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Our ref MB/mf/86923  
10 May 2023



Dear Sir,

**Financial statements for the year ended 31 December 2022**

During the course of our audit for the year ended 31 December 2022 we have reviewed the accounting system and procedures operated by your council. We set out in this report the more important points that arose as a result of our review.

**1 Previous management letter**

**1.1 Opening balances**

We are pleased to inform that we did not encounter differences between the amount disclosed in signed financial statements for the year ended 2021 and trial balance as at 1 January 2022.

**1.2 Fixed assets**

We again noted that the fixed asset register does not include all necessary information (refer to note 2.1).

There are still instances where fixed asset register does not reconcile with financial statements (refer to note 2.4).

**1.3 Receivables**

We again noted that debtors in the Loqus report 622 are not recorded in the books (refer to note 3.1).

We again noted that the council's accrued income includes amounts which are brought forward from prior years with no supporting documentation (refer to note 3.3).

**1.4 Bank and cash**

We are pleased to inform that we have not identified discrepancy between the balances noted in the books of account and amounts included in bank statements.

**1.5 Deferred income**

The council is carrying forward deferred income for the football ground which was received over ten years ago (refer to note 4.1).

## 1.6 Payables

We again encounter differences in the reconciliation of trade creditors against confirmation replies (refer to note 5.1).

## 1.7 Accounting for grants

We did not encounter issues in the recognition of grants during the year.

## 1.8 Expenditure

We did not encounter issues in the classification and presentation of expenses.

## 2 Fixed assets

### Upkeep of fixed asset register

2.1 We have noted that the fixed asset register does not contain complete details such as reference numbers, suppliers' details or location of all assets thus posing difficulty in the identification of specific assets.

2.2 We recommend that every possible effort should be made to update the fixed asset register and include at least the following details:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation rate
- Location of the asset
- Grants received

2.3 An updated fixed asset register enables the council to exercise proper control over the council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council's fixed asset register is updated.

### Reconciliation of financial statements to excel fixed asset register

2.4 During our fieldwork, we noted that the fixed asset register provided in excel does not agree to the unaudited financial statements. The following is a summary of the differences:

	NBV in fixed asset register	NBV in the financial statements	Difference
Construction	18,748	39,309 -	20,561
Office Furniture and Fittings	5,532	3,302	2,230
Urban improvements	70,787	43,811	26,976
Office equipment	7,782	4,849	2,933
Special Programmes	29,040	46,145 -	17,105
Project under construction	-	24,723 -	24,723
	131,889	162,139 -	30,250

2.5 We recommend to the council to investigate and reclassify the variances identified between asset categories in the financial statements and the fixed asset register.

### 3 Receivables

#### Pre-regional LES debtors

- 3.1 According to report 622 generated from the Loqus system, the tribunal payments as at 31 December 2022 were €48,250, which amount was not identified in the financial statements. We did not propose an audit adjustment to account for these LES debtors because it has no effect on the financial statements since LES debtors are carried at nil value following a provision for doubtful debts for the same amount.
- 3.2 We recommend that the council should obtain plausible explanation and evidence from Loqus supporting the tribunal pending payments.

#### Accrued income – old balances

- 3.3 Included with accrued income is an amount of €5,604 brought forward from previous years for which no supporting documentation was available. The council informed us that these were old balances which were previously accounted for and not received.
- 3.4 We advise the council to establish if the amounts are still to be received and if not consider writing them off in the books of account after obtaining council approval.

### 4 Deferred income

#### Football ground project grant

- 4.1 We again noted that the books of account include €6,870 as deferred income in relation to the football ground project. The previous auditors pointed out that this grant was received over ten years ago.
- 4.2 We recommend the council to seek clarification to see if the funds should be given back or whether it can be used for another project.

### 5 Payables

#### Trade payables' reconciliation

- 5.1 As part of our audit procedures we circularised confirmation letters to selected suppliers. We noted the following:

Supplier	Amount in council's books of account €	Amount in confirmation reply €	Difference €
Joseph Gili	226.56	-	226.56

- 5.2 The council has amended the financial statements to include an adjustment to reconcile the difference.
- 5.3 We remind the council that circular 1/2021 states that the council should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

## 6 Bank and cash

- 6.1 During our testing of cash balances, we noted a fixed deposit account of € 7,357 with an original maturity of 6 months. This was classified by the council as part of cash and cash equivalents.
- 6.2 We proposed to reclassify the balance as other current financial assets instead of as part of cash and cash equivalents.
- 6.3 We inform the council that as per IAS 7, Statement of Cash Flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

## Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Mr Etienne Montfort and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

