



Ref. F/1/2/Vol IX

19th September 2022

Director,  
Department for Local Government  
26, Archbishop Street,  
Valletta VLT 2000

Dear Sir,

### **Management Letter – Financial Year – 2021**

Reference is made to the above-mentioned letter dated 27th July 2022, received by this office on the 8th August 2022 concerning the systems and controls adopted by the Council to safeguard the Council's assets in line with prevailing legislation dealing with local councils.

The contents of the Management Letter were read and discussed in Council, where it was deemed appropriate to forward the following comments:

1. PREVIOUS MANAGEMENT LETTER – YEAR ENDED 31 DECEMBER 2020

The Council has addressed all matters which were mentioned in last year's management report, other than those involving external entities, which are beyond its control.

2. INCOME

2.1 – 2.2: Annual Government Income

Reclassifications were processed in the updated financial statements as suggested by the auditors.

2.3 – 2.7: LES administration fees

Point noted, however it is important to note that the Loqus LES System is beyond the Council's control. Matter is to be taken up with the Local Government Division. In our view, this matter is to be dealt with LGD since it is beyond the Council's control.

2.8 – 2.10: Joint Committee

Point noted, however matter is beyond the Council's control and this issue will remain as such, as the set-up running the Joint Committee has been dissolved.



### 3. EXPENSES

#### 3.1 – 3.2: Rent

In our view, IFRS 16 dealing with ‘Leases’ does not apply for Government Leases and moreover since matter is immaterial, such accounting was deemed unnecessary.

### 4. FIXED ASSETS

#### 4.1 – 4.2: Reconciliation of fixed asset register with accounting records

Matter is being tackled in line with Local Government Division Directive 1/2017. The Council regularly reconciles these balances, and it transpires that such difference which is being mentioned in the management letter refers to audit adjustments which the auditors passed during the same audit.

### 5. TRADE RECEIVABLES

#### 5.1 – 5.2: Overdue trade receivables

Matter noted. Since amounts are immaterial and due from a Government entity, no provision was provided.

#### 5.3 – 5.6: Confirmation of debtor

Suggestion has been noted and Wasteserv has been notified to account for the invoices which were missing from their books. It is important also to note that the Council cannot be held responsible if third party is not accounting for the invoices which the Council is issuing and sending.

### 6. TRADE PAYABLES

#### 6.1 – 6.2: Long-outstanding creditors

Such motion was tabled in 2021 to write-off older balances. Mentioned creditor was not written off in line with para. 8.3 to 8.5 hereunder.

#### 6.3 – 6.5: Amount in dispute

Invoices were posted with the aim of full disclosure and accountability as called for in the case of publicly funded institutions.

These balances will be written off or paid in line with legal prescription or after the disputes are settled.



#### 6.6 – 6.7: Supplier statements

Suggestion noted. It is important to note that the Council pays its creditors every month and thus, same creditors do not usually send monthly statements.

#### 6.8 – 6.12: Deferred income

Comment about Erasmus+ Project LGBTIQ Rights' was noted and audit adjustment included in the updated financial statements. Same applies to LC Care Project 2019 and 2020 noted and audit adjustment was included in the updated financial statements.

### 7. FINANCIAL STATEMENTS

#### 7.1 – 7.2: Presentation of financial statements

Updated financial statements recorded in the audited version.

Dario Vella  
**Mayor**

Carmel Debono  
**Executive Secretary**

cc: Mr Charles Deguara  
Auditor General