

18th May 2016

The Director
Department for Local Government
26, Archbishop Street
Valletta

Dear Sir,

Re: Management Letter

The Hamrun Local Council has reviewed the comments and recommendations put forward by the Local Government Auditors Grant Thornton regarding the accounting system and procedures operated by our Council for the period the year ended 31 December 2015.

The following are Council's comments as regards queries mentioned in same Management Letter.

1. Previous Management Letter

1.1 **Payroll**

The Council has adopted a new computerized payroll system, discarding handmade payroll.

1.2 **Bank**

The Council will increase its internal control and the necessary bank reconciliations will be done as instructed by Auditors

1.4 **Petty Cash**

Comments have been noted. The Council will do its utmost to ensure that all suppliers provide fiscal receipts as instructed by Auditors.

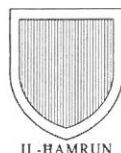
1.5 **Property, Plant and Equipment**

Comments have been noted.

1.6 **Amount receivable from Water Services Corporation**

The Local Council is still in dispute with Water Services Corporation regarding the overdue balance of € 11,326. The Local Council is doing its best to collect the money by year ending.

Kunsill Lokali Hamrun
Triq id-Duka ta' Edinburgh
Hamrun
Tel:21222020 Fax:21221522
hamrun.lc@gov.mt



1.7 **Local Enforcement System Receivables**

The amount of € 8,561 has been written off from the Council's books, as Local Councils Association stated that '**All payments received for contraventions issued prior September 2011 are deposited in the relative council's account the following month the contraventions are paid. Therefore there are no pending deposits**', as per email dated 1st February 2016 from Isabelle Testaferrata de Noto Executive Secretary for the Local Councils Association.

1.8 **Payables**

The Council is doing its utmost to keep a better internal control.

1.9 **Deferred income from Grants**

The Council will be doing the proper workings for the release from deferred government grants as no workings were provided by previous Council's Accountants and no records were found in the Council's files, for reference.

1.11 **Meetings**

The Council accepts Auditors recommendations. The Executive Secretary will ensure that Minutes are uploaded within two working days from their approval and the necessary updates are done accordingly.

2.1 **Salaries Reconciliation**

Please refer to note 1.1

2.2 **Bank Reconciliations**

Please refer to note 1.2

2.4 **Petty Cash**

Please refer to note 1.4

2.5 **Fixed Assets Additions**

The Local Council accepts Auditors Recommendations. A new tender through EPPS will shortly be issued.

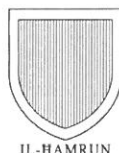
2.6 **Depreciation of fixed Assets**

The Council accepts Auditors recommendations.

2.7 **Amount Receivable from WSC**

Please refer to note 1.6

2.8 **LES Receivables**



Please refer to note 1.7

2.10 **Trade Receivables**

The Council has adopted new internal control methods to identify the moneys received from debtors.

2.12 **Trade Payables**

The Council accepts Auditors recommendations.

2.15 **Accruals**

The Council accepts Auditors recommendations.

2.16 **Deferred Grants**

Please refer to Note 1.9

2.17 **Council Meetings**

Please refer to Note 1.11

2.18 **Uploading of Minutes on website**

Please refer to Note 1.11

Conclusion

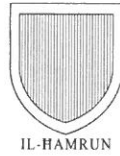
Finally, the Council would like to emphasize that it will continue to do its utmost to adhere to financial procedures as regulated in the Local Councils Act, the Financial Procedures and other relative Legal Notices.

Mr. Christian Sammut
Mayor

Karen M. Camilleri
Executive Secretary

cc
Nexia BT
The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt

Kunsill Lokali Hamrun
Triq id-Duka ta' Edinburgh
Hamrun
Tel:21222020 Fax:21221522
hamrun.lc@gov.mt



San Gwann SGN3000

Auditor General
National Audit Office
Notre Dame Ravelin
Floriana

Kunsill Lokali Hamrun
Triq id-Duka ta' Edinburgh
Hamrun
Tel:21222020 Fax:21221522
hamrun.lc@gov.mt