



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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## **MEDIA STATEMENT**

### **MFMA EXEMPTION NOTICE**

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The Minister of Finance issued a Ministerial Exemption in terms of section 177(1) (b) of the MFMA on 05 August 2020, exempting municipalities and municipal entities from submitting their annual financial statements and related reports for auditing at the end of August 2020. The notice allows for a two-month delay in the submission of Annual Financial Statements, Annual Reports, Audit opinions, and oversight reports.

The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated.

Whilst the lockdown and restrictions have been eased over time, they are still in force and in effect with direct implications for municipalities and municipal entities. The lockdown impacts on the ability by municipalities and municipal entities to prepare and submit quality annual financial statements that meet the uniform norms and standards, related reports and processes to discharge their accountability towards the public regarding the utilisation of public funds.

The timing of the phased lockdown also had a knock-on effect on availability of municipal staff, which impacted on operations and added to the delays in ability to prepare AFS, undertake procedures such as the physical verification of assets, meter reading, revenue management, valuations, finalising supporting documentation and concluding reconciliations. There are similar negative impacts on quality assurance processes, annual reporting and oversight reports.

The effects of an exemption will also assist in mitigating anticipated widespread non-compliance with section 126, 127, 129 and 133 of the MFMA due to the national state of disaster and lockdown restrictions. This extension will grant a further two-month period to municipalities and municipal entities to submit the AFS, annual reports and oversight reports and also extend the period for the Office of the Auditor-General to submit the audit opinion and council committees to conclude their oversight processes.

All enquiries should be submitted to the MFMA helpdesk, via email to [MFMA@treasury.gov.za](mailto:MFMA@treasury.gov.za)

**Issued by National Treasury**

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