

Billing crisis could result in qualified audit for Joburg

CHANTELLE BENJAMIN
and SARAH HUDLESTON

JOHANNESBURG's billing chaos could result in the city receiving a qualified audit this year.

It emerged at a city council meeting yesterday that auditor-general Terence Nombembe had rejected City Power and Joburg Water's financial statements, questioning their revenue figures because of billing problems.

The city has a budget of R28,3bn, or R5,3bn more than Cape Town, SA's next wealthiest city. A qualified audit would affect the city's credit rating.

Joburg's financial statements for the financial year to June 20 2010 were submitted to the auditor-general by September 30 and the audit was due for completion by December. But Mr Nombembe notified Johannesburg mayor Amos Masondo that he needed further assurance on revenue figures for City Power and Joburg Water.

A report from Mr Masondo's office, released yesterday, read: "The reason for the delay (in the audit) has been the delay in revenue of the city."

"During the 2009-10 financial year, the city migrated from the Venus system to the new revenue and billing management system, to ensure the reliability of the data submitted for auditing purposes, the auditor-general seeks assurance on the completeness of the revenue and auditing procedures are further enhanced."

Mr Nombembe's office did not

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respond to queries from Business Day yesterday.

Democratic Alliance (DA) councillor John Mendelsohn, who sits on the city's finance committee, said yesterday that a qualified audit would be disastrous for the city.

"After just two years of unqualified (clean) audits, a qualified audit from the auditor-

general would impact negatively. The city is heavily borrowing with long-term borrowing R15bn, and this would affect credit rating and push repayments on the loans."

During debate on the finalisation of the audit yesterday, DA councillor Patrick Atkinson said Mr Masondo and Parks Tau, the finance member of the mayoral committee, were living in a parallel universe in which they

did not deal with the reality of the billing crisis.

"Mr Masondo and Mr Tau, why don't you try and phone the call centre or stand for days trying to sort out a bill that is clearly wrong?" he asked. He cited the case of a Craighall Park pensioner whose water had been cut off because she would not pay an erroneous bill of R106 000. He said Mr Tau was "heartless".

Qualified audit for Joburg

Mayoral committee member Christine Walters responded that Mr Tau had "impeccable struggle DNA" and was a caring husband and father. She said the council had inherited a system that was a legacy of apartheid.

Project Phakama was installed in August last year.

Mr Mendelsohn proposed that Mr Masondo and Mr Tau resign — after apologising to all affected by the billing crisis.

In his reply, Mr Masondo said that Mr Atkinson had "dared" to speak of what the council had so far achieved with Phakama. "When you think that 1-million accounts have been migrated to the new system and that in Johannesburg 10 000 properties change hands each month, it is important to realise that very few organisations can handle this complexity."