###### National Assembly

###### Question Number: 1281

**1281. Mr M S F de Freitas (DA) to ask the Minister of Transport:**

(1) Whether any audits have been undertaken to determine how many ghost workers are on the books of (a) her department and (b) each entity reporting to her in the (i) 2011-12, (ii) 2012-13, (iii) 2013-14, (iv) 2014-15 and (v) 2015-16 financial years; if not, (aa) why not and (bb) when, if at all, will such audits be undertaken; if so,

(2) in each case, (a) when were such audits undertaken, (b) by whom, (c) what were the outcomes, (d) what are the reasons for the specified phenomenon, (e) what costs were incurred, (f) how were guilty parties handled and (g) what is (i) her department and (ii) each entity reporting to her doing with the information revealed in the specified audits? NW1429E

 **REPLY:**

**Department**

1. An audit on possible existence of ghost employees in the Department of Transport was undertaken by the Inhouse internal audit activity in the 2011/12 financial year, with a follow-up audit in the 2012/13 financial year.
2. The results of both full-scale and follow-up audits revealed that there were no ghost employees in the payroll system (PERSAL) of the Department of Transport.

The issue of ghost employees is indicated as a high risk in the fraud risk register of the Department and is regularly and closely monitored by the relevant risk owners

**Airports Company South Africa SOC Limited (ACSA)**

1. (b) The Airports Company South Africa has conducted audits to establish whether any “ghost workers” existed on the payroll for the financial years mentioned above, 2011 to 2016.
2. Yes, an audit was conducted to determine how many ghost workers with the Company in the 2011-12 financial year.
3. Yes, an audit was conducted to determine how many ghost workers with the Company in the 2012-13 financial year.
4. Yes, an audit was conducted to determine how many ghost workers with the Company in the 2013-14 financial year.
5. Yes, an audit was conducted to determine how many ghost workers with the Company in the 2014-15 financial year.
6. Yes, an audit was conducted to determine how many ghost workers with the Company in the 2015-16 financial year.
7. (a) Audits have been conducted by Internal Audit and External Auditors for the period 2011 to 2014.
8. Price Waterhouse Coopers (PWC) and Sizwe Ntsaluba Gobodo (SNG) for the period 2011 to 2014. The Auditor General of SA (AGSA) audited for the period 2015 to 2016.
9. There were no findings raised related to the existence of “ghost workers”.
10. – (f) Please see response to (c) above.

**Air Traffic and Navigation Services SOC Limited (ATNS)**

1. As part of the part of the annual Internal Financial Controls audit, the payroll process is subject to audit *annually* with audit procedures applied to detect ghost employees.

(b) (i) 2011-12

(ii) 2012-13

(iii) 2013-14

(iv) 2014-15

(v) 2015-16

(aa) the audits are done annually.

(bb) the audits are done annually.

1. The audits are undertaken annually between November and February by internal audit and further by external auditors. There have been no ghost employees found through audit procedures over the years.
2. The audits are done annually.
3. Both ATNS internal audit and external audit.
4. No ghost employees were found.
5. None of the above.
6. None of the above.
7. None of the above.
8. None of the above.

**South African Civil Aviation Authority (SACAA)**

1. Yes (a) N/A

 (b) the SACAA’s Internal Audit division conducted ghost employee checks/reviews through payroll audits which are performed annually.

 (i) No audit was conducted in 2011-12,

 (ii) Audits were conducted in 2012-13,

 (iii) and 2013-14, (iv) and in 2014-15.

 (v) The audit for 2015-16 has not taken place yet.

 (aa) None of the above

 (bb) 2015-16 audit is scheduled to take place during the 2016-17 FY.

1. (a) In each case the audits are conducted after the end of the financial year.

 (b) The audits are carried out by the Internal Audit division using the Computer Assisted Audit Techniques (CAATs) to identify any anomalies within the payroll system.

(c) For the audits conducted in 2012-13, 2013-14 and 2014-15 NO ghost employees were identified.

(d) None of the above.

(e) None of the above.

(f) None of the above.

(g) None of the above.

(i) None of the above.

(ii) No incidences were revealed by the audits in the SACAA.

**Cross-Border Road Transport Agency (CBRTA)**

(1) (b) The C-BRTA has not undertaken any audits specifically to determine how many ghost workers are on the books on any of the given financial years i.e. 2011-12, (ii) 2012-13, (iii) 2013-14, (iv) 2014-15 and (v) 2015-16. However, the Agency has put internal control measures in place to ensure that only valid employees are paid and therefore mitigating against the risk of paying ghost employees. Among others, these internal control measures include but are not limited to:

* Input on certain payroll transactions by one employee (a Senior Administrative Officer), where approval for processing is then provided by the Payroll Specialist;
* The review of the monthly payroll by another employee at Senior Manager level, against all input documentation; and
* The approval of Payroll for payment after a further review by the Executive Manager.

Furthermore, the periodic internal and annual external audits of the entity are undertaken with payroll being one of the specific audit items on the programme. None of these audits have uncovered any ghost workers in the reporting periods in question. (aa) The Agency has not seen the need to conduct these audits because the internal control processes in place have been found to be adequate and the risk of paying ghost employees is mitigated.

(bb) While there are no specific audits conducted on the ghost employees, the following internal auditors have conducted payroll audits and have found the controls within payroll environment to be effective:

| Financial year | Internal auditors | External auditors |
| --- | --- | --- |
| 2011-12 | IA Professionals and Related Services | Auditor General South Africa |
| 2012-13 | Nkonki | Auditor General South Africa |
| 2013-14 | Nkonki | Auditor General South Africa |
| 2014-15 | Price Waterhouse Coopers | Auditor General South Africa |
| 2015-16 | Price Waterhouse Coopers | Auditor General South Africa |

**Road Accident Fund (RAF)**

1. (b) To determine whether any ghost workers are on the books of the Road Accident Fund (RAF), the Auditor-General of South Africa (AGSA), as part of its annual audit of the RAF, performs an audit to identify possible ghost employees, whilst the RAF performs: a 100% data analytics review, and on a sample basis, verification of employees on the SAP system against the physical information on personnel files; internal financial control reviews, on a sample basis, to ensure that employees who resigned, or who were dismissed, are timeously terminated on the SAP system; and, further *ad hoc* audits.

The number of respective audits totalled (i) 1 audit in the 2011-12, (ii) 2 audits in the 2012-13, (iii) 6 audits in the 2013-14, (iv) 6 audits in the 2014-15 financial years;

(aa) this question is not applicable as audits were undertaken during the aforementioned periods, (bb) the annual and other regular audits referred to in 1(b) will continue in future;

(2) In each case the audits -

|  |  |
| --- | --- |
| (a) were undertaken: | (b) by: |
| following the RAF’s year-end at 31 March 2011, 31 March 2012, 31 March 2013, and 31 March 2014, as part of the statutory annual audit, | AGSA, |
| on 24 and 25 November 2011, in respect of an *ad hoc* 100% physical head count audit,  | RAF Internal Audit Department, |
| during June 2013, September 2013, November 2013, March 2014, April 2014, July 2014, November 2014, and March 2015, as part of the internal financial control reviews, | RAF Internal Audit Department, |
| during April 2013 and April 2014, as part of the data analytics review, | RAF Internal Audit Department, |

(c) no ghost employees were identified, therefore questions (d), (e), (f), and (g)(ii) are not applicable to the RAF.

**Road Traffic Management Corporation (RTMC)**

1. There hasn’t been any ghost employees for the period 2011/2012 – 2014/2015

The latest physical verification / audit was done during September 2015. In this verification process/ audit no ghost employees identified.

The 2015/2016 verification is still under progress, the results of which will be available once done.

1. (a) The latest verification was done during September and October 2015 – this verification relates to the 2014/2015 financial year.

(b) The verification for 2014/2015 financial year was done by the Payroll unit of the RTMC

(c) The outcome for the 2014/2015 verification dictates that there were no ghost employees at RTMC.

(d) Not Applicable as there was no ghost employees.

(e) There was no cost incurred for the 2014/2015 verification as the exercise was done internally by Payroll unit of the RTMC. The 2015/2016 verification process has not been completed, but were can indicate that there are no amounts to be incurred as the exercise is done internally by RTMC Payroll.

(f) Not Applicable as there was no ghost employees

(g) Not Applicable as there was no ghost employees

**Road Traffic Infringement Agency (RTIA)**

1. Yes, audits have been undertaken by the Road Traffic Infringement Agency in (i) 2011-12, (ii) 2012-13, (iii) 2013-14, (iv) 2014-15 and 2015-16 Financial years.

(aa) Not Applicable

(bb) Not Applicable

1. (a) 2011/12 - ; 2012/13 – 01 May 2013; 2013/14 – 01 May 2015; 2014/15 – 05 May 2015; 2015/16 – 30 April 2016.

(b) Auditor General, SEMA/IRS and Audit & Risk Management Solutions

(c) No ghost employees were found

(d) Internal controls are in place and are reviewed periodically

(e) Payroll audits are conducted as part of Auditor General’s scope for audit. Internal audit does the payroll audit as part of their annual systems audit.

(f) Not Applicable

(g) Not Applicable

**South African National Roads Agency Limited (SANRAL)**

1. Yes, audits have been undertaken by the Road Traffic Infringement Agency in (i) 2011-12, (ii) 2012-13, (iii) 2013-14, (iv) 2014-15 and 2015-16 Financial years.

(aa) Not Applicable

(bb) Not Applicable

1. (a) 2011/12 - ; 2012/13 – 01 May 2013; 2013/14 – 01 May 2015; 2014/15 – 05 May 2015; 2015/16 – 30 April 2016.

(b) Auditor General South Africa

(c) No ghost employees were found

(d) Internal controls are in place and AGSA performs on audit on an annual basis verifying each employees

(e) Payroll audits are conducted as part of Auditor General’s scope for audit.

(f) Not Applicable

(g) Not Applicable

**Ports Regulator of South Africa (PRSA)**

1. (b) There were no special audits undertaken by the Ports Regulator since both the internal and external auditors perform employee verification for all employees taking into account the fact that the Ports Regulator employs only 17 employees. The verifications are done annually and did take place in (i) 2011/12, (ii) 2012/13, 2013/14, (iv) 2014/15 and (v) 2015/16. (aa) N/A, (bb) N/A.
2. (a) these audits were undertaken each year by (b) internal and external auditors and (c) there were no ghost employees found on the payroll. (d) Strict internal controls prevented this, (e) the audits were done as part of the annual audit (f) there were no guilty parties to be handled.

 **South African Maritime Safety Authority (SAMSA)**

SAMSA has not undertaken audits on ghost workers as a separate audit exercises. However, the Auditor-General does verify the existence of employees on the SAMSA payroll during their audits. The AG has not identified any ghost worker on the SAMSA payroll during their previous audits.

**Railway Safety Regulator (RSR)**

The Human Resources and Payroll Audits are undertaken on a yearly basis by both the Internal Auditors as well as the Auditor-General and no audit findings for ghost employees were identified for the following financial years:

|  |  |
| --- | --- |
| **Financial Years** | **Ghost Workers** |
| 2011-2012 | No audit findings for non-existing employees during the Payroll auditing |
| 2012-2013 | No audit findings for non-existing employees during the Payroll auditing |
| 2013-2014 | No audit findings for non-existing employees during the Payroll auditing |
| 2014-2015 | No audit findings for non-existing employees during the Payroll auditing |
| 2015-2016 | No audit findings for non-existing employees during the Payroll auditing |

**Passenger Rail Agency of South Africa (PRASA)**

1. No audits have been undertaken to determine specifically how many ghost workers are on the books of PRASA in the financial years mentioned. PRASA Internal Audit Department performs Human Capital Management (HCM) audits, where the scope relates to the adequacy and effectiveness of HCM processes including:
* Policies and Procedures
* Staff Retention and Succession Planning, Scarce Skills Plans
* Overtime Management
* Leave Management, Productivity and Absenteeism
* Recruitment  and Selection
* Terminations and Suspensions
* Salary increases and promotions
* Payroll
* Organisational structure and reporting lines
* Employee Wellness Programme

The Auditor General also performs audit on the HCM function as part of their annual year end audit. PRASA also undertakes monthly payroll reconciliations, and to date no discrepancies have been uncovered.

1. See (1) above.