



Republic of South Africa
Government Employees Pension Fund

Press release

To : All the Editors

Embargo : For immediate release

Date : 01 December 2009

Subject : Government Employees Pension Fund declares war on fraud and corruption

Pretoria – Government Employees Pension Fund (GEPF) has officially joined other organs of state and declared war on corruption, fraud and unethical behaviour within its ranks by unveiling its anti-corruption hotline after joining forces with KPMG to fight such practices on Monday, 30 November 2009.

GEPF Chief Executive Officer, Mr Phineas Tjie announced the GEPF anti corruption hotline number in his end of the year address to several hundred GEPF head office staff members.

“The recent release of the Association of Certified Fraud Examiners ‘ *Report to the Nation on Occupational Fraud and Abuse 2008*’ has highlighted the global trend towards corruption being rated the number one modus operandi experienced by organisations, including the GEPF. We at GEPF are aligning ourselves with the recent call of war on fraud and corruption by Government. I appeal to all GEPF staff members, including members of the public to make use of the hotline and report any form of corruption,” said Mr Tjie.

The GEPF Hotline number : **0800 43 43 73** and is operated by KMPG in order to maintain confidentiality, is established with the aim to enhance an honest work ethic and simultaneously provides employees and the public with a mechanism to bring any unethical business practices or unethical conduct by employees to the attention of management where appropriate or to the Board of Trustees.

Members reporting fraud and corruption do not have to reveal their names and details. Callers are guaranteed anonymity. The KMPG call –centre is secure and the public does not know the location thereof. Furthermore, GEPF cannot demand that the identity of the caller be revealed.

Mr Tjie appealed to staff members to root out any form of corruption within GEPF by reporting a suspicious behaviour from both staff members as well from members of the community. He cautioned members not to abuse the hotline number by reporting issues that are not related to corruption.

The hotline operates 24 hours a day, 365 days a year, and is toll free if called from a Telkom phone (including public phones) within South Africa.

Fraud and Corruption

Recently two suspects had been arrested in KwaZulu Natal after 25 life certificates to the value of R1.1 million rand were activated without authorization and proceeds paid into the fraudulent bank accounts. Further arrests are expected in the near future. The Life certificate was introduced in 1995 to enable the GEPF to keep track of deaths among its pensioners. This was necessary because, in some cases, deaths were not being reported in time by the next of kin and curators. The result was pension overpayments that were difficult to recover, causing a loss to the GEPF.

According to Senior Manager of Fraud and Forensic at GEPF, Mr Effort Kgosiemang, thirty five cases of fraud valued at R4, 6 million were reported and registered with the South African Police Services during April to September 2009. Successful recoveries are continuously made from fraudulent and frozen bank accounts. There has been a remarkable response recently by individuals and members of the public exercising their duty to report by blowing the whistle or tip-offs. A total amount of R1, 2 million was recommended and re-issued to the rightful beneficiaries based on the conclusion of internal investigation.

GEPF

The GEPF is the largest pension fund administrator in Africa with more than 1.1 million active members and more than 300. 000 pensioners (excluding members of other funds administered by the GEPF as an agent). The Fund is also responsible for more than R600 billion of assets under its management. In global terms the GEPF is acknowledged as the 21st largest pension fund in the world. The Fund was established On 1st May 1996 through the amalgamation of a number of pension funds serving government employees and has therefore been in existence for 12 years. It was established in terms of the Government Employees Pension (GEP) Law, Proclamation 21 of 1996. In terms of the Income Tax Act, the GEPF is classified as a 'Fund established by Law'.

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