



Grant Thornton

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The Mayor
San Gwann Local Council
55,
Triq Caruana Dingli,
San Gwann, SGN 1033

Grant Thornton
Fort Business Centre,
Triq L-Intornjalur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

T +356 20931000

www.grantthornton.com.mt

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22 November 2021

Dear Sir,



Financial statements for the year ended 31 December 2020

During the course of our audit for the year ended 31 December 2020 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Income

The council once again failed to obtain the audited financial statements of the Joint Committee for 2020 (refer to notes 2.15 and 2.16).

We are pleased to note that we did not find any irregularities with the Government allocation.

1.2 Expenses

We are pleased to note that we did not find any irregularities in expense recognition.

We noted that the council did not address the issue regarding the insurance policy (refer to notes 3.6 and 3.8).

We did not encounter any expenses incurred in the form of donations.

We are pleased to note that the council did not exceed the budgeted expenditure.

We again identified various irregularities in procurement procedures (refer to note 3.10).

1.3 Payroll

We still noted inaccuracies in payroll (refer to notes 4.1, 4.3, 4.5, 4.6, 4.8, 4.9 and 4.11).

Certified Public Accountants

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1.4 **Fixed asset register**

The fixed asset register is once again lacking information as requested by the Local Council (Financial) Procedures, 1996 (refer to note 5.3).

We did not identify any discrepancies in the council's depreciation workings.

1.5 **Trade receivables**

We noted that the debtors' list is still showing amounts which are long overdue (refer to note 6.3).

We are pleased to note that we did not identify any irregularities in accrued income.

1.6 **Cash and cash equivalents**

We again identified various irregularities in the bank reconciliation statements (refer to notes 7.3 and 7.5).

1.7 **Trade and other payables**

The council has again failed to obtain supplier statements and reconcile supplier balances (refer to note 8.1).

We have again identified a difference between the creditor confirmation and the books of account (refer to note 8.3).

We again noted debit balances in creditors list (refer to note 8.5).

We have again noted long outstanding creditors in the books of account (refer to note 8.7).

We are pleased to note that we did not find any irregularities in deferred income.

1.8 **Financial Statements**

We are pleased to note that the council have prepared financial statements in accordance with International Financial Reporting Standards.

1.9 **Council Meetings**

We did not identify any irregularities in council meeting attendances.

1.10 **Meeting minutes**

We are pleased to note that council has rectified this issue during the year under review.

2 **Income**

Income raised from bye-laws

- 2.1 During the year under review the council is showing income from permits amounting to €50,141.29 as income from bye-laws instead of general income. An audit reclassification has been proposed to show income from permits to general income.

- 2.2 We recommend that the council records income obtained from permits as general income. The council should only record income as income from bye-laws if a specific bye-law has been passed by the council.

LES Administration fees

- 2.3 During our audit fieldwork we tested income from LES administration fees by comparing report 483 generated from the Loqus system and the amount shown in the financial statements. We noted that the amount in the books of account is overstated by €54. We did not propose an audit adjustment since no explanation for the difference was forthcoming.
- 2.4 We recommend that the council regularly reconciles invoices with the 483 reports to ensure accuracy and completeness and any discrepancies discussed with Loqus.

LES Invoices

- 2.5 The following invoices were not sent to LESA in the first week of the following month:

Invoice month	Invoice date
January 2020	04.06.20
February 2020/	04.06.20
March 2020	04.06.20
April 2020	04.06.20
June 2020	22.07.20
July 2020	10.09.20
November 2020	22.12.20
December 2020	21.01.21

- 2.6 In accordance with memo 91/2011 councils are required to issue LESA invoices in the first week of the following month.

General income

- 2.7 During our audit fieldwork we noted that in certain instances the council failed to fulfil its obligation to deposit received income on a timely basis, namely:

Description	Receipt number	Receipt date	Deposit date	€
Crane permit	19757	27/01/2020	02/03/2020	10.00
Crane permit	20094	20/03/2020	21/03/2020	10.00
Crane permit	20337	30/03/2020	21/04/2020	10.00
Crane permit	20587	05/05/2020	19/05/2020	10.00
Crane permit	20811	28/05/2020	31/05/2020	10.00
Crane permit	21631	27/08/2020	01/09/2020	10.00
Crane permit	21751	09/29/2020	17/09/2020	10.00
Crane Permit	22038	08/10/2020	11/10/2020	10.00
Crane Permit	22297	03/11/2020	09/11/2020	20.00
Crane Permit	22361	18/12/2020	26/12/2020	10.00

- 2.8 We remind the council that the Financial Procedures and LN 28/2000 require the council to deposit its cash collected from permits at least twice weekly. We advise the council not to leave cash and cheques on the premises for a prolonged period since, apart from contravening the procedures, it can give rise to security concerns.

- 2.9 During our analysis of revenue, we noted that the council recorded the amount of €4,000 in relation to a grant received from the Government to provide food and veterinary visits for stray cats in the locality of San Gwann was accounted for as general income. An audit reclassification was proposed to reclassify this amount as other government income.
- 2.10 We recommend that the council allocates its income to the appropriate accounts so that this is properly reported.

Custodial receipts

- 2.11 During our audit fieldwork we noted that in certain instances the council failed to fulfil its obligation to deposit received from custodial receipts on a timely basis, namely:

Description	Contravention number	Receipt date	Deposit date	€
Contravention	62033414	25.08.2020	04.09.2020	23.94
Contravention	610987763	09.09.2020	14.09.2020	34.94
Contravention	610992160	14.10.2020	21.10.2020	11.65
Contravention	611172011	10.11.2020	20.11.2020	46.59
Contravention	69185542	18.12.2020	24.12.2020	69.88
Contravention	11121292	20.07.2020	30.07.2020	58.40
Contravention	610529925	16.04.2020	24.04.2020	34.94

- 2.12 We remind the council that the Financial Procedures and LN 28/2000 require the council to deposit its cash collected from custodial receipts at least twice weekly. We advise the council not to leave cash and cheques on the premises for a prolonged period since, apart from contravening the procedures, it can give rise to security concerns.
- 2.13 We were unable to perform testing for Lands custodial receipts due to the fact that the Council did not provide us with daily reports for receipts issued.
- 2.14 Once again we reiterate that the above is in contravention of the relevant regulations. Therefore, we recommend that the council deposits cash twice weekly, primarily to comply with the Local Council (Financial) Procedure.

Joint Committee

- 2.15 We noted that the L'vant Joint Committee, of which San Gwann local council formed part up to 31 August 2011, has provided audited financial statements for the year ended 31 December 2011.
- 2.16 The reserves of the committee at that date amount to €3.01 million. 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.
- 2.17 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.

3 Expenses

Petty cash expenditure

- 3.1 We noted that the petty cash lists prepared by the council does not include the date of the receipt. This lack of information renders it difficult to identify when this expense was actually incurred.
- 3.2 We have also noted that some cash payments are not supported by an appropriate authorised petty cash voucher identifying the items being purchased. Instances noted are:

Supplier	Date	€
McSims	05.05.2020	30.00
Rovic Ironmongery	24.08.2020	24.00

- 3.3 We recommend the council fills in a petty cash voucher in accordance with Directive 3/2017 and LN 269 of 2017. The petty cash voucher should include all details pertaining to the goods being purchased. Furthermore, the same legal notice states that all petty cash vouchers should be signed by the purchaser and the executive secretary. Furthermore, it is suggested that the council facilitates approval of petty cash expenditure by providing an analysis of all petty cash expenses and allocating the monthly total of each category of expense to the correct account.
- 3.4 We also encountered instances where the council exceeded the €50 threshold. Below are the instances identified:

Date	Supplier	Details	
02.06.2020	Joem Service Station	Petrol	55.00
10.06.2020	Metro Stationery	Stationery/ Watch/ Other	51.95

- 3.5 The Local Councils (Financial) Procedures state that only cash transactions for items of expenditure costing less than €50 in the aggregate may be paid through the use of petty cash.

Asset insurance

- 3.6 During our audit we identified the stated below discrepancies between the asset insurance cover and net book value of assets included in the prior year audited financial statements:

	Sum insured €	NBV in books of account €
Buildings	200,946	175,000
Furniture & fittings	7,416	16,400
Total	208,362	191,400

- 3.7 It is evident that the council's fixed assets are over/under insured. May we advise the council to perform at least an annual review of its insurance policy to ensure that the council's insurance coverage is in line with current legislation.

- 3.8 Whilst reviewing the insurance policy we also noted that the council is insuring property in the open, for the sum of €35,000. This is in breach of Directive 3/2017 which states that community assets should not be insured.
- 3.9 Directive 3/2017 and Legal Notice 269 of 2017 state that the council must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft, and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. However, in view of the fact that a significant number of assets have a nil net book value we recommend that the insurance at least covers the replacement value for assets.

Procurement procedures

- 3.10 Our testing on cheque payments revealed the following irregularities for the below listed purchases:

Details	Supplier	€	Note
Provision of Ghanneja & Kitarristi for 7 th Sept Event	Michael Cumbo	250.00	a, b
Wifi in various locations	Tech.mt	600.00	a
Zone A: Street sweeping	Owen Borg	2,282.37	c
Patching & Joint Sealant	Mario Mallia	514.55	c
Comtec Service Ltd	Pest control service	129.80	a

- (a) The council failed to provide us with 3 quotations.
 (b) The invoice was not addressed to the council
 (c) This expense is covered by an expired contract

- 3.11 In accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the council should raise purchase orders for all purchases above €50. Furthermore, the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000.
- 3.12 Furthermore, the council should not make use of expired contracts, since this is prohibited by memo 10/2013 which states that councils should issue a new call for tenders before the expiry date of existing contracts.

Expired contracts

- 3.13 The following payments were not supported by active contract agreements and/or call for tenders:

Supplier	Date	Cheque no.	€
Mark Taliana Gardening	25.02.20	16595	6,100.00
Galea Cleaning Solutions	19.07.20	16839	15,952.10
Galea Cleaning Solutions	21.08.20	17043	16,527.10
Galea Cleaning Solutions	25.09.20	17096	16,890.11
Galea Cleaning Solutions	23.10.20	17224	16,239.80
Galea Cleaning Solutions	27.11.20	17313	14,825.11
Galea Cleaning Solutions	28.12.20	17376	14,300.00

- 3.14 Whilst testing tenders we noted that the council was still utilising the services of Galea Cleaning Solutions for the collection of mixed and organic waste. The agreement expired in April 2020. To date of fieldwork, the council was still in the process of adjudicating the new tender.
- 3.15 We reiterate our recommendation that the council should not make use of expired contracts and should make sure to issue a new call for tenders before the expiry date of existing contracts.
- 3.16 It is essential that the council ensures that all contracts which are entered into are signed by all the necessary parties thus ensuring that the contract is binding for both parties to the agreement. It also ensures that each party is aware of its rights and obligations under the agreement.

4 Payroll

Reconciliation of wages between FS5s and books of accounts

- 4.1 During the audit we found a discrepancy of €266.32 whilst reconciling the total personnel emoluments to the personal emoluments found in the FS5 forms which were sent to the Inland Revenue Department (see appendix 1).
- 4.2 The council should ensure that all FSS forms agree to the payroll expenditure in the accounts. Furthermore, the council must ensure that amounts payable to the CIR are correctly declared.
- 4.3 Whilst reconciling the FSS tax declared in FS5 forms to that declared in the FS7 form of the council, we came across the following difference:

Description	Declared in FS5s €	Declared in FS7 €	Difference €
Gross Emoluments full-time	126,863.00	136,350.00	(9,487.00)
Gross Emoluments part-time	47,288.00	37,800.00	9,488.00
National Insurance	22,904.20	23,078.54	(174.34)
Total	197,055.20	197,228.54	(173.34)

- 4.4 It is important that FSS forms are filled in properly to ensure that all amounts paid are correctly declared to the Commissioner for Revenue.

Mayor Honoraria

- 4.5 Whilst reviewing the mayor's honoraria account, we noted that this account included the Mayor's allowance. We have therefore proposed an audit adjustment of €2,4000 to transfer the mayor's allowance for the year to the councilors' allowance account.
- 4.6 Moreover, it was noted that a balance of €400, which pertains to an under-payment of the Mayor's allowance in the previous year, was also included in the Mayor's honoraria account. An audit adjustment was passed to include this expense in the councilors' allowance account.

- 4.7 We recommend that expenditure for the mayor's allowance and mayor's honoraria are distinguished from one another. This is in accordance with IAS 24 *Related Party Disclosure* which requires separate disclosure of the remuneration of key personnel
- 4.8 We noted that the Mayor's honoraria account included salaries accounted for net of tax. Tax paid was being recorded in the wages and salaries account instead. We have proposed an audit adjustment amounting to €581 to re-classify tax on emoluments to the Mayor's honoraria account.
- 4.9 Moreover, we have noted that the councillor's allowances account included in the salaries, accounted for net of tax. Tax paid was being recorded in the wages and salaries account instead. We have proposed an audit adjustment amounting to €3,000 to re-classify tax to the councillor's allowances account.
- 4.10 We would like to remind to the council that correct classification is an integral part of the accounting system.
- 4.11 Whilst performing the wages reconciliation testing, we noted that a cheque of €1,279.96 was paid to an ex-councillor, in relation to allowance for the year 2019. The liability for the performance bonus had been accrued for in prior year, but it was estimated at €799.66. We have passed an audit adjustment to include the difference of €480, which was expensed during the current year under councillor allowances. The cheque was dated close to year end and was cashed in 2021. The council failed to report this payment in the accounts. We have therefore also included an audit adjustment to reverse the accrual and reflect the payment in the bank balance.
- 4.12 We recommend that the council records expenditure when it is incurred such that expenses and liabilities are recorded in the correct financial year.

5 Fixed assets

Reconciliation of financial statements to fixed asset register

- 5.1 During our audit fieldwork, we noted that the fixed asset register does not agree to the financial statements. The following is a summary of the differences:

Asset category	NBV in fixed asset register €	NBV in unaudited financial statements €	Difference €
Construction	3,519	2,796	723
Urban Improvements	94,547	95,269	(722)
	98,066	98,065	1

- 5.2 We recommend that the council investigates the variance and updates the fixed assets register and/or accounting records accordingly.

Upkeep of fixed asset register

- 5.3 When reviewing the fixed asset register, we noted that this is still being kept in the form of an excel sheet, with various relevant details like invoice number, suppliers' details, asset code and location of the asset are missing. Furthermore, the description of the assets in the FAR does not always contain the desired detail. Examples include:

Asset category	Description	Purchase date	Net book value €
Office Furniture and Fittings	Desk	01.03.2019	159.56
Office Equipment	Purchase of ac unit and dismantling	05.10.2020	522.50
Office Equipment	Coffee machine	08.11.2019	189.75
Urban Improvements	Street Lightening Poles	28.10.2014	3,631.71

5.4 We reiterate our recommendation to the council that the minimum level of information to be included in the fixed asset register is the following:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation method and rate
- Location of the asset
- Grants received

Additions to fixed assets

- 5.5 During our testing of additions, we noted an addition amounting to €2,574.30 included in assets under construction which was included twice in the books of account. An audit adjustment was proposed to reverse the double posting of such asset.
- 5.6 We recommend that more attention is given to the recording of any amounts to avoid any double posting of any invoice.
- 5.7 We also noted that included in Urban Improvements for the year, was an expense amounting to €1,275 which was in relation to rental of flag poles for Christmas period. Given that this is not capital in nature, an audit adjustment was proposed to expense the amount which was capitalised and reverse the depreciation charged for the year.
- 5.8 We recommend that council pays more attention of whether the expense is of a capital nature or in the normal course of business. This would ensure that all expenses are properly classified.
- 5.9 During our testing of additions, we encountered an addition for garden lanterns, amounting to €18,880 for which the council issued a direct order. When queried, the council mentioned that this was done due to the fact that there was a safety hazard.
- 5.10 We recommend that when there are expenses of this nature, prior authorisation from the Department is sought.

- 5.11 We also noted that in the case of an addition in relation to bee garden drawings amounting to €2,800 and purchase of Statue and motifs for Holy week amounting to €3,770, the necessary quotations were not obtained.
- 5.12 We reiterate our point that in accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the council should raise purchase orders for all purchases above €50. Furthermore, the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000.

6 Trade and other receivables

Pre-regional receivables

- 6.1 The council's LES receivables pertaining to the period up to 31 August 2011 amounts to €282,218 as per Loqus report 622. The council is not showing any amounts in their books of account. No audit adjustment was proposed due to the fact that this amount should also be fully provided for and therefore the net effect on the books of account is nil.
- 6.2 We recommend that the council investigates what the council is owed from LES and reflects all adjudicated contraventions not yet paid once the correct balance is established.

Overdue receivables

- 6.3 We noted that the council's debtors list still includes the following overdue receivables for which no provision was made in the books of account:

Debtor	€
LESA Gozo Region	180
LESA South East Region	312
LESA	7,472
	<u>7,964</u>

- 6.4 We recommend that the council regularly reviews overdue receivables for recoverability. If their recoverability is doubtful, the council should consider making a provision for all amounts after obtaining the approval of the council in meetings. Furthermore, the council should send continuous reminders/statements to its debtors to ensure that the council still has the right to collect the amounts due.

Confirmation of debtor

- 6.5 We have obtained a statement from Wasteserv Malta Ltd showing a balance of €66,690 due to the council. However, the council's books of account indicate a balance of €148,200. The council indicated that the discrepancy of €81,510 is arising from Wasteserv Malta Ltd not including in their statement all the invoices issued in 2020.
- 6.6 We recommend that the council ensures that all invoices are approved and recorded in both the council books and the debtor's books. The council should also chase for the payment.

7 Bank and cash

LC Other Entities Account

- 7.1 During the audit fieldwork it was noted that the council did not open a new bank account which is to be used for the deposits of funds and subsequent transfers of the amounts due to entities such as LESA and the Lands Department. Instead, the council continued to adopt the old system of depositing funds directly to the entities' bank accounts.
- 7.2 We recommend the council to open this account as instructed by Directive 05/2020.

Bank reconciliations

- 7.3 Whilst performing tests on bank reconciliations, we were presented with bank reconciliations for bank accounts held by the council which were not prepared up until 31 December 2020. Upon enquiry, the council provided lists of unreconciled items. However, the list of unreconciled items provided for bank account number 075-029108-001 did not reconcile with the bank balance with a discrepancy of €838.04. No adjustments were passed since no explanation was forthcoming.
- 7.4 We recommend that the council completes the reconciliation and ensures that the end of year bank statements' figures agree to or reconcile to the bank balances in the trial balance and in the financial statements.
- 7.5 Furthermore, we noted that cheques 17403, 17458, 17452, 17400, 17429, 17368 and 17430 which were unreconciled as per the list of unreconciled items provided, were cleared by the bank in 2020. The total of these cheques amounts to €8,877.50. No adjustments were passed since no explanation was forthcoming.
- 7.6 We recommend that the council pays more attention when preparing the bank reconciliations and ensures that all cheques which are issued are either encashed by the supplier or are included in the bank reconciliation, with any discrepancies reconciled immediately.
- 7.7 The council failed to provide us with bank authorisation for us to be in a position to get a direct confirmation of the BNF balance from the bank. The authorisation letter is essential in obtaining a bank confirmation letter. In view of the fact that we could not get direct confirmation by the bank, our audit opinion is qualified.
- 7.8 A bank confirmation letter is essential in performing the audit as it confirms the bank balances, any possible existence of a bank loan and of any cash held as a bank guarantee.

FWT on bank interest

- 7.9 We noted that the HSBC savings account is subject to final withholding tax.
- 7.10 We recommend that the council instructs the bank not to withhold tax on interest since councils are exempt from income tax.

Cash reconciliation

- 7.11 During the cash count as at 18 May 2021, we counted the cash balance and reconciled it back to 31 December 2020. A difference arose while comparing to the amount recorded in the books of accounts and the physical count thus revealing €159.16 less than the books.
- 7.12 Upon enquiry, the executive secretary explained that the council failed to include the petty cash expenditure in December 2019 and this affected the closing balance.

- 7.13 Furthermore, the cash confirmation provided by the Council of the reception cash held by the council at year end, does not agree to the balance in the books of accounts by €116.82.
- 7.14 We reiterate our recommendation that the council investigates any differences in its cash balance and passes appropriate adjustments in the books of account to agree to actual cash in hand. We also advise the council to reconcile petty cash on a monthly basis.

8 Payables

Supplier statements

- 8.1 The council did not obtain monthly statements from all of its suppliers. Memos issued from time to time by the Department for Local Government specifically state that the council should obtain monthly statements from all suppliers.
- 8.2 We again recommend that the council obtains monthly statements from all suppliers in order to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Confirmation of trade creditors

- 8.3 As part of our audit procedures we circularised confirmation letters to selected suppliers. We noted the following:

Supplier	Amount in council's books of account €	Amount in confirmation reply €	Difference €	Note
Wasteserv Malta Ltd	26,684	33,630	(6,946)	(a)
Galea Curmi Engineering Services	2,681	-	2,681	(b)

- (a) We were not provided with any explanation or reconciliation with respect to this difference.
- (b) Included in the amounts shown in the books of account is an amount of €2,574 which was double posted in the books and an audit adjustment was proposed. No explanation for the remaining €107 was forthcoming.

- 8.4 We remind the council that circular 01/2020 states that the council should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

Debit balances in creditors' list

- 8.5 Included in the books of account is an amount shown as debit balances in creditors list amounting to €6,891. No list making up the balance was provided and therefore we could not test such amount.
- 8.6 It is the duty of the executive secretary to maintain proper records and to question why these creditor accounts are in debit since these could arise from the inefficiency of controls in place.

Long-outstanding creditors

- 8.7 The council's creditors' list includes the following balances which have been long outstanding:

Creditor	€
Banda San Gwann	1,200.00
Claudine P.Zarb B.A. LL.D	342.20
Desmond Cini	1,195.40
European Cities Against Drugs	300.00
GAUCI BORDA & CO LTD	720.00
Green Pak	660.80
Horace Enterprises Ltd	108.00
ICT Solutions	259.25
In Design (Malta) Ltd	116.86
InFocus Promotions	123.90
Mario Mallia	409.43
Paramount	118.00
Premier Business Ltd	944.00
Sammy Borg Enterprises	458.23
Smart Technologies	26.55
Timecare diaries	95.00
Twish Co Ltd	109.13
Water Services Corporation	1,670.86
	<u>8,857.61</u>

- 8.8 We advise the council to individually review these amounts, and either settle them or, if not due, reserve them after careful consideration and approval by the council. All discussions and decisions taken should be minuted accordingly.

9 Electronic site

- 9.1 During our audit work, we noted that the council was not uploading documents on time. The following are some examples:
- (a) The council failed to upload the quarterly financial reports for the period January to September 2020 within the stipulated time frame.
 - (b) To date of the audit fieldwork the council failed to upload the quarterly financial report for October to December 2020 on the website.
 - (c) To date of our management letter the council has failed to upload the Business plan 2020 – 2022.
 - (d) The annual administrative report for 2019 was not uploaded on the council website.
 - (e) The audited financial statements for 2018 were not uploaded by the 15 August as required by regulations.
 - (f) The council failed to upload the management letter within the specified time frame and to date of closing off, the reply to the management letter has not yet been uploaded.
 - (g) To date of audit fieldwork, the council also failed to upload the Annual Budget 2021.
- 9.2 The council should ensure that minutes are uploaded on the council website within three days of approval as required by the Local Councils (Financial) Procedures,

1996. All other reports should be uploaded on the website within the stipulated timeframe.

Uploading of management letter and other documents

- 9.3 During our audit fieldwork, we noted that the council has not uploaded the 2019 Management Letter in full in accordance with Circular 21 of 2019.
- 9.4 We would like to remind the council of the recent General Data Protection Regulations as indicated to councils in SPI 7/2018. Councils should be mindful that there are restrictions on transmitting/ publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in Circular 7 of 2019 which states that names of third parties not directly connected with the operations of the council should not be published.
- 9.5 We therefore recommend that the council contacts the Department for clarification of this contradiction.

10 Business plan

- 10.1 We have noted that the council failed to prepare the business plan for 2020 - 2022 in accordance with the Local Councils (Financial) Procedures.
- 10.2 We remind the council that the executive secretary should prepare and present the business plan to the council for its consideration. The business plan must be reviewed as often as necessary, but at least once every year prior to the budgeting process to evaluate the council's performance and adjust the business plan as appropriate. The executive secretary must forward a copy of the business plan to the Minister by the fifteenth day of November of each year and make the final draft by the end of December.

11 Capital Commitments

- 11.1 During the year under review, we noted that the council included capital commitments amounting to €331,000 in the 2020 budget whilst no amounts were mentioned in the capital commitments section of the financial statements. The projects in question were only mentioned in the form of a list with no committed amounts per project listed.
- 11.2 The council should disclose capital commitments within the coming year and future years separately to inform users of the council's future intentions. We recommend that the financial statements should adequately disclose the council's future capital expenditure plans, if any, as agreed to the budget and business plan.

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 Kurt Guillaumier and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

Grant Thornton