

MEDIA RELEASE PSA calls for immediate intervention at Government Pensions Administration Agency to stop processing R11.9 million in premature payments to service provider

DATE 11 August 2025

EMBARGO None

ENQUIRIES communication@psa.co.za

The Public Servants Association (PSA) is alarmed by the level of recklessness, criminality, disregard of the *Public Finance Management Act (PFMA)*, and lack of proper governance at the Government Pensions Administration Agency (GPAA) in respect of payments for services not yet rendered.

The PSA is aware of instructions being issued for prepayment of R11.9 million (out of R21 million) for the procurement of services whilst the GPAA has no current legal obligation to make such payment. The agreement with the service provider, *Jicho*, is limited to the provision of professional resources with no contractual provision authorising it to procure systems on behalf of the GPAA. The payment will further raise the risk of duplicate payments, especially given the absence of contract vetting, with the need to implement the GPAA's internal audit recommendation for proper contract review and project oversight. The internal audit report further includes an explicit recommendation for a forensic investigation into this and other contracts, which has not yet been carried out.

Proceeding with payment may thus result in the payment of potentially irregular or unlawful transactions. Section 57 of the *PFMA* obligates officials to prevent unauthorised, irregular, fruitless or wasteful expenditure. The Public Service Regulations further prohibit the execution of unlawful, unethical, or improper instruction.

In addition, there are various governance concerns relating to contract vetting and project management oversight. The Government Employees Pension Fund has not provided formal approval for the funding of these contracts. The CEO is also aware that issues raised must be resolved before payment.

The PSA is appalled by the highly irregular conduct of the relevant GPAA official demanding that these payments be made whilst being aware that these contrary to prevailing statutes and financial regulations. This conduct raises questions about who stands to benefit from such transactions. An internal audit recommendation is being ignored in a demonstration of an abuse of power and a lack of integrity.

The majority of government departments and entities are incurring fruitless, wasteful, and irregular expenses because managers who should be guardian of government resources abuse their power and manage these institutions with no regard to the rules of law. The lack of consequence management has further become the culture of public service as corrupt persons who are often politically connected benefit unduly.

The PSA has witnessed incident in many entities where the lower-level employees are bullied by managers to process irregular transactions thus exposing them to possible disciplinary proceedings or criminal prosecution. The PSA will therefore do everything in its power to protect the Union's members at the GPAA not to be forced support unlawful activities.

The PSA urges the Auditor-General, National Treasury and the Public Service Commission to immediately halt unlawful processes at the GPAA. Impunity undermines accountability and public trust. It encourages repeat offenses and erodes institutional integrity and financial discipline. Corruption must be exterminated and those attempting to engage in such activities must be removed from the public service to prevent looting and the need for commissions of enquiry at the state expense.

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