



# Grant Thornton

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The Mayor  
Isla Local Council  
2, St Joseph Street,  
Isla

Grant Thornton  
Tower Business Centre, Suite 3  
Tower Street  
Swatar BKR 4013  
Malta

Level 2  
Regional Business Centre  
University Heights  
Msida MSD 1751  
Malta

T +356 21320134  
F +356 21331161  
[www.grantthornton.com.mt](http://www.grantthornton.com.mt)

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28 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 Reconciliation of fixed assets asset register to financial statements**

The fixed asset register is still not maintained to the standard as required by the Local Councils Procedures (refer to note 2.1).

#### **1.2 Fixed asset additions**

During the current year, we did not identify any instances where the council did not support costs of assets between €1,165 and €4,658 by at least three quotations.

#### **1.3 Grants**

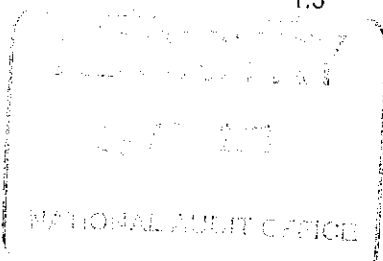
We encountered an instance where deferred income was taken to the wrong account (refer to note 3.11).

#### **1.4 Income account classification**

We regret to note that the council did not classify income from LES administrative fees as income from the Local Enforcement System (refer to note 3.1).

#### **1.5 Income from EU funding**

The council has addressed the issue during the year under review.



Certified Public Accountants

Member firm of Grant Thornton International Ltd

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**1.6 Custodial receipts and general income**

During the audit we noted that the council failed to address the deposits issue (refer to note 3.3).

**1.7 Income from regional committees**

We again encountered a difference in the income from regional committees (refer to note 3.5).

**1.8 Petty cash payments**

We noted that the council failed again to address the issue (refer to note 4.1).

**1.9 Procurement**

This matter was not addressed during the year under review (refer to notes 4.5 to 4.7).

**1.10 Expired contracts**

The council did not rectify the issue of expired contracts (refer to note 4.11).

**1.11 Inappropriate documentation**

The council did obtain proper fiscal receipts from all suppliers (refer to note 4.14).

**1.12 Invoices**

The council has rectified the issue during the year under review.

**1.13 Insurance policy**

Insurance cover is still inadequate to cover the value of the council's assets (refer to note 4.16).

**1.14 Health insurance**

During the year under review the council failed to provide us a copy of the Local Council Association health insurance policy (refer to note 4.20).

**1.15 Donations**

We did not identify any donations during the course of our audit.

**1.16 Staff meal**

During the year under review the council had approved a staff meal, however we were not provided with the invoice (refer to note 4.26)

**1.17 Street lighting**

During the year under review the council has obtained a new tender for street lighting.

**1.18 Rent agreement**

We have still identified instances where no contracts were provided for the rental of premises (refer to note 4.22).



**1.19 Reimbursement of fuel expenses**

We did not encounter instances where the council reimbursed employees for fuel expenses.

**1.20 Travelling expenses**

The council did not submit a travel report to the DLG (refer to note 4.24).

**1.21 Wages**

We did not encounter instances of wages being classified incorrectly.

**1.22 List of unpresented cheques**

During the audit we noted that the council did not address the issue of 'stale' cheques (refer to note 6.1).

**1.23 Cash count**

A difference was noted between cash in hand and the accounting records (refer to note 6.3).

**1.24 Trade and other receivables**

Receivables still includes amounts that have been long outstanding (refer to note 7.1).

**1.25 Trade payables**

We have encountered instances where the council did not reconcile creditors balances (refer to note 8.3).

**1.26 Long outstanding creditors**

We have again identified long outstanding creditors for the current period (refer to note 8.7).

**1.27 Unrecorded invoices**

We have not encountered any unrecorded invoices during the year under review.

**1.28 Presentation of financial statements**

The financial statements were not completely in accordance with IFRS's (refer to note 9.1).

**1.29 Cash flow statement**

We did not encounter instances where the council has disclosed an accrued grant in the cash flow statement.

**1.30 Comparison with annual budget**

During the audit we noted differences between the budgeted figures and the unaudited financial statement (refer to note 9.5).

**1.31 Financial situation indicator**

We are pleased to note that the council has rectified the issue.

**1.32 Binding of minutes**

During the audit we noted that the council did not bind the meeting minutes (refer to note 11.1).

### 1.33 Attendance of meetings

We are pleased to note that the council has rectified the issue.

## 2 Capital assets

### Reconciliation of fixed asset register to financial statements

- 2.1 Whilst the register agrees to the nominal ledger, we identified the following variances in the classes of fixed assets:

Asset category	NBV in fixed asset register €	NBV in unaudited financial statements €	Difference €
Urban improvements	65,134	61,017	4,117
Motor vehicle	-	917	(917)

- 2.2 Furthermore we found that additions disclosed in the fixed asset register differ from additions in the books of accounts by €560.

- 2.3 We reiterate our recommendation of the previous management letter that the council should investigate and reconcile these differences and ensure that the fixed asset register agrees to the financial statements as required by memo 3/2016.

- 2.4 We draw your attention to the Local Councils (Financial) Procedures, 1996 which state that the executive secretary is required to maintain and control an accurate and up-to-date inventory of the council's fixed assets.

### Addition of fixed assets

- 2.5 During the audit we noted that the council has purchased a van from Mr Kenneth Brincat for €1,100 for which no invoice was given to the council. The council has only presented the payment voucher for the above mentioned asset. Furthermore, it was noted that the council did not issue a purchase order for the following item.
- 2.6 This contravenes the Local Council (Financial) Procedures. We would like to emphasise that it is of utmost importance that the council is obliged to obtain a valid tax invoice or receipt addressed to the council for all purchases.

## 3 Income

### Income account classification

- 3.1 During the year under review we noted that in the unaudited financial statements the council has classified income from administration fees of €2,280 as general income instead of income from Local Enforcement System.
- 3.2 We reiterate our recommendation of the previous management letter that the council should allocate income receivable to the appropriate accounts so that the income of the council is properly reported.

### **Custodial receipts and general income**

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

<b>Details</b>	<b>Receipt date</b>	<b>Deposit date</b>	<b>€</b>
Hiring of hall	19.05.2015	27.05.2015	60.00
LES	14.03.2015	26.03.2015	23.29
LES	22.04.2015	06.05.2015	23.29
Lands department	22.01.2015	28.01.2015	70.25
Warden services	06.01.2015	16.01.2015	31.68
Warden services	25.03.2015	07.04.2015	59.40
Warden services	09.06.2015	15.06.2015	47.52

- 3.4 Apart from the security implications of leaving cash and cheques on the premises unnecessarily, this contravenes the relevant regulations. We again recommend that the council implements procedures so that all receipts are deposited at least twice weekly.

### **Income from regional committees**

- 3.5 When calculating administration fees on invoices issued to regional committees, we have identified a difference of €145. The council did not provide any explanation for this difference.
- 3.6 We strongly recommend that the council reconciles the Loqus report with the invoices issued by the council. This should be done on a regular basis to identify any differences on time.
- 3.7 The following invoices were not sent to the regional committees or LESA in the first week of the following month:

<b>Invoice month</b>	<b>Invoice date</b>
July 2015	21.08.2015
August 2015	11.09.2015
November 2015	08.01.2016
December 2015	08.01.2016

- 3.8 In accordance to memo 91/2011 local councils are required to issue the regional committee invoices in the first week of each of the following month.

### **Pre-regional LES debtors**

- 3.9 The council's receivables at year-end include pre-regional LES debtors of €112,446.23 whereas receivables based on the Loqus report are €112,364.70. As a result we noted that there is a difference of €81.53. The council did not provide any explanation regarding the above mentioned matter.
- 3.10 We would like to remind you that it is the council's responsibility to investigate these differences and refer them to Loqus.

### **Deferred income**

- 3.11 During the audit it was noted that the council has erroneously taken deferred income to Migja tal- Papa Street instead for the solar panels account. We have proposed an audit reclassification to be approved by the council.



- 3.12 We recommend that the council accounts for deferred income in the correct account.

#### **Accrued income**

- 3.13 The council still has accrued income for Migja tal- Papa Street and Kapillan Frangisk Azzopardi Street of €4,500 and €13,800 respectively. These were present during our last audit.
- 3.14 We reiterate our recommendation from our previous management letter stating that the council should seek the Department's advice to see whether these amounts will actually be received.

#### **Income from Gardjola Garden**

- 3.15 During the audit we noted that the council did not ask for the €233 deposit on one of the contracts examined. The council had only asked for a total fee of €250. In other cases a deposit was requested. We were not given any explanation for this omission.
- 3.16 We recommend that the council asks for a deposit for all requests for the use of the Gardjola Gardens. The deposit acts as a guarantee for any damage or abuse of the property.

## **4 Expenditure**

### **Petty cash payments**

- 4.1 The council supports most petty cash payments by cash register chits. Below are examples which were noted during the audit:

Details	Suppliers	Date	€
2 tool holders	Lidl	03.03.2015	11.98
Petrol	Nica Ltd	25.03.2015	20.00
Christmas 2015	Maltapost	16.12.2015	14.91
Petrol	Grech & Ellul	20.10.2015	10.00

- 4.2 Cash register chits do not satisfy the requirements of the Local Councils (Financial) Procedures 1996 that supplies should only be 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 addressed to the council to ensure that the expenditure is required for council activities.
- 4.3 We also observed that the petty cash vouchers prepared by the council do not include details of the nominal account to which the expenses were allocated.
- 4.4 To this end, it is suggested that the council facilitates approval of petty cash expenditure by providing an analysis of all petty cash expenses and allocating the monthly total of each category of expense to the correct account.

### **Purchase orders**

- 4.5 During the audit we noted that the council had some purchase orders which were signed by the executive secretary only. Below are some examples:



Details	Supplier	€
PO 16-2015	Smart Technologies Ltd	979.40
PO 23a-2015	Attard & Co Ltd	129.80
PO 17a-2015	The Notebook Centre	799.00

- 4.6 We recommend that purchase orders are signed by both the mayor and the executive secretary to ensure proper authorisation. Furthermore, the executive secretary represents the administrative part of the council and the mayor represents the council.

- 4.7 Whilst acknowledging that the council has raised purchase orders in most cases, we could not trace the following purchases to a purchase order:

Details	Supplier	€
Dinner Marino Fardelli Cassino	Tal- Familja Restaurant	475.00

- 4.8 We advise the council to raise purchase orders for all purchases in excess of €23.29 in accordance with the Procedures so as to evidence the authorisation of expenditure by the council.

#### Procurement procedures

- 4.9 Our testing on cheque payments revealed the following irregularities for the following purchases:

Details	Supplier	€	Notes
Ironmongery goods	J & M Hardware	28.40	a
School attendant	Cleavon Abela	100.00	b
Assedju event leaflets	A & M printing	204.75	c

(a) The council obtained a cash register chit for supplies purchased.

(b) The council did not obtain a proper invoice or receipt.

(c) The payment voucher was not signed by the mayor.

- 4.10 The Financial Procedures state that a valid tax invoice should be obtained for all purchases made by the council. Therefore, we recommend that the council ensures that all supplies and services are supported by a valid tax invoice/receipt that is addressed to the council.

#### Expired contracts

- 4.11 During the year under review the council was utilising services provided by the contractors for the collection of mixed household waste and the cleaning and maintenance of soft areas even after the contracts had expired.
- 4.12 Furthermore, the council did not receive any invoices from ELC for cleaning and maintenance of soft areas services provided during the year. At present the council is still accruing for the services provided by the supplier. The council should seek clarification on the matter from the supplier and ensure that invoices are received on time. To date the council has no intention of issuing a tender for the cleaning and maintenance of soft areas.



- 4.13 The council should not make use of expired contracts, since this is prohibited by memo 10/2013 which states that councils should issue a new call for tenders before the expiry date of existing contracts.

#### **Inappropriate documentation**

- 4.14 The council is still accepting invoices without proper fiscal receipts and therefore these do not satisfy financial requirements:

<b>Supplier</b>	<b>Details</b>	<b>€</b>
Malta Society of Arts	99 chairs	495.00
David Agius	Railing Bastion Street	410.00
David Agius	Railing at Point Street	500.00
Anthony Muscat	Marble plaque Karlu Darmanin	1017.00
David Agius	Steel ladder Ponta	230.00
David Agius	Steel ladder grill	230.00

- 4.15 We would like to remind you that the Local Councils (Financial) Procedures, 1996 specifically require that supplies are made only on the provision of a proper fiscal receipt addressed to the council. The use of such invoices is important to ensure that only expenditure incurred in the furtherance of the council's operations is actually paid for.

#### **Insurance policy**

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

<b>Asset</b>	<b>Sum insured €</b>	<b>Cost as per accounts €</b>
Office furniture and fittings	53,461	57,325
Office equipment	21,352	17,568
Computer equipment	-	9,639
Urban improvements	76,933	164,445
Construction	-	174,713
Special programmes	90,000	517,472
Plant and machinery	-	1,096
	<b>241,746</b>	<b>942,258</b>

- 4.17 We recommend that the council looks into the matter and updates its policies accordingly in order to avoid any problems should it need to make a claim. Local Councils (Financial) Procedures, 1996 states that the value of assets should be reviewed periodically to assess the adequacy of insurance coverage.

#### **Personal accident insurance**

- 4.18 Whilst reviewing the insurance policy we also determined that it includes persons who no longer work at the council. The insurance is also extended to worldwide coverage instead of limited to the Maltese territories. Should a council member require to go overseas on council business a separate policy should be taken out for the specific trip.
- 4.19 We recommend that the council updates the insurance policy accordingly to include only current councillors and employees and limit coverage to the Maltese islands.



#### **Health insurance**

- 4.20 The council did not provide us with the health insurance policy for the year under review. We were unable to ensure that persons who are working with the council are entitled to health insurance.
- 4.21 We recommend that the council ensures that all council members and employees are insured with the council. Furthermore, the council should keep insurance documents in hand. During the year the council had changed council members and we remind the council that it should have reviewed the policy to adjust changes in members.

#### **Rent agreement**

- 4.22 The council did not present contracts for the rental of the football ground and council offices. We were only presented with the invoices for the respective periods.
- 4.23 We reiterate our recommendation from the previous management letter stating that the council should obtain a contract agreement for all properties being rented out for the councils' purposes. This will ensure that the rights and obligations of each party are clear.

#### **Travel**

- 4.24 During the audit we noted that the council travelled to Cassino, Italy from the 18 to 22 March 2015. The council did not submit a report to the Department of Local Government.
- 4.25 AL 144 of 2009 states the council should send a travel report to the Department of Local Government. The report should include travelling expenses incurred by the council together with the per diem allowance. Furthermore, the report must be submitted by the delegate by not later than one month after the visit.

#### **Staff meal**

- 4.26 The council had approved in meeting minute 008/15 that the Christmas lunch would be made at 'Ta' Victor in Marsaxlokk. To date of the management letter the council did not provide the invoice for the staff meal. In this circumstance we were unable to confirm that the lunch did not exceed €30 per person.
- 4.27 We recommend that the council ensures that Christmas lunch does not exceed €30 per person, in accordance to memo 8/2011.

### **5 Wages**

- 5.1 During the year under review we noted that the council is not submitting payments to the CIR on time. Although the cheques are prepared and are included as unpresented cheques, they are not sent until after year end. The following examples were noted:

<b>Month</b>	<b>Receipt date</b>
February	27.04.2015
April	03.06.2015
May	15.07.2015
July	17.09.2015
September	04.02.2016

October	04.02.2016
November	04.02.2016
December	04.02.2016

- 5.2 The council must submit FS5s and remit FSS tax and NI to the Commissioner of Inland Revenue by the last working day of the month following that during which the council has paid the emoluments. Thus the council should abide by the applicable laws and rules to avoid legal action and unnecessary penalties.

#### **Councillors' allowance**

- 5.3 During the audit we noted that the council did not receive a valid reason for the absence of one of the councillors for the meeting held on 4 March 2015. However, the councillor was still given the full allowance. This is in breach of memo 89/2009 which states that councillors should be paid based on the number of meetings attended in proportion to the number of meetings held per calendar year.
- 5.4 We recommend that the council obtains valid reasons in writing for all absences from council meetings. Furthermore, the council should abide article 32(2) of the Local Council Act. We would also like to remind the council that letters of excuse should be appended to the minutes and this should also be discussed in the minutes to determine that the councillor concerned is excused.

## **6 Bank and cash**

### **List of unrepresented cheques**

- 6.1 The council's bank reconciliation of the BOV current account included the following 'stale' cheques:

<b>Cheque number</b>	<b>Cheque date</b>	<b>€</b>
7684	18.02.2015	30.71
7685	18.02.2015	82.60
		<u>113.31</u>

- 6.2 It is important that the council investigates these 'stale' cheques and reverses them against the respective expense account or supplier account, if the cheques are unlikely to be cashed or have been replaced.

### **Cash count**

- 6.3 Following our audit procedures, we counted the cash of the council on 11 March 2016 and reconciled back to petty cash in hand as at 31 December 2015. This procedure highlighted an excess of €69.55.
- 6.4 In view of the discrepancy identified above, we recommend that the council performs cash counts on a regular basis and reconciles to the petty cash account. The Local Councils (Financial) Procedures, 1996 requires that the executive secretary establishes adequate control over cash.
- 6.5 Furthermore at the end of the financial reporting period, the council's petty cash book balance amounted to €290.49.
- 6.6 We reiterate our recommendation from the previous management letter, that the council should maintain its petty cash at €232.94. This contravenes section 38 (3) of

the Local Councils (Financial) Regulations, 1996 which limit petty cash holdings to €232.94.

#### **Bank statements**

- 6.7 During our audit we were provided with a bank statement for the term deposit account with account number 40019426554 dated till 24 December 2015.
- 6.8 All bank statements provided to us should be dated 31 December 2015 to ensure that there are no movements until year end.

### **7 Trade and other receivables**

#### **Ministry of Infrastructure**

- 7.1 When testing receivables we noted that the council has €18,000 still due from the Ministry of Infrastructure included with its receivables. This was present during our previous audit and to date there have been no receipts from this debtor. The council should follow up the outstanding amount.
- 7.2 We recommend that the council considers the recoverability of the amount due. If the funds are no longer receivable, these should be accounted for as a foregone grant.

### **8 Trade and other payables**

#### **Supplier statements**

- 8.1 The council did not obtain monthly statements from all of its suppliers. Memos issued from time to time by the Department specifically state that the council should obtain monthly statements from all suppliers.
- 8.2 We recommend that suppliers' statements are crucial, especially for those suppliers with whom the council trades most.

#### **Trade creditors**

- 8.3 When reviewing the balance due to Jonathan Zammit we noted that the balance is understated by €338.93. Furthermore, the balance due to the Police Department was overstated by €83.09. No explanation was provided by the council for such differences.
- 8.4 Memo 3/2016 points out that the council should reconcile creditors' balances on a regular basis, thus highlighting any differences as soon as possible.
- 8.5 Whilst reviewing the supplier's statements we noted that the council has received a statement from Dolmen Complex Ltd for an invoice which was dated 6 November 2009. The original amount of the invoice provided on the supplier statement was of €21,057.25. However, the outstanding balance was of €994.
- 8.6 We were not presented with the invoice for the above mentioned supply. In this circumstance we were unable to identify to what event did the invoice relate. Furthermore, this balance was not found in the creditors list as at year end. The statement had a credit note of €48.97 dated on 17 December 2015 which referred to a weekend break.

**Long-outstanding creditor**

8.7 The council's creditors' list includes the following long outstanding balance:

<b>Creditor</b>	<b>€</b>
Water Services Corporation	<u>3,506.96</u>

8.8 We advise the council to individually review these amounts, and either settle them or, if not due, reverse them after careful consideration and approval by the council.

**9 Financial statements**

**Presentation of financial statements**

9.1 We would like to point out that in accordance with the Department's communications and instructions, councils shall prepare their financial statements in conformity with International Financial Reporting Standards. The council's financial statements diverge from this requirement in the instances noted below:

- i. The council did not disclose the list of all the relevant new and amended IFRSs that have been adopted by the council in the preparation of the financial statements.
- ii. Disclosure of a reconciliation of the provision for doubtful receivables in line with IFRS 7.
- iii. In note 22 of the financial statements the council has stated that all balances which are past due have been provided for. During our audit we noted that the council has not provided for the following long outstanding balances:

<b>Debtor</b>	<b>Amount</b>
	<b>€</b>
Ministry of Infrastructure	18,000
Regional Committees	647

Therefore we recommend that the wording is amended since the above past due 'amounts' have not been provided for.

- iv. Note 12 to the financial statements should not have general provisions for bad debts. The council had made specific provisions for the outstanding receivables. Therefore, the line item should be provision for doubtful debts. Furthermore, the analysis of receivables is incorrect since of the €43,946, €24,313 is impaired.
  - v. Note 13 in the financial statements should be cash and cash equivalents.
  - vi. Note 15 and 14 for deferred income do not agree with the trial balance and workings presented to us. Note 14 is understated by €817 whereas note 15 is overstated by €817.
- 9.2 In addition to the above, the financial statements do not include the following:
- i. The disclosures for receivables' provisions is incorrect and not in accordance with IFRS 7.
  - ii. The statement of council members' and executive secretary responsibilities in unaudited financial statements presented to us were not signed by the executive secretary.



- iii. The statement of financial position in the unaudited financial statements presented to us was not signed by the mayor and the executive secretary.
- iv. The unaudited financial statements did not have the date when they were approved by the local council.
- v. Note 1 in the notes to the unaudited financial statements does not have the date when the financial statements were authorised for issue by the council.
- vi. The council should exclude nil values in both the current year and comparatives in the notes to the financial statements.
- vii. Notes 7 should not include the average number of people employed.
- viii. Note 22 should have the categories of financial assets instead of the classes of financial assets. Furthermore, it should have a subheading named loans and receivables.

#### Reclassification of assets

- 9.3 During the audit we noted that the council has reclassified €673 from urban improvements to special programmes. The reclassification is shown as an addition in the financial statements.
- 9.4 We recommend that the council classifies this amount as reclassification of assets and not as an addition or disposal.

#### Comparison with annual budget

- 9.5 When comparing the budgeted figures with the actual figures of the year under review, we identified the following differences:

	Budget €	Actual €	Difference €
<b>Income</b>			
Government	299,028	305,207	(6,179)
Bye laws	21,447	24,697	(3,250)
Investment	200	81	119
<b>Expenditure</b>			
Operations, maintenance & administration	203,591	228,864	(25,273)
Capital expenditure	44,343	11,232	33,111

- 9.6 We recommend that the council should continue exercising proper control over its expenditure to minimise the potentiality of any losses taking place throughout the year.

## 10 Administration

#### Uploading of meeting minutes and schedules of payment on website

- 10.1 During the audit we noted that the council has failed to upload schedules of payments and meeting minutes on the electronic site of the local council. To date of the audit fieldwork the council did not upload minutes for meetings held during the period September to December 2015. Furthermore, the council did not upload schedules of payments covering the period 25 April to December 2015.



- 10.2 We remind the council of the requirement under memos 77/2009 and 102/2010 to upload the signed minutes on the website within two working days.

## **11 Meetings**

### **Binding of minutes**

- 11.1 We noted that the council did not bind the minutes of the preceding year.
- 11.2 We recommend that the council adheres to the provisions in the Local Councils (Office) Procedures, 1996 and arranges for the previous year's minutes to be bound. The binding of minutes should be given due importance since this provides the only permanent, unchangeable record of council meetings and discussions.

### **Approval of minutes and schedule of payments**

- 11.3 During our review of minutes, we noted that meeting minutes 41/15, 42/15, 43/15 and 001/15 from the eighth legislature were not signed. Furthermore, schedule of payments 17 of the seventh legislature, 3 and 2 of the eighth legislature were not signed as evidence of approval by the council.
- 11.4 P1.11 of the Local Councils (Financial) Procedures, 1996 states that the executive secretary must present a schedule of payment for council's approval. We reiterate our recommendation from the previous year management letter stating that schedules of payments should be jointly signed by the mayor and the executive secretary to serve as evidence that these have been duly approved by the council.
- 11.5 Whilst reviewing meeting minutes we noted that the council was not approving the meeting minutes in the preceding meeting. Meeting minutes 41 and 42 were approved on 6 March 2015 in meeting 44. It was again noted that meeting minutes 44 and 45 were approved during meeting 47 held on 21 April 2015. Another instance was noted during meeting 005/15 where the council was unable to approve the prior meeting minutes as these were not forwarded by Mr Perici to the agent executive secretary. The council did not provide any explanation for not approving minutes in the preceding meeting.
- 11.6 This contravenes the Local Council (Meetings) Procedures which state that the council should print the meeting minutes and attach them to the agenda for the next formal meeting of the council for approval.

## **12 Electronic site**

- 12.1 During our audit work, we noted that the council was not uploading documents on time. The following are some examples: quarterly financial reports, 2014 financial statements, meeting minutes and schedule of payments:
- (a) Quarterly financial reports covering April – December 2015. To date these are still not uploaded on the council website.
  - (b) Quarterly financial report for January to March 2015 uploaded on the council website was not signed by the mayor and the executive secretary.
  - (c) The council did not upload the business plan for 2015 to 2017.
  - (d) To date the annual budget for 2016 is still not uploaded on the council website.



- (e) Meeting minutes 41/15, 42/15, 43/15, 001/15, 005/16, 007/15, 008/15, 009/15 uploaded on the website are not signed by the mayor and executive secretary.
- (f) During the audit we noted that the council did not maintain the number sequence for the meeting minutes as meeting minute 6 was missed out.
- (g) To date the council did not upload schedule of payments covering the period from 25/04/2015 – 31/12/2015.

### **13 Change in executive secretary**

- 13.1 On 11 September 2015, Mr Arthur Perici terminated his services as executive secretary of the council. The council did not carry out a mid-term audit in line with P2.02 of the Local Councils (Procedures) Regulations.
- 13.2 We draw attention to section P2.04 of the Local Councils (Audit) Procedures, which requires a mid-term audit to be conducted from 1 January 2015 to the last day of employment of the outgoing executive secretary. This will serve as an independent handover from one executive secretary to another.

### **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 Duncan Hall and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,