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Director Local Government
Monitoring Unit
Department for Local Government
26/28, Archbishop Street,
Valletta
Malta

18th May 2023

RE: REPLY TO REPORT BY AUDITOR GENERAL FOR THE PERIOD ENDED 31 DECEMBER 2022

1.0 FOLLOW UP TO LAST YEAR'S REPORT

Noted and currently action is being taken to, as much as possible, address any pending issues.

2.0 PROPERTY, PLANT AND EQUIPMENT

The issue about Property, Plant and Equipment has been with the Council for a couple of years. The Council has embarked on the project to reconcile and update its Fixed Asset Register in line with Direttiva 1/2017 from DLG. During the year under review, the FAR has been rebuilt as noted by the auditors themselves. The rebuilding of the FAR was a challenge in itself, which process was performed as diligently as possible with the data available at hand. It is important to note that any fixed assets which had not been physically written off but have a nil net book value because they are fully depreciated will still show on the FAR. Mentioned grants and related adjustments as suggested by the auditors were included in the updated financial statements but were a result of different method of calculation of the grant and cost to be shown in this year's financial statements and not the future since all of them are still as asset not yet capitalised and not completely capitalised. The Council did ask for the architect's letter but it is to be noted that the Council was using practically the services of a different architect for every project and thus the exercise of obtaining an architect letter proved very difficult. Not to mention that the Council had projects which did not require an architect. Most of the property, plant and equipment which the Council had bought before the Direttiva 1/2017 have

now been fully written off. The Council will be physically checking the fixed assets in view to update the Fixed Asset Register in Sage.

3.0 PAYABLES

Mentioned accrual has been with the Local Council for a number of years. In line with the prudence concept, the Council is accruing for the annual rent as stated by the auditor. The Council will liaise with the Housing Authority about this matter upon receipt of any request for payment/signing of contract. The Council will honour any fair request for payment from the Housing Authority/Lands Authority in a timely manner as we do with all creditors.

4.0 INCOME

Noted and mentioned reclassification was reflected in the updated financial statements.

5.0 EXPENDITURE AND TENDERS

Noted. The increase in cost of rent reflects accruing for previous years' rent on one of the devolved properties which invoice was never received. Professional fees refer mainly to architect fees which the Council had to pay to service the capital projects which the Council is working in at the moment. Hospitality cost incurred was higher than the budget since the Council benefitted from various schemes to organize Christmas events and summer events in Xlendi. These costs were fully reimbursed and their reimbursement shown as income under the Income section.

Signed

Damien Spiteri
Mayor

Signed

Ryan Debrincat
Executive Secretary