



Reply to Management letter 2015

San Gwann Local council

1 Previous management letter

The council has noted the recommendation of the Auditor and discussed the points under this heading in the below.

2. Current Year Issues

2.1 / 2.2 - Council did engage audit firm to compile Fixed Asset register, however the task was not completed due to the overwhelming task. It was suggested in the past to establish a cut of date and compile FAR from that date. The council also notes that no weaknesses on procurement procedures for PPE acquisitions were encountered.

2.3/2.4/2.5 - The council has accepted the recommendation of the auditor with regards to the monthly reducing balance depreciation. Noted regarding Sage FAR facility.

2.6 - The council has noted the recommendation of the Auditor regarding the importance of reconciling such differences.

3. Income

3.1 / 3.2 - The San Gwann local council has no authority or control over the Joint Committee.

3.3 / 3.4 - Audit adjustment approved by council

3.5/ 3.6 - Audit adjustment approved by council

4 - Expenditure

4.1 - The council does not have any rental agreement with the San Gwann parish church. It does utilise a hall for use as a Day care centre for 400 euros every 3 months. There is no commitment by either party and the amounts fall well below the threshold of 1160 euro for a 4 month period.

4.2 - The council's motor vehicle had been purchased for 7200 euro, however after a number of years, the market value had decreased to 4200 euro.

4.3 - The council agrees with recommendations

4.4 / 4.5 - Unfortunately, most retail outlets only provide a cash register chit. This is well beyond the control of the council.

4,6 / 4.7 - Despite some petty cash purchases being done on the same day and same time, these are to be considered as separate purchases, none of which exceeded the 23.29 as established in financial procedures 1996.

4.8 / 4.9 - This claim is being investigated

5 – Payroll

5.1 / 5.2 - The council has noted the recommendation of the auditor regarding the payroll reconciliation.

5.3/5.4 – Noted the recommendation of the auditor regarding disclosures. Audit adjustment approved by council.

5.5/5.6/5.7 - The council has noted the recommendation of the auditor regarding proper application of accruals. Audit adjustment approved by council

5.8 / 5.9 - The council agrees with observations, however this was an isolated incident which could not be avoided due to the exigence of work

6 – Trade Receivables

6.1 / 6.2 - The council notes recommendations

6.3 - the council will take action regarding old balance due to the council and writing off balances that will not be received.

6.4 - The council notes recommendations

6.5 - Audit adjustment approved by council

6.6 - Audit adjustment approved by council

6.7 - The council has noted the recommendation of the auditor regarding proper application of accruals.

7 – Cash and Cash Equivalents

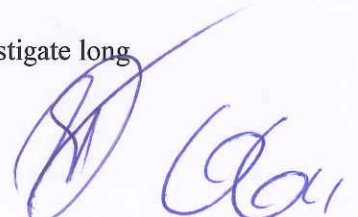
7.1 / 7.2 The council agrees that the amount is tivial, it will instruct Banif bank not to withhold tax from interest on deposits.

7.3 / 7.4 The council agrees with recommendations

8 – Trade and other Payables

8.1 / 8.2 / 8.3 / 8.4 - the council noted the recommendation of the auditor regarding the importance of doing reconciliations. Audit adjustments approved by council.

8.5/8.6 – The council noted the recommendation of the Auditor and will investigate long outstanding creditors and do the necessary reconciliations.



9 - Deferred income

9.1 - The council notes observations

9.2 - Audit adjustment approved by council

9.3 - 24,856 euro were utilized for the construction of Misrah Donat Spiteri not "Kerbs". Audit adjustment approved by council

9.4 - The council has already identified 2 project which these funds will be utilized. The council architect has already been commissioned to prepare estimates and drawings.

9.5 - Audit adjustment approved by council

9.6 - The Council notes observations

9.7 - Audit adjustment approved by council

9.8 - The council agrees with recommendations

10 – Financial Statements

10.1/10.2

- I. IFRS 7 – Noted the recommendation of the Auditor. Council will update disclosure for 2016
- II. IAS 16/IAS 7/IAS17 – Council Noted Recommendation of the Auditor and passed the necessary adjustments.

10.3/10.4 – The council has noted the auditor's recommendation.

11 – Council Claim for damages

11.1 / 11.2 - A board of enquiry was established, not to determine the cause of damage, but to investigate the procurement of the premises. Insurers also came on site and established that the premises were well kept and that the damage was a result of water seepage some years back which is not covered by insurance. The case has been closed.

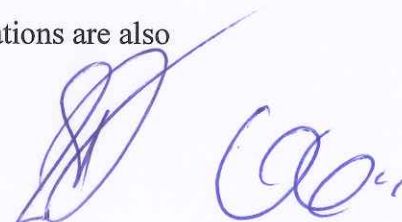
12 – Forecasts

12.1 / 12.2 - The council has just managed to carry itself out of a negative working capital. We are being very cautious regarding engaging into any capital projects. This was the reason why no such capital projects have been mentioned. These documents will be uploaded on the council website.

13 – Book keeping

13.1 / 13.2 - Audit adjustment approved by council. Recommendations are also agreed upon.

13.3 - A backup copy will be installed at the council offices



14 – Council Meeting

14.1 / 14.2 / 14.3 - All council members do their best to attend to council meetings. It should be noted that the San Gwann local council meet much more frequently than the required once a month. Very often the council meetings are held every 2 weeks. The councillors who were excused had a valid reason, and were always excused by the council either due to health issues or work commitments.

15 – Reply to management letter

15.1 / 15.2 - The council acknowledges observations.



Etienne Bonello Du Puis
Mayor



Kurt Guillaumier
Executive Secretary