

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



12 May 2016

Financial Statement 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 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

Although the Council was not required to accrue for income from Central Regional Committee, we noted that funds received in 2015 were all taken to income (refer to note 2.1). We also noted that accrued income from tipping fees was not provided for (refer to note 2.6).

Once again, we noted an insignificant difference between income from administration fees and the amount reported by the Council. This amounted to EUR43. We also noted other errors in accounting for LES income (refer to note 2.3).

1.2 Payroll

The Council was not required to apply any deductions from councillor allowances throughout 2015. On the other hand, deductions were made for meetings missed in 2014. However, the amounts deducted were not calculated as a proportion of meetings held in 2014 (refer to note 3.1).

1.3 Expenditure

The Council is still supporting its petty cash expenditure with cash register chits and there isn't any proof that such expenditure is being presented for approval (refer to notes 4.1 & 4.3).

We did not come across any issues with purchase orders and approval of cheque payments. We also noted that the schedule of payments is now being updated with the nominal account number and the cheque number.

We noted that the Contracts Manager Tender file as reported in the previous period was still missing (refer to note 4.5) and we identified other weaknesses in the tendering process (refer to note 4.7).

The Council's assets are still under insured (refer to note 4.9) and the Council is still using expired contracts (refer to note 4.12).

The Street/Pavement sweeping contractor has updated his rates in 2015 and changed the rates to 3rd year rates from December 2015. On the other hand, the Council has still not obtained a rent agreement (refer to note 4.14).

1.4 Fixed assets

The Council has not yet updated the fixed asset register and related tagging (refer to note 5.1).

Depreciation was again calculated manually and errors in calculation were noted (refer to note 5.3).

1.5 Bank and cash

Once again, we noted weaknesses in the bank reconciliation process (refer to note 6.1). On the other hand we did not come across stale cheques and the suspense account was cleared at year end.

1.6 Trade and other payables

The Council has still not managed to obtain statements from all suppliers as required by memos issued by the Department for Local Government (refer to note 7.1).

We again noted differences between the WasteServ statement and the balance per creditors' list (refer to notes 7.3). On the other hand, the difference with Polidano Brothers Limited was cleared.

We did not identify any debit balances in the creditors' list, however we again identified long overdue balances (refer to note 7.5). We also obtained the necessary clarifications on the non-current portion of PPP payable.

Deferred income was not updated in the un-audited financial statements (refer to note 7.7).

1.7 Local Enforcement System

Although audited financial statements of the Birkirkara Joint Committee were received, these presented a qualified audit opinion (refer to note 8.1).

1.8 Inventory

We identified various weaknesses in accounting for inventory (refer to note 9).

1.9 Financial statements

We again noted minor deviations from IFRS requirements (refer to note 10).

1.10 Liquidity position

The liquidity problems and negative financial indicator are still evident (refer to note 11).

Current year issues

2 Income

Regional committee surplus

- 2.1 Throughout the year, the Council received the sum of EUR22,595 from the Central Regional Committee of which EUR7,905 was already recognised as accrued income as at 31 December 2014. Over the two financial periods, the Council received the sum of EUR28,095 of which EUR19,342 was utilised for patching and pavement works. Although only EUR19,342 were used on this project, the Council transferred all the EUR28,095 to income for the period. We proposed an adjustment to reclassify the amount of EUR19,342 from "LES/Joint Committee distribution" account to the "Other Govt. Income" account and EUR8,753 to deferred income. The Council approved our recommendation and reflected it in the financial statements.

- 2.2 We recommend that the Council recognises such income in line with the relevant expenditure as required by the matching concept. We also remind the Council that it still has EUR8,753 in funds that are to be assigned to projects and allocated accordingly.

Income from LES administration fees

- 2.3 Our testing on LES administration fees identified minor errors in accounting for the amount receivable from the Regions. We identified a double posted invoice for EUR29 issued to the Southern Regional Committee in May 2015. We also noted that an invoice for EUR143 brought forward from 2013 was in

effect paid in 2013. The receipt of funds had been recognised in income rather than set-off against the debtor. We proposed adjustments to reverse the double posted invoice of EUR29 and to eliminate the opening debtor of EUR143. We also proposed a reduction in the provision for bad debts by EUR143. The Council accepted our proposed adjustments and reflected them in the financial statements.

- 2.4 The Council also brought forward accrued income amounting to EUR520 in administration fees. This was brought forward from 2013 and could not be allocated to a specific Region. We proposed an adjustment to write off this balance. The Council approved our adjustment and reflected it in the financial statements.
- 2.5 We recommend that the Council monitors its individual debtors' accounts and investigate any anomalies or discrepancies arising from aged balances.

Tipping fees

- 2.6 We also noted that the Council had calculated the amount due to WasteServ at year end at EUR10,235. The Council wrote off this amount from Creditors and recognised it as income since they understood that this will be paid by the Department for Local Government. From a reconciliation of the WasteServ account with a supplier statement, we noted that the difference was not fairly calculated due to accounting errors (refer to note 7.3). We also noted that the amount transferred by DLG to WasteServ in January 2016 was EUR11,029 and that such a transaction should have been recognised as accrued income rather than deducted from the Creditor's account. We proposed an adjustment to recognise EUR11,029 in accrued income, increase the creditor's balance by EUR10,235 and allocate the difference of EUR794 to income for the year. The Council accepted our proposed adjustments and reflected them in the financial statements.
- 2.7 We recommend that the Council accounts for such income on actual receipts whilst carrying out monthly reconciliations to identify and correct any accounting errors in a timely manner.

Live streaming

- 2.8 Throughout the year, the Council received the sum of EUR2,300 as grant for expenses incurred on Live Streaming Equipment. The amount was fully recognised in income whereas the relevant expenditure was capitalised. We proposed an adjustment to reclassify the amount received to deferred income. The Council accepted our proposed adjustment and reflected it in the financial statements.

- 2.9 We remind the Council that in applying the income approach for grants received, the Council recognises the grants in income in the same manner that the relevant expenditure is recognised. For capitalised assets, the grant is to be amortised at the same rate and methodology as the asset is depreciated.

Government subvention

- 2.10 The Council's income from Government Subvention was disclosed net of deduction for WIFI. We proposed an adjustment of EUR119 to gross up the income and the related expense. The Council accepted our adjustment and reflected it in the financial statements.
- 2.11 We remind the Council that income is to be disclosed gross of any deductions that may be applied from time to time.

3 Payroll

Councillor allowances

- 3.1 Last year, we commented that one councillor missed 2 meetings and another councillor missed 1 meeting and these still received the full value of the allowance payable to councillors. The Mayor also missed 1 meeting. Throughout 2015, there wasn't a need to apply any deductions from the allowance, and we noted that the Council made deductions for the amounts that should have been deducted in 2014. However, we noted that whilst the deduction should have been in proportion to the number of meetings held throughout each 6 month period, the amount was actually calculated on a monthly basis. Hence, instead of deducting an eighth if the allocation for every missed meeting, the Council deducted one sixth. As a result, the deduction to the Mayor was over stated by EUR33, the deduction for a second councillor was over stated by EUR25 and that of the third councillor was overstated by EUR50. Overall, the Council applied an over deduction of EUR108.
- 3.2 We remind the Council that deductions from allowances are to be as a proportion to meetings held throughout every 6 month period.

Allocation of salaries

- 3.3 We noted that the allocation of salaries and allowances in the ledger does not reflect the actual amount paid to that relevant category. This is again reflected in the unaudited financial statements. Hence, we proposed an adjustment to reclassify EUR1,600 from the Mayor's allowance account to the councillor allowance account. We also proposed a reclassification of EUR9,054 from employees salary accounts to the Executive Secretary account. The Council

accepted our proposed adjustments and reflected them in the financial statements.

- 3.4 We recommend that salaries and allowances are properly allocated on a monthly basis and that this is reflected in the financial statements. We also recommend that a reconciliation of the cost per FS3 to the amount allocated for each category is carried out to identify and correct any differences.

4 Expenditure

Petty cash expenditure

- 4.1 A number of petty cash items were backed up by a cash register chit. The following were noted:

Supplier	Expense	Date	Amount
Garfields Stationery	Newspapers	09/01/2015	2.45
Garfields Stationery	Photocopies	26/01/2015	13.00
Malta Post	Stamps	06/07/2015	5.20
Malta Post	Stamps	18/08/2015	7.80
Malta Post	Stamps	09/09/2015	7.80
Cassar Fuel Service Station Ltd	Puncture	22/09/2015	5.50
Malta Post	Stamps	19/11/2015	18.20

- 4.2 Cash register chits do not satisfy the requirements of the Local Council procedures 1996 that cash payments be only made on the provision of a valid invoice which is addressed to the Council. To this end, we recommend that wherever possible the Council obtains a tax invoice or a VAT receipt addressed to the Council for petty cash purchases.

Approval of petty cash expenditure

- 4.3 Once again we noted that although the Executive Secretary is duly preparing a schedule itemising petty cash expenditure we did not come across proof that this schedule is presented to the Council and approved on a monthly basis. Reference to approval of payments in the minutes of the meetings is limited to cheque payments and the only schedule up-loaded by the Council is the cheque payments schedule.
- 4.4 We recommend that the Executive Secretary ensures that the Schedule of petty cash expenditure is presented monthly to the Council and that this is documented in the minutes. We also recommend that the Council up-loads the approved schedule together with the minutes and other schedules.

Missing tender file

- 4.5 The Council has still not managed to find the misplaced tender file relating to the contracts manager.
- 4.6 The Council should ensure that all documents and files are properly stored and protected in the office. It should also be noted that the Executive Secretary is responsible for the safe custody of all documentation, which extends towards not allowing any documents to be taken out of the office.

Tender – Cleaning and upkeep of public convenience – LLCT02/2015

- 4.7 During our audit we noted that in September 2015 the Council issued a tender for cleaning and upkeep of public convenience. The tender was awarded to Carmel Desira for an annual fee of EUR4,740 in November 2015. However, we were not provided with a copy of the tender guarantee/bid bond in relation to the bid and subsequent awarding of tender.
- 4.8 We recommend that for all the tenders awarded by the Council, a guarantee is obtained in accordance with the Local Councils (tendering) Procedures.

Insurance

- 4.9 Once again, we reviewed the Council's insurance policies and noted the following discrepancies between the insurance cover and cost as per nominal ledger.

Description	Cost EUR	Sum Insured EUR
Building of standard construction including firefighting, equipment and air condition	785,366	80,000
Trade contents including of Furniture, Fixtures and Fittings and property in the open consisting of Litter Bins	16,849	16,849
Office Equipment & plant and machinery	44,117	36,517
Property in the open	219,073	1,000
Fixed Glass	-	1,000
Total	1,065,405	135,366

- 4.10 'Cost of property in the open' as reported above includes 'urban improvements' and 'street signs' whereas the insurance cover is for litter bins only. The motor vehicle is covered by a separate insurance policy at a market value of EUR6,500.
- 4.11 The above illustrates that the Council's assets are still not appropriately insured. In this regard, the Council should update its insurance policy to ensure that assets held are not under/over insured, as well as to include new assets bought by the Council during the year. The Council must comply with section LCP 1.15b.04 of the Local Councils (Financials) Procedures, 1996 by carrying out a periodic review to assess the adequacy of the Council's insurance coverage.

Expired contracts

- 4.12 The Council is still using the services of JF Mallia for street lighting repairs and Environmental Landscape Consortium for landscaping in public gardens under the same terms of expired agreements. The amounts invoiced by the respective tenderers during 2015 amounts to EUR5,816 and EUR9,565 respectively.
- 4.13 We remind you that memo 34/2013 requires that the Council issues a call for tenders for the services of street lighting repairs up until it is delegated to regional committees. The memo also states that the contract must be issued for a term of not more than three years and must be renewable annually. Furthermore, memo 10/2013 prohibits Councils from using expired contracts even if these are renewed after the expiration date. We recommend that the Council makes a public call for offers for these services.

Rent contract

- 4.14 It was noted during the audit that the rent of the office premises from the University of Malta for EUR700 monthly is still not covered by a rental agreement. We understand that the Council has been in contact with the lessor to resolve the situation whilst recognizing the obligations under procurement procedures.
- 4.15 We strongly recommend that the Council continuous to work on this area and conclude on the different options in hand to ensure that the Council comes in line with all procedural requirements.

Waste disposal and refuse collection expenses

- 4.16 We noted that towards the end of the year, the Council was allocating the expenses for waste collection in the refuse collection account and vice versa. The necessary accruals at year end were also allocated to the wrong account.

We proposed an adjustment to reclassify EUR5,041 from refuse collection to waste disposal and EUR5,702 from waste disposal to refuse collection. We also proposed a reclassification of the accrual of EUR1,717 from refuse collection to waste disposal. The Council approved our proposed adjustment and reflected it in the financial statements.

5 Fixed assets

Fixed asset register

- 5.1 In accordance with memo 1/2014 the Council is obliged to prepare the fixed asset register which reconciles with the nominal ledger. During the current year, we were not provided with a fixed asset register whereas last year, the register provided had not been updated since 2013. We understand that the Council changed its accountant and that such schedules were not handed over even though the Council should retain a copy of these. We also noted that the previous register was held on a Sage Pastel system whereas the Council is currently using a Sage Line 50 software.
- 5.2 We recommend that the Council should obtain copies of the last fixed asset register and update this for the last two years.

Depreciation

- 5.3 The Council has once again computed depreciation manually and recorded the charge for the period by means of a journal entry. We noted that the depreciation charge was understated by EUR2,935 since the grant received on additions classified with 'urban improvements' was set-off against the cost rather than separate allocation under deferred income (refer to note 5.6). We proposed an adjustment to account for a further depreciation charge of EUR2,935. The Council accepted our proposed adjustment and reflected it in the financial statements.
- 5.4 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.

Grants on non-current assets

- 5.5 In the current year, the Council has set-off the grants that had been recognized under the capital approach allowed by IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* against the cost of the asset. This was reflected in the nominal ledger and in the schedule of fixed assets in the unaudited financial statements. We proposed an adjustment to reclassify the grants amounting to EUR97,266 to separate nominal ledger accounts and to present them separately in the notes to the

accounts. The Council approved our proposed adjustments and reflected them in the financial statements.

- 5.6 Throughout the year under review, the Council recognised a grant of EUR45,501 received from the Urban Improvement Fund that covers work capitalized under Urban Improvements. Similarly, the Council set-off the grant against the cost of the investment. We proposed an adjustment to reclassify the grant to deferred income to apply the Income approach for recognition of Grants. We also proposed a second adjustment to recognize EUR4,347 as income for the year to match the relative depreciation charge on the capitalized expense. The Council approved our proposed adjustments and reflected them in the financial statements.
- 5.7 We recommend that the Council should continue to apply the income approach in accounting for Government Grants. The Council should also ensure that elements of cost and capitalized grant are kept separate for audit trail purposes and that an appropriate amortisation of grants is applied in line with the depreciation charge applied to the related capital expenditure.

6 Bank and cash

Bank reconciliations

- 6.1 We noted that the Council is only preparing bank reconciliations for the HSBC current account. Reconciliations for other accounts are not prepared since, as informed by the Council, there would be no reconciling items. Our testing identified a reconciling difference of EUR4,330 in the BOV current account at year end. A reconciliation was prepared for this account.
- 6.2 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 10th 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.

Bank signatories

- 6.3 The bank audit report indicated that the Council has a BOV Savings account bearing number 40013222369 that is idle and has no money in it. The signatories on this account are the previous Mayor and Executive Secretary.
- 6.4 The Council should ensure that all bank accounts held in the name of the Council have the appropriate signatories. We recommend that the Council changes the signatories on this account.

7 Trade and other payables
Supplier statements

- 7.1 During the course of our audit we noted that the Council did not manage to obtain monthly statements from all its suppliers.
- 7.2 Whereas we understand that these are requested, we recommend that the Council should obtain monthly statements from all suppliers and reconcile these to the ledger in order to ensure proper recording of creditors are kept in the Council's ledger. This should highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements in a timely basis.

WasteServ account

- 7.3 We compared the WasteServ statement (EUR8,236) to the creditor's account in the books of the Council (EUR3,608) and identified a difference of EUR4,628. On reconciling the transactions, we noted that the Council double posted an invoice of EUR1,949 in its books. We also noted that the Council did not account for tipping fees amounting to EUR3,658 that were settled by DLG on behalf of the Council. We also noted that, as documented in note 2.6 above, the Council accrued for EUR10,235 in tipping fees against the Creditor's balance rather than accrued income. We proposed the necessary adjustments to reverse the double posted invoice and account for tipping fees. The Council approved our proposed adjustments and reflected these in the financial statements.
- 7.4 The above issue highlights the importance of monthly reconciliations to Supplier statements to ensure that such differences are identified and corrected in a timely manner.

Long outstanding trade payables

- 7.5 The following overdue creditors are still pending at year-end:

Creditor	Amount EUR
Bitmac (Works) Ltd	2,337
Enemalta Corporation	699
Polidano Brothers	73,608
Other suppliers	567
Total	77,211

- 7.6 Whereas we understand that Polidano is a PPP creditor and hence the ageing is reasonable, we recommend that the Council reviews the other amounts individually and move towards settling them after careful consideration and approval by the Council.

Deferred income

- 7.7 The unaudited financial statements of the Council clearly indicated that there wasn't an update to the deferred income balance at year end. We prepared the necessary calculations to determine the necessary movements for the year and proposed a number of adjustments to the deferred income balance. The Council approved our proposed adjustment and reflected them in the financial statements. These include:
- EUR413 from deferred income related to live streaming grant were released to income,
 - EUR6,190 from deferred income related to PPP project were released to income,
 - EUR3,932 in deferred UIF income was reclassified from non-current to current,
 - EUR5,599 in deferred PPP income was reclassified from non-current to current, and
 - EUR338 in deferred live streaming income was reclassified from non-current to current.
- 7.8 We remind the Council that it should retain a separate record of all deferred income received and its amortization schedule to enable it to update the records on a regular basis. This would ensure that proper accounting of deferred income is made for each reporting period.

8 Birkirkara Joint Committee

- 8.1 The Birkirkara Joint Committee of which Lija Local Council formed part of up to 31 August 2011 has recently 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.
- 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 Inventory

- 9.1 Last year, we noted that the company published 2,500 books for a total cost of EUR4,689. We were also informed that a small portion of these books is kept at the Council whilst others were distributed to different distributors for re-sale. 260 books were given for free and we identified revenue from the sale of 93 books in the ledger.
- 9.2 In 2015, the Council sold 10 books at EUR10 each and recognized EUR100 against the value of stock. We proposed an adjustment to reclassify the proceeds of EUR100 to income and the cost of books sold (EUR19) from the value of inventory to cost in the statement of comprehensive income. The Council approved our proposed adjustment and reflected it in the financial statements.
- 9.3 Last year we also noted that Mr. Saviour Sammut handles the majority of these books. From information provided by Mr. Sammut, it transpired that :
- A third party whose name/work was included in the book initiated legal action against the author of the book for breach of author rights. Mr. Sammut had to pay EUR236 in legal fees, EUR200 in damages and EUR113 in adverts to compensate for this breach.
 - To date, the Council does not have a clear indication of the number of books sold and Mr. Sammut did not hand in any proceeds from sale of books to the Council. Mr. Sammut also indicated that the legal fees, and advertisement costs were paid from such proceeds. It is not clear whether damages were also paid from such proceeds.
 - The information provided in the current year indicated that the 250 books marked as donated last year were actually distributed for re-sale. Hence the value of inventory had to be revalued upwards by EUR470. We proposed an adjustment to amend the cost of inventory. The Council approved our proposed adjustment and reflected it in the financial statements.
- 9.4 We would like to highlight the deficiencies in the way these books are being handled. The Council has paid for these books, however it appears that it has very limited control on them. The information provided by Mr. Sammut does not clearly define the amounts actually sold by Mr. Sammut and how much money he received. The Council is not in a position to verify the amount of books still in hand through inventory counts. Moreover, Mr. Sammut had no authority to pay out legal fees and advertisement costs from the Council money since such payments require the approval of the Council.

- 9.5 We recommend that the Council places the necessary controls to ensure that the proceeds from the sales of these books are remitted to the Council and that proper stock takes can be carried out. The Council should also ensure that the treatment of the books is in line with the requirements of IAS 2, *Inventories* and that such inventory is recognized at the lower of cost and net realizable value.

10 Financial statements

Presentation of financial statements

- 10.1 In line with the Department's requirements, the Council is obliged to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs).
- 10.2 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.
 - IFRS 7 *Financial Instruments: Disclosures*: the Council has not disclosed an analysis of the provision for bad debts and the contractual maturity of the financial liabilities. The Council has amended these disclosures after our notification.
 - IAS 16 *Property, Plant and Equipment* regarding comparative disclosures on grants, additions, disposals and provision for depreciation. The Council has amended these disclosures after our notification.
 - 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 reported a rental cost of EUR8,850, however, the financial statements do not disclose the necessary disclosures required by IAS 17 *Leases*.
 - 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.

- IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, regarding contingent liabilities. The Council did not include any reference to contingent liabilities in the unaudited financial statements. After our notification, the Council indicated that it has 4 possibly 5 claims but no further information (as required by IAS 37) was provided.

10.3 Our audit opinion has been qualified in respect of the unadjusted shortcomings mentioned above.

11 Liquidity position

Going concern

- 11.1 At the end of this period, the Council has a negative cash liquidity position of EUR42,257 (excluding inventory, prepayments, accrued income and deferred income) up from negative positive of EUR58,470 as at 31 December 2014. This indicates that the Council may encounter difficulties in meeting its current obligations as they fall due.
- 11.2 The Council's liquidity problems continue to create significant doubts about its ability to continue as going concern. To this end, the Council should take immediate corrective measures to improve the financial position including postponing capital projects and reducing discretionary expenditure.
- 11.3 As a result of the above uncertainties, we have included an emphasis of matter paragraph in our auditors' report on the financial statements.

Financial Situation indicator

- 11.4 The Council's financial situation Indicator (FSI) at the end of the financial period under review is negative which is lower than the minimum positive balance of ten per cent of the annual Government allocation.
- 11.5 The Executive Secretary is bound by section 4(1)(c) of the Local Councils (Financial) Regulations, 1993 to maintain a positive balance and the FSI must not be lower than ten per cent of the allocation approved in terms of section 55 of the Local Councils Act. The Regulations also state that the Executive Secretary must immediately notify the Director when the FSI falls below ten per cent, and explain the actions that are to be taken by the Council to remedy the situation.

12 Business plan

- 12.1 The Council has still not prepared a 3 period rolling business plan and the last plan available on the council web-site covers the period 2015 to 2017.
- 12.2 We recommend that the Council prepares, approves and publishes its 3 year period business plan for the period 2016 to 2018 within the relevant time frames as required by the Local Council (Financial) Regulations.

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. Georgette Borg 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