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DEMOCRATISED TRANSPORT LOGISTICS AND ALLIED WORKERS UNION OFFICE OF THE GENERAL SECRETARY

PRESS RELEASE

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DETAWU CONFRONTS FSCA ON ROT AT PRIVATE SECURITY PROVIDENT FUND

The Democratised Transport Logistics and Allied Workers Union (DETAWU) has written to the Financial Sector Conduct Authority (FSCA) to enquire about the implementation of the recommendations of the forensic report into allegations of impropriety and maladministration in the Private Security Sector Provident Fund (PSSPF).

We know that FSCA commissioned a forensics investigation into the affairs of the fund in early 2019 to investigate allegations of widespread corruption and maladministration at the PSSPF after several stakeholders raised the alarm.

The PSSPF provides retirement, disability, death, and funeral benefits to more than 800 000 members including Private Security Sector workers, who constitute a significant percentage of our membership.

The forensic investigation found that several large financial services companies had been irregularly appointed as service providers to the fund; worse still there were multiple instances where the service providers had inflated prices. The companies fingered by the report include Salt Employee Benefits, African Unity Limited, Core Astute, Soonder Incorporated, and Vendicure.

We learned astonishment, the report reveals that the PSSPF board appointed the service providers even though they had little or no track record while overlooking more experienced firms who were asking significantly less to deliver the same service. Salt, for instance, was selected over Alexander Forbes and Sanlam even though it required a R17.1 million upfront fee. The report correctly questioned why the board had opted for Salt when Alexander Forbes did not require a setup fee, and Sanlam would have charged 80% less.

We are shocked by the revelation of the unjustified almost R25 million payment to Salt for capturing the fund's historical transactions. The service provider was originally given two months to do the capturing but had not completed the work six months later.

President: Reuben Tjaitjai

General secretary: Vusi Ntshangase

Moreover, the data was not accurately captured. The work was still incomplete at a time when the forensic report was concluded.

The forensic report also revealed that the board members had failed in their fiduciary duties, to take reasonable steps to protect the interests of the members at all times, when they appointed a service provider who cost the fund more money.

The investigation also uncovered board members who were doing business with the fund, invoicing millions of rands, even though they were prohibited from doing so by the procurement policy. African Unity was said to have submitted several tender bids using different names thus compromising the fairness of the process and placing other bidders at a disadvantage.

The company was also allowed to hike its pricing during the evaluation phase of the procurement process. The report also unveiled nepotism, even though the fund disallows the hiring of family members.

We have written to the FSCA, demanding that they must provide us with the forensic recommendation implementation status report.

We are adamant that should the FSCA not respond within the given time frame or provide an unsatisfactory report we will escalate the matter to our attorneys to pursue litigation against FSCA and all those fingered in the report,

We will also be approaching the SIU, Hawks, Asset Forfeiture Unit, Public Protector, etc to ensure that appropriate measures are taken to recover the squandered workers' monies.

We will not rest until those who have siphoned off workers' hard-earned monies are brought to book. Security officers work long hours under incredibly harsh conditions, where their lives are often under threat, they do not deserve to have their hard-earned savings misappropriated at such unbelievable high scales.

We will not stand by and watch while the fund coffers are ransacked in broad daylight.

For more information or to arrange an interview, please contact:

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