

Munisipaliteit Kai !Garib Municipality

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11 July 2024

Media Statement

Kai !Garib Municipality would like to inform the public on the following matter. It has come to the municipality's attention that fraudulent pre-paid electricity tokens was generated and sold on to end users.

Herewith a background on our prepaid vending system. Inzalo EMS (Financial System) has provided the municipality with the prepaid utilities vending platform called Utilipay, to facilitate prepaid vending for all STS meters through the Inzalo EMS system since November 2020. Utilipay system is utilised in a limited form, only making use of its token generation capacity through its live, real-time integration with the Inzalo EMS system, therefore all token generation is done only through cashier profiles activated on EMS in the ordinary course of business.

However, at financial year end of each year, due to year end processes, the municipality requested that alternative arrangements be made to ensure continuity of vending of pre-paid electricity for its customers. In response to the requests above, Inzalo, through its relevant support managers, facilitated the provision of login details to the municipality, that provide access directly to the Utilipay token generation functionality. The access allows the municipality to issue tokens to customers in the same manner as they would in EMS System, however the cash handling and day-end protocols that exist in EMS, are not provided in Utilipay system. This is because the Utilipay system, and the direct vending access provided, is not for day-to-day vending, and only for the period specified.

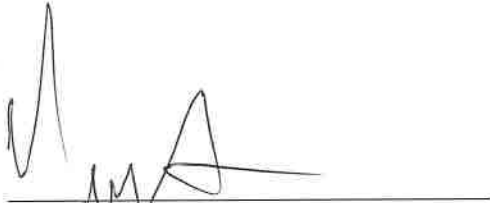
Once the year end processes are complete, the transactions made in the aforementioned period are then imported into EMS to ensure they are captured under the new financial year and written to the relevant journals and billing module. In completing the import processes for the 2023/2024-2024/2025 financial year rollover, the municipal employee and the EMS support team noticed discrepancies in the transactions to be imported, with significantly larger amounts vended than in the ordinary course of business, and also that transactions appeared outside of the year end rollover period. On discussing the issue with the Utilipay operations team, it became immediately apparent that someone had either obtained the login details previously provided to the municipality and used them on their own devices to fraudulently provide large amounts of electricity to specific customers, or alternatively that someone who was provided with the login details abused this

access to fraudulently provide electricity to customers. From the internal investigation it became clear that the above-mentioned electricity tokens were sold at a reduced price to the end users and the revenue generated was never received by the municipality

Corrective Measures:

After this discovery, the municipality obtained a complete list from Utilipay systems of all the fraudulent transactions. The municipal officials further went and disconnect the electricity supply of all these individuals on the list mentioned above. The amounts listed are now being recovered from these individuals and they must also pay a fined issued to them for participating in these fraudulent activities.

Furthermore, criminal charges are opened against the individuals implicated in the distribution of these electricity tokens and two municipal officials were already suspended for their share in all of this. Further investigations are being conducted and the municipality will keep the public informed.



OJ Isaacs
Municipal Manager