



Kunsill Lokali – PIETA' – Local Council

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Mr. Adrian Mifsud
Director
Department for Local Government
21, Archbishop Street
Valletta

July 14, 2016

Dear Sir,

On behalf of the Tal-Pieta' Local Council, I am submitting my report explaining the actions already taken and those to be taken by the Council as a result of the management letter covering the period between January '15 and December '15.

Income

LES Revenue

Auditor's recommendations were noted and will be adhered to. Re notes 2.3 and 2.4, these were discrepancies that arose from past years, however these were adjusted as proposed by the auditors.

Deposits

We reiterate the Council's position that increasing the service to twice a week when the funds collected are usually not material, will double the cost of this service.

Other Income

The Auditor's recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Grants recognized in income

The Council was informed by MEPA that the bill for refund can be sent on completion of the project. There is no risk that funds are withheld if MEPA is not informed on 50% completion of the project.

Other recommendations were noted and as highlighted in the management letter this was adjusted and reflected in the audited financial statements.

Payroll

The employee mentioned in 3.1 has now retired.

Regarding point no 3.3, wages' reconciliation is being done on a quarterly basis.

The proposals in 3.6 and in 3.8 will be done during 2016.

Other recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Expenditure

Petty Cash Expenditure

Most of the petty cash payments are from shops using only cash register chits. Where possible the Council asks for invoices addressed to the Council.

Insurance

The auditors' recommendations were noted and will be adhered to.

Other recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Tax Invoices

The Council does its utmost to obtain fiscal receipts from suppliers. For clarification purposes, the payments mentioned in the management letter are backed up by a VAT receipt.

Schedule of payments

Most of the payments are approved in council meetings prior to effecting payment. The payments to Schembri Infrastructures Ltd are part payments of the PPP. The expense as a whole, has already been approved by the Council.

Fixed Assets

Fixed Asset Register

The adjustments proposed by the auditors were made.

Depreciation of Fixed Assets

Depreciation is being done using the accounting package.

Devolution of Assets / Fixed Assets Additions

The Auditor's recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Receivables

The Auditor's recommendations were noted.

Payables

Re. point 8.4, adjustments have been made as proposed by the auditors

Re. point 8.5, we are trying to match all GO invoices in order to reconcile the balance since GO did not provide a transaction history.

Re point 8.7, payments are being allocated against the relative invoice.

Re point 8.8, the reconciliation of ELC account has been done for the recent years. However the discrepancy is brought forward from 2010.

Joint Venture Account

These balances are brought forward from previous years and the Council will do its utmost to disclose these issues.

Bank

Bank Reconciliations

Auditor's recommendations were noted and are already being implemented during the current financial year. In fact even during year 2015, the reconciliation reports were signed by the Executive Secretary.

Cash Balances

The Auditor's recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Financial Statements

Presentation of Financial Statements

The Council has instructed its accountancy firm to conform with the International Financial Reporting Standards.

Capital Commitments and other shortcomings

The Auditor's recommendations were noted and as highlighted in the management letter these were adjusted and reflected in the audited financial statements.

Minutes

The Auditor's recommendations were noted.

Liquidity Position

The auditor's comments were noted. The Council will continue to monitor its income and expenditure in order to continue improving its position.

Budget and Business Plan

The auditor's recommendations were noted and a Business Plan is being prepared.

Whilst hoping that these actions are satisfactory, I remain,

Yours faithfully,

Simon Cauchi
Executive Secretary

Keith Tanti
Mayor

c.c.: Director of Audit
Mazars

