



**GAUTENG PROVINCE**  
PROVINCIAL TREASURY  
REPUBLIC OF SOUTH AFRICA

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Ref: Oral FN006

**Mr. VRP. Skosana**  
**Gauteng Legislature**  
**Private Bag x52**  
**Johannesburg**  
**2000**

**Dear Secretary**

**Response to Oral Question 4.FN006**

Last year on 20 August 2015, MEC reported to the Finance Committee that the so-called “Ghost Employee” debacle has been resolved and further confirmed that a verification of payroll system was efficiently in place to prevent any further theft, could the MEC please indicate:

Question 1

Why did a recurrence of this “ Ghost Employee” payment scam, which was reported on 04 June 2015 in the Finance Committee meeting re-appear again on the 4<sup>th</sup> quarter committee oversight report of the 2015/16 of the Gauteng Provincial Treasury;

**Answer**

The statement in the 4<sup>th</sup> quarter committee oversight report of 2015/ 2016 was referring to the BI tool utilized to identify invalid payments to valid employees of the state. It was therefore not referring to “ghost employees” as alluded in the question; consequently there has been no recurrence of this phenomenon.

The Business Intelligent Tool was developed by Treasury using the SAP system with an-built algorithm to detect suspicious personnel related transactions on PERSAL. This tool adds to internal controls that are in place to ensures accuracy in salary payments.

All supplementary payment runs occurring every second Wednesday are subjected to this tool and the following exceptions are then identified:

- Supplementary payments to employees above their normal salary notch in a given month.
- Overtime claim above 30% of employee salary without approval.
- Back pay salaries.
- Payment of bonuses outside set norms and standards.
- Duplicate payments.
- Employees linked to more than one bank account in the system.

The tool then produces the report with exceptions on Thursday mornings which need to be investigated before any payment can be effected the next Monday. The investigation entails getting all supporting documents that gave rise to the transaction to check the validity, accuracy and completeness thereof.

If then it does not meet any of the 3 requirements of validity, accuracy or completeness, then a request is forwarded to the bank on Friday to recall the amount.

## Question 2

Please provide a list of the recipients of the R260 000.00 that was reported to have been “recalled” by Treasury;

## **Answer**

The BI tool identified various fictitious or incorrect payroll related payments.

The following transactions were identified:

R 98 823,85	Duplicated payment identified and was recovered in full.
R 22 606,00	Payment made to incorrect beneficiary, but later recovered in full. Both employees are in service.
R 32 810,44	Payment made to an incorrect beneficiary, who is still in the employment of GPG. Debt recovery is in process.
R 109 410,00	Duplicated payment and recovery done.
R 2 664,00	Housing Allowance overpayment, deduction was implemented and the money was recovered.

### Question 3

If no to (ii), then why not and by when will they have full please clarify us on the meaning of recalling, expanding on the implications of this “recalling” concept;

### **Answer**

The transactions were erroneously captured and reversed prior to payment being effected in all cases except for the case of the R32 810,44 payment listed above.

The process of recalling entails instructing the bank to withhold the actual transfer of the money from the Provincial account to the recipient’s account.

Question 4

Has Treasury conducted an internal forensic investigation into the matter to determine the officials responsible for these fraudulent actions; and

**Answer**

Our investigations indicate that these were capturing errors rather than fraudulent activities.

Question 5

Were there any criminal charges of disciplinary proceedings instituted against any officials as guided by Section 40(32) (b) of PFMA and if no, why?

**Answer**

No, as these were capturing errors rather than fraudulent activities.

**Regards**



**Ms. Barbara Creecy**

**MEC – Gauteng Provincial Treasury & e-Government**

**Date: ..26..9..2016**