



Kalkara Local Council  
1 / 2 Binja tas-Salvatur  
Triq Luigi Pisani  
Kalkara KKR 1330

30/05/2018

Grant Thornton  
Fort Business Centre  
Mriehel Bypass  
B'kara BKR 3000

Dear Sirs,

Re Audit – Financial Statements 31st December, 2017

We write to you in relation to the Management Letter received in respect to the above captioned year.

At the outset, allow us to point out that the Council has met to discuss the contents of clauses 2 and 3 in the management letter which are of great concern to the members of the Council. This has resulted yet again in a qualified opinion by the Auditors that they are unable to form an opinion on the financial statements which is untenable.

The Council takes cognizance of the state of affairs and inevitably has no other option but to terminate the services of the Accountant on the basis that these were not to satisfaction. The conclusion to this effect emanates from the auditors' management letter which clearly outlines the shortcoming and lack of competence. To this effect, we have instructed our lawyer to advise service

provider accordingly and that a new accountant be provided in the interim to carry out the works.

With respect to the management letter points please allow us to reply in order of question raised:-

1.1 Point noted and corrective action taken;

1 / 2, BINJA TAS-SALVATUR, TRIQ LUIGI PISANI IL-KALKARA KKR 1330

Tel. No: 00356 2166 5500

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- 1.2 Accounting function not functioning and mitigating action taken. It is also to be pointed out that the Executive Secretary was not adequately supported by the current service provider during the course of the audit;
- 1.3 Noted – new accountant will be advised to take mitigating action immediately;
- 1.4 Noted – new accountant will be advised to take mitigating action immediately;
- 1.5 Noted;
- 1.6 Noted – mitigating action will be taken by the Secretary;
- 1.7 Noted
- 1.8 Noted – new accountant will be advised to take mitigating action immediately;
- 1.9 Noted – new accountant will be advised to take mitigating action immediately;
- 1.10 Noted – new accountant will be advised to take mitigating action immediately;
- 1.11 Noted – new accountant will be advised to take mitigating action immediately;
- 1.12 Noted – new accountant will be advised to take mitigating action immediately;
- 1.13 Noted – despite repeated reminder current incumbent failed to action - new accountant will be advised to take mitigating action immediately;
- 1.14 Part of 1.13;
- 1.15 Noted – new accountant will be advised to take mitigating action immediately;
- 1.16 Noted – Administrative shortcoming and mitigating action will be taken by Secretary;
- 1.17 N/A
- 1.18 Noted – we reiterate that favourable prices are obtained through the current arrangement;
- 1.19 Noted – Administrative shortcoming which will be addressed once FAR is in place;
- 1.20 Noted;
- 1.21 Noted but we believe this is an immaterial issue;
- 1.22 Noted – Administrative Shortcoming;
- 1.23 Noted – Administrative shortcoming;
- 1.24 N/A
- 1.25 Noted – new accountant will be advised to take mitigating action immediately;
- 1.26 Noted – new accountant will be advised to take mitigating action immediately;
- 1.27 Noted – new accountant will be advised to take mitigating action immediately;
- 1.28 Noted – new accountant will be advised to take mitigating action immediately;
- 1.29 Noted – new accountant will be advised to take mitigating action immediately;
- 1.30 Noted – new accountant will be advised to take mitigating action immediately;
- 1.31 Noted – new accountant will be advised to take mitigating action immediately;
- 1.32 Noted – new accountant will be advised to take mitigating action immediately;
- 1.33 Noted – new accountant will be advised to take mitigating action immediately;
- 1.34 N/A
- 1.35 Noted – new accountant will be advised to take mitigating action immediately;
- 1.36 Noted – Administrative shortcoming to be rectified;
- 1.37 Noted – new accountant will be advised to take mitigating action immediately;
- 1.38 Noted – Administrative shortcoming to be rectified;
- 1.39 Noted – Administrative shortcoming to be rectified;
- 1.40 Noted – Administrative shortcoming to be rectified;
- 1.41 We are aware of the situation but there is not much the Council can do to improve situation unless tranches are augmented;
- 1.42 As per 1.41;
- 1.43 Noted – new accountant will be advised to take mitigating action immediately;
- 1.44 Noted – new accountant will be advised to take mitigating action immediately;
- 1.45 Noted – new accountant will be advised to take mitigating action immediately;

Items 2 and 3.1 to 3.4 – As noted above, Council had no option but to terminate the service. Most points under 1. are not conducive to good accounting practice and thus the corrective action taken.

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- 4 Accounting shortcomings – new accountant will be advised to take corrective action;
- 5 Accounting shortcomings – new accountant will be advised to take corrective action;
- 6.1 to 6.3 - Accounting shortcomings – new accountant will be advised to take corrective action;
- 6.4 to 6.5 - Accounting shortcomings – new accountant will be advised to take corrective action;
- 7.1 to 7.3 - Noted;
- 7.5 to 7.6 - Noted;
- 7.7 to 7.9 - Noted;
- 7.1 to 7.11 - Noted;
- 7.12 to 7.13 - Noted;
- 7.14 – 7.15 - Administrative shortcoming noted;
- 7.16 – 7.17 - Administrative shortcoming noted;
- 8.1 – 8.7 - Accounting shortcoming as aforementioned;
- 8.8 – 8.10 - Administrative shortcoming noted;
- 8.11 – 8.14 - Accounting shortcoming as aforementioned;
- 9.1 – 9.11 - Accounting shortcoming as aforementioned;
- 10.1 – 10.12 - Administrative shortcomings noted and mitigating action to be taken;
- 10.13 – 10.15 - Will be done once FAR is completed;
- 10.16 – 10.25 - Administrative shortcomings noted and mitigating action to be taken;
- 10.26 to 10.29 - Administrative shortcomings noted and mitigating action to be taken;
- 10.30 to 11.2- Accounting shortcomings – new accountant will be advised to take corrective action;
- 11.3 to 13.13 - Accounting shortcomings – new accountant will be advised to take corrective action;
- 13.14 to 13.15 – We undertake to reduce such instances;
- 13.16 – 13.20 - Accounting shortcomings – new accountant will be advised to take corrective action;



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14.1 to 14.6 Accounting shortcomings – new accountant will be advised to take corrective action;

15.1 to 18.2 - Administrative shortcoming to be mitigated;

19.1 to 19.3 - Refer to reply to 1.41;

20.1 to 20.4 - Shortcoming noted.

Please do not hesitate to contact the undersigned should you require any additional clarification. As formerly stated, in line with Council's decision, we will be seeking to appoint an accountant in the interim, to action the various issues noted by the auditors which require urgent actioning.

Yours faithfully,

Elaine Caruana  
Exec Secretary

Speranza Chircop  
Mayor