



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

5th June, 2017

Dear Mr Riolo,

**Re-Management letter for Audit for year ending 31st December, 2017.**

We are in receipt of the management letter dated 26th April 2018, in connection with the annual audit of the Council financial records for the year ending 31st December 2017.

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 of all recommendations. An exercise will be held during 2018 to account for fixed assets using the straight line method instead of the Reducing Balance Method, as per DLG Directive 01/2017 and issues with the fixed assets register and depreciation will be resolved.

**1.2 Payables**

The Council will seek to continue requesting monthly supplier statements.

**1.3 Income**

The Council took note refer to reply 3.1 to 3.6

**1.4 Receivables**

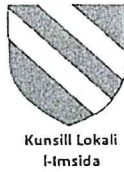
The Council took note refer to reply 4.2 to 4.3

**1.5 Expenditure**

The Council took note refer to reply 5.3 to 5.13

**1.6 Bank and cash**

The Council took note refer to reply 6.1 to 6.3



### 1.7 Minutes of meetings

The Council took note refer to reply 7.1

### 1.8 Insurance.

The Council took note refer to reply 8.1 & 8.2

### 1.9 Payroll

The Council took note refer to reply 7.3 & 7.4 & 9.1

### 1.10 Presentation of financial statements.

The Council took note and corrective measures will be taken to comply with IFRS requirements. Refer to 10.1 & 10.2

### 1.11 Liquidity position.

The Council has made it a priority to take all corrective measures to improve its position and be above the required threshold.

### 1.12 Appointment of new Executive Secretary.

No comments

## Current year issues

## **2 Property, plant and equipment.**

### Fixed asset register

2.1.& 2.2 The Council is currently reviewing the register in order to migrate to a new accounting system with an updated register, and will take the auditors recommendation to include supplier details, invoice number and asset tag code details in the fixed asset register. Due attention will be given to comply with all new & recent purchases.

### Reconciliation of fixed asset register to fixed asset schedule.

2.3 & 2.4 The Council accepts all auditors' recommendations. An exercise will be held during 2018 to account for the fixed assets using the straight line method instead of the Reducing Balance Method, as per DLG Directive 01/2017 and the issues with the fixed assets register and depreciation will be resolved.

### Disposal of assets.

2.5 & 2.6 The Council is currently reviewing the register in order to identify all assets that have to be written off. The Council accepts all auditors' recommendations.

2.7 The Council accepts all auditor's recommendations.



### Depreciation

2.8 The Council has tried to remedy the problems of the monthly reducing calculation within the system. However the changes which will be implemented and a new accounting system will resolve the issue.

## **3 Income**

### Central Regional Committee Surplus

3.1 & 3.2 Noted the Council will identify specific projects to be carried out and funded by Central Region Surplus funds. The unutilised funds will be controlled and reconciled against the actual bank deposits.

### LESA surplus funds

3.3 & 3.4 The Council accepts the auditor's recommendations.

### Accrued Income

3.5 & 3.6 The Council accepts the auditors' recommendations.

## **4 Receivables**

4.1 & 4.2 The Council will continue to meet and discuss with the debtors to recover the amounts overdue and will write off any amounts that prove unrecoverable as recommended by the auditors.

4.3 Credit note issued to Sean Fitz during 2018.

## **5 Expenditure**

### Expired Tenders

5.1 to 5.3 The Council took note and has or is going to publish Three New tenders through the Epps which have expired or will expire in 2018.

### Procurment

5.4 The Council took note and will include the CV's of future tender evaluation committee members.

5.5 The Council took note.

5.6 Request for Quotation are being prepared and in September upon Renewal the insurance will reflect the fair current value.

5.7 The Council took note and will abide with the current Tendering procedures.



#### Other Expenses.

5.8 & 5.9 The Local Council took note.

#### Accruals

5.10 The Local Council took note.

#### Budget vs Actual

5.11 to 5.13 The 2017 Budget aim was improve the financial situation by keeping expenses to a bare minimum and generate income. The Local Council intends to follow the budget and accepts the Auditors recommendations.

### **6 Bank and Cash**

#### Bank Reconciliations

6.1 to 6.2 All points were noted and will be given due attention. The Local Council accepts the auditor recommendations

#### Cash Deposits.

6.3 The Local Council took note and will ensure to increase the weekly deposits.

### **7 Minutes of meetings.**

7.1 The Council took note of the auditor observations and will include the IFFIRMATA as indicated in the template of Memo 10/2016 as from minutes 75. The meetings in general are called every last Tuesday of the month however please note that Meeting 59 was on the 27th June and meeting 60 was set for the 27th July. Later by pre advise it was agreed to change to the 1st August due to other commitments by most Councillors. Still the meeting was held within a 5 week time frame.

#### Attendance

7.3 & 7.4 The Council took note of the auditor observations and will comply

### **8 Insurance**

8.1 & 8.2 The Council will increase the insurance coverage upon renewal in September and will reflect the fair current value once the asset list is updated.

### **9 Payroll**



Kunsill Lokali  
I-Imnsida

9.1 The Council took note of the auditor observations

## 10 Financial Statements

### Presentation of Financial Statements

10.1 & 10.2 Noted all points taken and the Council will ensure that future presentation of the Council's Financial Statements are all compliant with IFRSs requirements.

The Council values the auditors opinion and accepts their recommendations mentioned above

The I-Imnsida Local Council would like to take this opportunity once again to thank your firm for the services offered , cooperation shown and 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

cc. Mr Adrian Mifsud, Director, Department for Local Government  
Audtor General, National Audit Office, Floriana