

Our Ref: 07/16

20th June 2016

The Auditor General,
National Audit Office,
Notre Dame Ravelin,
Floriana

Dear Sirs,

MANAGEMENT LETTER FOR THE PERIOD ENDED 31ST DECEMBER 2014

We are in receipt of the Management Letter as prepared by Nexia BT as external Auditors of the Qrendi Local Council for the year ended 31st December 2015. Whilst expressing our gratitude as regards to the points raised, we wish to comment as follows:

2.1 COUNCIL MEETINGS

With reference to point 2.1 of the Management Letter, we will ensure that this issue is rectified in due course.

Kindly note that our current procedure as regards to absenteeism from Council meetings, is the submission of a letter of apology indicating reason for absenteeism, that was always approved at the beginning of the respective Council meeting. Moreover, in the Minutes of that meeting, the fact that a particular Councillor was excused as well of the reason given as accepted by the Local Council have been minuted.

2.2 FIXED ASSETS

We have already cleared up this issue with the Local Council's accountant.

2.3 BANK

With reference to point 2.3 we will be doing our best so that these issues are rectified as soon as possible.

2.4 LES DEBTORS

We will strive to do our best so that reconciliation and necessary adjustments are carried out before the unaudited financial statements are passed for audit.

2.5 TRADE RECEIVABLES

We will be liaising with our accountant to rectify our position.

2.6 TRADE CREDITORS

We would like to point out that the balance due to Asfaltar Limited is not going to be paid, something which was discussed with the Asfaltar Ltd. administration since works carried out on a particular stretch of road were not satisfactory. The Qrendi Local Council duly kept the 5% retention fee of those particular works.

On the other hand, regarding the balance due to the Cleansing Services Department (CSD), we are still awaiting a decision from the Department of Local Government (DLG) on this issue. Several meetings were held with the DLG and CSD and where to date no final decision has been taken, thus explaining the balance due to CSD.

2.7 PREPAYMENTS AND ACCRUED INCOME

We will be doing our utmost so that during this year, with the help of our accountant, we rectify this issue.

2.8 DEFERRED INCOME

We will be doing our utmost so that during this year, with the help of our accountant, we rectify this issue.

2.9 SPECIAL NEEDS FUND YET UNSPENT

This issue has been going on for several years now. It seems that these funds were allocated to the Qrendi Local Council before 2008, and as an Executive Secretary, I never got a true and fair explanation why these funds were not spent or why they were allocated to the Local Council.

2.10 CAPITAL COMMITMENTS

We will be bringing these matters to the attention of our accountant so that the situation will be rectified in due course.

2.11 FINANCIAL STATEMENTS

We will be bringing these matters to the attention of our accountant so that the situation will be rectified in due course.

2.12 SALARIES AND P/L ITEMS

Whilst thanking the auditors for bringing up this point to our attention, we shall be reconciling personal emoluments on a monthly basis.

2.13 EMPLOYMENT CONTRACTS

We would be addressing this point so that the employees' contracts are updated.

2.14 DEPOSITS

We would like to point out that it is not always possible to deposit the Local Council's general income daily or twice weekly since no branch exists in our locality. Moreover, since we are a small Local Council, at times the amount of money to be deposited is of a minimal value making bi-weekly bank deposits not economical feasible.

2.16 BUDGET FIGURES

With reference to the Repairs and upkeep, the Qrendi Local Council was projecting that during 2015, the sum of €130,636 was going to be spent. Due to certain constraints and other permits, the Local Council could not carry out all works, and that is why only €43,421 were spent.

With reference to the penalties and fines, the Qrendi Local Council was not expecting that during 2015 it was going to be hit by an amount of €18,855, and that is why these were not included in the annual budget.

2.17 ACCOUNTING FUNCTION

One can duly notice that the difference between the profit shown on the unaudited financial statements and the audited ones is the amount of the penalties and fines incurred by the Qrendi Local Council during 2015. The amount of €18,855 was erroneously posted by our accountant as an income.

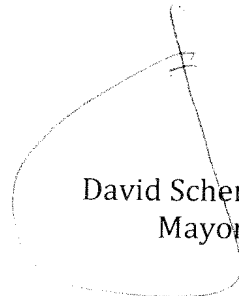
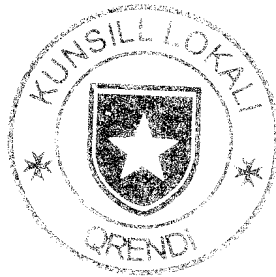
CONCLUSION

We would like to take this opportunity of thanking Mr Ryan Finch, Mr Matthew Mizzi and Nexia BT for the services rendered to the Qrendi Local Council as well as for their kind co-operation.

Yours faithfully



Chris Falzon
Executive Secretary



David Schembri
Mayor

Cc. Department of Local Government
Nexia BT