



18th September 2017

Conrad Borg FCCA FIA DipIFR CPA (Partner)
RSM Malta
Cobalt House, Level 2
Notabile Road
Mriehel BKR 3000
Malta

Dear Sir,

We refer to your management letter regarding audit findings that emerged from the financial audit of the Local Council's accounts for the year ended 31st December 2016. We reply as follows:

1.0 FOLLOW UP TO LAST YEAR'S REPORT

1.1 Property, plant and equipment

This point has been noted and explained in section 2.0 whilst the remaining points mentioned have been noted.

1.2 Receivables

This point has been noted and explained in section 3.0.

1.3 Payables

This point has been noted..

1.4 Expenditure and Tenders

This point has been noted.

1.6 Personal Emoluments

This point was explained by the Local Council in last year's reply to the management letter and is also explained in this year's reply- vide point number 7.0.

2.0 PROPERTY, PLANT AND EQUIPMENT

Postings to the appropriate depreciation accounts were always made by month end in the Local Council's SAGE accounting package but during the past six years depreciation was calculated manually due to errors in a certain year that the accounting package was giving. The total accumulated depreciation in the fixed asset register does not agree with the accumulated depreciation in the nominal ledger since in previous years auditors have made adjustments regarding depreciation to the nominal ledger accounts. When such adjustments are made the fixed asset register needs to be reconstructed completely in order to agree with the adjustments made to the depreciation, and consequently the net book value of the assets.



A reconciliation exercise will need to be carried out whereby the fixed asset register will need to be reconstructed and brought in line with the nominal ledger.

3.0 RECEIVABLES

The Local Council has taken note of the other issues mentioned in this point.

4.0 CASH IN BANK

The Local Council has taken note of the auditors recommendations on the issue listed.

5.0 PAYABLES

The Local Council has taken note of the auditors recommendations.

6.0 PAYABLES

The Local Council has taken note of the auditors recommendations.

7.0 PERSONAL EMOLUMENTS

The Executive Secretary does not have a current signed contract as she is no longer employed on a definite contract but is now on an indefinite contract, as per letter received by the Department for Local Government. There was no instruction whatsoever regarding contracts and the Local Council cannot just draw up a contract, there has to be standard contracts, for each different employee, for all Local Councils. Previous contracts were signed with the conditions of work. Work conditions are also controlled by the collective agreements.

Yours truly,

Paul Buttigieg
Qala Mayor

Marcia Borg
Executive Secretary

cc. The Auditor General - National Audit Office.
The Director – Department for Local Government