



Our Ref: ILC 6/95

The Auditor General
National Audit Office
Notre Dame, Reavelin
Floriana
Malta

29 July 2022

Re: Management letter for audit for the period ended 31st of December 2021

Dear Sir,

We are in receipt of the management letter received on the 7 July 2022 in relation to the annual audit of the Council's financial statements for the year ended 31st of December 2021. Whilst we would like to take this opportunity to thank your firm for the professional services and co-operation provided to the Local Council during their fieldwork, we would also like to comment as follows:

1. Previous management letter

The issues in respect of previous years management letter will be tackled in detail under their respective section.

2. Opening balances

The difference in opening balances in the Sage Evolution accounting software have all been readdressed.

3. Fixed Asset Registry

3.1 to 3.3 The Local Council will include the missing details in the Fixed Asset registry when possible.

3.4 to 3.5 The difference of € 966 relates to an grant. This was adjusted for accordingly.

5.9 to 5.10 The difference identified by the auditors of € 30,987 mainly relates to Assets under construction not yet included in the Fixed Assets Registry since the assets are not yet in operation. The Local Council is aware that there is a difference of € 3,683 between the FAR and Financial statements as per Reconciliation statement.

4. Receivables

4.1 & 4.2 The Local Council will report the Loqus debtor and related Provision for Bad debts in the accounting system.

Accrued Income

4.3 & 4.4 From the € 5,603.92 accrued income an amount of € 4,612.92 relates to Accrued income to be received on Triq il Wied expenses and only € 787 relates to old balances brought forward from previous accountants dated before 2015. These will be written-off during the the year 2022.

5. Bank and cash

The Local Council will obtain Bank statements from BOV prior to the closure of the accounts in order to record transactions in the accounting system.

6. Deferred Income

The Local Council will obtain guidance from the Local Government Department on the unused funds of € 6,870 on the football ground project and € 3,200 on the Accessibility fund. As proposed by the auditors, the Local Council will see if such funds can be used on other projects that the Local Council intends to perform.

7. Payables

The Council will request creditors statements ongoingly during the year. The Council had in hand the main creditors statements as at 31 December 2021. Furthermore, the old creditors shown in the creditors list were all adjusted for as recommended by the auditors.

8. Income

The Local Council will ensure that grants are accounted for correctly in the financial statements with grants in relation to current expenditure treated as income for the year while grants in relation to capital expenditure capitilised and treated under the Capital approach in line with Directive 1/2017 of 2018. The two adjustments proposed by the auditors have been reflected in the financial statements.

9. Expenses

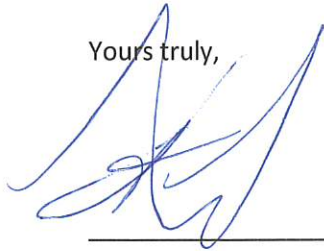
The Local Council will ensure that expenses are allocated correctly to their respective expense accounts. The compensation for damages was accounted for under operations and maintenance as these were reported as claims for damages. This was adjusted as proposed by the auditors.

The annual amortisation on the right-of-use assets is shown separately from rent in the financial statements. The Local Council will include separate accounts in the nominal ledger.

The accounting fees accounted for as IT expense was an error that was adjusted for as proposed by the auditors.

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

Yours truly,



Etienne Montfort

Executive Secretary