



8th May 2019

The Auditor General
National Audit Office
Notre Dame Ravelin
Floriana CMR02

Dear Sir

RE: FINANCIAL STATEMENTS FOR PERIOD ENDED 31 December 2018

Reference is made to the auditors' letter received on 29th April 2019. In terms of Section P2.05B (d.02) of the Local Councils (Audit) Procedures 2005, on behalf of San Lawrenz Local Council, we are presenting herewith the following comments:

1. Property, Plant and Equipment

In relation to the auditor's comments in relation to point 2.1, the variances being mentioned in the fixed asset register will be amended during 2019.

With respect to 2.5 and 2.7, there was an oversight on the part of the Council and we agree with the auditor's recommendations.

2. Receivables

The Council has noted the auditors' recommendations in points 3.1 and we agree with the auditor's audit adjustment.

3. Payables

Note is being taken of the auditor's recommendations in management report point 4.1 and 4.3. We are now continuously monitoring the creditors balances against creditors' statements.

However in this specific case, we are still awaiting the supplier's invoice way back from 2012 which has not been issued yet.

With respect to 4.5, there was an oversight on the part of the Council and we agree with the auditor's recommendations.

4. Income

The Council has noted the auditors' recommendations in points 5.4 and it is only a matter of reallocation. As for management point 5.1, the council did not check the Wasteserv rate per collection and will follow it up with the contractor.

5. Expenditure and Tenders

With respect to point 6.1, the Council will implement the procedure of drawing up purchase orders.

With respect to point 6.2, the Council will do the utmost to collect the fiscal vat receipt but it's the supplier who does not provide them.

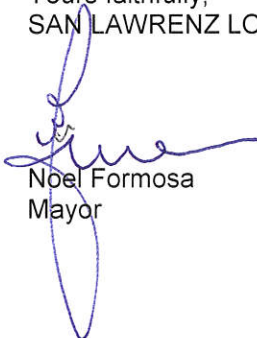
For the period ended 31st December 2018, the Council was forecasting a balanced budget. While it should be ensured that the Council continuously monitors and compares the actual with the budgeted income and expenditure, the auditors' recommendations are taken on board and during the current financial year, funds within the budget would be reallocated and adjusted to reflect shifts emanating from decreases or increases in budgeted income or expenditure on a quarterly basis.

7. Liquidity and Financial Situation Indicator

San Lawrenz Local Council is aware of the fact that the financial indicator is below the threshold of 10%. The council is emphasising that expenditure is being continuously monitored to curtail for financial commitments.

We would like to thank the Auditors for their constructive and professional advice provided during the course of their audit. Where possible, the Council commits itself to implement the suggestions accordingly.

Yours faithfully,
SAN LAWRENZ LOCAL COUNCIL



Noel Formosa
Mayor



Sarah Formosa
Executive Secretary