



Hal Balzan Local Council

The Director
Department for Local Government
26, Archbishop Street
Valletta VLT 1443

21st May 2018

Dear Mr Mifsud,

Re: Reply to Management Letter 2017

Please find hereunder the Hal Balzan Local Council's response to the Management Letter for the year ending 31st December 2017.

2. Income

Accrued Income

- 2.2 The Council wishes to point out that reconciliation has been carried out.
- 2.3 Noted. The Council will be clearing this with the Department for Local Government.

3. Payroll

FS5 and FS7 Reconciliation

- 3.2 The FSS documents have been emended and submitted as recommended by the auditors. The Council wishes to point out that salaries paid its employees are now being reported in the respective FSS documents gross of any voluntary deductions for Charitable Institutions and net of other deductions. With regards to the reconciliations between FSS reports and the ledger, the Council will follow through auditors' recommendation.

4. Fixed Assets

Fixed Assets Register

- 4.2 The Council ensures that all new additions are recorded with the location of assets. As for the assets which do not include the location, as has already been noted in previous years, this exercise is impossible unless the Council can get access to the data in the previous system. When the old accounting system was upgraded, this



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information was left out when the data transfer was affected by the supplier and since then no longer accessible.

5. Bank and cash

Bank Reconciliations

5.2 The recommendation has been taken into consideration. During the current financial year, bank reconciliations are already being done within the timeframe by the accountant and signed by the Executive Secretary.

6. Creditors

Suppliers' statements

6.2 Noted. The Council is doing its utmost to collect statements from suppliers on a monthly basis. However, kindly note that creditors are minimum as all invoices are paid within 30 days due to our healthy financial position.

Long outstanding trade payables

6.5 The recommendation has been noted.

Debit balances

6.6 The Council notes that the balances are recoverable against future expenditure.

7. Expenses

7.2 This observation has been noted and the Council will follow through the recommendation made by the Auditors' to avoid such instances.

8. Grants and deferred income

Government Grants

8.4 Noted. The Council will do its best to maintain more accurate procedures in accounting for grants.

Unutilised funds

8.7 Noted. The Council will comply with the auditors' recommendation.



9. Procurement

Payments made prior to approval

- 9.2** - M.Cini – These relate to the monthly payments for the handyman service. The payments were being processed and paid with the Council employees' salaries, on the last Friday of every month, in agreement with the Council.
- The Computer Clinic – This relates to the purchase of a printer for the front office. This was needed urgently and the supplier asked for prompt payment. We will do our utmost to avoid similar instances.

Tendering and quotations

- 9.3** The Council continued to use the service throughout the year since there was no need for any re-negotiations.
- 9.4** The Executive Secretary has informed the Council that, for such expense, the Council shall issue a public call for quotations or shall acquire at least 3 quotations, as per the Local Councils (Tendering) Procedures. Due to the urgency of the matter, the Council agreed to proceed with the quote received due to the fact that the new Council's office had to be ready as soon as possible.
- 9.5** The Council noted the auditors' recommendation and shall ensure that in the future, it complies fully with the regulations.

Budgeted vs actual expenditure

- 9.6** In the original budget, the Council had included the amount of €46,822 as budgeted expenditure for 2017 in relation to the Street lighting luminaires project, which amount was payable during 2017. The actual purchase of these luminaires was in 2016, but the payment of these was effected in 2017 as per contract. Since the budget is a mix of an accruals and cash basis, the Council saw it fit to include these amounts in the budget for 2017 rather than 2016 since the payment was being effected in 2017.
- 9.8** Noted. Variations may arise, however, the Council will do its utmost to be more in line with the budget. The Council will do its utmost to present revised budgets throughout the year to overcome any variations that may arise.

10. Local Enforcement System

Pooling Period

- 10.2** Noted. The Hal Balzan Local Council has no authority or control over the Joint Committee.



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12. Minutes of meetings

Binding of minutes

- 12.1** Throughout the years, the Council has always bound its minutes at the end of each legislature.
- 12.2** The Council will ensure that the minutes are bound at the end of each year to ensure compliance with the Local Council (Office) Procedures.

The Hal Balzan Local Council would like to thank the auditors for their constructive and professional advice provided during the course of their audit.

During the Council meeting held on Monday 21st May 2018, the Hal Balzan Local Council has discussed and clearly understood the contents of the Management Letter sent by the Auditors and will be making the necessary amendements as outlined in this reply.

SIGNED

Not. Ian Spiteri
Mayor

SIGNED

Doriette Farrugia
Executive Secretary

cc Auditor General, National Audit Office
Mazars Malta