



K.L.B. 22/01/16

The Auditor General
National Audit Office
Notre Dame Ravelin
Floriana FRN 1600

25th July 2016

Dear Sir

Re: Reply to management letter

Please find hereunder the Balzan Local Council's response to the Management Letter for the year ending on the 31st December 2015.

2. Income

Accrued Income

- 2.3 Certain adjustments are known subsequent to the preparation of the financial statements for presentation to the auditors since events occur in the period between the presentation of the financial statements and the audit which would have an impact on the financial statements.

Government subvention

- 2.5 Noted. Will comply

3. Payroll

Payroll Reconciliations

- 3.2 Noted. Will comply

Employee Files

- 3.3 Councillors were informed to fill up the FS4 forms



Allocation of salaries

3.6 Noted. Will comply

4. Expenditure

Petty Cash Expenditure

4.5 Although the Council notes the observation and has done so over the past years, unfortunately, certain entities only work using cash registers especially for things bought over the counter, which such petty expenditure warrants. In terms of VAT law, both the Council and the suppliers in question are compliant and the cash register receipt is a legally compliant fiscal document itself. Thus, there is incongruence between the respective laws that is creating this anomaly which needs to be addressed by the legislator. On the other hand we will comply with the appropriate provisions which are required for expenses incurred under review actually paid in subsequent periods.

5 Fixed Assets

Fixed Assets Register

5.2 As has already been noted in prior years, this exercise is impossible unless the Council can get access to the data in the previous system. When the old accounting system was upgraded, this information was left out when the data transfer was affected by the supplier and since then no longer accessible.

Doggie Bins

5.3 Noted. Will comply

Insurance Cover

5.6 The Council



Capital Expenditure

- 5.8 Although we concur with your observation, one has to appreciate that circumstances change during the year which would require changes in the project priorities.

Reconciliation of fixed assets register to financial statements

- 5.11 The Council wishes to point out that this is done every year. The figures in the nominal ledger are the right figures and adjustments need to be carried out in the fixed asset register. Unfortunately, the fixed asset register software does not allow these adjustments.

6 Bank and cash

Bank Reconciliations

- 6.1 Noted

Accounts representative

- 6.5 The Council had taken the necessary action to update the signatures at Bank of Valletta Ltd and the accounts are reflecting the actual signatories

7. Creditors

Suppliers' statements

- 7.3 Noted. Will comply. However kindly note that creditors are minimum as all invoices paid within 30 days due to our healthy financial position.

Accruals

- 7.5 As highlighted in Item 2.3 this is due to a difference in timing between the presentation of the accounts and the audit.

Long Outstanding trade creditors

- 7.8 Noted



Debit balances

- 7.9 Noted. The Council wishes to point out that the debit balance on Enemalta was as a result of an overpayment that was confirmed by Enemalta and as stated also by Auditors.

8. Grants and deferred income

- 8.4 Noted

Central Regional Committee distributions

- 8.8 Noted

Timing of Grants

- 8.9 Although this was not reflected in the ledger, the Council had made provision for the non-current portion in the presentation of the Financial Statements.

9. Local Enforcement System

Pooling period

- 9.2. Noted

10. Financial Statements

10.1 Presentation of financial statements

- 10.2 A note to the effect will be included. However, it is to be noted that no new standards were adopted during 2015.

11 Minutes and Meetings

- 11.3 Noted. Will comply with MEMO's 77/2009 and 101/2010


Dr. Jan Spiteri
Mayor


Mark Mallia
Executive Secretary