



NAIVASHA WATER, SEWERAGE & SANITATION COMPANY LTD.

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1. Foreword

Naivasha Water, Sewerage and Sanitation Company Limited (NAIVAWASS) was established in 2005 by the Municipal Council of Naivasha to provide water and sewerage services in Naivasha town and its environs. In carrying out its mandate, the company employs staff of different skills to implement various activities.

The company engages in producing and distributing clean water to the residents, carries out repairs on distribution system, services the waste water network, procures services and goods to enable it carry its mandate, collect revenue and makes payments to various suppliers.

To play this effectively, NAIVAWASS must continue to cleanse itself of corruption, wastefulness, negligence and inefficiency by implementing the anti-corruption policy to restore transparency, accountability and integrity in its staff. NAIVAWASS has signed performance contracting with RVWSB with a corruption eradication indicator, which will be achieved by implementing public service integrity programme (PSIP).

Corruption can be defined as the abuse of authority for personal advantage or for the advantage of another person or group and it includes bribery, theft, embezzlement, fraud and evasion of payment of government revenue and taxes.

The company recognizes there exists corruption risks in various sections of its processes and corruption can occur. Corruption manifests itself in different ways and forms in different environments and contexts.

The sections/areas identified within the company where corruption can occur are Financial Management Systems and Procedures, Procurement, Human Resources and Administration, and Water Provision.

2. Policy Statement

NAIVAWASS commits itself to ensuring that all its affairs are void of corruption and conducted with highest standards of integrity. NAIVAWASS also commits to deal with all forms of corruption promptly, decisively and fairly and within the framework of this policy document and the various statutes. The responsibility of addressing corruption rests entirely with the management of NAIVAWASS, staff and

stakeholders to ensure that the policy is achieved. The management realizes that fighting corruption is a top-down approach and as such, has declared total war against corruption and placed the fight against the vice on its top priority list.

The objectives of the Anti-corruption Policy are:

- Reinforce NAIVAWASS commitment to anti-corruption compliance
- Set out NAIVAWASS standards of conduct for the prevention of corruption
- Provide the foundation for the development of procedures to manage NAIVAWASS corruption risk
- Build NAIVAWASS' anti-corruption knowledge
- Encourage the development of positive attitude and behavior among staff
- Ensure that all officers are willing and effective anti-corruption change agents at all times
- Ensure improved revenue collection and rational/equitable resources allocation
- Ensure elimination of loss of public resources due to mismanagement, corruption, wastefulness and theft
- Ensure enforcement and adherence to service regulations of codes of conduct and ethics
- Strengthen management practices at all levels
- Limit and regulate application of discretion by all officers
- Ensure rational planning, implementation and resource utilization
- Enhance intellectual and moral capacity of NAIVAWASS staff to handle corruption and ethical matters
- Restore and maintain public confidence in NAIVAWASS services

3. Legislative and administrative requirements/context

The Anti-corruption Policy was formed under the Public Service Integrity Programme. The legal Instrument and Institutional Policies that should be taken into account to guide this policy include:

3.1 legal and Administrative contexts

This Policy takes into account the provision of various legislative instruments including:

- Anti-Corruption and Economic Crimes Act (2003, part III S. 8-11). Financial Crimes.
- Public Officer Ethics Regulations. 2003 S. 10: Gifts to public officer (POEA, 2003 S. 11(3)); Performance of duties (POEA, 2003 S. 8, 9, 10, 11); Conflict of interest (POEA, 2003 S. 12 (1), (2), (3)).
- Public Procurement and Disposal Act (2005) and Public Procurement and Disposal Regulations (2006). Procurement of materials, works and services (POEA, 2003 S. 12 (4), Tender committee and procedure for Tender Committee meetings, Evaluation Committee, Inspection and Acceptance Committee.
- Public Service Code of Conduct and Ethics S. 12 (1), (2); Collections and Harambees (POEA 2003, S. 13); Care of property (POEA 2003, S. 15); Political Neutrality (POEA 2003, S. 16); Nepotism

and favoritism (POEA 2003, S. 17); Employment, Promotion and Appointment (POEA 2003, S. 22); Confidentiality of information (POEA 2003, S. 31); Public Service Code of Conduct and Ethics (POEA 2003, S. 13); Sexual Harassment (POEA 2003, S. 21); Retention of information (POEA 2003, S. 31); Conduct of Private Affairs (POEA 2003, S. 20).

- Government Financial Management Act (2004). Financial Management, Control of Expenditure, Purchase and Capacity of Official Vehicle for the Company
- Responsibilities of accounting officer in relation to financial management (Government Financial Management Act, 2004 S. 18).
- Compliance with the general code of conduct (Public Service Code of Conduct and Ethics S. 4).
- Performance Contract 2010/2012.
- Water Act

3.2 Administrative Instruments

- Financial Manual
- Procurement manual
- Code of Conduct and Ethics
- NAIVAWAS Terms and Conditions of Service
- Water Production and Distribution Manual
- Strategic Plan
- Business Plan

4. Scope/Applicability

This Policy shall apply to Naivasha Water, Sewerage and Sanitation Company Limited Board of Directors, management staff, suppliers and esteemed customers

The Policy shall be prominently displayed at all premises and made accessible to the members of the public in the course of their interaction with NAIVAWAS

5. Definition of Corruption

The World Bank defines corruption as the abuse of power, most often for personal gain or for the benefit of a group to which one owes allegiance. It can be motivated by greed, by the desire to retain or increase one's power or, perversely enough, by the belief in a supposed greater good.

The Anti-Corruption and Economics Crimes Act explains corruption by setting out what constitutes corruption. It states that corruption means an offence under section 39-44, 46 & 47 of the Act, and other certain wrongs. The wrongs include bribery, secret inducements for advice, deceiving the principal, conflicts of interest, improper benefits to trustees for appointment, bid rigging, abuse of office, dealing with suspect property, fraud, embezzlement or misappropriation of public funds, breach of trust and an offence involving dishonesty in relation to taxes or under any written law relating to elections of persons to public office.

The offences under sec 39-44, 46 and 47 of the Act include: bribery involving agents, secret inducements for advice, deceiving the principal, conflicts of interest, improper benefits to trustees for appointment, bid rigging, dealing with suspect property and attempts & conspiracies.

In the framework of NAIVAWASS, corruption can be defined as “The abuse of power/office, bribery involving agents, fraud and embezzlement, -most often for personal gain or for the benefit of a group to which one owes allegiance.” It can be motivated by greed and/or the desire to retain or increase one’s power. Corruption can also be described as a pattern of behavior that can be found in every sphere of life.

5.1 Staff members’ responsibilities for prevention and detection of corruption at the workplace

- The culture and tone of the organization should be based on the principles of objectivity, openness, leadership, accountability, honesty, selflessness and integrity.
- The Board and employees should lead by example in demonstrating zero tolerance of fraud and corruption, ensuring that all procedures and practices are beyond reproach.
- As part of its responsibilities, Internal Audit Section is required to investigate activities suspected of involving fraud and corruption. Its audit plans are required to provide adequate coverage of the risk of fraud and corruption.
- Thorough documentation, including working manuals and operating procedures, is expected of all financial and operational systems, and these must be developed and issued to relevant staff. Every effort must be made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls, including the effective segregation of duties, and to deter fraudulent activity and detect error.
- Employees are expected to follow any Code of Conduct related to their personal professional qualifications.
- Reasonable hospitality extended to employees by current or prospective clients, customers or suppliers, is an accepted practice, but the acceptance of excessive hospitality or gifts, other than mere tokens, goes beyond what is proper for a public official, regardless of whether such gifts actually do, or are intended to, influence him or her in an official capacity. Any such hospitality or gifts must be recorded in a register kept for the purpose by the Partnership Director.
- Hospitality or gifts offered or received by a Board Member must be dealt with in accordance with the Code of Conduct for Elected Members and must be recorded in a register kept for the purpose by the Director, who should be consulted in the event of any doubt.
- Employees must declare any possible conflicts of interest which they may have, whether in contracts or otherwise, and these must be recorded in a register maintained for this purpose.
- All suspicions of impropriety must be reported to the Treasurer in accordance with the Financial Regulations. Internal Audit shall then investigate the matter, in consultation with other officers as considered appropriate.

5.2 Corrupt practices

Examples include, but are not limited to: -

- Bribes or kickbacks are the most cited forms of corruption and include the payment of a fixed sum, a certain percentage of a contract or in-kind favors. Cash in exchange to obtain access to water – installation, concealing illegal connections, avoiding disconnection
- Fraud involves manipulation or distortion of information, facts and expertise for private gain by staff entrusted to cater to the public good. Fraud is a purposeful act and does not include unwilling misconduct or negligence. e.g. Manipulation of records such as bills, meter readings, etc.
- Favoritism, clientalism, cronyism, and nepotism are the use of entrusted power to provide preferential treatment to friends, family, kin or anybody close and trusted. This form of corruption stands out, as it concerns the distribution of resources as opposed to its accumulation .e.g. in employment, tendering process, etc.
- Falsified meter readings. The cumulative revenue losses stemming from falsified water meters add up to large sums over time. This is money that alternatively could be spent on improved operation and maintenance, new investments to improve water and sanitation systems for economically weak groups, etc.
- Collusion of staff with contractors, customers and consumers.
- Discrimination against deserving staff in training, remuneration, Haphazard promotions, skilled employment.
- Unauthorized access of information e.g. to billing records, tendering, interview information.
- Embezzlement or misappropriation of the company's funds. e.g. fake payments/claims/allowances, use of company property e.g. vehicle, time for personal gains.
- Deliberate misplacement of files.
- Staff collusion with merchants and banks.
- Tribalism.
- Misuse of Institute resources such as vehicles/telephone/stationery.
- Deliberate misuse and tampering with Institute equipment for personal gain.

- Verbal instructions not based on organizational policies among others.
- Time wasting , lateness etc

6. Corruption Risk Areas and Corrupt practices in the Organization

6.1 Financial management Systems and Procedures

- Altering of cheque amount and name
- Holding/delaying cheques with a view to gaining financially from the customer
- Retaining ghost workers in the payroll (fictitious payment for non-existing workers)
- Colluding with thugs to intercept cash in transit
- Forging of signatures in cheques or authorizing documents
- Fraudulent activities such as bribing of cash/pay agents
- Extorting cash at pay points
- Misrepresenting financial statements
- Theft of cash and other resources
- Irregular investment of cash
- Overpricing of goods and services
- Fictitious payment for goods and services

6.2 Procurement

- Unfair distribution of request for quotations.
- Client using influence to order that quotations be given to suppliers who are not prequalified or to friends who are on the pre-qualified list.
- Unclear specifications tailored to favor a particular company.
- Inflation of prices of items in collaboration with the suppliers.
- Discouraging certain suppliers by not processing their documents in time.
- Personal use of goods in the pretext that they are being used in the Company.
- Receiving substandard items and services on behalf of the Company.
- Delaying processing of suppliers' documents for payment.
- Indicating that items that have not been received have been received.
- Indicating that items that have not been issued have been issued.

6.3 Water Provision

- Sole discretion of operators rationing without following schedules
- Disconnection/reconnection without following appropriate lists
- New connections without following the right procedures
- Fixing flat rates for consumers without meters.
- Billing consumers for one service when they have both water and sewerage services
- Failure to license water vendors and kiosks which leads to loss of revenue
- Faulty meters and lack of meters for consumers.
- Falsified meter readings

6.4 Human Resources and Administration

- Engaging in tribalism/nepotism when recruiting.
- Recruiting unqualified staff.
- Demanding favors from recruits.
- Leaking interview questions to recruits.
- Involving interested parties in preparing job descriptions and in short-listing.
- Limiting circulation of job advertisements.
- Deploying employees in areas in which they are not competent to handle.
- Deploying or transferring employees for personal interests or punitive purposes.
- Constituting interview panelists with stakes.

6.5 Records management

- falsifying records
- poor filing
- billing/sales
- Water production

7. Structures to Fight Corruption

The following structures will NAIVAWAS address corruption in the institution

- NAIVAWAS Corruption Prevention Committee
- Board Audit Committee
- Staff Disciplinary Committee
- Internal audit Unit
- Integrity Assurance Officers (Secretariat)

The following instruments will support the above structures for effective and efficient operations:

- Service Charter
- Code of Conduct and Ethics
- Corruption Risk Management and Assessment
- Corruption Prevention Plan
- Corruption Reporting Boxes

8. Composition of the Corruption Prevention Committee (CPC)

- The Managing Director (Chair)
- Commercial manager (Member)
- Technical Manager (Member)
- Accountant (member)
- Human Resource Officer (Member)
- Cashier (Member)
- Billing Clerk (Member)
- Internal Auditor (member)
- Technical Foreman (Member)
- Integrity assurance Officer (Secretary)

9. Mandate and Operations of the Corruption Prevention Committee

The roles and functions of the CPC shall include, but not limited to the following:-

- Setting priorities in the prevention of corruption within the organization
- Planning and co-coordinating corruption prevention strategies
- Integrating all corruption prevention initiatives in their organizations
- Receiving and reviewing reports on corruption prevention initiatives and recommend appropriate action
- Receiving and taking action on corruption reports made by staff and other stakeholders. Evidence of concrete measures taken must be made available and any referrals to other agencies well documented
- Spearheading anti-corruption campaigns within their jurisdiction
- Monitoring and evaluating the impact of corruption prevention initiatives
- Preparing and submitting quarterly progress reports to the Performance Contract Steering Committee.

9.1 Mandate of Integrity Assurance Officer

- Secretary to the CPC
- Coordination of reports from the heads of departments
- Coordination of anti-corruption training, sensitization in consultation with management
- Coordination of implementation of anti-corruption programmes in consultation with the management
- Compile progress reports in consultation with the management
- Maintaining minutes of the CPC meetings.

10. Internal Audit Reviews

The Audit Committee will play a crucial role in prevention and detection of corruption within the Institute, while carrying out reviews regularly to ensure that the policy is being adhered. The mandate of the committee shall include:

- Assisting management in enhancing internal controls in order to improve efficiency, transparency and accountability
- Reviewing audit issues raised by both internal and external auditors, resolving unsettled and unimplemented Public Accounts and Public Investments Committees' (PAC/PIC) recommendations
- Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- Providing an institutionalized mechanism for supervision, control and review of operational systems and also playing an important role in assessing the nature and extent of any fraud and corruption risk.

The mandate of the committee shall not be limited in any way that would prevent it from properly performing its duties and responsibilities.

11. How to Report Corruption Internally and Externally

All staff members and other stakeholders are charged with fighting corruption in all its forms. It is, therefore, the duty of all the staff members and stakeholders to report any corruption practices as soon as it is detected.

Internally

Avenues for reporting corruption incidences include:

- Any member of Corruption Prevention Committee of NAIVAWASS
- Corruption reporting boxes
- Identified telephone number 0729895564

- Board Directors
- Integrity Assurance Officer

Externally

- Anonymous reporting to Ethics and Anti-Corruption Commission available at their website www.eacc.go.ke
- In person to EACC Offices,
- EACC Hotline: (020) 2717468; mobile – 0727-285663; 0733-520641
- Any other law enforcement agency

12. Handling of Corruption Cases

All cases will involve a well-conducted internal investigation to ascertain the facts; and where corruption cases deliberated upon and supported by cogent evidence or reasonable suspicion that a corruption offence has occurred or about to occur will be followed by prompt reporting to the Police, the EACC or other law enforcement body and appropriate disciplinary action.

The range of disciplinary action that may be taken includes an official caution or reprimand, salary being reduced by pay increment(s), a fine, transfer to another position, demotion, suspension (with or without pay), and dismissal. Remedial action, including issuing a warning, implementing a performance improvement plan, training, coaching, mentoring, and restricted (instead of flexible) hours may be used as an alternative to formal disciplinary action.

The information gained and lessons learned from each response should be part of an ongoing review of corruption prevention controls to ensure these are comprehensive and effective.

13. Protection of Whistleblowers

Any person (whistleblower), who discloses corruption activities, will be protected against reprisals or detrimental action. No information leading to the identification of the reporter will be released without the whistleblower's consent.

14. Disciplinary Measures

The Company's Disciplinary Procedures shall be strictly adhered to while dealing with reported cases of corruption. Any employee accused of corruption will be interdicted to pave way for investigation

However, cases which are deliberated on and supported by credible evidence or reasonable suspicion that a corruption offence has occurred or is about to occur shall be reported to the EACC and/or other law enforcement agencies for further action.

15. Training

- NAIVAWASS management will entrust itself to sensitize and train all staff on matters of ethics and integrity.
- The Board shall ensure all NAIVAWAS employees, agents, clients and customers are made aware of the contents of the Policy documents.
- Each new member will be accorded relevant training and briefing on the policy

16. Management/Implementation Authority

NAIVAWASS Management will be responsible of implementation of this Policy. The Management will go about implementation of the Policy in accordance with established laws and other relevant anticorruption legal instruments. However, all the stakeholders shall be called upon to participate at the individual and collective level.

The CPC shall play a role in coordinating the policy’s implementation. The Committee shall also monitor the staff to evaluate the degree of satisfaction with the services provided.

17. Review

This policy will be reviewed regularly or as may be necessary to ensure it remains relevant and has an enduring effect on the ethical and Institutional Culture.

The Integrity Committee shall ensure that data relating to corrupt practices in the Company is updated annually.

18. Effective Date

The NAIVAWASS Anti-corruption Policy is effective on as approved by the Board of Directors.

JAMES ARCHIMEDES O. GICHANA
MANAGING DIRECTOR/BOARD SECRETARY