



16<sup>th</sup> May 2017

Our Ref: K1046/62/17-CS  
Inc. 3040/17  
Min. 31/K8/17

Your Ref: NAO 107/2015/52

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### **Reply to Management Letter – Financial Year – 2016**

Reference is made to the above-mentioned letter dated 8<sup>th</sup> May 2017, concerning the systems and controls used by the Council to safeguard the Council's assets in line with prevailing legislation dealing with local councils.

The contents of the Management Letter were read and discussed by the Council, where it was deemed appropriate to forward the following comments:

#### **1. FOLLOW-UP: MANAGEMENT REPORT – YEAR ENDED 31 DECEMBER 2015**

The Council has addressed all matters which were mentioned in last year's management report, other than those, which are outside the control of the Council.

#### **2. INCOME**

##### **2.1**

Ok – Adjusted

##### **2.2**

Ok – Noted



### **2.3 & 2.4**

The Sliema Joint Committee is in the process of being wound up. Process has begun in 2011 and was expected to be finished in 2013. From enquiries carried out with the Executive Secretary of the Regional Committee, which succeeded the Joint Committee, it transpired that the audited annual report of the Joint Committee for the year ending 31<sup>st</sup> December 2016 was still not available.

The Council has made persistent representations calling for the production of such a report within the respective time frame. Notwithstanding that the Council is not happy with the qualification in its audit report, there are no further actions to be taken other than those already taken. In view of this, while the Council will continue to exert pressure on the Regional Committee, one should point out that such an issue calls for Department for Local Government intervention, rather than being mentioned in the management letters of affiliated Local Councils, year after year.

### **2.5**

Ok – adjusted

### **2.6**

Ok – Noted

## **3            PROPERTY, PLANT AND EQUIPMENT**

### **3.1 & 3.2**

The sum insured for property, office furniture/fittings are €259,143.45. This was adjusted on renewal in September 2016. As regard to Electronic Equipment, the adjustment is held since we are in the process of changing the electronic equipment in the office. As soon as we have the final change over, we will adjust the insurance coverage accordingly.

### **3.3**

Ok – Adjusted

### **3.4**

Point Noted



## **4**                **GRANTS**

### **4.1**

Since the Council did not continue with the projected works on other roads, we have asked the Department for Local Government to give us a clarification on grants that we should receive further from the Department. Since the Council has no reply yet, this issue has to remain pending.

## **5**                **EXPENDITURE**

### **5.1 & 5.2**

Point Noted. Please note that in case of Mangion Bros., this was an urgent slab needed to remove danger situation on pavement. As regards to the other issue, these were required for office use.

### **5.3 & 5.4**

Point Noted

### **5.5, 5.6 & 5.7**

€58,311.00 difference in reduction from budget allocated to us. Allocation was received after beginning of year, therefore this could not be reflected in the budget since this was already prepared before. As regards the Income from LES & Bye-Laws, these could not be calculated

### **Expenditure**

Operating & Maintenance, we had an extraordinary expense on pavement etc., and mainly due to extra collection of waste in summer.

Office Hospitality – included all type of hospitality, included communal not office only.

Incidental Expenses – No control

Depreciation – In 2016, the budget was on cash basis only, and that's why there was no depreciation on the budget.

Capital Expenditure – Difference due to mainly Project Garden Scicluna. This project could not be executed due to lack of MEPA permits, as well as special programmes.



### **5.8 & 5.9**

Such reclassifications were posted in the updated financial statements. It is important to note that no inconsistency was noted in the payroll reconciliation and mentioned amounts cover only reclassifications between same payroll accounts.

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### **5.11, 5.12 & 5.13**

Please note that the leave brought forward in the case of Ms Marilyn Cassar, is because in 2017 she would need several leave days since she's getting married.

The case of Ms Cher Carmen Fenech, she will be needing the leave for a special event.

Ms Elizabeth Borg, some days of the leave of 2016 could not be taken due to requirement of work.

### **5.14 & 5.15**

The total amount paid for the minivan service was of €4,906.44. This is in excess of €247.69, mainly due to unplanned extra service requested at the end of the agreement. This was done by public quotation. The other amount €301.56 (€5,208. - €4,906.44) was hire of minivan for other activities.

### **5.16**

Declaration of impartiality and confidentiality by all members was duly signed, but unfortunately was not in file. (a copy can be supplied).

As regards to minutes of adjudication committee, these are available electronically since the tender process is now online, and adjudication on all tenders were based on the cheapest offer. Only verification of documents had to be evaluated by the committee, which evaluation is done electronically individually.

### **5.17**

Point Noted

### **5.18 & 5.19**

Ok – Adjusted



## 5.20

Point Noted

## 5.21

As regards AID, this was for the streaming, and we had pressure from the Department of Local Government to put the system in place, before the council meeting.

YES Services – these were extraordinary works required for the installation of the CCTV on Bring in Sites and supplier requested payment before continuing of works.

Raymond Borg – this was paid since it was an individual supplier.

## 5.22

Point Noted

## 5.23

Please note that old contract expired on 31<sup>st</sup> August 2016, and we did an extension of one month. Adjudication took longer than expected due to verification of large number of documents received. (Seven (7) tenders). Extension of service by Waste Collection Ltd was as well imposed on the Council by a court injunction.

# 6

## RECEIVABLES

### 6.1

The Council sends monthly statements, but some of the amounts will hardly be recoverable and we will make a provivable during 2017.

### 6.2

Ok – Adjusted

### 6.3

During 2016, we were not operating with Green MT, and the amount due is from previous years.

### 6.4 & 6.5

Refer to Point 6.1



## 6.6

Ok – Adjusted

## 6.7

Point Noted

## 7 BANK ACCOUNTS

### 7.1

Every beginning of the year we ask the Bank of Valletta to settle this issue.

### 7.2 & 7.3

The bank reconciliation was approved. NOTED, I will start signing them.

## 8 TRADE AND OTHER PAYABLES

### 8.1 & 8.2

Monthly statement are always requested

### 8.3

Ok – Adjusted

### 8.4

Point Noted

## 9 FINANCIAL STATEMENTS

### 9.1 & 9.2

Mentioned comments noted and were updated in the revised financial statements

### 9.3

The disclosure matters which were raised in the draft management letter were noted and amended in the updated financial statements.



#### 9.4

Typing error noted.

### 10 COUNCIL'S MEETINGS

#### 10.1

27/11/2015 – 10 this was not done in time due to Christmas Period

08/01/2016 – 11 this had to be postponed by less than a week due to a number of councillors unavailable.

#### 10.2 & 10.3

Point Noted

#### 10.4 & 10.5

The Councillors mentioned in the management letter where excused and not absent. Their justification was duly informed before the meeting and a letter was sent and presented to the Council during the meeting.

### 11 BUDGET

#### 11.1

The forecast actual for 2016 could not be inserted in 2017 as the template was completely different from previous years. We could not re-work the budget of 2016 for 2017 template. Mentioned information was already prepared and disclosed in the previous template budget.

Yours faithfully,

Guido Dalli  
Mayor

Paul Spiteri  
Executive Secretary