (adapted from SECO no year).

EXAMPLES / HOW TO

Clear job descriptions should include at least the following elements (Hebert 2011, Schleifer 2007):

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.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Heathfield, 2013, Why Effective Employee Job Descriptions Make Business Sense – 5 Tips About Employee Job Descriptions (web), accessed June 2014, http://humanresources.about.com/od/glossaryj/a/jobdescriptions.htm

Hebert, 2011, Writing Clear Job Descriptions (web), accessed June 2014, http://management411.net/writing-clear-job-descriptions/

Schleiffer, 2007, Job Descriptions: Essential Elements Explained (web), accessed June 2014, http://hrdailyadvisor.blr.com/archive/2007/08/22/job_descriptions_elements_sample_prewritten.aspx

Preventing corruption – Information for Swiss businesses operating abroad, no year, State Secretariat of Economic Affairs (SECO), Switzerland

Delineating Responsibilities – Crafting a clear job description, 2011, Shepell FGI, Canada

Writing a job description, 2011, University of Minnesota, USA

10

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).

PURPOSE

A code of conduct is a central guide and reference for the day-to-day conduct of WSP decision-making. It clarifies an organisation's vision, mission, values, and principles, and links them with standards of professional conduct (Kenya Anti-Corruption Commission no year).

LINK TO INTEGRITY

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 no year).

EXAMPLES / HOW TO

A code of conduct should:

» Include values, beliefs and expectations rather than facts

» Be based on the organisation's values

» Be simple but at the same time precise

» Define what conduct is acceptable and what is not

» Give examples when appropriate

» Incorporate opinions from members of the organisation to ensure ownership

» Be fully disseminated among the staff.

(Kenya Anti-Corruption Commission no year)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Guidelines for the Development of a code of conduct and ethics for public officers, no year, Kenya Anti-Corruption Commission, Kenya

The Anti-Corruption Plain Language Guide, 2009, Transparency International, Germany

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Code of Conduct for Employees, 2007, Nyeri Water & Sewerage Company (NYEWASCO), Kenya

Code of Conduct, 2008, Water Integrity Network (WIN), Germany

11
Compliance officer

DESCRIPTION / DEFINITION

A compliance officer is a member of the staff who makes sure that the company complies with outside regulations and internal policies (Investopedia no year).

PURPOSE

WSPs – just like any business – need to comply with certain rules and laws. The aim of appointing a compliance officer is to mitigate the risk that a WSP breaks with the regulations such as the Companies Act, the Water Act (2002) or the Public Procurement and Disposal Act (2005). He or she can prevent the WSP from legal problems and penalties and can support the process of internal audits (Investopedia no year; WASREB 2009; The Best Practice Network Guidelines no year).

LINK TO INTEGRITY

Besides ensuring that the WSP complies with the above-mentioned regulations, a compliance officer can also make sure that all procedures are in accordance with the set standards and regulations relating to corruption, fraud, etc. and that the business complies with the Anti-Corruption and Economic Crimes Act. It is one of the key duties of a compliance officer to ensure that the employees and management are acting ethically (The Best Practice Network Guidelines no year).

EXAMPLES / HOW TO

In order for the work of the compliance officer to be effective, it is important that he or she:

» Carefully monitors the staff and interacts with the employees on an individual basis

» Investigates root causes of occurring non-compliance

» Takes corrective action in case of non-compliance

» Establishes risk control measures

» Is part of the senior management, in order not to be perceived as a subordinate

» Receives a clear commitment from the top management

» Is constantly involved in the WSP's business

» Is independent and impartial

» Has unlimited access to relevant information

» Has enough resources available.

(The Best Practice Network Guidelines no year; Fox 2012a; Fox 2012b)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Fox, 2012a, Three keys to the role of a chief compliance officer (web), accessed March 2013, http://tfoxlaw.wordpress.com/2012/03/22/three-keys-to-the-role-of-a-chief-compliance-officer/

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Compliance officer (web), no year, Investopedia, accessed March 2013, http://www.investopedia.com/terms/c/compliance-officer.asp

Duties of a compliance officer (web), no year, The Best Practice Network Guidelines, accessed March 2013, http://www.best-practice.com/compliance-best-practices/compliance-management/duties-of-a-compliance-officer/

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Compliance Officer role and responsibilities tip sheet, no year, Integrity First Consulting, USA

Compliance officer, 2006, Fondation Genève Place Financière, Switzerland

12

Compliance with the Public Procurement and Disposal Act   Kenya specific – procurement and anti-corruption legislation

DESCRIPTION / DEFINITION

As public institutions, WSPs are bound to the Public Procurement and Disposal Act (PPDA 2005), which outlines the rules, guidelines, standards and procedures that govern the process of acquiring public goods and services (UNOPS 2012; WiseGEEK 2012). It is mandatory for all WSPs to implement and adhere to all contents of this law (National Council For Law Reporting 2010; WASREB 2009).

PURPOSE

The uniform guidance provided by the PPDA 2005 ensures transparency and accountability, enhances public confidence and facilitates economic development. Furthermore, it aims to promote fair competition and to improve the efficiency and effectiveness of operations in public entities.

Clear and transparent procurement policies do not only give all potential contractors an equal chance and thus increase healthy competition, they also force potential contractors to abide by set standards if they do not want to be subject to grave consequences (National Council For Law Reporting 2010; Government Of The Republic Of Sierra Leone 2006; WASREB 2009).

LINK TO INTEGRITY

Procurement processes are particularly vulnerable to unethical conduct. Procurement departments have to make decisions on large sums of money, which invites bribery, fraud, facilitation payments, collusion and general mismanagement of public funds. The guidelines provided by PPDA 2005 help to increase the transparency of public procurement and to impede such dishonest behaviour (Nordmann et al., 2013; UNOPS 2012; Transparency International 2010).

EXAMPLES / HOW TO

The regulations provided by PPDA 2005 relate to the following points:

» The bodies involved in the regulation of public procurement

» The internal organisation of public entities relating to procurement

» General procurement rules

» Open tendering

» Alternative procurement procedures

» The administrative review of procurement proceedings

» Authority powers to ensure compliance

» The debarment from participating in procurement proceedings

» The disposal of stores and equipment.

The detailed regulations can be found in the procurement act itself in the National Council For Law Reporting (2010).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

The Public Procurement and Disposal Act, Chapter 412C, 2010, National Council for Law Reporting, Kenya

Corruption and public procurement, 2010, Transparency International, Germany

Transparency and public procurement, 2012, United Nations Office for Project Services (UNOPS), USA

Service Provision Agreement, 2010, Water Services Regulatory Board (WASREB), Kenya

What is procurement policy? (web), 2012, WiseGEEK, accessed April 2013, http://www.wisegeek.com/what-is-procurement-policy.htm

Good practice in addressing corruption in water resource management projects, 2009, Anti-Corruption Resource Centre, Norway

Corruption prevention guidelines in public procurement, 2009, Kenya Anti-Corruption Commission (KACC) & Public Procurement Oversight Authority (PPOA), Kenya

The Public Procurement and Disposal Act, 2005 Legislative Supplement No. 53, 2006, Minister for Finance, Kenya

Directorate of Public Procurement (web), no year, Ministry of Finance, accessed April 2013, http://www.treasury.go.ke/index.php/departments/directorate-of-public-procurement

Enhancing Integrity in Public Procurement. A Checklist, 2008, Organisation for Economic Cooperation and Development (OECD), France

Ochieng and Muehle, no year, Development and reform of the Kenyan public procurement system, Kenya

13

Computerised financial accounting

DESCRIPTION / DEFINITION

Computerised financial accounting is the process of digitally recording, summarising and reporting financial transactions (Investopedia no year).

PURPOSE

The purpose of computerised financial accounting is to have a clear, transparent and reliable system to keep track of financial transactions. Such a system can prevent poor planning and budgeting, which can help to reduce the WSP's expenditures and ultimately to increase their revenues (Kenya Water Institute 2012).

LINK TO INTEGRITY

Computerised financial accounting can serve as entry point to mitigate the abuse of procurement of goods and / or services for private gain (e.g. collusion, bribery, fraud, abuse of discretion or clientelism) (Nordmann 2012b).

EXAMPLES / HOW TO

Computerised financial accounting should:

» Give an overview of different types of annual revenues (e.g. water tariffs, setting up of connections, etc.)

» Provide insight on different types of expenses (e.g. materials, rent, staff)

» Connect billing and accounting systems (Nordmann 2012b).

There are various options for centralised computerised financial accounting on the market, also specifically for Kenya. Practical questions to clarify are:

» 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?

It is worthwhile comparing different options to find a solution that is adapted to the specific needs and size of the WSP.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Financial Accounting (web), no year, Investopedia, accessed April 2013, http://www.investopedia.com/terms/f/financialaccounting.asp

Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya – Documentation Report, 2012, Kenya Water Institute, Kenya

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Nordmann, 2012b, Deepening Governance in Water and Sanitation Services, Kenya

Investigation into Corrupt Conduct of Sydney Water employees and others, 2011, Independent Commission Against Corruption, Australia

14

Counters to overpricing

DESCRIPTION / DEFINITION

Overpricing or overcharging refers to the difference between an observed market price and a billed price (Connor 2003). To counter overpricing, systems or processes should be put in place specifically.

PURPOSE

Countering overpricing ensures fair and transparent prices for consumers and increases their readiness to pay. Lowering prices also means that more families are able to afford water services, which in turn means increased business for the WSPs (UNDP 2011).

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).

EXAMPLES / HOW TO

Overpricing can be countered in numerous ways:

» Making transparent and accessible financial statements of all WSPs mandatory. This makes it easier for regulators to assess price indices.

» Developing a sector-specific price index for goods and services (for everything from pipes to borehole-drilling or pipe-laying) to counteract inflated prices (Nordmann et al. 2013). A good example of this is the WASREB tariff guidelines (see WASREB no year).

» 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 WSP has overcharged a customer, correcting the tariff in the next billing cycle and issuing a refund. The refund should be followed by a public apology (WASREB no year).

» Forbidding unauthorised shifts of revenues between the approved costs per category for WSPs and Water Services Boards (WSBs) (WASREB no year).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Connor, 2009, Price-fixing overcharge, Purdue University, USA

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Fighting Corruption in the Water Sector, 2011, United Nations Development Programme (UNDP), USA

Tariff Guidelines, no year, Water Services Regulatory Board (WASREB), Kenya

15

Customer complaint management

DESCRIPTION / DEFINITION

Customer complaint management is a system that allows customers to register their dissatisfaction with the WSP. 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 no year).

PURPOSE

An effective customer complaint mechanism can improve accountability, make sure that customers' expectations are met and ensure that water services provision and sanitation is continuously improved (Gonzáles de Asís et al. 2009; Anti-Corruption Resource Centre 2007).

LINK TO INTEGRITY

A customer complaint system is an effective tool to establish good governance. Without effective complaint mechanisms, and where awareness about the rights and responsibilities of WSPs and consumers is lacking, poor households are unable to seek redress (GIZ 2013).

EXAMPLES / HOW TO

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 filing complaints include:

» Establishing complaint committees

» Installing complaint boxes attached to the village information board

» Setting up complaint telephone numbers

» Preparing ready-made complaint forms.

Furthermore, it should be kept in mind that:

» Information received from complainants needs 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 of 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 within a defined time span (e.g. seven days after being processed by a desk officer).

» Complaints should be resolved thoroughly. A detailed procedure for managing complaints can be found in WASREB's **Consumer Engagement Guideline** (no year).

» An example of strong citizen feedback and communication is the Kenya Water and Sanitation Services Improvement Project (WASSIP), where the World Bank's water and sanitation programme helps WASREB to reach out to communities and establish water action groups (WAGs). The committees facilitate feedback by holding quarterly focus groups and biannual public hearings. The WAGs provide citizens with a grievance redress mechanism by ensuring that unresolved complaints can be taken from WSPs to WSBs and then to the national regulatory agency. The project has also introduced water and sanitation report cards on which citizens can rate the quality of the water services they are receiving. The report cards are then collected, analysed, and used to identify service gaps.

Another example for an effective customer complaint system is MajiVoice (see instrument "Implementation of MajiVoice") (Political Press 2012).

Optional

REFERENCES AND FURTHER READING

Anti-corruption complaint mechanisms, 2007, Anti-Corruption Resource Centre, Norway

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Proposed Integrity Guideline Manual for the Kenyan Water Sector (Draft), 2013, GIZ WAVEPlus, Kenya

Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya, 2012, Kenya Water Institute, Kenya

Citizen Feedback Drives Performance Improvements in Kenya's Water and Sanitation Services, 2012, Political Press

Corruption practices and the available complaint, feedback, redress tool(s) and anti-corruption tool(s) in water and sanitation Sector – Bondo district, no year, Kenya Water for Health Organization (KWAHO), United Nations Development Programme (UNDP), Nairobi, Kenya

Consumer Engagement Guideline, 2013, Water Services Regulatory Board (WASREB), Kenya

Gonzáles de Asís, O'Leary, Ljung and Butterworth, 2009, Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation – Action, Learning, Experiences, World Bank, USA

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Handling Customer Complaints, a best practice guide, no year, Isight, Canada

K'akumu, 2007, Toward effective governance of water services in Kenya, Water Policy 9 (2007) 529–543, IWA Publishing, UK

Customer services user manual, 2008, National Water & Sewerage Corporation (NWSC) External Services Uganda, Uganda

16

Delegated authority document

DESCRIPTION / DEFINITION

Delegation of authority means dividing authority and powers downwards to the subordinate (Management Study Guide no year). 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).

PURPOSE

A delegated authority document prevents confusion about responsibilities (Mango 2012).

LINK TO INTEGRITY

If delegated authority is not documented, WSP 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 no year).

Transactions for personal benefit are less likely if delegated authority is documented, as this document makes the individual vulnerable to accusations of abuse.

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 payment approval will diminish the chances of employees committing any fraud.

EXAMPLES / HOW TO

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):

The delegated authority document should include instructions for duties such as:

» Placing and authorising orders for goods and services

» Signing cheques

» Authorising staff expenses

» Handling incoming cash and cheques

» Accessing the safe and petty cash

» Checking and authorising accounting records

» Signing legal undertakings.

Available to all personnel, it should show who has to be involved for which decisions. This document also should act 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.

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, and you were not here". Authorised personnel should receive additional training on this document and how the procedures work, including suggestions about refusal of signatures.

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. paying 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.

This procedure can be supported by means of a document with which the staff members can crosscheck the authenticity of the signatures.

REFERENCES AND FURTHER READING

Delegation of Authority (web), no year, Independent Commission Against Corruption, Australia, accessed April 2013, http://www.icac.nsw.gov.au/preventing-corruption/knowing-your-risks/delegation-of-authority/4895

Delegation of Authority (web), no year, Management Study Guide, accessed April 2013, http://www.managementstudyguide.com/delegation_of_authority.htm

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Delegations of authority, no year, Public Health Seattle and King County, USA

Delegation of authority and accountability, 2004, United Nations (UN), Switzerland

17

Due diligence investigation of suppliers and sub-contractors

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. 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 no year; PInow no year).

PURPOSE

A due diligence investigation reveals whether a potential partner commits to proven and recognised business practices, and uncovers the risks and opportunities involved in a potential alliance. By conducting such investigations, WSPs can reduce the chance of unpleasant surprises – in both financial and non-financial terms (Tafe Queensland International 2011; USAID no year-a).

Due diligence has special relevance in procurement, particularly in general and in public procurement. In this case, the Public Procurement and Disposal Act (2005) commands WSPs to install evaluation committees that perform due diligence evaluations (National Council For Law Reporting 2010). Additionally, for each contract, this law requires a statement that verifies that the contractor is not debarred from participation in procurement under Part IV, as well as a declaration that the person will not engage in any corrupt practice (National Council For Law Reporting 2010).

LINK TO INTEGRITY

By conducting due diligence investigations, WSPs can assess the multiple dimensions of integrity (accountability, transparency, rule of law, etc.) of their partners. This contributes to the WSP's own integrity, as the risk of getting involved in dubious affairs with collaborators in the water sector can be reduced.

EXAMPLES / HOW TO

A due diligence investigation usually includes five 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 (e.g. compatibility with the Kenyan Water Act).

The assessment and analysis of these themes should be woven into a five-step outline:

1. Planning
2. Gathering available information (websites, annual reports, references, further available data)
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 (USAID no year-a).

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

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18

Extended code of ethics for boards of directors

Kenya specific – governance of WSPs

DESCRIPTION / DEFINITION

The code of ethics for members of the board of directors (BoD) of WSPs comprises the ethical principles that are considered essential in providing guidance for the expected conduct of the BoD when handling matters relating to the company (WASREB 2010). While it is mandatory for the board to sign a basic code of ethics (as circulated by WASREB) before commencing business, WSPs are free to extend the code and further specify guidelines on the conduct of members of the BoD.

PURPOSE

The code aims to ensure that the principles of corporate governance are understood, embraced and adhered to by the board members in order to achieve the vision, mission, organisational goals and objectives of the WSP. In the case that a board member breaches the code, the director shall resign from the position (WASREB 2010).

LINK TO INTEGRITY

An extended code of ethics for the BoD members can help to ensure that the directors indeed foster corporate governance, which includes accountability, responsibility and transparency. The standards and values that refer to integrity (such as corruption, nepotism or patronage) can thus further be strengthened (WASREB 2010).

EXAMPLES / HOW TO

There is a need to identify ethical principles that are most relevant to the organisation or institution. Some of the values that need to be considered in extending the code include:

» Integrity

» Professionalism

» Service delivery

» Respect

» Accountability

» Transparency

» Justice

» Selflessness

» Objectivity

» Honesty

» Loyalty

» Leadership

» Decency.

(Kenya Anti-Corruption Commission no year)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Model Code Of Ethics For the Board of Directors, 2010, Water Services Regulatory Board (WASREB), Kenya

Guidelines for the Development of a code of conduct and ethics for public officers, no year, Kenya Anti-Corruption Commission, Kenya

Code of Ethics for Business in Kenya, no year, Global Compact Network Kenya, Kenya

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19

External audits

DESCRIPTION / DEFINITION

An external audit is a periodic, independent examination of account books and records conducted by an external and qualified accountant (Business Dictionary no year; CIMA no year).

According to the service provision agreement (WASREB 2010), "the financial accounts of the service provider must be submitted annually to an independent financial and technical audit at the service provider's cost." The appointment of such an external auditor needs to be made by the board of directors of each WSP. Where the WSP is using public assets, the external auditor needs to be appointed under the guidance of the controller and auditor-general (WASREB 2009).

PURPOSE

The objective of an external audit is to determine whether the accounting records of a WSP 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 no year).

LINK TO INTEGRITY

Based on sampling, an external audit is not designed to provide absolute assurance to detect errors or – worse – fraud. 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; Kenya Revenue Authority 2006; Doig and Riley 1998).

EXAMPLES / HOW TO

In addition to the statutory requirements of the Companies Act (Cap 486) and a technical report to facilitate the monitoring of its financial, commercial and technical operations, the service provider has to produce an audited financial report (WASREB 2010). Details on the requirements are stated in the service provision agreement between the WSP and the WSB.

The external audit of the financial statement can only be undertaken by a recognised auditing firm. Usually, it is part of the service of the chosen auditing firm to inform the WSP on how the financial statement has to be produced before it can be audited.

Needless to say, an audit stands and falls with the independence and reputation of the auditor, who thus has to be chosen carefully.

Moreover, it is vital that external audits are accompanied by consistent and effective penalties in order to ensure the compliance with regulations and quality standards (Mango, 2012).

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

External Audit (web), no year, Business Dictionary, accessed April 2013, http://www.businessdictionary.com/definition/external-audit.html

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Service Provision Agreement, 2010, Water Services Regulatory Board (WASREB), Kenya

Larcker and Tayan, 2011, Financial reporting and external audit, Stanford Graduate School of Business, USA

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

The Public Finance Management Act 2012, 2012, National Council for Law Reporting, Kenya

20

Field inspections

DESCRIPTION / DEFINITION

Field inspections relate to the regular monitoring of field staff and their work by dedicated field inspectors or supervisors.

PURPOSE

Regular field inspections can improve the quality of work because employees know that their work is monitored on a regular basis. This reduces costs for operations and maintenance as well as investments in new infrastructure. With continuous visits, employees may be reluctant to collude with customers or steal materials. Supervision of meter readers can directly increase revenue, fostering improved meter reading and detecting possible bribery.

Reports on field inspections can also provide the management with feedback about staff motivation, work culture and possible problems with the operations of the WSP.

LINK TO INTEGRITY

Regular field inspections can unveil and reduce low quality of work, theft of assets and other illicit practices. Misuse of work time can also be detected. Inspections reduce the opportunity for corruption between staff and customers.

EXAMPLES / HOW TO

Different methods exist to ensure inspections are successful, such as:

» **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 first step to addressing problems in employee performance.

» Field inspectors should **operate independently** without direct interactions with meter readers and other field staff. Careful selection of honest staff for field inspections is important.

» Field inspections should not be limited to tasks of utility staff, but are especially important for projects and tasks in which **external firms** are involved.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Customer Service Field Inspector (web), 2006, Marin Municipal Water District, accessed March 2013, http://www.marinwater.org/DocumentCenter/Home/View/801

Methods to Ensure Quality Inspection Are Successful (web), 2013, eHow, accessed April 2014, http://www.ehow.com/info_8543763_methods-ensure-quality-inspection-successful.html

21

Impartial recruitment of auditor

DESCRIPTION / DEFINITION

The (external) auditor is responsible for reviewing a firm's financial reporting, fiscal and internal control, and risk management, as well as for monitoring the integrity of its financial statements. To recruit an auditor impartially means to appoint him or her neutrally, based on merit, 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; United Nations 2009).

PURPOSE

An impartial appointment is crucial to ensure that the auditor is independent and unbiased. If the auditor fails to fulfil these requirements, a truthful and open auditing is hindered.

Honest audits increase trust, can augment the attractiveness of funding for donors, and reduce the risk of filing inappropriate tax returns that could lead to hefty penalties (Institute Of Chartered Accountants 2003; United Nations 2009; Yen And Shiong 2008).

LINK TO INTEGRITY

An improperly conducted recruitment of the auditor can foster corruption, fraud, and misappropriation of funds, and can lead to reduced accountability. Impartiality helps to set the tone for integrity (Yen and Shiong 2008).

EXAMPLES / HOW TO

In order to make an impartial appointment, the auditor should be recruited based on:

» The fulfilment of clearly defined and documented requirements

» Experience in the field of auditing in the water sector

» The approval of the audit committee.

Furthermore, the board should ensure the appointment of an external auditor who ensures that financial statements and annual audits have been completed and reviewed every year. Where the WSP is using public assets, the external auditor shall be appointed under the guidance of the controller and auditor general (WASREB 2009).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

External Audit Independence Policy, no year, New Zealand Water and Waste Association, New Zealand

Appointment of the External Auditor, 2011, World Health Organization (WHO), Switzerland

22

Improved board selection procedure

Kenya specific – governance of WSPs

DESCRIPTION / DEFINITION

Improved board of directors (BoD) selection procedures are tools designed to make BoD selection procedures more transparent.

PURPOSE

WASREB's corporate governance guidelines of 2009 define the selection procedure for BoD members in detail. However, further improved BoD selection procedures can help to significantly impede adverse effects of inadequate integrity of board members by, for example, avoiding conflict of interests at board level.

LINK TO INTEGRITY

Improved BoD selection procedures help minimise the risk of:

» Selecting board members with a questionable reputation (e.g. involved in on-going court cases)

» Selecting board members with conflicting activities outside the institution / WSP

» Selecting underqualified board members

» Lacking representation of key professional areas (for instance financial management, consumer representation).

(GIZ WAVEPlus 2013)

EXAMPLES / HOW TO

Improved BoD Selection Procedures may consider (amongst others) the following (GIZ WAVEPlus 2013):

» Applying the regulator's guidelines on good corporate governance (WASREB 2009)

» A well-defined selection process and involvement of external experts in the selection of board members

» A thorough screening of board members during the selection process, documenting results and considering false information as a basis for immediate disqualification by the ministry for sector institutions and by shareholders for WSPs

» Considering deficiencies in skills.

(WASREB 2009; GIZ WAVEPlus 2013)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Proposed Integrity Guideline Manual for the Kenyan Water Sector (Draft), 2013, WAVEplus, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Kenya

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

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Flory, 2004, Best Practices in Board Selection Processes, USA

How to set up an effective board of directors, 2012, NGOConnect

23

Improved work environment and conditions for staff

DESCRIPTION / DEFINITION

The term "work environment" comprises the physical, geographical location and the immediate surroundings of a workplace (including factors such as air quality, noise level, etc.), as well as the perks and benefits associated with employment.

Working conditions, on the other hand, are circumstances such as working hours, stress, degree of safety, or danger that affect the workplace

(Business Dictionary no year-a; Business Dictionary no year-b; Eionet 2012).

PURPOSE

Improving the work environment and conditions contributes greatly to 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).

LINK TO INTEGRITY

Workplace climate is one of the non-financial factors affecting morale and motivation. Staff members who are satisfied with their work environment are more likely to comply with the WSP's rules and interests. As they strive to keep their position, they will prefer to put their personal interests behind those of the business, and refrain from dishonest behaviour such as fraud, embezzlement, accepting bribes, engaging in corrupt activities, or theft.

EXAMPLES / HOW TO

An initiative to improve work environment and conditions should focus on four key areas: customer / staff relationship, staff / supervisor relationship, workplace environment and worker wellbeing.

In a successful approach used in health care in Kenya, 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).

Other factors of work environment and conditions that could be improved by WSPs include:

» 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.

(Eurofound 2012; Lowe 2006)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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Hissom, 2009, Human resource management. Understanding and controlling employee turnover, Kent State University, USA

Leblebici, 2012, Impact of workplace quality on employee's productivity. Case study of a bank in Turkey, Journal of Business, Economics & Finance

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24

Increased citizen participation

DESCRIPTION / DEFINITION

Citizen participation is a process in which ordinary people are involved or associated – whether on a voluntary or mandatory basis, acting alone or as part of a group – with choices that affect their community. Such participation can be institutionalised (such as Citizen Report Cards) or public (e.g. community / stakeholder meetings) (André et al. 2012).

PURPOSE

Citizen participation is a suitable mechanism to capture consumer concerns and community feedback on service delivery. Key functions are the sensitisation and dissemination of information as well as a better understanding of roles and obligations of consumers and WSPs. Bottom-up feedback can assist in service delivery improvement (WASREB 2011, WASREB 2013).

LINK TO INTEGRITY

Civil society participation is one of the main pillars of good governance, in addition to accountability, transparency and non-discrimination. It allows WSPs to capture feedback from customers and the poor about the quality of service delivery and complaint response. It is a tool to expose inadequate practices and to ensure transparency in fulfilling the rights of consumers and underserved communities (Nordmann et al. 2013; WASREB 2013; WIN 2010).

EXAMPLES / HOW TO

Several forms of institutionalised and non-institutionalised citizen participation exist:

» **Citizen report cards:** these capture feedback from customers in general, as well as the poor and other marginalised groups in particular, about the quality of public service delivery. A seven-point rating scale can be used to quantify levels of citizen satisfaction with regard to service delivery, dimensions of corruption, staff behaviour and so on. In India, the introduction of citizen report cards contributed to a significant increase in citizen satisfaction with the services and a visible decline in corruption. Public officials were brought together in workshops and seminars, which saw active participation from civic groups, to address issues uncovered by the feedback (WIN 2010).

» **Community meetings** to validate information on "red flags" or complaints (WIN 2010).

» **Local stakeholder meetings** with local leaders.

» Increased work with **water action groups** (WAGs), consisting of mandated and carefully recruited volunteers. Functions of these locally based groups include:

  ○ Giving the urban underserved and consumers of formalised water services a voice and authority by articulating consumers' interests vis-à-vis sector institutions (WSPs, WSBs and WASREB)

  ○ Delivering consumer sensitisation support

  ○ Acting as negotiation partners for water companies to follow up on consumer complaints

  ○ Facilitating and disseminating consumer information / consultation / sensitisation

  ○ Providing and channelling feedback on consumer needs and service quality

  ○ Facilitating understanding of roles and obligations of consumers and sector institutions.

Considering WAGs as the most suitable mechanism to channel consumer concerns, WASREB appointed, trained and piloted WAGs in four selected towns in Kenya (Nairobi, Kisumu, Kakamega and Mombasa) to learn about the benefits and challenges of the initiative and to gather information on how structured consumer engagement can help improve water and sewerage service provision in the country (WASREB 2011; Nordmann et al., 2013).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Andre, Martin and Lanmafankpotin, 2012, Citizen Participation, Université de Montreal, Canada

Advocacy Guide, 2010, Water Integrity Network, Germany

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

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Consumer Engagement Guideline, 2013, Water Services Regulatory Board (WASREB), Kenya

25

Independent procurement committee

DESCRIPTION / DEFINITION

As public institutions, WSPs are bound to the Public Procurement and Disposal Act (PPDA 2005), which outlines the rules, guidelines, standards and procedures for public procurement processes. This uniform guidance ensures transparency and accountability, enhances public confidence and facilitates economic development. Furthermore, it aims to promote fair competition and to improve the efficiency and effectiveness of operations in public entities (National Council For Law Reporting 2010; Government Of The Republic Of Sierra Leone 2006; WASREB 2009).

The PPDA requires all procuring entities to establish a procurement committee (Minister for Finance 2006). Formed by the management and in accordance with PPDA 2005 and the regulations of 2006, these committees ensure a fair and transparent process of purchasing and tendering (WASREB 2009).

PURPOSE

The procurement committee is responsible for procurement below the threshold of the tender committee set out in the first schedule, for instance provisions relating to members of the advisory board. The procurement committee is entitled to approve submissions, reject submissions with reasons or to approve submissions subject to minor clarification by the procurement unit. However, the committee is not allowed to modify submissions or to reject submissions without reason (National Council For Law Reporting 2010).

A procurement committee's purpose is, inter alia, to review an institution's tendering and procurement policies and practices to ensure that the operating policies and procedures relating to tendering and procurement are recognised as "best practice", that all tenders are conducted in a fair and ethical manner, and that no conflict of interest exists with any director or executive connected to the tendering and procurement process (Starcomms 2007).

LINK TO INTEGRITY

Efforts to enhance good governance and integrity in public procurement are fully part of an efficient and effective management of public resources. Through corrupt practices, market competition is hindered and the price paid by the administration for goods and services is artificially raised, which has a direct impact on public expenditures and therefore on taxpayers' resources. Effective procedures that enhance transparency, good management, prevention of misconduct, accountability and control contribute to preventing not only corruption but also the waste of public resources (OECD 2008).

EXAMPLES / HOW TO

The procurement committee should be composed of:

» An official delegated by the head of the procuring entity or the accounting officer (chairman of the committee)

» The finance officer or an officer carrying out related functions

» Three other members appointed by the head.

(Minister of Finance 2005)

When running a procurement committee, it is important that:

» Authority is only delegated to officials with appropriate skills and experience.

» Decisions are made by consensus (where there is no consensus, the decision shall be through voting by simple majority. Where there is a tie, the chairman has a second or casting vote).

» Where members of the procurement committee have an interest in any matter, they need to declare it and refrain from participation in the deliberations or decision-making process.

» People in the committee are people with integrity so as to enhance transparency and accountability.

(Minister of Finance 2005; KACC and PPOA 2009)

Procurement committees may have the following principal recurring functions in carrying out their responsibilities (Starcomms 2007):

» Review the company's tendering and procurement practices and assess their accordance with PPDA 2005.

» Ensure that the operating policies and procedures relating to tendering and procurement are recognised as "best practice".

» Ensure that all tenders are conducted in a fair and ethical manner

» Ensure that no conflict of interest exists with any director or executive connected to the tendering and procurement process.

» Declare the tender or procurement process flawed if it subsequently discovers any undeclared conflict of interest and ensure the process is repeated in a fair and ethical manner.

» Ensure that all companies who tender for company business have the financial and operating capability to deliver under the terms of the tender or contract.

» Review periodically the Limits of Authority that govern the financial limits under which management can commit the company without the further approval of (a) the chairperson (b) the committee, and (c) the board.

» Liaise with the internal audit department and the independent auditors in the event that the committee suspects or discovers evidence that there has been wrong-doing in any tender or procurement.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

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26

Integrated financial system

DESCRIPTION / DEFINITION

An integrated financial 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 no year, Techopedia no year, US AID no year).

Integrated financial systems allow a variety of reports for budgeting, funding, treasury, cash flow, accounting, audit, and day-to-day management concerns.

PURPOSE

In its corporate governance guidelines, WASREB (2009) explicitly recommends the installation of financial management information systems. Integrated financial management systems can strengthen the financial and managerial capacity of water establishments 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 no year; USAID no year; Anti-Corruption Resource Centre 2009; DAI no year).

LINK TO INTEGRITY

Integrated financial 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 (USAID no year; Anti-Corruption Resource Centre 2009).

EXAMPLES / HOW TO

The installation and operation of integrated financial systems has proven to be challenging in practice. Successful implementation can be attained by:

» Purchasing appropriate software

» Ensuring ICT readiness among the responsible staff members

» Sound project design and management

» A phased approach to implementation

» Adequately allocating financial and human resources.

(Anti-Corruption Resource Centre 2009)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Integrated financial system (web), no year, Business Dictionary, accessed March 2013, http://www.businessdictionary.com/definition/integrated-financial-system.html#ixzz2OjmYE9aA

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Integrated financial management information systems. A practical guide, 2008, United States Agency for International Development (USAID), USA

27

Integrity pacts

DESCRIPTION / DEFINITION

Integrity pacts are a tool developed by Transparency International to prevent corruption in public contracting. They are an agreement between a government agency and companies that bid that they will abstain from bribery, collusion and other corrupt practices for the duration of the contract. To ensure accountability, integrity pacts also include a monitoring system typically led by civil society groups (Transparency International no year; WIN 2010).

PURPOSE

Integrity pacts are legally binding contracts with the purpose of clarifying the rules of the game for contract bidders. If corruption does occur, it is detected and eliminated from the process. The breach of contract also triggers sanctions such as loss of contract, financial compensation and debarment from future tenders (WIN 2010).

As a side effect, integrity pacts increase trust in WSPs and improve the reputation of all participants (WIN 2010).

LINK TO INTEGRITY

"The sanctions triggered upon contract breaching are a powerful deterrent for corrupt behaviour. Integrity pacts are thus never simply goodwill gestures but instruments that enable WSPs to reduce the cost and the distorting impact of corruption on public procurement, privatisation or licensing, and to deliver better services to citizens."

(WIN 2010)

EXAMPLES / HOW TO

The distribution of responsibilities between the authority and the implementing NGO is individually arranged for each integrity pact, which is why there is no one-size-fits-all recipe. Nevertheless, every integrity pact process should involve the following steps (which need to be planned individually for each pact):

1. Learn about the integrity pact and issues of corruption in public contracting in the water sector, and read about successful examples.

2. Plan the integrity pact process (when to start, whom to involve, communication etc.).

3. Undertake initial activities, such as deciding on implementation arrangements and monitoring arrangements.

4. Prepare the integrity pact documents and make sure to have appropriate legal support.

5. Sign the integrity pact (government offices and bidders, etc.).

6. Monitor the bidding process and take action if the pact is breached.

7. Once the bidding is closed, oversee to ensure that contract execution is in line with the obligations set in the integrity pact.

The whole contracting process needs to be undertaken in a transparent and accountable manner, free from corruption and from delays caused by trouble, confusion and a lack of transparency (WIN 2010).

MANDATORY / OPTIONAL

Optional

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28

Integrity training for staff and management

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).

PURPOSE

Integrity trainings can help shape negative attitudes towards corruption and ethically questionable practices and can promote commitment to integrity among WSP staff and management. They also aim to raise awareness – not only on responsibilities, but also on the financial benefits of integrity (US Securities and Exchange Commission 2005; OECD 2011; Ritter 2011; Sihver 2011).

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 WSPs that favour unethical behaviour. Training in integrity provides managers and staff members with the necessary background, skills and knowledge necessary to promote and ensure integrity within WSPs (International Governance Institute 2007).

EXAMPLES / HOW TO

According to the Water Integrity Training Manual (UNDP-WGF, SIWI, WIN, Cap-Net, WaterNet 2011), an integrity training in the water sector should 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. To convey this content, methodologies such as plenary brainstorming, group work, presentation of examples, role-play, panel discussions or testing of tools like the corruption risk assessment tool can be used (UNDP et al. 2011).

MANDATORY / OPTIONAL

Optional

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29

Internal complaints and reporting system

DESCRIPTION / DEFINITION

An internal complaint and reporting system is a system that allows those with concerns and suggestions to file them with a trusted body that is endowed with the powers to investigate (OSCE 2004).

PURPOSE

Such systems are implemented in order to:

» Contribute to the creation of a supportive environment and a culture of transparency and accountability

» Set integrity standards

» Help identify and address sensitive areas or processes

» Empower victims of misconduct.

(Anti-Corruption Resource Centre 2007)

LINK TO INTEGRITY

An internal complaint and reporting system that properly deals with every input is an effective tool to enhance integrity (e.g. through improved transparency and accountability, or prevented bribes, fraud and corruption) (Anti-Corruption Resource Centre 2007; GIZ 2013; GIZ WAVEPlus 2013). If such a system is absent, honest managers may be unaware of what is going on within the WSP. Dishonest managers, on the other hand, are free to act, as they know that they are safe from subordinates' scrutiny (OSCE 2004).

EXAMPLES / HOW TO

In order to be effective, the complaint management system should:

» Have a clear scope and procedure

» Be 100 per cent confidential in order to motivate the staff to forward allegations of misconduct

» Comprise an ombudsperson who 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

» Protect those placing the complaints / suggestions

» Be widely publicised.

(OSCE 2004; Warringah Council 2004; Kwok Man-Wai 2006; Anti-Corruption Resource Centre 2013)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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Better practice guide to complaint handling, 2009, Commonwealth Ombudsman, Australia

About corruption and transparency in the water and sanitation sector, 2006, International Water and Sanitation Centre (IRC), The Netherlands

30

Listing of contractors

DESCRIPTION / DEFINITION

Contractors can be listed in two ways, either on "blacklists" or "whitelists".

A blacklist is a list of groups or people that are regarded as unacceptable or untrustworthy (Oxford Dictionaries no year-a). In this case, these could be businesses from the water or sanitation sector that have been involved in illegal activities or have not complied with the Public Procurement and Disposal Act (PPDA 2005, Art. 90 and 115). 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). Such lists are also published by the Public Procurement Oversight Authority (National Council For Law Reporting 2010).

A whitelist, on the other hand, is a list of entities that, for one reason or another, are considered acceptable or trustworthy (Oxford Dictionaries no year-b). In this context, it could be businesses that have performed particularly well or in an especially transparent manner, those that have introduced particular anti-corruption measures, or simply all those that are not blacklisted.

PURPOSE

Black- and whitelists are precautionary instruments with the purpose of preventing and / or deterring unacceptable behaviour. They serve the purpose of transparently informing both government and civil society on the integrity and quality of the work performed by contractors of public services (Anti-Corruption Resource Centre 2006).

LINK TO INTEGRITY

Black- and whitelists motivate and encourage companies to set up anti-corruption procedures in order to be listed on the whitelist or not to appear on the blacklist. There is a strong incentive, as being blacklisted doesn't only lead to serious damage to the company's reputation, but can mean significant loss of business prospects. Companies on the whitelist, on the other hand, increase their chances of becoming contractors and gain public reputation and trust (Anti-Corruption Resource Centre 2006).

EXAMPLES / HOW TO

The following procedures should be considered when engaging in blacklisting:

» Rules, procedures and sanctions need to be established and made known in order to ensure fairness and accountability. Publicity has a strong impact on the legitimacy, credibility and accountability of the lists.

» The listing system should be timely, as delays in the beginning of a debarment process increase costs and reduce credibility.

» The evidentiary requirement for putting an operator in the register, such as a final conviction ("res judicata") is the safest condition. However, this may take many years. Registration cannot be justified without adequate evidence. A middle way could be to blacklist a contractor, when the crime was committed "more likely than not."

» The register should be fully public and accessible.

» 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.

» The sanctions need to be scrupulously implemented until the debarred contractor puts new and convincing procedures in place.

(Transparency International 2006; Anti-Corruption Resource Centre 2006)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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31

Lobby for regulatory change

DESCRIPTION / DEFINITION

Lobbying is the act of attempting to influence decisions made by officials in the government or members of regulatory agencies.

PURPOSE

To influence policies and regulations, creating awareness and gaining the commitment of decision makers is very important (UN-Water 2009). The goal of lobbying and advocacy is to make the issue in concern a political priority and to achieve change among decision makers. In many cases, it is beyond the direct decisional power of WSPs to change or adapt certain practices, frameworks, or procedures, as this is under the responsibility of the WSBs, the regulator WASREB, or higher levels within the government of Kenya. However, through lobbying and advocacy work, the management and board may be indirectly able to promote regulatory change in favour of its operations.

LINK TO INTEGRITY

Many decisions that lie beyond the decision-making power of WSPs have a direct impact on integrity issues. If, for example, WSPs are not owners of the water network and infrastructure (e.g. they belong to the WSBs), they cannot directly influence integrity issues related to the extension of the network.

EXAMPLES / HOW TO

There are various channels for lobbying work that can be used by WSPs to advocate among decision makers:

» Interpersonal meetings are the most effective and participatory advocacy tools, but with limited human resources the potential number of people reached is limited and further expansion is costly.

» Lobbying (working closely with key individuals in political and governmental structures) to influence the policy process; this can be performed through associations such as the Water Services Providers Association (WASPA) or in partnerships with other institutions.

» Meetings, usually as part of a lobbying strategy.

» Negotiation to reach a common position.

» Combining lobbying with communication instruments such as press conferences and press releases.

» Reaching the public via newsletters, e-mail and internet, flyers, petitions, or canvassing to influence leaders.

» Using the media to reach the general public and contribute to setting the agenda for politicians and policy makers. See also media campaigns for posters and flyers, internet and email, radio, or video.

Planning advocacy work

Effective lobbying and advocacy work needs good planning. One way to organise your work is by using the advocacy planning cycle (provided by UN-Water 2009) which shows the most important steps in planning and implementing advocacy work:

1. Identifying the issues: what do we want to change?

2. Analysis: what do we already know and what information can we use? Local data will be most persuasive to local media and politicians.

3. Setting objectives: what are our specific advocacy objectives? Advocacy objectives should be SMART: Specific, Measurable, Achievable, Relevant and Time-bound.

4. Identifying the targets: whom do we want to influence? Whom are we addressing: local or national politicians?

5. Identifying allies: with whom can we work?

6. Selecting the tools and developing the messages: how can we best reach our targets? There are numerous communication tools that can be used for good advocacy work.

7. Monitoring and evaluation: how can we measure the impact of our activities?

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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32

"MajiVoice"

Kenya specific – other country-specific integrity instruments

DESCRIPTION / DEFINITION

"MajiVoice" is an innovative two-way communication platform between consumers and water institutions using affordable, accessible and user-friendly technologies. It enables beneficiaries to submit real-time feedback on water service delivery using SMS, an online website, or unstructured supplementary service data (USSD). Citizens can report corruption, file a complaint, request additional information on a bill or make suggestions. Upon making a complaint, consumers receive a reference number that allows them to track the progress of the response to the complaint (World Bank 2012; World Bank no year).

PURPOSE

The purpose of MajiVoice is to strengthen the dialogue between citizens and WSPs and to ensure timely and transparent resolution of consumer concerns. It aims to improve efficiency, accountability, responsiveness and transparency of urban WSPs in Kenya. MajiVoice complements existing modes of lodging complaints and allows WASREB to monitor the performance of WSPs and WSBs with respect to addressing consumer complaints and feedback. It is also the main monitoring and reporting tool for water action groups (WAGs) (World Bank 2012; WASREB 2012).

LINK TO INTEGRITY

MajiVoice allows citizens to report corruption. An electronic feedback system like MajiVoice provides a demand-side tool to facilitate information access. By tracking progress in real time, it also helps to assure accountability in resolving consumer cases (World Bank 2012; World Bank no year).

EXAMPLES / HOW TO

MajiVoice is currently being piloted (2013). After the piloting phase, it is expected that WASREB will introduce and operate the tool on behalf of all WSPs in Kenya.

MANDATORY / OPTIONAL

Optional

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33

Merit-based appointments, promotions and job security

DESCRIPTION / DEFINITION

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.

Employees with personnel authority shall not grant any preference or advantage not authorised 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 no year).

Job security is the assurance that an employee has the continuity of gainful employment for his or her work life (Business Dictionary no year).

PURPOSE

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. Staff and executive personnel should be appointed or promoted according to their quality of work and their upright behaviour, not according to favours, bribes, family relations or friendship.

The values and principles of service include merit as the basis of appointments and promotions (Constitution of Kenya 2010).

LINK TO INTEGRITY

Performance and integrity are linked. If an employee engages in corrupt practices, the quality of their work is directly affected. Prioritising merit and staff performance as the basis for promotions and appointments of jobs and tasks will implicitly incentivise ethical behaviour.

Appointments and promotions according to favours, bribes and / or ethical considerations lead to inefficient work (the best staff are not 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 WSP is legally bound to poorly performing staff in the long run. A WSP may not be in a position to easily cancel their contract, or can face lawsuits from dismissed staff.

Recruitment on the basis of high standards of professionalism, transparency, public participation, equal opportunities, fair competition and merit provides WSPs with an opportunity to signal their commitment to the realisation of a transformative and accountable justice system under the new Constitution. It provides the chance to regain public trust and confidence in the WSP's services, and chart the pace for the transformation of other institutions (Kenya Law Reports 2011).

EXAMPLES / HOW TO

Clear promotion policies and predictable salary increments based purely on merit state specific targets to be met and the maximum period within which staff serve 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 no year).

To base appointments and promotions according to merit:

» 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 no year).

» Quality of work can be evaluated using 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 and disadvantages of the different candidates).

» Link the HR department's objectives with the overall performance of the WSP.

To enhance transparency, processes and criteria for appointments and promotions should be documented and shared in a guideline or policy document.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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34

Meter reading procedures

DESCRIPTION / DEFINITION

To estimate water consumption and produce water bills for consumers with water meters, dedicated WSP staff regularly (usually monthly) manually check consumers' meters at their premises. If the meter reading is correct and fair, the water used can be billed.

PURPOSE

Correct and fair meter reading can lead to higher revenues, as it improves the efficiency of billing. Eventually, this will improve customer relations and the image of the WSP.

LINK TO INTEGRITY

Improved meter reading procedures can reduce risks such as collusion of the meter reader or side payments for under-billing or fraudulent meter readings (Nordmann 2012b). Additionally, illegal connections can be uncovered. Thus, improved meter reading procedures reduce opportunities for petty corruption between staff and customers as well as private water vending through company staff.

EXAMPLES / HOW TO

To encourage honest and correct meter reading, several methods can be applied:

» Organise your meter reading areas: A useful strategy is to design zones and routes that are approximately equal. By organising the reading operation into equal zones and routes, it's easier to ensure that meter readers have equal workload throughout the cycle. More importantly for larger WSPs, if continuous billing is employed, a good plan can ensure that your revenue flow is smooth throughout the month.

» Change meter readers' routes on a regular basis: Ensure that every meter reader can work in any route or zone covered by the WSP. If only one reader is familiar with certain routes, he can introduce habitual errors that may be costly for the company. Secondly, by ensuring that any reader can read any route, you can assure all staff that the leave calendar will be honoured regardless of which zone is being read.

» Provide directions to your meters: If you do not have resources to invest in GPS (Global Positioning System) enabled data loggers, there is a simple way to assist readers to quickly locate meters. Store simple direction notes e.g. "10 steps behind XYZ kiosk". Providing directions is a simple way to ensure that even readers who are not very familiar with a route do not struggle too much, or even fail to obtain a reading.

» Sequence your meters: Are your meter readers reading the meters in an organised manner or is it haphazardly done within the routes? If you read meters at the same time every month every time, you are less likely to surprise your customer with a bill that will make them come to the office with a complaint. You can streamline your reading operation further by ensuring that meters are read in a certain sequence every time. Sequencing makes it harder to miss any meter. If you are using an electronic device to read the meters, this is much easier to enforce since the accounts can be loaded as sequenced. It's also possible with manual reading, but slightly more difficult.

» Rationalise the comments: When deciding what comments you want the meter readers to report, ensure that each comment is unique and actionable (i.e. leads to some corrective action by your team). A comment "meter stopped" should prompt your technical team to organise a quick replacement. "Misty dial" should be used by procurement to plan for the next order of meters. "Not found" means the meter's location needs to be clarified. A rationalised list of comments is also an optimum one – neither too long nor too short.

» Evaluate route and meter reader performance: An important management adage is "If you can't measure it, you can't manage it". This is also true in meter reading. Some useful measurements include "how many meters is each staff reading per cycle?" You can also benchmark zones with a view to improving the areas that are lagging (e.g. the zone that features most "Not found" anomalies). With measurement, it becomes easier to improve or know when things are not being done correctly.

» Install automated, wireless reading of meters and direct data entry into customer database (see instrument 51 "Smart meters").

» Remove past billing information from meter readers'
books or use new meter reading applications (e.g.
via mobile phone) not showing old customer data.

» Manage the meter readers: Recruit readers well
(they are a main interface with the clients!). Train
the readers (readers should be aware of the
importance of their work through training and
regular interaction with management). Keep them
responsible for the readings and evaluate readers'
performance. Reward performance.

» Install pre-paid meter readers

» Educate consumers on how to read meters.

(Meter-reading.co.ke 2012a, Meter-reading.co.ke
2012b, Meter-reading.co.ke 2012c)

Meter readings can also be missed due to genuine
causes, as in the cases of: access denied, fierce dogs,
gate locked, meter not found, misty dial, no meter,
etc. A separate entry field may reduce the likelihood of
junk readings (Meter-reading.co.ke 2012b; Nordmann
2012b; Nordmann 2012a; GIZ WAVEPlus 2013).

MANDATORY / OPTIONAL

Optional

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35

Monitoring of staff performance and satisfaction

DESCRIPTION / DEFINITION

Monitoring of staff performance and satisfaction is a periodic, structured and planned activity 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). The introduction of employee performance management in order to improve service delivery is one element of the Public Sector Reforms in Kenya (Obwaya 2010).

PURPOSE

Staff performance and satisfaction monitoring allows WSPs 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 the recruitment and retention of good and honest staff. Furthermore, it creates a culture of responsibility (DairyNZ 2012; Ethics And Anti-Corruption Commission no year; GEM no year; Laurel 2009).

LINK TO INTEGRITY

Performance and satisfaction monitoring can greatly increase WSPs' integrity in two ways. Firstly, it can support WSPs in identifying staff members who do not comply with the set integrity goals. Secondly, performance monitoring can reduce dishonest behaviour as employees are aware that the management watches over them, takes them seriously, and values good performance.

EXAMPLES / HOW TO

WSPs should implement performance and satisfaction monitoring that includes the following steps:

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 progress reviews to show the employees that their work is considered important and that their contribution to the business is valued

3. Giving positive suggestions to strengthen the performance

4. 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

5. 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)

Factors that were found to influence staff performance in different studies in Kenya and that would therefore be suitable for monitoring, include:

» 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.

(Obwaya 2010, Sokoro 2012, Kilel 2012, University Of Nairobi no year)

MANDATORY / OPTIONAL

Optional

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36

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 WSP.

PURPOSE

WSPs 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.

LINK TO INTEGRITY

Expenditures should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties. No one person 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

Essentials of systems for committing and paying funds are as follows:

» Internal controls to provide authority for acquiring the goods or services to be purchased.

» System access to make and authorise changes should be carefully restricted and logged.

» Authorisation for payment should be separated from the process of making payments, with appropriate validation and recording at each step. This separation of duties should also be maintained for receiving goods and services, a function that should be separate from the process of making the payment.

» The "four eyes" principle should be obligatory for payments above a certain threshold. This authorisation by a second person reduces the likelihood of illicit behaviour.

» There should be checks to ensure that the goods or services acquired have been supplied in accordance with the relevant agreement(s) before payment is made.

» Payment terms should be chosen or negotiated to ensure good value.

» Invoices should be paid accurately and on time.

» A balance of preventive and detective controls should be made to deter and tackle fraud.

» There should be clear audit trails that can be checked readily and reported upon both internally and externally.

A clarified payment procedure must further ensure that:

» 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 upon.

» 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.

» There should be 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 a staff member leaves.

» Expenditures are authorised by an approver to confirm that spending is in line with budget and is appropriate.

» An alternative approver is established so employees cannot authorise their own or their direct superior's reimbursements.

» Signature authorisations are cancelled or changed with staff rotation.

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)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Expenditure Accountability Checklist (web), 2012, Blink UC San Diego, accessed March 2013, http://blink.ucsd.edu/go/accountability

Managing the Risk of Fraud – Policy Support Paper. Risk and Controls in Specific Systems, 2008, Heriot-Watt University, UK

Investigation into Corrupt Conduct, 2011, Independent Commission Against Corruption, Australia

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Expenditure and Payments (web), 2012, The Scottish Government, accessed April, 2013, http://www.scotland.gov.uk/Topics/Government/Finance/spfm/payments

37

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). 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 WSPs 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; Office of the State Comptroller no year).

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 WSP's internal control, which in turn enhances accountability (Fraud Prevention no year; Office of the State Comptroller no year). Reconciliation can also uncover theft, ghost workers or ghost equipment.

EXAMPLES / HOW TO

Reconciliation of accounting records should be performed monthly or more frequently depending on the type of record (Office of the State Comptroller no year).

Depending on the size and complexity of the WSP, various tools can be used to verify accounting records, from simple lists or Excel tools for small companies, to specialised reconciliation software for larger enterprises. Records that should be reconciled at regular intervals are (Mango 2012):

» **Bank records** – Ensure that the organisation's own records agree with the bank's records, which are 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** – Check stock records 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** – Reconcile wage books every month to ensure that the correct deductions are being made and passed on to the relevant authority.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Risks associated with cash handling, no year, Fraud Prevention, accessed April 2013, http://www.fraud-stoppers.info/risks/cash.html

Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Technical assistance bulletin, no year, Office of State Comptroller, USA

How to improve account reconciliation activities, 2007, PricewaterhouseCoopers, USA

38

Recruitment guidelines and policy

DESCRIPTION / DEFINITION

Recruitment guidelines and policies 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).

PURPOSE

Recruiting and selecting the right people is of paramount importance to the continued success of WSPs. Guidelines and policies can help guide the process by setting out criteria and standards relating to (Cork CIL 2012; Australian Human Rights Commission no year):

» Job descriptions and selection criteria

» Personnel specifications

» Advertising job vacancies

» Application procedures

» Shortlisting 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 of unethical behaviour within WSPs, for example by bribing (in exchange for employment). Recruitment guidelines and policy can prevent such conduct by defining clear procedures and criteria. Recruitment guidelines and policies 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 WSPs (UNDP and WGF 2007; Transparency International no year; UCL 2013).

EXAMPLES / HOW TO

Recruitment guidelines could describe the recruitment process as follows (Cork CIL 2012):

» **Review of vacancy:** When a post becomes vacant it will be reviewed by the manager.

» **Recruitment request form:** When the decision to recruit for the post has been made, a recruitment request form will be completed by the service co-ordinator, finance officer and signed by the manager before the recruitment process is commenced.

» **The job description and person specification:** Job descriptions and person specifications 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 [responsible] coordinator.

» **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.

» **Shortlisting:** Shortlisting will be undertaken by a minimum of two people and referenced against the person specification.

» **Interview and selection:** Interviews will be undertaken by a minimum of two people and referenced against the person specification.

» **Reference checks:** References will be taken up.

» **Vetting**: If applicable, posts are subject to vetting prior to commencement.

» **Formal offer**.

» **Contract and commencement of employment**.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Best practice guidelines for recruitment and selection (web), no year, Australian Human Rights Commission, accessed April 2013, http://www.humanrights.gov.au/best-practice-guidelines-recruitment-and-selection

Recruitment Policy and Procedure. Policy and Guidelines, 2012, Cork Centre for Independent Living (Cork CIL), Ireland

Preventing corruption in humanitarian operations. Pocket guide of good practices, no year, Transparency International, Germany

Recruitment and Selection Policy (web), 2013, University College London (UCL), accessed April 2014, http://www.ucl.ac.uk/hr/docs/recruitment.php

Improving water governance in Kenya through the human rights-based approach, 2007, United Nations Development Programme (UNDP) and Water Governance Facility (WGF), USA

A toolkit on recruitment and selection, no year, Public Service Commission, Republic of South Africa

Quah, 2006, Preventing police corruption in Singapore. The role of recruitment, training and socialisation, The Asia Pacific Journal of Public Administration

39

Reduced illegal connections

DESCRIPTION / DEFINITION

By reducing illegal connections through proactive, effective and comprehensive identification and investigation of illegal water consumers in the water supply areas, a substantial part of commercial non-revenue water of WSPs can be reduced (UN HABITAT 2008).

Illegal connections can be categorised as follows:

» Meter bypass: The customer has an alternative pipe tapping off water before the meter.

» Illegal connection: The consumer is not a customer of the water supply system but has connected himself to the network.

» Illegal reconnection: The customer reconnects himself to the network after having been disconnected for non-payment.

» Meter reversal: The customer installs the meter in reverse order so that it counts backwards to a desired reading.

» Meter tampering: The customer intentionally corrupts the meter so as to affect its efficiency or functionality.

PURPOSE

There are a number of incentives for WSPs to reduce illegal connections (UN HABITAT 2008):

1. Reduction of illegal consumption reduces the amount of non-revenue water

2. Reduction of operational costs

3. Less chemicals and electricity means optimised production

4. Increase in the amount of water availed for legal consumption

5. Increase in revenue through the fining of illegal consumers

6. Improvement of planning and of the reliability of demand projections

7. Optimisation of the operation of the distribution system.

LINK TO INTEGRITY

Installing and maintaining illegal connections involves a lot of unethical behaviour from customers, external contractors and staff of WSPs (meter readers, technical staff). By eradicating these practices, fraud and corruption can be reduced and more water will be available for legal consumption. In this way, operational costs can be decreased, revenues increased and a better service as well as higher customer satisfaction can be achieved. Ultimately the WSP can achieve autonomy in delivering sustainable services (Suwasa 2013).

EXAMPLES / HOW TO

UN HABITAT (2008) suggests establishing and institutionalising a **dedicated illegal use reduction unit** within a WSP. The procedures that can be adopted to institutionalise the framework include:

1. **Illegal use reduction policy:** The most senior management together with the technical team should develop this policy concerning illegal use of water.

2. **Publicity:** After developing a policy, it is important to notify the public about your position as a WSP on the issue of illegal use of water.

3. **Amnesty:** After the community has understood your position on illegal usage, the next stage is to start cleaning up. The number of illegal cases may be so great that dealing with each of them legally is uneconomical. Amnesty is therefore paramount at this stage. An amnesty period of three months is realistic.

4. **Reward mechanism for informers:** Once the amnesty period expires, it is important to start the hunt. Much of the responsibility for tracing illegal cases falls on the illegal use reduction team, but they can never comb the entire area. Informers are useful when it comes to reporting these cases.

5. **Fines:** The penalties should be defined. However, payment agreements (e.g. on monthly basis) should be possible.

6. **Identification of illegal use cases:** Before carrying out any investigation on-site, ensure you have a helpful list narrowing down your suspected customers, such as: customers with a bad history, suppressed accounts, people who once applied for water but did not complete the process, off-supply customers, etc. (Suwasa 2013).

7. **Investigation of illegal use cases:** Depending on the suspected type of illegal connection (see description), there are various different technical procedures to detect an illegal connection.

8. Generate an **up-to-date customer database service** (Suwasa 2013).

9. Create a basic **water accounting system** to collect information on: Total water produced, account water, non-account water, metered and accounted for but not billed, unmetered water, etc.

(UN HABITAT 2008; Colorado Water Conservation Board 2005)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Model Water Conservation Plan Development Guidance Document, 2005, Colorado Water Conservation Board, USA

Illegal use reduction operation manual, 2008, United Nations Human Settlements Programme (UN HABITAT), Kenya

Nigeria – Consumer Count Aims to Improve Utility Revenue, 2013, Sustainable Water and Sanitation in Africa (SUWASA), Kenya

What is an illegal connection? (web), 2013, Bacolod City District, accessed March 2013, http://www.baciwa.gov.ph/service_guide_illegal_connection

Roggers, 2012, Illegal water connections put on notice (web), News24Kenya, accessed April 2013, http://m.news24.com/kenya/MyNews24/Illegal-water-connections-put-on-notice-by-NWSC-20121112

40

Regular staff rotation

DESCRIPTION / DEFINITION

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 levels of an organisation. In this pre-planned approach, the employee's skills and competencies are tested in order to place him or her in 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 2013).

PURPOSE

The purpose of staff rotation is to give the staff the chance to explore their own interests and gain experience in different fields as well as reduce the boredom of doing the same job every day. On the other hand, it helps the management of WSPs to explore the potential of their employees (Management Study Guide 2013).

LINK TO INTEGRITY

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).

Long-term relationships between bribers and WSP officials create a particularly advantageous environment for bribery, as corruption is built on trust and reciprocity. Staff rotation can prevent such long-term relationships being built in the first place. This increases uncertainty about the other person's behaviour and thus reduces the temptation to engage in unethical conduct (Abbink 1999).

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.

In WSPs, the regular changing of routes or meter reading areas can be especially effective in preventing clientelism and corrupt practices. It prevents meter readers from building relationships with customers that may lead as far as meter readers establishing their own small WSPs within the WSP, but to their own advantage.

EXAMPLES / HOW TO

Generally, the following points should be observed when initiating a staff rotation programme (About.com no year; eHow 2013):

1. Identify the operational divisions that could benefit from a job-rotation programme.

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 programme and requirements for participating.

4. Clarify whether the programme is optional, voluntary, or mandatory.

5. Write a formal job-rotation policy to clarify all the parameters of the programme.

6. Perform a survey on employees before, during, and after each rotation. Implement employees' suggestions in the next rotation.

Key areas for effective staff rotation:

» 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.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Abbink, 1999, Staff rotation. A Powerful Weapon Against Corruption. Laboratorium für experimentelle Wirtschaftsforschung Uni Bonn, Germany

Job Rotation: Keys to Successful Job Rotation (web), no year, About.com, accessed March 2013, http://humanresources.about.com/od/glossaryj/g/job-rotation.htm

Job Rotation – Meaning and its Objectives (web), 2013, Management Study Guide, accessed March 2013, http://www.managementstudyguide.com/job-rotation.htm

How to Implement an Effective Job-Rotation Program in your Company (web), 2013, eHow.com, accessed March 2013, http://www.ehow.com/how_4763302_effective-job-rotation-program-company.html

Mohsan, Mussarrat Nawaz and Sarfraz Khan, 2012, Impact of job rotation on employee motivation, African Journal of Business Management

Serra, 2012, Anti-corruption policies. Lessons from the lab, Southern Methodist University, USA

Reporting of unethical behaviour

DESCRIPTION / DEFINITION

Illegal activities can only be unveiled if irregularities are reported. There needs to be a system in place that reduces the costs and / or increases the benefits of reporting unethical behaviour.

PURPOSE

Once unethical behaviour is brought to the attention of managers, they can sanction those involved. This in turn deters imitators, reduces costs and can bring back lost money to the company. Moreover, the public image of the WSP will improve if corrupt practices in the firm are prevented effectively.

LINK TO INTEGRITY

Incentives to report unethical behaviour help with the detection and prevention of irregularities, corruption and illicit practices with the help of staff, customers and other stakeholders. Such incentives also convey the message that the management cares about addressing misbehaviour.

EXAMPLES / HOW TO

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:

» Ten per cent rewards for reporting illegal meter reading, theft, illegal connection, 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).

» Protection for whistleblowers (Lee and Fargher 2012) (also see instrument "Whistleblower protection").

» Implementation of a mandatory whistleblowing system, by making not blowing the whistle a criminal offence (De Schepper 2009).

» Installation of an online tool to improve the quality and quantity of reports received, which enables WSPs to communicate with informants anonymously. This incentive system has been implemented at the Kenya Anti-Corruption Commission (KACC) and is available online through its homepage. The idea of an anonymous, web-based reporting mechanism was conceived to address several challenges linked with high risks of reporting: it would guarantee security of reporting, allow two-way communication between the informant and enable KACC to improve the quality of data received. It also facilitates case management by allowing KACC to filter and sort information (Anti-Corruption Resource Centre 2010).

» A prominently placed complaint box, located in a public and / or highly-trafficked areas, such as a the parking lot or reception, can allow greater anonymity (Anti-Corruption Resource Centre 2010).

» Mobilisation and citizen-to-WSP interaction empowers citizens to report unethical behaviour through the use of SMS and the web (Spider 2010, 56). Such a two-channel reporting system has a greater reach due to the widespread use of mobile phones (Crandall and Mutuku no year).

» Regular compliance surveys (e.g. every six months), which are mandatory for all staff, with questions about non-ethical behaviour such as corruption and bribery. This "compliance radar" reduces the inhibition threshold to report internal irregularities because whistleblowers don't see themselves as "squealers" – reporting becomes part of the normal procedure.

» Contractual agreements with employees to communicate corruption cases.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Reducing Risks of Reporting Corruption. Lessons from an Online Complaints System in Kenya, 2010, Anti-Corruption Resource Centre, Norway

De Schepper, 2009, Setting the right incentives for whistleblowers, European Master in Law and Economics (EMLE)

Lee and Fargher, 2012, Whistle-blowing to detect fraud. Incentives, opportunities and fraud characteristics, Australian National University, Australia

Rapp, 1987, Beyond protection, University of Toledo College of Law, USA

Increasing Transparency & Fighting Corruption through ICT. Empowering People & Communities, 2010, The Swedish Program for ICT in Developing Regions (SPIDER), Sweden

Crandall and Mutuku, no year, M-Governance: Exploratory Survey on Kenyan Service Delivery and Government Interaction, iHUB Research, Kenya

42

Salary guidelines and policy

DESCRIPTION / DEFINITION

Salary guidelines and policies are practical documents to aid in the administration of employees' salaries.

PURPOSE

The provisions in salary guidelines and policies are to ensure that the same decision factors and priorities are consistently applied when adjusting salaries of WSP staff and when approving salary actions (Ohio University no year).

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 (UC Davis 2010).

EXAMPLES / HOW TO

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 (UC Davis 2010).

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 no year):

» 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.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Salary Setting Guidelines for Classification Actions (web), 2010, UC Davis, accessed April 2013, http://www.hr.ucdavis.edu/salary/job-class/salarysetting

Managers' Guidelines for Salary Requests for Administrative Staff at Ohio University, no year, Ohio University, USA

Salary decisions for professional staff (web), 2009, Indiana University, accessed April 2013, http://www.indiana.edu/~uhrs/policies/nonunion/2.0/2.6.html

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Sanctions catalogue for unethical behaviour

DESCRIPTION / DEFINITION

A catalogue of sanctions for unethical behaviour is a collection of threatened penalties for disobeying ethical conduct (Oxford Dictionaries no year).

PURPOSE

In addition to providing incentives for integrity, sanctions can be formulated and enforced to discourage unethical behaviour (Humboldt-Viadrina School of Governance 2012).

LINK TO INTEGRITY

Sanctions against WSP 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). Sanctions are further believed to curb bribery, embezzlement, and collusion (UNDP 2011).

EXAMPLES / HOW TO

In order for sanctions to be effective, they should be:

» Credible, proportionate and dissuasive

» Detailed and clear

» Announced, publicised, and disseminated

» Enforced.

Sanctions can be …

… of a commercial and operational nature:

» Termination of relationships

» Debarment from future opportunities

» Assignment of unfavourable conditions

… of a legal nature:

» Fines and penalties

» Compensation for damages

» Confiscation of proceeds

» Judicial proceedings and imprisonment

… or reputational:

» Punishment through case publication

» Punishment through analysis of comparative performance.

(Anti-Corruption Resource Centre 2009; Boehm 2010; Humboldt-Viadrina School Of Governance 2012)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Good Practice in addressing corruption in water resource management projects, 2009, Anti-Corruption Resource Centre, Norway

Siemens Integrity Initiative. Best Practice on Anti-Corruption Incentives and Sanctions for Business, Executive overview, 2012, Humboldt-Viadrina School of Governance, Germany

Boehm, 2010, Fighting Corruption? How Regulation can foster Transparency, Participation, Accountability and Integrity in the Water Sector – Lessons learned from Zambia, IRC Symposium, The Netherlands

Sanction (web), no year, Oxford Dictionaries, accessed March 2013, http://oxforddictionaries.com/definition/english/sanction

Fighting Corruption in the Water Sector, 2011, United Nations Development Programme (UNDP), USA

Garoupa and Klerman, 2004, Corruption and the optimal use of nonmonetary sanctions, International Review of Law and Economics

Applying appropriate sanctions consistently, 2007, National Health Service (NHS) Counter Fraud Service (CFS), UK

Water Action Groups (WAGs) – Implementing the Human Right to Water and Sanitation in the Kenyan Urban Setting by Empowering Consumers and the Underserved, 2011, Water Services Regulatory Board (WASREB), Kenya

44

Self-evaluation of boards of directors

Kenya specific – governance of WSPs

DESCRIPTION / DEFINITION

According to the WASREB corporate governance guidelines (2009), "the BoD shall evaluate its performance once every year and set up achievable action points to achieve assessment of its performance as a whole and that of individual members including the managing director (MD). The report shall be presented at the general meeting of the shareholders".

PURPOSE

Some of the reasons for conducting BoD self-evaluations include:

» Giving individual members an opportunity to reflect on their individual and corporate responsibilities

» Identifying different perceptions and opinions among board members

» Pointing to issues that need board attention

» Serving as a springboard for board improvements

» Increasing the level of board teamwork

» Providing an opportunity to address mutual board and staff expectations

» Demonstrating to staff and other stakeholders that accountability is a serious organisational issue in the board

» Providing credibility with funders and other external persons / organisations.

(WASREB 2009)

LINK TO INTEGRITY

If properly conducted, a self-evaluation can have a profound impact on a BoD's understanding of responsibilities, perceptions and behaviour – including with regard to integrity. If answers are given honestly, it can provide the impetus for a BoD to resolve issues that have remained simmering, unattended to, and create synergy among the members (WASREB 2009).

EXAMPLES / HOW TO

The BoD self-evaluation may be in three sections:

Section A: Contains an evaluation format of the board by all members and is in three parts, i.e.

1. Board responsibility

2. Board operations

3. Board effectiveness.

Section B: Contains an evaluation format of the chairperson by other members of the board.

Section C: Contains an evaluation format of individual members of the board by the chairman.

It is recommended that the board starts with Section A and then moves on to Sections B and C when members have become more familiar and comfortable with self-evaluations.

(WASREB 2009)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Board Self-Evaluation Questionnaire, 2005, Dalhousie University, Canada

Self-evaluation checklist for board of directors, no year, GB Associates, UK

Stybel and Peabody, 2005, Structural options for board self-evaluations. National Association of Corporate Directors (NACD), USA

45

Sensitisation of contractors

DESCRIPTION / DEFINITION

To sensitise contractors means to cause partners, suppliers and other contractors to respond to certain stimuli, in this case to issues relating to integrity (Oxford Dictionaries no year).

PURPOSE

The aim of sensitisation is to familiarise contractors with WSPs' values, norms and integrity systems, and thus to foster fairness, honesty, and mutual trust between WSPs and their contractors (Litzinger 2012).

LINK TO INTEGRITY

Sensitising contractors on integrity issues raises their awareness and may lead to the initiation of integrity change processes within their business. Above all, when informing contractors about possible sanctions, a WSP can increase the likelihood of contractors complying with the WSP's integrity standards.

EXAMPLES / HOW TO

Contractors can be sensitised through:

» Informational letters

» Seminars

» Awareness training

» Workshops

» Information upon contract signature.

(Litzinger 2012; Independent Corrupt Practices and Other Related Offences Commission 2013; Giaba 2012)

An example of sensitising contractors is the Berlin Water Utility (Berliner Wasser Betriebe, BWB), where suppliers and service providers were informed about new corruption prevention measures within the BWB in separate letters (WIN 2009).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Praia hosts sensitization seminar for francophone and lusophone journalists in ECOWAS, 2012, The Intergovernmental Action Group against Money Laundering in West Africa (GIABA), Senegal

Summary of Report of the inauguration of the anti-corruption and transparency unit (ACTU) and Gender sensitization workshop for cross river basin development authority, 4-5 October 2012, 2013, Independent Corrupt Practices and other Related Offences Commission (ICPC), accessed March 2013, http://icpc.gov.ng/icpc-inaugurates-sensitizes-actu-of-cross-river-basin-development-authority-read-full-report/

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Litzinger, 2012, Integrity management at GIZ, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Case information sheet. Corruption prevention strategies of the BWB [Berlin Water Utility], 2009, Water Integrity Network (WIN), Germany

46

Service or customer charter

DESCRIPTION / DEFINITION

A service charter (also called a customer charter) is a covenant between a service provider and a customer that informs customers about the services a utility provides and utility practices, but also about the rights and obligations of consumers (PPOA 2010).

PURPOSE

A service charter creates awareness of the role of a service provider, gives insights into its core activities, services offered and standards set, and also avenues for remedy where services fall short of standards. A service charter supports a service provider in its continuous improvement (PPOA 2010). WASREB demands that a WSP's BoD must ensure that a service charter is created and that this is communicated to stakeholders and consumers in the service area. The service charter should include the standards of service to be delivered and how complaints will be addressed (WASREB 2009).

LINK TO INTEGRITY

Service charters transparently lay down both services offered by a WSP as well as the duties of consumers (WASREB 2013). As such, they are a type of social contract that is valid for all customers. In this way, a service charter promotes integrity and transparency.

EXAMPLES / HOW TO

A service charter may contain the following:

» Specific service standards, such as continuity of supply, water quality, interval of taking water samples, pressure

» Information on prices, if available

» A procedure for handling complaints

» Procedures for new connections

» Information on customers' rights

» Information on customers' duties (such as paying bills, water metering, and providing access to meter controls)

» Information on sanctioning measures (such as surcharges, and conditions for disconnections and reconnections)

» Customer care phone numbers.

(WASREB 2013)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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47

Seven Golden Rules for handling cash

DESCRIPTION / DEFINITION

Cash handling is a business activity that involves accepting, counting, tracking or dispensing cash (WiseGEEK no year). The Seven Golden Rules for Handling Cash, according to Mango (2012), are simple but effective guidelines on managing cash in an organisation.

PURPOSE

Rules for cash handling aim to give guidelines to prevent mishandling or loss of WSP funds, and intend to ensure consistency of cash handling (University of Wellington no year). Clear cash handling processes help to keep petty cash under control. All payments made out of petty cash should be made in accordance with the WSP's policy governing petty cash use. 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 handling cash is in a 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):

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.

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.

MANDATORY / OPTIONAL

Optional

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48

Smart meters

DESCRIPTION / DEFINITION

"Smart" water meters measure water consumption or abstraction and communicate that information in an automated fashion for monitoring and billing purposes. They measure consumption in more detail than conventional meters and have the benefit that they transmit the information back to the service provider without the need for manual readings (Hope et al. 2011).

PURPOSE

Smart water metering aims to reduce inefficiencies in water supply systems by, for instance, reducing non-revenue water and increasing revenue. In addition, smart meters reduce costs relating to meter reading, complaint investigation, customer call centre services, and transportation. Furthermore, they enable flexible tariff structures through improved data management and allow WSPs to monitor water resources remotely (Hope et al. 2011).

LINK TO INTEGRITY

Smart water meters offer a number of benefits that relate to integrity (Hope et al. 2011):

» They allow remote detection of illegal connections.

» They increase billing accuracy to promote payments that reflect consumption (see instrument "Transparency of bills").

» They prevent corrupt practices relating to meter reading and illegal connections.

EXAMPLES / HOW TO

Smart metering systems can be configured in many ways and, when broadly defined, the term includes both Automated Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) systems. While the former refers to a system that allows automatic collection of meter readings by radio transmission, the latter system involves two-way communication in which consumption information can be transmitted to WSPs, and commands can be sent to meters to undertake specific functions (Hope et al. 2011).

MANDATORY / OPTIONAL

Optional

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49

Social monitoring and accountability

DESCRIPTION / DEFINITION

Accountability can be defined as the obligation of power-holders to take responsibility for their actions. Social accountability is an approach that aims to build accountability that relies on civic engagement, where citizens participate in demanding accountability from service providers and public officials. It generally combines information on rights and service delivery with collective action for change (World Bank 2009).

PURPOSE

Social accountability serves three main purposes (World Bank 2004):

» **Improved governance:** Social accountability mechanisms allow ordinary citizens to access information, voice their needs, and demand accountability. Social accountability practices enhance the ability of citizens to move beyond mere protest toward engaging with decision makers in a more informed, organised, constructive and systematic manner, thus increasing the chances of effecting positive change.

» **Increased development effectiveness:** By enhancing the availability of information, strengthening citizen voice, promoting dialogue and consultation, social accountability mechanisms can go a long way toward improving the effectiveness of water service delivery and making public decision-making more transparent, participatory and pro-poor.

» **Empowerment** (expanding freedom of choice and action): By providing critical information on rights and entitlements and soliciting systematic feedback from poor people, social accountability mechanisms provide a means to increase and aggregate the voice of disadvantaged and vulnerable groups. This enhanced voice empowers the poor and increases the chance of greater responsiveness on the part of the state to their needs.

LINK TO INTEGRITY

Social accountability is recognised as a way to step toward democratic governance (World Bank 2009).

Involving the public in monitoring WSPs' performance enhances transparency and exposes potential failures and misdeeds – thus social accountability mechanisms are also powerful tools against corruption (World Bank 2004).

By enhancing social accountability, credibility and recognition for performance can be gained, in a process which can change the environment in the direction of performance rather than patronage (World Bank 2009).

EXAMPLES / HOW TO

Increasing social accountability can be done through tools like participatory policy-making, participatory budgeting, public expenditure tracking, investigative journalism, public commissions, citizen advisory boards as well as citizen monitoring and evaluation – or specifically for the Kenyan Water Sector, the water action groups (WAGs) (World Bank 2009; World Bank 2004).

In general, social accountability builds on five blocks:

» Mobilising and sensitising the population towards a problem (e.g. too high water prices)

» Building a credible evidence base, collecting information serves to hold public officials accountable

» Going public, spreading the collected (and aggregated) information

» Rallying support and building coalitions with different partners

» Advocating and negotiating change: demanding a response from public officials and effecting a real change is the most difficult part.

In an effort to strengthen the accountability and customer orientation of WSPs, in 2010/11 WASREB piloted the use of WAGs in several Kenyan towns. WAGs consist of locally based groups of volunteers, mandated and carefully recruited by the regulator. They are working with 10 WSPs in their respective service areas, delivering consumer sensitisation support and articulating consumer interests vis-à-vis sector institutions. As partners of WSPs, they negotiate with the water companies on matters of service provision, and follow up long-standing complaints, especially in low-income areas. Their work is framed by WASREB's Consumer Engagement Guideline (WASREB 2013).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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50
Sound 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 no year; Spartanburg Regional Health Services District no year).

PURPOSE

A sound billing system doesn't only allow for the identification and adjustment of inappropriate and incorrect billing practices but also improves the management of expenditures (British Columbia Ministry of Health no year). Additionally, accurate bills are an important tool of communication that can encourage water consumers to engage in increasing water conservation (Asian Water And Wastewater 2013).

LINK TO INTEGRITY

Transparent billing systems are the hallmark of effective governance (K'akumu 2007). By implementing a sound billing system, WSPs can detect and prevent dishonest activities related to billing and payment, such as bribery, petty cash theft or money laundering. A sound billing system also increases financial accountability and transparency.

EXAMPLES / HOW TO

Examples of sound billing include:

» The use of standard invoices

» The development and maintenance of supporting documentation (for all expenditures and incomes)

» The implementation and verification of a billing system process

» A good filing system to keep everything in order.

(Konove et al. 2011)

MANDATORY / OPTIONAL

Optional

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51

Staff engagement to curb corruption

DESCRIPTION / DEFINITION

Staff engagement in corruption prevention committees or integrity committees allows institutions from both the public and private sectors to spearhead and mainstream anti-corruption measures. The responsibility of such committees is to keep a constant check on organisational operations and procedures and to ensure that there are no or minimal opportunities for corruption (adapted from DCEC no year).

PURPOSE

Getting staff emotionally engaged in curbing corruption, letting them formulate their own anti-corruption measures and showing their contribution to the WSP's performance can not only enhance behaviour with integrity, but also increase customer satisfaction, productivity and profitability. Involving staff 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).

LINK TO INTEGRITY

Staff engagement can lead to a more emotionally engaged workforce. Giving staff a broader perspective, sharing feedback 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

While developing a staff engagement strategy, there are several useful tips, such as (Employee Engagement Network no year; Jostle 2012):

» 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.

» 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.

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).

Corruption prevention commissions or integrity commissions are internal commissions whose responsibility it is to keep a constant check on organisational operations and procedures and to ensure that there are no or minimal opportunities for corruption (DCEC no year). The commissions' role is to coordinate anti-corruption strategies in the organisation, specifically (Kenya Anti-Corruption Commission 2007):

» Setting priorities in the prevention of corruption within the relevant organisations

» Planning and coordinating corruption prevention strategies

» Integrating all corruption prevention initiatives in their organisations

» Monitoring and evaluating the impact of corruption prevention initiatives.

MANDATORY / OPTIONAL

Optional

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52

Standard operating procedures

DESCRIPTION / DEFINITION

A Standard Operating Procedure (SOP) is a set of written instructions that document a routine or repetitive activity carried out by an organisation. SOPs address the who, what, where and when of an activity (EPA 2007; Bethmann no year).

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; Bethmann no year).

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.

LINK TO INTEGRITY

The development and use of SOPs minimises variation and promotes quality through consistent implementation of a process or procedure within the organisation, even if there are temporary or permanent personnel changes. SOPs can indicate compliance with WASREB guidelines and governmental requirements, and can be used as a part of a personnel training programme, since they should provide detailed work instructions. They minimise 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).

EXAMPLES / HOW TO

When developing SOPs, one should consider the following aspects:

» 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 these.

(EPA 2007; Bethmann no year)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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53

Standard procedures for WARIS reporting

Kenya specific – water sector policy and regulation

DESCRIPTION / DEFINITION

WSPs are required to report their activities under section 50(1-4) of the Water Act 2002, into the Water Regulation Information System (WARIS). WARIS is a database application software established to facilitate data entry, aggregation, and evaluation of data for the WSPs, WSBs, and WASREB. Nationwide summaries of WARIS data are published annually in the WASREB Impact Reports (WASREB 2007; WASREB 2012).

PURPOSE

In the WARIS system, information can be easily entered and processed automatically, while the three different levels (WASREB, WSBs, WSPs) are connected. The system generates reports on three different levels, allowing each party to benefit from the system by receiving their own automated report. In this, WARIS is a key information tool in the sector. It allows monitoring of the water and sanitation sector and enables WSPs to:

» Report in an efficient manner to the ministry, the regulator, their owner, customers, and other stakeholders

» Compare their performance with other WSPs

» Use WARIS for their internal management purposes.

(WASREB 2007; GIZ 2007)

LINK TO INTEGRITY

Correct and honest reporting based on the mandatory WARIS system leads to better identification of potential threats and strengths regarding the WSPs' performance. The reporting guidelines mandate the reporting to various stakeholders (such as the regulator WASREB, the company's customers and certain ministries). This in turn enhances transparency and enables shareholders to hold the WSP and BoD accountable.

Furthermore, benchmarking with other WSPs may lead to the aspiration of having a good reputation. This can be a stimulus to ethical behaviour for the managers and managing director.

Various stakeholders (such as the public) have access to the reporting, allowing them to validate information and share their own experiences. Such forms of participation are key elements to improve performance

through higher levels of integrity, as they contribute to improving the WSP's ability to deliver quality services by taking clients' perspectives into consideration.

EXAMPLES / HOW TO

Required information for the annual report:

» General information (such as the number of board meetings per year, water and sanitation coverage, average service hours, etc.)

» Financial management (such as revenues, subsidies, expenditures, balance sheets with fixed and current assets, investments, and financial sources)

» Commercial management (such as metering, customer services, complaints, water connections, collection efficiency, water tariffs, rates, and fees)

» Technical information (such as production and distribution details, water quality, treatment capacity of sewerage)

» Personnel information (such as staff composition, connection metered per meter reader, number of staff per 1,000 connections, training measures, and staff qualification).

All the reporting information is to be integrated into the WARIS system, a computerised databank system.

(WASREB 2007)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

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54

Strengthened feedback and communication with customers

DESCRIPTION / DEFINITION

Communicating with customers means providing customers with the information they need to make informed decisions.

PURPOSE

Improving communication with customers and access to information increases transparency and accountability within the water sector. It is also an effective tool for WSPs to increase their marketing activities and adapt their services to the current demand (Vidica 2012; Gonzáles de Asís et al. 2009).

LINK TO INTEGRITY

Where information is not freely accessible, corruption can thrive and basic rights may not be realised. Armed with more and more useful information, customers can make sure they get the services they are entitled to (Gonzáles de Asís et al. 2009; Transparency International no year).

EXAMPLES / HOW TO

Concrete actions to improve customer feedback and communication include:

» Providing performance-related information with bills

» Providing customers with access to budget, expenditure and performance (also see instrument "Computerised financial accounting")

» Mounting information campaigns on hygiene awareness and efficient use of water, as well as on investments made, coverage achieved, and quality of services

» Holding workshops to explain content of contracts for investments, works, and service provision

» Publishing tariff structures

» Conducting user surveys.

(Gonzáles de Asís et al., 2009)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Best Practices for Communicating with Your Customers, 2012, Vidicia, USA

Gonzáles de Asís, O'Leary, Ljung and Butterworth, 2009, Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation – Action, Learning, Experiences, World Bank, USA

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55

Strengthened internal auditing

DESCRIPTION / DEFINITION

An internal audit 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; Investopedia no year).

PURPOSE

In an internal audit, the adequacy of WSP systems or procedures is reviewed, and it is made sure that they are implemented appropriately (Mango 2012). 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).

While the internal auditing of financial statements is mandatory (WASREB 2010), WSPs are free to conduct other internal audits.

LINK TO INTEGRITY

Internal audits increase the WSP's credibility and are a crucial instrument to demonstrate transparency and accountability (Mango 2012). Being based on sampling, an audit is not designed to provide absolute assurance to detect errors or worse, fraud. However, independent checks are an established preventive tool against fraud in organisations. They also play a pivotal role in preventing corruption (OECD 2011).

EXAMPLES / HOW TO

In Kenya, each national government entity needs to put the arrangements in place for conducting internal audits according to the guidelines of the Accounting Standards Boards. According to the Public Finance Management Act (2012), the Internal Auditor-General Department of the National Treasury needs to ensure that these arrangements include (National Council For Law Reporting 2012):

» Reviewing the governance mechanisms and mechanisms for transparency and accountability with regard to finances and assets

» Conducting risk-based, value-for-money and system audits in order to strengthen internal control mechanisms

» Verifying the existence of administered assets and ensuring their safeguards

» Providing assurance that the appropriate institutional policies and procedures and good business practices are followed

» Evaluating the adequacy and reliability of information available to the management for decision-making.

Internal auditors, though generally independent of the activities they audit, are part of the organisation they audit. In Kenyan WSPs, an internal auditor has to report to a mandatory audit committee, consisting of three directors, two of whom should originate from the stakeholder group. The audit committee reviews the half-year and annual financial statements before submission to the board (WASREB 2009; National Council For Law Reporting 2012).

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).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

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56

Supervision and inspection of staff

DESCRIPTION / DEFINITION

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 ensures that bureaucratic regulations and procedures are followed and that loyalty to the higher authorities is maintained (Wanzare 2012; Pierce And Rowell 2006; Wakefield Childcare 2013; Milwaukee Police Department 1988; Florida Fish And Wildlife Conservation Commission 2012).

PURPOSE

The purpose of staff supervision is to monitor and promote 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.

Staff inspection, on the other hand, is conducted for:

» 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.

Through regular inspections, patterns of organisational behaviour can be discerned and identified.

(Wanzare 2012; Nordmann 2012; Wakefield Childcare 2013; Florida Fish and Wildlife Conservation Commission 2012; Executive Office of Public Safety and Security no year; Milwaukee Police Department 1988)

LINK TO INTEGRITY

Both supervision and inspection are important measures to enforce integrity. A lack of one of the two can make staff feel as though they are free to act as they wish, which can lead to dishonest behaviour such as theft, fraud and corruption.

(Milwaukee Police Department 1988)

EXAMPLES / HOW TO

In order to be effective, supervision should:

» Be fair and equal

» Provide guidance and structure

» Be consistent over 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.

A survey on supervision in Kenyan schools showed that feedback, follow-up support, consistency over time, as well as clear policies for supervision can facilitate performance and improve the quality of work (Wanzare 2012).

Effective inspection should:

» Be accompanied by follow-up and penalties where needed

» Yield accurate, persuasive, objective, and factual data, and bring 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.

(Cigie 2011; Florida Fish and Wildlife Conservation Commission 2012; Nyewasco 2007; Pierce and Rowell 2006; Wakefield Childcare 2013)

MANDATORY / OPTIONAL

Optional

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57

Third-party oversight

DESCRIPTION / DEFINITION

Third-party oversight is an independent monitoring and investigation of operations and activities of an organisation by a third party (Transparency International 2009).

PURPOSE

The purpose of third-party oversight is to ensure accountability and efficient use of resources (Transparency International 2009).

LINK TO INTEGRITY

An independent third-party oversight in implementation and evaluation of WSPs increases transparency and verifies information on the impact of projects (Nordmann et al., 2013). When implemented in the context of important agreements, contracts and projects, oversight by an accepted and reputable third party can:

» Increase transparency

» Increase accountability of decision makers

» Ensure independent supervision

» Ensure accurate financial information

» Reduce risks for an organisation.

EXAMPLES / HOW TO

A WSP can define a third-party oversight on important agreements, contracts and projects. In certain cases (e.g. oversight of WASREB on the service provision agreement between a WSP and the WSB) such an oversight is mandatory. For other cases, an oversight by parliamentary bodies, water action groups (WAGs) or other public or civil bodies may help to build trust and safeguard the integrity in the provision of water and sanitation services by WSPs (OECD 2009).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Nordmann, Peters and Werchota, 2013, Good Governance in the Kenyan Water Sector, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

Private Sector Participation in Water Infrastructure, 2009, Organisation for Economic Cooperation and Development (OECD), France

The Anti-Corruption Plain Language Guide, 2009, Transparency International, Germany

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58

Training and sensitisation of BoD on corporate governance
Kenya specific – governance of WSPs

DESCRIPTION / DEFINITION

˝Corporate governance refers to the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholder value and maximum human-centred development while remaining conscious of their other responsibilities to stakeholders, the environment and the society in general.˝ (WASREB 2009)

Training and sensitising the BoD on corporate governance means providing its members with knowledge, skills and competencies on the principles of corporate governance.

PURPOSE

The purpose of sensitisation and training is to ensure that the BoD understands what corporate governance entails, and what its role and obligations comprises. In order to comply with corporate governance principles, BoDs need to acquire knowledge on:

» Roles and responsibilities of the board

» Integrity and ethical behaviour

» Rights and equitable treatment of shareholders

» Interests of other stakeholders, including employees, investors, creditors, suppliers, local communities, customers and policy makers.

» Disclosure and transparency.

Cost effective and efficient management and operation of water services can only be realised if the leadership in the water sector institutions is guided by the tenets of good governance (WASREB 2009).

LINK TO INTEGRITY

Familiarising BoDs with the principles of corporate governance provides a basis to foster upright behaviour of the BoDs (WASREB 2009). By providing BoD members with knowledge on their roles and responsibilities, ethical behaviour, integrity and the rights of stakeholders, trainings on corporate governance reduce fraud and corruption, and ensure that BoDs work efficiently.

EXAMPLES / HOW TO

All new board members must undergo a good governance training (standard obligation) (WASREB 2009).

Besides familiarising BoD members with the concept of corporate governance, the training should also provide them with knowledge on how corporate governance can help to (WASREB 2009):

1. Ensure the profitability and efficiency of water services delivery

2. Create ethical business enterprises and their capacity to create wealth and employment

3. Ensure the long-term competitiveness of the water sector

4. Ensure the stability and credibility of the water sector financially

5. Improve relationships between the different players in the water sector so as to be able to deliver quality, affordable water in a sustainable manner

6. Improve the relationships between such water enterprises and their various stakeholders comprising shareholders, managers, employees, customers, suppliers, labour unions, communities, providers of finance etc.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Proposed Integrity Guideline Manual for the Kenyan Water Sector (Draft), 2013, GIZ WAVEPlus, Kenya

Nordmann, 2012b, Deepening Governance in Water and Sanitation Services. Discussion Paper for Water Services Regulatory Board, Kenya

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

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Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya – Documentation Report, 2012, Kenya Water Institute, Kenya

The OECD principles of Corporate Governance, 2004, Organisation for Economic Cooperation and Development (OECD), France

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59

Training and sensitisation on procurement procedures   Kenya specific – procurement and anti-corruption legislation

DESCRIPTION / DEFINITION

As public institutions, WSPs are bound to the Public Procurement and Disposal Act (PPDA 2005), which outlines the rules, guidelines, standards and procedures for public procurement processes. This uniform guidance ensures transparency and accountability, enhances public confidence and facilitates economic development. Furthermore, it aims to promote fair competition and to improve the efficiency and effectiveness of operations in public entities (National Council for Law Reporting 2010; Government of the Republic of Sierra Leone 2006; WASREB 2009). To ensure that WSP staff and officials are aware of these procedures, they need to be adequately trained and sensitised.

PURPOSE

One of the main functions of the Public Procurement Oversight Authority of Kenya (PPOA) is to "develop, promote and support the training and professional development of persons involved in procurement" (National Council For Law Reporting 2010). Such training, based on the PPDA 2005, can provide awareness on the overall rules of public procurement. Additionally, the statutory liabilities and duties under the relevant laws (such as the PPDA 2005) are part of the training that members of the BoDs receive upon appointment (WASREB 2009). Training that specifically targets procurement in the water sector can also be part of staff training and sensitisation, as the lack thereof can lead to inefficiency in WSP procurement. This can increase the overall costs for procurement.

Besides clarifying the procedures of procurement, training and sensitisation aim to increase officials' and staff's awareness on the rights and wrongs of public procurement. This helps WSP staff members to understand that when they act illegally it negatively impacts the WSP's performance, and there will be consequences if they are caught.

LINK TO INTEGRITY

Procurement processes are particularly vulnerable to unethical conduct, as large sums of money can be involved. If the staff is trained insufficiently or inadequately on procurement procedures, guidelines can be interpreted differently by WSP officials, which can lead to poor specification of requirements, inadequate bidding documentation and procedures, corruption, payment delays and inadequate contract management. If taking bribes is a common practice to win bids, or if nepotism and clientelism define the WSP's relations with contractors and suppliers, the WSP suffers because orders do not go to the best and / or cheapest bidder, and price and quality of services are negatively affected (Transparency International 2010; Government of the Republic of Sierra Leone 2006).

Training and sensitisation on procurement procedures make staff aware of what illicit behaviour in this area entails. Furthermore, knowledge of the procurement process is an effective instrument for staff to avoid engaging in corrupt practices.

EXAMPLES / HOW TO

Training and sensitisation on procurement procedures should encompass the whole procurement process:

» Preparation for procurement, planning and strategy

» Approval of specifications, terms of reference, procurement method and bidding documents

» Announcement, solicitation and issue of bidding documents

» Bid clarification, extension and cancellation

» Reception of bids and bid opening

» Risk assessment and management

» Evaluation of bids and approvals

» Contract approval, award, management, delivery and payment

» Procurement reporting, monitoring and evaluation

» Dispute management

» Ethics and integrity in procurement (including possible actions employees can take if they are confronted with corruption or bribery).

(Government of the Republic of Sierra Leone 2006; UNDP 2012)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Procurement (web), no year, Business Dictionary, accessed April 2013, http://www.businessdictionary. com/definition/procurement.html

Public procurement manual, 2006, Government of the Republic of Sierra Leone, Sierra Leone

The Public Finance Management Act 2012, 2012, National Council for Law Reporting, Kenya

Corruption and public procurement, 2010,Transparency International, Germany

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Ochieng and Muehle, no year, Development and reform of the Kenyan public procurement system, Kenya

Ogachi, no year, Public Procurement in Kenya. Current practices and future direction. Kenya Institute of Supplies Management, Kenya

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Curbing corruption public procurement, 2006, Transparency International, Germany

Transparency and public procurement, 2012, United Nations Office for Project Services (UNOPS), USA

60

Training on accounting skills for financial staff

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 no year). 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 WSP, 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). Ensuring that WSP financial staff members have sufficient accounting skills is essential to being able to produce proper financial statements.

LINK TO INTEGRITY

Well-trained financial 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 no year; Virginia et al. no year). Disclosure of financial statements and accounting can prevent (UN no year):

» The establishment of off-the-books accounts

» The making of inadequately identified transactions

» Recording of 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:

» Familiarising staff with basic concepts such as income statements, balance sheets, and debits and credits

» Providing staff with the necessary skills to operate a computerised financial accounting system

» Teaching staff the specific accounting requirements for the WSP

» 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.

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

What is the purpose of accounting? (web), 2011, AccountingTools, accessed April 2013, http://www.accountingtools.com/questions-and-answers/what-is-the-purpose-of-accounting.html

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Financial Management Essentials – A Handbook for NGOs, 2012, Management Accounting for Non-governmental Organisations (Mango), UK

Mitigating the risks of corruption, 2010, The International Bank for Reconstruction and Development, USA

Finance and accounts policies and procedures manual, 2008, United Nations Human Settlements Programme (UN HABITAT), Uganda

61

Transparent bills

DESCRIPTION / DEFINITION

Billing transparency means to provide access to and explanation of every process within the billing cycle (Moneymaker and Kennedy no year).

PURPOSE

Increased transparency of bills informs customers about their bills. If customers see what they are being charged for, they may be more likely to pay their bills. In addition, accurate billing is an important communication tool that can encourage water consumers to engage in water conservation (Asian Water and Wastewater 2013).

LINK TO INTEGRITY

Transparent billing systems are the hallmark of effective governance (K'akumu 2007).

Increased transparency of bills gives customers the chance to crosscheck their water charges and – if necessary – to file a complaint if the amounts don't correspond. Thus, transparent billing impedes overpricing, as WSPs are forced to charge according to the correct tariffs (Prnewswire 2012).

EXAMPLES / HOW TO

Strategies for a transparent water bill include:

» Using litres per day rather than other units which are harder to understand

» Distinguishing charges for drinking water from charges for other services such as wastewater

» Providing simple comparisons of past water use to help consumers understand how their water use changes over time (Pacific Institute no year).

A good example that fosters transparent bills is MajiSMS, which allows customers to check their account balances and meter readings via SMS (Nairobi City Water and Sewerage Company no year).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

The Bill of Confusion (web), 2013, Asian Water and Wastewater, accessed April 2013, http://sahanasingh. wordpress.com/2013/03/21/the-bill-of-confusion/

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Bill balance and meter reading. MajiSMS (web), no year, Nairobi City Water and Sewerage Company, Kenya, accessed April 2013, http://www.nairobiwater.co.ke/

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Transparent billing may save governments billions (web), 2012, PRNewswire, accessed April 2013, http://www.prnewswire.com/news-releases/ transparent-billing-may-save-governments-billions-140846763.html

Applying a life-cycle costs approach to water, 2013, International Water and Sanitation Centre (IRC), The Netherlands

Tariff Guidelines, no year, Water Services Regulatory Board (WASREB), Kenya

SAMED Policy and Procedure. Transparent invoicing model, 2008, South African Medical Device Industry Association (SAMED), Republic of South Africa

62

Transparent BoD proceedings

Kenya specific – governance of WSPs

DESCRIPTION / DEFINITION

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 no year, Brefigroup 2000).

PURPOSE

By adequately structuring and documenting the roles, functions, procedures and proceedings of the BoD, WSPs can increase their work flow (WASREB 2009).

BoD meetings and proceedings should:

» Ensure accessibility of board decisions by all stakeholders

» Ensure that board decisions are made in line with the policies and interests of the institution

» Mitigate conflicts of interest for board members

» Mitigate unjustified levels of board expenditures.

LINK TO INTEGRITY

By laying bare the BoD proceedings, transparency for all stakeholders can be increased. Transparent proceedings can ensure that board decisions are made in line with the policy and interests of the WSP and can help to mitigate unjustified levels of board expenditures (GIZ WAVEPlus 2013).

EXAMPLES / HOW TO

To ensure transparency in board proceedings, the following actions can be undertaken (adapted from WASREB 2009):

» Prepare a schedule for the next year's full board meetings at the end of each year.

» Have only one full board meeting per quarter. Extraordinary board meetings should be communicated to the WSBs.

» All meetings should be properly recorded and the minutes of the proceedings kept. Minutes and papers of the board should be circulated at least seven 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 through other modes of communication.

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

The Board of Directors – roles and responsibilities, 2000, Brefi Group Limited, UK

Proposed Integrity Guideline Manual for the Kenyan Water Sector (Draft), 2013, GIZ WAVEPlus, Kenya

Board of Directors Charter, no year, Prometic, Canada

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

63

Transparent procedures for disconnection and reconnection

DESCRIPTION / DEFINITION

Procedures for disconnection / and reconnection specify conditions for the termination / renewal of water provision, in particular due to non-payment of bills, bypasses of water meters and water theft.

PURPOSE

Water disconnection is a severe sanctioning mechanism for customers who have:

» Illegally connected to water services
» Not paid their bills
» Manipulated or bypassed water meters
» Not granted access for inspection, meter reading or maintenance.

(WASREB no year)

Clear procedures for disconnection and reconnection serve several purposes:

» They inform customers transparently about their rights, but also their duties.
» They ensure that all customers – whether households or commercial users – are treated equally.
» Clearly laid out procedures support staff in fulfilling their duties (i.e. to justify a water disconnection), and reduce the risk for fraud.
» They reduce revenue losses for WSPs, as they can disconnect and reconnect customers more efficiently.

LINK TO INTEGRITY

A lack of principles for water disconnection and reconnection has the consequence that not all customers are treated equally. This is a direct risk for fraud and corruption (e.g. staff colluding with customers to illegally reconnect water, accepting bribes to be reconnected etc.).

The Water Integrity Course conducted by GIZ in 2012 revealed the lack of policies on water disconnection as one of the main starting points for problems relating to corruption, fraud or bribery (Kenya Water Institute 2012).

EXAMPLES / HOW TO

Suppliers must put in place a full escalation process before disconnecting a customer. This process will include contacting and notifying the customer to inform them that they are in arrears (e.g. by telephone and in writing), providing information on any options the customer has to make payment, and providing contact details for customers wishing to enter into a payment plan or, where appropriate, in the case of domestic customers, how to arrange a pre-payment meter or budget controller. A supplier may develop different escalation processes for domestic and non-domestic customers should they wish. The process for each customer category must be clearly set out (adapted from Commission For Energy Regulation no year).

A WSP may disconnect services to a consumer in response to any of the following events (adapted from WASREB no year):

» Non-payment of bills more than 14 days in arrears, provided that the WSP issues the 14-day notice to pay in its bill to consumers, subject to any modification by the WSB
» Unauthorised interference with or diversion of use of the WSP service.
» Unauthorised use or theft of water
» Refusal to grant access at reasonable times to equipment installed upon the premises of the consumer for the purpose of inspection, meter reading or maintenance
» Failure to reimburse the WSP for repairs to or replacement of the WSP's property used to supply service, when such repairs or replacements are necessitated by negligence or deliberate acts on the part of the consumer
» Misrepresentation of identity for the purpose of obtaining service
» Actions adversely affecting the safety of any consumer, or the integrity of the WSP's water and / or sewerage systems
» Any other reason identified by the WSP approved by the regulator and notified to the consumer.

However, there are also situations in which termination of water provision is prohibited. These include:

» Failure in payment for service by a previous occupant of the premises unless a filial or professional relationship with the previous occupant is shown

» Failure to pay for service or merchandise other than the provision of water or wastewater services provided by the WSP

» Failure to pay charges not properly reflected on a WSP bill

» Failure to pay disputed charges, until the WSP has received a ruling in its favour in accordance with dispute resolution mechanisms in these regulations.

Where a disconnected customer has reached a settlement with its WSP (through a payment plan or payment in full), the customer shall be entitled to be reconnected under the standard network terms and conditions offered by the WSP including, where appropriate, the provision of a security bond/deposit or other such measure that is reasonably required to ensure that disconnection for non-payment not will occur in the future (adapted from Commission for Energy Regulation no year).

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Code of Practice on Disconnection, no year, Commission for Energy Regulation (CER), Ireland

Enhancing Water Integrity in the Provision of Quality Water and Sanitation Services in Kenya – Documentation Report, 2012, Kenya Water Institute, Kenya

Model Water Services Regulations, no year, Water Services Regulatory Board (WASREB), Kenya

Customer services user manual, 2008, National Water & Sewerage Corporation (NWSC) External Services Uganda, Uganda

Procedures for Service Disconnections, 2013, Plainview Water District, USA

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Transparent water connection procedure

DESCRIPTION / DEFINITION

Transparency of water connection procedures means being open, predictable, clear, understandable and visible in the disclosure of information, rules, plans, processes and actions regarding water connections (based on Transparency International 2007 in Transparency International 2009).

PURPOSE

Restricted transparency at the interface between water providers and consumers can threaten both the economic viability of service providers and the sustainability of water resources management in general (Anti-Corruption Resource Centre 2009).

LINK TO INTEGRITY

Increased transparency can help to prevent fraudulent activities between water providers and users such as:

» Bribery to prevent law enforcement, to enhance the content of user licences or to install illegal connections

» Raised water charges

» Corruption regarding payment, access or connection speed.

(Anti-Corruption Resource Centre 2009)

EXAMPLES / HOW TO

Measures to increase transparency may involve:

» Simplifying the application procedure for water licences

» Publishing or providing access to the register of water users and annual reports

» Strengthening complaint systems

» Publishing standard consumer fees and information about user rights

» Clearly defining periods between applications, purchases and effecting of new connections.

(Anti-Corruption Resource Centre 2009; GIZ et al. 2012)

MANDATORY / OPTIONAL

Optional

REFERENCES AND FURTHER READING

Not so petty. Corruption risks in payment and licensing systems for water, 2009, Anti-Corruption Resource Centre, Norway

Report of the Water Integrity Training for Private Water Operators and Staff of the Ministry of Water and Environment in Uganda, 2012, Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Association of Private Water Operators (APWO), Ministry of Water and Environment, Uganda

The Anti-Corruption Plain Language Guide, 2009, Transparency International, Germany

Code of Practice on Disconnection, no year, Commission for Energy Regulation (CER), Ireland

Procedures for Service Disconnections, 2013, Plainview Water District, USA

Model Water services Regulations, no year, Water Services Regulatory Board (WASREB), Kenya

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WASREB's consumer engagement guidelines
Kenya specific – water sector policy and regulation

DESCRIPTION / DEFINITION

The purpose of WASREB's consumer engagement guidelines is to institutionalise consumer participation, going beyond the ad-hoc involvement of consumers, e.g. through civil society organisations. The guidelines, which are in the process of being approved, have the objective of guaranteeing the rights of consumers by enabling them to engage effectively in the services provided by WSPs and WSBs. This involves information provision by water sector institutions, formalised customer consultation, customer participation in service provision, and effective handling of consumer complaints.

This formalised participation involves consumer representatives in decision-making, implementation and monitoring, enabling a two-way dialogue between WSPs and consumers in order to channel and respond to feedback from the grassroots level to WSPs and WSBs.

While it is the responsibility of WASREB to set up water action groups (WAGs), WSPs also need to take action to enable consumer engagement from their side. This includes the allocation of a dedicated focal person, stated as the customer relations / service manager.

PURPOSE

The purpose of the consumer engagement guidelines is to set rules and enforce standards that guide the sector towards consumer protection and access to efficient, adequate, affordable and sustainable services. This institutionalised consumer participation with two-way dialogue enables long-lasting involvement and calls for more transparency for civil society.

LINK TO INTEGRITY

A higher level of consumer engagement can lead to:

» Improved social accountability of WSPs.

» Improved access to information on services. This increases transparency in the sector and enhances public awareness of the rights and obligations of consumers and water sector institutions such as WSPs.

» Advanced utility-consumer relations and trust that improves the image of WSPs (especially in low-income areas).

» Increased willingness to pay, reduced illegal connections and vandalism, and realistic expectations by consumers.

(WASREB 2013)

EXAMPLES / HOW TO

To ensure that the increased customer engagement process will be successful, WSPs are obliged to:

Provide information

» Provide easy access to information

» Maintain a customer service centre

» Issue, at minimum, one consumer bill per month

» Implement community outreach and public awareness-raising activities

» Publish a summary of their annual report

» Share complaints and service delivery related information with WAG representatives.

Enable consumer consultation and participation

» Initiate community forums

» Initiate a public consultation on tariff adjustment

» Agree with the respective WSB on appropriate actions to respond to consumer concerns

» Provide for adequate representation of consumers on its board of directors

» Co-convene public hearings with WAGs.

Resolve consumer complaints

» Put in place adequate procedures, instruments (such as customer service centres or (electronic) complaint registers), organisational structures and at least one trained and dedicated customer complaints officer

» Enter into a customer contract with each of its customers

» Publish a tailor-made service charter

» Be fully responsible for the services delivered through communal water points

» Provide the customer relations / service manager as the main contact person for WAGs

» Swiftly attend to and act on consumer complaints forwarded by WAGs

» Co-convene monthly consolidation meetings with WAGs

» Participate in quarterly review meetings convened by WAGs

» Pay compensation to consumers as ordered by the WSB.

(WASREB 2013)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Consumer Engagement Guideline, 2013, Water Services Regulatory Board (WASREB), Kenya

Citizen Feedback Drives Performance Improvements in Kenya's Water and Sanitation Services (web), 2012, Political Press, accessed May 2013, http://politicalpress.eu/2012/11/citizen-feedback-drives-performance-improvements-in-kenyas-water-and-sanitation-services/

Community engagement and social entrepreneurship for distribution of household water, no year, Safe Water and AIDS Project (SWAPKENYA), Kenya

Enhancing consumer participation in water service delivery through water action groups, 2010, Water Services Regulatory Board (WASREB), Kenya

Promoting voice and accountability in urban water and sanitation services, 2011, Water and Sanitation Program, Kenya

WASREB's corporate governance guidelines
Kenya specific – water sector policy and regulation

DESCRIPTION / DEFINITION

"Corporate governance refers to the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholder value and maximum human-centred development while remaining conscious of their other responsibilities to stakeholders, the environment and the society in general." (WASREB 2009)

The Water Act 2002 (section 47(h)) tasked WASREB with the development of corporate governance guidelines, which were then created to educate the water services sector institutions on their management practices, interactions with the shareholders and other stakeholders (WASREB 2009).

PURPOSE

The corporate governance principles "essentially define leadership at board level" and push this leadership through various rules which ensure correct behaviour of the board of directors (BoD). The guidelines set the framework for the roles and responsibilities of the BoD, the BoD selection procedure and the BoD training and development.

WSPs adhering to the mandatory corporate governance guidelines and implementing them effectively are respected by WASREB for their good service delivery and face fewer legal risks as they comply with the official guidelines (WASREB 2009).

LINK TO INTEGRITY

The corporate governance guidelines include guiding principles on how BoDs can contribute to advancement towards fair and ethical service delivery, on how to instil a culture of performance and appropriate rewards, as well as on how to monitor performance. These principles provide a basis to foster upright behaviour of the BoDs (WASREB 2009).

EXAMPLES / HOW TO

The corporate governance guidelines include instructions for BoDs on:

» Size and composition of the board
» Eligibility criteria and the background for BoD candidates

» Training of BoD members
» Stakeholder participation in the BoD selection procedure
» Board succession policies and the period in office
» With which acts the BoD has to comply
» Which reports the BoD needs to deliver (and to whom)
» The establishment of the audit committee of the BoD
» Definition and time schedule for BoD meetings
» The regulatory framework to curb political interference.

(WASREB 2009)

MANDATORY / OPTIONAL

Mandatory

REFERENCES AND FURTHER READING

Corporate Governance Guidelines for the Water Services Sector, 2009, Water Services Regulatory Board (WASREB), Kenya

Best Corporate Governance Practice (web), 2013, Applied Corporate Governance, accessed March 2013, http://www.applied-corporate-governance.com/best-corporate-governance-practice.html

Swiss Code of Best Practice for Corporate Governance, 2008, Verband der Schweizer Unternehmen (Economiesuisse), Switzerland

Mulili and Wong, 2011, Corporate Governance Practices in Developing Countries, Southern Cross University, Australia

The OECD Principles of Corporate Governance, 2004, Organisation for Economic Cooperation and Development (OECD), France

Principles for corporate governance in Kenya, no year, Private Sector Initiative for Corporate Governance, Kenya

Rampa, 2011, Analysing governance in the water sector in Kenya, European Centre for Development Policy Management (ECDPM), The Netherlands

Our approach to corporate governance: fulfilling our commitment to our stakeholders (web), 2013, Swiss Re, accessed March 2013, http://www.swissre.com/about_us/corporate_governance/

67

Water development pacts

DESCRIPTION / DEFINITION

A water development pact is a Memorandum of Understanding (MoU) that formalises the relationship between water service users and suppliers. It acknowledges the important role that water users play in water service provision and emphasises the need for a collaborative approach for improving service delivery and good governance in the water sector (Transparency International 2011; TI Kenya 2011).

PURPOSE

A water development pact pursues the vision of a reliable drinking water supply and aims to improve water service delivery by cultivating direct and transparent lines of accountability. Its goals are to improve the communication between users and suppliers, to enhance cooperation between technicians and users to develop better reporting and billing systems, and to motivate community members to commit to maintaining the facilities and to actively cooperate with technicians. It aims to unite the efforts of all parties affected by the difficulties experienced around water provision, and pursues clear and agreed upon actions (Transparency International 2011; TI Kenya 2011).

LINK TO INTEGRITY

Water development pacts can improve integrity in a number of ways. They can:

» Increase reporting on illegal connections, as water users realise that such connections contribute to increased water prices

» Reduce unaccounted-for water through improved cooperation between water users and service providers

» Increase the transparency of the responsibilities at both ends of service provision

» Enhance the participation of customers and ensure that their needs are known and should be met. This customer orientation improves the company's public image, which can enhance customers' willingness to pay.

(WIN 2012)

EXAMPLES / HOW TO

A water development pact was signed in Mombasa, Kenya, between Old Town users and the Mombasa Water and Sewerage Company (MOWASCO) on 20 May 2011. This example illustrates how evidence-based dialogue can lead to improved cooperation between water users and WSPs. The signing of the pact was the result of a case study undertaken by TI Kenya in 2010, which explored the levels of transparency, accountability and participation between water sector actors. MOWASACO was the first WSP in Kenya to formalise the engagement with its users in a MoU (TI Kenya 2011, WIN 2012).

The Mombasa Water Improvement Pact (WIN 2012) achieved the following:

» During the establishment of the pact, key stakeholders were brought together to identify integrity risks. The validation and confirmation of recommendations for the pact by water users and suppliers established trust and generated ownership.

» It assessed the actual situation and described the desired future state (i.e. explored levels of transparency, accountability and participation in the relationships between different water sector actors).

» As a basis for the pact, participants listed the necessary steps to reach the desired future state as well as the willingness and ability of each actor to contribute to this process.

» The pact proposed a number of recommendations from the customers' perspective in order to improve water service provision and enhance integrity.

» The pact resulted in the establishment of a grace period to legalise illegal connections, as it was recognised that cutting these off would not encourage people to get a proper connection installed.

MANDATORY / OPTIONAL

Mandatory

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Whistleblower protection

DESCRIPTION / DEFINITION

Whistleblowing refers to the event, when a person (an employee, a director or an external person) sounds an alarm in order to reveal alleged neglect or abuse within an organisation, government body or company (or a business partner) that threatens its integrity and reputation (Transparency International 2010).

Protecting whistleblowers from retaliation or reprisal is an important strategy to encourage people to report illegal activities or misconduct (Anti-Corruption Resource Centre 2008).

PURPOSE

Frequently, whistleblowers risk losing their jobs, dampening their career prospects and putting their lives at risk when reporting wrongdoing (Transparency International 2010). Facing such grave consequences, people who witness dishonest or illegal activities frequently decide not to report their findings and hence unwillingly perpetuate such activities.

WSPs which fail to protect genuine whistleblowers and permit, or take, reprisal action against them, increasingly face, at a minimum, severe public censure, and may furthermore risk legal action. Appropriate whistleblowing legislation and enforcement are central to foster a culture of compliance and integrity. It is an effective instrument as employees often have the best access to information on unethical practice. The purpose of whistleblower protection is to provide whistleblowers with a safe alternative to silence and empower them to report wrongdoing (Transparency International 2010; Anti-Corruption Resource Centre 2008, Anti-Corruption Resource Centre 2009).

LINK TO INTEGRITY

Protection of whistleblowers is broadly accepted as an essential tool for strengthening accountability, transparency, integrity and reducing corruption. By helping to detect corruption, whistleblowers play an important role in converting a vicious cycle of secrecy into a virtuous cycle of integrity. If a corruption case is effectively prosecuted, the culture of corruption can change (Anti-Corruption Resource Centre 2008; Transparency International 2010, Anti-Corruption Resource Centre 2009).

EXAMPLES / HOW TO

Whistleblower protection should entail:

» Effective protection against retaliation, with compensation in case of reprisal

» Adequate mechanisms for properly handling and thoroughly investigating disclosures

» Information and training about the benefit of whistleblowing.

(Transparency International 2010)

The following guiding principles for drafting whistleblowing legislations is 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

» Whistleblower protection needs to be effectively and consistently enforced.

(Transparency International 2010)

MANDATORY / OPTIONAL

Optional

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Work culture training

DESCRIPTION / DEFINITION

Work culture training aims to improve work ambience determining factors such as teamwork, leadership, dialogue, respect and appreciation (Management Study Guide no year).

PURPOSE

Work culture training helps to develop a positive work culture that motivates 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 WSP's prosperity. Improved work culture can also reduce staff turnover and the related costs (McGabe 2010; Roltgen 2010).

LINK TO INTEGRITY

Work culture training sensitises staff members on their behaviour and work morale, and sets their actions into the wider context for the firm and its vision and mission. Giving staff a broader perspective and training on 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 are more likely to comply with the WSP's rules and interests. As they strive to keep their position, they will prefer to put their personal interests behind those of the business and refrain from dishonest behaviour such as fraud, embezzlement, accepting bribes, engaging in corrupt activities or theft.

EXAMPLES / HOW TO

Work culture training focuses on:

» Team building

» Emphasising shared beliefs and values

» Enhancing the feeling of safety, openness and trust

» Improving communication, cooperation and teamwork

» Emphasising 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 receiving fair and equal treatment

» Giving employees outlets to express feelings.

(Dyar no year, McGabe 2010, Phegan 2003, Shah no year)

MANDATORY / OPTIONAL

Optional

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Water Integrity Network (WIN)

The Water Integrity Network, founded in 2006, aims to promote water integrity to reduce and prevent corruption in the water sector. It stimulates anti-corruption activities in the water sector locally, nationally and globally. It promotes solutions-oriented action and coalition-building between civil society, the private and public sectors, media and governments.

www.waterintegritynetwork.net

cewas international centre for water management services

cewas is a Swiss-based competence centre linking sustainable water, sanitation and resource management with business development. cewas is a non-profit association offering professional training, coaching, networking and consulting to bring sustainable business ideas into reality.

www.cewas.org

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

The services delivered by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH draw on a wealth of regional and technical expertise and tried and tested management know-how. As a federal enterprise, GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development. GIZ is also engaged in international education work around the globe.

www.giz.de

Resource Documents for the Integrity Management Toolbox for Water Providers

Facilitator's Guide

Description of Integrity Risks

Description of Integrity Instruments