

The Mayor,  
Lija Local Council,  
27, Triq Robert Mifsud Bonnici,  
Lija

29 April 2019

## **Financial Statements for the year ended 31 December 2018**

During the course of our audit for the year ended 31 December 2018, we have reviewed the accounting system and procedures operated by the Council. We have also reviewed the operations of the Council and how they conform to the Local Council 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 Income**

##### **Regional Committee surplus**

Once again, we noted that the Council recognised funds received from the Regional Committee as income rather than deferred income (refer to note 2.3) and we also noted that the release from Regional Committee deferred income in relation to funds utilised by the Council was not accounted for fairly (refer to note 2.4)

##### **Tipping fees**

We were pleased to note that no issues have been found in relation to tipping fees and throughout 2018, the Council monitored the payments effected to WasteServ to recover the overpayments made in the past.

##### **Accrued income**

Whereas we noted that the Council did not account for unutilised UIF funds, we still noted an error in accounting for other accrued income (refer to note 2.8).



## **1.2 Expenditure**

### **Approval of petty cash expenditure**

Following our recommendation, the Council is now uploading the petty cash schedules in the appropriate format.

### **Tendering process**

We once again noted weaknesses within the tendering process (refer to note 3.1).

### **Insurance**

Once again we noted that the Council's motor vehicle is not being insured in line with Circular 33/2016 (refer to note 3.3).

### **Rent Contract**

Rent of the office premises from University Residence is still not covered by a rental agreement (refer to note 3.5).

### **Budget vs actual expenditure**

Once again, we noted differences between actual and budgeted figures for 2018 (refer to notes 3.6 – 3.7).

### **Other expenses**

Throughout 2018, the Council has cleared the amount overcharged by the contractors.

### **Accruals and prepayments**

Once again we identified errors in the provisions made for accruals and prepayments (refer to note 3.9 – 3.10).

## **1.3 Property, plant and equipment**

### **Fixed asset register**

The Council has not yet updated the fixed assets register and related tagging (refer to note 4.1)

### **Depreciation**

Depreciation was again calculated manually (refer to note 4.5).

### **Impairment**

We did not identify any material issues with impairment of plant and equipment.

#### **1.4 Bank and cash**

Once again, we noted weaknesses in the bank reconciliation process (refer to note 5.1).

#### **1.5 Trade and other payables**

##### **Deferred income**

Although the Council was meant to adopt the Directive 1/2017, this was not reflected in the unaudited financial statements (refer to notes 6.1 – 6.3).

#### **1.6 Creditors' statements**

We noted that the Council still has not managed to obtain monthly statements from its creditors (refer to note 6.4).

#### **1.7 Debit balances in payables**

We did not identify material debit balances in creditors.

#### **1.8 Birkirkara Joint Committee**

The situation with the Birkirkara Joint Committee remained unchanged (refer to note 8).

#### **1.9 Financial Statements**

We again noted deviations from IFRS requirements (refer to note 9).

#### **1.10 Budget and business plan**

We did not identify any issues with the budget and business plan.

### 1.11 Council meetings

Once again, we identified issues relating to Council meetings and minutes (refer to note 10).

### Current year issues

## 2 Income

### Annual government allocation

2.1 During 2018, the Council's annual government allocation was increased with the additional amount of EUR10,000 in relation to the commercial zone funds. The Council disclosed this sum under supplementary government income together with shortages in tipping fees rather than with annual government income. In view of this we proposed an adjustment to show this EUR10,000 under Annual Government Income rather than Supplementary Government Income. The Council approved our reclassification and reflected it in the audited Financial Statements.

2.2 We recommend that the Council ensures that income is disclosed under the appropriate heading.

### Regional committee surplus

2.3 During 2018, the Council received EUR145 from the Central Regional Committee. These were recognised in income rather than added to deferred income. In view of this we have proposed an audit adjustment to reclassify to deferred income. The Council approved our adjustment and reflected it in the audited Financial Statements.

2.4 We also noted that during the year, the Council utilised EUR9,769 from such funds to carry out works around the village. However, the Council released the sum of EUR9,519 directly against the expense. We proposed adjustments to reclassify the amount released to a separate income account and increase the amount released by a further EUR250. The Council approved our adjustments and reflected them in the audited Financial Statements.

2.5 We recommend that the Council allocates receipts from the Central Regional Committee to deferred income and thereafter releases the appropriate amount, in line with the related expenditure. We also remind the Council that it still has EUR6,632 in funds that are to be assigned to projects and allocated accordingly.



### **Advertising income**

- 2.6 During 2018, the Council earned income from advertising, mainly on U-bars and signs. We identified 2 such invoices amounting to EUR243 that were issued by the Council but were excluded from the records of the Council. During 2018, the Council invoiced the amount of EUR484 for advertising income and, we noted that EUR259 of these related to future periods. Hence, we proposed an adjustment to recognise unrecorded invoices of EUR243 and defer the amount of EUR259. The Council approved our adjustment and reflected it in the audited Financial Statements.
- 2.7 We recommend that the Council adopts controls to ensure that all invoices raised by the Council are reflected in the books of the Council in a timely manner and that the deferred elements are calculated at each reporting period.

### **Accrued income**

- 2.8 We noted a debit balance in the deferred income of EUR3,917. This balance related to a balance which was still to be received in relation to the Erasmus program, and hence this should be accounted for under accrued income. As a result, we proposed a reclassification to show the amount of EUR3,917 as accrued income rather than deferred income. The Council approved our reclassification and reflected it in the audited Financial Statements.

## **3 Expenditure**

### **Tendering process**

- 3.1 We tested the tender for the service of the Collection of Mixed Household Waste which was issued on 29 December 2017 and the process for the awarding of such tender took place during 2018. From our testing, we identified the following weaknesses in the tender process:
- We did not trace a signed copy of the declaration of impartiality and confidentiality signed by the Secretary of the Evaluation Committee as required by Directive 1/2016.
  - Whereas Directive 1/2016 states that the Evaluation Committee shall be composed of a Chairman, a Secretary and three or an odd number of evaluators, the Evaluators on this committee were four, and hence an even number.
  - We did not trace the curriculum vitae for each member of the tender evaluation committee as required by Directive 1/2016

- We could not trace a performance guarantee in relation to the contract which was awarded to a private contractor<sup>1</sup>. Following our inquiry with the Council, the contractor was contacted and we were provided with a performance guarantee for EUR1,903 that was dated 9 March 2019. The tender stipulated that "The Contractor shall, within 15 calendar days of receipt of the contract, sign and date the contract and return it together with a copy of the Performance Guarantee. The Contractor is further obliged to forward the original performance guarantee to the Contracting Authority. The Contract will not be endorsed by the Contracting Authority/Central Government Authority until the performance guarantee is submitted."

- 3.2 We recommend that the Council adopts procedures to ensure that all requirements emanating from Directive 1/2016 are followed.

#### **Insurance**

- 3.3 We have reviewed the Council's insurance policies and noted the Council's motor vehicle was insured under a third-party policy acquired in August 2018.
- 3.4 As clarified by Circular 33/2016, motor vehicles are required to be insured at their market value under a comprehensive policy. In this regard, the Council should ensure that assets are insured as required by the Circular.

#### **Rent contract**

- 3.5 The rent of the office premises from the University Residence for EUR700 monthly was still not covered by a rental agreement during 2018. On the other hand, we noted that the Council entered into a rental agreement effective from 1 January 2019 and hence the above point shall be resolved as from 2019.

#### **Budget vs actual expenditure**

- 3.6 The Council did not budget a capital expenditure for 2018 as tabled below. However, actual expenditure amounted to EUR3,725.

| Capital expenditure | Actual<br>EUR | Budgeted<br>EUR | Difference<br>EUR |
|---------------------|---------------|-----------------|-------------------|
| Office equipment    | 225           | -               | 225               |
| Motor Vehicles      | 3,500         | -               | 3,500             |
|                     | <u>3,725</u>  | <u>-</u>        | <u>3,725</u>      |

<sup>1</sup> Galea Cleaning Solutions

- 3.7 A comparison between the Council's budgeted and actual income and expenditure identified discrepancies between the actual results and the forecasted items. Discrepancies were noted in income as well as expenditure. The Council registered an overall higher surplus and we noted that in various instances income was higher than that budgeted for the respective class of income. Actual income exceeds the amount forecasted by EUR12,825. We also noted that in various instances expenditure was lower than that budgeted for the respective cost item. The analysis is tabled below after excluding non-cash expenditure such as depreciation and impairment.

|  | Actual         | Budget         | Difference    |
|--|----------------|----------------|---------------|
| Income                                       | EUR            | EUR            | EUR           |
| <b>Funds received from Central Gov</b>       |                |                |               |
| In terms of Section 55 of Local Councils Act | 278,851        | 268,851        | -             |
| Other government income                      | -              | 10,000         | -             |
| Other supplementary government income        | 10,769         | -              | 10,769        |
| <b>General income</b>                        |                |                |               |
| Income from permits                          | 9,420          | 11,000         | - 1,580       |
| Income from LES Admin fee                    | 4,491          | 4,000          | 491           |
| Sundry contributions and donations           | 7,954          | 5,000          | 2,954         |
| Other income                                 | 191            | -              | 191           |
|  | <b>311,676</b> | <b>298,851</b> | <b>12,825</b> |

|                               | Actual        | Budget        | Difference   |
|-------------------------------|---------------|---------------|--------------|
| Expenditure                   | EUR           | EUR           | EUR          |
| <b>Personal Emoluments</b>    |               |               |              |
| Mayor's Allowance             | 7,464         | 9,064         | - 1,600      |
| Councillor's Allowance        | 6,214         | 75,567        | 4,803        |
| Employees' and ES Salaries    | 74,156        | 5,716         | 198          |
| Social Security Contributions | 5,914         |               |              |
|                               | <b>93,748</b> | <b>90,347</b> | <b>3,401</b> |



|  | Actual | Budget  | Difference |
|--|--------|---------|------------|
|  | EUR    | EUR     | EUR        |
| <b>Operations &amp; Maintenance</b>            |        |         |            |
| <b>Repairs &amp; upkeep</b>                    |        |         |            |
| Road/street pavements                          | 5,857  |         |            |
| Signs and road markings                        | 3,718  | 6,800   | 6,700      |
| Other repairs and upkeep                       | 3,925  |         |            |
|  | 13,500 | 6,800   | 6,700      |
| <b>Contractual Services</b>                    |        |         |            |
| Refuse Collection                              | 45,002 | 53,004  | - 8,002    |
| Bulky Refuse Collection                        | 3,384  | 3,000   | 384        |
| Road and street cleaning                       | 17,407 | 16,500  | 907        |
| Cleaning and maintenance of public convenience | 4,694  | 4,992   | - 298      |
| Cleaning and maintenance of non-urban areas    | -      | 10,000  | - 10,000   |
| Cleaning and maintenance of parks & gardens    | 7,532  | 8,004   | - 472      |
| Cleaning and maintenance of soft areas         | -      | 12,747  | - 12,747   |
| Street lights                                  | 6,359  | 3,000   | 3,359      |
| Other  | 2,218  | -       | 2,218      |
|  | 86,596 | 111,247 | - 24,651   |
| <b>Administration</b>                          |        |         |            |
| Office utilities                               | 3,125  | 1,700   | 1,425      |
| Office rent                                    | 8,856  | 8,800   | 56         |
| Memberships                                    | 205    | 500     | - 295      |
| Office services                                | 3,183  | 4,932   | - 1,749    |
| Motor Vehicles Insurance /licence              | 1,598  | 2,780   | - 1,182    |
| Publications/Advertising                       | 607    | 1,200   | - 593      |
| Professional Services                          | 14,142 | 14,072  | 70         |
| Community Services & Events                    | 2,708  | 4,750   | - 2,042    |
| Bank interest & charges                        | 113    | 100     | 13         |
| Insurance/Licences                             | 1,674  | 2,000   | - 326      |
| Other Expenses                                 | 193    | 840     | - 647      |
|  | 36,404 | 41,674  | - 5,270    |
| Surplus/(deficit) prior to depreciation        | 81,428 | 48,783  | 32,645     |

- 3.8 While we recognise that the Council has put more effort into preparing the budget, we re-iterate that the Council should compile the annual budget with due care and diligence to use it as a guideline to control its expenditure during the year. Any projected variances should be adjusted at least on a quarterly basis to ensure that the Council would either have sufficient funds available to justify the increase in expenditure, or else reallocate excess funds where there are decreases in expenditure or increases in income received.



### **Accruals and prepayments**

- 3.9 We reviewed workings related to accruals and prepayments and noted the following errors in the calculation of prepayments:
- The Council renewed its Insurance policies in December 2017 covering the period 5 December 2018 to 5 December 2019. The cost of the policies amounting to EUR1,515 was allocated to prepayments, however, EUR73 related to the year under review.
  - The Council also recognised a cost of EUR1,003 for the maintenance of live streaming that covers the period December 2018 to November 2019. However, EUR 918 of this cost related to 2019.
- 3.10 We proposed an adjustment to reduce the prepaid insurance by EUR73 and increase prepaid IT Maintenance by EUR918. The Council approved our adjustments and reflected them in the audited Financial Statements.
- 3.11 We encourage the Council to account for all invoices received during the year and apply the related prepayments provisions as applicable.

### **Procurement**

- 3.12 We note that the tender for the Provision of Services of a Qualified Accountant which was awarded on 3 September 2015, expired on 2 September 2018 and the Council agreed to extend it by another year during meeting 79 held on 3 September 2018. The fee increased from EUR377.60 per month to EUR416.67 per month. Hence the cost for the last 4 months of the year amounted to EUR1,667.
- 3.13 We remind the Council that the Council should not renew expired contracts and anticipate the need for the change by issuing a fresh tender in anticipation of the termination. Under the new procurement regulations, the Council was at least expected to collect 3 quotations for the provision of the service rather than award it by direct order.

## **4 Property, plant and equipment**

### **Fixed assets register**

- 4.1 In accordance with memo 1/2014 the Council is obliged to prepare the fixed asset register which reconciles with the nominal ledger. Once again, we were not provided with a fixed asset register.
- 4.2 We recommend that the Council follows the requirements of Directive 1/2017 that applies to Councils that do not have records of assets in hand.

### **Additions and disposals**

- 4.3 In the year under review, the Council recognised an addition to PPE of EUR437 that related to the installation of a CCTV system. However, we noted that the system was delivered and installed in 2019 and the Council accounted for the liability based on a pro-forma invoice. The Council also paid a deposit of EUR169 in 2018. We proposed an adjustment to reverse the cost of EUR437 from PPE, the liability of EUR268 from payables and recognise the amount paid of EUR169 with prepayments. The Council approved our proposed adjustments and reflected them in the Financial Statements.
- 4.4 During 2018, the Council scrapped the van and accounted correctly for the proceeds of EUR100. However, the Council did not eliminate the cost, accumulated depreciation, and impairment relating to this asset. In view of this we proposed an adjustment to eliminate EUR 7,900 from accumulated depreciation and EUR8,000 from the cost of motor vehicles. The Council approved our proposed adjustments and reflected them in the Financial Statements.

### **Depreciation**

- 4.5 The Council has once again computed depreciation manually and recorded the charge for the period by means of a journal entry.
- 4.6 In accordance with the Local Councils (Procedures) Regulations, 1996 the Council must use the month-end facility in the Sage accounting package to calculate depreciation on fixed assets and allocate it to the specific accounts.

## **5 Bank and cash**

### **Bank reconciliations**

- 5.1 The Council has 6 separate bank accounts at BOV and HSBC banks. Its two main accounts held at HSBC are reconciled monthly however, the reconciliation for October was not signed as approved by the Executive Secretary for HSBC 5001. BOV accounts 2016 and 3029 were only reconciled at the end of June, whilst HSBC account number 5051 was only reconciled at the end of September.
- 5.2 Whilst carrying out the audit, the Council identified a number of unrecorded entries that had an impact on individual bank account balances and a small impact on the results reported for the year. The entries resulted in intra account transfers amounting to EUR6,886 and a net increase in income for the year of EUR30.



- 5.3 We remind the Council that the Local Council (Financial) Regulations require that all bank accounts are reconciled on a monthly basis. Such reconciliations are to be prepared by the 10<sup>th</sup> working day of the following month. We also recommend that all reconciliations are printed, approved by the Executive Secretary and filed in the bank file.

#### **Approval of payments**

- 5.4 We noted that the following payment was cashed by the supplier prior to the approval of the respective Schedule of Payments by the Council:

| Payment date<br>as per Bank<br>Statement | Cheque<br>Number | Amount as<br>per Bank<br>Statement | Invoice<br>Numbers | Supplier                       | Schedule of<br>Payments<br>Voucher<br>Number | Schedule<br>number | Date of<br>Approval of<br>Schedule of<br>Payments |
|--|------------------|------------------------------------|--------------------|--------------------------------|--|--------------------|---|
|  |                  | EUR                                |                    |                                |  |                    |   |
| 05/10/2018                               | 13711            | 6,500                              | 224315             | Private<br>entity <sup>2</sup> | 13711  | 10                 | 25/10/2018  |

- 5.5 We remind the Council that as per Local Councils (Financial) Regulations article 26(3), all payment shall be certified by the Secretary, and approved by the Council before they are settled.

### **6 Trade and other payables**

#### **Deferred income**

- 6.1 Although the Council was meant to adopt Directive 1/2017, the unaudited Financial Statements did not reflect the requirements emanating from this directive and presented deferred income at EUR84,426 as at 31 December 2018 and EUR88,193 as at 31 December 2017. Throughout the audit, the Council calculated the impact of adopting the Directive and provided the necessary adjustments and after we verified the workings and the methodology being applied the Council proposed a series of entries to the unaudited Financial Statements that had the following impacts on 2018 figures:

- Reduced deferred income by EUR81,809
- Increased grants recognised in PPE by EUR135,911
- Decreased accumulated depreciation by EUR85,165
- Decreased depreciation charge for the year by EUR32,096
- Increased IT expenses by EUR1,236
- Increased general income by EUR203

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<sup>2</sup> ROCS Group



- 6.2 Once we received the above adjustments, we reassessed the comparative figures and identified the amendments that would need to be made to the figures reported for the year ended 31 December 2017. These include a reduction in income and depreciation charge of EUR8,896, a reduction in the net asset value of PPE of EUR82,841, a reduction of EUR74,820 in non-current deferred income and a reduction of EUR8,021 in current deferred income balance. The impact was also reflected in the cash flow. The Council approved the proposed amendments to the comparative figures and reflected them in the audited Financial Statements.
- 6.3 We also calculated the depreciation charge for the year as a result of adopting the straight-line method rather than the reducing balance method. We quantified the depreciation charge for the year ending 31 December 2018 at EUR80,133. We proposed the necessary adjustments to reflect this depreciation charge and the Council approved our adjustment and reflected it in the audited Financial Statements.

#### **Creditors' statements**

- 6.4 We requested copies of statements of a sample of creditors and although we were provided with all the supplier statements we requested, we noted that the Council did not obtain monthly statements from all its suppliers. Memos issued from time to time by the DLG specifically state that the Council should obtain monthly statements.
- 6.5 From our testing, we noted that the creditor balances of one supplier<sup>3</sup> amounted to EUR1,015 whereas the statement indicated that the Council owed the contractor the sum of EUR2,820 at 31 December 2018. Our testing indicated that the difference of EUR1,805 was arising from 3 invoices that were omitted by the Council. We also noted that the balance per creditors' list of another supplier<sup>4</sup> amounted to EUR608 whilst the statement amounted to EUR844. The difference of EUR236 was once again an omitted invoice received in December 2018. We proposed an adjustment to account for the omitted invoices. The Council approved our adjustments and reflected these in the audited Financial Statements.
- 6.6 We remind the Council that these statements are important for a sound accounting system to ensure that creditors are fairly recorded in the accounts. Statements from suppliers will highlight any differences from recorded accounts. Any differences could then be promptly investigated.

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<sup>3</sup> Med Developers, Designers & Consultants Ltd

<sup>4</sup> WM Environmental Ltd

## **7 Payroll**

- 7.1 We performed a payroll reconciliation by category and noted an error in the cost allocation in the Financial Statements. Based on our workings, we proposed an adjustment to reclassify EUR1,600 from Mayor remuneration to Councilor allowance.

## **8 Birkirkara Joint Committee**

- 8.1 The Birkirkara Joint Committee of which Lija Local Council formed part of up to 31 August 2011 had provided the Council with audited accounts for the period ending 31 December 2015. These accounts indicate retained earnings of EUR5,229 and cash at bank of EUR2,204. The audit report is also qualified since the auditor could not reconcile the amount receivable to the turnover and debtors reports issued from the IT system. An audited set of Financial Statements as at 31 December 2018 is not available.
- 8.2 The Statement of Financial Position of the Committee does not indicate that the Council is entitled to a material share from the profits of the pooling system and the qualification presented raises doubts on the reliability of the Committee's receivables (which are fully provided for). We have qualified our audit report since the amount recoverable from the joint committee cannot be fairly determined.

## **9 Financial Statements**

- 9.1 In line with the Department's requirements, the Council is obliged to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs).
- 9.2 The Council's Financial Statements are not compliant with IFRSs in the following instances:
- IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* regarding disclosures of new and amended IFRSs that have been adopted by the Council did not cover all the changes in the unaudited Financial Statements. The Council has amended these disclosures after our notification.
  - As from 1 January 2018, the Council adopted IFRS 9 however, throughout the audit, we were not provided with an assessment of the impact of this model and how this effected the results of the Council. At the Financial Position date, the Council has financial assets amounting to EUR199,513.



- IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* regarding the adoption of Directive 1/2017 that resulted in a change in accounting policy for recognition of grants. The Council disclosed the nature and reason for the change within the policies, and although the notes on page 7 indicate that the impact of the change is disclosed on page 3, it did not include an analyses of the changes on each Financial Statement line item as required by IAS 8.
  - In applying the changes resulting from Directive 1/2017, the Council did not update the grants policy to indicate that it has adopted the capital approach as required by IAS 1: *Presentation of Financial Statements*. The Council amended this policy in the audited Financial Statements on our notification however the Council did not include the policy used up to 31 December 2017.
  - IAS 7 *statement of cash flows* relating to disclosure on capital creditors and grants received is not presented correctly to reflect the actual cash flow movement. The Council amended the statement after our notification.
  - The Council has a non-current, interest free creditor arising on the PPP project. Such financial liabilities should be accounted for using the amortised cost approach. This approach required by IAS 39 *Financial Instruments: recognition and measurement* is not being applied by the Council.
- 9.3 Our audit opinion has been qualified in respect of the unadjusted shortcoming mentioned above.
- 9.4 We also noted the following shortcoming in the audited Financial Statements:
- Note 2(b) on page 8 refers to changes to be made to IFRS 2, Business Combinations. The standard should be IFRS 3.
  - Note 2(e) on page 9 notes that the change in the depreciation method was a change in policy, however this should be a change in estimate.

## 10 Council meetings

- 10.1 From a review of the Councillor attendance and apology letters, we noted that a Councillor missed a meeting and he was marked as excused by the Council. However, we were not provided with evidence of notification. As a result, the Council should have marked the Councillor as absent and deducted EUR75 from his allowance, given that the Councillor missed 1 out of 8 meetings held during the 6-month period. However, deductions were not effected.



- 10.2 We also noted that another Councillor missed two meetings, however, we were not provided with evidence of notification. As a result, the Council should have deducted the amount of EUR161 from his allowance, given that the Councillor missed 1 out of 8 meetings held during the first 6-month period and 1 out of 7 meetings held during the second 6-month period. We noted that the Council deducted EUR186, an over deduction of EUR25 since the deduction for the first 6 months was based on 6 meetings rather than 8.
- 10.3 We remind the Council that the Councillors are expected to notify the Executive Secretary if they intend to miss a Council. The notification should clarify the reason for the absence and followed up by a medical certificate in case of sickness. Failure to notify the Executive Secretary should result in absence and a proportionate deduction from the allowance.
- 10.4 We also noted that a meeting was not held during the month of August. We remind the Council that a meeting should be held at least every month.

## **11 Appointment of new Executive Secretary**

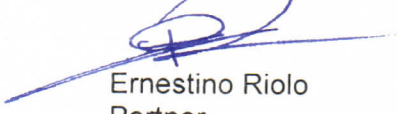
- 11.1 We also noted that as from 1<sup>st</sup> October 2018, the Deputy Executive Secretary, Ms. Doriette Farrugia replaced the outgoing Executive Secretary. A change in Executive Secretary should be accompanied by an interim audit however, this was not carried out.
- 11.2 We also noted at the time of our audit that on the local government website, the outgoing Executive Secretary was being shown rather than the present Deputy Executive Secretary. We recommend that the Council takes the necessary actions for the information present on the website to be updated accordingly.

## **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 Ms. Doriette Farrugia and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



Ernestino Riolo  
Partner  
for and on behalf of  
Mazars Malta