

The Mayor
Iklin Local Council
11 Three Villages
Trejget Ir-Rumanzieri
L-Iklin IKL1320

Our ref: PC/mf/114425

29 April 2025

Dear Sir,



Financial statements for the year ended 31 December 2024

During the course of our audit for the year ended 31 December 2024, we have reviewed the accounting system and procedures operated by Iklin Local Council (the "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 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).

1.2 Receivables

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

We are pleased to note that we have not identified differences in the performance of alternative procedures on debtors.

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	17,736	38,297	(20,561)
Office furniture and fittings	3,968	2,817	1,151
Urban improvements	47,863	20,887	26,976
Office equipment	2,153	(60)	2,213
Special programmes	16,324	33,429	(17,105)
Motor vehicles	6,080	7,483	(1,403)
Project under construction	-	8,260	(8,260)
	94,124	111,113	(16,989)

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; and ensure that amounts recorded in the nominal ledger agrees to the fixed asset register and the financial statements.

3 Receivables

Pre-regional LES debtors

- 3.1 According to report 622 generated from the Loqus system, the tribunal payments as at 31 December 2024 were €45,502, 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.

4 Deferred income

Long-outstanding deferred income

- 4.1 In 2011, the Council was given by the DLG an amount of €6,600 for the stairlift at council offices. The actual cost of the stairlift purchased in 2019 was €3,400. To this end the remaining €3,200 remained unutilised.
- 4.2 We recommend that the Council follows this up with DLG and either settle or, if considered non-payable, reverse after careful consideration and approval by the Council. Any decisions taken should be fully explained and taken into the Council's minutes.

5 Expenditures

Reconciliation of Final settlement system (FSS) returns

- 5.1 During the review of employee compensation, a difference amounting to €883 was noted between the total amount of the FS5s and FS7 submitted by the Local Council in 2024. The difference pertains to the Councilor's allowance for March and June 2024 which were not included in the FS5.
- 5.2 It is recommended that the Local Council ensures that documentation compiled and submitted to the Commissioner for Revenue are reconciled and properly declared. Any difference should be investigated and explained.

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 Association. 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,

Grant Thornton