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MEDIA STATEMENT

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DEPARTMENT OF TOURISM RECEIVES INDEPENDENT INVESTIGATION REPORT INTO ALLEGED IRREGULAR PAYMENTS TO BENEFICIARIES OF THE RELIEF FUND FOR TOURIST GUIDES

The Department of Tourism has received a final report on an independent investigation relating to alleged irregular payments to beneficiaries of the Relief Fund for Tourist Guides implemented by the department in 2020.

In May 2020, the then Minister of Tourism announced that R30million would be set aside to provide financial relief to freelance tour guides due to the devastating impact of the pandemic on the tourism sector.

A “no application process” was followed to avoid a lengthy and onerous administrative process. The only criteria were that the tour guide must be registered as Tourist Guides at their respective Provincial Registrar and the beneficiary must not be registered with the Unemployment Insurance Fund (UIF) as employees.

In September 2022, the department mandated an independent firm to conduct an investigation into the alleged irregular payments made to beneficiaries of the Relief Fund for Tourist Guides.

The investigation was initiated after the Auditor General of South Africa made findings in their Management Report of the National Department of Tourism.

The findings in the report made specific reference to:

- Payments made to employees employed by municipalities or municipal entities
- Payments made to employees in service of the state
- Payments made to deceased beneficiaries
- Duplicate payments made to beneficiaries

The forensic investigation by the independent firm included the firm scrutinising all relevant documentation and conducting interviews with important role players such as internal audit officials and provincial registrars of tour guides.

From the interviews conducted and the data analysed, various salient discrepancies were identified with regard to payments made to beneficiaries of the Relief Fund for Tourist Guides such as:

- There are no legislative prescripts preventing employees of municipalities or the State to register as freelance tourist guides at their respective registrar provided that the employee declared remunerative work outside of the public service to obtain the written permission of the executive authority
- The only verification method in place at the Department of Tourism was to send a list of the registered tourist guides to the UIF. Employees of municipalities, municipal entities or employees in service of the state are exempt from contributing to the UIF and would therefore not have been identified as receiving income from another source using this method
- Public servants should not have benefitted from the relief grants issued by government however provincial Tourist Guide Registrars were not issued with a directive to exclude public servants from their lists sent to the Department of Tourism, there were also no other verification directives or criteria set to prevent payments being made to public servants
- Six tourist guides were confirmed to be deceased before the lists were submitted to the Department of Tourism and payments should therefore not have been made to them
- Ten of the tourist guides were confirmed to be deceased after the lists were submitted to the Department of Tourism and they would not have been identified by the provincial registrars
- With regard to payments made to duplicate beneficiaries, cellphone numbers being captured incorrectly resulted in some beneficiaries being paid twice to the detriment of other beneficiaries who did not receive relief funding at all
- Other duplicate payments resulted from beneficiaries appearing on two payment batches erroneously and the beneficiary was paid twice
- During the investigation, the independent firm stated that they were of the view that the Relief Fund for Tourist Guides did not provide a directive for sufficient verification and validation checked at either the Provincial Registrars or at the Department of Tourism in order to prevent possible irregular payments

Across the various areas of the alleged irregular payments such as payments to state or municipal employees, deceased beneficiaries and duplicate beneficiaries, the investigation inferred that around R324 000 worth of payments were made incorrectly.

The conclusion by the independent firm's forensic report includes that remedial actions are recommended for cases where there were capturing errors by Provincial Registrars and in cases where the Department duplicated five beneficiaries in two different payment batches.

The recommendations in the independent report include that the Department of Tourism should pursue the recovery of funds that were unduly paid to beneficiaries who are employed by municipalities, municipal entities or in service of the state and that remedial action should be considered against responsible officials for failing to ensure proper verification processes were followed.

The investigating firm also recommended that the Department's internal policies and procedures should be reviewed in order to prevent a recurrence.

The Department is currently conducting debt recovery processes to recover funds from beneficiaries where funds were unduly paid. Cost recovery was undertaken in line with the Public Finance Management Act (PFMA).

A case was opened with the South African Police Service around deceased people for whom money was redeemed.

Provinces were officially informed of the findings and recommendations for HoDs to implement remedial actions in the respective provinces.

All the accounting officers of those government entities whose employees benefited were notified for them to take remedial actions as well. These were at various municipalities.

New Standard Operating Procedures for registration and management of Registers at provincial level have been developed.

In addition, a new online system for tourist guides database has been developed, which will make the registration and management of tourist guides' information more efficient.

"I am pleased that this investigation was concluded and while the pandemic was a difficult period of urgency, this case is a prime example of how imperative it is for public servants and national departments to consistently comply with legislative prescripts and adhere to strict criteria and financial controls. As public servants, we are entrusted with public funds and we must ensure that public funds are spent wisely and prudently," Minister de Lille said.

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