



8.0 PAYROLL

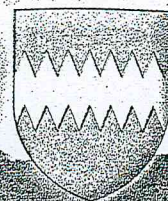
- 8.1 When reconciling the figures shown in the accounts with the figures shown in the FS7, a variance of Euro 523 resulted. We have noticed that this variance is almost the same figure of the gross emoluments shown in the additional FS5 sent for the month of November 2011, which emoluments amounted to Euro 526. However should this FS5 have not been filed, then there would have been a variance with the FS7 and FS3s. We did not investigate further this variance given that the amount is not material.
- 8.2 We recommend that at the end of each year, when the end of year FSS forms are being prepared, a reconciliation is carried out between all the FSS forms as well as between the figures shown in the books of accounts of the Local Council and those shown in the FS7.



Responsibility Statement

While our report includes suggestions for improving accounting procedures, internal controls and other aspects of the Local Council arising out of our audit, we emphasise that our consideration of the Local Council's system of internal financial control was conducted solely for the purpose of our audit having regard to our responsibilities under International Standards on Auditing.

We make these suggestions in the context of our audit but they do not in any modify our audit opinion which relates to the financial statements as a whole. Equally, we would need to perform a more extensive study if you wanted us to make comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.



Our Ref: DLG/06/2013.

11th June 2013.

Director
Department for Local Government
26, Triq l-Arcisqof
Valletta VLT2000
Malta.

Comments on the Management Letter

With reference to the management letter for the period ended 31st December 2012 prepared by Spiteri Bailey & Co. we wish to answer and make the following comments:

1.0 Follow up to last year's report

We took note of last year's follow-up report.

2.0 Property, Plant and Equipment

As pointed out in the management letter the Council intends to carry out an exercise in order to write off the fixed assets that are no longer in use.

The recommendations made by the auditor have been noted. In future more attention will be given to assets that have been not yet been completed at year end. The audit adjustments recommended by the auditors were all carried out and reflected in the audited financial statements.

The recommendation by the auditors regarding the VAT refunds on Capital projects has been noted. This was not clear at the time of posting since VAT is usually not considered as part of the cost of a supply especially if this is refunded to the end user. The Council has made the adjustment as recommended by the auditors.

3.0 Receivables

The necessary adjustments for the funds receivable under the various funding schemes were accounted for as recommended by the auditors.

The matter relating to Water Services Corporation will be looked into by the Executive Secretary so as to reconcile the amounts receivable from the Corporation, and the necessary adjustments made to reflect the correct amount.

The adjustments recommended by the auditors were made and these have been reflected in the audited financial statements.

4.0 Bank and Cash

The recommendation regarding petty cash made by the auditors has been noted. The Council has always reconciled income from various sources with the respective receipts. The petty cash account is also reconciled on a regular basis.

Salaries are statutory payments set in the conditions of employment. It is normal procedure to pay employees salaries at the end of each month; the Council is well aware that these are due for payment even if a Council meeting is not held at that time as happened in December.

The batch of cheques mentioned by the auditors was erroneously entered into the accounting system with the wrong date. The recommended adjustment was made.

5.0 Payables

The points raised by the auditors under this title have been noted and will be looked into in further detail. In future more attention will be given to the points mentioned in order to avoid a repeat situation.

The adjustments recommended by the auditor have been made and reflected in the audited financial statements.

6.0 Income

When the allocation is sent to the Council by DLG the deductions of various items are made at source and the Council does not receive a breakdown of these deductions immediately. The Council will continue to query the DLG in order to account for revenue and deductions correctly.

The recommendations made by the auditors have been noted and further action will be taken to ensure that the matters mentioned are resolved. The audit adjustments have been made and reflected in the audited financial statements.

7.0 Expenditure and tenders

The Council will start to issue purchase requests and purchase orders when making a purchase.

The Council is aware that the contract for cleaning of public convenience has expired and will discuss this further taking into consideration the auditors' recommendations.

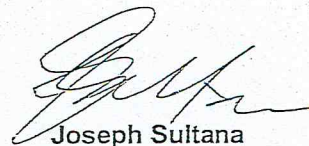
8.0 Payroll

The recommendations made by the auditors have been noted and further attention will be given to the FSS forms.

Regards,



Anthony Grech
Executive Secretary.



Joseph Sultana
Mayor.

Copies: National Audit Office, Malta.
Spiteri Bailey & Co.