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21 February 2018

Ms Cindy Balie  
Committee Secretary  
Standing Committee on the Auditor-General

Dear Ms Balie

**OBJECTIONS TO CORE ELEMENTS OF THE DRAFT PUBLIC AUDIT AMENDMENT BILL, 2017**

**Our institute, representing municipal managers (Section 56 and 57, of the Municipal Systems Act), has noted with concern proposed changes to the Public Audit Act, 2004, with grave implications for our members. As a result we advise as follows on behalf of our members:**

The draft Public Audit Amendment Bill, 2017, in its effect, provides the Auditor-General with near arbitrary powers to recover municipal debts and expenditure relating to a wide range of adverse audit findings from the income and estates of Municipal Managers, who in general acts as accounting officers for municipalities.

**We object to the proposed amendments in the strongest terms, noting that:**

- a. The accounting officers are being placed in a position of guarantor of municipal trading risks.
- b. No prospective or current accounting officer can responsibly accept employment involving such level of personal risk, considering the size and operational scope of municipalities.
- c. No process of appeal is defined in the draft amendments.
- d. Misconduct by accounting officers are already criminalized in Sections 171 to 174 of the Municipal Finance Management Act of 2003, and that the proposed amendments appear to provide rights of loss-recovery which the state already has in terms of a criminal prosecution.

We strongly advise against this approach by the Auditor-General, urging reflection on the impact this would have on an already high risk an increasingly unpopular career function in Local Government.

Yours faithfully

**JEAN VENTER**  
Chief Executive Officer