



Mtarfa

22nd May 2019

The Director,
Department for Local Government,
26/28, Archbishop Street,
Valletta VLT 2000.

Dear Mr. Galea,

Mtarfa Local Council – Report to Management for the financial year ended 31st December 2018

The Council notes with satisfaction that the following issues reported in last year's management report have been addressed:

- Expense not recorded in the appropriate period
- Purchase requests and orders
- Incorrect classification of expenses
- Quotations
- Website Development and Computer Software
- Collection of Local Enforcement fines outstanding
- Prepayments and accrued income
- Creditors' balances
- Debit balances in the trade creditors list
- Other creditors
- Agenda of Council Meetings
- Council minutes
- Timing of Council Meetings

The Council is including comments regarding the other issues in its reply to this year's management report:

2 INCOME

- 2.1 The Mtarfa Local Council will continue to put pressure on the Joint Committee for timely audited financial statements.
- 2.2 The Council noted the auditor's recommendation and will include the bye-law on our website once this is up and running. We shall also ensure that all income

- generated from bye-laws is accounted for and disclosed properly in our financial statements under the proper heading.
- 2.3 The Council noted the recommendation made by the auditor in respect of income not recorded in the appropriate accounting period.

3 PERSONAL EMOLUMENTS

- 3.1 The issue with the FSS was adjusted and the financial statements were rectified as noted by the auditor. We shall also ensure that all submitted documentation is thoroughly checked.
- 3.2 The Council will ensure that in future all FSS documentation is properly completed and submitted.

4 EXPENDITURE

- 4.1 The Council noted the auditor's recommendation but no items were found to have been left blank as stated on the report. Furthermore, one of the expired tenders mentioned has not been utilised beyond the contract expiry date. With regards to the street sweeping tender this was re-issued and the Council has now a new tender in place.
- 4.2 The Council shall ask the Majjistrat Local Action Group Foundation to prepare the audited FS and to undertake an annual cost/benefit analysis of its membership to assess the value of this outlay.
- 4.3 The report in respect of the twinning projects was submitted to the Department for Local Councils but pressure of work made it impossible to submit it before the visit of the auditor.

5. PROPERTY, PLANT AND EQUIPMENT

- 5.1 The Council shall do its utmost to provide a description for all the assets and their exact location. On the other hand, one must appreciate that the samples refer to items bought between well before any of the administration started working at the Council office and thus it is not always easy for us to determine such information.
- 5.2 The Council shall be reviewing its insurance cover in order to have adequate cover for each respective category. We shall also inform the insurers of all the details of the assets.
- 5.3 The Council will ensure that all tangible fixed assets are labelled with the FAR code.
- 5.4 The Council will take up the auditor's recommendation and items mentioned which have been disposed of will be removed from the FAR.
- 5.5 The Council shall ensure that in future all computer software will be classified under Intangible Assets.
- 5.6 The Council shall ensure that in future all assets are depreciated according to their classifications.
- 5.7 The Council has brought the auditor's recommendation to the attention of the accountant.

- 5.8 The Council noted the recommendation of the auditor and duly removed the assets disposed of from the FAR.
- 5.9 The Council noted the recommendation of the auditor and the necessary adjustments were included and the financial statements were duly rectified.
- 5.10 The Council has noted the recommendation of the auditor and will ensure that such grants are properly recognised correctly and capitalised if the funds received will have been utilised to finance capital expenditure.

6. INVENTORY

- 6.1 The Council has noted the auditor's recommendation and will endeavour to solve the storage issue in order to ensure that no pilferage is done.
- 6.2 The Council shall also look into insuring the stocks and assets.

7. RECEIVABLES

- 7.1 The Council will ensure that in future it will make a proper assessment of its income accrued but not yet received at the end of the financial reporting period.

8. CASH AND CASH EQUIVALENTS

- 8.1 The Council shall do its utmost to abide by the Local Council Procedures (1996) regarding the frequency of bank deposits although as reported, the Council deals with very small sums of money.
- 8.2 The Council shall ensure that in future all expenses are covered with a fiscal receipt.

9. PAYABLES

- 9.1 The Council will do its utmost to ensure that all balances at year end are correct. In this case, the invoice was received late but the necessary adjustments were made and the financial statements rectified as recommended by the auditor.
- 9.2 The Council will carry out more regular reconciliations in order to prevent double payments. One is to note though that both cheques were cancelled.
- 9.3 The Council has asked the accountant to adhere to the auditor's recommendation to prepare accounts in compliance with the accruals concept.

10. OTHER DISCLOSURES IN THE FINANCIAL STATEMENTS

- 10.1 The Council has asked the accountant to ensure that FS are prepared in accordance with the IFRS and all necessary disclosures should be undertaken as required.
- 10.2 Further to auditors recommendations, changes have been included in the financial statements.

11. GENERAL

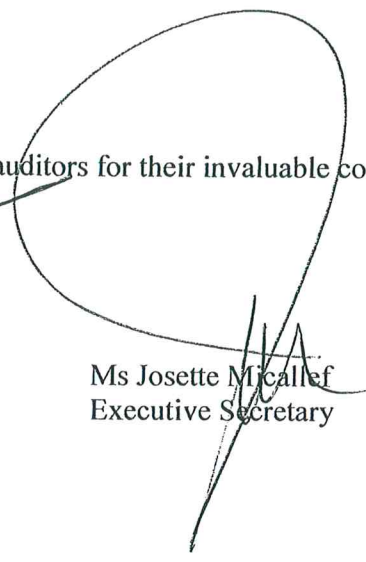
- 11.1 The Council has uploaded the management letter and the Council's reply to the management letter onto the website.
- 11.2 The Council noted your observation but could not find all the details listed on the report in order to give a proper reply as to the variations with the actual budget. With regards to the training mentioned, this was due to a GDPR course and a SAGE course attended by members of the administration.

CONCLUSION

The Council would like to thank the auditors for their invaluable contribution.



Mr Daniel John Attard
Mayor



Ms Josette Micallef
Executive Secretary

c.c. Auditor General, NAO
3a Malta