



KUNSILL LOKALI HAL LIJA

36, VIDENZA, TRIQ IL-MITHNA, HAL LIJA

TEL NO : 21416111 FAX : 21416941

Director of Audit
Audit Office
Notre Dame Revelin
Floriana

11th October 2022


Ref LLC/October 01/22

Dear Sir,

REPLY TO MANAGEMENT LETTER DATED 22nd SEPTEMBER 2022 FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2021.

Reference is made to the Auditor's management letter dated 22nd September 2022, which was received at the council by post on the 29th of September 2022. In terms of Section P2.05P (d.02) of the Local Councils (Audit) Procedures 2005, on behalf of the Lija Local Council, we are presenting herewith the following comments on the raised points

As a follow-up, the Council has made sure to address all the issues raised in the management letter:


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2. Income

The accountant has noted the auditor's proposed adjustments and correctly incorporated them in the audited financial statements.

The grants and schemes will be discussed in more detail with the accountant as they occur, to ensure similar instances are correctly accounted for in the future.

3. Fixed asset register

The fixed asset register, currently held on excel, is being set up on the Sage accounting package and this exercise will be finalized during Quarter 4 of 2022. The grants will also be included accordingly, Following completion, the Council will have an electronic Fixed Asset Register module and depreciation will start being calculated by the system as from the next reporting period.

4.1 Long Outstanding debtors

The council infact did try to obtain settlement from the mentioned debtors, whereby they were reminded constantly, more than once, that the amounts have long been overdue.

4.3 Confirmation of debtor

The council has always issued invoices to Wasteserv on a monthly basis for the reimbursement of organic waste collection. Such issues of invoices have always been kept up to date and invoices were always sent on time. What matters is that the council is doing it's part of the job, in sending the invoices and is not delaying this process. The council has no control if Wasteserv does not properly record the invoices, even though the council has numerously been in contact with Wasteserv to reconcile this process and to ensure that all invoices sent are acknowledged and recorded in their books.

4.5 Accrued income

We have noted the auditor's proposed adjustment and it was correctly incorporated in the audited financial statements. We will take extra care to ensure such instances are not repeated as much as possible.



5.1 Supplier statements

The council does not agree that it failed to provide monthly statements from the suppliers. The council always obtains these monthly statements, which were provided from all the suppliers with whom the council trades the most. All Suppliers which the council has a binding contract with, have provided us with a monthly statement which were well prepared before the audit commenced and hard copies were then given to the auditors in hand while conducting the audit.

5.3 Accrued Expenditure

The comments of the auditors have been noted. The council has no intention to render services with multiple legal representatives. The case the auditors are referring to, the one ongoing case the council has, has not been turned over to the current year representative due to its in depth nature. For the council it was best to keep the same council lawyer on this case who was already well informed about the case and also given that the case was coming soon near the end. It would have not been feasible and very time consuming if this case was turned over to the current year representative, in the last stages.

6. Financial statements

The Right of Use assets are being disclosed in a separate column under Property, Plant and Equipment. IAS 1 and IFRS 16 do not specifically require a separate disclosure note for the figures, as long as they are disclosed separately;

The Council does not have any significant non-financial receivables and there is no point to disclose the financial and non-financial receivables separately in Note 12;

However, the accountant has noted the auditor's other comments and will ensure that all the disclosures required by accounting standards are included in future financial statements.

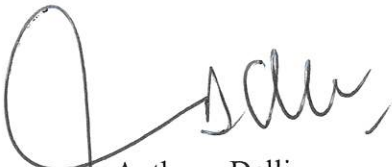


Conclusion

As a Council we did our utmost to reply to all points mentioned in the management letter; however, should there be the need to further clarifications, don't hesitate to contact us.

The Hal Lija Local Council confirms all of the content above, has discussed and approved the reply for management letter for year 2021, during council meeting no 46 dated 11th October, 2022.

Thank you and best regards,



Anthony Dalli
Mayor



Pamela Borg

Executive Secretary