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Dear Sir,

Financial statements for the year ended 31 December 2020

During the course of our audit for the year ended 31 December 2020 we have reviewed the accounting system and procedures operated by your committee. We have also reviewed the operations of the committee and how they conform with the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and with the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Expired contracts

We noted that the committee still utilises the expired contract with Datatrak (refer to note 6.11).

1.2 Contracts inherited from Sliema Joint Committee

We are pleased to note that the committee has rectified the issue during the year under review.

1.3 Comparison with the annual budget

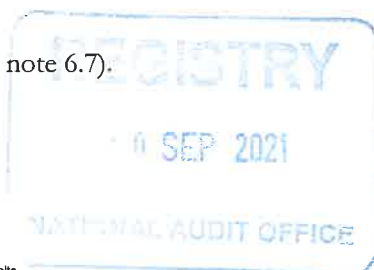
We have noted instances where actual expenditure was not in line with the annual budget (refer to note 12.1).

1.4 Unrecorded liabilities

We identified unrecorded liabilities (refer to note 10.12).

1.5 Insurance policy

We noted that the committee did not address this issue (refer to note 6.7).



1.6 Classification of PPE

We are pleased to note that the committee rectified the issue during the year.

1.7 Loqus system

The committee's financial statements are highly reliant on the Loqus report. We were again not provided with the IT systems audit (refer to note 7.7).

1.8 Accrued income

We identified shortcomings in the accrued income (refer to note 9.1).

1.9 Other observations

The committee did not rectify the issue during the year under review (refer to note 17.1).

1.10 Presentation of financial statements

We again noted the shortcomings in the presentation of financial statements (refer to note 16.1).

2 Opening balances

2.1 Whilst testing opening balances as at 1 January 2020 we noted the following discrepancies:

No.	Account description	Trial balance at 31 December 2019 €	Trial balance at 1 January 2020 €	Difference €
4307	Community Innovation Fund Income	(71,121.75)	(71,316.00)	194.25
4308	Community Innovation Fund Expenditure	44,573.00	44,767.25	(194.25)
	Total	(26,548.75)	(26,548.75)	-

2.2 Although the entry does not have any impact on the committee's reserves, the committee must ensure that opening balances are in the agreement with the last year audited financial statements.

2.3 We also noted that two accounts in the trial balance were marked in the accounting system as a balance sheet account rather than income statement account. Upon agreeing the books of account to the unaudited financial statements we noted that committee did not include balances of 2019 in the reporting figures for the current financial year. We have proposed an audit adjustment to reverse the opening balance. This was approved by the committee and incorporated in the financial statements.

No.	Account description	Unaudited trial Balance €	Unaudited financial statements €	Difference €
4309	LCA Funds Income	(92,232.00)	-	(92,232.00)
4310	LCA Funds Expenditure	92,232.00	-	92,232.00
	Total	-	-	-

- 2.4 We recommend that committee carefully establishes whether the accounts in the books are of a balance sheet or income statement nature to avoid similar situations in the future.

3 Reconciliation of books of account to unaudited financial statements

- 3.1 The trial balance provided by the committee did not agree to the operating surplus for the year disclosed in the unaudited financial statements.

Details

	Amount disclosed in the unaudited financial statements €	Amount recorded in the books of account €	Differences €
Operating surplus for the year	753,222.00	752,743.84	478.16

The committee explained that after the unaudited financial statements were prepared and signed, the committee had accounted for the December storage rental invoice of €471.06. We also noted that an accrual for the same invoice amounting to €440.38 was already recorded in the books of account and therefore the expense recorded in the books of account was higher than that in the unaudited financial statements. We have proposed an audit adjustment to reverse the accrual and corresponding expenditure of €440.38. The adjustment was correctly included in the audited financial statements.

- 3.2 We recommend that all financial statements and accounting records are reconciled prior to commencement of the audit.

4 Income

Reimbursement of expenses and salaries from LESA

- 4.1 On 27 August 2020 the Department for Local Government issued Directive 06/2020 for the expenditure of the local tribunals. In accordance to this directive a formula was established in order to calculate the reimbursement amount up to 31 December 2018 to be paid by LESA. The amount to be reimbursed to the committee is €293,070.53, paid in instalments. Up to 31 December 2020 the committee received an amount of €97,690.18.
- 4.2 We also noted that Directive 06/2020 states that as from 1 January 2019 onwards the salary of the executive secretary and president's honoraria are to be paid by the committee and subsequently not recharged to LESA. On 12 March 2021 the

committee issued a credit note amounting to €81,173.63 with the respect to previously recharged salaries of the executive secretary and president's honoraria covering the period January 2019 till July 2020. The committee erroneously accounted for the credit note during 2021. We have proposed an audit adjustment of €81,173.63 to correct the error and to record credit note during current year under review. The audited financial statements of the committee reflect this adjustment.

- 4.3 We recommend that the committee issues and records credit notes during the period to which they relate thus avoiding overstating the income and receivables.

General income

- 4.4 During our testing, we noted that the committee disclosed income derived from the reimbursement by LESA and LESA cultural funds project (administered by the Local Councils Association) under general income.
- 4.5 We recommend that income derived from LESA should be separately disclosed in the financial statements to give clear and transparent picture of the sources of income to the users of the financial statements.

LESA cultural funds project

- 4.6 While performing audit procedures on the income derived from LESA cultural funds project (funds administered by the Local Councils Association) we noted that the committee reversed accrued income of €1,873. Upon enquiry, the committee explained that the entry was recorded during the audit of the financial statements for the year ended 31 December 2019 and the committee did not receive this income during 2020. Thus the committee reversed accrued income of €1,873 during the year under review and could not provide to us further explanation.
- 4.7 We recommend the committee that prior to recording entries in its books of account the committee carefully evaluates the nature of the transactions.

Income from LESA

- 4.8 The following invoices were not sent to LESA in the first week of the following month:

Invoice month	Invoice date
January	14.02.2020
March	09.04.2020
October	10.11.2020

- 4.9 In accordance with memo 91/2011 committee is required to issue LESA invoices in the first week of each of the following month.

5 Payroll

FSS statutory documentation

- 5.1 Whilst reconciling the gross salary of the committee as declared in FS5 forms to that declared in the FS7 form, we came across the following differences:

Description	Declared in FS5s €	Declared in FS7 €	Difference €
Gross salaries full-time	168,529.00	168,439.00	90.00
National insurance	26,491.22	26,151.38	339.84
Total	195,020.22	194,590.38	429.84

- 5.2 It is important that FSS forms are filled in properly to ensure that all amounts paid are correctly declared to the Commissioner for Revenue.

Payment of overtime

- 5.3 The committee is still paying overtime without obtaining prior approval in committee meetings. Overtime payments made in 2020 totalled €1,975.61.
- 5.4 We recommend that the committee monitors the working of overtime and ensures that overtime is duly justified, approved and documented before issuing payment.

6 Expenditure

Petty cash summary

- 6.1 We noted that the petty cash summaries do not include all necessary details, namely account numbers. This lack of information renders it difficult to identify to which nominal accounts it should be allocated.
- 6.2 We recommend that the committee includes account numbers in the petty cash summaries to ensure payments are correctly allocated in the books of account.

Procurement procedures

- 6.3 Our testing on cheque payments and internet banking transfers revealed the following irregularities:

Details	Supplier	Date of invoice	€	Note
Perspex screens for tribunal office	Spiral Professional Design Services	11.06.2020	1,197.70	(a)
Distribution of flyers in all localities within the Region	Mailbox Services Limited	09.12.2020	1,410.10	(a)

- (a) The committee failed to provide us with the quotations.

- 6.4 In accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the committee should obtain at least three signed quotations for purchases exceeding €50 up to €5,000 unless, for purchases exceeding €50 but not €500, a direct order approved by the Executive Secretary is issued. Furthermore, the committee must obtain a tax invoice/ VAT receipt duly addressed to the committee for all payments issued.

Payment approval

- 6.5 Whilst performing tests on cheque payments and internet banking transfers we noted an instance where a cheque was issued and encashed prior to being approved by the committee:

Supplier	Cheque no.	Cheque date	Approval date	Encashment date	€
Spiral Professional Design Services	5819	17.06.2020	17.07.2020	24.06.2020	1,197.70

- 6.6 We remind the committee that cheque payments must be approved by the committee in the meeting prior to issuing the cheques/internet banking transfers. This procedure minimises the risk of unapproved purchases or uncertified work.

Insurance policy

- 6.7 During our audit we identified the following discrepancies between the asset insurance cover and net book value in the 2019 audited financial statements:

Asset	Sum insured	NBV in audited financial statements of 2019
	€	€
Premises	200,000	-
Office furniture and fittings	13,000	9,075
Office equipment	-	6,875
Computer equipment	10,434	2,661
Total	223,424	18,611

It is evident that some of the fixed assets are over/under insured. May we advise the committee to perform at least an annual review of its insurance policy in order to ensure that the committee's insurance coverage is in line with current legislation.

- 6.8 Directive 3/2017 and Legal Notice 269 of 2017 state that the committee must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. However, we recommend that the insurance at least covers the replacement value for assets.

Expired contracts

- 6.9 During the audit we noted that the committee is making use of an expired contract for the rental of the office premises at "Mabruka" Triq ix-Xnien, San Gwann. The contract was signed by the Joint Committee for the period of four years, which could be extended for another two years. We were not provided with a new contract agreement. The total expenditure incurred for the rent of the office during 2020 was €18,337.69.

- 6.10 We recommend that the committee obtains a contract agreement for all properties rented by the committee. This will ensure that the rights and obligations of each party are clear.
- 6.11 We also noted that the committee is still using the LES Service Contract Agreement with Datatrak IT Services Limited which expired on 31.08.2018. During the year under review the contractor invoiced an amount of €1,511.36 to the committee.
- 6.12 The committee is still using services from Guard and Warden Service House Limited which expired on 09.01.2016. During the year under review the committee incurred total expenditure of €9,808.29.
- 6.13 We recommend the committee to request the contractors and to sign the extension to the agreements for the exclusive services provided by the service providers.

Use of mobile phone

- 6.14 We noted that the committee during the year under review the committee entered into a contract for the mobile service plan. The contract was signed in the name of the executive secretary rather than on behalf of the committee.
- 6.15 May we remind the committee that Local Council's Procedures and memo 21/2013 have established guidelines on the use of mobile phones by the committee. The contract is required to be in the name of the committee and not the executive secretary.

IFRS 16 'Leases'

- 6.16 Whilst performing our audit procedures we noted that the committee recorded a rent expense amounting to €45,867.46 in the books of account in relation to three property leased by the committee. The committee failed to assess and account for the leases in accordance with IFRS 16.
- 6.17 We recommend that the committee performs an IFRS 16 assessment to establish whether the committee should account for the rent expense in accordance with IFRS 16 accounting treatment. In accordance with the new standard, at lease commencement date, the committee should recognise a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the committee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The committee should depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of, the end of the useful life of the right-of-use asset, or the end of the lease term. The committee should also assess the right-of-use asset for impairment when such indicators exist. At the commencement date, the committee should measure the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the committee's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. After initial measurement, the liability should be reduced for payments made and increased for interest.

- 6.18 In this regard we suggest that particular attention be given to the lease of the tribunal premises for which the committee is paying an annual rent of €20,138.30 and duration of rent is from 1 January 2019 for 3 years with the right of first refusal at the expiry date to extend for further 3 years under new terms and conditions.

7 Local Enforcement System

Cancellation and waiver of contraventions

- 7.1 The Loqus report 110 'Recipient Account Transactions' generated revealed that 25 contraventions amounting to €1,048.17 were waived. We have enquired with the committee on the accounting treatment of the waived contraventions and committee explained to us that they do not account for the data from the Loqus report 110.
- 7.2 The following weaknesses were identified in the committee's controls and procedures with respect to cancellation and waiver of contraventions:
- i. The executive secretary may request cancellation of contraventions from the Loqus system if a justifiable reason is provided.
 - ii. Contraventions may be waived from the Loqus system in two instances:
 - A petition submitted by the offender is examined by the executive secretary who then recommends the decision taken to the Commissioner.
 - The offender is adjudged not guilty after a tribunal hearing.
- 7.3 We recommend that the committee adopts strict controls and procedures for cancelling contraventions. In addition, the committee might also consider monitoring the entire petitions' process, ensuring that all appealed contraventions are only waived for valid reasons.

Collections

- 7.4 During the audit procedures we noted that the regional committee recorded a balance of €1,986,030.16 (fully provided for) due from the Local Enforcement System in the unaudited financial statements. This shows a decrease of 0.37% when compared to prior year figures.
- 7.5 We also obtained the 622 Loqus report which shows a balance of €1,984,737.98 which results in a difference of €1,292.18. The committee explained to us that it passed an erroneous adjustment in the books and the committee proposed an adjustment of €604.50 against the provision to resolve the erroneous entry. The audited financial statements of the committee reflect this adjustment. The revised difference remained unexplained.
- 7.6 The committee should make every effort to continue collecting adjudicated contraventions. We recommend that the committee sets up a proper system to collect unpaid contraventions as soon as possible.

Loqus system

- 7.7 The committee's financial statements are highly reliant on reports generated from the Loqus system. To date of the audit we were not provided with evidence that an IT system audit was performed of this system. Therefore, we were not able to determine whether the information generated from the Loqus system is complete, accurate and free from material misstatement. Consequently, we could not verify

without limitation the following amounts in the financial statements: LES expenses of €1,511.36 and receivables of €1,985,425.66, fully provided for.

- 7.8 We recommend that the committee requests a copy of the independent auditor's report on the IT system of Loqus, which ideally must be carried out at least on an annual basis to determine its operating effectiveness and the integrity of the information emanating from the system. This would provide adequate and sufficient comfort to the committee to use the Loqus system as a reliable basis for the books of account and preparation of financial statements. Due to this limitation, our audit report is qualified.

8 Cash and cash equivalents

Final withholding tax

- 8.1 We noted that the following BOV current accounts are taxable:

- a) 40019378576
- b) 40020144375
- c) 40020564858
- d) 40024989073
- e) 40024991498

- 8.2 Even though the current bank account does not normally earn any interest it is still recommended that the committee instructs the bank not to withhold tax since it is exempt from income tax.

9 Receivables

Accrued income

- 9.1 During the audit fieldwork we noted that the committee passed the following journal entry:

Account	Description	Dr €	Cr €
4310	LCA funds expenditure	14,479.03	
0223	Accrued income		14,479.03

Upon enquiry, the committee explained that accrued income of €14,479.03 was erroneously posted against account 4310 'LCA Funds Expenditure' instead of account 4309 'LCA Funds Income'. Therefore during the year under review the committee reversed accrued income against account 4310 'LCA Funds Expenditure'.

- 9.2 We recommend the committee that prior to recording entries in its books of account the committee carefully evaluates the nature of the transactions and therefore uses appropriate accounts.

10 Trade and other payables

Supplier statements

- 10.1 We noted that the committee did not obtain statements as at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account. Circulars issued from time to time by the Department of Local Government specifically emphasise that the committee should acquire monthly statements from all its suppliers.
- 10.2 We understand that the committee does make every effort to obtain statements from its suppliers and that sometimes it is difficult to obtain monthly statements due to suppliers' inefficiency. However, we recommend the committee keeps on chasing its suppliers for regular statements. This will ensure that the committee's creditors are properly recorded in the accounts and that any differences or disputes are highlighted promptly.

Other creditors

- 10.3 We noted that the committee abided to the Directive 05/2020 and opened a new BOV bank account 'LC other entities account' for the deposits. As at year end the committee recorded a liability towards LESA amounting to €1,293.00. The amount recorded in the bank account and confirmed with the received bank confirmation amounts to €1,361.12 thus resulting in a difference of €68.12. The committee did not provide an explanation for this discrepancy.
- 10.4 We remind the committee that circular 1/2021 states that the committee should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.
- 10.5 During our testing on other creditors we noted that the committee recorded a liability of €9,060 as 'ESC Plan Tender Income'. This liability was brought forward from 2017. Upon further investigation we established that in 2016 the committee received an amount of €20,000 for the preparation of Economic, Social and Cultural Community Plan. In 2017 the committee released an amount of €10,940 to income thus leaving a balance of €9,060 recorded as other liability.
- 10.6 We recommend that the committee contacts Department for Local Government and clarify whether this amount can be used for other social and cultural initiative or must be returned to the Department.
- 10.7 We also noted that in 2017 the committee received €200,000 in its bank account for the signed agreement with respect to Economic, Social and Cultural Community Plan. During 2019 the committee passed the following entry in its books of account thus decreasing actual amount received:

Account	Description	Dr €	Cr €
4303	ESC Plan Implementation Income	21,826.00	
4100	Accruals		21,826.00

The committee explained that the entry was recorded in the 2019 audit and during the year the accountant reversed the above entry to present the amount received as €200,000. No further explanation was provided to us.

- 10.8 We recommend the committee that prior to recording entries in its books of account the committee carefully evaluates the nature of the transactions.
- 10.9 In 2017 the committee entered into agreement 'Community Innovation Fund' with the Department for Local Government in accordance to which the committee had to receive €120,000. Up to 31 December 2019 the committee received an amount of €71,121.75. During the year under review the committee recorded accrued income amounting to 31,117.75 with the respect to the Community Innovation Fund.
- 10.10 While performing audit procedures on another agreement signed on 1 December 2020 with the Department for Local Government for the local councils grant schemes, we noted that the committee received an amount of €915,415.37 during 2020. We also noted that €46,000 out of the received €915,415.37 were given in relation to the pending balance receivable under the 'Community Innovation Fund'. We have proposed an audit adjustment to reverse accrued income of €31,117.75 and to reallocate an amount of €46,000 to an appropriate account of the 'Community Innovation Fund'. The committee has amended the financial statements to include our audit adjustment.
- 10.11 We recommend that prior to recording the received amounts committee carefully establishes the nature of the receipt in order to comply accurate accounts and avoid overstating.

Unrecorded liabilities

- 10.12 Whilst performing testing on unrecorded liabilities we noted that the region committee failed to accrue for expenses in relation to the launch event 'Regjun Century 360^o' held in December 2020. We proposed an audit adjustment amounting to €8,425.20 to accrue for the above expenditure. The committee has amended the financial statements to include our audit adjustment.
- 10.13 We recommend that the committee records expenditure on an accruals basis so that liabilities are recorded in the correct financial year.

11 Financial assistance given by the Regional Committee to local councils within its region

- 11.1 During the course of our audit we noted that in 2019 the committee introduced financial assistance to local councils within the region. In the audited financial statements for the year ended 31 December 2019 the committee accounted for the financial assistance through equity rather than through the statement of profit or loss. Furthermore, we noted that during 2019 the committee recorded an amount of €58,500 as an accrual against equity when the financial assistance was pronounced. The committee failed to record the transaction when the committee receives and approves the claims from the respective local councils. A prior year adjustment was proposed to correct the erroneous entries recorded in 2019 and to account for the financial assistance through statement of profit or loss and other comprehensive income when the claims are received and approved. This was approved by the committee and reflected in the audited financial statements.
- 11.2 Furthermore we noted that the committee erroneously recorded an accrual against equity amounting to €795,782.39 in respect to the financial assistance introduced during 2019 and 2020 for which no claims have been received and approved as at

31 December 2020. We proposed an audit adjustment to reverse the entry. The adjustment was included in the audited financial statements.

- 11.3 We also noted that during the year under review the committee received and approved claims amounting to €148,654.03. These claims were settled during 2020. The committee erroneously accounted for these claims through equity rather than through statement of profit or loss. We have proposed an audit adjustment to rectify the issue. Our proposed adjustment was approved by the committee and included in the audited financial statements.
- 11.4 Furthermore, during December 2020 the committee received and approved claim amounting to €1,000. We have proposed an audit adjustment to record the claim and corresponding payable in the books of account. The adjustment was correctly included in the audited financial statements.
- 11.5 We recommend the committee to record financial assistance to the local councils within the region in its books of account once the committee receives and approves the claim rather than recording the financial assistance when pronounced. The financial assistance should not be classified as distribution from the committee's equity but accounted for in the statement of profit or loss and other comprehensive income.

12 Comparison with annual budget

- 12.1 When comparing the budgeted figures with the actual figures of the year under review, we identified the following differences:

	Budgeted €	Actual €	Difference €
Expenditure			
Personal emoluments	205,138.00	181,044.73	24,093.27
Direct operating expenses	73,062.00	92,931.60	(19,869.60)
Administrative and other expenses	62,833.00	163,568.80	(100,735.80)

- 12.2 We recommend that the committee compares budgeted figures to actual figures at least on a quarterly basis to ensure expenditure is in line with budgeted amounts. The committee should apply due care and diligence when compiling the budget figures as required by the Financial Regulations.

13 Budget

- 13.1 During the audit we noted that the regional committee prepared the budget for 2021 but failed to approve the budget within the stipulated time frame during the region meetings. The above is in contravention to article 56 of Local Councils Act, 1993.
- 13.2 We recommend that the region prepares a budget for approval by the region not later than 15 February of each year. It is important that the regional committee approves the budget early at the start of the year for proper financial planning and to prioritise expenditure.

14 Electronic site

- 14.1 We noted that the committee did not upload signed copies of the following documents on the website of the committee within the required time frame:
- (a) To date of the audit fieldwork the committee failed to upload minutes 43 approved on 21 January 2021.
 - (b) The quarterly financial reports for 2020 were not uploaded within the publishing time limits.
 - (c) Meeting minutes 31, 34 and 41 were not uploaded within the stipulated timeframe.
- 14.2 This contravenes the Local Councils (Financial) Procedures which mandate specific timelines for these reports. We recommend the committee uploads all documents in pdf within the required time.

Uploading of management letter and other documents

- 14.3 During our audit fieldwork, we noted that the committee has uploaded the 2019 Management Letter in full in accordance with circular 21/2019.
- 14.4 We would like to remind the committee of the recent General Data Protection Regulations as indicated to councils and committees in SPI 7/2018. Regional committees should be mindful that there are restrictions on transmitting/publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in circular 7/2019 which states that names of third parties not directly connected with the operations of the committee should not be published.
- 14.5 We therefore recommend that the committee contacts the Department for clarification of this contradiction.

15 Meetings

Meeting regulations

- 15.1 We observed that the dates set at the end of meetings 35, 36 and 37 were 17 June 2020, 17 June 2020 and 22 July 2020 respectively, however the actual meetings were held on 5 June 2020, 17 July 2020 and 23 July 2020 respectively.
- 15.2 According to the Local Councils (Meeting) Procedures, 1996 at the end of every meeting the committee must set the next committee meeting which shall be fixed. If no unanimous agreement is reached, the councillors are to vote and decide according to the majority. This shall not be changed for any reason. Therefore, we recommend that these requirements are followed.

Schedule of payments

- 15.3 We noted that the committee does not include the numbers of cheques and internet banking references in the schedules of payments. As a result, we could not ensure that all cheques and internet banking payments were included and approved. We also noted that the committee.

- 15.4 In accordance with P1.11 of the Local Councils (Financial) Procedures, 1996 the executive secretary must prepare complete and accurate schedules of payments containing information in sequential order and present them for committee's approval.
- 15.5 We also noted that account numbers and purchase orders numbers are not included in the schedules of payments. This is not in accordance with the schedule of payments template issued by the Department for Local Government.
- 15.6 The committee should fill in all details in the schedules of payments as required by memo 37/2011. The required details allow easy cross-referencing between the schedules of payments and the expenses included in Sage.

16 Financial statements

Presentation of financial statements

- 16.1 We identified the following shortcomings in the unaudited financial statements of the committee:
- i. Note 'Application of new and revised International Financial reporting Standards (IFRSs)' was not updated for the financial year ended 31 December 2020.
 - ii. Note 'Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective for financial periods beginning on 1 January 2019' was not updated accordingly.
 - iii. The note on property, plant and equipment includes the percentage rather than range of years or percentages due to change in the depreciation method.
- 16.2 We recommend that the committee gives more attention to the preparation of the financial statements. We are pleased to note that the committee has correctly amended the financial statements.

17 Other observations

- 17.1 We noted that in the unaudited financial statements committee disclosed the Executive Secretary salary and allowances inclusive of the committee's share of social security contributions amounting to €2,498.60. Furthermore, the disclosed in the unaudited financial statements social security contributions were understated by the same amount of €2,498.60.
- 17.2 We recommend the committee to disclose social security contributions separately in the financial statements.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the committee. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Ms Jeanette Galea and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

