



**GUIDELINE FOR  
THE MANAGEMENT OF  
INTEGRITY &  
GOVERNANCE UNIT**



**GUIDELINE**  
**FOR**  
**THE MANAGEMENT OF INTEGRITY AND**  
**GOVERNANCE UNIT**

THE MALAYSIAN ANTI-CORRUPTION COMMISSION

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## 1. PURPOSE

The purpose of this Guideline is to provide explanation on the implementation of Integrity and Governance Unit (IGU) Government-Linked Companies (GLCs), companies owned by the Ministry and Government agencies including the State Government {hereafter referred to as “Government Interest Companies” (GIC) in this guideline}.

## 2. BACKGROUND

- 2.1. The Government, at *Invest Malaysia Kuala Lumpur 2017 (IMKL 2017)* on 25<sup>th</sup> July 2017, has agreed in principal for the establishment of the Integrity and Governance Unit in all GIC which under the supervision of the Malaysian Anti-Corruption Commission (MACC).
- 2.2. GIC is the pulse that contributes to national economic growth, besides strengthening Malaysia’s financial position towards becoming a developed nation by 2020. At the same time, it is an organisation synonymous with the hopes and aspirations of the people. Therefore, GIC must be enhanced in terms of governance and integrity management to stand on par with international companies.
- 2.3. The purpose for the establishment of IGU in GIC is to ensure the practice of excellent work culture among employees, with strong morals and ethics. This initiative will curb offences of corruption, abuse of power and malpractice. The Unit is tasked to carry out four core functions, which are:
  - a. Complaints Management
  - b. Detection and Verification
  - c. Integrity Enhancement
  - d. Governance
- 2.4. The step to enhance and strengthen governance and integrity management in GIC, particularly in ensuring that its officers and employees uphold integrity and accountability in corporate governance, must be given serious attention in order to prioritise, empower and protect the interest of stakeholders.
- 2.5. This step also reflects the Government’s seriousness in empowering the level of integrity in GIC, which shall never be compromised in issues involving corruption, abuse of power and malpractice.
- 2.6. Corruption, abuse of power and malpractice cannot be dealt with by MACC alone, but needs the involvement of all parties including GIC.

### 3. INTERPRETATION

In this guideline:

3.1. **“Government-Linked Companies (GLC), state and ministry-owned companies (GIC)”** means **organisations** who are Government-interest entities that comprise companies under the direct control of the Federal Government, State Government, Statutory Bodies and any Government-interest entities. It also includes sub-entities under the control of entities with interest, namely subsidiary companies, associate companies and minority interest companies.

**“Government-interest Entities”** means entities in which the Federal Government, State Government and Statutory Bodies hold direct and indirect shares, or entities formed through enforced laws and the ownership is a controlling interest.

**“Share Ownership”** means shares owned by the Government, as low 0.01% up to 100%, or Golden Share through controlling interest.

For the purpose of this guideline, the word **“organisation”** will be used in reference to item 3.1. This interpretation should be read in accordance with **Section 3 Interpretation of “public body”** in the **Malaysian Anti-Corruption Commission Act 2009 (MACCA 2009) (Act 694)** where applicable.

3.2. **“Integrity and Governance Unit (IGU)”** means a unit that carries out four core functions. The organisation may also name it as Integrity Unit/Integrity Department/Integrity Division/Integrity Sector or whichever name that suits the structure of the organisation.

3.3. **“Core Function”** is the four core functions of IGU, which are Complaints Management, Detection and Verification, and Integrity Enhancement and Governance.

3.4. **“Chief Integrity and Governance Officer (CIGO)”** means an officer who heads the IGU in an organisation. The CIGO must be equal to other heads of department, for example the Head of Internal Audit, Head of Risk Department, etcetera.

3.5. **Integrity and Governance Officer (IGO)”** means an officer under the IGU and assists the CIGO in carrying out the four core functions of IGU.

3.6. **“Agency Integrity Management Division (Bahagian Pengurusan Integriti Agensi/ BPIA)”** means a division of MACC established specifically to supervise, monitor and coordinate the implementation of IGU functions.

- 3.7. **Malaysia Anti-Corruption Academy (MACA)**” means a division at MACC responsible for conducting training programmes related to corruption prevention and integrity at both the domestic and international levels.
- 3.8. **“Certified Integrity Officer (CeIO)”** means an individual who underwent the CeIO Programme organised by MACA and has been successfully certified as a CeIO as per **the Directive of the Prime Minister No. 1 of 2009, Integrity Management System of the Malaysian Government Administration, Series 1 No. 1 of 2011 Implementation of Certified Integrity Officer Programme.**
- 3.9. **“Head of Organisation”** means an individual who leads the daily management of the organisation, for example the Chief Executive Officer or equal.
- 3.10. **“Board of Directors (BOD)”** means a board of individuals appointed by the organisation under the **Companies Act 2016 (Act 777)** or through enforced laws and hold casting power in exercising **the Directive of the Prime Minister No. 1 of 2018 Series 1 No. 1 of 2018.**
- 3.11. **“Independent committee”** means an independent committee established specifically to monitor the exercise of the implementation of IGU and to assist the BOD in overseeing the overall issue of corruption, fraud, malpractice and unethical conduct in the organisation.
- 3.12. **“Association of Certified Integrity Officer (ACeIO) Malaysia”** means an Association of Certified Integrity Officer Malaysia established on 23<sup>rd</sup> October 2013 and registered under the Registry of Societies. This association acts as a network of cooperation between Certified Integrity Officers (CeIO) who possess expertise in corruption prevention as well as integrity management in the public and private sector.

#### 4. OBJECTIVE OF GUIDELINE

This guideline serves as a reference in the implementation of IGU’s functions in an organisation.

## 5. CORE FUNCTIONS OF INTEGRITY AND GOVERNANCE UNIT (IGU)

5.1. IGU in every organisation is responsible for implementing four core functions as per **Figure 1**.



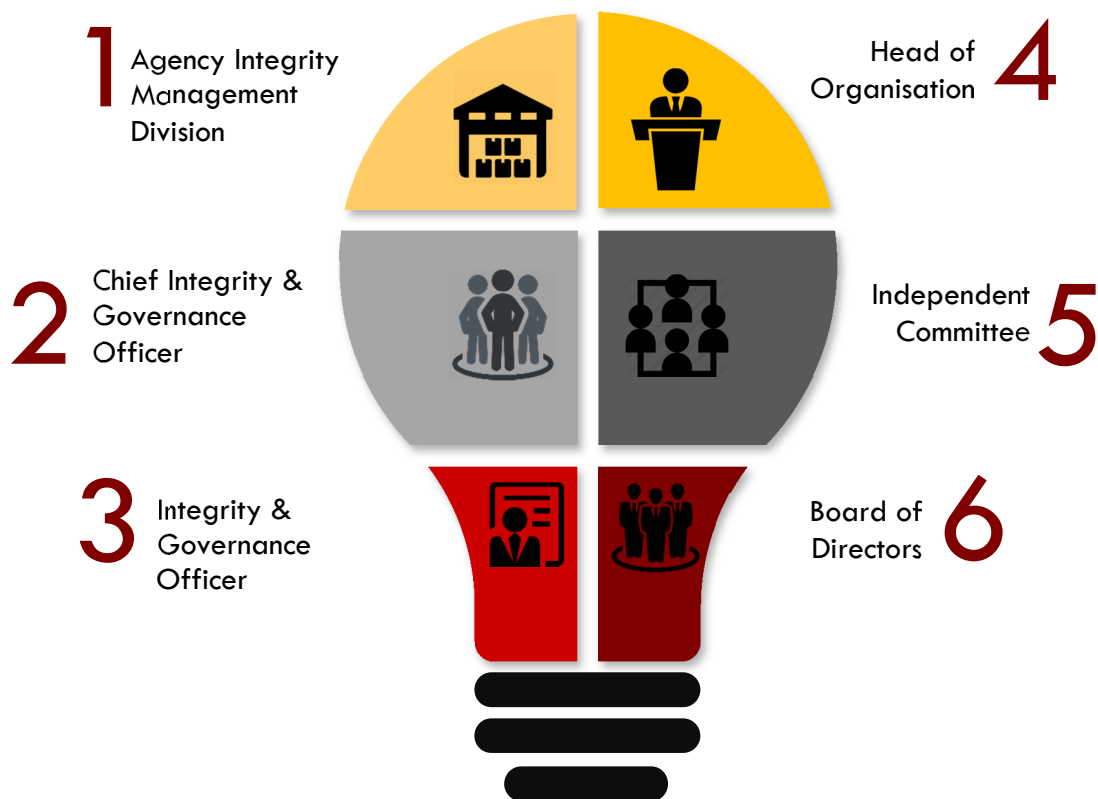
**Figure 1: Core Function of Integrity and Governance Unit**

5.2. Every IGU must implement all four core functions. However, the method and scale of activity in implementing these functions are different according to the needs and suitability of the organisation. Explanation on the core functions of IGU are detailed in **Schedule a Core Functions of Integrity and Governance Unit** in pages 14-17.

## 6. ROLE OF IMPLEMENTER

The implementer is the party responsible in ensuring a more effective and structured integrity management as well as ensuring each role will be carried out to achieve the objective above.





**Figure 2: Implementers for Integrity and Governance Unit**

### **6.1. Role of Agency Integrity Management Division (Bahagian Pengurusan Integriti Agensi/ BPIA)**

The roles of the Agency Integrity Management Division are:

- a. To supervise, monitor and coordinate the implementation administration of the IGU's functions;
- b. to provide consultation towards the implementation of the IGU's functions;
- c. to carry out organisational risk rating to set the appropriate structure for the IGU. Risk ratings are classified into high, medium or low. Re-rating of organisational risk will be conducted every three years or as necessary; and
- d. to gather corruption prevention and integrity management resources internally and internationally for the reference of IGU. This role is carried out in cooperation with entities such as ACeIO, universities and others.

## **6.2. Role of Chief Integrity and Governance Officer (CIGO)**

CIGO is the catalyst towards sparking a culture of integrity through the implementation of the four core functions, which are Complaints Management, Detection and Verification, Integrity Enhancement and Governance. The CIGO reports directly to the BOD regarding activities and issues on integrity in the organisation.

The roles of the CIGO are:

- a. to ensure timeliness, expertise and efficiency in the managing the risk of corruption, abuse of power and malpractice in the organisation;
- b. to implement the functions of IGU effectively, without influence from any internal or external parties;
- c. to avoid elements of rejection, pressure, isolation, denial or unreasonable action on the organisation's side;
- d. to avoid conflict of interest in any exercise of official duty;
- e. to coordinate, supervise, monitor, and assess the organisation's integrity programs;
- f. to advise the Head of Organisation in matters involving integrity, corruption and abuse of power;
- g. to prepare an Organisation Anti-Corruption Plan which details the anti-corruption action plan in the organisation;
- h. to carry out duties on organisational integrity management from time to time based on the enforced law and regulations;
- i. to carry out benchmarking for integrity programs in comparison to other organisations for continuous improvement;
- j. to establish good relations with the organisation's Top Management in order to enhance awareness on corruption, abuse of power and malpractice as well as violation of integrity;
- k. to establish a systematic integrity complaints system to ensure action is taken on every report on criminal misconducts, corruption, abuse of power and malpractice, as well as violation of organisational code of conduct and ethics;

- l. to supervise the detection and verification on reports of criminal misconduct, corruption, abuse of power and malpractice that the IGU receive in the organisation, following which ensuring appropriate action is taken;
- m. to plan, implement and coordinate integrity enhancement programs to boost moral values, ethics and integrity among officers and staff of the organisation, and
- n. to ensure the best governance is upheld towards strengthening integrity of officers and staff in the organisation as well as in dealing with integrity issues, in particular those of corruption, abuse of power and malpractice.

### **6.3. Role of Integrity and Governance Officer (IGO)**

An IGO is responsible for carrying out the four core functions of IGU as detailed in **Schedule a Core Functions of Integrity and Governance Unit** on pages 14-17.

### **6.4. Role of Head of Organisation**

The roles of the Head of Organisation are:

- a. to ensure adequate allocation on budget, logistics and human resources in the IGU for efficient exercise of duties and responsibilities;
- b. to avoid conflict of interest in all exercise of official duties and to lead the organisation towards a work culture engrained with integrity and good governance;
- c. to set a comfortable and harmonious work environment between IGU and other divisions/sections/units in the organisation to build strong cooperation;
- d. to intensify activities that cultivate integrity in the organisation;
- e. to encourage the organisation's workforce to practise work productivity embedded with integrity in every exercise of duty;
- f. to ensure all divisions/sections/units cooperate fully with the IGU in exercising its functions, and
- g. to ensure the CIGO position is not vacant for more than one month.

## **6.5. Role of Independent Committee**

An independent committee is formed specifically to monitor the exercise of the IGU and to assist the BOD in overseeing the overall issue of corruption, fraud, malpractice and unethical conduct within the organisation. This independent committee should report directly to the BOD. The chairman and members of this committee are appointed by the BOD and should number at least five persons.

The roles of the independent committee are:

- a. To oversee issues of corruption, fraud, malpractice and unethical conduct within the organisation;
- b. To assist the BOD in carrying out its responsibilities towards an organisation free from corruption, with integrity and good governance, in addition to overseeing the IGU in achieving its objectives.

## **6.6. Role of Board of Directors (BOD)**

BOD plays a vital role in shaping the climate and tone of the organisation, whether to place integrity in its rightful place or otherwise, to ensure that the direction of the organisation aligns with the IGU's vision and initiatives.

BOD holds sole power in the decision and agreement to the establishment of IGU and the implementation of its four core functions as stated in the Directive of the Prime Minister No. 1 of 2018 Series 1 No. 1 of 2018 as well as this guideline.

The roles of BOD are:

- a. to ensure a separate IGU structure that is directly answerable to the BOD so that issues of pressure, isolation, rejection and unreasonable action do not arise on the organisation's part;
- b. to ensure the IGU carries out its core functions;
- c. to monitor the IGU's performance through reporting, and
- d. to issue commands to IGU in an effort to keep it relevant as an entity responsible for preserving integrity in the organisation.

## 7. MECHANISM FOR IMPLEMENTATION OF IGU

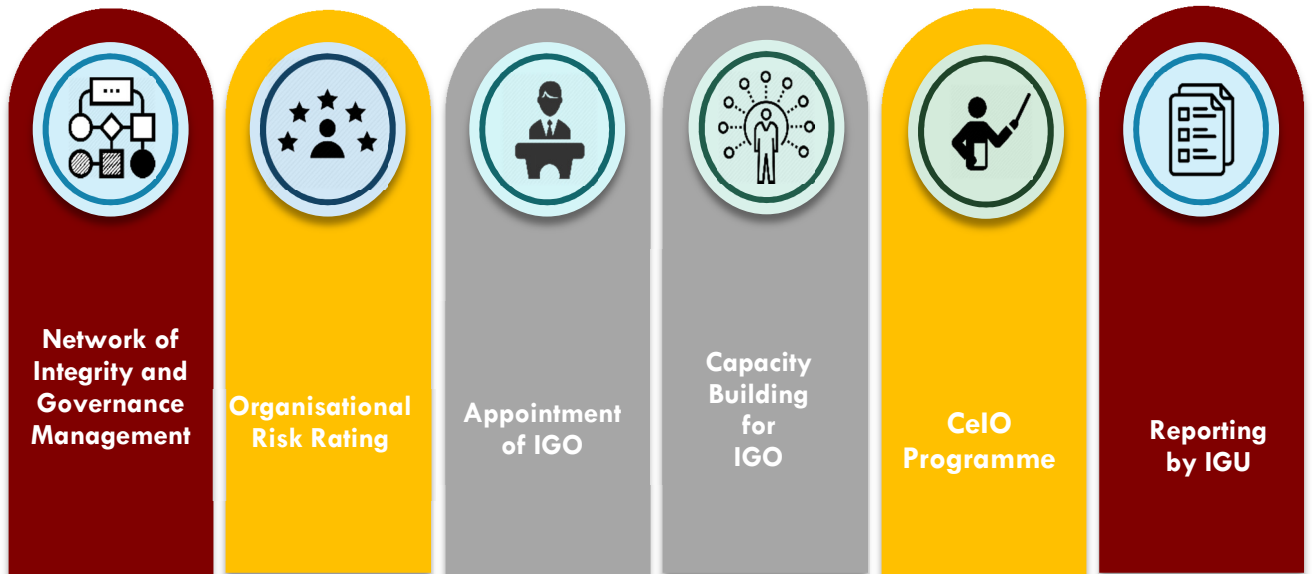
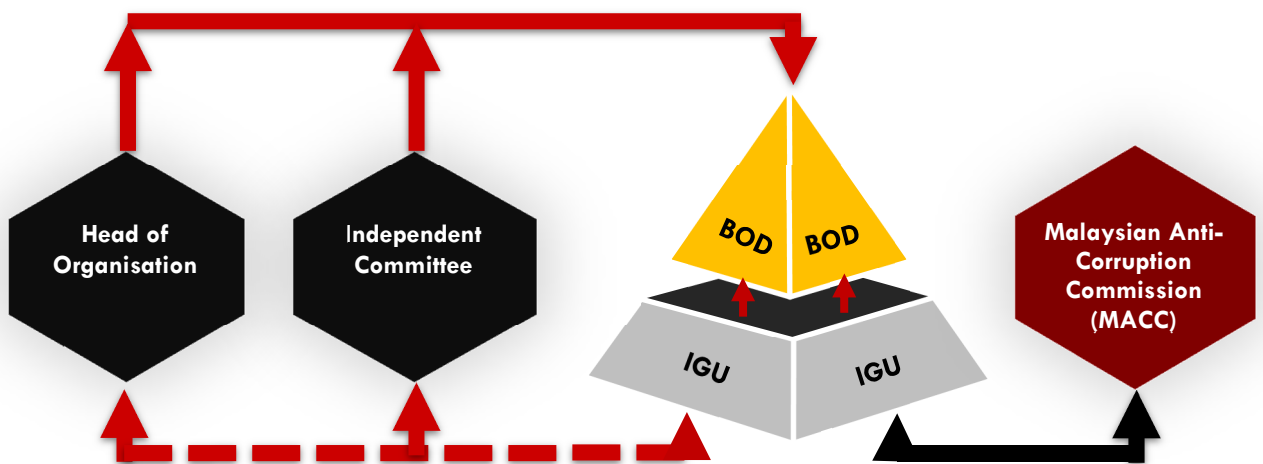


Figure 3: Mechanism for Implementation of IGU

### 7.1. Network of Integrity and Governance Management

- a. The CIGO reports directly to the BOD regarding integrity issues in the organisation. However, for day-to-day administration, the CIGO reports to:
  - i. **BOD** – reports directly on the implementation of IGU’s functions.
  - ii. **Independent Committee** – refer to **item 6.5** of their role in overseeing the implementation of IGU.
  - iii. **Head of Organisation** – reports on daily administration duties.
  - iv. **MACC** – submitting report on implementation of functions every six months.
- b. The Network of Integrity and Governance Management in the context of the **Directive of the Prime Minister No. 1 of 2018 Series 1 No. 1 of 2018** is as per **Figure 4**.



**Figure 4: Network of Integrity and Governance Management**

## **7.2. Organisational Risk Rating**

- a. The Agency Integrity Management Division is responsible for conducting organisational risk rating to set a suitable structure for the IGU.
- b. Risk ratings are classified into high, medium or low and re-rating of an organisation's risk is conducted every three years or as necessary.

## **7.3. Appointment of Integrity and Governance Officer**

- a. **Appointment criteria for CIGO and IGO**
  - i. Organisations classified as high risk are recommended to appoint Chief Integrity and Governance Officer (CIGO) or Integrity and Governance Officer (IGO) from among MACC Officers. Meanwhile, positions at medium and low-risk organisations may be filled by officers of the organisation.
  - ii. The Head of Organisation may appoint CIGO and IGO who meet the following conditions:
    - Excellent service record and zero disciplinary record;
    - At least five years of work experience;
    - CIGO and IGO must undergo the CeLO Program within a maximum of two years from the date of joining the IGU, and
    - Appointment of CIGO and IGO must receive agreement of the BOD for the organisation's officers and MACC's agreement for MACC officers.

b. **Period of Service**

- i. CIGO and IGO placed at IGU must serve for at least three years.
- ii. For a period of less than three years, change of officers must be approved by the BOD for the organisation's officer and from MACC for MACC officers.
- iii. Justification for the change of CIGO and IGO may only be considered based on the interest of the organisation and service. This is to ensure efficient and effective continuity of duties and functions in the IGU.

**7.4. Capacity Strengthening of Integrity Officers**

a. **Skills of Duty**

The following are some of the skills of CIGO and IGO that require enhancement from time to time:

- i. outcome and achievement-oriented supervision and management;
  - ii. effective interpersonal communication;
  - iii. detection and verification of information on conducts of corruption, abuse of power, malpractice and other offences under the **MACC Act 2009 (Act 694)**;
  - iv. decision-making skills;
  - v. risk management;
  - vi. report writing and analysis;
  - vii. analysis of holistic organisational context committed to the vision, mission and values of the organisation, and
  - viii. meticulous analysis in examination of facts and documents.
- b. Other than the skills detailed in items **7.4 (a) (i-viii)**, every CIGO and IGO must always conduct organisational and global cross-reference to gain best practices in generating creativity and innovation in the exercise of IGU duties.

## 7.5. Certified Integrity Officer (CeIO) Programme

- a. The CeIO Programme is a training programme provided by MACA as allocated in the Directive of the Prime Minister No. 1 of 2009, **Integrity Management System of the Malaysian Government Administration, Series 1 No.1 of 2011 Implementation of Certified Integrity Officer Program.**
- b. This programme acts as a network of CeIOs in the prevention of corruption, abuse of power and malpractice, besides acting as catalyst in related organisations to instill a work culture embedded with integrity in the public and private sector.
- c. Officers appointed as CIGO and IGO must undergo the CeIO programme organised by MACA, MACC.

## 7.6. Reporting of IGU

- a. Reports must be prepared using a specific template provided by the Agency Integrity Management Division (Bahagian Pengurusan Integriti Agensi/ BPIA) and must be submitted to the BOD and BPIA secretariat every six months as per the following requirements:





- b. Reports to the Agency Integrity Management Division secretariat should be sent to the following address and email:

**Director**

**Agency Integrity Management Division (Bahagian Pengurusan Integriti Agensi/ BPIA)**

**The Malaysian Anti-Corruption Commission (MACC) Headquarters**

**Level 8, Block B, No. 2, Lebu Wawasan,**

**Presint 7, 62250 Putrajaya.**

**E-mel: [t1@sprm.gov.my](mailto:t1@sprm.gov.my) atau [urussetiaui@sprm.gov.my](mailto:urussetiaui@sprm.gov.my)**

**Schedule A**  
**Core Functions of Integrity and Governance Unit**

CORE FUNCTIONS OF IGU	EXPLANATION
<p><b>1. COMPLAINTS MANAGEMENT</b></p> <p>Complaints Management involves the systematic management of information/complaints on misconduct of corruption, abuse of power, malpractice, violation of organisation's code of conduct and ethics to ensure that action is taken on every information/complaints. Thus, it is vital that officers at the Complaints Management Sub-Unit conduct efficient complaints management. The functions carried out under Reports Management is not limited to supervising and monitoring the management of complaints received, but the IGU officers under this sub-unit are also responsible for the efficiency of the complaints system.</p>	<p>a. to establish a Complaints Management System for the IGU (manual/online) in the organisation;</p> <p>b. to supervise, monitor and manage the receiving of information/complaints on misconducts of corruption, abuse of power and malpractice, as well as violation of code of conduct and ethics in the organisation;</p> <p>c. to forward the information/report to the Information Assessment Committee consisting of at least two IGU officers and the CIGO to assess the information/complaint for further action;</p> <p>d. to ensure action is taken on information/complaint on corruption, abuse of power and malpractice by the Detection and Verification Sub-Unit;</p> <p>e. to ensure information/complaint related to administration or not related to IGU matters are forwarded to the relevant department in the organisation for internal action;</p> <p>f. to monitor and oversee records on entry and receipt of reports up to completion;</p> <p>g. to analyse trends/types/categories of complaints received;</p> <p>h. to prepare a Complaints Statistics Reports periodically for monitoring purposes;</p> <p>i. to build cooperative ties with other departments in the organisation for the improvement of the Complaints Management System;</p> <p>j. to establish a Whistleblower Protection Policy to ensure confidentiality of information and whistleblowers is protected; and</p> <p>k. to establish a channel to inform enforcement authorities so that individuals who require protection under the MACC Act 2009 (Act 694) and Whistleblower Protection Act 2010 (Act 711) receive protection, and confidentiality of information is guaranteed as allocated in the Acts.</p> <p><b>Example of Activities</b></p> <ul style="list-style-type: none"> <li>• SOP for IGU Complaints Management</li> <li>• Organisational Integrity Complaints System</li> <li>• Information/Complaints Assessment Committee</li> <li>• Establishing SOP on Whistleblower Protection Policy and announcing it to members of the organisation.</li> </ul>

**Schedule A**  
**Core Functions of Integrity and Governance Unit (Cont...)**

CORE FUNCTIONS OF IGU	EXPLANATION
<p><b>2. DETECTION AND VERIFICATION</b></p> <p>IGU is responsible for detecting and verifying complaints on criminal misconduct as well as violation of code of conduct and ethics, following which appropriate action is taken.</p>	<p>a. Detecting and verifying information related to corruption, abuse of power, malpractice as well as violation of code of conduct and ethics in the organisation;</p> <p>b. Preparing complete report on the conducted verification together with comments and recommendation to the IGO on whether the complaint should be forwarded to the relevant enforcement organisation;</p> <p>c. For internal administration issues, the report should be checked by the CIGO and forwarded to the Human Resources Division for further action; and</p> <p>d. For criminal cases, reports on the outcome of detection and verification must be reported directly to the relevant enforcement agency.</p> <p><b>Examples of Activities</b></p> <ul style="list-style-type: none"> <li>• Examination and scrutiny on Internal Audit Report</li> <li>• Formation of Special Committee for Investigation</li> <li>• Investigation Reports</li> </ul>

**Schedule A**  
**Core Functions of Integrity and Governance Unit (Cont...)**

CORE FUNCTIONS OF IGU	EXPLANATION
<p><b>3. INTEGRITY STRENGTHENING</b></p> <p>Integrity Strengthening is an important responsibility of the IGU in every organisation to ensure the acculturation, institutionalisation and implementation of integrity can be achieved.</p>	<p>a. to plan, implement and coordinate integrity strengthening programs to enhance the practice of good values, ethics and integrity in the organisation;</p> <p>b. to monitor, coordinate and analyse the performance and reporting of programs;</p> <p>c. to prepare articles/inputs of reading materials for integrity strengthening for publication, printing, distribution and promotion to staff;</p> <p>d. to build strong network with the Head of Department/Sector/Unit in the organisation.</p> <p><b>Example of Activities:</b></p> <ul style="list-style-type: none"> <li>• Integrity Discourse – monthly talks/poetry/bulletin/articles</li> <li>• Corruption-Free Pledge (IBR)</li> <li>• ‘No Gift Policy’ Campaign</li> </ul>

**Schedule A**  
**Core Functions of Integrity and Governance Unit (Cont...)**

CORE FUNCTIONS OF IGU	EXPLANATION
<p><b>4. GOVERNANCE</b></p> <p>This function aims towards good governance in the effort to strengthen integrity among officers and staff of the organisation, in addition to dealing with issues related to integrity, particularly corruption, malpractice and abuse of power.</p>	<p>a. to conduct checks and research on policies, systems and work procedures and to suggest improvements;</p> <p>b. to coordinate the improvement of the organisation's relevant procedures and systems; and</p> <p>c. to supervise and ensure the exercise of the best governance mechanism.</p> <p><b>Example of Activities:</b></p> <ul style="list-style-type: none"> <li>• Malaysian Standard MS ISO 37001:2016 Anti-Bribery Management Systems (ABMS)</li> <li>• Organisation Anti-corruption Plan</li> <li>• Whistleblower Protection Policy</li> <li>• Organisation's Code of Work Ethics</li> <li>• 'No Gift Policy'</li> </ul>

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