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The Municipal Manager

The Chief Financial Officer

Chief Executive Officer of Municipal Entities

Dear Sir/Madam

**SUBMISSION OF THE 2020/21 ANNUAL FINANCIAL STATEMENTS TO THE AUDITOR-GENERAL FOR AUDITING IN TERMS OF THE MFMA**

In terms of section 126 of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality must prepare the annual financial statements of the municipality or municipal entity and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. Similarly, the accounting officer of a municipal entity must prepare the annual financial statements of the entity and within two months after the end of the financial year to which those statements relate, submit the statements to the parent municipality and the Auditor-General. This means that the 2020/21 annual financial statements must be submitted by 31 August 2021 to the Auditor-General for auditing to ensure compliance with the legislative framework.

In terms of section 126(1)(b) of the MFMA, all municipalities with sole or effective control of a municipal entity, must prepare consolidated annual financial statements and submit the statements to the Auditor-General for auditing, within three months after the end of the financial year to which those statements relate. This means the 2020/21 consolidated annual financial statements must be prepared and submitted by 30 September 2021.

The National Treasury has received requests to extend the submission deadline for the 2020/21 annual financial statements due to the prevailing challenges around Covid-19. Whilst we are not reducing the gravity of the situation, we believe that there was ample time for municipalities and municipal entities to develop and introduce a system that will enable the continued functioning of the institution as well as ensuring compliance with the legislative framework, whether officials are working on site or remotely or with delegated responsibilities.

As an oversight authority we are of the view that it is important that the financial governance and accountability system is not impacted negatively from further delays as was similarly applied to the institutions reporting under the Public Finance Management Act.

Therefore, after having considered the prevailing circumstances, factors and correspondences received to date from municipalities and stakeholders, a decision has been taken not to extend the submission deadlines for annual financial statements. It is therefore expected that all municipalities and municipal entities prepare and submit the 2020/21 annual financial statements in accordance with the MFMA legislative deadlines.

In this regard we also draw your urgent attention to section 133 of the MFMA should the municipality fail to submit the annual financial statements by the legislated deadlines. Municipalities must also refer to MFMA Circular 103 issued in May 2020 which includes measures to assist with addressing possible emerging risks due to COVID-19.

Please be guided accordingly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karen Maree', with a stylized, cursive script.

**Karen Maree**  
**Acting Accountant-General**  
**Date:** 16 August 2021

Cc: Provincial Treasury: MFMA Coordinator  
Cc: Honourable Mayor  
Cc: Councillor Responsible for Finance