

UIF opens fraud case against NPO

The Unemployment Insurance Fund (UIF) has opened a case of fraud against a Western Cape non-profit organisation that allegedly illegally received close to R5 million in the Covid-19 Temporary Employer/Employee Relief Scheme (TERS).



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In a statement, the UIF said not only did Uniondale Integrated Empowerment Project (UNIEP) illegally apply for the funds, the non-profit organisation (NPO) also kept part of the proceeds in the name of bank charges, which meant that the employer benefitted illegally to the tune of R96,000.

The police complaint came as the Department of Employment and Labour last week received and responded to a complaint about an employer in Uniondale who claimed for TERS funds on behalf of 520 employees. This despite their contract of employment having been terminated on 25 March 2020.

Uniondale is a small agricultural town approximately 120 kilometres from George.

The NPO was contracted by the Department of Public Works to perform Expanded Public Works Programme (EPWP) projects in the area ranging from classroom assistants, vegetable gardens, home-based care, Early Childhood Development sector, HIV and AIDS awareness programmes and cleaners at government departments and institutions.

The Covid-19 TERS was one of the instruments instituted by government as part of the R500-billion relief package in the wake of the Covid-19 pandemic.

The Fund said its Provincial Chief Inspector (PCI), David Esau, met with the CEO of the organisation as well as with some of the employees who confirmed that they received payments.

The Inspectorate established that the organisation received TERS funds during the following periods:

- 27 March to 31 April: The employer received R1,356,560.23 for 337 of 505 employees.
- 1 May to 31 May: The employer received R1,148,628.74 for 322 of 519 employees.
- 1 June to 31 June: The employer received R1,218,591.30 for 353 of 519 employees.
- 1 July to 15 August: The employer received R1,048,057.56 for 198 of 518 employees
- 16 August to 15 September: Application submitted for 491 employees, no payment received yet.

“A total amount of R4,771,837.83 was paid out to the employer in TERS monies,” reads the statement.

The Department is awaiting proof that the employer paid it over to the employees as the employees at the time could not confirm all the amounts.

The Department was also provided with a copy of an agreement that was concluded between the employees and the employer, which allowed the employer to make a deduction of 5% towards banking fees although it is a requirement of the employer to apply on behalf of the employees and pay the monies in the account of the employees.

The 5% amounted to an amount of approximately R96,000 which the employer kept in his account.

The matter will now be registered with the Oudtshoorn Police Service as a fraud matter because the employer declared that the employees are receiving reduced salaries and are still employed although the department can confirm that the contracts of the employees were terminated in March.

The work of the Inspectorate will serve to amplify the “follow the money” initiative of the UIF where similar auditing processes are followed to determine that the correct TERS amounts were paid to eligible recipients, said the Department.

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