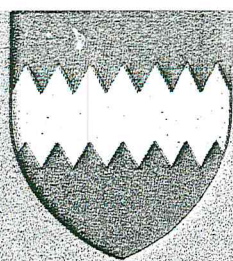




## **9.0 Responsibility Statement**

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 way 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 a comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.



# Kunsill Lokali IL-MUNXAR Local Council

Triq Profs. Gużè Aquilina, Il-Munxar MXR1012, Ghawdex • T. 2155 8755 • F. 2155 8787 • E. munxar.lc@gov.mt

Our Ref: DLG/06/2015.

8<sup>th</sup> June 2015.

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

## Comments on the Management Letter

With reference to the management letter for the period ended 31<sup>st</sup> December 2014 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**

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 under construction so that depreciation will be charged from their date of completion.

The recommendations made by the auditors have been noted and the adjustments reflected in the audited financial statements.

The recommendations by the auditors regarding the fixed assets register have been noted and the necessary steps will be taken in order to update the fixed assets register to be in line with the nominal ledger.

The Council will consider revising the insurance 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 accrued income on projects will also be given further attention and provisions made for this purpose.

The auditor's recommendations regarding revenue receivable from Water Services Corporation were carried out and the adjustments have been reflected in the audited financial statements.

### **4.0 Bank and Cash**

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 recommendation made by the auditor regarding the issuing of cheques has been noted and such circumstance will be avoided in the future.

## **5.0 Payables**

The points raised by the auditors regarding the deferred income and amortisation of such income have been noted. In future more attention will be given to the points mentioned in order to avoid a repeat situation.

The invoices received after year end were not in hand at the time of preparing the unaudited financial statements. These were reflected in the audited financial statements as were all other audit adjustments recommended by the auditors.

## **6.0 Income**

The recommendations made by the auditors have been noted; this was already mentioned in the management letter under receivables.

## **7.0 Expenditure and tenders**

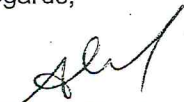
The budget was exceeded in the account headings mentioned by the auditors due to activities held during the year and other circumstances that arose during the year. Further attention will be taken so that the budget will be revised in line with the actual expenditure to avoid such instances.


The Council is aware that the contracts for cleaning of public convenience, street sweeping and cleaning, upkeep and maintenance of soft areas, and bulky refuse collection have expired and will discuss this further taking into consideration the auditors' recommendations.

## **8.0 Payroll**

The recommendations made by the auditor regarding the recording of the performance bonus in the accounts have been noted, and the necessary adjustments have been made and were reflected in the audited financial statements.

Regards,

  
**Anthony Grech**  
**Executive Secretary.**

  
**Carmen Said**  
**Mayor.**

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