



15 June 2024

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

Re:- Management Report – for year ended 31st December 2023

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 2023

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 in the management letters.

Property, Plant and Equipment

As was informed several years ago the Fixed Asset Register on sage was corrupted and an excel program was created which contains details of every item of property, plant and equipment. In our opinion this 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 and reconciliation is made with the amounts in the Nominal Ledger.

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. One has to remember that during the years preceding the year under review the Council was still managed by an acting executive secretary and information in the sage records were not that much clear.

Unfortunately, the Council did not have clear confirmation at year end from relevant authorities of any amounts of funds it was entitled to and not yet received.

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

Payables

All recommendations made by the auditors regarding the deferred income were noted and agreed by the Council.

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 2023 were all entered in sage by the time the management accounts were finalised.

Since the audit of the accounts of the Council for year 2023 were made very close to that of year 2022, discussion with the architect regarding the outstanding balance of 43,411 euro with the accruals were not yet concluded. Hopefully this issue will be concluded during the current year



The issue of the outstanding balance in the books of accounts related with the salary of the previous acting secretary is planned to be solved during the current year. Also, discussions are under way with the contractor and architect regarding the resurfacing works of Conception Street on the correct amount of that should be paid.

All other points mentioned by the auditors especially with the amounts of contingent liabilities were noted by the Council.

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. Unfortunately, the present administration of the Council had no full control of all the expenditures done during the year under review.

All efforts will be made by the executive secretary so that were possible all proper documentations supporting expenditure will be kept. The present administration of the Council was not involved with any contracts with Lands Authority regarding the amount of rents. No provision for any accruals or prepayment of rent were made in previous years.

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

The Council can confirm that now all the new 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. All efforts will be made by the Council so that all the FSS forms are reconciled before year end.

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. The Council declares that all efforts were done before the presentation of the management accounts in February 2024 so that were possible all accounts are reconciled.

Yours truly,

Paul Buttigieg

Qala Mayor

Heidi Grech

Executive Secretary

c.c. The Auditor General – National Audit Office

Mr. Conrad Borg – RSM Malta