



18<sup>th</sup> May 2016

The Auditor General  
National Audit Office  
Notre Dame Ravelin  
Floriana CMR02

Dear Sir,

**RE: FINANCIAL STATEMENTS FOR PERIOD ENDED 31<sup>st</sup> DECEMBER 2016**

Reference is made to the auditors' letter received on 25<sup>th</sup> April 2017. In terms of Section P2.05B (d.02) of the Local Councils (Audit) Procedures 2005, on behalf of Ta' Sannat Local Council, we are presenting herewith the following comments:

**1. Property, Plant and Equipment**

Ta' Sannat Local Council has reconstructed the fixed asset register from scratch, taking a proactive approach of compiling, and categorising of all assets held inside the Council premises as well as those found outside the Council premises.

In relation to the audit adjustment as noted in 2.3 by the auditors on page 6, we agree to the proposed audit adjustment done by the local auditors. This issue has been amended in the fixed asset register amounts as well.

With respect to point noted in 2.3, it is very difficult to insure all its assets especially special programmes and urban improvements. However in 2016, with the reconstruction of the fixed asset register, we have been able to adequately revise the insured amounts of assets found in the accounting records.

**2. Receivables**

With reference to the management report point 3.1, when the deadline for the submission of the financial statements were due in February 2017, the Local Council was not yet aware that the co-financing of the twinning will be approved or not, so we applied the prudence concept. However during the auditor's visit to the Local Council premises, we immediately informed the auditor of the co-financing to be provided for the reimbursement of the twinning expenses. Hence this issue was not an oversight by the Local Council but merely an approval which was received in March 2017 when the financial statements were already submitted.

### 3. Payables

Note is being taken of the auditor's recommendations in management report point 4.1 and we will make our utmost to collect all invoices when due however we must stress the fact that this specific supplier has been chased several times in January and February 2017 but did not provide the information when due.

### 4. Income

With reference to the management report point 5.1, kindly refer to Note 2 above.

### 5. Expenditure and Tenders

For the period ended 31st December 2016, the Council was forecasting a balanced budget. Utilities and office services expenses have increased compared to last year due to increased costs, and repairs and maintenance and materials and supplies increased due to unforeseen repairs. Professional services increased due to increased fees by contractors for new tenders issued during 2016 while all other variances are below Eur1,000. While it should be ensured that the Council continuously monitors and compares the actual with the budgeted income and expenditure, the auditors' recommendations are taken on board and during the current financial year, funds within the budget would be reallocated and adjusted to reflect shifts emanating from decreases or increases in budgeted income or expenditure on a quarterly basis.

### 6. Personal Emoluments


The Local Council has noted the auditors' recommendations in points 7.1 and it is only a matter of reallocation. This adjustment does not reflect the way the Financial Statements were presented.

### 7. Liquidity and Financial Situation Indicator


Ta' Sannat Local Council is aware of the fact that the financial indicator is below the threshold of 10%. The council is emphasising that expenditure is being continuously monitored to curtail for financial commitments however we must stress the fact that the Local Council has a loan of Eur 96,325 as at 31 December 2016 on the construction of the Local Council's premises which negatively affects the financial indicator.

We would like to thank the Auditors for their constructive and professional advice provided during the course of their audit. Where possible, the Council commits itself to implement the suggestions accordingly.

Yours faithfully,



Philip Vella  
Mayor



Jason Curmi  
Executive Secretary