



21<sup>st</sup> July 2020

Reply to the Management Report for the Financial Year ended 31<sup>st</sup> December 2019

**1. Follow – up: Management Report – Year ended 31<sup>st</sup> December 2019**

Whilst acknowledging the positive remarks raised by the Auditors with regards to the previous year Management Letter, all sections will be answered during the course of this letter and explained in detail where issues raised are not in compliance with Auditor's views and state our case on such issues.

**2. Accounting Information**

2.1 – 2.4

The auditor's comments were noted.

**3. Books of Account**

3.1 – 3.2

The auditor's comments were noted.

**4. Financial Statements**

4.1 – 4.2 – Presentation of Financial Statements

The Council adhered to the auditor's recommendation and will ensure that more attention is given when preparing the financial statements.

**5. Income**

5.1 – 5.2 – Other Government Income

The Council adhered to the auditor's recommendation and reallocated the Eur 34,709.38 paid by the Department for Local Government to Wasteserv Malta Limited in relation to tipping fees. The Council will ensure that future transactions are properly recorded.

5.3 – 5.4 – General Income

The council adhered to the auditor's recommendations.

5.5 – 5.6 – Income from LES System

The auditor's comments were noted.

Pont San Tumas, Marsa

☎ 2122 0522 / 2122 4877 ☎ 2122 0606

☎ marsa.lc@gov.mt ☎ Marsa Local Council

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5.7 – 5.8 – In the period mentioned there were issues relating to the updating of the system and as such the Council was unable to issue receipts and invoices. When the electronic system started being operated these invoices were issued immediately.

5.9 – 5.11 – Whilst taking note of the auditor's recommendations, the new organic waste collection agreements with WasteServ have been signed and as has been noted the Council has amended the financial statements to include the audit adjustment.

## **6. Personal Emoluments**

6.1 – 6.3 – Councillor's allowances

The Council will adhere to the auditor's recommendation in this matter. The Wages Reconciliation, marked as Annex 1 attached, was provided to the auditors which shows that the FS7 was reconciled to the books of accounts of the Council, hence the Eur 172 difference was a reallocation from the other wages account.

6.5 – 6.6 – Wages' reconciliations

The auditor's recommendations will be adhered to.

6.7 – 6.8 – Mayor's Honorarium

The council received a circular on the 9<sup>th</sup> December 2019 'Circular 22/2019' stating that a council who has between 7 and 9 councillors will receive the amount of 65% of the Honorarium of a Parliamentary Member, that is Eur 15,027.35, as per Annex 2 attached.

Annex 3 is the reconciliation done, with regards to the 2 Mayors the Council had during 2019, reconciled to the Circular 22/2019.

## **7. Expenditure**

7.1 – 7.2 – The Council will adhere to the auditor's recommendations.

7.3 – 7.4 – As noted in the auditor's statement the procurement regulations have always been adhered to by the council and in only one instance (throughout the whole financial year) has the council purchased the service of a skip and cleaning in Triq Belt il-Hazna by direct order at €684.40. The reason for doing this was the urgency to clean the place as the situation was increasingly becoming a health hazard for the people who live and work there.

7.5 – 7.9 – The council will adhere to the auditor's recommendations and annually check the fixed asset costs into the accounts versus the insurance policies.

7.10 – 7.11 – The council took note of the auditor's recommendation and we will ensure that insurance coverage will be limited to the Maltese Islands.

7.12 – 7.13 – The Council would like to clarify that tenders KLM 06/13, KLM 04/15 and KLM05/15 have all been issued and awarded and the council is not working on expired contracts. With regard the Street Cleaning Services tender number KLM 01/15 the Council has

started working on the tender back in July 2019 and was asked to wait before issuing the tender so that we can establish how much funds will be allocated in the budget. We had to wait as the Council was intending to increase the number of sweepers from its current two to five. The amount allocated would have allowed the Council to have only four sweepers, so adjustments had to be done. The tender document had to be modified as the Department of Contracts made substantial changes to the document. At the point of writing the tender has been awarded. The process of awarding tenders occasionally can be extremely lengthy, especially if the sum being set aside is substantial. Finally, regarding tender KLM03/15 the Council is still awaiting the final confirmation from the Department of Local Government on whether the Council can issue a tender or whether this tender can be issued as a vacancy through Jobsplus.

7.14 – 7.15 – The Council will adhere to the auditor’s recommendations.

7.16 – 7.18 – Professional Fees

The Council will adhere to the auditor’s recommendations.

7.19 – 7.20 – Classification of expenses

The Council will adhere to the auditor’s recommendations.

7.21 – 7.22 – The Council will adhere to the auditor’s recommendations. Meanwhile, the Council is in the process of clarifying with the Department of Local Government whether it would be more financially suitable to issue a tender or whether we can have a part-time vacancy for a Contracts Manager through Jobsplus.

## **8. Fixed Assets**

8.1 – 8.4 – Fixed Asset Register

The Council will adhere to the auditor’s recommendation.

8.5 – 8.6 – Reconciliation of financial statements to fixed asset register

The Council will adhere to the auditor’s recommendation and prepare the fixed asset register.

8.7 – 8.8 – Tagging of Fixed Assets

The Council will take the auditor’s recommendation and will tag its fixed assets as required by the financial procedures, once the Council has a properly updated Fixed Asset Register.

8.9 – 8.10 – Depreciation of Fixed Assets

The Council will adhere to the auditor’s recommendation.

## **9. Bank and Cash**

9.1 – 9.3 – Bank Reconciliation

The Council will adhere to the auditor’s recommendation.

9.4 – 9.5 – Cash Count

The Council will adhere to the auditor’s recommendation.

## **10. Trade and Other Receivables**

### 10.1 – 10.2 – LES Receivables

The auditor's comments were noted.

### 10.3 – 10.6 – Overdue Receivables

The Council will adhere to the auditor's recommendation whereby statements will be sent to the long overdue receivables.

### 10.7 – 10.8 – Confirmation of Debtors

The council will be checking debtor's balances and adhering to the auditor's recommendation to reconcile these pending balances.

### 10.9 – 10.10 - Other Debtor

The Council will adhere to the auditor's recommendation whereby statements will be sent to long overdue amounts.

## **11. Trade and Other Payables**

### 11.1 – 11.2 – Supplier Statements

The Council will adhere to the auditor's recommendation.

### 11.3 – 11.6 – Long-Outstanding Creditors

The Council will adhere to the auditor's recommendation.

### 11.7 – 11.8 – Confirmation of Trade Creditors

The Council will adhere to the auditor's recommendation.

### 11.9 – 11.12 – Trade Creditors

The Council adhered to the auditor's adjustments and reflected these in the financial statements.

### 11.13 – 11.14 – Unrecorded Liabilities

The Council adhered to the auditor's adjustments and reflected these in the financial statements.

## **12. Meetings**

12.1 – 12.2 – The Council will adhere to the auditor's recommendations.

## **13. Schedule of Payments**

13.1 – The Council paid WasteServ by cheque no 8837 (vide attachment) on 29/11/19 amounting to €8762.30.

13.2 - The Council will adhere to the auditor's recommendations.

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13.3 – The Council must approve the payment and not the cheque. We brought this issue to the attention of the auditors in previous audits.

13.4 This payment was not in the Schedule of Payments and the auditors are correct. (Department of Information advert).

13.5 Payment was made by bank transfer on 14/01/19.

13.6 The Council will adhere to the auditor's recommendations.

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#### **14. Uploading of Documents**

14.1 – 14.2 – We will ensure that all documents are uploaded in a timely manner. However, one should take into consideration that if a report is received late, then it is automatically uploaded late. Moreover, during the reviewed period there were changes to the uploading system and we didn't have a course so that we can adapt speedily to this new system.

14.3 – 16.5 – We will ensure that all documents are uploaded in a timely manner and we will adhere to the auditor's recommendations what documents can be published do to Data Protection regulations.

#### **15. Contingent Liabilities**

15.1 – 15.2 – Contingent Liabilities  
The Council adhered to the auditor's recommendations.

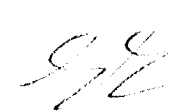
#### **16. Reports**

16.1 – 16.2 – Comparison with the annual budget  
The Council will compare budgeted figures to actual figures on a quarterly basis to keep track of the expenditure with the budgeted amounts.

#### **17. Liquidity Position**

17.1 – The Council will adhere to the auditor's recommendation.

17.2 – 17.3 – The Council will ensure that its finances will remain stable as in previous years.



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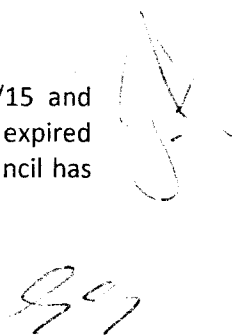
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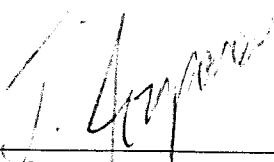
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Joséf Azzopardi  
Mayor

  
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Edward Spiteri Audibert  
Executive Secretary

