



MARSAXLOKK LOCAL COUNCIL

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1st December 2021

National Audit Office
Notre Dame Ravelin
Floriana

Dear Sir,

Reference is made to the Auditor's letter dated 19th August 2021. In terms of section P2.06B(c.02) of the Local Councils' (Audit) procedures 2006, on behalf of the Marsaxlokk Local Council we are presenting herewith the following comments.

1 Previous Management Letter

The points that Auditors reported under this heading will be replied to in each of the respective sections below.

2 Joint Committee

2.1 – 2.3 The Council will be chasing Joint Committee for clarification.

3 Income

3.1 – 3.2 The Council agreed with the auditor's adjustment and reflected the adjustment in the audited financial statements.

3.3 – 3.4 The Council agreed with the auditor's adjustment and reflected the adjustment in the audited financial statements.

3.5 – 3.6 Due to Covid Restrictions deposits were effected ones a week. The council infact invested in a safe.

3.7 – 3.8 The bank started refusing coin deposits thus the council had difficulties to deposit such funds.

4 Payroll

Reconcillation of wages between FS5s and books of account

4.1 - 4.2 This has been rectified by means of cheque payment BOV2485 to the Commissioner of Inland Revenue. The Council took note of the auditor's comments and will be complying with this practice.

Mayor: **Steven Grech**

Deputy Mayor: **Elenia Desira**

Councillors: **Dr.Janice Chetcuti | Daniel Zerafa | Stephen Caruana**

Deputy Executive Secretary: **Carmel Attard**

5 Expenditure

Petty Cash Purchases

5.1 - 5.2 We were unaware that nominal codes had to be inserted in the petty cash sheet, we took note of that and we are adding the codes as suggested.

5.3 – 5.5 The discrepancy is noted and will take action to rectify the amount insured which will be in line with the net book value.

5.6 – 5.7 The council took note of it and will rectify the situation.

Health Insurance

5.8 - 5.9 This situation has been rectified immediately, as there was a misunderstanding re our cover, the council employees are now all covered with proper health insurance provided through AKL, email of persons covered was sent to auditors as well.

Procurement Procedures

5.10 – 5.12 We were unaware that payment vouchers had to be signed by both mayor and executive secretary, this situation has been rectified and are both signing.

5.10b The Council confirms that only one quote was obtained from the supplier who originally supplied the existing barrier as most structural parts were retained to minimise the expense as much as possible.

Expired Contract

5.13 - 5.14 As for the expired contract re Nexos Street Lighting a new tender is being issued by Regjun.

Contracts Manager

5.15 - 5.16 We were unaware that payment vouchers had to be signed by both mayor and executive secretary, this situation has been rectified and are both signing.

6 Fixed Assests

Upkeep of fixed asset register

6.1-6.3 – Details of purchases made in 2021 has been all included in the fixed asset register.

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Tagging of fixed assets

6.4 – 6.5 We took note of the auditor's comments and will rectify accordingly.

Additions to fixed assets

6.6 Reference to doors purchased these were bought from same supplier to match the other doors already existing in the same building. As for the other purchases these were direct orders without obtaining three quotes, as the council have an SLA with C-Planet It Solutions.

6.8 – 6.11 The Council took the auditor's advice on board and passed the adjustment.

7 Receivables

Pre-Regional Les Debtors

7.1 – 7.2 The variance of Eur 49,891 has been coming from the period before 2011 and is related to pre-region citations. According to loqus report these citations all relate to Marsaxlokk and when any citation is paid, Local Council Marsaxlokk receive the money. During 2020 the Council felt that it is important that these are recorded in the Local Council financial statements as a prior year adjustment, notwithstanding the fact that due they are long overdue a provision for bad debts had been accounted for as well. Hence the net effect on profit and loss for the year was nil. Unfortunately, the auditors reversed this adjustment, which the Council had to take on board, in order not to cause any disputes. Nonetheless, the Council as at this stage feel that it cannot do anything more.

Overdue Receivables

7.3 – 7.4 Re WasterServ the situation has been rectified by means of a barter settlement, whereas other cases the council will be sending reminders.

Trade Receivables

7.5 – 7.6 The Council always makes it a point to send the invoices on time and as the auditors stated the difference was in Wasteserv book of accounts. It seems that Wasteserv are taking long to record the transactions. The Council has no control on this issue.

Income from LESA administration fees

7.7 – 7.8 December Les invoice was issued late as we experienced problems with the internet and we were constantly in contact with our service provider and MITA and the problem was solved at a later date.

Garnishee Order

7.9 – 7.10 The Council will be following the garnishee order dated 2008.

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8 Trade and other payables

Suppliers' statements

8.1 - 8.2 The Council continuously chase suppliers for statements, however most of its suppliers do not issue statements.

Long-outstanding creditors

8.3 - 8.4 The situation has been settled by a barter settlement.

Accrued Expenses

8.5 - 8.6 The Council is monitoring the issue and will be making the necessary adjustments in its books of accounts accordingly.

8.7 – 8.8 This happened because the supplier took long to issue the invoice and it was issued backdated. The Council took on board the auditors' adjustment, notwithstanding the fact that the net effect on the profit and loss and the creditors was NiL

Deferred Income

8.9 - 8.10 The Council took the auditors' recommendation on board.

9 Financial Statements

Presentation of financial statements

9.1 – 9.2 Auditors' recommendations noted and the Council will make its utmost to make sure that they are adhered to.

Groupings

9.3 – 9.4 Auditors' recommendations noted.

10 Electronic website

10.01 - 10.02 We acknowledge that some reports were uploaded late, and we have drawn the attention to those concerned so this will not repeat itself, some other docs have not been approved in time thus could not be uploaded. We will make sure that other docs will be signed before uploaded.

Uploading of management letter and other documents

10.03 - 10.05 The council accepts your recommendations and will adhere to instructions for the Department.

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11 Meetings

Meeting Regualtions

11.1 - 11.2 The Auditors' recommendation has been noted and the Council will comply accordingly.

Frequency of meetings

11.3 - 11.4 Due to Covid 19 pandemic and lock down the council has to find an alternative larger space were to hold the meeting with proper social distancing, and also during this period there was a change from a deputy secretary to another, all this has effected the frequency of meetings.

12 Budget

12.1 – 12.2 We have taken note of comments and such instructions will be followed.



Charles Attard
Deputy Executive Secretary