



Hal Balzan Local Council

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

23<sup>rd</sup> July 2020

**Dear Mr Galea,**

**Re: Reply to Management Letter 2019**

Reference is made to the Auditor's Management Letter dated 28<sup>th</sup> April 2020 and received on 26<sup>th</sup> June 2020.

Please find hereunder the Hal Balzan Local Council's response to the Management Letter for the year ending 31<sup>st</sup> December 2019.

As a follow-up to last year's report, the Council has made sure to address the issues raised last year in the management letter.

**1. Follow up on prior year's issues**

Whilst acknowledging the positive remarks raised by the Auditors with regards to the previous year management letter, other comments raised under:

- 1.1 will be dealt in notes 2.1, 2.6 and 2.9,
- 1.3 will be dealt in notes 3.1 and 3.4,
- 1.4 will be dealt in notes 4.3 - 4.4,
- 1.5 will be dealt in note 6 and
- 1.6 will be dealt in note 9.

**Current year issues**

**2. Property, plant and equipment**

**Fixed Asset Register**

2.1 - 2.2: The finding has been noted. The Council has tried to identify the location of a number of assets and updated them accordingly, while it will continue to look at the other assets and try to identify their location and update it in the Register.

**Reconciling fixed asset register and fixed asset schedule**

2.3 – 2.5: This has been noted and since the conclusion of the audit the discrepancies have been duly rectified.



## **Grants**

2.6 – 2.8: The auditors' recommendations have been noted.

2.9: As stated in the Management Letter, the Council approved the proposed adjustment and reflected it in the audited Financial Statements.

2.10: The Council noted the auditors' recommendation

## **3. Creditors**

### **Suppliers' statements**

3.1 - 3.3: The Council duly notes the recommendation. However, it is to be noted that suppliers are not always forthcoming in sending a statement and hence the difficulty in following the recommendation.

### **Long outstanding trade payables**

3.4 – 3.6: The Council notes the recommendation and will investigate those balances which are not subject to warrant of seizure.

## **4. Procurement**

### **Tendering and quotations**

4.1: As indicated in the previous year's reply to the Management Letter, it is true that the Cleaning of Public Convenience Service is being carried out by the supplier providing the handyman services. This service is being rendered by Direct Order for a total expense of €3,510 for 2019 and as per Public Procurement Regulations the above total did not exceed the total value of €5,000 during the one year calendar period. Also, the cost for carrying out this service never exceeded the amount of €500 per month. Once again, the Council would like to point out that this service is being rendered by Direct Order since the Ministry for Tourism was working on a Public Private Partnership for the upgrading and manning of the Public Conveniences in Central Malta. By this partnership, various public conveniences including the one in our locality had to be upgraded and maintained by a private operator chosen by the Ministry.

4.2: The Council noted the auditors' recommendation and shall ensure that in the future, it complies fully with the Public Procurement Regulations and the respective Guidelines.

### **Budgeted vs actual expenditure**

4.3 – 4.5: The Council notes the observation. Although every endeavour is taken to ensure that budgets are as accurate as possible, things do change over the period and which require



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deviations from the original budget. Obviously, the Council keeps a watchful eye on its finances and always ensures that expenditure is within the reach of the Council's finances and will not authorise any expenditure that will jeopardise its financial position to the extent that it puts in debt or outside the parameters of the Financial Situation Indicator.

### **5. Expenses**

5.1 - 5.2: The Council will ensure that expenses are classified in the right manner.

### **6. Local Enforcement System**

6.1 – 6.2: Noted. The Hal Balzan Local Council has no authority or control over the Joint Committee.

### **7. Payroll**

#### **Allocation of payroll costs in the nominal ledger**

7.1 – 7.2: The auditors' recommendation has been noted by the Council.

### **8. Deferred Income**

#### **Central Region Funds**

8.1: The Council has already identified projects that will be utilising these funds. These funds are not sufficient to carry out the projects being envisaged and, thus, it is looking into tapping other funds to supplement these funds to execute these projects.

### **9. Financial Statements**

#### **Presentation of Financial Statements**

9.1: The observations were noted.

#### **Capital Commitments**

9.2: The Council noted the auditors' observations.

#### **Other issues identified in the Financial Statements**

9.3: The Council noted the auditors' observations.



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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 Thursday 23<sup>rd</sup> July 2020, 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 amendments as outlined in this reply.

**SIGNED**

Notary Ian Spiteri  
Mayor

**SIGNED**

Doriette Farrugia  
Executive Secretary

cc Auditor General, National Audit Office  
Mazars Malta