

The Mayor
Kirkop Local Council
31
Triq San Benedittu
Kirkop KKP 1243
Malta

29th April 2016

Dear Sir,

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

During our audit for the year ended 31 December 2015, we have reviewed the accounting systems and procedures operated by the Council. We set out in this report the more important points that arose as a result of our review.

1. Previous Management letter

1.1 Financial Situation Indicator

During the year under review the Local Council's Financial Situation Indicator (FSI) was positive 47.88% of the annual Government allocation as at year-end as per working below:



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Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN3000
Malta EU
Tel: +356 21637778
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Details	€
Current Assets	207,329
Less committed current assets	(62,510)
Net Current Assets	144,819
Non-Current Liabilities	1,174,057
Current Liabilities	53,535
Total Liabilities	1,227,592
Less long-term deferred income	(1,174,057)
Less short-term deferred income	-
Net Liabilities	53,535
Net Current Assets less Net Liabilities	91,284
Government Allocation	190,637
FSI	47.88%

1.2 Duration of Committee meetings

We regret to note that during the year under review, there were instances whereby meetings exceeded three hours (refer to note 2.1).

1.3 Attendance of Committee meetings

During 2015, there was an instance when the Minister was supposed to be notified in relation of Council meeting absenteeism but was not informed (refer to note 2.2).

We are pleased to note that in cases where there was an absent member in a particular meeting, such a fact was part of the agenda of the following meeting.

1.4 Binding of minutes

We are pleased to note that the minutes of meetings carried out during the year under review were appropriately bound in accordance with Local Councils (Office) Procedures, 1996.

1.5 Opening balances

Following audit procedures carried out, we are pleased to note that the Council has updated its chart of accounts as opening balances for 2015 were correct.

1.6 Fixed assets register

The Council did not prepare the fixed assets register (refer to note 2.3).

1.7 Tagging of fixed assets

The Council has still not tagged the fixed assets (refer to note 2.4).

1.8 Depreciation

We regret to note that we were not able to test the depreciation charge for the year (refer to note 2.6).

1.9 Related party balances

We are pleased to note that amounts owed by other government entities were all reconciled as at 31 December 2015.

1.10 Amount receivable from Green MT

We regret to note that the receivable amount of €6,010 as per previous year management letter has not yet been recovered from Green MT (refer to note 2.7).

1.11 Amount receivable from Water Services Corporation

The Council has performed follow-up on the recoverability of the balance due from Water Services Corporation during the year under review. Adjustments were performed in order to arrive at the amount which the Council deems recoverable. A provision of such a receivable balance was performed for prudence purposes (refer to note 2.8).

1.12 LES debtors

We regret to note that there was an over-provision with respect to the balance receivable relating to LES debtors (refer to note 2.9).

1.13 Accrued income – Road resurfacing works

During the year under review, the Department for Local Government transferred funds relating to such a project on 3 June 2015 amounting to €50,000. Accrued income was correctly reversed by the same amount.

1.14 Accrued income – Southern Region Cash Distribution

Year-end cash distribution which is yet to be claimed from the Southern Regional Committee was appropriately recorded as accrued income as at year-end.

1.15 Accrued income – AED project

We regret to note that during the year under review the client released the full amount of funding (€1,164.32) provided by the Southern Regional Committee to purchase the AED to the Statement of Profit or Loss and Other Comprehensive Income instead of transferring the amount attributable to the depreciation charge for the year (refer to note 2.5).

1.16 Accrued income – Opening balances

Apart from the balance mentioned below, we are pleased to note that opening accrued income was correctly reversed during the year under review.

As in the previous year, the Council did not provide us with workings and supporting documentation for the amount of €15,231 representing opening accrued income (refer to note 2.13).

1.17 Prepayments

We are pleased to note that reversals of opening prepayments were appropriately accounted for during the current year under review.

1.18 Deferred income

The Council again failed to provide workings and/or supporting documentation with respect to long-term deferred income amounting to €1,080,316 (refer to note 2.15).

1.19 Presentation of financial statements

We regret to note that financial statements are still not IFRS compliant and the presentation of financial statements diverges from that set out in the Financial Procedures (refer to note 2.17).

1.20 Bank reconciliations

The Council did not prepare bank reconciliations on a monthly basis (refer to note 2.18).

1.21 Cash in hand

We are pleased to note that the cash balance as per financial statements was in agreement to the cash in hand as at year end.

1.22 Petty cash expenditure

We regret to note that most petty cash expenditure selected for testing was only supported by a cash register chit (refer to note 2.19).

1.23 Creditors – Unreconciled balance

Balance receivable from Asfaltar Limited of €7,779 was written off through an audit adjustment during the year under review (refer to note 2.10).

1.24 ARMS Ltd

We regret to note that following testing of supplier balances during the year under review, there were unreconciled differences (refer to note 2.22).

1.25 Amounts due to Regional Committees

An amount of €1,099 was still payable to Regional Committees as at 31 December 2015 (refer to note 2.23).

1.26 Accruals

We are pleased to note that there were no misstatements in opening accruals during the year under review.

1.27 Contingent liabilities – Gasan Mamo Insurance

During the year under review, the court declared that the Council is not the proper defendant in the Gasan Mamo Insurance case and therefore the Council was cleared of any responsibility as per legal letter issued for the year ended 31 December 2015 by the Council's legal counsel.

1.28 Three-year plan

We regret to note that the Council did not prepare a three-year budget plan (refer to note 2.25).

1.29 General income and custodial receipts

We are pleased to note that there were no material amounts pertaining to general income and custodial receipts which were not deposited at least twice weekly.

1.30 Government allocation

Financial allocation received from government was correctly grossed up with expenses relating to Wi-Fi services during the year under review.

1.31 Rent payable

We regret to note that the Council did not enter into an updated rent agreement with the Department for Local Government for the rent of the Local Council premises (refer to note 2.26).

1.32 Wages reconciliation

Wages and salaries as per FS7 issued for 2015 were reconciled in full with the wages and salaries as per accounts.

1.33 Expenditure

All items of expenditure selected for testing during the year under review were supported with a valid fiscal receipt and in accordance with local procurement regulation. We are pleased to note that the accrual concept of accounting was applied throughout.

1.34 Unadjusted errors

During the current year audit, we again noted a number of misstatements of a non-material nature both in aggregate and individually (refer to note 2.33).

2. Management letter points for the year**2.1 Duration of Committee meetings**

During the year under review, there were four meetings that lasted more than three hours.

We remind the Council that memo 68/2009 and section 43(3) of the Act limit the duration of meetings to three hours, unless consensus is obtained from all present. We were unable to trace such consensus in our review of the minutes. Therefore we recommend that, should a meeting exceed three hours, the Council formally registers Council members' agreement and thereby abides by the requirement of the memo and Act.

2.2 Attendance of Committee meetings

As in the previous year, one of the members of the Council, Ms Antoinette Cefai, failed to attend seven meetings in aggregate and the Minister was not informed accordingly. The Local Councils Act states that the Executive Secretary is to inform the Minister on failure of a Councillor to attend four meetings or in the aggregate more than one third of the meetings called within a period of six months.

Despite the above, we are pleased to note that as per Memo 108/2010, the allowance of Ms Antoinette Cefai is not deductible on the basis that the following procedures were always adhered to:

- Justifiable cause provided;
- Signed notification of absenteeism provided;
- Cause for absenteeism was accepted by the Council and included in the minutes.

2.3 Fixed assets register

Similarly to the previous year, the Council did not provide us with a fixed asset register. Local Councils Procedures require Local Councils to maintain a fixed asset register in order to have a record of all fixed assets held by the Council.

We reiterate that the Council starts preparing a fixed assets register and includes the following details: Description of the assets; Date of purchase; Cost; Supplier details; Asset tag code; Depreciation method; Location of the asset.

2.4 Tagging of fixed assets

As reported in the previous year's management letter, the Council's assets have not yet been tagged. This contravenes the Local Councils (Financial) Procedures, 1996.

As per Local Councils (Financial) Procedures, we recommend that the Council tags every asset held so that their physical existence can be verified accordingly. This recommendation is in line with the above mentioned recommendation to prepare and continuously monitor a fixed assets register. Proper tagging facilitates traceability to the fixed assets register.

2.5 Fixed assets – AED project

In the previous year's audit, an audit adjustment (AA 11/14) was passed in order to recognize funding provided by the Southern Regional Committee to purchase an AED (Automated External Defibrillator). Given that such a grant was provided in relation to the purchase of a fixed asset, income needs to be recognized in profit or loss over the periods in which the depreciation expense on such an asset is recognized in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

The Council erroneously recognized the full amount of the grant (€1,164) as income during the current year under review. In this respect, AA 05/15 (refer to note 2.32) was proposed in order to recognize income in accordance with the respective depreciation charge for the year on such a fixed asset, being €291.

We recommend that the Council recognizes income emanating from grants related to assets on a systematic basis over the useful life of such assets.

2.6 Depreciation

As in the previous year, we were not provided with the depreciation workings of Property, Plant and Equipment. As a result, we were not able to test the accuracy, existence, valuation and completeness of the depreciation charge. This matter contributed to the disclaimer of opinion in the audit report.

The Local Councils (Financial) Procedures, 1996 require Councils to use the month-end facility on the Sage accounting package to calculate depreciation on fixed assets. Moreover, depreciation should be calculated on a monthly basis using the reducing balance method in line with the respective Procedures and Memos.

2.7 Amount receivable from Green MT

As in the previous year, there have been no receipts from Green MT with respect to the receivable balance of €6,010 during the year under review. The Executive Secretary reaffirmed that even though this particular entity is in financial difficulties, such a balance should still be retained.

We reiterate that the Council investigates whether such amount is still recoverable. We recommend that such a balance is written off if there are no prospects of recoverability.

2.8 Amount receivable from Water Services Corporation

After several discussions with the Executive Secretary, it was agreed that the amount receivable from Water Services Corporation of €631 which was provided for through audit adjustment AA 09/14 in the previous year's audit should be written off given that the source of such a balance could not be traced. In this respect, audit adjustments AA 06/15 and AA 08/15 respectively were proposed, approved and passed (refer to note 2.32).

As reported in the previous year's management letter, the remaining balance of €2,600 is made up of an invoice which Water Services Corporation have not yet confirmed to date. The Executive Secretary provided us with correspondence which confirms that the invoice is valid, and thus the balance should be receivable. Given that such an amount has been outstanding for more than five years, audit adjustment AA 07/15 was proposed in order to provide for such a balance (refer to note 2.32).

We recommend that the Council determines whether the remaining balance of €2,600 is recoverable and writes it off if there are no prospects of recoverability.

2.9 LES debtors

Following testing performed, it transpired that there was an over-provision of €687 with respect to the balance receivable relating to LES debtors. Audit adjustment AA 01/15 was proposed, approved and passed (refer to note 2.32).

2.10 Amount receivable from Asfaltar Limited

As per previous year management letter, an amount owed by Asfaltar Limited amounting to €7,779 has been due for over five years. We were informed by the Executive Secretary that such amount is not recoverable. Therefore, we proposed an audit adjustment (AA 02/15) which was approved and passed (refer to note 2.32).

2.11 Accrued income – Eco wardens

During the year under review, the Southern Regional Committee allocated a refund of €4,708.44 to each Local Council in order to fund expenditure relating to Eco Wardens. We were informed by the

accountant that such a refund was omitted from the accounts of the Council as at year-end. Hence, we proposed an audit adjustment (AA 03/15) which was approved and passed (refer to note 2.32).

2.12 Accrued income – CCTV cameras

The Southern Regional Committee initiated a funding project for Local Councils in order to promote investment in CCTV surveillance. It was noted that the Local Council recognized the total amount of funds available to invest in CCTV cameras (€2,000) as income for the current year under review. An adjustment was performed so that income is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the useful life of the asset (disclosed as office equipment under fixed assets). In this respect, audit adjustment AA 09/15 was proposed, approved and passed accordingly (refer to note 2.32).

We recommend that the Council recognizes income emanating from grants related to assets on a systematic basis over the useful life of such assets.

2.13 Accrued income – Opening balances

Similarly to the previous year, the Local Council failed to provide us with workings and supporting documentation for the amount of €15,231 representing opening accrued income. This was not reversed during the year. This matter contributed to the disclaimer of opinion in the audit report.

2.14 Accrued income – Tipping fees

During our testing, it was noted that income recognized in the profit or loss account with respect to funds received from the Department for Local Government in relation to tipping fees charged by Wasteserv Malta Ltd were understated by €5,746. Audit adjustment AA 10/15 was proposed, approved and passed accordingly (refer to note 2.32).

2.15 Deferred income – Opening balances

As in the previous year, no supporting documentation was provided with respect to opening deferred income amounting to €1,080,316. Furthermore, deferred income was not apportioned between long term and short term.

We recommend that an exercise is carried out to identify the breakdown of this balance and pass the necessary adjustments.

This matter contributed to the disclaimer of opinion in the audit report.

2.16 Deferred income – Measure 313 and Measure 323

During the year under review, the Local Council was awarded grants amounting to €93,741 by the Paying Agency within the Ministry for Resources and Rural Affairs in relation to two particular projects which the Council is currently undergoing being:

- Measure 313 - Construction works at Pjazza Zerniq and historical sites
- Measure 323 - Restoration of catacombs

After reviewing the unaudited financial statements, it transpired that the Council erroneously posted such an amount under fixed assets instead of deferred income. In this respect, reclassification RECL J/15 was proposed, approved and passed (refer to note 2.33).

Following testing performed, it transpired that the Council did not recognise income to the Statement of Profit or Loss and Other Comprehensive Income in accordance with the useful life of the asset (Construction works - 10%). Income attributable to 2015 amounting to €9,374 (10% x €93,741) is not material and was included in the summary of unadjusted errors (refer to note 2.34).

2.17 Presentation of financial statements

The financial statements provided by the Council do not include the budgeted figures for the year. This is not in accordance with Local Councils (Financial) Procedures, 1996.

We reiterate that the presentation of the Council's financial statements diverges from the requirement with respect to quantitative and qualitative disclosures required by IFRS 7, *Financial Instruments: Disclosures*. These include information of the Council's aged debtors, classes of financial assets and financial liabilities, the maximum exposure to credit risk, the qualitative disclosure of liquidity risk, contractual maturities of financial liabilities, and categories of financial assets and liabilities. These missing disclosures contributed to the disclaimer of opinion in the audit report.

2.18 Bank reconciliations

As reported in the previous year's management letter, the Council does not perform reconciliations of bank accounts on a monthly basis. We reiterate our recommendation to adopt a strict policy of performing monthly reconciliations for all bank accounts and investigate any differences found.

In addition, whilst testing year-end reconciliations of bank balances provided by the Council, it was noted that the list of unpresented cheques includes a stale cheque (Ref: 1006) amounting to €59.33 dated 18/05/2015 payable to Melita Capital plc. Audit adjustment AA 04/15 was proposed in order to reverse such a payment (refer to note 2.32).

We recommend that all stale cheques which are included in the list of reconciling items are reversed and re-issued by the Local Council.

2.19 Petty cash expenditure

As in the previous year, we found that the source document for most petty cash expenditure is a cash register chit. Some instances which were encountered during our audit fieldwork are the following:

Date	Detail	Amount
		€
13/07/2015	Diesel for council van	20.00
01/06/2015	Tyre for electric generator	15.00
13/07/2015	Electric kettle for local council	16.99
02/09/2015	Computer mouse	10.00
07/09/2015	Glass for frames foyer	14.93

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, as much as possible, the Council obtains a fiscal receipt appropriately addressed for petty cash purchases.

2.20 Creditors – unauthorized suppliers

Aged creditors' list as at 31 December 2015 includes balance payable to Clentec Ltd amounting to €327.10. Invoices issued by such a supplier during the year under review amounted to €2,368.40. Clentec Ltd is an unauthorised supplier as per Contracts Circular N° 08/2014 issued by the Department for Local Government.

We recommend that the Council refrains from awarding any direct order, quotation or tender to unauthorized suppliers.

2.21 Creditors – reconciliations

Whilst performing our testing on creditors, we selected seven suppliers for testing and found that for two suppliers no reconciliations were carried out. Reconciliations were not carried out for the following:

Supplier	Annual turnover	Year-end balance
Mr Raymond Attard	€31,315.08	€3,584.59
Nexos Lighting Technology	€4,027.43	€15,235.48

Whilst we acknowledge that a number of creditors do not prepare statements and duly make them available, we strongly suggest that a periodical exercise that confirms creditor balances is still performed.

Creditor reconciliations are an essential element of a good internal control system. They can assist in enhancing the internal control system of company whilst also ensuring that the supplier balances reflected in the accounts are accurate.

We circularized these balances, but suppliers did not reply and we performed alternative testing by vouching the invoices that make up the balances.

2.22 Creditors – unreconciled differences

While testing supplier balances, it transpired that there are unreconciled differences with respect to the below suppliers:

Supplier	Balance as per Local Council	Balance as per supplier	Unreconciled difference
Wasteserv Malta Ltd	€14,845.78	€13,000.64	€1,845.14
ARMS Ltd	€1,052.47	€567.70	€484.77

The unreconciled difference with respect to Wasteserv Malta Ltd relates to a payment made by the Department for Local Government on behalf of Kirkop Local Council which remains unallocated by the Council as at year end.

The unreconciled difference with respect to ARMS Ltd relates to a double payment of €96.25 performed by the Council and a credit note of €388.52 which was not accounted for by the Council.

We recommend that an adjustment is passed to eliminate such differences. The extrapolated difference of €3,554 was included in the unadjusted errors list (refer to note 2.34).

2.23 Amounts due to Regional Committees

The debtors' list included a credit balance of €1,099 payable to Regional Committees. Given that such an amount was included in the debtors' list, reclassification RECL A/15 (refer to note 2.33) was proposed in order to correctly classify such an amount as a liability. This was approved and passed by the Council.

The Council did not provide us with a breakdown of such a balance. The Executive Secretary advised that such amounts have been outstanding for more than eight years and the prospect of such a balance being settled is clearly in doubt.

Given that such amounts have been outstanding for more than eight years, we recommend that the Council investigates whether such balances are still due and if not, write them off accordingly after being approved at a Council meeting.

2.24 Contingent liabilities – Ms Giuseppa Mizzi

On 10th June 2015, a case was registered with the civil court by Ms Giuseppa Mizzi against Mr Carmel Calleja (former Mayor) and Ms Antonia Demicoli (Executive Secretary). The plaintiff is claiming that her property suffered damages following works carried out at Kirkop which were instructed by the Local Council.

The outcome of the first sitting was that the names of the defendants should be amended given that Mr Carmel Calleja no longer acts as Mayor of the Council. The magistrate addressed the fact that the plaintiff should bring forward relative evidence against the Council. The legal letter issued for the

year ended 31 December 2015 states that the maximum liability which may arise should not exceed €15,000.

We proposed proper disclosure of the contingent liability note in the financial statements. This was accepted by the Council.

2.25 Three-year plan

As in the previous year, the Council did not prepare a three-year budget plan. We recommend that the Council prepares a three-year budget plan to conform to legislation.

2.26 Rent payable

As reported in the previous year, the only contract which the Council has in relation to rent payable at its disposal is dated 6th January 1997. The terms of such a contract indicate that the lease of the Local Council premises amounting to €447.24 per annum is renewable on a yearly basis. However, there were no further renewals of such a contract.

In light of the fact that no updated contract is available, we recommend that the Council has an updated contract in place as soon as possible.

2.27 Income

When testing the Council's financial allocation received from Central Government vis-à-vis the expenditure incurred during the year we noted that the Council did not manage to obtain a positive result and neither a minimum of 10% of the financial allocation as required by Section 4c of the Local Council (Financial) Regulations, 1993.

In addition, it was noted that 'Supplementary Government Income' amounting to €22,375 was erroneously classified as 'Other Government Income' in the unaudited financial statements. Given that such income related to financial assistance provided by the Department for Local Government, reclassification RECL D/15 was proposed, approved and passed accordingly (refer to note 2.33).

Furthermore, it was noted that income relating to funds received from the Southern Regional Committee amounting to €3,781 was erroneously classified as 'Supplementary Government Income' in the unaudited financial statements. Hence, reclassification RECL E/15 was proposed, approved

and passed by the Local Council (refer to note 2.33). Similarly, it was noted that income relating to cash distributed by the Southern Regional Committee amounting to €547 was erroneously classified as funds relating to ‘Special Projects’ in the financial statements. Therefore, reclassification RECL F/15 was proposed, approved and passed by the Local Council (refer to note 2.33).

2.28 Expenditure

Following an analysis of expense categories as at year-end, it was noted that there were certain expenses which were posted in the wrong accounts.

Expenses relating to the collection of domestic waste amounting to €2,993 were incorrectly inputted as waste disposal fees. Reclassification RECL C/15 was proposed, approved and passed in this respect (refer to note 2.33).

In addition, expenses relating to ‘Other Repairs and Upkeep’ amounting to €1,107 were erroneously posted as ‘Road marking’ and ‘Office Furniture & Equipment’. In this respect, RECL G/15 was proposed, approved and passed (refer to note 2.33).

Moreover, expenses relating to fuel and ESF (European Social Funding) amounting to €407 and €623 respectively were inputted in the wrong accounts. Hence, reclassifications RECL H/15 and RECL I/15 were proposed, approved and passed respectively (refer to note 2.33).

2.29 Health insurance

While testing the insurance expense, we noted that the Council has provided its employees with a health insurance cover irrespective of the fact that the Council registered a loss during the year.

We recommend that such insurance cover is discontinued as long as the Council does not have a positive profit balance or such scheme does not result in a loss in the Council’s accounts. This is stipulated in the Local Councils (Financial) Regulations.

2.30 Wages and salaries

After reviewing the unaudited financial statements provided by the Local Council, it was noted that the Executive Secretary’s salary is overstated by €4,305. Such an amount represents the employer’s

share of social security contributions. Hence, reclassification RECL B/15 was proposed, approved and passed in this respect (refer to note 2.33).

Following testing performed, it transpired that Ms Gianella Degabriele Belfiore carried forward unused leave from 2014 which was equivalent to 12 days, i.e. 96 hours, without the necessary written approval.

Article 20 of the Local Councils (Human Resources) Regulations states that accumulation of vacation leave from one year to another (but not exceeding two successive years) shall be given through a written approval of the Council up to a maximum of 48 hours.

2.31 Employment contracts

During our payroll testing, we noted that no motion was passed in the meetings in order to approve the increments in the salary from €1,067.50 per month (Scale 15 notch 1) to €1,092.33 per month (Scale 15 notch 2) of Ms Gianella Degabriele Belfiore during the year under review.

We recommend that all salary increments are approved through a motion to be passed during Council meetings as per collective agreement for government employees for the years 2011 – 2016.

2.32 Accounting function

The unaudited financial statements showed a deficit of €41,009 which after our proposed audit adjustments as per below, changed to a deficit of €43,061. As reported in this letter and in the audit report, several factors also contributed to a Disclaimer of Opinion. We recommend that greater attention is paid to the book-keeping function to ensure that the annual financial statements do give a true and fair view of the Council results and state of affairs. Refer to audit adjustments list below:

No.	Nominal code	Description	Management letter point	Statement of Comprehensive Income	Statement of Financial Position
				Dr (+) / Cr (-)	Dr (+) / Cr (-)
				€	€
1	0212	Les Provision B/s			687
	3699	Provision LES Debtors		(687)	
		Being decrease in bad debt provision on LES debtors	2.9		
2	4053	Creditor - Asfaltar (Maltacom Dispute)			(7,779)
		Debts written off		7,779	
		Being receivable balance from Asfaltar written off during the year under review	2.10		
3	0024	Income - Regjuni		(4,708)	
	0241	Accrued Income			4,708
		Being under-statement in accrued income for the year relating to funds provided by Regional Committee for Eco-Wardens	2.11		
4	5011	BOV 40011999869			59
	2160	Comm.-Telephone Charges		(59)	
		Being reversal of stale cheque	2.18		
5	8094	Grants re AED (New account)			(873)
	0015	Other Govt income		873	
		Being adjustment relating to release of funding provided by Southern Regional Committee for the purchase of the AED to P/L for 2015	2.5		
6	3610A	Debts written off		631	
	0200	Debtors Control Account			(631)
		Being receivable balance from Water Services Corporation written off	2.8		
7	1106	Provision for doubtful debts			(2,600)
	3699A	Provision Debtors		2,600	
		Being provision of balance receivable from Water Services Corporation	2.8		
8	1106	Provision for doubtful debts			631
	3699A	Provision Debtors		(631)	
		Being provision of balance receivable from Water Services Corporation	2.8		
9	0024	Income - Regjuni		2,000	
	8090	Grants - Special Needs AC			(2,000)
		Being funds available for distribution by the SRC relating to the purchase of CCTV cameras	2.12		
10	0241	Accrued Income			5,746
	0002	Supplementary Govt. Income		(5,746)	
		Being accrued income relating to funding provided by DLG for tipping fees charged by Wasteserv	2.14		

2.33 Reclassifications list

The following reclassifications were considered necessary for appropriate presentation in the financial statements. Refer to audit reclassifications list below:

No.	Nominal code	Description	Management letter point	Statement of Comprehensive Income	Statement of Financial Position
				Dr (+) / Cr (-)	Dr (+) / Cr (-)
				€	€
A	0200	Debtors Control Account			
		Credit balances in debtors' list			1,099
					(1,099)
		Being reclassification of credit balances in debtors' list	2.23		
B	1201	Executive Secretary Salary		(4,305)	
	1500	Social Security		4,305	
		Being reclassification of employer's share of NI	2.30		
C	3040	Waste Disposal		(2,993)	
	3041	Refuse Collection		2,993	
		Being reclassification of expenses relating to collection of domestic waste	2.28		
D	0015	Other Govt income		22,375	
	0002	Supplementary Govt. Income		(22,375)	
		Being reclassification of supplementary government income	2.27		
E	0002	Supplementary Govt. Income		3,781	
	0024	Income - Regjuni		(3,781)	
		Being reclassification of funds received from Southern Regional Committee	2.27		
F	0024	Income - Regjuni		547	
	0003	SRC cash distribution		(547)	
		Being reclassification of SRC cash distribution	2.27		
G	2314	Road marking		(1,090)	
	2330	Office Furniture & Equipment		(17)	
	2370	Other Repairs & Upkeep		1,107	
		Being reclassification of other repairs and upkeep	2.28		
H	2750	Fuel		(407)	
	2110	Fuel (other than transport)		407	
		Being reclassification of 2015 fuel costs	2.28		
I	2661	ESF Expenses		623	
	3383	ESF		(623)	
		Being reclassification of ESF project expenses	2.28		
J	7563	Measure 313			51,467
	7566	Measure 323			42,274
	4101	ROAD RESURFACING (SFNDS)			(93,741)
		Being reclassification of deferred income relating to government grants provided with respect to Measure 313 and Measure 323	2.16		

2.34 Unadjusted errors

As in the previous year, we noted a number of misstatements of a non-material nature both individually and in aggregate. The following is a list of the unadjusted errors including a brief explanation. We recommend that similar matters are addressed by the Council before the unaudited financial statements are presented for the audit.

Dr	Accruals	€23
Cr	Performance bonus	€23

Being over-accrual of performance bonus for the year

Dr	Trade payables	€3,554
Cr	Other government income	€3,554

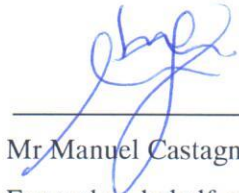
Being payments to suppliers performed by the Department for Local Government unallocated by the Local Council (Management letter point 2.22)

Dr	Deferred income	€9,374
Cr	Other government income	€9,374

Being deferred income released for the year in relation to grants provided with respect to Measure 313 and Measure 323 (Management letter point 2.16)

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 designed primarily for the purpose of expressing our 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 defalcations or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would also like to take this opportunity to thank the Mayor, Executive Secretary and staff for their help during the course of our audit.



Mr Manuel Castagna

For and on behalf of Nexia BT