



ATTARD
LOCAL COUNCIL

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24th May 2023

Grant Thornton,
Fort Business Centre
Triq L-Intornjatur, zone 1
Central Business District
Birkirkara, CBD 1050
Malta

Attn: Mr. Mark Bugeja

Dear Sir,

Reference is made to your management letter dated 26th April 2023, received at our offices on the 4th May 2023.

The Council noted all points and will be addressing all points separately. See our responses below:

1. Prior year management letter points

Joint Committee – as noted in the previous management letter these financial statements could not be obtained.

Trade payables – please see more detailed comments in section 6 below.

Trade receivables – please see more detailed comments in section 4 below.

IFRS 16 – please see more detailed comments in section 3 below.

2. Income

Revenue from Wasteserv - The invoice related to Wasteserv for December 2022 had been issued in January 2023 and this was inadvertently missed from being accounted for in 2022. Since then, we have introduced a monthly checklist to ensure that accrued income on Wasteserv invoices will be recorded in the correct period even if related invoices are issued post month-end. The understatement of the bills from March onwards is also acknowledged and this was due to a new discount given by the service contractor.

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.

3. IFRS 16

IFRS 16 lease workings - The Council agreed with the differences noted in the management letter regarding the lease workings. This was primarily due to an incorrect posting by our side related to a prior year audit adjustment.

4. Trade Receivables

A Statement of Account and reminders have been sent to the parties from which we have a receivable noted as overdue and for which a provision was not recognised, we are confident to receive these amounts in 2023. If this is not the case, we will take a decision at the end of the year regarding whether a provision is needed against these receivables or whether a write-off would be more appropriate.

5. Property and equipment

Non-capitalisable assets – we agreed with the advice of the Auditors to reclassify part of the invoice related to works carried out in Triq il-Mosta from capitalised assets to expenses. We will refer to IAS16 going forward to determine what portion of works should be accounted for as expenses vs capitalised assets in future invoices related to similar works.

Capitalisable assets – we agreed with the advice of the Auditors that specific invoices related to professional fees on projects should have been accounted for as capitalisable assets rather than expenses as per IAS 16.

6. Trade payables

Debit balances in creditor's list – as noted in prior year the debit balance in the ARMS creditor account relates to wrong allocation of payments to the respective bills by ARMS and are now being slowly deducted. The other two creditors that have an amount over EUR100 (LESA and Inspirations Ltd.) both related to double payments made from our side and these are being treated as payments on account against future transactions.

7. Beginning Balance

We agreed with the point noted by the Auditors that there was a difference in the 2022 opening retained earnings in the Council's trial balance against the 2021 audited closing retained earnings. This was due to a 2021 audit adjustment inadvertently posted twice from the council's side.

Going forward, we will ensure to reconcile the opening retained earnings with the closing retained earnings as per the signed financial statements. With the addition of an Accounts Clerk to the Council's team we will have more resources to perform necessary reconciliations and to liaise with the Council's accountant on differences noted.

On behalf of the Local Council and staff I would like to thank our Auditors for their collaboration and professional attitude during the course of the audit.

Regards,

Stefan Cordina
Mayor