



Kunsill Lokali San Gwann

55, Triq Robert Caruana Dingli, San Gwann SGN 1033, Malta
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20th August 2022

Reply to Management letter financial year ending 2021

1. Previous management letter

1.1 Income

We noted that the Lvant 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.

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.

SG LC Reply: We will raise this matter with the Lvant Joint Committee to ascertain whether the Council is entitled to receive any further income form the Joint Committee.

2. Payroll

Reconciliation of wages between FS5s and FS7

SG LC Reply: The council's accountant performs monthly reconciliation between the Council's books and the monthly FS5 filed with the CFR. A further control will be implemented to ascertain that FSS forms are filled in properly.

Mayor Honoraria

SG LC Reply: The council will make sure that Mayor's honoraria will not include the Mayor's allowance, which the latter will be included under the Councillors' allowance account.



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3. Fixed assets

Upkeep of fixed asset register

SG LC Reply: The council started to compile a Fixed Asset Register as from financial year 2021 with details of the relevant fixed assets. The Council shall update the 2021 Register with the auditor's recommendation and will keep updating the register in future.

4. Trade and other receivables

Overdue receivables

SG LC Reply: Most of the receivables were cleared during the first months of 2022, particularly the LESA account. The Council shall be implementing a policy on receivables, which will cover review of receivables, follow ups and consideration for provision of doubtful debts.

5. Bank and cash

Bank reconciliations

SG LC Reply: The Council's accountant performs regular bank reconciliation for all the Council's bank accounts. With respect to the mentioned bank account (HSBC Bank - account number 075-029108-001), the accountant will perform a separate exercise to clear unrepresented cheques and to complete the reconciliation before financial year 2021. A separate report will be presented to the Council for consideration and approval.

6. Payables

Supplier statements

SG LC Reply: We note that not all the Council's suppliers issue statements on a regular basis, however, the Council will endeavour to obtain suppliers' statement on a regular basis to ensure proper recording of creditors.



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Debit balances in creditors' list

SG LC Reply: The accountant will perform a separate exercise to clear debit balances in the creditors' accounts. A separate report will be presented to the Council for consideration and approval.

Long-outstanding creditors

SG LC Reply: The accountant will perform a separate exercise to review and examine long outstanding creditors. A separate report will be presented to the Council for consideration and approval.



Trevor Fenech
Mayor



Kurt Guillaumier
Executive Secretary