

Ref No.: Manlet2017

The Director
Department for Local Government
26 Archbishop Street
Valletta VLT 1443

17th May 2018

Dear Director,

Management Letter 2017

I refer to the Management Letter by RSM Malta for the financial year 2017, which was discussed during council meeting held on Wednesday 16th May 2018.

1.0 *Follow up to last periods's Report*

As was noted in the Mangement Letter some of the recommendations made in the previous year's management were resolved. Those that remained unresolved will be discussed further on in this response.

2.0 *Property, Plant and Equipment*

The Auditor is stating that the council's insurance coverage covers does not fully cover the buildings. The council has already informed the insurance company to revise the council's coverage in this matter.

With reference to missing items in the fixed assets register for the years 2014, 2015 and 2017 – these will be included when the council's accountant does the necessary adjustments to the fixed asset register as per directive from the DLG.

During 2017 the Council carried out an exercise to write off assets that are no longer functioning. These were minuted and written off from the Fixed Asset Registrar.

3.0 *Stocks*

The discrepancy between the stock and book of accounts was that an amount of funds related to payments of ARMS invoices and telephone invoices was not deposited to the bank account at year end. This amount was deposited to the bank account in 2018. The council operates the MaltaPost as a service to its' residents since there are no available facilities in the locality. The council is in discussions with Maltapost to have a Maltapost personnel offer this service from the council premises.

4.0 *Receivables*

The council has taken note of your recommendations regarding receivables.

5.0 *Income*

The council will ensure that income will be accounted for gross of any deductions and the expense will be accounted for separately in the relevant expenditure account.

6.0 *Personal Emoluments*

As noted the Executive Secretary has a contract with the Council. The only other person in employment with the council is the librarian whom has been working with the council for a period exceeding 12 years. No contracts were found when I took over my position with the council.

The variance found between the FS7 and FS5s in the amount of €306 was a system error. The council will ensure that figures are correct in the future

7.0 *Expenditure and Tenders*


As was explained to the auditor. I began my employment with the council on a full time basis in April 2018. Tenders for expired contracts were issued within the first few months of my employment (i.e. Cleaning and Maintenance of Public Convenience, Hire and Operation of Plant and Machinery, Supply of Ready Mixed Concrete, Steel Fabric Reinforcement and Aggregate and refuse collection. All contracts are now in line with financial procedures applicable for Local Councils.

With reference to Purchase Requests/Purchase Orders, the definition is as follows:
A purchase requisition is an internal document sent from one department to another requesting the company buy items from an outside vendor. Typically, a purchase order is an external document going to an outside party as part of a sales transaction. The Ghasri Local Council consists of 1 full time employee (the Executive Secretary), one part time employee (librarian), the mayor, deputy mayor and councillors. All purchases are done directly through the Executive Secretary – thus there is no one to send purchase requisitions to in this council and that is the reason that only purchase orders are being done. When someone requires something they come to me and verbally request the material. To fill out a purchase requisition to myself is a waste of resources in a council with no employees.

Conclusion

The council is satisfied that it has succeeded in continuing to be in conformity with the financial regulations where the Financial Indicator (FSI) is greater than 10%. The council will work to adapt to the recommendations made by the auditor.

Sincerely yours,



Dr Daniel Attard
Sindku



Rita Mifsud Attard
Segretarju Eżekuttiv

c.c. Awditur Generali, Uffiċċju Nazzjonali tal-Verifika.
RSM Malta, Uditur tal-Gvern Lokali