



5th June, 2018

The Auditor General
National Audit Office
Notre Dame Ravelin,
Floriana

Dear Sir,

Management Letter for the year ended 31st December 2017

We are in receipt of the Management Letter prepared by Nexia BT as external Auditors of Hal Kirkop Local Council for the year ended 31st December 2017. We would like to show our appreciation for the work done and look forward to take recommendations and suggestions. Whilst expressing our thanks, we submit our reply to clarify some of the points mentioned.

1.1 Fixed Assets Register

Council has started working on this issue which will be finalised during current year. (2.1)

1.2 Tagging of Fixed Assets

Tagging of fixed assets will be part of the above exercise. (2.2)

1.3 Fixed Assets – AED Project

Recommendation re income emanating from grants noted and will be calculated as suggested. (2.3/2.21)

1.4 Depreciation

Recommendation noted and amounts adjusted accordingly. (2.4/2.19)

1.5 Amount receivable from Green MT

Provision adjusted as proposed. Council is still chasing Green MT for pending payment of €2,010 and therefore such balance should still be retained as a provision. (2.5/2.19)

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1.7 Accrued Income - Opening Balances

Accrued income opening balance results from audit adjustments dating back to 2010 – 2013. Council tried to get feedback from previous years auditors to sort out this balance. It is very difficult to obtain supporting workings and documentation since these were all prior years audit adjustments. (2.7/2.19)

1.8 Accrued Income – Tipping Fees

Refer to reply to note 2.8.

1.9 Accrued Income – Special Projects

Refer to reply to note 2.9.

1.13 Creditors - Reconciliations

Issue will be addressed during current financial year. (2.11)

1.14 Creditors – Unreconciled differences

Recommendation noted and amounts adjusted accordingly. (2.12/2.21)

1.16 Amounts due to Regional Committees

Issue will be addressed during current financial year. Balances will be written off as recommended. (2.13/2.20)

1.17 Rent Payable

The Council's rent agreement is renewable on a yearly basis and after various discussions with the Lands Department the Council opted to keep this rent agreement. (2.14)

1.18 Income

Refer to reply to note 2.15.

1.19 Expenditure

Refer to reply to note 2.16.

1.20 Comparison of budget and actual expenditure

Refer to reply to note 2.17.

2.1 Fixed Assets Register

Refer to reply to note 1.1.

2.2 Tagging of Fixed Assets

Refer to reply to note 1.2.

2.3 Fixed Assets - AED Project

Refer to reply to note 1.3. (2.21)

2.4 Depreciation

Refer to reply to note 1.4. (2.19)

2.5 Amount receivable from Green MT

Refer to reply to note 1.5.

2.7 Accrued Income - Opening Balances

Refer to reply to note 1.7.

2.8 Accrued Income - Tipping Fees

Point noted. Amount adjusted accordingly. (1.8/2.19)

2.9 Accrued Income – Special Projects

Recommendation noted. Amount adjusted accordingly. (1.9/2.19)

2.10 Deferred Income – Measure 313 and Measure 323

Amount adjusted accordingly. (2.19)

2.11 Creditors - Reconciliations

Recommendation noted. Council will start collecting creditors' statements so as to carry suppliers reconciliations every quarter.

2.12 Creditors - Unreconciled differences

Refer to reply to note 1.14.

2.13 Amounts due to Regional Committees

Reclassification adjusted accordingly. (2.20) Balance will be investigated and issue addressed during current financial year. (1.16)

2.14 Rent Payable

Refer to reply to note 1.17.

2.15 Income

Recommendation noted and reclassifications adjusted accordingly (1.18/2.20).

2.16 Expenditure

Recommendation noted and reclassifications adjusted accordingly (1.19/2.20).

2.17 Comparison of Budget and Actual Expenditure

As from current year Budget was done according to templates issued by the Local Government Department. Budgets are being prepared in conformity to these standards.

2.18 Payroll

Recommendation noted. Amount of €262 equals to a terminated employee's performance bonus which was erroneously omitted from FS5.

2.19 Accounting Function

Recommendation noted.

2.20 Reclassifications List

Reclassifications adjusted accordingly.

2.21 Unadjusted Errors

Recommendation noted.

It is very important to note that we are doing our outmost to work on the shortcomings pointed in the Management Letter, so as to have a better situation this financial year end.

We would like to take this opportunity to thank Mr. Paul Spiteri and Ms. Michaela Bugeja, from Nexia BT, for their guidance and co-operation.

Regards,



Terence Agius
Mayor



Antonia Demicoli
Executive Secretary

c.c. Local Government Department
Nexia BT