



GOVERNMENT OF MALAYSIA

**PRIME MINISTER'S DIRECTIVE
NO. 1 OF 2018**

SERIES 1 NO. 1 OF 2018

ENHANCEMENT OF GOVERNANCE, INTEGRITY AND ANTI-CORRUPTION IN THE ADMINISTRATION MANAGEMENT OF MALAYSIA

ESTABLISHMENT OF INTEGRITY AND GOVERNANCE UNIT IN GOVERNMENT-LINKED COMPANIES (GLCs), COMPANIES OWNED BY THE MINISTRY AND GOVERNMENT AGENCIES INCLUDING THE STATE GOVERNMENT

**PRIME MINISTER'S DEPARTMENT
MALAYSIA**

OCTOBER 2018

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OBJECTIVE

1. The Directive sets out that all Heads of Government-Linked Companies (GLCs), companies owned by the Ministry and Government agencies including the State Government to establish an Integrity and Governance Unit (IGU) and subsequently carried out the four core functions as stated in this directive.

BACKGROUND

2. The Government has agreed to establish Integrity Unit in all public agencies in ensuring that civil servants adopt excellent working culture with strong moral and ethical principles towards enhancing the spirit of patriotism. This initiative will enable the prevention of criminal misconduct, violation of the code of ethics and discipline amongst civil servants. In line with this, the Directive for the Establishment of Integrity Unit in All Public Agencies is enforced through the Service Circular No. 6 of 2013.
3. The effectiveness of Integrity Unit in public agencies has been benchmarked by the Government in extending the initiative to all Government-Linked Companies (GLCs), companies owned by the Ministry and Government agencies including the State Government.
4. During *Invest Malaysia Kuala Lumpur 2017 (IMKL 2017)* which was held on July 25, 2017, the Government has agreed to establish IGU in all Government-Linked

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Companies (GLCs), companies owned by the Ministry and Government agencies including the State Government under the supervision of the Malaysian Anti-Corruption Commission (MACC).

5. The establishment of IGU is believed to be able to strengthen internal controls in preventing corruption, abuse of power and malpractices. Therefore, institute a healthy business culture which contribute to the national economic growth.

ROLE OF THE INTEGRITY AND GOVERNANCE UNIT

6. The role of the IGU is to foster the principle of abhorring corruption, abuse of power and malpractices in companies through four (4) core functions, namely:
 - a. Complaints Management;
 - b. Detection and Verification;
 - c. Integrity Enhancement; and
 - d. Governance.

ORGANISATIONAL RISK RATING

7. MACC is responsible for conducting organisational risk rating to determine the appropriate IGU structure. Organisation will be rated as high, medium and low risk organisation. Re-rating of organisational risk will be conducted every three years or as deemed necessary.
8. Organisations rated as high risk are advised to appoint MACC Officers as the Chief Integrity and Governance Officer (CIGO) or Integrity and Governance Officer (IGO). As for the medium and low risk organisations, the positions shall be filled by its own officers.

PERIOD FOR ESTABLISHMENT

9. Government-linked Companies (GLCs), companies owned by the Ministry and Government agencies including the State Government must establish an IGU within two years from the effective date of this directive.

SUPERVISION AND REPORTING

10. The MACC, via the Agency Integrity Management Division (BPIA) is responsible for the supervision, monitoring and coordination of the implementation of IGU's functions.
11. IGU are required to submit reports on the implementation of activities to its respective Board of Directors and the BPIA, MACC every six months.

CLOSING

12. Government-Linked Companies (GLCs), companies owned by the Ministry and Government agencies including under the State Government shall ensure the establishment of the IGU in order to safeguard integrity and institutionalization of good governance.

EFFECTIVE DATE

13. The Directive comes into effect on the date of issue.

† †
(TUN DR. MAHATHIR BIN MOHAMAD)
Perdana Menteri Malaysia
5 Oktober 2018

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