



Trusted Partner in Healthcare

CORRUPTION & FRAUD PREVENTION POLICY



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FOREWORD

The Policy is a culmination of dedicated processes to identify risks of corruption and fraud along Central Medical Stores Trust (CMST) operations hence a number of measures shall be put in place to deter and deal with occurrences of unprofessional conduct including corruption and fraud.

In this Policy lies a manifestation of CMST's commitment to actively join the nation's spirited fight against corruption. To underline that fact, careful consideration has been made to align policy content to overall guidelines stipulated in the National Anti-Corruption Policy.

The Trust exists to efficiently procure, store and distribute medicines and medical supplies to the population, a mandate that directly impacts on promoting the population's health gain. For that reason, the Policy serves as a voluntarily crafted framework to aid the address of issues related to corruption and fraud, with particular regard to how such malpractices challenge the Trust's mandate.

The Policy then encourages use of statutes laid therein to promote ethical and professional behavior; the Policy welcomes a harnessed effort of the Board of Trustees, management, staff and all stakeholders in addressing corruption and fraud through comprehensive awareness and sensitisation, and effective enforcement with the help of the Trust's Institutional Integrity Committee (IIC).

By use of this Policy, all cases of corruption are to be fully and timely investigated within the instituted parameters, according to other CMST policies and relevant national laws.

Signed



Chairperson of the Board of Trustees

PREFACE

The need to have a corruption prevention policy at Central Medical Stores Trust emanates from our understanding of how the malpractice retards development. In our particular case, corruption threatens the health sector's vision of promoting the population's health gain.

Driven by the urge to actively join the fight against corruption and fraud in the wake of realities of the ill's existence, we therefore knocked on countless doors to source expertise and direction. We tirelessly dedicated long hours to the search for guidelines to safeguarding our functional areas from corruption and fraud.

Faced with a reality of how entrenched corruption is in the world around us, we found vigor in the knowledge of how corruption and fraud—if left unchecked—is detrimental to the discharge of our mandatory functions towards improving the population's health gain.

Now, rejoice with us and humbly accept this Policy as a guarantee of our commitment to fighting corruption and fraud in the delivery of our mandatory functions of procurement, storage and distribution of medicines and medical supplies.

The Policy lays a foundation in dealing with corruption and fraud in our operations. It provides direction and purpose to comprehensively prevent, detect and deal with all corrupt practices should they occur. The success of this endeavor depends on our mutual ownership and application of ideals carried in the Policy.

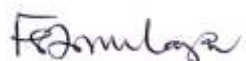
It is our conviction that this policy shall make CMST a corrupt free zone. This belief is entrenched in how stakeholders have taken interest in working with us towards the formulation and enforcement of the Policy.

CMST therefore expresses profound gratitude to ACB for technical support and direction, the Board of Trustees and management for their support and staff and stakeholders for their input into the policy.

Special recognition is due to the Institution Integrity Committee (IIC) for enduring long hours of coordination in developing this policy.

However, a huge task still remains to maintain awareness and enforcement of the policy but owing to commitment of players exhibited so far, I have no doubt in our capabilities.

Prevention is better than cure. Kindly help us keep in this course against corruption and fraud.



Feston Kaupa

Chief Executive Officer

DEFINITION OF TERMS

Bribery: The offering, giving, receiving or soliciting of a benefit which can be money or non-monetary to unduly influence an action or decision of an employee or any official of CMST.

Conflict of Interest: Situation which raises a potential conflict between personal and private interests and the interests of CMST, which may reduce independent judgment to be exercised by the person involved.

Corruption: Abuse of power for private or personal gain—it refers to, and not limited to, any improper acts and practices, including omissions, by persons covered by this policy or procuring with the misuse of official position or entrusted responsibility for private gain.

Custodian: A person or committee designated to oversee and coordinate implementation and enforcement of the policy.

Ethics: Set of beliefs of right and wrong; values and standards whether at personal, professional or organizational level that determine rights and wrongs.

Fraud: Irregularity such as false statements, forgery, evasion, manipulation of documents and other illegal acts made willfully with the intention to be acted upon by another, resulting in actual or potential prejudice to CMST.

Integrity: Standard of behaviors' governed by ethics.

Whistle Blower: Employee or any other person who reports any suspected breach of the provisions of this policy or gives information concerning a suspected breach of the provisions of this policy, leading to investigations.



ACRONYMS

ACB :	Anti-Corruption Bureau
BM :	Branch Manager
CEO :	Chief Executive Officer
CMST :	Central Medical Stores Trust
DCS :	Director of Corporate Services
IIC :	Institutional Integrity Committee
NACS:	National Anti-Corruption Strategy

CMST MANDATE

The Central Medical Stores (CMS) existed by Government's General Notice Number 125/1968 of the Finance and Audit Act to operate as a commercially oriented Treasury Fund with the purpose of purchasing, storage and distribution of medicines and medical supplies for the public health facilities. In August 2011, CMS obtained "Trust Status" and became the Central Medical Stores Trust (CMST) under the CMST Trust Deed of 2010.

Why a public Trust?

A Public Trust is foreseen to judiciously and efficiently estimate and procure the medical and pharmaceutical demands of the population through proper public procurement, storage and proficient distribution of the medicines and medical supplies to user facilities.

Vision

To be the choice public sector supplier of efficacious, good quality, affordable and safe medicines and medical supplies in Malawi.

Mission Statement To ensure continuous, uninterrupted and adequate supply of approved quality and affordable medicines and medical supplies to the health facilities in Malawi.

Core Values

- a) Customer Orientation
- b) Innovation
- c) Integrity
- d) Teamwork
- e) Diversity and Equal Opportunity

Overall Goal of the Policy

To create awareness on and promote a culture of intolerance to corruption and fraud in the quest for availability of quality medicines and medical supplies at all times.

1.0 RATIONALE OF THE POLICY

1.1 CMST is operating in a sensitive and high risk environment where its integrity and standards need to be upheld. The Policy is aligning CMST with the national response to corruption, as entrenched in the National Anti Corruption Strategy (NACS)(2008).

1.2 The Policy is among CMST strategies to achieve its mandatory objectives as enshrined in the Corporate Strategy and Business Plan of 2013—2017; the formulation of the Policy is among reforms in the transition into a Public Trust to create guidelines of consolidating the sought rebranded image.

2.0 OBJECTIVES

The policy intends to:

- 2.1 Create a reference tool on courses of action on corruption and fraud
 - 2.1.1 Create a culture of intolerance to and awareness, prevention and reporting of corruption in employees and stakeholders
 - 2.1.2 Provide a clear statement to employees and stakeholders of CMST forbidding any corrupt and fraudulent activity in order to create an environment free from corruption and fraud.

3.0 SCOPE OF POLICY

- 3.1 The Policy covers all fraudulent and corrupt practices involving all stakeholders such as:
 - a. Board of Trustees
 - b. Management
 - c. Members of Staff
 - d. Customers
 - e. Suppliers of goods, services and works

- f. General Public
- g. Government Ministries, Departments and Agencies.
- h. Financial Institutions
- i. Development Partners

4.0 POLICY STATEMENT

4.1 CMST shall not condone any act of corruption or fraud.

5.0 CMST shall put up mechanisms at all levels to promote reporting of any suspected acts of corruption and fraud to appropriate authorities. CMST shall undertake efforts to orient and sensitize its staff and stakeholders of this Policy.

6.0 CUSTODIAN OF POLICY

6.1 The Custodian of this Policy is the Board of Trustees (BOT) who shall receive reports from the CEO on implementation of this Policy.

6.2 The CEO shall appoint a coordinator, in this case, the Director of Finance & Administration (DOFA), to coordinate implementation of this Policy.

6.3 The coordinator shall manage and monitor the implementation of the Policy.

6.4 In case the coordinator is not able to execute IIC duties or when there is a vacancy in the DOFA position, the CEO shall, where appropriate, appoint a person to act as a coordinator.

6.5 The coordinator shall report on activities undertaken to implement this Policy. The CEO shall in turn report to the Board of Trustees on quarterly basis or as frequently as it is deemed necessary.

7.0 RELATED POLICIES AND LEGISLATION

7.1 This Policy applies in alignment with other related policies and legislation such as:

- a. The CMST Trust Deed (2010)
- b. Standard Operating Procedures (SOPs)
- c. CMST's Terms and Conditions of Service
- d. Public Procurement Act (PPA) 2003
- e. Job descriptions
- f. Employment Act
- g. Pharmacy, Medicines and Poisons Board Act (1988)
- h. Occupational Safety and Health Act
- i. CMST Corporate Strategy and Business plan 2013—2017
- j. Corrupt Practices Act (2004)
- k. Malawi National Essential Medicines List (2009)
- l. Malawi National Medicines Policy
- m. Public Finance Management Act
- n. Declaration of Assets and Business Interests Act (2013)

8.0 HIGH RISK AREAS

8.1 This policy highlights high risk areas where measures will be reinforced to mitigate possible risks. The following functional areas are included but are not limited to:

- a. Procurement
- b. management of Information Technology
- c. Warehousing and Distribution
- d. Finance
- e. Human Resources
- f. Administration
- g. Security

9.0 INCIDENTS THAT MAY CONSTITUTE CORRUPTION AND FRAUD

9.1 Some of the actions that may constitute corruption and fraud at Central Medical Stores Trust include but are not limited to;

- a. Awarding of tenders to suppliers without following appropriate procedures and guidelines
- b. Recruiting on the basis of friendship or relation
- c. Demanding, accepting or offering undue benefits (monetary and non-monetary) in exchange for internal promotions,
- d. Selection of staff for training without following procedures,
- e. Favoritism and nepotism in the provision of personal loans,
- f. Knowingly procuring and supplying of substandard goods and services (including medicines and medical supplies)
- g. Award of contracts to friends/close associates
- h. Abuse of privileged information for personal gains by procurement officers
- i. Leaking of privileged information relating to procurement processes
- j. Perpetually underperforming suppliers winning emergency tenders (Request for Quotations)
- k. Manipulating/inflating prices and quantities when procuring goods and services, including medicines and medical supplies
- l. Employees colluding with fuel attendants/filling station staff to steal fuel money
- m. Warehouse staff colluding with clients/pharmacy personnel to pack more goods than requisitioned
- n. Manipulation of data on receipts and dispatches
- o. Soliciting/offering bribes to accounts personnel or other members of staff to facilitate payments
- p. Abusing cash transactions by accounts personnel
- q. Abuse of emergency order payments (paying without proper documentation)

10.0 REPORTING PROCEDURE

10.1 All members of staff and stakeholders of Central Medical Stores Trust have an obligation to report suspected incidences of corruption, fraud and other breaches of this policy.

10.2 Reports should be addressed to the Chairperson¹ of the Institutional Integrity Committee or made to any member of IIC.

10.3 However where an IIC member is involved, they shall be reported directly to the Chief Executive Officer (CEO).

10.4 Where the Chief Executive Officer is involved, reports should be made to the Board of Trustees or externally to; The Director, Anti-Corruption Bureau, P.O. Box 2437, Lilongwe, Telephone 01770166 or toll free line on 113, or to the Inspector General, Malawi Police Service, Private Bag 305, Lilongwe.

10.5 In order to encourage members of staff to report corrupt acts, the following provisions will be made in this policy;

- a. IIC business and activities be done in transparent and accountable manner.
- b. Maximize access to tools for reporting corruption. There shall be provided means including suggestion boxes and toll free lines.
- c. People are free to make the reports anonymously
- d. A reward system shall be in place
- e. There will be a guaranteed protection to whistleblowers

¹ The Chairperson, Institutional Integrity Committee, Central Medical Stores Trust, P/Bag 55, Lilongwe. E-mail:wkaimvi@cmst.mw

11.0 WHISTLE BLOWING

11.1 Under this policy, persons disclosing acts of corruption and fraud are protected against any reprisal or detrimental action as enshrined in Section 51A of the Corrupt Practices Act. Therefore, whistleblowers can expect that;

- a. their information will be treated confidentially;
- b. they will be advised of any outcome including the reasons for not proceeding with full investigation;
- c. Eligibility criteria and mechanism for protection will be explained to them.

11.2 Any attempt to victimize or take detrimental action² against a whistleblower will lead to charges of misconduct.

11.3 Malicious reporting

11.3.1 The policy discourages malicious reporting and where such cases have been proven;

11.3.2 Disciplinary action will be taken as per CMST Conditions of Service on malicious reporting.

11.3.3 CMST shall undertake to ensure that all stakeholders are made aware of these parameters and applicability of the policy and consequences of contravening the policy.

12.0 ANONYMOUS REPORTING

12.1 CMST will allow anonymous reporting of suspected acts of corruption and fraud on condition that these will be investigated based on consideration of seriousness of suspected acts or irregularities raised in the report.

13.0 CONFIDENTIALITY

13.1 Persons assigned to receive or investigate reports shall take oath of secrecy and be liable for disciplinary action for breach of the same.

² Detrimental action includes injury, damage or loss, intimidation or harassment, discrimination, disadvantage or adverse treatment in relation to employment, dismissal from or prejudice in employment or disciplinary proceedings.

14.0 IMPLEMENTATION STRUCTURE OF THE POLICY

14.1 The Chief Executive Officer shall recommend to the Board of Trustees names of persons to be in the Institutional Integrity Committee (IIC) to the Board of Trustees.

14.2 The Board shall endorse names of persons recommended for IIC membership.

14.3 The first IIC meeting shall elect the chairperson and a secretary.

14.4 Tenure of office for IIC members is three (3) years. Members shall not serve more than two (2) terms.

14.5 The IIC shall have the mandate to:

- a. Develop and review institutional Corruption Prevention Policy
- b. Develop, implement and review Anti-Corruption Action Plan for the institution
- c. Initiate review of work plans and policies through relevant directorates and offices
- d. Liaise with the ACB in reviewing work procedures/systems
- e. Organise Integrity/Ethics Training for the Committee and other members of staff
- f. Receive, consider and provide redress on all complaints emanating from within and outside organisations relating to ethical issues and maladministration
- g. Recommend administrative action to management on issues of maladministration and unethical conduct

14.6 The Chief Executive Officer may suspend a member of the Institutional Integrity Committee for misconduct, or inability to perform the functions of the office or for any suspected breach of this Policy. If the said allegations have been deemed true with evidence, the Chief Executive Officer may with the approval of the Board of Trustees proceed to expel such a member.

15.0 DECLARATION OF CONFLICT OF INTEREST

- 15.1 Employees of CMST and other persons covered by this policy that shall participate in decision making involving transactions of CMST and are faced with a possible conflict of interest, shall declare and shall not in any way participate in the matter or decision consideration.
- 15.2 At the commencement of every CMST business involving decision making concerning internal or external stakeholders, the chairperson or anyone acting in that capacity shall ask members to declare conflict of interest in the subject matter under consideration.
- 15.3 The declaration shall be made using the conflict of Interest Declarations Form which shall be obtained from the office of the Director of Corporate Services or any other designated office(s). The CMST shall design the Declaration of Assets Form.
- 15.4 Failure to declare a conflict of interest or making a false declaration shall constitute a breach of this Policy.
- 15.5 The Institutional Integrity Committee shall develop and disseminate conflict of interest guidelines.

16.0 DECLARATION OF ASSETS AND BUSINESS INTERESTS

- 15.1 All members of staff shall declare their assets upon being offered employment with the Trust
- 15.2 Declaration of assets shall be done using Asset Declaration forms in a prescribed form.
- 15.3 All employees shall update their forms from time to time upon disposal or acquisition of assets or variation of commercial interests within 30 days of disposal or acquisition.
- 15.4 False declaration or failure to declare assets shall constitute a breach of this Policy.

17.0 GIFTS, HOSPITALITY AND ENTERTAINMENT

- 17.1 Board of Trustees, Management and members of staff of CMST shall refrain from accepting or soliciting or offering any gifts on behalf of CMST or in their capacity as its employees or Trustee.
- 17.2 Gifts, entertainment or hospitality offered or given to employees including management, Trustees and any persons appointed to act on behalf of CMST in connection with the performance of official duty or in relation to their official position, status or responsibility at the Trust shall be the property of CMST and shall therefore be declared and surrendered to Institutional Integrity Committee within 48 hours from the date of receipt.
- 17.3 CMST recognises that in certain exceptional circumstances, rejection of gifts, entertainment and hospitality that have been offered or given in good faith may be deemed inappropriate. (Where in doubt refer to CMST gift, hospitality and entertainment guidelines).
- 17.4 The Integrity Committee shall decide on what to do with the gifts, hospitality and entertainment offered or given and those disclosed and surrendered using any means provided for in these Guidelines.
- 17.5 The Chief Executive Officer and members of the Integrity Committee shall not benefit from any gift, entertainment or hospitality that has been declared and surrendered. They may however benefit from the gifts offered to them subject to the approval of the management.
- 17.6 Additionally, Members of the Integrity Committee shall not participate in any deliberations which concern a matter which directly or indirectly involves or affects them.
- 17.7 The IIC shall be responsible to disseminate gifts, entertainment and hospitality guidelines, and declaration forms and maintain a gift register.
- 17.8 Failure to comply with disclosure shall constitute a breach of this Policy.

18.0 INVESTIGATIONS AND RESOLUTION OF MATTERS

- 18.1 Reports of suspected corruption, fraud or other breaches of this Policy made internally shall be assessed by the Institutional Integrity Committee who shall make appropriate recommendations to the Chief Executive Officer.
- 18.2 The Chief Executive Officer has the mandate to authorise investigations into all reports of suspected corruption, fraud or other breaches of this Policy made internally subject to recommendations from the Institutional Integrity Committee with exception to breaches by Committee Members themselves.
- 18.3 The Chief Executive Officer may, subject to recommendations from the Institutional Integrity Committee or the office deeming it appropriate, decline to authorize an investigation into any report of suspected corruption, fraud or other breaches of this Policy reported internally if the CEO is satisfied that the report is trivial, frivolous or made in bad faith or the investigations would be unnecessary, improper or futile.
- 18.4 The Institutional Integrity Committee shall investigate reports of suspected corruption, fraud or other breaches of this Policy made internally and may, if necessary, enlist the support of other departments within CMST or external agencies.
- 18.5 Reports of suspected fraud or other breaches of this policy involving employees, including management and Board of Trustees of CMST shall be investigated in accordance with their terms and conditions of employment or in the case of Board Members, terms of their appointment.
- 18.6 Reports of suspected corruption, fraud or other breaches of this Policy involving persons or entities covered by this Policy other than employees shall be investigated in accordance with terms of the contract or as directed by the Chief Executive Officer.
- 18.7 All investigations shall commence within seven (7) working days after the authority to investigate has been granted.

- 18.8 Investigations shall be concluded within 3 months, following which a report shall be compiled and submitted to the appropriate authorities. Depending on the complexity of the matter, the investigation can be extended.
- 18.9 All employees shall cooperate with the persons appointed to investigate reports of suspected corruption, fraud or other breaches of this Policy in providing relevant information. Any employee who deliberately withholds or deliberately gives false information or interferes with the process shall be liable to disciplinary action.
- 18.10 Interference with the process of investigating the breach of this Policy includes but not limited to:
- a. Use other persons to frustrate or delay the process in any way.
 - b. Using any means—be it physical, use of discretion, authority, position or responsibility—to delay, stop or frustrate the process.
- 18.11 If a report of suspected corruption, fraud, or other breaches of this policy by an employee, management and member of the Board of Trustees is substantiated by an investigation, disciplinary action shall be taken in accordance with Terms and Conditions of Service of CMST and other applicable laws.
- 18.12 Disciplinary action shall be taken based on findings of an investigation, audit or similar exercise by external agencies such as the Police or Anti-Corruption Bureau or any appropriate authority if the findings of the report fall within the scope of issues covered under this Policy.
- 18.13 Actions on persons or entities other than employees of CMST found to have breached this Policy may range from a warning, denial of services, cancellation of contracts, debarment or recommendation for prosecution by the Police or Anti-corruption Bureau or any other action in accordance with applicable laws of the Republic of Malawi.

18.14 Board of Trustees shall through its appropriate committees monitor the outcome of the investigations to ensure that adequate action is taken to implement reported recommendations.

19.0 EMPLOYEE AND STAKEHOLDER AWARENESS

19.1 The policy shall be made known to all employees of CMST and its stakeholders through, but not limited to, the following mechanisms:

- a. Publications e.g. booklets, posters, fliers, brochures, stickers.
- b. Meetings
- c. Staff wearing branded material on designated days with anti-corruption messages
- d. Open Days
- e. Publicity of the policy through launch
- f. Staff induction
- g. Promotional materials e.g. branded calendars, pens, diaries
- h. Publications through print and electronic media

18.0 ROLES AND RESPONSIBILITIES

18.1 MANAGEMENT

Management shall:

- (a) provide resources for the implementation of this Policy;
- (b) take measures to ensure that employees and stakeholders of CMST are aware of the Policy
- (c) detect and control fraud and corruption
- (d) not interfere with investigations

- (e) ensure that internal controls and measures to prevent fraud or corruption are in place

18.2 EMPLOYEES

- (a) Every employee has a responsibility to avoid behavior that is corrupt or fraudulent.
- (b) Every employee must familiarize themselves with this Policy
- (c) Every employee of CMST has a duty to report any incident of suspected fraud and corruption.
- (d) Every employee has a responsibility to cooperate with investigators.

17.3 STAKEHOLDERS

- (a) Every stakeholder has a role to avoid behavior that is corrupt or fraudulent in transacting with CMST.
- (b) Every stakeholder of CMST has a role to report any incident of suspected fraud and corruption.

18.0 IMPLEMENTATION

18.1 This policy will become effective on 1st July 2014

19.0 REVIEW OF POLICY

19.2 The policy shall be reviewed every three years after the effective date or where necessary before the expiry of the proposed period.



ANNEX 1: GIFT, HOSPITALITY, ENTERTAINMENT AND CONFLICTS OF INTEREST DISCLOSURE FORM

NAME: _____

DATE _____

POSITION _____

SECTION _____

CONTACT NUMBER _____

SUBJECT OF DISCLOSURE (TICK NEXT TO SUBJECT)

GIFT ENTERTAINMENT HOSPITALITY CONFLICT OF INTEREST

DESCRIPTION OF THE GIFT/ENTERTAINMENT/HOSPITALITY/CONFLICT OF INTEREST

FOR GIFT/ENTERTAINMENT/HOSPITALITY

NAME OF SOURCE.....

REASON FOR PROVIDING THE GIFT
.....

RELATIONSHIP BETWEEN SOURCE AND RECIPIENT.....

NUMBER OF TIMES THE GIFT IS BEING OFFERED.....

PLACE WHERE THE GIFT WAS OFFERED

VERIFICATION: To the best of my knowledge I declare that the information I have provided on this form is accurate and complete.

Name

Signature

Date



FOR OFFICIAL USE:

PART A: GIFT/ENTERTAINMENT/HOSPITALITY

Date When Integrity Committee Reviewed Disclosure Form: _____

Members Present at the Meeting:

Decision by Integrity Committee

Reasons for Decision

Chairperson: Integrity Committee

Signature

Date

PART B. CONFIRMATION BY THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer

Signature

Date

Annex 2: List of First Institutional Integrity Committee Members of CMST

Sr. No.	Name	Position
1	Mr. W. Kaimvi	Chairperson
2	Mr. I. Issa	Vice Chair
3	Mr. M. Kalilangwe	Secretary
4	Mr. Herbert Chandilanga	Member
5	Ms. Angella Gondwe	Member
6	Mrs. Charity Madula	Member
7	Mr. David Kulemela	Member
8	Captain Kingston Mbewe	Member
9	Mrs. Judith Kawaye	Member

ANNEX 3.

GUIDELINES ON GIFTS, HOSPITALITY AND ENTERTAINMENT

Introduction

- 1.1 CMST realizes that as part of discharging their activities, employees at all levels including management and Board members will often times be offered or given various gifts and other forms of entertainment and hospitality by customers, stakeholders other persons, and entities in connection with performance of official duty or by virtue of one's official status, position or responsibility or employment at the Trust. .
- 1.2 It recognizes that these practices though in most cases are done in good faith have the potential to lead employees into situations of conflicts of interest or may lead to corrupt and fraudulent practices if they are not properly managed and regulated.
- 1.3 It is for this reason that CMST has developed guidelines to ensure that Board members, management, employees, customers and stakeholders are properly guided on how they should handle all forms of gifts, entertainment and hospitality they may be offered or given.

2.0 Objectives

- 2.1 The Guidelines define the minimum standards that should govern the decisions and actions of CMST members, management, employees, customers and stakeholders for CMST with regard to management of gifts, hospitality, entertainment and conflicts of interest situations.
- 2.2 The purpose of these Guidelines is to ensure that the professional conduct of all Board members, management, employees, customers and stakeholders for CMST with regard to acceptance of various forms of gifts, hospitality and entertainment in connection with performance of official duty or by virtue of one's official status, position or responsibility or employment at CMST and management of conflicts of interest situations is appropriate and projects a good image for CMST.
- 2.3 These guidelines apply to Board members, Management and employees of CMST, clients and prospective clients; suppliers and other stakeholders. They

also apply to other persons or entities who act for or on behalf of CMST such as consultants.

- 2.4 They are applicable only in situations where the gifts, entertainment and hospitality are offered or given in connection with performance of official duty or in connection with official capacity, status or responsibility one has at CMST. They also apply to situations of conflicts of interest that relate to performance of duty or in connection with official capacity, status or responsibility one has at CMST

3.0 Definitions

- 3.1 "Gift" refers to any property or item including cash that is offered or given to an employee or any other person connected to or appointed to act on behalf of CMST by a client, prospective client, supplier of Goods Services or Works or any other person or entity in connection with performance of official duty or by virtue of one's official status, position or responsibility or employment at CMST.
- 3.3 "Hospitality" refers to any generous reception, care, kindness or material welcome such as a meal, beverage or refreshment that is offered or given to an employee or any other person connected to or appointed to act on behalf of CMST by a client, prospective client, supplier of Goods Services or Works or any other person or entity in connection with performance of official duty or by virtue of one's official status, position or responsibility or employment at CMST.
- 3.4 Examples of hospitality include but are not limited to being offered or given free transport, free meals or refreshments, accommodation, air tickets etc.
- 3.5 "Entertainment" refers to any form of amusement such as a cocktail or end of year party that is offered or given to an employee or any other person connected to or appointed to act on behalf of CMST by a client, prospective client, free lift, free rent, supplier of Goods Services or Works or any other person or entity in connection with performance of official duty or by virtue of one's official status, position or responsibility or employment at CMST.

Examples of entertainment include but are not limited to invitations to parties e.g. Cocktail or year-end parties, being given free or discounted access to participate in competitions such as golf etc.

4.0 Guiding principles

- 4.1 It is the Policy of CMST that whilst the nature of its work makes offers of gifts, entertainment or hospitality inevitable their acceptance has potential to create conflicts of interest for staff in future and may affect the capacity of staff to make or be seen to make professional, impartial and ethical decisions.
- 4.2 All Board of Trustees, Management and members of staff for CMST must refrain from accepting or soliciting any gifts on behalf of CMST or in their capacity as employees or Board members for CMST.
- 4.3 All gifts, entertainment or hospitality offered or given to employees including management, Board Members and persons appointed to act on behalf of CMST in connection with the performance of official duty or in relation to their official position, status or responsibility at the Trust shall be the property of CMST and shall therefore be declared.
- 4.4 All customers and stakeholders of CMST are discouraged from offering or giving gifts, entertainment and hospitality to any employee of the Trust, Customers and stakeholders of CMST who want to give any gifts, entertainment and hospitality shall channel these to the office of the Chief Executive Officer.
- 4.5 The Integrity Committee shall decide on what to do with the gifts, hospitality and entertainment offered or given and those disclosed and surrendered using any means provided for in these Guidelines. The Integrity shall base its decision by considering the following factors:
 - a) The estimated value or size of the gift,
 - b) The purpose for which it was given,
 - c) The extent of the likelihood or risk that it can potentially influence decision making or the actions of the beneficiary both in the present or future,
 - d) The source of the gift.
 - e) The type of relationship between the source and the recipient.
 - f) The number of times the source has given gifts, hospitality and entertainment to employees of the Trust
 - g) The number of times the employee has received gifts, hospitality and entertainment from this or any source in the current financial year or in the past.

- h) The timing of giving the gift, hospitality and entertainment e.g. close to festive season or prior to evaluation of a contract which the giver is interest in etc.
 - i) The fact that by coming forward to disclose the gift, , hospitality and entertainment especially if it has a high value, the employee has demonstrated good conduct and commitment to transparency.
- 4.6 The Integrity Committee may recommend to the Chief Executive Officer that the gift, hospitality and entertainment should be redistributed to other employees, returned to the employee who had surrendered them, rejected or returned to the giver or assigned to any other office at CMST or decide on any other appropriate action.
- 4.7 In cases where the Integrity Committee has recommended redistribution of the gift, hospitality and entertainment, the Chairman shall inform the person that surrendered the gift, hospitality or entertainment on the recommendation of the committee outlining reasons for the recommendation.
- 4.8 Any person aggrieved by the decision of the Committee shall have the right to appeal its decision to the Chief Executive Officer within 5 working days of being informed about the decision outlining the reasons for such an appeal. The decision shall only be executed after the expiry of this period.
- 4.9 For all gifts entertainment or hospitality given or offered or surrendered, management shall have the right to refuse them if they:
- a) Do not enhance, promote, and further the mission of CMST.
 - b) Place an unnecessary financial or other obligation or burden on CMST.
 - c) Expose CMST to adverse publicity, litigation, or other liabilities. Involve unlawful discrimination prohibited by law.
 - d) Contain a condition that the proceeds will be spent by CMST for the personal benefit of a named individual or individuals or organization.
 - e) Contain a condition that requires any action on the part of CMST
- 4.10 The Chief Executive Officer and members of the Integrity Committee shall not benefit from any gift, entertainment or hospitality that has been declared and surrendered. They may however benefit from the gifts offered to them subject to the approval of the Integrity Committee. Additionally, Members of the Integrity Committee shall not participate in any deliberations which concern a matter which directly or indirectly involves or affects them.

- 4.11 CMST recognizes that in certain exceptional circumstances, rejection of gifts, entertainment and hospitality that have been offered or given in good faith may be deemed inappropriate. The following gifts, hospitality and entertainment therefore can be accepted but must be declared within 48 hours of accepting them unless the employees or person covered by these guidelines is in a position, place or situation which makes it impossible to adhere to this time frame:
- a) Refreshments or beverages, or a light lunch offered or given e.g. on a site visit
 - b) Business or working lunch, Breakfast or dinner or receptions where the primary purpose of the event is networking.
 - c) Promotional materials such as T-Shirts, Golf Shirts, pens, and mugs etc which are given in small quantities during festive or other special occasions such as product launches or following supply of goods, services or works and in cases where there estimated value is not proportional to the value of the supply.
- 4.12 *Gifts or hospitality shall be accepted only in cases where:*
- Refusal would cause offence
 - Offer is made available to the general public
 - Offer is associated with the demand of work e.g. working meals during legitimate representational functions to meet and discuss business with key clients on infrequent occasions
 - Offer represents unsolicited advertising or promotional material such as pens, calendars, diaries and other items of similar nature with nominal intrinsic value
- 4.13 employees may solicit voluntary contributions or donations from fellow employees for an appropriate gift to another employee and employee may make a voluntary contribution or donation for an appropriate gift to another employee on special occasions such as wedding, retirement, illness or funeral
- 4.14 In all cases and regardless of the value of item received, staff must report within 48 hours or as soon as it is practically possible to their immediate manager on duty in writing using a prescribed declaration forms. Gifts received in course of duty or by virtue of being staff in CMST shall remain property of the Trust whose disposal is a prerogative of management.
- 4.15 Employees and those covered by these guidelines shall exercise judgment on the potential negative implications when faced with situations in which

gifts, entertainment or hospitality has been offered. They shall assess whether the benefits gained by CMST through their acceptance of a gift, hospitality or entertainment can be outweighed by adverse third party criticism.

- 4.16 CMST requires that all its employees should not use their official position to solicit or demand gifts, hospitality or entertainment of any kind particularly those which might reasonably be seen to compromise their position or the employee's personal judgment and integrity or which may appear to be disproportionately generous or could reasonably be construed as an inducement to affect a decision.
- 4.17 In cases of where an employee is in doubt as to whether a gift, hospitality or entertainment should be accepted or rejected or where any issue relating to these guidelines arises, the matter should be discussed with their immediate supervisor or the Chairman of the Integrity Committee.

5.0 DISCLOSURE PROCEDURES FOR GIFTS, HOSPITALITY AND ENTERTAINMENT

- 5.1 Disclosure and surrendering of gifts, entertainment and hospitality shall be made in writing using a Gift, Hospitality and Entertainment Disclosure form which is in Appendix 1. The completed form shall be surrendered to the Chief Executive Officer. The completed form and the surrendered gift may also be transmitted through immediate supervisor or Branch Manager or Head of Department who shall transmit it confidentially to the Chairman of the Integrity Committee within 2 working days. The person disclosing shall retain a duplicate copy of the disclosure form.

6.0 Enforcement and review of guidelines

- 6.1 Failure to comply with any of the provisions including disclosures required under these guidelines shall constitute a breach of these guidelines and may be liable to disciplinary action in line with the Disciplinary Policy for CMST.
- 6.2 Any employee or person who becomes aware of a breach of these guidelines must report this immediately to the Chief Executive Officer or the Chairperson of the Integrity Committee. Reporting shall be done by Phone, by Letter, by e-mail, by Fax or in person. Alternatively the report can be made to Heads of Section or Department who shall forward the reports confidentially to the Chief Executive Officer.

- 6.3 Investigations of suspected breaches of these guidelines as well as disciplinary action shall be done in accordance with the Disciplinary Policy, conditions of service and the Investigation procedures outlined in the Corruption Prevention Policy for CMST. Breaches by the corporate management team shall be done in accordance with their conditions of employment.
- 6.4 A copy of these guidelines shall be disseminated to employees, Board of Trustees and management, consultants and other persons covered by these guidelines
- 6.5 Any changes made shall only become effective upon adoption by a resolution of the Board of Trustees. The Chief Executive Officer in liaison with the Integrity Committee shall facilitate the review.
- 6.6 Implementation of these guidelines shall become effective from 1st July, 2014 and its application shall be reviewed every 3 years and when necessary.

CENTRAL MEDICAL STORES TRUST

