



Imsida Local Council

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Mr Ernestino Riolo
Mazars Malta
32, Sovereign Building
Zaghfran Road
Attard
ATD9012

27th June, 2017

Dear Mr Riolo,

Re-Management letter for Audit for year ending 31st December, 2016

We are in receipt of the management letter dated 25th April, 2017, in connection with the annual audit of the Council financial records for the year ending 31st December, 2016.

Whilst we would like to take this opportunity to thank your firm for the services and cooperation provided to the Council during their field work, we would also like to comment as follows:.

Asset Tagging

2.2. Recommendation that the Council should also include supplier details, invoice number and asset tag code details in the fixed asset register.

Due attention will be given but there are instances where this is not always possible.

Capitalisation of Expenses

2.5 Adjustment and reclassification on additions to property, plant and equipment related to repairs of the pump room at Misrah 5 ta' Ottubru.

Noted audit adjustment passed.

Depreciation

2.8 Contact Sage to remedy monthly reducing balance calculation problem.

The Council will ask Sage to look into it.

Disposal of Fixed Assets

2.11 Audit adjustment passed.

Monthly statements from all suppliers.

3.1 Not always possible suppliers and contractors are frequently asked to provide statements and a standard draft letter has been prepared for the purpose. One must bear in mind that some contractors do not have full time accounting facilities.

Central Regional Committee Surplus

4.3 re-transfers of funds withdrawn from the Central Region Surplus bank account

Noted and will transfer funds as recommended.

4.4 the Council identifies specific projects to be carried out Central Region Surplus and to control and reconcile the unutilised funds against the actual bank deposits.

Noted funds will be reconciled and controlled.

Accrued Income

4.5 adjustment to decrease accrued income of tipping fees.

A payment schedule was agreed with Wasteserve to settle the reconciled outstanding amounts due. This will balance all amounts by end 2017.

Receivables

5.1 trade receivables that are over 365 days old.

Water services corporation (to provide for bad debts).

Active Enterprises (to provide for bad debts).

Expired Tenders

6.1 Contract services despite the fact that their contract period expired:

Maintenance of public Convenience.

The Contractor's son passed away in September 2016 and the service was discontinued. The public Convenience was selected for a pilot project to commence in October 2017 and is currently being serviced by Council Workers.

The Refuse Collection Tender launched 2nd June and is currently in evaluation process.

The Street sweeping Tender launched 2nd June and is currently in evaluation process.

The Services of Contract Manager were discontinued in November 2016.

Prepayments

6.4 Prepayments on an invoice from MIB insurance was only partly recorded.

Noted and adjusted.

Tax Invoices

6.6 Computer-generated invoices which do not satisfy fiscal requirements and are not backed up by fiscal receipts.

Noted and will be addressed.

Accruals

6.8 accrual for tipping fees was understated by EUR972.

When actual invoice was received in February 2017 the December accounts were already closed, therefore the adjustment was made at audit stage.

Budget vs Accrual

6.9 The expenditure incurred throughout the period should be in line with the estimated and approved expenditure.

Added measures were taken to improve the financial situation and expenses were kept to a bare minimum.

Petty Cash Balance

7.1 the adjusted petty cash balance, as at 31st December, 2016, amounted to EUR235 which is in excess of the allowed limit of EUR233.

Amount will be reduced to EUR 230.

Coat of Arms

7.3 cheques issued by the Council do not bear the locality's coat-of-arms. As required by Article 21.1 of the Local Council's (Financial) regulations

Cheques with coat of arms have been ordered

Bank Reconciliations

7.4 All points were noted and will be given due attention.

7.7 unpresented cheque amounting to EUR3,460 was in fact presented but it was recorded twice in the books.

Noted and reversed during audit process.

Tax on Bank Accounts

7.9 Bank accounts subject to withholding tax.

Bank advised not to deduct withholding tax.

Minutes of Council meetings weaknesses

8.1a: The Council did not discuss instances where councillors had exceeded a number of absence and did not inform the Minister of such absence.

Noted and will be implemented.

b: Councillor allowance.

This will be implemented accordingly.

c: More than 5 weeks elapsed between meetings.

The Council is in agreement, in general meets every last Tuesday of the month however there are some instances that this can not be kept.

8.2 a : minutes of Council meetings and related schedule of payments are to be uploaded .

Minutes are being uploaded on the DLG site, however the Council website is non operative and no longer maintained.

8.2 b : originally signed copies are to be stored safely and bound in an annual volume.

Noted

Insurance

9 Noted

Deductions from Councillors' Allowances

10. Noted

Financial Statements

11.2 The Council's Financial Statements were not completely compliant with IFRSs.

Noted for future presentation.

11.3 discrepancies between the 31 December 2016 trial balance provided for audit purpose and the unaudited Financial Statements.

New TB was presented on the first day of Audit.

Liquidity Position

12.3 During 2017, the Council will strive to end the year with a Positive Net Asset Position.

Appointment of New Executive Secretary

13. Point noted for future reference.

We would like to take this opportunity once again to thank your firm for the services offered and cooperation shown and also for the comments raised in order for the Council to operate in a smoother and more efficient manner.

Yours faithfully,



Margaret Baldacchino Cefai
Mayor



Alan Vella
Executive Secretary