

The Mayor,  
Balzan Local Council,  
153, Main Street,  
Balzan BZN 1251



5 May 2017

### **Financial Statements for the year ended 31 December 2016.**

During the course of our audit for the year ended 31 December 2016, we have reviewed the accounting system and procedures operated by the Council. We have also reviewed the operations of the Council and how they conform to the Local Council Act 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. This report follows up from the report on the mid-term audit covering January to September 2016. We set out in this report the more important points that arose as a result of our review.

#### **1. Previous management letter for mid-term period January – September 2016.**

##### **1.1 Income**

Once again we identified errors in accounting for accrued income (refer to notes 2.1 - 2.3).

##### **1.2 Payroll**

We noted that the Council had not amended for the unreported salary of the outgoing Executive Secretary (refer to note 3.1). On the other hand, we had no issues with accounting for Councillor allowances.

##### **1.3 Fixed Assets**

The fixed asset register has not been updated with location of assets acquired in previous years (refer to note 4.1) and we again identified differences between categories of assets in the fixed asset register and the accounts (refer to note 4.13).

Once again, we noted errors in depreciation workings (refer to note 4.3 - 4.8)

We again noted discrepancies between the insurance cover and the cost as per nominal ledger of assets (refer to note 4.11). We also noted that the council has exceeded its budgeted capital expenditure (refer to note 11.6).

**Kunsill Lokali:  
Hal-Balzan**

15 MAY 2017

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#### **1.4 Bank and cash**

We noted again that certain accounts are still not being reconciled and reconciliations are not being prepared within the required time frame (refer to note 5.1).

#### **1.5 Creditors**

The reconciliation difference on the statement of Mica Med was again evident (refer to note 6.1)

We again identified instances of over/under accruing for expenditure (refer to notes 6.3 – 6.4).

We also noted that the Council still had overdue payable balances at 31 December 2016 (refer to note 6.6) and that it has the same debit balances as reported in the mid-term period (refer to note 6.9).

#### **1.6 Grants and deferred income**

In the current period we again noted an error in accounting for grants that also impacted the allocation to income and the allocation between current and non-current portions (refer to note 8).

#### **1.7 Trade and other receivables**

We again noted receivables that were due for more than 365 days (refer to note 10.1), and issues with accounting for prepaid rent (refer to note 10.3).

#### **1.8 Local Enforcement System**

The audited financial statements of the Birkirkara Joint Committee were not received (refer to note 13).

#### **1.9 Financial statements**

We have no issues to report on the financial statements.

#### **1.10 Other accounting matters**

The accounts of the Council were up to date.

#### **1.11 Minutes and meetings**

We do not have an issues to report on the minutes.

## **Current year issues**

### **2 Income**

#### **Accrued Income**

- 2.1 During the mid-term we noted that the Council was allocated the sum of EUR4,000 by the Department for Local Government to cover the Balzan Arts Festival held on 3 June 2016. The Council received the sum of EUR 3,949 on 21 December 2016. However, upon testing the accrued income and other government income, we noted that the both elements were overstated by EUR4,000 in the books of the Council. We proposed an adjustment to reverse the amount of EUR4,000. The Council approved our adjustment and reflected it in the audited financial statements.
- 2.2 We encourage the Council to monitor accrued income regularly to ensure that amounts receivable are recognised timely and fairly whilst amounts received are set-off against the payment received.
- 2.3 From communication with the department for Local Government, it transpired that the department will cover tipping fee shortages payable to WasteServ amounting to EUR6,410. We proposed an audit adjustment to recognise this amount as accrued income in the statement of financial position and as income for the year. The Council approved our adjustment and reflected it in the audited financial statements.
- 2.4 We also carried out our own reconciliation with regards to tipping fees shortages due to WasteServ. We noted that the amount recognised by the Department for Local Government is understated by EUR2,017.
- 2.5 We recommend that the Council verifies the shortage amount that should be covered by the Department for Local Government and ensures that the balance is reconciled with their records.

### **3 Payroll**

#### **FS5 and FS 7 Reconciliation**

- 3.1 We prepared a payroll reconciliation between the ledger and FS5 forms and FS7. We identified a difference of EUR1,147 between the cost per ledger and amounts reported on the FSS documents. As reported in the mid-term management letter, EUR714 in wages paid to the outgoing Executive Secretary for the month of August were not included in the FSS reports. The balance of EUR433 related to overtime paid to the community worker which was invoiced to the Council by the respective authority and will be include in the authority's FSS forms.



	EUR	EUR
Gross wages as per FS7		60,426
Share of Council NI as per FSS forms		3,014
<b>Adjust for</b>		
Accruals 2016	3,209	
Accruals 2015	- 3,765	
		- 556
Adjusted payroll cost as per FSS		62,884
Cost per ledger		64,030
		- 1,146

- 3.2 The Council should ensure that all salaries and wages paid to its employees are reported in the respective FSS documents. We also recommend that periodical reconciliations between FSS reports and the ledger are carried out to identify any differences on a timely basis.

#### **Performance bonuses and overtime accruals**

- 3.3 Since part of the payments made to the outgoing Executive Secretary were not included in the FSS reports, his performance bonus (at the approved rate of 10%) was understated by EUR71. We proposed an adjustment to accrue for this difference. The Council approved our adjustment and reflected it in the audited financial statements.
- 3.4 Whilst accruing for overtime due at year end, the Council erroneously accrued for the amount of performance bonus of an employee, rather than the overtime balance which was paid in January 2017. This resulted in the accrual being overstated by EUR563. We proposed an adjustment to reduce the accrued amount for this difference. The Council approved our adjustment and reflected it in the audited financial statements.
- 3.5 We also noted that invoice 15/2017 relating to the overtime of the community workers for December was issued on 5 January 2017. Although the invoice related to the year under review, the Council did not accrue for the invoice. We proposed an adjustment to accrue for this expense which amounted to EUR78. The Council approved our adjustment and reflected it in the audited financial statements.
- 3.6 We encourage the Council to make appropriate provisions for salaries and allowances payable at each reporting period since expenses should be recognised in the year in which they are incurred rather than paid.

### **CIR liability**

- 3.7 At 31 December 2016 the Council reported a liability of EUR2,300. The FSS and NI due for December 2016 amounted to EUR2,120. The difference of EUR180 emerged between the CIR liability and the June and December FS5 since the payslips for June and December correctly show a tax charge of EUR210 on one of the Councillors but the FS5 workings for June and December show a tax charge of EUR120 hence resulting in EUR90 difference in each month. The Council noted the mistake in December and adjusted for the June balance only in the FS7. The remaining difference of EUR90 still needs to be adjusted and would require a revision of the FS7.
- 3.8 As recommended above, periodical reconciliations between FSS reports and the ledger need to be carried out to identify any differences and correct them in a timely basis.

### **Payroll cost reporting**

- 3.9 Our analyses of payroll costs in the ledger and financial statements indicated that the element allocated to the Executive Secretary was understated by EUR2,516 in the ledger and EUR876 in the financial statements. The differences emerge due to the allocation of the Executive Secretary bonus element of salary. An adjustment was proposed to reclassify EUR2,516 to Executive Secretary salary and the necessary amendment proposed to the financial statements. The Council approved our adjustment and reflected it in the audited financial statements.

## **4 Fixed assets**

### **Fixed asset register**

- 4.1 A number of asset items in the fixed asset register do not include information about the location of that asset. In the absence of this information, the Council is unable to individually identify assets and correctly account for their existence, impairment or disposal.
- 4.2 Once again we recommend that the Council updates the fixed asset register with the location of assets, where applicable.

### **Depreciation charge for the year**

- 4.3 Upon testing the depreciation charge for the year we noted that the charge for the last three months of the year were calculated manually and posted by journal entry rather than automatically by the system. We also noted that the office equipment depreciation amounting to EUR721 was included in the furniture and fittings account. We proposed an adjustment to reclassify the



depreciation charge relating to office equipment. The Council approved our adjustment and reflected it in the audited financial statements.

- 4.4 We remind the Council that under the Local Council (Financial) Procedures, depreciation must be calculated using the reducing balance method on a monthly basis on all assets. This also needs to be computed within the financial package by using the appropriate fixed asset tool and thus urge the Council to ensure that all additions to property, plant and equipment to be included in the Fixed Asset Register in a timely manner.
- 4.5 We also noted that asset class 7 in the fixed asset register with a cost of EUR14,443 is mapped under office equipment in the ledger, but under computer equipment in the fixed asset register. This resulted in a depreciation charge of 25% rather than 20% as per depreciation policy. The impact for the year would amount to EUR616.
- 4.6 We recommend that the Council reviews the mappings in the fixed asset register to ensure consistency with the class of asset as per ledger.
- 4.7 As reported in the mid-term audit management letter, we noted that some of the additions in fixed assets posted during the period should have been recorded in 2015. These include urban improvements with a cost of EUR46,822 and construction works with a cost of EUR672. The depreciation charge for the year was recalculated in view of the date when the asset was available for use and we note that the charges were understated by EUR5,655 and EUR49 respectively. We proposed an adjustment to account for the differences. The Council approved our adjustment and reflected it in the audited financial statements.
- 4.8 We recommend that assets are depreciated in line with IAS 16 Property, Plant and Equipment. IAS 16 states that an asset is to start being depreciated when the cost of the asset can be measured reliably and when the asset is available for use.

#### **Doggie Bins**

- 4.9 In 2015, the Council acquired doggie bins that were financed by a grant. Due to the replacement basis policy, the Council is not required to depreciate them, however, as reported in the mid-term audit, the grant was not included in the fixed asset register. Following our recommendation, the Council included the grant in the register and this was manually posted as a depreciation charge for the year under review in the ledger. As a result, the depreciation charge was overstated by EUR2,000. We proposed an adjustment to reverse the Council's entry in relation to this. The Council approved our adjustment and reflected it in the audited financial statements.

- 4.10 We remind the Council that assets should be depreciated at the rates and methods prescribed by the Local Council (Financial) Procedures.

### Insurance Cover

- 4.11 We have also reviewed the Council's insurance policies and noted the following discrepancies between the insurance cover issued in May 2016 and cost as per nominal ledger.

Category of asset	As per Ledger EUR	As per Insurance EUR	Difference EUR
Urban Improvements Project - Pjazza	36,888		
Upgrading of Playing Field	268,840	147,104	178,934
Office Furniture/Fittings	20,310		
Plant and Machinery	1,944	1,944	-
New Street Signs	10,170		
Benches New	2,935	25,945	8,505
Miscellaneous Improvements	21,345		
Office and computer equipment	23,288	9,223	14,065
			201,504

- 4.12 The above illustrates that some of the Council's assets are not adequately insured. The Council should adhere to circular 33/2016 that requires an insurance cover of its buildings and contents including fire, theft and damage. The circular also clarifies that community assets do not need to be insured.

### Reconciliation of fixed asset register to financial statements

- 4.13 Whilst the register agrees to the nominal ledger, we identified the following variances in the class of fixed assets which have been brought forward from previous periods:

Asset category	Cost per financial statements EUR	Cost per fixed asset register EUR	Difference EUR
Office furniture and fittings	20,310	20,307	3
Plant and machinery	1,944	1,944	-
Computer equipment	3,075	2,975	100
Office equipment	20,213	20,040	173
Urban improvements	697,295	697,397	- 102
New street signs	10,170	10,344	- 174
Construction works	662,535	681,862	- 19,327
Special programmes	273,458	254,130	19,328
Under Construction	8,791	-	8,791
<b>Total</b>	<b>1,697,791</b>	<b>1,688,999</b>	<b>8,792</b>

- 4.14 We also noted that the net book value per ledger (EUR 782,541) differs from the net book value per register (EUR779,411) by EUR3,130. The differences were identified in the depreciation provision as follows.

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Asset category	Depreciation & grants per Ledger EUR	Depreciation & grants per FAR EUR	Difference EUR
Office furniture and fittings	13,721	13,581	140
Plant and machinery	1,161	1,161	-
Computer equipment	2,206	2,195	11
Office equipment	9,962	9,840	122
Urban improvements	193,013	189,500	3,513
New street signs	10,170	10,344	- 174
Construction works	452,876	452,826	50
Special programmes	232,141	230,141	2,000
<b>Total</b>	<b>915,250</b>	<b>909,588</b>	<b>5,662</b>

- 4.15 We understand that the Council reviewed these differences and determined that the error lies within the Fixed Asset Register. We recommend that the Council contacts the software providers to identify a way to amend the register.

## 5 Bank and cash

### Bank reconciliations

- 5.1 We were only provided with reconciliations for the months of September and December. The reconciliations provided were not signed by the Executive Secretary.
- 5.2 The HSBC current account bank reconciliation included unreconciled payments of EUR2,888 of which 4 cheques amounting to EUR655 in total were issued prior to 1 July 2016 and are stale at year end. It also included un-presented deposits amounting to EUR83 of which EUR22 were dated between June and September 2016.
- 5.3 We also noted that the opening difference of EUR28 between the Council ledger (EUR47) and BOV Savings account 13416058015 bank balance (EUR19) remained unchanged.
- 5.4 We remind the Council that monthly bank reconciliations are required for all bank accounts held in the name of the Council. The bank reconciliations are to be prepared by the 10<sup>th</sup> working day of the following month. We



recommend that the bank reconciliation is printed, approved by the Executive Secretary and filed with the bank statement for that month.

## 6 Creditors

### Suppliers' statements

- 6.1 A reconciliation of the balance due to Mica Med, the largest creditor for the period highlighted a difference of EUR439 as tabulated below. We noted however, that the amount of EUR213 is a timing difference. We also identified a posting error of EUR65 which results in an unreconciled difference of EUR291.

	Balance as per Creditors List EUR	Balance as per Statement EUR	Difference EUR
Mica Med	47,657	47,218	439

- 6.2 We continue to encourage the Council to obtain monthly statements from suppliers and reconcile them with accounts in the creditors' ledger to verify the completeness and accuracy of creditors' accounts. Any differences are to be investigated and resolved in a timely manner.

### Accruals

- 6.3 We noted that the Council accrued for EUR1,864 in waste disposal costs due to WasteServ. This accrual was based on past invoices, however, on reconciling to actual invoices received after year-end, it was understated by EUR416. We proposed an audit adjustment to increase the amount accrued to EUR2,280. The adjustment was approved by the Council and reflected in the audited financial statements.
- 6.4 We also noted that the Council did not accrue for the transport expense in relation to 'Hargiet Anzjani' for 2016. We proposed an audit adjustment to accrue for EUR785. The adjustment was approved by the Council and reflected in the audited financial statements.
- 6.5 We recommend that the Council makes appropriate provisions for accrued expenditure supported by valid workings based on documentation received after year end.

### Long outstanding trade payables

- 6.6 The following overdue creditors (outstanding for more than 365 days) are still pending at period-end:

<b>Creditor</b>	<b>EUR</b>
Court fees	2,329
City Sport and Play Limited	5,590
WasteServ	3,596
Other creditors	1,574
<b>Total</b>	<b>13,089</b>

- 6.7 We understand that the amount due to City Sport and Play Limited (including related court fees of EUR2,329) is subject to a warrant of seizure by the court and cannot be written back whereas the amount due WasteServ is meant to be covered by The Department for Local Government.
- 6.8 We recommend that the Council monitors its overdue creditors and reconciles these to supplier statements. The Council should hence consider whether to write back any differences or un-claimed amounts.

### Debit balances

- 6.9 We noted that the Council's creditors' list includes the following debit balances:

<b>Supplier</b>	<b>EUR</b>
EneMalta	333
Kooperativa Tabelli u Sinjali	4

We understand that the EneMalta balance results from an overpayment. These balances have been brought forward from previous periods and hence, we recommend that the Council determines whether these amounts are recoverable or whether they need to be written off.

## 7 Purchases

- 7.1 Upon vouching the cost of sales invoices, we noted that the handyman services for the months of October to December amounting to EUR2,810 were posted against the other repairs and upkeep account instead of public property. We proposed an adjustment in order to reclassify the amount to its correct account. The adjustment was approved by the Council and reflected in the audited financial statements.

- 7.2 We recommend that expenses are accounted for in the account the expense relates to.

## **8 Grants and deferred income**

### **Government Grants**

- 8.1 The Council received an amount of EUR608 from the Central Regional Committee, which was credited to the contraventions income account. The Executive Secretary confirmed that the funds received were not utilised against any projects or expenditure hence such funds should have formed part of the Council's deferred income. We proposed an adjustment in order to include this amount in the deferred income. The Council approved our adjustment and reflected it in the audited financial statements.
- 8.2 We also noted that the amount released from grants brought forward from 2015 was not in line with the depreciation charge on the related assets. This gave rise to an overall difference of EUR151. We proposed an audit adjustment to align the release from the grant with the depreciation charge on the related asset. The Council approved our adjustment and reflected it in the audited financial statements.
- 8.3 We encourage the Council to maintain more accurate procedures in accounting for grants. The Council should ensure that funds are accounted for in a timely manner and recorded in the appropriate ledger account. The Council should also ensure that release to income reflects the depreciation patterns of the related asset.

### **Timing of grants**

- 8.4 The adjustments proposed against deferred income and amounts released from such income had an impact on the expected maturity of deferred income. Hence, we proposed an adjustment to reclassify EUR582 from current deferred income to non-current balance. The Council approved our proposed adjustment and reflected it in the financial statements.

## **9 Income**

- 9.1 Towards the end of the financial year, the Council received an additional allocation amounting to EUR370 which was credited to the other services support account rather than the annual government income account. An audit adjustment was proposed in order to reclassify this amount. The Council approved our proposed adjustment and reflected it in the financial statements.
- 9.2 We recommend that the allocation should be equal to the total allocation for the year.



## 10 Trade and other Receivables

### Receivables

- 10.1 We noted that the following amounts have been due to the Council for more than 365 days:

Customer name	Amount EUR
Northern Regional Committee	171
Southern Regional Committee	124
Maltacom PLC	47
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	342
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- 10.2 We recommend that the Council monitors its overdue debtors. The Council should hence consider whether to write off any differences or un-claimed amounts.

### Prepayments

- 10.3 The Council entered in a new rental agreement for the leasing of new office space for EUR8,400 per annum. On 31 December 2016, the Council received an invoice for EUR4,200 for the period January to June 2017. In December, the Council also received the rental income for its present premises covering January to June 2017 amounting to EUR743. The Council recognised EUR1,236 of these as prepayment whereas the new premises invoice was not recoded in creditors. As a result, rent prepaid was understated by EUR3,707, the rental expense for the year was understated by EUR493 and creditors were understated by EUR4,200. We proposed an adjustment to increase prepayments, rental cost and creditors. The Council approved our proposed adjustment and reflected it in the financial statements.
- 10.4 We also noted that the Council received water and electricity bills based on estimated readings and, at 31 December 2016, the Council had overpaid the amount of EUR1,528. The overpayment was allocated to accrued income by the Council and we proposed an adjustment to reclassify this amount to prepayments which will hence be set-off against future bills issued by ARMS Limited. The Council approved our proposed adjustment and reflected it in the financial statements.
- 10.5 We recommend that the Council makes appropriate provisions for prepaid expenditure supported by valid workings.

## **11 Expenses and procurement**

### **Rent**

- 11.1 As noted in note 10.3 above, the Council entered into a new agreement for rental of a new premises at an annual cost that starts at EUR8,400. From the minutes of the Council meetings, it transpired that the Council had issued a call for expression of interest, however, the offers received were too expensive. Eventually, a new premises was identified and due to pressure from the current landlords, the Council approved the new rental contract and a 15 year agreement was signed. The process to arrive at the signature of the rent agreement was not backed up by a formal tendering process. We do understand that the Council had issues with finding an adequately priced location within the Balzan area and that undue pressure was being exercised to exit the premises, however procurement procedures should be followed in all instances. We also noted that the rental invoices received throughout 2016 were computer generated and do not meet fiscal regulations.
- 11.2 As reported in the mid-term audit management letter, the Council rented a garage for the 4 month period September to December 2016 at a total cost of EUR400. This lease was not supported by a formal agreement between the two parties and it was only backed up by a written declaration by the lessee.
- 11.3 We remind the Council of its procurement procedures as imposed by the financial regulations and that deviation from such procedures should not be done without the formal approval of the Department for Local Government or the Ministry.

### **Accountancy services**

- 11.4 The Council has revised the contract with the Council's accountant to cover also book keeping. As a result, the quarterly fee was increased from EUR349.41 to EUR500 per quarter. The annual fee was thus increased from EUR1,397.64 to EUR2,000. The change in the fee was agreed directly with the service provider without obtaining quotations from the market.
- 11.5 We remind the Council that financial procedures should be followed when re-negotiating terms with its service providers.

### **Budgeted expenditure**

- 11.6 We agreed the budgeted figures for 2016 with the actual recurrent and capital expenditure for the year as follows:

	2016 Budgeted EUR	2016 Actual EUR	2016 Difference EUR
<b>Income</b>			
Funds raised from central Gov	273,906	288,470	- 14,564
Income raised from By-Laws	7,050	14,161	- 7,161
Income raised from LES	11,060	4,145	6,915
Other income	34,271	30,718	3,553
Total	<u>326,237</u>	<u>337,494</u>	- 11,257
<b>Expenditure</b>			
Personal emoluments	76,161	64,030	12,131
Operations and maintenance	157,273	113,824	43,449
<i>Administration</i>			
Office utilities	4,800	8,063	- 3,263
Material and supplies	-	1,905	- 1,905
Rent	8,400	10,467	- 2,067
National and int memberships	300	423	- 123
Office services	3,000	3,907	- 907
Transport	800	7,924	- 7,124
Information services	3,700	737	2,963
Professional services	13,463	10,139	3,324
Community services & events	-	10,949	- 10,949
Local enforcement expenses	-	188	- 188
Training	700	-	700
Incidental expenses	250	-	250
	<u>35,413</u>	<u>54,702</u>	
Depreciation	<u>86,400</u>	<u>90,843</u>	- 4,443
	<u>355,247</u>	<u>323,399</u>	
Surplus/(deficit)	<u>- 29,010</u>	<u>14,095</u>	- 43,105
<b>Capital expenditure</b>			
Urban improvements	-	46,822	- 46,822
Construction works	30,000	564	29,436
Asset under construction	-	8,792	- 8,792
	<u>30,000</u>	<u>56,178</u>	- 26,178

11.7 The Council should ensure that a fair budget is prepared and executed throughout the period. The expenditure incurred throughout the period should be in line with the estimated and approved expenditure.



## 12 Budget and business plan

- 12.1 The Council prepared a budget for 2017 as well as a 3 year business plan for the period 2017 – 2019. We compared the 2017 budget with the 2017 forecast within the business plan and identified the following differences:

	2017 Budgeted EUR	2017 Business plan EUR	Difference EUR
<b>Income</b>			
Funds raised from central Gov	277,092	298,732	- 21,640
Income raised from By-Laws	11,000	5,111	5,889
Income raised from LES	4,761	-	4,761
Other income	45,180	11,073	34,107
Total	338,033	314,916	23,117
<b>Expenditure</b>			
Personal emoluments	75,196	75,196	-
Operations and maintenance	157,474	142,774	14,700
<i>Administration</i>			
Office utilities	-	12,300	- 12,300
Material and supplies	-	2,900	- 2,900
Rent	10,700	10,700	-
National and int memberships	300	300	-
Office services	3,300	3,300	-
Transport	6,574	6,574	-
Information services	3,300	3,300	-
Professional services	13,500	11,300	2,200
Community services & events	-	5,250	- 5,250
Local enforcement expenses	-	150	- 150
Training	500	500	-
Incidental expenses	250	250	-
	38,424	56,824	
Depreciation	86,212		86,212
	357,306	274,794	
Surplus/(deficit)	- 19,273	40,122	- 59,395
<b>Capital expenditure</b>			
Urban improvements	46,822	71,822	- 25,000
Construction works	25,000	-	25,000
	71,822	71,822	-

- 12.2 The Council should ensure that the approved budget, terms and assumptions are applied also to the business plan.

## 13 Local Enforcement System

### Pooling period

- 13.1 The Birkirkara Joint Committee of which Balzan Local Council formed part up to 31 August 2011 had recently provided the Council with audited accounts

for the period ending 31 December 2015. These accounts indicate retained earnings of EUR5,229 and cash at bank of EUR2,204. The audit report is also qualified since the auditor could not reconcile amount receivable to the turnover and debtors reports issued from the IT system. An audited set of Financial Statements as at 31 December 2016 is not available.

- 13.2 The Statement of Financial Position of the Committee does not indicate that the Council is entitled to a material share from the profits of the pooling system and the qualification presented raises doubts on the reliability of the Committee's receivables (which are fully provided for). We have qualified our audit report since the amount recoverable from the joint committee cannot be fairly determined.

### **Conclusion**

We would like to point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the Financial Statements of the Council. In consequence, our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Ms. Doriette Farrugia and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully



Ernestino Riolo  
Partner  
for and on behalf of  
Mazars Malta