



## Report on Management Letter

### RE: Audit for period ended 31 December 2019

In terms of Article 7 of Legal Notice 156 of 1993 - Audit Regulations, 1993, the Council of Santa Lucija has considered the recommendations made by the Auditors in their letter dated 25th May and received on the 15 June 2020.

The Auditor General has appointed the **Auditors, Nexia BT International** to audit the Council's accounts.

The period audited was from 1 January 2019 to 31 December 2019.

Following full consideration of the Management Letter, the Council states the following comments regarding the matters as outlined below:

### **2. Management Letter points for the year**

#### **2.1 Fixed assets**

With regards to the auditors' comments regarding the fixed assets we will reflect in 2020 in Sage the difference between the FAR and Nominal and see whether we can change the rate for future workings.

#### **2.2 LES Debtors**

The Council has noted the recommendation of the auditors regarding LES debtors and an adjustment will also be posted in Sage in 2020 for the amount of €2400 to agree with the LOQUS report representing the LES debtors.

#### **2.3 Trade Payables**

The Council sends e-mails to all suppliers asking for statements especially in the period close to year end. Unfortunately not all suppliers provide us with such statements. However we have noted the recommendations of the auditors regarding the creditors reconciliations and action will be taken to reconcile the suppliers statement during the year.

#### **2.4 Wages reconciliation**

Regarding the difference of €225 in the wages reconciliation please note that we are looking into the matter even though the difference is not material.

## **2.5 Expected Credit Loss**

We have noted the statement regarding Expected Credit Loss.

## **2.6 Rent Payable**

With reference to the comment in rent payable we confirm that arrears have been settled and there are no pending amounts due as at year end.

## **2.7 Income**

Regarding the fact that the Local Council did not manage to obtain a positive result as required by Section 4c of the Local Council (Financial Regulation), it should be noted that the accounting deficit was due to the impact on the Financials due to the change in accounting policy from a reducing balance method to a straight line method according to the DLG Directive. In fact the depreciation for the year amounts to €84,353.00 which is equivalent to 24% of the Government allocation for the year.

## **2.8 Donations**

With regards to the donation of €140.00 please be informed that the Council did not donate the said amount from Council funds. The amount of €139.80 was deducted from the Councillors allowance as per LCA Circular.

## **2.9 Quotations and Tenders**

Regarding the purchase of bins, the Council had purchased five of these bins way back in 2017. We had then looked at various options and costings of the bins available on the market. These bins proved to be low maintenance and very practical and well priced. When the Council came to purchase more bins it was decided to purchase these type of bins as apart from being good value for money, aesthetically they compliment the other bins already in place.

Regarding purchases from Mario Mallia it should be noted that these purchases were not of the same nature and are recorded with different nominal accounts. Purchases vary from street furniture mainly supply of bollards, materials and supplies mainly street marking paint and various maintenance works on traffic signs and mirrors. Very often we do get quotes for each different item. However the Council may consider issuing a tender that reflects the various items which are purchased for the on going upkeep of the locality.

## **2.10 Accruals**

The comments regarding the accruals have been noted and discussed with the Council's accountant. We will be more accurate in working out accruals.

## **2.11 Bank Reconciliation**

Each month the Council's administration takes great care to reconcile all bank statements with the bank balance according to the accounts. We do not finalise the reconciliation unless the balance is

zero difference. We will look into the matter and discuss with the Council's accountant regarding this difference even though it has been considered as not material.

**2.12 Debtor List**

The recommendation of the auditors with regards to the debtor control account and the debtor list have been noticed and we will abide accordingly.

**2.13 Wasteserve Debtor balance**

The Council also noted the recommendation of the auditors regarding the frequent reconciliation of the debtor statements.

**2.14 List of unadjusted errors and audit adjustments passed**

The list of unadjusted errors and audit adjustments have been noted and brought to the attention of the Council's Accountant.

**Caroline Silvio**  
**Executive Secretary**

**cc: Nexia BT International**

**Charmaine St John**  
**Mayor**



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