

ANNEXURE A

FRAUD PREVENTION PLAN

**LAND AND AGRICULTURAL DEVELOPMENT  
BANK OF SOUTH AFRICA**

**FRAUD AND CORRUPTION PREVENTION PLAN**

November 2004

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## GLOSSARY OF TERMS

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column (and cognate expressions shall bear corresponding meanings):

CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	Code of Ethics and Business Conduct
Land Bank	Land and Agricultural Development Bank of South Africa
Fraud and corruption	Includes, but is not limited to, the following: (a) The following legal definitions: (i) <i>Fraud</i> , i.e. the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another. (ii) <i>Theft</i> , i.e. the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently; (iii) Offences in respect of <i>corrupt activities</i> as defined in the Prevention and Combating of Corrupt Activities Act, 2004, i.e: <ul style="list-style-type: none"><li>▪ The general offence of <i>corruption</i> which could be summarised as directly or indirectly accepting or agreeing to accept any gratification from another person; giving or agreeing to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:<ul style="list-style-type: none"><li>○ Illegal, dishonest, unauthorised, incomplete, or biased;</li><li>○ Misuse or selling of information or material acquired;</li><li>○ Abuse of positions of authority;</li><li>○ Breach of trust;</li><li>○ Violation of a legal duty or set of rules;</li><li>○ Designed to achieve an unjustified result; and</li><li>○ Any other unauthorised or improper inducement to do or not to do anything;</li></ul></li><li>▪ Corrupt activities in relation to:<ul style="list-style-type: none"><li>○ Public officials;</li><li>○ Foreign public officials;</li><li>○ Agents;</li><li>○ Judicial officers;</li></ul></li></ul>

- Members of the prosecuting authority;
  - Unauthorised gratification received or offered by or to a party to an employment relationship;
  - Witnesses and evidential material during certain proceedings;
  - Contracts;
  - Procuring and withdrawal of tenders;
  - Auctions;
  - Sporting events; and
  - Gambling games or games of chance;
- Conflicts of interests and other unacceptable conduct, e.g.:
    - Acquisition of private interests in contract, agreement in or investment in a public body;
    - Unacceptable conduct relating to witnesses; and
    - Intentional interference with, hindering or obstruction of investigation of an offence;
  - Other offences relating to corrupt activities, viz:
    - Accessory to or after an offence;
    - Attempt, conspiracy and inducing another person to commit offence; and
  - Failure to report corrupt transactions;

(b) Fraudulent and corrupt acts may include:

*Systems issues:* where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g:

- Procurement fraud, e.g. irregular collusion in the awarding of tenders or orders for goods and/or services, sensitive information deliberately disclosed to contractors or consultants;
- Deliberate non-compliance with delegation of authority limits;
- Collusion in contracts management;
- Loan fraud, e.g. Inducement of staff to omit/modify information and conditions applicable to loan agreements; deviation from standard practices and policies, submission of inaccurate information;
- Non compliance to loan guidelines;
- False information provided by clients to whom loans are granted;
- Travel and subsistence fraud; and

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- Disclosing confidential or proprietary information to outside parties;

*Financial issues:* i.e. where individuals or companies have fraudulently obtained money from the Land Bank, e.g:

- Creditors fraud, e.g. diverting payments to incorrect creditors;
- Suppliers submitting invalid invoices or invoicing for work not done;
- Payroll fraud, e.g. creation of "ghost employees";
- Theft and misappropriation of funds; and
- Making a profit from insider knowledge;

*Equipment and resource issues:* i.e. where the Land Bank's equipment is utilised for personal benefit or stolen, e.g:

- Theft of assets, e.g. computers;
- Sensitive data deliberately destroyed or misused for personal advantage and/or unauthorised use or release of sensitive Land Bank information;
- Personal use of resources, e.g. telephones, internet, e-mail; and
- Irregular destruction, removal, or abuse of data (including intellectual property);

*Other issues:* i.e. activities undertaken by employees of the Land Bank, which may be against policies or fall below established ethical standards as prescribed in the Code, e.g:

- Soliciting gifts or favours from consultants or other suppliers, e.g. acceptance of "kick-backs";
- Pursuing private business interests without permission;
- Nepotism;
- Favouritism, e.g. direct approaches by loan applicants who are personally known/related to Land Bank staff and who seek preferential attention;
- Deployment of temporary staff, e.g. unjustified extensions of appointments.

Fraud Policy  
GAAP  
PFMA

Draft Policy and Response Plan for Fraud and Corruption  
Generally Accepted Accounting Practice  
Public Finance Management Act, Act No. 1 of 1999

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Plan	Draft Fraud and Corruption Prevention Plan
Protected Disclosures Act	Protected Disclosures Act, Act 26 of 2000
PwC	PricewaterhouseCoopers

## SECTION I: INTRODUCTION

- 1.1 The purpose of this policy document is to provide an overview of the Land Bank's approach to the prevention and detection of fraud and corruption. Sources of fraud in any organisation include *inter alia* employees, customers, suppliers and other service providers.
- 1.2 In effect, this document is the updated Fraud and Corruption Prevention Plan for the Land Bank. The Plan recognises basic fraud and corruption prevention measures, which are already in place within the Land Bank.
- 1.3 Furthermore, the plan also takes into account the sources of fraud as identified in previous risk assessments initiated by the Land Bank and detailed in the previous Fraud and Corruption Prevention Plan and Business Risk Identification and Rating Project (November 2003). An illustrative list of fraud and corruption risks is attached as **Annexure A**. This list indicates strategic fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of the Plan.
- 1.4 The Plan is dynamic and it will continuously evolve as the Land Bank makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption.



## SECTION II: APPROACH TO THE DEVELOPMENT OF THE PLAN

- 2.1 As indicated in paragraph 1.3 above, several business risks, including fraud and corruption risks, were identified as part of a risk assessment process conducted by the Land Bank. An illustrative list of these risks is attached as **Annexure A** were taken into account during the development of the Plan.
- 2.2 The Code (**Annexure B**), Fraud Policy (**Annexure C**) and the Whistle Blowing Policy (**Annexure D**) are attached to the Plan as they form an integral part thereof.
- 2.3 The fraud and corruption risks identified in the updating of the Plan cannot be relied upon as an indication of the full spectrum of fraud and corruption risks facing the Land Bank, but rather as an indication of the type of risks.
- 2.4 The process of updating the Plan was not conducted as an audit in terms of South African Auditing Standards. The scope of work was limited to the approach detailed in paragraphs 2.1 to 2.3 above.
- 2.5 The Plan does not guarantee that the Land Bank will not be impacted by incidents of fraud and corruption but is rather intended to serve as an additional measure to assist in the limitation of fraud and corruption risk with a particular focus on creating awareness and promoting ethical business conduct.

### SECTION III: COMPONENTS OF THE PLAN

The main principles of the Plan are the following:

- Creating a culture which is intolerant to fraud and corruption;
- Deterrence of fraud and corruption;
- Preventing fraud and corruption which cannot be deterred;
- Detection of fraud and corruption;
- Investigating detected fraud and corruption;
- Taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action, etc; and
- Applying sanctions, which include redress in respect of financial losses.

The objectives of the Plan can be summarised as follows:

- Encouraging a culture within the Land Bank where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of the Land Bank;
- Improving accountability, efficiency and effective administration within the Land Bank;
- Improving the application of systems, policies, procedures and regulations;
- Ensuring the implementation of a Whistle Blowing Policy and fraud hotline to effectively deal with the reporting of fraud and corruption cases. These structures should be regularly communicated to employees, customers and suppliers. Employees must be assured that they will be protected and treated respectfully in the case of lodging complaints;
- Changing aspects of the Land Bank which could facilitate fraud and corruption and allow such incidents to go unnoticed and/or unreported;
- Ensuring effective referral and follow-up procedures on fraud and corruption reports; and

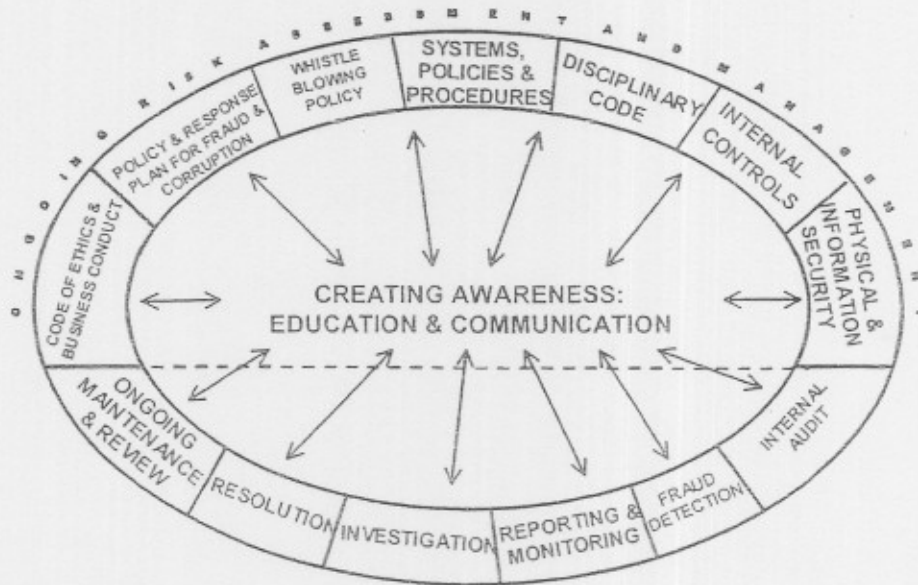
- Encouraging all employees and other stakeholders to strive toward the prevention and detection of fraud and corruption impacting or having the potential to impact the Land Bank.

The above is not intended to detract from the premise that all the components are equally essential for the successful realisation of the Plan. The components of the Plan for the Land Bank are the following:

- (a) A Code in which the management of the Land Bank believes, and requires their employees to subscribe;
- (b) The Land Bank's systems, policies and procedures;
- (c) The Disciplinary Code and Procedures;
- (d) Sound internal controls to prevent and detect fraud and corruption;
- (e) Physical and information security management;
- (f) Internal Audit;
- (g) Ongoing risk assessment and management, which includes systems for fraud and corruption detection;
- (h) Reporting and monitoring of allegations of fraud and corruption;
- (i) A Fraud Policy which includes the policy stance of the Land Bank to fraud and corruption and a response plan which incorporates steps for the reporting as well as proper resolution of reported and detected incidents and allegations of fraud and corruption;
- (j) A Whistle Blowing Policy intended to encourage the reporting of fraud and corruption and to provide assurances of protection from reprisals for good faith reporting;

- (k) Creating awareness amongst employees, the public and other stakeholders (e.g. goods and service providers) through communication and education relating to relevant components of the Plan, the Code, the Fraud Policy and the Whistle Blowing Policy; and
- (l) Ongoing maintenance and review of the Plan to ensure effective project-management of its further implementation and maintenance.

An illustration of the Plan is contained in the figure below:



3.1.3 In keeping with the vision, mission and key corporate values of the Land Bank, stakeholders have a right to expect that the business of the Land Bank be conducted with efficiency, fairness, impartiality and integrity.

3.1.4 In addition since the business of the Land Bank carries with it a particular obligation to the public as a whole it goes without saying that the Land Bank requires from all its employees standards of ethical behaviour, which promotes and maintains public confidence and trust. The Code (**Annexure B**) has therefore been

3.1.5 intended to take into account all these important factors.

a) The Code will be disseminated to all employees of the Bank, in general, among employees and copy provided to the principles as contained in the Code;

induction packs for new employees. All employees will also be required to sign an annual declaration serving as an indication of their understanding of, and commitment to, the Code; and

b) Include relevant aspects of the Code in further awareness presentations, training sessions and communication programmes to create awareness thereof amongst employees and other stakeholders. Further objectives of this training will be the following:

- Helping employees to understand the meaning of unethical behaviour (including harassment in any form) in line with expectations of the Land Bank;
- Presenting case studies which will assist in developing behaviour to articulate and encourage attitudes and values which support ethical business conduct;
- Helping employees to understand issues involved in making ethical judgements; and
- Communicating the implications of unethical behaviour and its impact for individuals, the workplace, professional relationships, the Land Bank as whole and external stakeholders including the public.

3.1.7 The Land Bank's gifts policy will be reviewed in order to ensure that it adequately addresses both the acceptance and the offering of business courtesies to employees.

3.1.8 The development of a more robust system for the declaration of private business interests and actual or potential conflicts of interest by all employees and keeping of a centralised record thereof will be pursued.

### 3.2 The Land Bank's systems, policies and procedures

3.2.1 The Land Bank has a number of systems, policies and procedures designed to ensure compliance with legislation.

3.2.2 All employees and other stakeholders are expected to comply with the applicable policies and procedures.

3.2.3 The Land Bank has identified fraud and corruption risk in this area as being the lack of application, knowledge, awareness, effective communication and training with regard to its prevailing systems, policies and procedures (e.g. non compliance

with financial, regulatory and best practices as contained in GAAP and the PFMA). Furthermore, the Land Bank has also identified a risk that some policies and procedures may be inadequate.

3.2.4 The management of the Land Bank will improve awareness and knowledge of the relevant systems, policies and procedures, including *inter alia* the requirements of the PFMA amongst its employees. The Land Bank will develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including:

- (a) Provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures;
- (b) The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and
- (c) The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees, for example – the taking of corrective action against offenders not complying with policies and procedures.

3.2.5 A structured monitoring mechanism will be developed for the keeping of proper records of the policies and procedures that are being updated, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

3.2.6 The Land Bank is committed to developing human resources systems, policies and procedures, which will incorporate the fraud and corruption prevention practices detailed below:

- (a) The development of a system for pre-employment screening and promotion practices with objective standards in order to reduce the risk of nepotism and favouritism, both of which are damaging forms of fraud and corruption;

- (b) The Land Bank recognises that, despite ongoing organisational and policy changes, for example employment equity policies, the matching of competencies to job specifications/requirements is extremely important. As part of its approach to the management of human resources, the Land Bank will continue to pursue steps to limit the risk of incompetent people being appointed; and
- (c) The pre-screening of potential candidates for employment by human resources (verification of academic qualifications and previous work experience).

3.2.7 Management must be held accountable for complying with, and implementing, the Land Bank's systems, policies and procedures and for preventing fraud and corruption. This will continually be addressed in job descriptions, agreed work plans, performance contracts and appraisals.

3.2.8 The Land Bank will also develop a system with clear guidelines for the placing of prohibitions on individuals and restriction of entities found guilty of fraud and corruption against it.

#### **Disciplinary code and procedures**

3.2.9 The disciplinary code and procedures prescribes appropriate steps to be taken to resolve disciplinary matters. Human Resources will support the Land Bank in instituting and completing disciplinary action for cases of fraud and corruption.

3.2.10 The Land Bank recognises the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention. The following steps to expedite the consistent, efficient and speedy application of disciplinary measures will be initiated:

- (a) Creating awareness amongst employees of conduct, which is forbidden in terms of the disciplinary code. Where disciplinary standards are not adhered to, action will be taken against offenders;
- (b) Ongoing training of supervisors/managers in the application of disciplinary measures and the disciplinary process, and sustaining this training;



## Internal controls

3.2.12 This section of the Plan relates to basic internal controls to prevent and detect fraud and corruption and the training of employees in the system of internal control and the conducting of their day-to-day duties. The systems, policies and procedures of the Land Bank prescribe various controls, which if effectively implemented, would limit the risk of fraud and corruption. These controls may be categorised as follows, it being recognised that the categories contain overlapping

### *Prevention controls*

authority of the Land Bank as well as in various government prescripts.

#### (b) Physical

These controls are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.

### *Detection controls*

These controls are designed to detect and correct undesirable events which have occurred and are divided into four categories, namely, Arithmetic and Accounting, Physical, Supervision and Management Information.

(a) Arithmetic and accounting

- (i) These are basic controls within the recording function which check that transactions to be recorded and processed have been authorised, that they are complete, and that they are correctly recorded and accurately processed.
- (ii) Such controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliations, control accounts, and accounting for documents.

(b) Physical

- (i) These controls relate to the security of records. They therefore underpin arithmetic and accounting controls.
- (ii) Their similarity to preventive controls lies in the fact that these controls are also designed to limit access.

(c) Supervision

This control relates to supervision by responsible officials of day-to-day transactions and the recording thereof.

(d) Management information

- (i) This relates to the review of management accounts and budgetary control.
- (ii) These controls are normally exercised by management outside the day-to-day routine of the system.

*Segregation of duties*

- (a) One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.
- (b) Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.

- (c) Functions that should be separated include those of authorisation, execution, custody, recording and, in the case of computer-based accounting systems, systems development and daily operations.
- (d) Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.

3.2.13 The Land Bank will continue to initiate steps to address the problem of lack of training, expertise and knowledge with reference to systems, policies and procedures in order to improve internal control. Areas of weakness will be identified during audits and risk assessments.

3.2.14 Furthermore, the Land Bank will also continue to re-emphasise to all supervisors and managers that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption. Supervisors and managers will be encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.

3.2.15 Furthermore, the Land Bank will develop a formal system by which the performance of supervisors and managers are appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk to the Land Bank as a result of the internal control deficiency identified. This is intended to raise the level of supervisor and manager accountability for internal control.

3.2.16 Where supervisors and managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm corrective action(s) will be considered.

#### Physical and information security

##### *Physical security*

3.2.17 The Land Bank will consider conducting a regular detailed review of the physical security arrangements at its offices and improve weaknesses identified. Specific focus areas will be physical security over infrastructure, assets and staff.

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*Information security*

- 3.2.18 The Land Bank will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computer data.
- 3.2.19 Regular communiqués will be forwarded to employees, focusing on e-mail and internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed and/or failed to comply with prevailing policies in this regard, disciplinary action will be taken.
- 3.2.20 Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed (e.g. undefined security access rights by application owners, distributed and unmanaged hardware file servers within the Land Bank and lack of defined IT governance within the Land Bank).

## B. DETECTING AND INVESTIGATING FRAUD AND CORRUPTION

### 3.3 Internal Audit

- 3.3.1 The Land Bank recognises the fact that the positive support by all its supervisors and managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Plan. Where supervisors and managers are found to be slow in addressing internal control queries raised by Internal Audit, firm action will be taken.
- 3.3.2 The Land Bank will regularly re-emphasise to all supervisors and managers that consistent compliance by employees with internal control is one of the fundamental controls in place to prevent fraud and corruption. Supervisors and managers will be encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.
- 3.3.3 Awareness strategies will also be developed to enhance management's understanding of the role of Internal Audit as contained in its approved Charter.

### 3.3 Ongoing risk assessment and management

- 3.4.1 Acknowledging the fact that diverse business risks exist from both internal and external sources and in order to comply with the requirements of the Treasury Regulations to the PFMA, the Land Bank has completed a comprehensive risk assessment of all its programmes. This information will be used to assist management with the following:
- (a) Identification of business risks which have the highest potential to impact (positively or negatively) on the achievement of the Land Bank's business objectives;

- (b) Prioritising business risk areas for attention and subsequently developing appropriate controls to limit the impact of the material risks identified; and
  - (c) To enable management to continually assess, manage and update the risk profile (incorporating fraud and corruption risk) of the Land Bank.
- 3.4.2 Business risks may include strategic risks (goals and objectives), operational risks (business processes), financial risks (loss of assets), compliance risks (laws and regulations) as well as any other risks (such as political, external and litigation).
- 3.4.3 Presentations to employees of the Land Bank will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing the Land Bank and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.
- 3.4.4 The Land Bank will also consider performing specific fraud and corruption detection reviews in the following areas on a regular basis. This will include the conducting of presentations to supervisors, managers and staff to ensure that they have a more detailed understanding of the fraud and corruption risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. These include *inter alia*:
- Asset management;
  - Human resources;
  - Support services (procurement / engagement of contractors/consultants);
  - Conflicts of interest;
  - Regulatory compliance;
  - Loans (applications and approvals);
  - Contract management;
  - Compliance to delegations of authority; and
  - Financial/accounting management.

### 3.5 Reporting and monitoring

- 3.5.1 Fraud and corruption especially in a banking environment are serious matters which must be dealt with promptly and competently. Apart from the legal implications of fraud and corruption, improper acts have the potential to undermine the public image of the organisation. Employees must act promptly on any allegation or observation of potential fraud or corrupt conduct.
- 3.5.2 The Land Bank has recognised the fact that whistle blowers could be victimised by fellow employees or managers in contravention of the Protected Disclosures Act, without management being aware of this. This could have severe negative implications for the Land Bank, for example, negative media publicity.
- 3.5.3 The Land Bank has implemented a fraud hotline which is intended to achieve the following:
- (a) To deter potential fraudsters and corrupt individuals by making all employees and other stakeholders aware that the Land Bank is not a soft target, as well as encouraging the participation of employees in supporting, and making use of this facility;
  - (b) To raise the level of awareness that the Land Bank is serious about fraud and corruption;
  - (c) To detect incidents of fraud and corruption by encouraging whistle blowers to report incidents which they witness;
  - (d) To assist the Land Bank in managing the requirements of the Protected Disclosures Act by creating an additional channel through which whistle blowers can report irregularities which they witness or which come to their attention; and
  - (e) To further assist the Land Bank in identifying areas of fraud and corruption risk in order that preventive and detective controls can be appropriately improved or developed.



### Policy and Response Plan for Fraud and Corruption

- 3.5.4 A Fraud Policy (**Annexure C**), which contains the policy stance of the Land Bank to fraud and corruption as well as the response mechanisms in place to report, investigate and resolve incidents of fraud and corruption which impact on the Land Bank, has been developed.
- 3.5.5 The Fraud Policy will be circulated to all employees of the Land Bank and appropriate sections to providers of goods and services.
- 3.5.6 The following are steps included in the Fraud Policy for the reporting of fraud and corruption:
- a) It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate supervisor or any manager;
  - b) Should employees be concerned with the reporting channels referred to above, they may report directly to the Manager: Internal Audit or the Chairperson of the Audit Committee;
  - c) Employees occupying supervisory and managerial positions must report all incidents and allegations of fraud and corruption to the Manager: Internal Audit; and
  - d) Employees who wish to report allegations of fraud and corruption anonymously can contact the Land Banks hotline (0800005750), any member of management, the Manager: Internal Audit, the Chairperson of the Audit Committee or the Chairperson of the Board of Directors of the Land Bank.

### The Whistle Blowing Policy

- 3.5.7 A Whistle Blowers Policy (**Annexure D**) has been developed for the Land Bank covering the following key issues:
- a) The whistle blowing policy stance;
  - b) Scope, including types of irregularities to be reported;
  - c) Where and to whom to report;

- d) Confidentiality of reports made;
- e) Assurances relating to protection from reprisals for good faith reporting;
- f) Undertakings to investigate all reports;
- g) Commitment to act promptly in instances where allegations are proven; and
- h) Publications of sanctions, including providing the appropriate feedback to whistle blowers.

## C. FURTHER IMPLEMENTATION AND MAINTENANCE

### 3.6 Creating awareness

This component of the Plan comprises two approaches, namely education and communication.

#### Education

3.6.1 The creating of awareness amongst employees is intended to address the following issues:

- (a) Informing employees on an ongoing basis on what constitutes fraud and corruption;
- (b) Promote policies that must be adhered to, including the values and principles of public administration as contained in the Constitution and standards of professional conduct;
- (c) Informing employees of fraud and corruption risks to enable understanding of specific risks to which the Land Bank may be exposed, thus enhancing the prospect of detecting irregularities earlier;
- (d) Encouraging employees to blow the whistle on fraud and corruption; and
- (e) Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption.

#### Communication

3.6.2 The objective of the communication approaches is to also create awareness amongst employees, the public and other stakeholders, of the Plan in order to facilitate a culture where all stakeholders strive to contribute toward making the Plan a success as well as for the sustaining of a positive, ethical culture within Land Bank. This will increase the prospect of fraud and corruption being reported and improve the Land Bank's prevention and detection ability.

3.6.3 Communication strategies that will be considered by the Land Bank include the following:

- (a) Posters, newsletters, pamphlets and other publications to advertise the Code, the Fraud Policy and the Whistle Blowers Policy, aimed at employees, the public and other stakeholders;
- (b) Screensavers on computers with appropriate anti-fraud, anti-corruption and pro-ethics messages;
- (c) Attachments to tender invitation documents relating to the Land Bank's stance to fraud and corruption, where such irregularities can be reported and the actions which will be considered;
- (d) Appropriate attachments to offers of employment and inclusion of appropriate items in induction and training programmes;
- (e) Prudent terms in contracts signed with providers of goods and/or services relating to offering of gifts to employees of the Land Bank;
- (f) Ensuring that fraud and corruption prevention is a fixed agenda item in management, Audit Committee and Board meetings;
- (g) Signing of declarations of commitment by all employees to the Plan;
- (h) Endorsements of correspondence directed at providers of goods and/or services with anti-fraud, anti-corruption and pro-ethics messages; and
- (i) Publishing the Plan and successes in its implementation in the Annual Report of the Land Bank.

### 3.7 Ongoing maintenance and review

3.7.1 The Manager: Internal Audit will be responsible for the ongoing maintenance and review of the Plan. This includes:

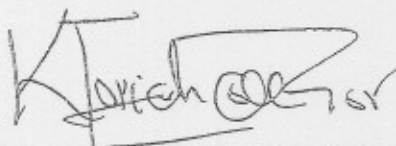
- (a) Evaluating reports on fraud and corruption received and highlighting areas of fraud and corruption risk within the Land Bank;

- (b) Considering fraud and corruption threats to the Land Bank and making recommendations to appropriate committees or management;
- (c) Considering criminal activity threatening the Land Bank and making fraud and corruption prevention recommendations with regard to areas that should be examined;
- (d) Monitoring action taken to implement recommendations relating to incidents of fraud and corruption;
- (e) Steering and taking responsibility for the Plan;
- (f) Reviewing and making appropriate amendments to the Code, the Fraud Policy and the Whistle Blowers Policy;
- (g) Amending the awareness programme as necessary, and implementing the changes; and
- (h) Ensuring that ongoing communication and implementation strategies are developed and implemented.

3.7.2 The Plan will be reviewed on an annual basis, whilst progress with the implementation of the various components will be reviewed on a quarterly basis. In the latter regard, specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set. A matrix of tasks and responsibilities (Annexure E) has been developed to facilitate this.

## SECTION IV: ADOPTION OF THE PLAN

Adopted by:



Land Bank CEO

29 OCT 2009

Date



Chairperson of the Audit Committee

16 NOVEMBER 2009

Date



Chairperson of the Board

29 November 2009

Date