



10 May 2024

The Director  
Department of Local Government  
26, Archbishop Street  
Valletta  
Malta.

**Re:- Management Report – for year ended 31<sup>st</sup> December 2022**

Dear Sir,

Please refer to your Management Letter regarding the audit findings that emerged from the financial audit of the Local Council's accounts for the year ended 31 December 2022

Several observations were made by the auditors in this Management Letter and the Local Council promises that it is always ready to take the necessary actions in order to continue to improve the accounting records and implement where possible all recommendations made by the auditors.

**Property, Plant and Equipment**

The Fixed Asset Register was kept as in previous year, on an excel program which worked out correctly the cost, accumulated depreciation and the net book value of all assets. The information that is usually recorded on sage can be found easily on this excel program.

All records in the nominal ledger accounts of fixed assets were all reconciled with the fixed asset register kept on excel.



Action will be taken by the Council to ensure that the architect's letters will include all financial information on all projects.

Also, the Council will ensure that any Capital Commitments mentioned in the Financial Statements will be backed by proper documentations.

Other remarks mentioned in the management letter were noted by the Council.

### Receivables

The Local Council took note of the auditor's recommendation about outstanding accrued income. All efforts were made to clarify the position with various government entities regarding the named due income and the necessary adjustments were made to update these balances.

Other remarks made by the auditors were noted and the new staff of the Council will be aware of all these recommendations.

### Payables

Unfortunately, there are several suppliers who never send a statement in order to reconcile, even though a lot of pressure is done by the Council to do so.

As usual, the Council made all efforts to make sure that the invoices dated 2022 were all entered in sage by the time the management accounts were finalised.

Discussion are being made with the architect regarding the outstanding balance of 43,411 euro which still is included with the accruals. Hopefully a decision will be taken by the Council with this regard.



Agreement has been reached with the supplier who had an ongoing court case and now the Council can confirm that this issue is now settled.

Also it is to be noted that the architects fees were re invoiced and settled during 2023.

All other points mentioned by the auditors were noted by the Council.

### Income

Due to misunderstanding between the accountant and Council an entry of 582 euro was erroneously accounted as income instead of a receipt against a debtor. An adjustment has been made for this transaction.

### Expenditure and Tenders

The Local Council will try to do its utmost to make use of the reporting tools in hand to take corrective measures with regards to over budgeted expenditure.

The Council is aware that sometimes some expenditures exceed the budgeted amounts. Unfortunately, due to the bureaucratic requirements of the public procurement regulations sometimes the Council will not have time to wait when immediate action is needed. Efforts will continue to be made by the Council in order to keep all expenditure within budget. Drastic action has been recently taken by the new Council's executive secretary to control the expenditure as much as possible.

### Personal Emoluments

Discussions were made with the Department of Local Council regarding the contracts of employment of the employees of the Council. We can confirm that now all employees are contracted by the Council.



The Council would like to point out that the correct figures were those as included in the FS3s and FS7. There amounts were reconciled with the amounts in the sage records.

The Council confirms that the variance between the emoluments disclosed in the financial statements and the gross wages in the FS7 were due to amounts allocated to the acting executive secretary and the movement in accrued performance bonus to the previous executive secretary. Contact was made with the Department of Local Government in order to find a way how to settle the outstanding balances regarding the acting executive secretary salary.

Conclusion

Other recommendations made by the auditors were noted by the Council and action will be taken on most of them in order to continue to improve the control system.

Yours truly,



**Paul Buttigieg**

**Qala Mayor**



**Heidi Grech**

**Executive Secretary**

c.c. The Auditor General – National Audit Office

Mr. Conrad Borg – RSM Malta