



Grant Thornton

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The Mayor
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Our ref: MB/mf/102322

16 June 2022

Dear Sir,

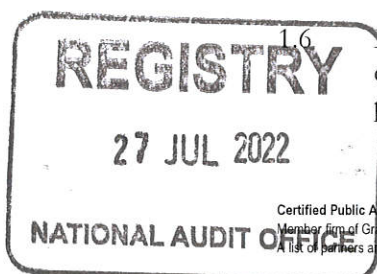
Financial statements for the year ended 31 December 2021

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 (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 The council should not rely on the year-end audit to reveal errors in the preparation of its accounts. We remind the council that it is the responsibility of the executive secretary and council's members under the Local Councils (Financial) Procedures to ensure that the financial statements present fairly the income, expenditure and retained funds of the council as at the year-end.
- 1.3 In 2020, the council received €87,583.76 from the Department for Local Government for Wasteserv tipping fees. The council failed to record this transaction. The adjustment was correctly included in the audited financial statements. No similar error has occurred in 2021.
- 1.4 In the prior year, during our fixed assets' testing procedures, we were not provided with the fixed asset register and therefore we were not able to perform any audit procedures in relation to the depreciation of fixed assets. This was rectified in the 2021 audit, however, there were noted discrepancies in the provided schedule – see point 3.
- 1.5 We recommended that the bank reconciliation is performed on a regular basis at least monthly to determine all errors and ensure that the book balance is correct. It is absolutely essential that the council keeps strong control over its cash and bank balances. The reconciliations should be checked to ensure that there are no 'stale' or cancelled cheques. We are pleased to note that bank reconciliation has now been performed by the Local Council.

1.6 In 2020, we recommended that the council reconciles the creditors' list with the creditors' control account. We again noted a shortcoming in the trade and other payables reconciliation – see points 4 and 5.



Certified Public Accountants

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2 Opening Balances

2021 transactions recorded in 2020

- 2.1 During our testing of the opening balances, we noted that the Council's accountant erroneously recorded a batch of payment amounting to €50,885 relating to year 2021 in the year 2020. This resulted to a material difference in the beginning balances and the 2020 audited financial statements of the cash in bank and creditors account.
- 2.2 Although the error does not affect the balances as of 31 December 2021, we recommend that the council perform review exercises prior to the posting of transactions in the system. We also recommend that the Council regularly review the transactions recorded in the system to identify errors that may have been overlooked in the posting of transactions.

3 Fixed assets

- 3.1 We have noted discrepancies in the cost and accumulated depreciation recorded in the fixed assets register when compared to trial balance as shown below.

	Per Financial Statement	Per Fixed Asset Register	Difference
	€	€	€
Urban Improvements			
Cost	818,255	982,903	(164,648)
Accumulated depreciation	(785,918)	(950,566)	164,648
Plant and Machinery			
Cost	49,621	5,400	44,221
Accumulated depreciation	(44,431)	(90)	(44,221)
Street signs			
Cost	15,046	Not provided	(15,046)
Accumulated depreciation	(15,046)	Not provided	15,046

The Council should ensure that all fixed assets are included in the fixed assets register unless they were disposed/written off. For monitoring purposes, the Council should also perform an exercise to determine in the fixed asset register the assets already written off.

4 Creditors

Unaccounted variance per aging and trial balance

- 4.1 During the audit testing on creditors, we noted that the creditor's aging generated from the system includes an unaccounted variance of €23,349.51. Upon the manual review and reconciliation of the Council, the variance was eventually reduced to an immaterial amount.
- 4.2 We recommend that the Council regularly review and reconcile the creditor's aging report to the system trial balance.

5 Wasteserv reconciliation

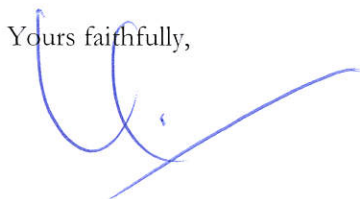
- 5.1 During the audit testing on debtors and creditors, we noted that the Council's debtor and creditor balances related to Wasteserv accounts have variances when reconciled to the Wasteserv transactions statements. Upon performing a reconciliation exercise, the balances were eventually agreed.
- 5.2 We recommend that the Council regularly review and reconcile the books with customer and supplier statements. We also recommend that the Council maintain regular communication with Wasteserv to agree any recordable events occurring on both sides.

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 Mr Edward Spiteri Audibert and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



Mark Bugeja
Partner