



Report on Management Letter

RE: Audit for period ended 31 December 2015

In terms of Article 7 of Legal Notice 156 of 1993 - Audit Regulations, 1993, the Council of Santa Luċija has considered the recommendations made by the Auditors in their letter of the 5 May 2015, received on the 6 May 2015.

The Auditor General has appointed the **Auditors, Nexia BT International** to audit the Council's accounts.

The period audited was from 1 January 2015 to 31 December 2015.

Following full consideration of the management letter, the Council states the following comments regarding the matters as outlined below:

2. Management Letter points for the year

2.1 Fixed assets

We noticed the auditor's recommendation regarding the Fixed Assets. The difference is not material however the Council will arrange to post adjustments in Ledger to agree with the balances as per FAR.

2.2 LES Debtors

Recommended adjustments were duly posted in ledger and LES balances as at 31 December 2015 now agrees with the Loqus (Datatrak) report.

2.3 Petty Cash

We noticed the auditor's comments regarding petty cash payments. We use petty cash for purchases from confectioneries and grocers mainly coffee sugar tea etc and cleaning products. The only receipt they can provide us with is from their cash register.

2.4 Trade payables

As explained to the auditors the difference of €713.00 was the result of an error posting. The matter has been addressed and the supplier's statement and statement as per accounts are now in balance.

2.5 Bank loan

The Auditor's recommendation has been noted and the Council's Accountant has been informed. It should also be noted that the Council is committed to settle this loan within three years.

2.6 Salaries

The Council noted the recommendation that the books of accounts should reflect the amounts declared in FS5 forms and FS7 Forms. Reclassifications will be done as necessary at year end

2.7 Stock

Regarding stock the difference was not material however an adjustment of €17.00 will be passed in nominal ledger to agree with the stock list.

2.8 Financial Situation Indicator

Regarding the financial situation indicator we are aware that this is being effected by the commitments under the PPP Scheme. Furthermore the Council's accountant forwarded some queries to the Auditors about this issue. It transpires that €61,670.00 grants from PPP scheme were deducted from current assets but this did not apply also to Liabilities. We are of the opinion that this should apply also to Liabilities and to arrive at the NET Liabilities the €98,878, referring to Long-Term Capital Creditors (also referring to PPP) as per Note 17 to the FS should also be deducted as follows:

Net Liabilities (as per Mgt Letter)	€192,019
Less Long Term Capital Creditors	(€98,878)
Revised Net Liabilities	(€93,141)

Net Current Assets less Net Liabilities (€29,193)

And this will result in an FSI of: -9.5%



Caroline Silvio
Executive Secretary



Terrence Ellul
Mayor

cc: Nexia BT International