

KUNSILL LOKALI HAL GHAXAQ

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Certified Public Accountants

The Penthouse, Suite 2,

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Triq Taz-Zwejt

San Gwann SGN 3000

31st July 2020

Dear Sir/Madam,

Reference is being made to the Management Letter dated 9th June 2020. Kindly note the below replies:

1. PREVIOUS MANAGEMENT LETTER

The matters in respect of previous year management letter will be tackled in detailed under their respective sections.

2. MANAGEMENT LETTER POINTS FOR THE YEAR

2.1 The Local Council has passed the adjustments as recommended by the auditors. Further, statements from Wasterserv Malta will be obtained before finalising the accounts.

2.2 The Local Council is in the process of updating its Fixed Asset registry.

2.3 The tagging of the assets will be implemented with the Fixed Assets registry.

2.4 The Local Council will update its insurance policy to include all assets as required by Section LCP 1.15b.04 of the Local Council (Financial) Procedures, 1996

2.5 The Council is aware that the Local Council (Financial) Procedures requires depreciation to be calculated on the Sage accounting package. This will be implemented once the plant register is ready.

2.6 The Local Council will ensure that financial assets are valued in accordance with IFRS 9. As stated by the auditors, the financial assets of the Local Council consist in receivables to Government entities, which has no significant credit risk.

2.7. The Local Council will obtain year end statement from Wasteserv in order to reconcile year end balance. As stated by the auditor the difference of € 73 is not material.

2.8 The Local Council will reverse the stale cheque identified. In respect of cash balances, the Local Council will ensure that the cash balance will not exceed the limit stipulated in the law.

2.9 The Council, agrees with the auditors that trade creditors need to be reconciled to suppliers' statements to ensure that the creditors' list is always complete and accurate. In this respect the Local Council will obtain statements regularly. The Council will also investigate the difference of € 1,282 on Bonnici Bros Limited creditor.

2.10 The Local Council will ensure that accruals are properly calculated and reflected in the accounting system.

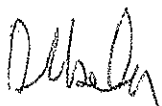
2.11 The Local Council will ensure that leave carried forward to next year are within the threshold stipulated in law.

2.12 The Local Council Financial Situation Indicator is well above the 10% stipulated in the law. The loss for the year is due to the deprecation of Property, plant and equipment.

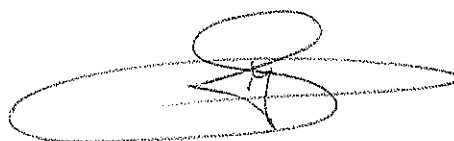
2.13 The Local Council took note of the list of unadjusted errors and will investigate such error and adjust accordingly.

2.14 The Local Council has agreed to the adjustments recommended by the auditors.

Whilst thanking you for your attention,



Darren Abela
Mayor



Fiona Cutajar
Executive Secretary