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An instinct for growth™

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19 April 2016

Dear Sir,

Financial statements for the year ended 31 December 2015

During the course of our audit for the year ended 31 December 2015 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Income

The council did not receive new grants during the year, thus no differences were identified with the deferred income treatment of grants. However we identified other inconsistencies (refer to note 5.10).

We again found a difference in income from LES administration fees (refer to note 2.3).

1.2 Property, plant and equipment

The council provided us again with a fixed asset register that lacks necessary details (refer to notes 3.1 and 3.2).

We have again identified differences between the fixed asset register and the nominal ledger (refer to notes 3.5 and 3.10).

1.3 Personal emoluments

We are pleased to note that the payroll has been correctly reconciled.

We did not encounter instances where tax rates differed from the FSS deductions and FS3 forms.

The mayor's honorarium has been correctly classified in financial statements.

1.4 Expenditure

We have again identified instances where inappropriate documentation was obtained for the petty cash expenditure (refer to note 4.1).

We have noted an irregularity relating to the procurement procedures (refer to note 4.3).

The use of expired contracts was again identified during our audit (refer to note 4.9).

We have again identified instances where the tendering procedures were not followed (refer to note 4.5 and 4.7).

The council once again did not insure its assets adequately (refer to note 4.11).

Names of insured persons under the group personal accident insurance were again not listed in the insurance policy (refer to note 4.13).

We are pleased to note that the council has entered into an agreement with Nexos Street Lighting in 2015.

No irregularities regarding staff meal and locality day were identified.

1.5 Trade payables

Instances where the council did not obtain statements from suppliers were again identified (refer to note 5.5).

The creditors' list was correctly matched to the creditors control account.

The council has commenced discounting the PPP liability. However errors were identified (refer to note 5.8).

We did not identify instances where accruals were not properly accounted for.

1.6 Trade receivables

Following the previous management letter recommendation the council has written off some long overdue balances. However the remaining long outstanding receivables are still listed in the debtors' list (refer to note 6.4).

There were no differences noted in our testing of accrued income.

The council is still accounting for items which are not held for sale as stock in the balance sheet (refer to note 7.1).

1.7 Bank and cash

The council did not reconcile its cash as at the year end. The difference of € 37.32 was again identified during our audit procedures (refer to note 8.3).

1.8 Financial statements

We again identified certain shortcomings in the financial statements disclosures required by certain accounting standards (refer to note 12.9).



The unaudited financial statements 2015 still include financial statement presentation errors (refer to note 12.10).

1.9 General

The schedules of payments still do not include all relevant information (refer to notes 9.6 and 9.7).

The minutes are still not bound (refer to note 9.1)

2 Income

Custodial receipts

- 2.1 We came across instances where the council failed to deposit its income received on a timely basis. Examples are:

Details	Receipt date	Deposit date	€
LES	20.10.2015	30.10.2015	34.94
Lands Department	05.09.2015	14.09.2015	141.58
Lands Department	09.12.2015	17.12.2015	418.67

- 2.2 We remind the council that according to the Financial Procedures, the council should deposit its cash collected from general income and custodial receipts at least twice weekly.

Income from LES administration fees

- 2.3 We tested income from LES administration fees by reference to report 483 of the Loqus system and noted that it is overstated by € 256 in the accounts. No adjustment was proposed to correct this misstatement since it is not material and we were unable to determine how the error arose.
- 2.4 We recommend that the council investigates the difference and determines if the discrepancy relates to a mistake in the invoices issued to the regional committees and LESA or a misposting.

Classification of income

- 2.5 The council has recorded income of € 10,313.79 with respect to the wages refunded by Government in the wrong nominal account that is general income. We proposed an audit reclassification to disclose income as other Government income and this was correctly reflected in the financial statements.
- 2.6 We recommend that the council discloses income according to its nature and in accordance with the specimen financial statements in the Local Councils Procedures.

3 Fixed assets

Details in the fixed asset register

- 3.1 When reviewing the fixed asset register, we noted that relevant details like supplier details, invoice number and location are missing.



3.2 We remind the council that the minimum level of information to be included in the fixed asset register is the following:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation method and rate
- Location of the asset.

Disposal of obsolete assets

3.3 As noted in the previous management letter we again found that the council is including assets in the fixed asset register which may not be in good working order. For example, the register is still including a cassette walkman, telephone system, old computers and a camera which are almost fully depreciated.

3.4 In accordance with the Local Council's (Financial) Procedures P1.16b the secretary is required to create, maintain and control an accurate and up-to-date inventory of council fixed assets. Therefore we recommend that any obsolete items included in the fixed asset register are identified and written off. If the council scraps such assets, the list of items scrapped or written off should be approved in a council meeting.

Fixed asset additions

3.5 We identified a difference between additions included in the register and in the nominal ledger as follows:

Asset category	Additions in fixed asset register €	Additions in nominal ledger €	Difference €
Construction	4,689.69	4,099.00	590.69
Urban improvements	895.82	1,015.00	119.18
	5,585.51	5,114.00	471.51

3.6 Our audit testing further revealed that an addition amounting to € 590.69 referenced as "Surveys" has been capitalised in the register under the construction asset category. This addition has been reversed from the nominal ledger without being removed from the register. No explanation was provided for the remaining difference.

3.7 We recommend that the fixed asset register and the nominal ledger are in agreement so that the accounts truly reflect the council's capital expenditure at the end of the reporting period.

3.8 Furthermore during our testing of fixed assets additions, the council did not provide explanation and relevant supporting documents for the addition amounting to € 3,306.80 classified as "property held for development" thus we could not confirm validity and existence of the addition. The amount was credited to the supplier account, but again no evidence supported this entry. The amount was subsequently settled.

- 3.9 We recommend that the council looks into this matter to ascertain what the € 3,306.80 represents and to ensure that no overpayment has been made.

Reconciliation to fixed asset register

- 3.10 We have noted that the fixed asset register is not in agreement with the accounting records. The following is a summary of the variances in classes identified:

Asset category	NBV in fixed asset register €	NBV in unaudited financial statements €	Difference €
Construction	512,192.20	499,926.16	12,266.04
Furniture and fittings	13,653.31	13,686.85	(33.54)
Urban improvements	223,872.17	235,719.43	(11,847.26)
Office equipment	6,219.76	6,605.03	(385.27)
	755,937.44	755,937.47	(0.03)

- 3.11 The council did not provide an explanation for the above identified differences.
- 3.12 We suggest that differences are investigated and variances in the asset categories in the fixed asset register and/or accounting records are adjusted accordingly.

4 Expenditure

Petty cash expenditure

- 4.1 During our audit we identified some irregularities as follows:

Details	Supplier	Date	€	Note
Sand and cement	Big Beeper Ironmongery	23.07.2015	10.80	a,c
Rechargeable batteries for camera	Ego	24.08.2015	12.56	a,c
Duct	Big Beeper Ironmongery	28.09.2015	13.00	a,c
1 book- Giuseppe	Sensiela Kotba Socjalisti	13.11.2015	15.00	a
Parking fee	Floriana car park	10.12.2015	3.00	a
500 punch cards	C&H Bartoli	17.03.2015	22.42	b

- a) The document supporting these payments is a cash register chit not addressed to the council.
- b) This payment was supported by a tax invoice, however not addressed to the council.
- c) The fiscal receipts obtained for these payments do not include a detailed description but instead are detailed as "Food" or "Goods". To this end we cannot confirm the nature of the goods purchased.
- 4.2 Cash register chits do not satisfy the requirements of the Local Councils (Financial) Procedures, 1996 that supplies are only made on the provision of a valid invoice which is addressed to the council. To this end, we recommend that, where possible, the council obtains a tax invoice or a VAT receipt appropriately addressed to the

council for petty cash purchases to ensure the expense was incurred for the council's activities.

Procurement procedures

- 4.3 Our testing on cheque payments revealed the following irregularity:

Details	Supplier	€	Note
Energy consultancy at new premises	Innova Ltd	1,050.00	a

(a) The council failed to obtain a quotation as required by memo 1/2010.

- 4.4 We draw your attention to the Local Councils (Financial) Procedures, 1996 which state that councils should obtain at least one quotation for purchases between € 24 and € 1,165 and at least three quotations if between € 1,165 and € 4,658. In addition, as stated in memo 1/2010, all calls for quotations must be published on the Government Gazette and any other local newspaper.

Opening of tenders

- 4.5 We noted that for tenders IAB-17-15 and RMP-17-15 the council did not disclose the date of opening on the schedules of offers.
- 4.6 In accordance with P3.02 of the Local Councils (Tendering) Procedures, 1996 the council should indicate the date of the opening of the tenders on the schedule of offers.

Performance bond

- 4.7 We also noted that, in the case of tenders IAB-17-15, RMP-17-15, SL-17-15 and EU-17-14, the successful bidder failed to furnish the guarantee within the stipulated seven days.
- 4.8 We recommend that the council abides by the Local Councils (Tendering) Procedures, 1996 and requests a performance bond from the successful tenderer before the commencement date of the contract and within seven days from the date of the letter of acceptance.

Rent

- 4.9 We noted that the council is using expired agreements with respect to renting of a garage from Anthony Abdilla and renting of offices from Joseph Gialanze.
- 4.10 The council should ensure that the rental of premises are always covered by a contract covering the current year period specifying the rights and obligations of each party.

Asset insurance

- 4.11 We reviewed the council's insurance policies and noted the following discrepancies between the insurance cover and cost as per nominal ledger.

Asset	Sum insured €	Cost as per accounts €
Buildings, fixtures and fittings	618,000	1,237,365
Electronic equipment	31,109	39,127



Plant and machinery	7,099	2,213
Furniture and fittings	33,000	33,707
Street signs	-	11,735
Motor vehicle	4,100	11,586
Plant and machinery	-	1,096
	693,308	1,336,829

- 4.12 The above shows that some the council's assets are not adequately insured. The council must comply with section LCP 1.15b.04 of the Local Councils (Financial) Procedures, 1996 and carry out a periodic review to assess the adequacy of the councils' insurance coverage and ensure that the council's assets are not under/over insured. Furthermore, the council should insure its assets on their replacement value and not on the net book value. (In the case of motor vehicles the council must obviously take the market value indicated by the insurance policy).

Group personal accident insurance

- 4.13 We also noted that the council's group personal accident policy does not state the names of the persons insured.
- 4.14 We recommend that the council updates its policy and include the names of those insured. We further recommend the council updates the policy on a yearly basis stating any amendments if required.

5 Trade payables

Long outstanding creditors

- 5.1 Whilst scanning the aged list of creditors, it came to our attention that a number of balances have been long outstanding. These include:
- i) Amount of € 300.40 due to Ozone. The council informed us that the amount has not been settled due to the unsatisfactory quality of service provided by the supplier.
 - ii) As noted in the previous management letter, an amount of € 3,691 due to Neville Montebello has been in dispute since 2014. No compromise has been reached yet between the supplier and the council.
- 5.2 We advise the council to consider these creditors and, either settle them, or if no longer due, write them off after careful consideration and approval by the council.

Debit balances in creditors' list

- 5.3 The council's books include debit balances in the creditors' list of € 332.25. An audit adjustment was proposed to reclassify this amount with the receivables balance. This was approved by the council and included in financial statements accordingly.
- 5.4 We recommend that the council reclassifies debit balances in the creditors' list and discloses these with receivables rather than set off against trade creditors. Such debt balance should be investigated since they may arise from mispostings, overpayments or omitted invoices.

Trade creditors

- 5.5 We again noted that the council did not obtain statements at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account.
- 5.6 Furthermore, in our reconciliation of the credit balance due to Polidano Brothers Ltd, we noted a difference between the council's books of accounts and the supplier's statement amounting to € 100.38. We did not propose an adjustment due to the immateriality of the amount.
- 5.7 The Procedures, require the council to request monthly statements from all suppliers. Memos issued by the DLG specifically state that the council should reconcile the books of account to supplier statements on a monthly basis.

PPP creditor

- 5.8 The council commenced discounting the non-current payable balance with respect to PPP to the present value as presented by IAS 39 '*Financial Instruments: Recognition and Measurement*'. However the following irregularities were noted:
- i) The discount rate used by the council was 8.38%. No explanation was provided as to how the council arrived at such a high discount rate.
 - ii) The interest has to unwind to profit and loss over the period of repayment using the effective interest rate mentioned. This was not the case in the council's books of accounts.
 - iii) The aggregate amount of interest element amounting to € 3,379.60 has been incorrectly credited against fixed assets. We proposed an audit adjustment to reverse this error. The adjustment was correctly included in the financial statements.
 - iv) The accountant has incorrectly calculated the interest element since instead of decreasing the interest expense each year it was actually increased in the schedule provided. It is a basic accounting and financial principal that as repayments are made, interest is paid before the capital repayment. Therefore interest would necessarily decrease as the creditor is paid.
- 5.9 This is not in accordance with IAS 39. We recommend that the council adheres to IAS 39 and does carry out an exercise using a reasonable discount rate to determine if the net present value of the long term creditor is materially different from its carrying amount. If so, we recommend that an adjustment is passed to reflect the present value at the balance sheet date.

Deferred income

- 5.10 We identified a difference between the opening net book value of deferred income disclosed in the signed 2014 financial statements and the net book value used in the workings provided by the council. These are summarised below:

	NBV as per financial statements 2014 €	Opening NBV as per schedule provided by the council €	Difference €
Deferred income	215,866	211,395	4,471



- 5.11 We further identified that a part of the difference is resulting from the net book value of the trees grants amounting to € 3,745 which has been omitted from the council's schedule. No explanation was provided for the remaining difference of € 726.
- 5.12 We were unable to determine where the accountant obtained the opening balance of deferred income and we were not given any adequate explanations.

6 Trade receivables

Pre-regional LES debtors

- 6.1 During our audit tests, we identified that the council's LES debtors amounted to € 397,277 at year-end, while tribunal pending payments according to report 622 from the Loqus system was € 396,351. This represents a difference of € 926.33 for which the council did not provide us with any explanations. Hence we could not propose any audit adjustments.
- 6.2 Furthermore, the movement in tribunal pending payments as per report 622 since 1 January 2014 was € 1,142 which contrasts the amount of € 1,413 as per report 483 for pre-regional contraventions settled during the year. This casts doubts on the integrity of the data being generated from the Loqus IT system. Due to this our audit report has been qualified.
- 6.3 We would like to remind you that it is the council's responsibility to investigate these differences and refer them to Loqus.

Trade receivables

- 6.4 When comparing the balance due from Water Services Corporation in the books of account with the customer's confirmation, we identified a difference amounting to € 433.46. Further investigation revealed that the difference is a result of the following errors:
- i) In the debtors' list there is a balance of € 282.01 which has been long overdue. Together with the confirmation reply, WSC also provided us with the statement sent from the council showing invoices due to the council; however this amount was not included.
 - ii) Invoice 780 amounting to € 53.59 was posted twice in the books of accounts. We proposed an audit adjustment to rectify this mistake.
 - iii) Invoice 786 was posted with an incorrect amount of € 121.16. We proposed an audit adjustment to correct this error and post a correct invoice amount of € 23.30.

The above adjustments were approved by the council and included in the latest set of financial statements.

- 6.5 We suggest that all differences identified are investigated and adjusted accordingly. Furthermore the council should follow up on any overdue balances to obtain collection. In the event that recoverability remains doubtful, the council should also consider recording an impairment loss or a write off the books of accounts after obtaining the approval in meeting.

Accrued income

- 6.6 During our audit we noted that the council accounts for accrued income and prepaid expenses in the same nominal account. Since these are of different nature they should be accounted for separately. We proposed an audit adjustment to reclassify the accrued income transactions from the prepaid expenses.
- 6.7 We recommend that the council accounts for accrued income and prepaid expenses in separate accounts in accordance with Local Council (Financial) Procedures, 1996.

7 Stock

- 7.1 The council's inventories comprise various stationery items which are not intended for resale. The stock value amounted to € 1,584.19. We proposed an audit adjustment to transfer this amount to the income statement and this was correctly reflected in the latest set of financial statements.
- 7.2 We would like to refer you to memo 7/2004 which requires councils to expense stocks if they are not held for resale.

8 Bank and cash**Bank reconciliations**

- 8.1 We noted that the council is not reconciling bank statements on monthly basis.
- 8.2 We recommend that the council reconciles the bank balance to bank statements using Sage at least on a monthly basis or more frequently depending on the volume of transactions to detect accounting and bank errors in a timely manner.

Petty cash balance

- 8.3 As pointed out in the previous management letter, the petty cash balance in the council's books of accounts includes an amount of € 37.32 which is not actually held at the council's premises as at 31 December 2015 and should be reversed accordingly.
- 8.4 We would like to point out The Local Councils (Financial) Procedures, 1996 which require that the executive secretary establishes adequate control over cash. We recommend that, if cash is to be held, the executive secretary performs cash counts on a regular basis and reconciles the amount to the cash account.

9 Meetings**Binding of minutes**

- 9.1 We observed that the minutes of the council of last year were not bound.
- 9.2 We recommend that, at the end of each council's financial year, the executive secretary arranges for the previous year's minutes to be bound as further reference will be required from time to time in accordance with the Local Councils (Office) Procedures, 1996. This bound copy should be given due importance since it serves as the only permanent, unchangeable record of all council meetings and decisions taken.



Meetings

- 9.3 Whilst viewing the council meetings, it was noted that one councillor failed to attend more than one-third of the meetings called. The Local Councils Act stipulates that the Minister should have been informed of the absence and, if due to a justifiable cause, transmit its recommendation not to declare the seat vacant. We have noted that this procedure was correctly followed.
- 9.4 When reviewing the minutes for meetings held during 2015, we noted that another councillor who did not attend meetings and did not supply a valid reason for his absence still received the full allowance.
- 9.5 Memo 89/2009 states that the councillors' allowance is to be paid in accordance with article 32(2) of the Local Councils Act that is, based on the number of meetings attended in proportion to the number of meetings held in a calendar year. The memo further explains that where valid reasons in writing are put forward for the absence from meetings, these should be considered by the council and a copy of the letter kept with the minutes.

Approval of schedules of payments

- 9.6 During our review of minutes, we noted that the schedules of payments were approved by the council before listing the cheque numbers. This information has been manually included on the schedules of payments subsequent to their approval.
- 9.7 Furthermore, we identified multiple instances where cheque numbers are not listed in sequential order and some cheque numbers have been omitted from the schedules of payments. Upon enquiry, the executive secretary explained that the omitted cheques were cancelled before the approval of schedule of payments.
- 9.8 In accordance with P1.11 of the Local Councils (Financial) Procedures, 1996 the executive secretary must prepare complete and accurate schedules of payments containing information in sequential order and present them for council's approval. We recommend that the schedules of payments are jointly signed by the mayor and the executive secretary to serve as evidence that these have been duly approved by the council.

10 Annual budget

- 10.1 The council provided us with an unsigned copy of the budget since this was not approved by 15 February 2016.
- 10.2 This contravenes the provisions of section 56 of the Local Councils Act, 1996 stating that the budget must be prepared and approved by the council not later than 15 February of each year. To this end, we recommend that the council approves the budget early at the start of the year for proper financial planning and to prioritise expenditures.

11 Opening balances

- 11.1 The following differences were identified when reconciling the opening trial balance as per Sage and closing balances in the signed financial statements 2014:

	Opening balances in nominal ledger €	Closing balances in financial statements 2014 €	Difference €
Deferred income	(213,090)	(215,866)	2,776
Credit balance in current bank account	(2,652)	(2,439)	(213)
Trade payables (note 11.2)	(111,420)	(108,853)	(2,567)
Totals	(327,162)	(327,158)	(4)

- 11.2 The balance shown for trade payables in the note above amounting to € 108,853 excludes the reclassification passed to separately disclose debit balance in creditors list.
- 11.3 We were unable to obtain plausible explanation as to why these differences arose. The council should ensure that the accountant properly updates the books of account, particularly ensuring that all audit adjustments accepted by the council are included before closing off the year end. This is part of normal accounting procedures and is not the auditor's responsibility to investigate and reconcile such differences (refer also to note 12.1).

12 Financial statements

Comparative figures

- 12.1 We noted that some comparative balances have been restated in the unaudited financial statements 2015 and are not in line with closing balances presented in signed financial statements 2014. The following are the differences identified:

	Comparative balance 2014 as per unaudited financial statements 2015 €	Closing balance in financial statements 2014 €	Difference €
Cash and cash equivalents	395,817	398,256	(2,439)
Borrowings	(23,492)	(25,931)	2,439
Deferred income	(213,090)	(215,866)	2,776
Accruals	(27,353)	(24,573)	(2,780)
Totals	131,882	131,886	(4)

- 12.2 The accountant did not present us with a proper explanation and any approval from the council to restate the comparative amounts.
- 12.3 The council should ensure that the comparative balances in unaudited financial statements are in line with last year's approved financials statements. Any changes to the comparative balances would require the approval of 2014 financial statements again by the council.
- 12.4 Furthermore we recommend that a note is presented in the financial statements stating that comparative figures have been reclassified or restated. Any omissions, corrections or adjustments should be amended in the current year and previous figures left unchanged, unless they satisfy the criteria for including a prior year adjustment. These can only be applied in rare circumstances.

Capital commitments

12.5 Whilst reviewing the council's budget for 2016 we noted that the council is anticipating capital expenditure of € 214,929. On the other hand, capital commitments disclosed in the financial statements amount to € 264,929, a difference of € 50,000.

12.6 Furthermore, the council disclosed the following capital commitments as "Contracted for but not yet provided in the financial statements":

Details	€
Finishing (excluding apertures) at new council premises	10,000
Electrical and engineering services at new council premises	90,000
Total	100,000

12.7 As confirmed by the secretary these commitments were not contracted for, therefore we recommend the council discloses these accordingly as "Approved but not yet contracted for"

12.8 We recommend that capital commitments as disclosed in the financial statements agree to the budget so that the financial statements accurately reflect the council's future capital commitments following our recommendation, the council correctly disclosed this in the latest set of financial statements. We also recommend that the council states how this expenditure is to be funded, such as by means of a grant or by internally generated funds. This gives a more complete picture of the council's future capital expenditure plans in accordance with the Procedures and IFRSs.

Presentation of financial statements

12.9 Councils are required to prepare financial statements in conformity with International Financial Reporting Standards. During our audit we pointed out that the council's financial statements were not prepared in accordance with International Financial Reporting Standards (IFRS):

- i. The council included a note with respect to IFRS 9 '*Financial Instruments*' both as a new and amended standard adopted by the council and as a new important standard and amendment not yet adopted by the council. This was correctly amended in audited financial statements.
- ii. Some of the accounting policies disclosed by the council are irrelevant or require amendments. Cases in point include 'Foreign currencies' and 'Local Enforcement System'. The 'foreign currencies' note was correctly removed from the latest financial statements. However, 'Local Enforcement System' note has not been amended.
- iii. Furthermore, new and amended standards adopted by the council section includes changes enforced in previous years which are not relevant for the current year.
- iv. The council did not disclose a contingent asset note as required by IAS 37 '*Provisions, Contingent Liabilities and Contingent Assets*' with respect to € 100,000 receivable from Government for the Civic Centre. This was not accrued for since no formal agreement has been received. Following our recommendation, the council disclosed the note correctly in the financial statements.

12.10 We have also identified the following exceptions in the final set of financial statements which were not converted by the council.

- i. A maturity analysis of Government grants was not disclosed in accordance with NAO's instructions.
- ii. The maturity analysis of bank borrowings has been incorrectly disclosed.
- iii. A note relating to change in comparatives was not included.
- iv. Note 20 incorrectly states that 'Receivables' amount to €496 when it should amount to €476.
- v. LES receivables and the provision thereof is not disclosed correctly.
- vi. Note 29 – Credit risks is not disclosed correctly as the amounts listed under, "accounts and other receivables" and "payables" are not in line with the respective notes.

13 Electronic site

- 13.1 We noted that the council did not approve and upload signed copies of the following documents on the website of local councils within the required time frame:
- Quarterly reports January- March, July- September, October- December
 - Business plan 2016 - 2018
 - Annual administration report 2014
- 13.2 Although not mentioned in memos 36/2011 and 2/2014, we would still suggest that the council uploads the signed documents to indicate that these are the final documents as approved by the council and have not been changed or updated subsequently.

14 Groupings

- 14.1 We were not provided with the groupings for expenses. Furthermore, these are not being classified consistently from year to year.
- 14.2 We recommend that the classification of expenses in the financial statements is applied consistently to enhance the comparability of financial statements with previous years.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice 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 Mr Christopher Cutajar and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

