

POLICY BRIEF NO. 5

Public Sector Wage Bill Series

A review of the South African government's responses to the ghost worker issue

Executive Summary

The South African public sector wage bill has expanded significantly, now accounting for more than a third of consolidated government expenditure. Amid these fiscal pressures, the persistence of “ghost workers” poses a serious threat to sound public financial management (PFM). Ghost workers – individuals who appear on government payrolls despite not existing or providing any services – represent a critical vulnerability, resulting in substantial financial leakages and further inflating an already unsustainable wage bill. In its Annual Submission for the 2027/28 Division of Revenue, the Financial and Fiscal Commission undertook research to identify and assess the strategies adopted by the South African government to detect and address ghost worker schemes. The findings indicate that while the Department of Public Service and Administration and National Treasury have introduced promising compliance and data-audit frameworks, these initiatives remain undermined by systemic weaknesses, including non-interoperable databases and weak accountability mechanisms. In contrast, evidence from Nigeria, Ghana, and Tanzania shows that successful reforms are underpinned by integrated biometric systems, routine forensic audits, and consistent enforcement.

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FOCUS AREA: Public sector wage bill & payroll integrity

RELATED: DPSA Compliance Framework (2025); National Treasury Data-Driven Audit Project; GTAC Spending Reviews

THE FINANCIAL AND FISCAL COMMISSION

The Financial and Fiscal Commission is a constitutional institution that makes recommendations to organs of state on financial and fiscal matters. As an institution created in the Constitution of the Republic of South Africa, it is an independent juristic person subject only to the Constitution itself, the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) (as amended) and relevant legislative prescripts. It may perform its functions on its own initiative or at the request of an organ of state.

The vision of the Commission is to provide influential advice for equitable, efficient and sustainable intergovernmental fiscal relations between national, provincial and local spheres of government. This relates to the equitable division of government revenue among three spheres of government and to the related service delivery of public services to South Africans.

Through focused research, the Commission aims to provide proactive, expert and independent advice on promoting the intergovernmental fiscal relations system using evidence-based policy analysis to ensure the realisation of constitutional values. The Commission reports directly to both Parliament and the provincial legislatures, who hold government institutions to account. Government must respond to the Commission's recommendations and the extent to which they will be implemented at the tabling of the annual national budget in February each year.

The Commission consists of commissioners appointed by the President: the Chairperson and Deputy Chairperson, three representatives of provinces, two representatives of organised local government and two other persons. The Commission pledges its commitment to the betterment of South Africa and South Africans in the execution of its duties.

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Background

The term “ghost workers” refers to individuals who appear on official government payroll registers but do not genuinely exist or render any services. Ghost workers therefore represent a critical vulnerability in South Africa's PFM, leading to substantial financial leakages and inflating an already burdensome public sector wage bill. This form of fraud typically involves collusion among officials to create or sustain fraudulent payroll entries, diverting funds meant for service delivery and salaries. The problem is exacerbated by weak internal controls, fragmented oversight, and outdated verification processes within government payroll systems.

As part of its Annual Submission for the 2027/28 Division of Revenue, the Financial and Fiscal Commission conducted research to identify and evaluate the strategies the South African government has adopted to detect and address ghost worker fraud. Case studies from Nigeria, Ghana, and Tanzania were also examined to draw lessons from international experience. The methodology involved a structured review of academic, policy, and grey literature, alongside a detailed assessment of South Africa's recent policy frameworks and institutional initiatives from the Department of Public Service and Administration (DPSA), National Treasury, and National Treasury's Government Technical Advisory Centre (GTAC).

Research Findings

The key findings emanating from the FFC's analysis were as follows:

The DPSA's compliance framework, issued in September 2025, places legal responsibility for payroll integrity directly on Accounting Officers and mandates physical verification and strict consequence management. Its strength lies in creating direct, top-down accountability for payroll fraud. However, it relies for execution on the same departmental human resource and finance units that have historically been compromised, introducing a significant implementation risk where the framework's success depends on the integrity of the very structures it seeks to reform.

The National Treasury's Data-Driven Audit Project aims to detect fraudulent payroll entries by cross-referencing data from the government's primary payroll system, the Personnel and Salary System (PERSAL), with other critical databases from the South African Revenue Service, the Department of Home Affairs (DHA), and banking institutions. This initiative highlights a critical historical failure: PERSAL has seemingly never been functionally integrated with other essential government databases, such as those of the DHA. This lack of automated interoperability has created a persistent structural vulnerability, allowing fraudulent categories like fictitious employees to go undetected. That said, this proactive, forensic approach is a strength, directly targeting the lack of interoperability that has long allowed ghost workers to go undetected. Its principal weakness, however, is that it is contingent on achieving full system integration across different databases, which requires both political will and technical capacity to succeed.

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The Government Technical Advisory Centre (GTAC), an agency of the National Treasury, provides specialised technical advisory and project management support aimed at improving public finance management and infrastructure delivery. In its 2025 report, “Spending Reviews – Topics, Methodology and Findings, 2013–2025,” GTAC consolidated the results of 276 spending reviews conducted across various national and provincial departments. These reviews are primarily designed to identify cost savings, enhance expenditure efficiencies, and uncover opportunities to improve value for money within the public sector.

However, these reviews are fundamentally constrained by an exclusively fiscal design, which limits their ability to identify ghost worker-related inefficiencies. Despite having direct access to PERSAL data – which covers over R500 billion in annual expenditure – and acknowledging that this data could be used for forensic audits, GTAC has not utilised it for compensation of employee (COE) and headcount variance analysis to aid in the detection of ghost workers. This highlights a significant diagnostic lag between National Treasury’s long-standing policy commitments to address payroll fraud and the actual execution of diagnostic action. The initiatives above are synthesised and compared in Table 1, which outlines their core objectives, strengths, and critical structural limitations.

Table 1: Comparison of government initiatives addressing public finance management and ghost workers

Initiative	Institution	Core Objective	Key Strength	Primary Structural Constraint
Compliance Framework for Payroll Integrity	DPSA	To enforce departmental accountability through mandatory verification and controls	Creates direct legal responsibility for Accounting Officers; mandates physical verification	Relies on the administrative capacity and integrity of historically compromised departmental HR and finance structures
Data-Driven Payroll Audit Project	National Treasury	To detect fraudulent entries by cross-referencing payroll data with other state databases	Proactive, forensic use of data; directly addresses the systemic lack of interoperability	Success is wholly contingent on achieving full system integration – a long-standing vulnerability it seeks to correct
Spending Reviews	Government Technical Advisory Centre	To promote effective and efficient use of public finances by analysing expenditure for wastage and inefficiency	Has direct, comprehensive access to and analyses core PERSAL payroll data to identify fiscal leakage	Designed exclusively for fiscal oversight, not fraud detection; represents a missed forensic opportunity despite access to key payroll data

Source: FFC’s own compilation

Successful international reforms against ghost workers rely on integrated biometric systems, rigorous audits, and strong enforcement.

International experience demonstrates that integrated biometric systems, regular audits, and strong enforcement are critical to combating ghost workers. Case studies from Nigeria, Ghana, and Tanzania show that technological integration, systematic verification, and unwavering enforcement are the pillars of success (see Table 2). Nigeria's introduction of the Integrated Payroll and Personnel Information System (IPPIS), which linked payroll to biometric data and Bank Verification Numbers, uncovered tens of thousands of ghost workers and saved billions of Naira monthly. Ghana's nationwide payroll audits and centralised pre-approval for payroll commitments recovered millions in diverted salaries and strengthened budget credibility. Tanzania's national biometric verification exercises similarly identified thousands of non-existent employees, resulting in significant monthly savings. A consistent lesson across all cases is that biometric and digital integration drastically reduces fraudulent entries, but that these technical fixes must be accompanied by strong political will and consequence management to prevent recurrence.

Conclusion

South Africa's current approach to payroll integrity is comprised of three distinct but overlapping initiatives, each driven by a different primary mandate: the DPSA compliance framework focuses on strengthening departmental accountability; National Treasury's data-driven audits enable the forensic detection of fraud; and GTAC's spending reviews promote the efficient use of public finances. While only the first two directly target the ghost worker phenomenon, all three shape the payroll environment and expose systemic vulnerabilities.

The initiatives led by the DPSA and National Treasury, which focus on verifying personnel and linking government databases, represent a targeted and necessary response to payroll fraud. However, the success of these efforts depends on overcoming the structural failures they are designed to address – specifically incompatible information and communications technology systems and a historical lack of consequence management for those involved in ghost worker schemes.

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Table 2: Summary of International Case Studies on Ghost Worker Reforms

Country	Key Policy Intervention	Outcome / Impact
1 Nigeria	Implementation of the Integrated Payroll and Personnel Information System (IPPIS), linking payroll to biometric data and Bank Verification Numbers (BVN).	Uncovered over 60,000 ghost workers (2014–2016); saved NGN 2.29 billion monthly in 2016.
2 Ghana	Nationwide payroll audits and mandatory Ministry of Finance pre-approval for payroll commitments.	2025 audit revealed 67,311 ghost employees; recovered GHS 150.4 million (USD 14.4 million).
3 Tanzania	National biometric verification exercises and investment in digitised human resource systems.	2016 verification identified 19,708 ghost workers, recovering USD 10 million; monthly savings of USD 2.06 million.

Sources: Africa Briefing (2025); Leyira & Temple (2018); News Central (2025); Ng'wanakilala (2016); Okechukwu et al. (2021); Rumney (2016); Tefurukwa & Ahafiany (2025); Usman & Obi (2023)

The Commission Recommends That:

- 1 The Minister of Finance and the Minister of Public Service and Administration should jointly lead the integration and modernisation of government payroll and human resource systems into a unified platform with biometric and video verification, digital identity, and real-time interoperability with databases such as Home Affairs and the South African Revenue Service. To enforce compliance, the Minister of Finance should link all funding – including conditional grants and intergovernmental transfers – to mandatory biometric registration, regular audits, and strengthened governance across all spheres of government and state-owned enterprises.
- 2 The Minister of Public Service and Administration, in coordination with the Minister of Finance, must adopt a lifecycle approach to payroll fraud management integrating prevention, detection, enforcement, and monitoring, with strengthened consequence management including disciplinary action, fund recovery, and prosecution.

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