



Kunsill Lokali L-Imnsida

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

27th July 2020

Dear Mr Riolo,

Re-Management letter for Audit for year ending 31st December, 2019

We are in receipt of the management letter dated 28th May, 2020, in connection with the annual audit of the L-Imnsida Local Council ^(L.C) financial records for the year ending 31st December, 2019.

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

1 Previous management letter

1.1: Property, plant and equipment

The L.C took note refer to replies in 2

1.2: Payables

The L.C took note, please refer to replies in 3.

1.3: Income

The L.C took note, please refer to replies in 4.

1.4: Receivables

The L.C took note, please refer to replies in 5.

1.5: Expenditure

The L.C took note, please refer to replies in 6.

1.6: Bank and cash

The L.C took note, please refer to replies in 7.

1.7: Meetings

The L.C took note, please refer to replies in 8.

1.8: Insurance

The L.C took note, please refer to replies in 9.

1.9: Payroll

The L.C took note.

1.10: Presentation of Financial Statements

The L.C took note, please refer to replies in 11.

1.11: Budget and business plan

The L.C took note.

Current year issues**2 Property, plant and equipment****Fixed asset register**

2.1-2.5: For all new fixed assets purchases, the L.C is recording information such as supplier details, date of purchase and system reference of the accounting entry. For the old items in the FA register, records are in the process of being labelled and any obsolete items to be disposed of, and the accounting entry to be carried out during 2020. While points 2.3 & 2.4 were noted and approved remarks on 2.5 were noted and the L.C will abide.

3 Payables

Supplier statements

3.1: As correctly observed the L.C regularly requests statements from its suppliers. Indeed memos issued from by the DLG specifically state that the L.C should obtain monthly statements. However this ultimately depends on the ability of suppliers to comply with the L.C request

Overdue balances

3.2-3.3: The overdue payable with Wasteserv Malta Ltd. was subsequently paid directly by DLG however a payment of 1000 euros is in dispute as the L.C cannot consent for a deposit related to skips which are no longer in use for a number of years and which should in effect have been refunded back to the L.C. While on the other items the L.C will proceed as recommended.

Other Payables

3.4: The L.C took note of auditor's comments.

4 Income

Bad debts written-off

4.1: The L.C took note of auditor's recommendations for future reference.

Organic Waste

7.4-7.5: The L.C confirms that deposits are not always possible to be done twice a week depending on the workload which is also getting more complex with current changes imposed by the bank. The LC took note of all points and will seek to abide and also align with current changes being imposed by the bank.

8 Council Administration and Meetings

8.1-8.2: As noted throughout 2019 The L.C has adhered to the meetings as required at least once a month and within the 5 week interval. However in December 2018 It was realised that due to commitments and other different reasons there would not be a quorum in the first weeks of January 2019.

9 Insurance

9.1-9.2: The L.C is reviewing the current insurance policies to adjust accordingly.

10 Payroll

Leave balances

10.1-10.2: In General the L.C ensures that all vacation leave is taken in proportion during the year and no hours are carried forward for the following year. The mentioned were an exception for particular reasons and the L.C has taken note of the auditor's comments.

11 Financial Statements

Presentation of Financial Statements

11.2: Cash and cash equivalents are demand deposits, a 1-day probability of default has been applied, based on the respective external ratings of the counterparty banks and an adequate loss given default rate to the carrying amount at the measurement date.

The L-Insida L.C banks only with a local financial institution with a high quality standing or rating. At 31 December 2019, cash and cash equivalents are held with counterparty with a credit rating of BBB and are callable on demand. The L.C considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the L.C.

Conclusion

The I-Insida 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 L.C to operate in a smoother and more efficient manner.

Yours faithfully



Margaret Baldacchino Cefai.
Mayor.



Alan Vella.
Executive Secretary.

cc. Mr Christopher Galea , Director Monitoring and Support , Local Government Division.
Auditor General , National Audit Office ,Floriana