



## Report on Management Letter

### RE: Audit for period ended 31 December 2016

In terms of Article 7 of Legal Notice 156 of 1993 - Audit Regulations, 1993, the Council of Santa Lucija has considered the recommendations made by the Auditors in their letter of the 8 May 2017, received on the 10 May 2017.

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

The period audited was from 1 January 2016 to 31 December 2016.

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 that there is a difference of €103.00 in the depreciation charge for the year between the fixed asset register and the amounts as per accounts. This is being considered as not material however we have taken note of the auditors' recommendation regarding the reconciliation of the Fixed Asset Register to the amounts as per accounts.

### **2.2 LES Debtors**

Recommended adjustments were duly posted in ledger and LES balances as at 31 December 2016 now agrees with the Loqus (Datatrak) report.

### 2.3 Trade Payables

We have looked into the difference of €60.00 in the account of ARMS Ltd and the supplier's bills. It results that we did not receive the bill for one particular month. We will settle accordingly.

### 2.4 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 by the year 2018.

### 2.5 Variances between Budget and Accruals

The Council would like to forward the following comments regarding the variances between the budgeted amounts and the actual results:

**Personnel Emoluments:** The difference of €1168 was the result of an increase in the overtime paid to employees. This exceeded the budgeted amount by €340.00. During the year, two of the Council's staff were promoted to a higher scale and this also effected the variance between the budget and the actual amount.

**Bulky Refuse:** In February 2016 the Council awarded a contract for the collection of bulky refuse. The rate per call increased from €1.95 to €3.00. To address the problem of dumping, the Council constantly encourages the use of this service and included the collection of other type of waste which one might need to dispose of, such as gardening waste and waste from small household jobs. As a result the demand for this service has increased significantly.

**Street Lighting:** The difference of €3810.00 is mainly due to the fact that the streetlight Christmas decorations have been posted in this nominal account. We will ask our accountant for advice regarding the matter.

**Studies and Consultations:** The variance of €2183.00 were unforeseen expenses mainly related to professional service required in view of town twinning documentation and application and the

preparation of a detailed application for funding under a Government Scheme for the restoration of historical places. As a result restoration works were carried out on the old Chapel of Santa Lucija and the project is now complete.

**Travelling Expenses:** The budgeted amount was absorbed by the expense related to the flight tickets to China in view of the signing of a Town Twinning Agreement with Guzu District.

**Repairs and Upkeep:** The Council has six workers under the Community Work Scheme who carry out various works around the locality. As from last year these workers have been assigned with the Council on full time basis. As a result the Council managed to carry out various upgrading works by purchasing the necessary material and saving on labour costs.

**Capital Expenditure:** Capital expenditure incurred amounting to €18,506.00 include approx.€12,000.00 capital expenditure for the refurbishment of the Santa Lucija Health Clinic. This project was carried out in agreement with the Primary Health Care Department and the Council was fully reimbursed of the total cost. The Council also utilised Project Funds made available to Councils in the Regjun Nofsinhar for the purchase of other capital expenditure included a swing for the disabled and gates for the playing field area.

The Council is pleased to note that this year the financial situation indicator is positive.



**Caroline Silvio**

**Executive Secretary**



**Terrence Ellul**

**Mayor**

**cc: Nexia BT International**