



25<sup>th</sup> August 2022

Director,  
Department for Local Government  
26, Archbishop Street,  
Valletta

Dear Sir,

### **Management Letter – Financial Year – 2021**

Reference is made to the above-mentioned letter dated 28<sup>th</sup> July 2022, received at this office on the 17<sup>th</sup> August 2022, concerning the systems and controls used by the Council to safeguard the Council's assets in line with prevailing legislation dealing with local councils.

The contents of the Management Letter were read and discussed by the Council, where it was deemed appropriate to forward the following comments:

1. FOLLOW-UP: MANAGEMENT REPORT – YEAR ENDED 31 DECEMBER 2021

The Council has addressed to the best of its abilities all matters which were mentioned in last year's management report, other than those, which were outside the control of the Council. The Council did not have a full time Executive Secretary for most of 2021 and had the services of only a Deputy Executive Secretary. The Council will continue to strive to improve its internal control procedures during 2022.

2. PROPERTY, PLANT AND EQUIPMENT

It is to be noted that depreciation is calculated through the Fixed Asset Register and posted directly from the FAR to nominal ledger through Sage Line 50. The Council will be looking into this comment about the Fixed Assets to be written off and update the FAR accordingly. Any proposed audit adjustments were included in the updated financial statements.

3. CASH AND BANK

The Council is not aware of any difference in the cash count. Recently, when the new Executive Secretary was recruited, a cash count was performed and no difference was noted

4. RECEIVABLES

Comment noted. Since amount is a balance with Government Departments, funds will be remitted and thus the Council does not believe that a provision should be made.

5. PAYABLES

Comment about the old payables balance had been noted during the year and a number of such balances were written off during 2020. The Council does pay its creditors in a timely manner and thus, does not have



any creditors other than those which would be paid in the following schedule of payment and the creditors on which there is a dispute.

6. EXPENDITURE AND TENDERS

Whilst noting the Financial Procedures (1996 – Finance), KLP1/96, P1.09b, it is important to note that the Council issued purchase requests and purchase requests for all purchases other than those which are covered by a contract. The Council does its utmost to follow the public procurement regulations carefully. Mentioned immaterial overspending when compared with budgets in utilities, and rent expenditure is noted.

The auditor stated that there was a marginal overspending in Rent and Office Materials and Supplies. It is to be noted that Office Materials and supplies increased only by Eur200 when compared with preceding year and one have to keep in mind that it was Covid year in most 2020,. Increase in rent is due to a new agreement signed with the Lands Authority for the new premises of the Council

7. MID-TERM AUDIT

Remarks regarding the Mid-Term Audit have been noted.

Yours faithfully,

S. Borg  
Mayor

H. Grech  
Executive Secretary

Cc: Ms Tanya Mercieca – Audit Manager – National Audit Office  
Mr. Conrad Borg – RSM Malta