

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 2672 [NW3158E]**

**2672. Mrs H Denner (FF Plus) to ask the Minister of Employment and Labour:**

(1) Whether, with reference to a certain consulting company (name furnished) which was appointed by the Unemployment Insurance Fund (UIF) to manage risk at the UIF, he will indicate how often the risk register is communicated to the management of the UIF; if not, why not; if so, what are the relevant details;

(2) whether the shortcomings of the Information and Communications Technology (ICT) system of the UIF were identified by the specified company and relayed to the management of the UIF; if not, why not; if so, what steps were taken by his department to address the shortcomings in the ICT system of the UIF;

(3) whether any other risks were identified by the company that could have resulted in erroneous and fraudulent payments of UIF-Temporary Employer/Employee Relief Scheme funds; if not, what is the position in this regard; if so, what are the relevant details of such risks;

(4) whether he will make a statement on the matter? NW3158E

**REPLY:**

1. UIF appointed Vindya Systems in July 2018 to support and maintain the UIF claim management system which was developed in Java. NB: that was before. Their scope of work is not to update the risk register as that is done by risk management directorate. Every month the risk register is updated by ICT risk officer and Risk Management Directorate.
2. Due to pressures to process payments the shortcomings were identified while the Fund was paying claims and continued to be addressed. The scope of work was to enable the employers to apply online since applying on email was having huge delays.

The shortcomings of the systems which were identified were addressed on the system release of the 21 September 2020. The short comings include integration with Correctional services, DPSA, live link with Home Affairs and the link with SARS.

Also the link between the DEL and Home Affairs was not sending the updates captured on Saturdays and Sunday because the old configuration of sending updates was Mondays to Fridays. The system was initially intended to be used to process claims of those who were already in the systems i.e the UIF beneficiaries which was having less risk as UIF was processing such claims.

1. The major risk identified was that employers who were not UIF contributors were also claiming at the beginning of TERS as result out of 16 000 employees applied for only 57 that were meeting all requirements to qualify for TERS. The departmental management together with UIF then took a decision not to punish employees because their employers didn’t contribute for them. That decision opened the UIF to lot of fraudulent claims as it meant that any company can claim for people that never worked for if as long as they managed to source ID numbers. More than 90% of wrongly paid people result from this decision which was not taken by ICT management of the company maintaining the system.
2. The above serves as a statement on the matter