



20th July 2020,

Mazars,

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ATTARD

LOCAL COUNCIL

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Attn: Mr. Ernestino Riolo

Dear Sir,

Reference is made to your Management Letter dated 26th May 2020, received at our offices on 19th June 2020.

The Council noted all points and will be addressing each point separately. Below are our comments:

1. Follow up on prior year issues

- Insurance: Noted. the Council is in contact with our brokers to review all its insured items.
- Accountancy: a new tender will be issued shortly.
- Locality Day: The Council recognises that the authorised expenditure was exceeded.
- Bank and cash: Almost all of the accounting work is done by the Executive Secretary and it is not always possible to prepare all work strictly by the 10th day of the next month due to other obligations and commitments.
- Local Enforcement System: these funds were not recognised in the proper nominal account and thus re-classified accordingly.
- Business Plan: The Council is still working on the five-year Business Plan.
- Liquidity position: The Council has obtained a positive balance throughout these last years and is working on obtaining a balance above the 10% minimum requirement.

2. Expenditure

Budget vs Actual Expenditure and Business Plan

- The amount of €47,770 listed in the management letter under the Budget category as 'Other Gov income' should have been classified by the Auditors as 'Supplementary Gov Income'. In the budget 2019 approved by the Council, the amount is being correctly disclosed as 'Supplementary Gov Income'.

After reflecting the above reclassification the difference in the 'Other Gov Income' between the actual and budget should read €93,818. This difference consists of the reimbursements that the Council received in 2019 for the organic waste collection. In the budget, the Council netted off the reimbursements against the 'Refuse Collection' cost, while in the audited financial statements reimbursements were classified separately as 'Other Gov Income'. Such explanation is also relevant for the observation that the budgeted 'Refuse Collection' is lower than the actual amount.

Procurement Procedures

- The Council acknowledges the issue regarding Accountancy Services and as stated will issue a tender shortly.
- The Council received a suggestion from an IT service provider for a one-year agreement, which agreement was unlike anything given by other IT service providers. Thus, the Council could not ask for further quotations as it would have resulted in an unfair competition towards the person who came up with this innovative service for our community. If circumstances were otherwise further quotes would have been requested.

Fiscal Invoices

- As explained during the Audit procedure these old but in very good condition books were bought from a University student to replace books at the Public Library which were worn out. This student could not provide a fiscal receipt but only a hand note. Though, I acknowledge the effort made by the Executive Secretary to restore the Public Library from its previous state to the more organised structure it is nowadays, through all the changes made and funds allocated for books, we will refrain from purchasing any item without a fiscal receipt.

Donations

- When and if required for special occasions other than those specified in the legislation, the Council will acquire the permission of the Department for Local Government.

3. Income

Excess between tipping fees and allocation

- The Council accepted the adjustment and recorded it accordingly

Organic Waste Collection reimbursement

- The Council accepted the adjustment and recorded it accordingly

4. Inventory

- Said recommendation will be taken and valuation measured in accordance with the IAS 2 *Inventories*

5. Bank and cash

Bank reconciliations

- The Executive Secretary will see that if and when possible, this is adhered to.

6. Local Enforcement System

Joint Committee

- As per previous Management Letter the Council is aware that no Financial Statements by the Birkirkara Joint Committee were presented to the Council since 2015.

Central Region Committee distribution

- These funds were incorrectly stated as income due to an oversight. A reclassification was rightly approved.

7. Payables

Supplier Statements

Though the Council through its improved payment system put an undernote specifically stating that statements were to be remitted on a monthly basis, not all suppliers provided these accordingly.

The Council will through the year trace all suppliers to try to obtain the required statements accordingly.

8. Payroll

The Council acknowledges that leave carried forward in this particular occasion amounted to 128 hours but the decision was based on the fact that this particular employee was pregnant and wished to carry forward her leave to have more time with her newborn.

9. Meetings and administration

Budget and Business plan

- Noted and as above.

10. Liquidity position

Financial Situation Indicator

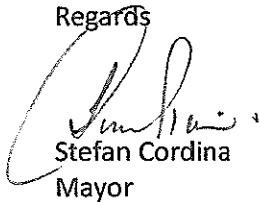
- The Council acknowledges that the FSI is presently less than the minimum positive balance and will try to ensure to continue to obtain the 10% positive balance as per section 4 (1)(c) of the Local Council Financial Regulations.

11. Financial Statements

- The Council noted these points and our accountants are duly informed.

I would like on behalf of all the Local Council to thank our Auditors for their collaboration and serious amplitude during the course of the Audit.

Regards



Stefan Cordina
Mayor