UIF TERS Post-Payment Compliance Audits: What Employers Need to Know

The Unemployment Insurance Fund (UIF) has launched a 12-month review process—beginning 11 September 2024—to verify that COVID-19 Temporary Employer/Employee Relief Scheme (TERS) funds were accurately disbursed and used for their intended purpose. These verifications are being carried out by firms contracted by the UIF. Below is some guidelines as to how best to prepare for the audits:

Q:Why These Audits Are Taking Place

A: The UIF is focused on accountability and compliance. Key objectives include:

- Confirming that claims were made for individuals legitimately employed prior to the COVID-19 lockdown.
- Ensuring employees received the correct TERS amounts.
- Identifying and addressing any cases of misuse or fraudulent claims.

Some employers were found to have misapplied TERS funding, prompting legal action and leading UIF to strengthen its compliance oversight.

Q:**What Employers Should Prepare For**

A:If your organisation is selected for review, you'll be expected to:

- Submit relevant documents (such as payroll reports, UIF declarations, and payment proof).
- Give auditors access to necessary information and, where required, your business premises.
- Authenticate any audit firm before sharing confidential data.

Q: Verifying the Auditor's Legitimacy

A: Before disclosing any information, confirm the firm's UIF appointment status by:

- Visiting the official Department of Employment and Labour website: www.labour.gov.za
- Contacting the UIF directly: 0800 030 007 or TERScompliance@labour.gov.za
- Requesting the firm's official appointment letter and verifying it with UIF.

Important: Do not engage with any audit firm not officially authorised by the UIF.

Q: How to Navigate a UIF TERS Audit Effectively

A: Receiving an audit notification from the Department of Labour can feel overwhelming. However, careful preparation can help ensure a smoother process. Here's a step-by-step guide to help you respond effectively.

Step 1: Acknowledge the Audit Immediately

Do not delay your response. Employers often have a short window—sometimes just 3 to 5 days—to submit documentation. To allow adequate preparation, request a 30-day extension via email to the designated official.

Step 2: Know What You'll Need

Audit documentation may include:

- Bank statements reflecting TERS payments received and disbursed.
- Payroll reports (from January 2020 onward).
- Employee appointment letters or contracts.
- ID or passport copies for employees (especially foreign nationals).
- Tax clearance certificates for the relevant periods.
- Reconciliations of TERS funds received vs. distributed.
- Original bank verification letters.
- Payslips, UIF submissions (EMP201, EMP501).
- Proof of operational shutdown during lockdown (if relevant).
- Attendance or time-tracking records.
- Salary adjustment or termination letters.
- Current UIF and SARS compliance documents.

Step 3: Organise Your Records

Use the following best practices:

- Set up a folder specifically for TERS audit documentation.
- Track progress with a checklist (e.g., “Pending,” “Submitted”).
- Name files according to the checklist categories.
- Submit documents in PDF format.
- Maintain copies of everything you send.

Step 4: Submit a Clear and Professional Package

A structured submission increases your chances of a smooth audit:

- Include a cover letter summarising your documentation and any challenges faced.
- Provide a clear reconciliation of funds received vs. paid out.
- Add notes explaining any missing documents or data gaps.

Step 5: Stay Engaged Post-Submission

- Confirm that your documents have been received.
- Ask for an expected timeline for feedback.
- Respond quickly to additional requests.
- If any concerns arise, address them in writing with supporting evidence.

Thank you to SATSA’s partner, Dot Connectors for their assistance with this guideline.

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Dot Connectors specialises in empowering businesses to achieve compliance and transformation goals through tailored Employment Equity (EE), Skills Development (SD), and Broad-Based Black Economic Empowerment (B-BBEE) advisory services.

Their mission is to deliver measurable value by aligning an “Eco-System of Impact” with your strategic objectives, ensuring compliance while unlocking opportunities for growth and transformation.

By partnering with Dot Connectors, your organisation will benefit from:

- Compliance with legislative requirements such as the Skills Development Act, Employment Equity Act and B-BBEE Codes of Good Practice.
- Enhanced transformation strategies to create a more inclusive and skilled workforce.
- Optimised B-BBEE scorecard Improvement for market competitiveness and cost saving strategies on Implementation.

Dot Connectors' mission is to empower organisations by delivering transformative Employment Equity, Skills Development, and B-BBEE advisory services. Through their innovative and client-focused approach, they strive to enable compliance, foster inclusivity, and unlock opportunities for sustainable impact.

Access Resources Below:

Company Profile

Training Modules

Webinar Presentation

FAQ from Webinar on 6 February 2025