



Kunsill Lokali L-Imsida

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

15th July 2019

Dear Mr Riolo,

Re-Management letter for Audit for year ending 31st December, 2018

We are in receipt of the management letter dated 17th May, 2019, in connection with the annual audit of the Council financial records for the year ending 31st December, 2018.

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:.

- 1 **Previous management letter**
- 1.1 **Property, plant and equipment**
The Council took note refer to reply 2.1 - 2.4
- 1.2 **Income**
The Council took note refer to reply 4.1 & 4.7
- 1.3 **Receivables**
The Council took note refer to reply 5.1-5.4
- 1.4 **Expenditure**

The Council took note refer to reply
(6.1 - 6.4)
(6.5 - 6.8)
(6.14 – 6.16).

1.5 Bank and cash

The Council took note refer to reply 7.1 -7.5

1.6 Minutes of meetings and attendance

The Council took note refer to reply 8.1 & 8.2

1.7 Insurance

The Council took note refer to reply 9.1 & 9.2

1.8 Payroll

Due attention will be kept

1.9 Presentation of Financial Statements

The Council took note refer to reply 11.1 - 11.4

2 Property, plant and equipment

Fixed asset register

2.1 & 2.2 The Council took note and accepts the auditors recommendation and due attention will be given.

2.3 & 2.4 The Council accepts the auditors recommendation and due attention will be given to comply

Adoption of the capital approach to grants

2.5 The Council accepts the auditors recommendation

3 Payables

Supplier statement reconciliations

3.1 The Council will continue requesting for the monthly statements.

3.2 & 3.3 The Council accepts the auditor's recommendation.

Overdue balances

- 3.4 & 3.5 Alfred Galea (1610) was a double posting resulting from migration Pastel to Sage line 50. (35.35) is a balance from 2011 which may be coming from an adjustment and not an unpaid invoice for which amount was never claimed by the supplier. This shall be further investigated and both these amounts will be written off.
Arms this amount was posted through another invoice and results as a double posting on checking with the Arms billing this amount does reflect or show as a pending balance and will be written off
Enemalta this amount is not reflecting for services but as a court expense and payment will be issued
Valerio Schembri : Although the invoice was posted at 2011/2015 at the time the Council declined such works order and will not be paying this amount. The LC also considers that since then and for more than 2 years there were no further claims for the payment and will write off.

4 Income

Central Region Committee Surplus funds

- 4.1 - 4.7 The Council took note and the funds were transferred.

5 Receivables

- 5.1-5.4 The Local Council will try to recover any outstanding balances also please note that the balance due by Green MT was fully recovered by end March 2019 and account is settled

6 Expenditure

Expired tenders

- 6.1-6.4 The Council took note.

Procurement

- 6.5-6.8 The Council will take note and seek to implement all the auditors' recommendations.

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6.9 & 6.10 The Council took note.

Entries passed after TB was provided

6.11 & 6.12 The Council accepts the auditor's recommendations and will seek better co-ordination to notify the accountant prior to any posting in the system.

6.13 The Council took note.

Financial Statements.

Budget vs actual

6.14 The Local Council has planned part of the following improvement works for which 471,324.17 were to be sourced from PA Development funds throughout 2018 please refer to Notes for further clarification (* = funding already approved by PA)

*Triq il-Bacir (17,228) Note 1

*Triq Giorgio Mitrovich (3,792.6) Note 2

*Triq it-tabib Robert Naudi (30,975) Note 1

*Junior College Traffic Managment. (10,719.14) Completed 2018 and invoices submitted to PA

Public Convience and surrounding area (25,000) Note 3

Public gardens facelift (350,000) Note 3

Total 471,324.17 (Supplementary)

Note 1 : Funds approved by PA and works order was issued in 2018 however due to Contractors workload the works commenced in 2019 and are not yet invoiced

Note 2: Funds approved by PA and works order was issued in 2018 however Infrastructure Malta advised that the road will be reconstructed and works order was cancelled.

Note 3 : Applications submitted to PA for development permits and Development funds .However Infrastructure Malta has in the meantime advised to put all plans on halt pending its New Traffic management plans development

6.15 & 6.16 All points were noted and will be given due attention.
Also Referring to 6.14 and if required alternative proposals.

- Depending on the method of funding the norm is that the Local Council pays the contractors and claims the approved funds from the P.A. The process may take a number of months until the Local Council receives the final settlement.
- As from January 2019 regulations state that the Local Council can propose and apply for up to 70% of the funds or 100% for a joint proposal at regional level.

The Local Council is saving amounts in order to cover both purposes and ensure an adequate cash flow until the amounts are settled

7 Bank and cash

Bank reconciliations

7.1 & 7.2 At the end of the QTR 3 the LC administration has started to reconcile the statements on a weekly basis this is now a normal standing procedure.

Cash Deposits

7.3-7.5 Due to increased work load and throughout the end of 2017 and during 2018, The local Council has been trying to employ additional staff (as approved by the DLG) However in July there was also a resignation and the work load re distributed .Two new staff members were engaged during September and one was assigned with the specific tasks including reconciliations (7.2) and deposits. The performance did not produce the expected results, on the contrary the LC had to go through some rechecking (7.4). The LC took note of all points and will seek to abide.

8 Minutes of meetings


8.1 & 8.2 The Council took note

Attendance

- 8.3-8.5 The Council took note
- 9 Insurance
- 9.1 & 9.2 The Council will review and adjust accordingly the insurance coverage and adhere to circular 33/2016
- 10 Payroll
- Payroll reconciliation
- 10.1 & 10.2 The Local council accepts the auditor's recommendations
- 11 Financial Statements
- Presentation of Financial Statements
- 11.1 - 11.4 Noted all points taken and the Council will ensure that for future presentation due attention will be given to ensure that the Council's future Financial Statements are compliant.
- 12 12 Budget and business plan
- 12.1 & 12.2 The Local council accepts the auditor's recommendations

The I-Inside Local Council 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,



Mr. Alan Vella
Executive Secretary



Ms. Margaret Baldacchino Cefai
Mayor

Cc Mr. Christopher Galea, Director, Department for Local Government
Auditor General, National Audit Office, Floriana