

## CULTIVATE AN ENVIRONMENT OF ETHICAL BEHAVIOUR

### Vision and values driven objective 3: Safeguard the ethical character of the organisation

#### PERFORMANCE MEASURE

% decisive and timely action against reported ethical breaches

#### 2020-21 TARGETS

100%

#### 2020-21 ACTUAL

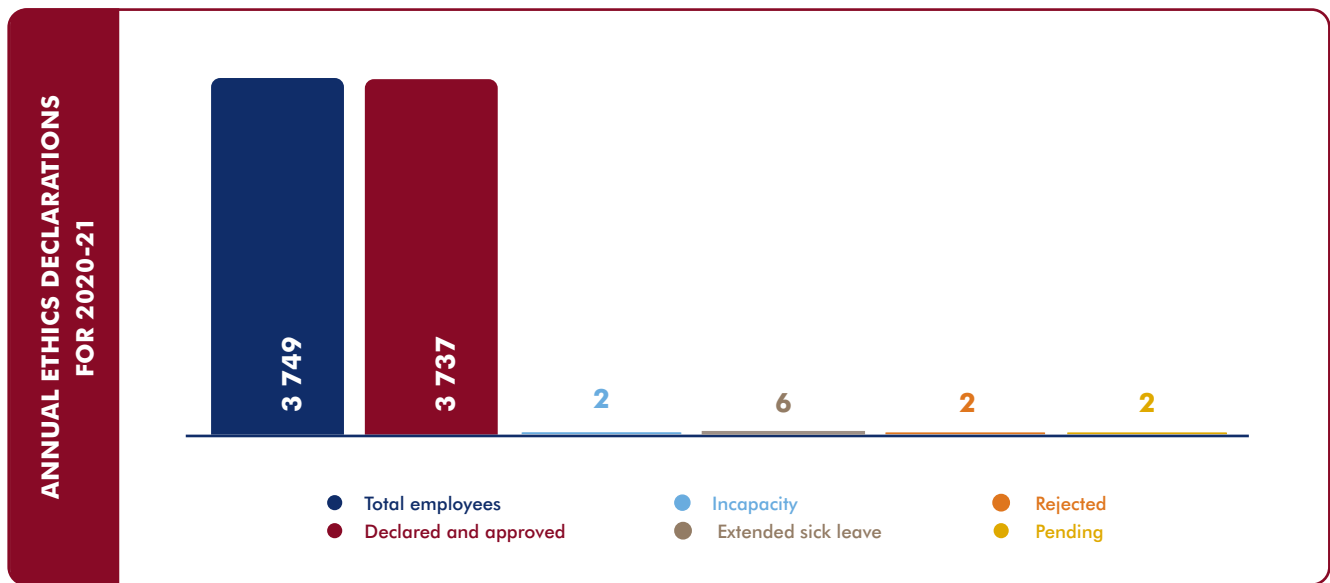
100%

#### *Our ethical principles, standards and norms*

The ethical principles outlined in our ethics policy are aligned to the IESBA code and ISSAI 30 of the Intosai code in setting the tone for our ethical conduct. Our ethics policy therefore needs to be assessed and reviewed continuously, and revised where necessary, to satisfy its intended purpose.

Our employees are committed to the principles outlined in the ethics policy, as demonstrated by the annual declaration process. This process has consistently shown maturity and confirms that our employees accept, and adhere to, our ethical standards.

We achieved a compliance rate of 99,7% for 2020-21. The majority of outstanding declarations represent employees who were on extended sick and incapacity leave.



### Strengthen leaders driving ethical behaviour

In 2019-20 we undertook an independent ethics maturity assessment. Its outcomes included recommendations on strengthening core ethical conduct and addressing what makes employees feel valued. All these aspects continue to be addressed in various interventions. The maturity assessment re-affirms the importance of leadership as a core driver of ethical conduct. We therefore maintained leadership as a focal area to building an ethical culture in the ethics management programme (EMP)<sup>3</sup> for 2020-21.

As a result, the awareness programme on ethics principles focused on capacitating leadership with the behavioural competencies to discharge this responsibility, and enhancing the declarations' quality assessments. The leadership responded by undertaking numerous cascading sessions on the content to ensure that the messages were consistent across the organisation.

### Promoting awareness of our ethical principles

We appreciate that in building an ethical culture, equal attention should be given to celebrating ethical individuals as well as correcting unethical behaviour. We began an ethics hero campaign that recognised employees across the organisation as ambassadors of "living the principles". This campaign was designed as a build up to Global Ethics Day, commemorated on 21 October. One of the greatest benefits of this campaign was the sense of ownership and accountability created within all employees of the role they play in maintaining an ethical culture.

<sup>3</sup> The EMP builds an ethical environment; provides direction to move the organisation to a stronger more sustainable ethical status, and shapes our behaviour to impact organisational practices with the overall purpose of building and maintaining an ethical culture.

**Manage matters reported through the whistle-blowing mechanisms promptly**

During 2020-21, we received 42 complaints that were within our scope of work in line with our complaints policy, two less than last year. However, we received 94 complaints in total for 2020-21, including complaints that were out of

scope, representing an increase of 49% from the previous financial year. While this increase may be attributed to the introduction of a new channel to report complaints through our website, most complaints received through this channel were out of scope of our complaints process. Where they were considered as audit tip-offs, they were shared with the respective audit teams for consideration in the audit process.

**SUMMARY OF THE COMPLAINTS RECEIVED PER CATEGORY**

| CATEGORY     | DESCRIPTION   | 2018-19   |             | 2019-20   |             | 2020-21   |             |
|--------------|---|-----------|-------------|-----------|-------------|-----------|-------------|
|              |   | LODGED    | IN PROGRESS | LODGED    | IN PROGRESS | LODGED    | IN PROGRESS |
| 1            | Complaints not in the policy                              | 19        | 0           | 19        | 0           | 52        | 0           |
| 2            | Audit-related complaints                                  | 3         | 0           | 3         | 0           | 7         | 3           |
| 2 + 3        | Audit and conduct complaints                              | 4         | 1           | 4         | 1           | 2         | 2           |
| 3            | Conduct and administration complaints                     | 11        | 1           | 37        | 11          | 33        | 19          |
| 4            | Complaints about the auditor-general, not the institution | 0         | 0           | 0         | 0           | 0         | 0           |
| 5            | Complaints related to the Protected Disclosures Act       | 0         | 0           | 0         | 0           | 0         | 0           |
| <b>TOTAL</b> |   | <b>37</b> | <b>2</b>    | <b>63</b> | <b>12</b>   | <b>94</b> | <b>24</b>   |

Of the 42 complaints received (within our scope of work), we were able to finalise 18 by 30 June 2021; the rest are still

at various stages of processing as some complaints carried over from the previous period were still being processed.

### **Whistleblowing**

Of all the complaints received in 2020-21, 24 (26%) were received via the internal whistleblowing channel. Most of these complaints were reported anonymously and tended to relate to the conduct of our employees and administration. This could be attributed to employees having a greater understanding and appreciation of our ethical posture from various ethics initiatives.

Persistent anonymous reporting on matters, including those that could be resolved through open and transparent engagements, may indicate culture issues requiring attention. The feedback on these complaints will be factored into our current culture journey. In some instances, we believe escalation to the appropriate process owners would have been more efficient in addressing the reported complaint. We will therefore continue to monitor the internal complaints closely and, where appropriate, engage the process owner to determine the interventions that can be employed to address the associated exposure.

### **Audit-related complaints**

Audit-related complaints accounted for 21% of the complaints within our scope. We recently introduced the audit escalation process for disagreements between our auditors and auditees, to encourage resolving these disagreements before finalising the audit process and signing the auditor's report. This process has been published on our website and been discussed internally with the audit portfolio leadership to encourage proactively managing audit disputes where appropriate.

### **Develop a fraud prevention framework**

We successfully developed a fraud prevention framework with processes to prevent, detect and investigate instances of occupational fraud when they occur, which includes incidences of corruption.

Among other areas of focus, the framework outlines our reporting obligations in line with the Prevention and Combating of Corrupt Activities Act (PRECCA), which requires us to report incidences of suspected corruption involving R100 000 or more to the relevant law enforcement agencies. We set up a central mechanism to address these cases in line with the complaints policy and aligned this with our litigation policy, which provides for us to report these incidences externally to the relevant law enforcement agencies.

At the time of reporting, the framework had been approved by the executive committee and is effective with immediate effect.

### **Organisational alignment for integration**

We have worked hard over the years to consider stakeholder's expectations and to integrate the effort of our business units so that we achieve better outcomes, which, in turn can translate into impact for our stakeholders.

This integration is driven by defined processes to help make decisions and align performance objectives. In our strategic approach, we consider the input of our oversight parliamentary body, while major internal decisions are made by our executive committee. This process examines all aspects of a particular matter and contemplates all possible consequences. We comprehensively cascade this process to align the relevant business units and ensure that strategic priorities are consistently interpreted and implemented.

The most pronounced example of the integration approach was the significant increase in the number and quality of strategic engagements with consultative and governance structures such as the operations committee, the BE forum, subject matter experts and corporate executives.

We use quarterly reporting to monitor and evaluate our integrated thinking and work to help improve our leadership's strategic choices.