



# KUNSILL LOKALI HAL LUQA

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19<sup>th</sup> October 2020

Mr. Manuel Castagna  
The Penthouse Suite 2,  
Capital Business Centre, Entrance C,  
Triq taz-Zwejt  
San Gwann  
SGN 3000

Dear Sir,

Below is the Luqa Local Council's reply to the management letter issued after the audit covering the year 2019, that was conducted at the Local Council. This reply encompasses those issues that are related to the Administration and have been grouped together under their respective category mentioned in the management letter.

## Fixed Assets Insurance

The Local Council will be in contact with our Insurance providers to insure the fixed assets and property according to the value being calculated. It is in the interest of the Local Council that in case losses happen we will be in a good position to claim. On the other hand those that have been over insured will be revised as well.

## Overdue Balances

Both payments have been retained due to unsatisfactory works not even certified by the Architect. Meetings were done in the past with both contractors to settle them. During the course of the audit even emails have been sent requesting statements and there were no replies.

## Wages Reconciliation

The difference between the salaries declared in the FS5's and the FS7 have been amended as explained.

### Council meetings

One of the councillors mentioned in the letter has been removed from his Office after being reported to the Minister responsible for Local Councils. This action shows that actions are being taken from our behalf to observe the Law.

### Accrued Income

The shortage for the tipping fees has the difference settled by the Department for Local Government. During the course of the audit an email was displayed showing that the Department was to settle once again the difference. The audit exercise identified this settlement.

### IFRS 9

Calculations on credit loss will be considered carefully during the next period.

### Available for sale investment

The amount stated is very insignificant and does not jeopardise the position of the Local Council. The difference is caused by the fact that Valletta Fund Management did not send the actual valuation of the fund by 15<sup>th</sup> February 2020.

### Bank and Cash

Bank reconciliations are still carried out. It has also to be noted that our Local Council does not generate considerable transactions of considerable amounts, therefore transactions can still be identified immediately.

### Trade and other Payables

Suppliers who do not send regular statements are contacted and we perform a yearly exercise of collecting missing fiscal receipts, which also brings the attention of the suppliers on any pending amounts to be paid. In the case of the two suppliers mentioned in this letter proof was brought up through emails showing these have been contacted more than once, even by phone.

In the case of both suppliers meetings were held to settle the issue for which the funds have been retained but there was no effort from their behalf to have this settled.

### Income

Although the Local Council did not register a surplus amounting to 10% of its financial allocation, it must be noted that the surplus was still substantially high (9.34%).

### Expenses

The Nofsinhar Region which encompasses our locality as well is in the process of issuing tenders for this service as well to cover all the localities within its Region. In case this tender is going to be issued in a short time, the Contract will be renewed for a few months and then terminated. In case there is a longer period for this to be issued a new call for tenders will be issued for a short span of time for this service.

In the case of Bugeja Travel the Local Council will follow the Procurement Procedures for the next time.

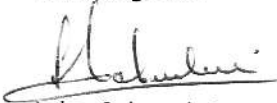
The Luqa Local Council will account for the rent payable in respect of the Family Park in a correct manner.

### Variations with the Budgeted Figures

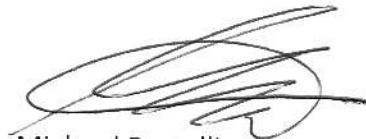
In the Budget template, there are a number of categories for which a budget is allocated on a yearly basis. The fact is that although the Luqa Local Council has exceeded the budget in one category, it still remained within the budget when one analyses all the categories.

This is the reply from the Luqa Local Council in relation to the audit carried out for the year 2019. The matters in this reply are of an administrative nature.

Best Regards



John Schembri  
Mayor



Michael Portelli  
Executive Secretary