



Kunsill Lokali Ta' Xbiex

Wednesday 16th September 2020

The Auditor General
National Audit Office
St. Francis Ravelin
Floriana

Reply to Management Letter

Reference is made to the Auditor's management letter dated 31st July 2020. In terms of Section P2.05B (d.02) of the Local councils (Audit Procedures 2005, on behalf of the Ta' Xbiex Local Council, we are presenting herewith the following comments on the points raised in the letter:

1. Previous management letter

The Council has noted the recommendation of the Auditor and discussed the points under this heading below:

1.1 Property, plant and equipment

The comments of the Auditors have been noted. Please refer to our comments in paragraph 2.1/2.3/2.6

1.2 Grants

The comments of the Auditors have been noted.

1.3 Income

The comments of the Auditor have been noted. Please refer to our comments in paragraph 4.1/4.3 and from 4.5 to 4.7.

1.4 Payroll

The Auditor's positive comments have been noted.

1.5 Expenditure

The positive comments of the Auditors have been noted.

1.6 Trade and other Receivables

Please refer to our comments in paragraph 7.1

1.7 Trade and other payables

Please refer to our comments in paragraph 8.1 and 8.4.

1.8 Bank and Cash

The comments of the auditor have been noted.

1.9 Financial Statements

The positive comments of the Auditors have been noted.

1.10 Forecasts

Please refer to our comments in paragraph 10

1.11 Council Meetings and minutes

Please refer to our comments in paragraph 11.1

Current year issues

2. Property, plant and equipment

Upkeep and fixed assets register.

2.1 – The council has noted the recommendation of the Auditor. The accountant will be transferring the data from Microsoft Excel to the Sage Accounting package.

2.2 - The council has noted the recommendation of the Auditor regarding the importance of the fixed asset register on the Sage Accounting package.

2.3/2.4/2.5- The council notes the recommendation of the Auditors however, it is still of the opinion that laptops are moveable assets and that knowledge of their location is enough to ensure that they remain assets of the Local Council. Nonetheless this year, following the council's approval, these laptops will be written off.

Grants and Depreciation provision

2.6/2.7 – The council has noted the recommendations of the Auditors and will seek to improve deprecation workings

2.8/2.9/2.10 – The council acknowledges that the grants has been treasted as fully allocated to specific projects even when these had not been entirely completed The council understands the recommendation made by the auditors to keep segregated the funds received by the Central Region to be used for specific projects.

3. Grants

Accounting for deffered income

3.1/3.2/3.3/3.4 – The council acknowledges the comments and adjustments proposed by the auditors. The council will also try to remedy to the situation whereby the funds from the central region are left in a separate bank account, even if idle.

4. Income

Income from pre-regional committees

4.1/4.2 – The council notes that the comments from the auditors are the same as for last few years. The auditors know very well that the amounts due to the local council from pre-regional committees are impossible to verify and most probably should be written off completely, due to the mismanagement of such regional committees.

Government Allocation

4.3/4.4 – The council has noted the recommendation of the Auditor

Accured Income

4.5/4.7 – The council notes that it failed to keep its accountants abreast of the invoices that it needed to issue for the refund on the additional cost incurred in the collection of organic waste. This has led to the provision of such refund (via invoices) to be omitted from the financial statements as at 31st December 2019 as approved by the council.

The information has been subsequently passed to the accountants for them to include with their preparation of the financial reports.

In relation to the amounts paid to Wasteserv by the DLG, as happened in the previous years, the information was not forthcoming from the DLG nor from Wasteserv, until the compilation of the year and reports.

4.6 – The comments of the auditors have been noted.

5. Payroll

Payroll Cost Disclosure

5.1/5.2 – The council accepts the reclassification proposed by the auditors and will attempt to minimize these minor shortcomings.

Pay Rates

5.3 – The comments of the auditors have been noted and we already deducted €565 from his salary.

6. Expenditure

Insurance

6.1/6.2 – The council notes the comments and adjustments proposed by the auditors.

Petty Cash Expenses

6.3 - The council notes the comments and adjustments proposed by the auditors.

Christmas Party

6.4 – The council thinks that it was appropriate to invite the ex-councillor who served the council for 6 months in the same year.

7. Trade and other receivables

Trade Receivables

7.1/7.2 – The council notes and accepts the proposed adjustment and recommendations.

8. Trade and other payables

Trade payables

8.1/8.2 – The council notes and accepts the proposed adjustment and recommendations.

Overdue Payables

8.3 - Most of the suppliers will not send the invoices immediately.

Supplier Statement reconciliations

8.4/8.5 - The council notes the comments of the auditors and will give instructions to its administration to conduct more accurate and timely reconciliations of debtor statements and amounts.

9. Bank and Cash

Bank Reconciliation

9.1/9.2 – The bank reconciliation are signed by the Executive Secretary and filed. The auditors never asked for them.

Stale Cheques

9.3/9.4 – The council notes the proposed recommendations from the auditors.

Approval of Payments

9.3/9.4 – The council notes the comments by the auditors to which it needs to add that in some cases the cheques are prepared in advanced of the council meeting to avoid any time being wasted during the same meetings.

10. Forecasts

10.1/10.2 – The council notes the recommendations of the auditors.

11. Council Meetings

11.1/11.2 – The Ta' Xbiex Local Council has taken note of the Auditors' comments however, it must be understood that on particular occasions, the intervals between meetings are longer than those stipulated due to unforeseen travelling or sickness. Nevertheless, the Council will do its utmost to adhere to section 43 (2) of the Local Councils Act.

11.3/11.4 – The Council has noted the Auditors' recommendations.

12. Tendering

Expired Contracts

12.1/12.2 – The comments of the Auditors' have been noted.

Conclusion

We would like to thanks all the Auditors for their constructive and professional advice, as provided during the course of the adult. Where applicable, the Council commits itself to implement the suggestions accordingly.

This reply has been approved by the Council meeting held on Wednesday 16 th September 2020.



Max Zammit
Mayor



Yasmine Tonna
Executive Secretary