**MEDIA STATEMENT**

**UIF SHOULD FIX SYSTEM THAT MAKES IT VULNERABLE TO FRAUD – SCOPA**

**Parliament, Friday, 26 June 2020**– The Standing Committee on Public Accounts (Scopa) has told the Unemployment Insurance Fund (UIF) to fix the shortcomings in the information technology system they are using for the disbursement of funds during the Covid-19 lockdown period.

The shortcomings of the system have made the UIF vulnerable to fraud and corruption from employees and employers who have made false claims amounting to millions of rands. The committee has asked the UIF to submit a detailed plan on its migration to a better system that will avoid such loopholes that open it up to fraud.

Scopa has also asked the fund to submit a detailed report on the 16 cases where there was overpayments and erroneous payments into bank accounts. The committee hopes that all those that are found to be involved in the fraudulent payments will face consequences. The committee is aware that the Hawks are investigating the R5.7 million paid into an incorrect bank account. Scopa has asked the UIF to submit a detailed report on this issue, that it can use as a briefing note, by next week Wednesday, 1 July 2020.

Scopa welcomes the disbursement of over R25 billion to four million workers who have been negatively affected by the Covid-19 pandemic. The committee, however, is concerned over the administrative delays in the processing of some disbursements, which have left almost one million employees in  the lurch. Scopa believes that there should be a general overflow of communication between the UIF and the workers.

Scopa is aware that the Auditor-General is conducting a special audit for the Covid-19 pandemic, whose outcomes are expected to be released in August. The Auditor-General will cover ordinarily what Scopa would have focused on. The Auditor-General’s special audit will test their implementation of preventative controls, will detect and audit high-risk items, table special reports in Parliament, and will outline consequence management. Therefore, to avoid the duplication of resources, Scopa will await that process for the outcomes of how the UIF spent funds during this lockdown period.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF SCOPA, MR MKHULEKO HLENGWA.**