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8 July 2022

Dear Madam,

Financial statements for the year ended 31 December 2021

During the course of our audit for the year ended 31 December 2021 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 Joint Committee

In previous management letter, we noted that the Zejtun Joint Committee, of which Gudja local council formed part up to 31 August 2011, has provided audited financial statements for the year ended 31 December 2014.

The reserves of the committee at that date amount to €840,665. We were unable to determine whether the council is entitled to receive any further income from the Joint Committee. As a result, our audit report has been qualified.

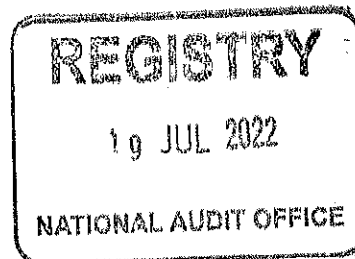
Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated and that the council receives any further income that may be due to it.

1.2 Supplier statements

The council once again failed to obtain all supplier statements to confirm the year end balances (refer to note 2.1).

1.3 Upkeep of fixed asset register

The fixed asset register still does not include all necessary details (refer to note 3.1).



2 Trade and other payables

Supplier statements

- 2.1 We have noted that despite several efforts, the council did not obtain statements as at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account.
- 2.2 We understand that the council does make every effort to obtain statements from its suppliers and that sometimes it is difficult to obtain monthly statements due to suppliers' inefficiency. However, we recommend the council keeps on chasing its suppliers for regular statements. This will ensure that the council's creditors are properly recorded in the accounts and that any differences or disputes are highlighted promptly.

3 Fixed assets

Fixed asset register

- 3.1 When reviewing the fixed asset register, we noted that relevant details like invoice number, location and depreciation for the year are missing.
- 3.2 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.
- 3.3 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.

4 Income

Supplementary Government income

- 4.1 We noted that the Council failed to accrue the income from Organic Waste Collection for the month of December 2021 amounting to €2,181. The invoice was issued and recorded in 2022. An audit adjustment was proposed to accrue the income. The adjustment has been reflected in the audited financial statements.
- 4.2 We reminded the Council to adhere to the accrual basis of accounting where income is recognised when earned.

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 Ms Lara Mascena and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

