

Ref. Tagħna : 46/3695/23/O/94/370/205/333/264/366
Ref. Tiegħek :
Ref. Interna : 46/2826/23/I, Minuti 06/K8/2023 – 06.8.1, 46/3681/23/I

25 ta' Mejju 2023

Dipartiment għall-Gvern Lokali

26,
Triq l-Arcisqof,
Valletta, VLT 1443.

Att: Id-Direttur Ġenerali Natalino Attard

Management Letter 2022

B'referenza għall-Management Letter għas-sena finanzjarja li għalqet fil-31 ta' Diċembru 2022 (**Ara Dok. 1**), f'isem il-Kunsill Lokali Pembroke qed nissottomettu r-risposta tagħna kif approvata fil-laqgħa tal-Kunsill referenza 06/K8/2023 miżmuma nhar l-Erbgħa 26 ta' April 2023 u ikkonfermata fil-laqgħa 07/K8/2023 miżmuma illum il-Ħamis 25 ta' Mejju 2023.

Ir-risposta tal-Kunsill Lokali Pembroke hija:

1 Previous management letter

B'referenza għal-item 1.1 (Lvant Joint Committee), il-Kunsill ħa nota tal-kontenut u kif issuggerit ser isegwi l-każ mad-DGL minħabba li dak mitlub, jiġifieri li jiġi likwidat l-ex Joint Committee, taqa' taħt il-kompetenza tad-Dipartiment u mhux tal-Kunsill.

B'referenza għal item 1.2 (Fixed Assets), il-Kunsill jagħmel użu minn software li huwa standard u għalhekk ser jikkomunika mas-Sage biex tiġi esplorata l-possibilità li jiġi modifikat is-software ħalli jkunu jistgħu jiġu nkluża d-dettalji mitluba. Ta' min jirrimarka li d-dettalji mitluba huma kollha disponibbli taħt is-sezzjonijiet tal-ħlasijiet li tagħmel parti mill-istess software, iżda l-awdituri qed jesigu li tali dettalji jkunu nkluża ukoll mar-record tal-assi partikulari.

2 Accounting of grants and expenditures related to grants

Kif indikat mill-Awdituri stess, l-aġġustament mitlub sar waqt li kien qed isir l-awditjar.

3 Recording of accrued income

Kif indikat mill-Awdituri stess, l-aġġustament mitlub sar waqt li kien qed isir l-awditjar.

Tislijiet,



Aww. Dean Hili
Sindku



Kevin Borg
Segretarju Eżekuttiv

Kopja : *Awditur Ġenerali, NAO*
Udituri Lokali – Grand Thorton
Ministru għall-Finanzi (Onor. Clyde Caruana)
Segretarjat Parlamentari għall-Gvern Lokali (Onor. Alison Zerafa Civelli)
Il-Ministru għall-Wirt Nazzjonali l-Arti u l-Gvern Lokali (Onor. Owen Bonnici)

Our Ref: NAO 107/2021/46
Your Ref:

24 May 2023

The Mayor
Pembroke Local Council
Pembroke

Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2022**

In terms of Section P2.06 (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the Audit Report and Financial Statements, together with the Management Letter for the financial year ending 31 December 2022.

After seeking the Local Council's approval, you are kindly requested to submit your response to the Director (Monitoring & Support) Local Government Division, the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures, by not later than six weeks following receipt of this letter.

Yours faithfully,



T. Mercieca
Asst. Auditor General



**Kunsill Lokali
Pembroke**

25 MAY 2023

46 / 3681 / 23 / I

Encls.

The Mayor
Pembroke Local Council
Triq Alamein
Pembroke, PBK 1776

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Our ref MB/mf/81523

26 April 2023

Dear Sir,

Financial statements for the year ended 31 December 2022

During the course of our financial statements audit for the year ended 31 December 2022, we have reviewed the accounting system and procedures operated by the Local Council. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Lvant Joint Committee

The Pembroke Local Council formed part of the Lvant Joint Committee up to 31 August 2011.

We have obtained the last audited financial statements of the Lvant Joint Committee and noted that the reserves of the committee only amount to €1,680. To this end our audit report was not qualified as the amount to be divided between all committee members would not be material.

Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated, and that the council receives any further income that may be due to it.

1.2 Fixed assets

We still recommend for every possible effort to be made in updating the fixed asset register and include important details such as:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation rate
- Location of the asset
- Grants received.



1.3 Income

We are pleased to note that the issue on recognition of income in the correct accounting period did not recur in the current year.

1.4 Financial statements

We are glad to inform you that the presentation of this year's unaudited financial statements is in line with the requirements of International Financial Reporting Standards as adopted by European Union.

2 Accounting of grants and expenditures related to grants

2.1 We noted that the council had total expenditure of € 362,729 during the year related to Calcutta Gardens Project which is funded by a planning contribution/grant from the Chinese Embassy. The total agreed amount of the grant is € 477,875. The project is still in-progress as of year end and is expected to be completed on the first half of next year's accounting period.

2.2 Of this amount, the council has not recorded additions to Construction-in-progress (CIP) and Accumulated Grant under the fixed asset accounts.

2.3 As per IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, grants should be recognised when there is a reasonableness assurance that all conditions attaching to them are complied and the grants will be received. Furthermore, as per IAS 16, *Property, Plant and Equipment*, cost to be recognised in the financial statements should include the amount of consideration for the construction of an asset when initially recognised in accordance with the specific requirements of other IFRSs.

2.4 We recommended and proposed an adjustment to recognise an addition to CIP and Accumulated Grant amounting to € 362,729 which the council has correctly reflected in the financial statements.

3 Recording of accrued income

3.1 We noted that the council accrued an income related to Christmas decorations scheme from Regjun Lvant amounting to €4,944 as of 31 December 2022. Upon investigation, it was noted that the approved amount of the scheme is €3,000. As such, we proposed an adjustment to decrease the amount of accrued income and revenue to the approved amount which was appropriately reflected in financial statements.

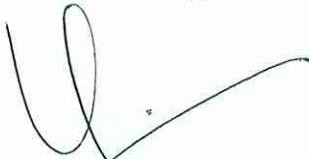
3.2 While accrued income are of estimates in nature, we recommend that the council take steps to reflect actual amounts of accruals in the financial statements once factual information are received. This will lead to a more accurate financial information as of year end.

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 Local Council. 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 Mr Kevin Borg and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



Mark Bugeja
Partner