



24<sup>th</sup> July 2020

**Conrad Borg FCCA FIA DipIFR CPA (Partner)**  
**RSM Malta**  
**Mdina Road**  
**Zebbug ZBG 9015**  
**Malta**

Dear Sir,

We refer to your management letter regarding audit findings that emerged from the financial audit of the Local Council's accounts for the year ended 31st December 2019. We reply as follows:

**1.0 FOLLOW UP TO LAST YEAR'S REPORT**

1.1 Property, plant and equipment

This point has been noted and explained in section 2.0 of this letter.

1.2 Receivables

This point has been noted and explained in section 3.0 of this letter.

1.3 Payables

This point has been noted and explained in section 5.0 of this letter

1.4 Income

This point has been noted.

1.5 Expenditure and tenders

This point has been noted and explained in section 6.0 of this letter.

1.6 Payroll

This point has been noted and explained in section 8.0 of this letter.

**2.0 PROPERTY, PLANT AND EQUIPMENT**

A fixed asset register was always provided in previous years. It was maintained in excel format last year following the adoption of Directive 01/2017 issued by the Department For Local Government. It was to be reconstructed from the beginning



following this Directive but since another Circular was issued to upgrade the Sage Accounting Package it was again maintained on excel format.

The Local Council has taken note of the recommendation regarding bins.

### **3.0 RECEIVABLES**

The Local Council has taken note of the auditor's recommendation.

### **4.0 CASH AND BANK**

The Local Council has taken note of the auditor's recommendation but would like to point out that no other cheques were ever issued to replace a particular cheque whilst the old cheque not being reversed. Another cheque is only issued to replace a cheque when a supplier informs the Local Council that he has misplaced/lost cheque and the Local Council along with checking with the bank statement, requests the bank, who also have a procedure to check if cheque has been presented, to stop pay the misplaced cheque before issuing a new one.

### **5.0 PAYABLES**

The Local Council has taken note of the auditors recommendations regarding the long outstanding accrual of €43,411.

The Local Council has taken note of the auditors recommendations on other matters mentioned under this point.

### **6.0 INCOME**

The Local Council has taken note of the auditors recommendations on this matter.

### **7.0 EXPENDITURE AND TENDERS**

The Local Council tries its utmost to make use of the reporting tools but at certain times either incidental issues or urgency matters may arise. The administration of the Local Council will continue to do its best to adhere to the procedures in all aspects and continue building on the recommendations made by the auditors.

Regarding the services relating to the hiring of PA systems the Local Council has checked the accounts in the sage accounting package and has found that the amount mentioned is not from the same supplier.

With every cheque issued the Council prepares a payment voucher, a copy is sent to the supplier together with the cheque and a copy is kept by the Council together with



the supplier invoice. On the payment voucher the supplier is requested to issue a fiscal receipt upon receipt of payment. Regarding the expense mentioned, this particular supplier was also contacted by phone to issue the necessary fiscal receipt due to the fact that the Local Council needed it to claim a grant, but still no fiscal receipt was received by the Council.

## **8.0 PERSONAL EMOLUMENTS**

The Local Council has taken note of the auditors recommendations regarding calculation and recording of salaries, honoraria and allowances. The Local Council follows the instructions issued by the Department of Local Government through the circulars. This year under review a Circular was issued following by various other circulars revising the first circular which lead to revising the payroll for multiple times.

The Executive Secretary does not have a current signed contract as she is no longer employed on a definite contract but is now on an indefinite contract, as per letter received by the Department for Local Government.

There was no instruction whatsoever regarding contracts and the Local Council cannot just draw up a contract, there has to be standard contracts, for each different employee, for all Local Councils. Previous contracts were signed with the conditions of work. Work conditions are also controlled by the collective agreements.

Yours truly,

**Paul Buttigieg**  
**Qala Mayor**

**Marcia Borg**  
**Executive Secretary**

cc. The Auditor General - National Audit Office.  
The Director – Department for Local Government