



KUNSILL LOKALI KALKARA

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4th June 2015

The Kalkara Local Council would like to take the opportunity to thank Grant Thornton for the services and the co-operation provided to our Local Council during the fieldwork.

We are sending our reply to the management letter that the auditors Grant Thornton have prepared as a result of their audit for the year ending 31/12/2014

We noted positively general comments the content of this management letter and whilst thanking you for this we will strive to keep our commitments when noting negative ones indeed

We will do our best to adhere to the accounting standards and also to the Financial Procedures.

1.14 – Mayoress' remuneration and allowance

The Council has taken note and shall rectify this issue accordingly.

1.15 – Actual Expenditure exceeding budget expenditure

The Council has taken note and shall rectify this issue accordingly.

1.16 Inappropriate expenditure documentation

Mr. Mifsud always gave us a fiscal receipt , this must have been somehow misplaced from our end unfortunately.

1.21 – 1.25

The Council has taken note and shall rectify these matters accordingly.

1.38 - Cash Deposits

The Council is aware of this, however one must keep in mind that not having our own Council van an employee needs to use her car to deposit Councils' money in Bormla since we do not have a Bank in Kalkara. Also please note that the being a small Council deposits twice a week are a bit farfetched. However we have taken note of this matter.

3.5 Honorarium paid to mayoress

The Council has taken note and shall rectify this issue accordingly.

4 – Fixed asset register

The council has taken note of the explanation and accepts the auditor's recommendations.

5.1 – 5.3 - Expenses

The Council has taken note and shall rectify these matters accordingly.

5.10 – 5.12 – Green Public Procurement

Noted

5.20 & 5.21 – Personal accident insurance

This has been rectified accordingly.

5.28 – 5.31

The Council has taken note and shall rectify these matters accordingly.

5.37 & 5.38- Expired Contract

This was rectified accordingly earlier this year (2015)

6.1 & 6.2 – LES receivables

The said observation has been noted and the council will check this difference and will make the necessary adjustments in the books of account accordingly.

6.5 to 6.7 – Receipts from pre-regional contraventions

These observations have been noted and the recommended adjustments will be done.

6.8 & 6.9 – Overdue receivables

The council has taken note of this and accepts the auditor's recommendations.

6.10 & 6.11 – Trade receivables

These observations have been noted.

7.1 to 7.10 – 'stale' cheques and unpresented cheques

The said observations have been noted. The council would like to point out that the bank reconciliation has always been done through Sage. However, during this financial year, the council had various problems with its computer and its Sage system as this got corrupted. This led to the installation of a new Sage. In the past years, the council never had these remarks on its bank reconciliation procedures and believes that these discrepancies have resulted due to the problems they had with their computer.

8.1 to 8.2 – Receivables

The council has taken note of this and accepts the auditor's recommendations.

8.3 to 8.4 – Payables

The council has taken note of the auditor's recommendations.

8.5 to 8.9 – Accrued income and grants

The council believes that there was no clear communication as to what the auditors requested vis-a-vis the list of accrued income. This has led the council to give little information and supporting documentation to the auditors and due to this the auditors decided to qualify their audit opinion. The council strongly believes that the auditors did very little to make themselves understood. The executive secretary had also emphasised the point that she was still relatively new. Had the auditors taken this into account and approached this differently maybe things would have been more clearer.

8.10 – Debit balance in creditor's list.

The council took note of this and will be looking into this matter.

9.6 – Long outstanding creditors.

The council took note of this and accepts the auditor's recommendations.

10 – Grant accounting

Whilst the council understands and accepts the auditor's recommendations, the council had explained the problems it had in finding certain documentation and workings. The reason behind this was that these were done by someone else and the new executive secretary had little information of how these were worked out.

11- Administration (11.1 – 11.6)

Noted

13 – Change in Executive Secretary

Being new at this Local Council with no hand over given I asked DLG for help and guidance. They suggested that an audit should be made from my end in order to have things set from my side. However when asking NAO to fix this audit their reply was that given that 5 months had already passed the audit to be done was not going to be an accurate one and this was supposed to be done much earlier.

16 – Financial statements

All these observations have been noted and the council has made it a point that these will be in conformity with International Financial Reporting Standards. The council feels that the auditors were all out to find any kind of shortcomings, mistakes and to report as much as possible.

The council states that whilst they know that the auditors have to carry out their assignments in accordance to their terms of reference, however, in the council's opinion, the number of tests and observations raised by them are in majority procedural and regularity but do not reflect in marked material weaknesses.

This report mainly refers to regulatory and procedural matters. It is unfortunate to note that the auditors decided to qualify their audit report due to certain lack of disclosures. In the council's opinion, this could have been easily avoided had the auditors been more practical in their approach.



Elaine Caruana
Executive Secretary
Kalkara Local Council