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## FRAUD CASE AGAINST FORMER MSUNDUZI EMPLOYEE POSTPONED

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A former Msunduzi Municipality finance clerk appeared in the Pietermaritzburg District Court yesterday on 52 counts of fraud and money laundering after allegedly siphoning off over R900 000 from the City through unauthorised salary payments.

Andile Mkhize, who was employed as a salary officer in the municipality's finance section, is currently on suspension with full pay.

The magistrate postponed the case to September 8 due to the ill health of Mkhize's lawyer.

According to the charge sheet, Mkhize is accused of violating Section 4(a) and other provisions of the Prevention of Organised Crime Act (Poca) of 1998. He allegedly abused his access to sensitive municipal systems and staff information, such as personal and banking details, to divert funds fraudulently between 2018 and 2020.

For counts one to 51, the state has accused Mkhize of unlawfully and falsely facilitating payment for a ward committee member for attending meetings. He also allegedly falsely facilitated payments for Expanded Public Works Programme (EPWP) employees for doing work for the municipality.

The City reportedly lost R337 578 in payments for ward committee meetings and over R500 000 for the EPWP payments. Count 52 relates to money-laundering, in which Mkhize is accused of contravening Section 4(a) and/or (b), read with Sections 1, 4(i), 4(ii), and 8 of the Prevention of Organised Crime Act of 1998, accumulating over R200 000 in the process.

It is alleged that Mkhize submitted fraudulent claims on behalf of Expanded Public Works Programme (EPWP) workers and a ward committee member, falsely indicating

they had performed work for the municipality. These claims led to illegitimate payments being made into various bank accounts to which Mkhize allegedly had access.

"By means of false pretences, he induced Msunduzi Municipality to the loss and prejudice, and/or potential loss and prejudice of the municipality to make payments to the individuals," reads the charge sheet.

It further alleges that Mkhize knowingly authorised payments that were not due and directed the funds into accounts he could access.

A source with direct knowledge of the matter said the fraud was first flagged in 2020, leading to Mkhize's initial suspension.

However, he was called back shortly after and allegedly continued with fraudulent activity.

"He did not stop stealing. This person has all the crucial information about employees and access to the City's systems," said the source.

"The issue with the City is the lack of strict control measures to protect its systems. Every employee has easy access, and this has already been flagged in the recent internal forensic audit that was tabled before the full council. I've yet to hear of any steps taken to implement the audit's recommendations."

The internal forensic report, recently reported on by *The Witness*, called for the urgent implementation of tighter internal controls, including the segregation of duties and better password protection protocols.

The report stated: "Unless urgent attention is given to addressing the adequacy and effectiveness of the controls in the areas reviewed, the control environment will remain weak, which may lead to undetected fraud, errors, and other irregularities, as well as financial loss to the municipality."