



Grant Thornton

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The Mayor
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Dear Sir,

Financial statements for the year ended 31 December 2016

During the course of our audit for the year ended 31 December 2016 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Income

We are pleased to note that the council is depositing custodial receipts on a timely basis.

We again encountered a minor difference between the council's income from LES administration fees and the 483 report (refer to note 2.1).

We did not identify any income which was omitted from the council's books of accounts.

1.2 Payroll

A difference between the FS7 and the books of accounts was again noted. However no differences were noted between the FS5s and the FS7 (refer to note 3.1).

We did not encounter any approval of leave carried forward.

The councillors' allowances were correctly taxed under full time rules.

1.3 Expenditure

The petty cash expenses are still being supported by cash register chits not addressed to the council (refer to note 4.1).

We also noted that for a number of purchases, no purchase orders/quotations were provided (refer to note 4.6).

REGISTRY

28 APR 2017

NATIONAL AUDIT OFFICE

Certified Public Accountants

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We again encountered instances where the successful bidder failed to present a guarantee within the stipulated seven days (refer to note 4.8).

The council's group personal accident insurance policy is still on a worldwide basis (refer to note 4.10).

The council, once again failed to provide all the rental contracts in place (refer to note 4.12).

The council again did not obtain financial statements from GAL Xlokk (refer to note 2.5).

1.4 **Property, plant and equipment**

The fixed asset register still does not agree to the accounting records (refer to note 5.9).

No material differences were noted in the depreciation of fixed assets.

The fixed asset register still does not include all necessary details (refer to note 5.4).

We again noted differences between the schedule in the financial statements and the accounting records (refer to note 5.1).

1.5 **Debtors**

During our audit we encountered variances between debtors' confirmations and the council's books of accounts (refer to note 6.1).

The unidentified deposits are still being recorded as a liability instead of being allocated to the appropriate receivable accounts (refer to note 6.5).

No irregularities were noted with the provision for doubtful debts since there was no movement in provision during the year.

No bad debts were written off during the year.

The prepayments have been appropriately accounted for as at year end.

We again identified a difference between the council's LES debtors at year-end and the tribunal pending payments as extracted from report 622 of the Loqus system (refer to notes 6.8 and 6.11).

1.6 **Inventories**

We noted once again that inventory is still being shown at a value higher than its net realisable value (refer to note 7.1).

1.7 **Bank and cash**

During our audit we were provided with all required bank statements and reconciliations.

The reconciliations still include 'stale' cheques as at year end (refer to note 8.1).

We again note that HSBC is still withholding tax on the savings account (refer to note 8.3).



1.8 Trade payables

The council is still not reconciling the creditors' balances with supplier statements at year end (refer to note 9.1).

We again identified differences between the amounts in the creditors' confirmations and the books of accounts (refer to note 9.4).

We also identified various overdue creditors' balances (refer to note 9.3).

Once again, we also identified differences in the council's accruals (refer to note 9.6).

1.9 Financial statements

The financial statements are not completely compliant with International Financial Reporting Standards. Other shortcomings were again noted (refer to note 10.1).

IAS 7, *Cash Flow Statmenets* disclosure requirements were not adhered to (refer to note 10.3).

Cash outflows and inflows were properly disclosed in the unaudited cash flow statement.

1.10 Annual budget

We noted that the annual budget for 2017 was submitted on time as stipulated in section 56 of the Local Councils Act, 1996.

1.11 Council meetings and minutes

The council followed our recommendation to bind the minutes for the year.

The council once again failed to set the date for the forthcoming council meetings (refer to note 12.1).

We noted that various cheques were not included in the schedule of payments which shows that the council is not compliant with memo 37/2011 (refer to note 12.3).

1.12 Other matters

Some reports and documents were not uploaded in a timely manner and in accordance with memos 36/2011 and 02/2014 (refer to note 13).

2 Income

Income from LES administration fees

2.1 When reconciling the income from LES administration fees as shown in the accounts with the amounts shown in the report 483 of the Loqus system, we noted that the accounts are overstated by €48. Given that the difference is not material no adjustment was proposed.

2.2 We recommend that the council investigates why such differences are arising and identifies whether this is due to a mistake in the invoices issued to the regional committees and LESA or a misposting in the accounts.



Joint Committee contraventions

- 2.3 During the course of our audit, we noted that the council received income amounting to €1,623.56 with respect to contraventions paid during the current year but relating to the period when the Joint Committee was still established. No supporting documentation was presented on payment of this amount. In view of this we necessarily had to modify our audit report.
- 2.4 We recommend the council starts obtaining reports for any income, received by the council, relating to the Joint Committee in order to ascertain what such income relates to.

Income from Gal Xlokk

- 2.5 During the course of our audit, we noted that the council received income amounting to €1,483.87 from Gal Xlokk. No supporting documentation was presented on payment of this amount. In view of this we necessarily had to modify our audit report.
- 2.6 We repeat our recommendation above that the council starts obtaining reports for any income received by the council in order to ascertain what such income relates to.
- 2.7 Furthermore, as a member of the GAL Xlokk Foundation, the council should obtain the financial statements from GAL Xlokk so that it is able to assess the cost/benefit of this membership. However we were not provided with the above.
- 2.8 We would like to emphasise the importance of obtaining the financial statements of GAL Xlokk Foundation in order to perform a cost/benefit analysis for the membership fees charged. Furthermore as a member of the Foundation, the council should be entitled to view the financial statements.

3 Payroll

Reconciliation of wages between FS5s and books of accounts

- 3.1 During the audit we noted that discrepancy of €99.84, which was unreconciled from the wages accounts to the FS7 form (refer to appendix 1).
- 3.2 The council should ensure that all FSS forms agree to the payroll expenditure in the accounts.
- 3.3 We recommend that the council reconciles the wages and salaries on a monthly basis and investigates any identified differences immediately.

4 Expenditure

Petty cash expenditure

- 4.1 The council continues to accept cash register chits not addressed to the council for most of the petty cash payments. Below are instances which were encountered during the audit:



Details	Suppliers	Date	€
Milk & sugar	J&P Grech	23.05.2016	17.50
Expenses - Merhba is-Sajf	Mirrorhi	21.06.2016	13.00
Pump repair	Broomy Garage	27.07.2016	12.00
Expenses - Merhba lill-Harifa	St Catherine Bakery	21.09.2016	11.90
Christmas decorations	SBL Limited	30.11.2016	6.20
Chair caps	Ape Centre Limited	23.12.2016	16.45

4.2 We understand that there are instances where it is more practical to obtain a cash register chit. However, this is in contravention of the Local Councils (Financial) Procedures, 1996 which specifically require that supplies are only made on the provision of a tax receipt which is addressed to the council.

4.3 We also encountered instances where the council obtained two or more separate bills for the same items in order not to exceed the €23.29 threshold. Below are the instances identified:

Date	Supplier	Details	€
21.09.2016	St. Catherine Bakery	Expenses – Merhba lill-Harifa	11.90
21.09.2016	Big Bun Bakery	Expenses – Merhba lill-Harifa	2.69
21.09.2016	Mirrorhi	Expenses – Merhba lill-Harifa	10.87
21.12.2016	Big Bun Bakery	Expenses - Merhba lix-Xitwa	18.21
21.12.2016	St. Catherine Bakery	Expenses - Merhba lix-Xitwa	5.50
21.12.2016	Carmen Store	Expenses - Merhba lix-Xitwa	4.00

4.4 The Local Councils (Financial) Procedures 1996 states that only cash transactions for items of expenditure costing less than €23.29 in the aggregate may be paid through the use of petty cash.

4.5 In the absence of a detailed description of what was purchased, we were unable to determine the nature of the purchases.

Procurement procedures

4.6 Our testing on cheque payments revealed instances where a purchase was not supported by a purchase order and quotation/s in accordance with the Procedures. We were not provided with any evidence of the relevant purchase orders / quotations during our fieldwork. Examples include:

Supplier	Details	€
SR Environmental Solutions Limited	Purchase of dog bins	368.16
Strand Electronics Limited	Toner	207.68
Veritas Press	Purchase of receipt books	188.80
Alka Ceramics	Purchase of street names	608.88

4.7 In accordance with the Local Councils (Financial) Procedures, 1996 the council should raise purchase orders for all purchases of more than €23.29. Furthermore the council should obtain at least one signed quotation for purchases not exceeding €1,165 and at least three quotations for all purchases in excess of this amount up to €4,658. In addition, as stated in memo 1/2010, all calls for quotations must be published on the Government Gazette and another local newspaper.

Guarantees

- 4.8 We noted that in the case of tenders ZLC 1/2015, ZLC 10/2015 and ZLC 1/2016, the successful bidder failed to furnish the guarantee within the stipulated seven days.
- 4.9 We recommend that the council abides by the Local Councils (Tendering) Procedures, 1996 and requests a performance bond from the successful tenderer before the commencement date of the contract and within seven days from the date of the letter of acceptance.

Group personal accident insurance

- 4.10 It was also noted that the group's personal accident insurance is covering the Maltese Islands and is extended on a worldwide basis in cases of business travel. This would have attached a higher premium per annum.
- 4.11 Considering this fact, it is recommended that the coverage for personal accident insurance is limited to cover Malta only. In cases where the council is travelling abroad, the members going abroad should take overseas coverage for the period they will be abroad.

Rent agreement

- 4.12 Once again, we noted that the council does not have a contractual agreement for the rent of the office premises and a garden from the Government of Malta for €350 and €582 respectively.
- 4.13 We recommend the council ensures that the rental of premises is always covered by a contract covering the current year period, in particular specifying the rights and obligations of each party.

Travelling expenses

- 4.14 The council travelled to Eschborn in Germany during the year. The expenses amounted to €1,830 which include subsistence allowance, flights and accommodation. No reports for submission to the Department of Local Government were prepared.
- 4.15 The council is required to prepare travel reports for each project or event which the council or delegates attend and submits this to the Director for Corporate Services as required by MF/5/2012. Such report should be submitted to the Department of Local Government by not later than one month after the trip and needs to include the purpose of the visit and any remarks such as benefits achieved from such trips.

5 Fixed assets**Reconciliation of financial statements with accounting records**

- 5.1 We identified a number of differences between the net book value of assets in the financial statements and the net book value in the nominal ledger. These are summarised below:

Asset category	NBV in nominal ledger €	NBV in financial statements €	Difference €
Trees	11,577	11,379	198
Construction works	720,063	715,689	4,374
Furniture and fittings	27,782	27,850	(68)
Urban improvements	29,944	33,760	(3,816)
Office equipment	8,589	8,881	(292)
Plant and machinery	9,674	9,869	(195)
Motor vehicles	314	321	(7)
Assets not yet capitalised	323,257	323,254	3
Total	1,131,200	1,131,003	197

- 5.2 The total difference amounting to €197 relates to additions of trees recognised in the nominal ledger in 2016, but not reflected in financial statements.
- 5.3 We remind the council that any variances between the assets disclosed in the financial statements and the nominal ledger need to be investigated and reclassified accordingly.

Details of fixed asset register

- 5.4 The fixed asset register does not include important information, such as suppliers' details, invoice number and location of assets. Examples include:

Asset category	Asset code	Description	Purchase date	Net book value €
Computer equipment	ZLC1248	Computer Fujitsu	18.11.2014	626.93
Urban improvements	ZLC1053	Dog bin	30.07.2012	55.86
Urban improvements	ZLC1040-104	Benches	09.07.2012	623.30
Urban improvements	ZLC1305	Steel hand rail	24.09.2016	2,254.27
Office, furniture and fittings	ZLC993	Air conditioner	23.03.2012	514.75

- 5.5 We recommend that every possible effort should be made to update the fixed asset register and include at least the following details:
- Description of asset
 - Date of purchase
 - Supplier details
 - Invoice number
 - Asset tag code
 - Cost
 - Depreciation method and rate
 - Location of the asset
- 5.6 We also noted that, for two categories of assets, the fixed asset register has a casting error. When the "revalued value" is deducted by the "total depreciation", the "book value" does not agree to that stated in the fixed asset register.



Asset type	NBV recalculated from the fixed asset register €	NBV in fixed asset register €	Difference €
Construction works	643,377	594,807	48,570
Urban improvements	33,451	31,282	2,169
Total	676,828	626,089	50,739

5.7 We were not provided with an explanation as to why the fixed asset register is not cross-casting.

5.8 The council should investigate the above differences to ensure that the fixed asset register is showing the correct net book value.

Reconciliation to fixed asset register

5.9 We have noted that the fixed asset register is not in agreement with the accounting records. The following is a summary of the variances in classes identified:

Asset category	NBV in fixed asset register €	NBV in books of account €	Difference €
Construction	763,987	720,063	43,924
Computer equipment	5,991	5,882	109
Office equipment	2,772	2,707	65
Office furniture and fittings	27,760	27,782	(22)
Urban improvements	33,451	29,944	3,507
Total	833,961	786,378	47,583

5.10 As pointed out in note 5.6 above, the fixed asset register may not be showing the correct net book value. However the net book value stated in the register does not agree to the accounting records as stated above. The council should ensure that the register agrees to the accounting records and either pass an adjustment in accounting records or amend the register accordingly.

Disposals

5.11 During the year under review, the council disposed of fixed assets with a net book value of €43,731, relating to construction works at the playing field, street furniture and equipment installed at the playing field which were or are being replaced during the year. Although the tendering for the reconstruction of the playing field was discussed in the council's meetings, the council did not approve the above mentioned disposals.

5.12 The council should approve all disposals in the meeting and document the approval accordingly in the minutes.

6 Trade and other receivables

Receivable balances

6.1 During our testing of receivables, we obtained direct confirmation from debtors. The following differences were noted:



Debtor	Balance in books of accounts €	Balance confirmed by debtor €	Note
Regjun Nofsinhar	1,041.09	95.35	6.2
Transport Malta	6,604.70	-	6.2
Water Services Corporation	37,852.79	149.12	6.3
Total	45,498.58	244.47	

6.2 We were not provided with a reconciliation or an explanation for the differences noted, except in the case of the Water Services Corporation. We have to qualify our audit report due to the above differences.

6.3 We noted that €37,000 of the balance due from Water Services Corporation relates to trenching works performed in 2011, for which the council had an agreement in 2010 with the Corporation.

6.4 The council should follow up with WSC for payment and refer the matter to LCA for collection in line with the agreement made by WSC and the latter some years ago.

Unidentified deposits

6.5 The council did not rectify the issue of unidentified deposits amounting to €4,966.93. Last year, the executive secretary informed us that the amount pertains to receipts deposited by other councils in relation to the old LES system. During the past years the council has been recording these deposits without matching them to the appropriate fines since no adequate information was provided by the depositing councils.

6.6 When this amount was compared to the total receivable balances from other councils it was found that the council received €1,006.57 more than is actually owed according to the books of accounts.

6.7 The council could not provide an explanation for this difference. We recommend that both outstanding amounts and differences are investigated and reconciled.

Pre-regional LES debtors

6.8 During our audit tests, we noted that the council's LES debtors amounted to €362,468 at year-end, while tribunal pending payments according to report 622 from the Loqus system was €362,421. This represents a small difference of €47 for which the council did not provide us with any explanation.

6.9 Furthermore, the movement in tribunal pending payments as per report 622 was €2,183.81 which contrasts with the amount of €1,427.74 as per report 483 for pre-regional contraventions settled during the year.

6.10 We would like to remind you that it is the council's responsibility to note these differences and refer them to Loqus.

Provision for LES debtors

6.11 The LES debtors in the books of account amounted to €362,468 while the provision of the balance amounted to €364,092. We proposed an audit adjustment amounting to €1,624 to bring the provision balance to be in line with the receivable balance. The adjustment has been incorporated in the financial statements.

- 6.12 The council should ensure that the LES debtors older than two years are fully provided for.

7 Inventories

Net realisable value of inventories

- 7.1 As highlighted in previous management letters, the council's inventory comprises books for resale where a large portion of them are given on a complimentary basis rather than sold. During our testing, we noted that from the 19 books which were not in the stock list anymore, 11 were given on a complimentary basis.
- 7.2 We recommend the council assesses whether such assets are being carried at the lower of cost and net realisable value in the financial statements as required by generally accepted accounting principles. Provision or write-off of such inventory might be considered if the council sees that such inventory is slow-moving or the intention of such stock is not to be sold in accordance with IAS 2, *Inventories*.
- 7.3 We would also like to point that memo 7/2004 requires the council to expense stocks if they are not held for resale.

8 Bank and cash

'Stale' cheques

- 8.1 During our testing of unrepresented cheques we noted that the BOV current account reconciliation included the following 'stale' cheques:

Cheque number	Cheque date	€
7334	15.09.2014	1,583.33
7626	28.01.2015	289.10
7831	12.05.2015	168.00
7979	21.07.2015	400.00
8050	09.09.2015	1,583.33
		<u>4,023.76</u>

- 8.2 We recommend that the council reviews the list of unrepresented cheques and investigates those that are outdated particularly to see if they were actually sent or were cancelled. Since the above cheques are long outstanding, the amounts should be transferred from the bank balance and included with creditors or deducted from expenses so as to ensure that the bank balance represents the correct balance.

Final withholding tax

- 8.3 We noted that final withholding tax is still being charged on HSBC Savings 042-060384-050 account.
- 8.4 We recommend that the council instructs the bank not to withhold tax from interest on deposits held, since councils are exempt from income tax.

9 Trade and other payables

Trade payables

- 9.1 We noted that the council again did not obtain statements at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account.
- 9.2 This is contrary to the relevant procedures, which require the council to request monthly statements from all suppliers. Memos/circulars issued by the Department of Local Government specifically state that the council should reconcile the creditors to supplier statements on a monthly basis.

Long outstanding trade payables

- 9.3 Whilst reviewing the council's aged suppliers' list we have again noted that the council has long overdue balances which amount to €48,112.81. The following are the long overdue suppliers' balances:

Creditor	€
Alfred Schembri and Sons	3,616.16
Central Asphalt Limited	4,045.26
Nexos Street Lighting	656.21
Neville's Printing Palace	55.00
Public Cleansing Department	600.01
PSV Turkey Contractors	3,409.27
Frankie Mifsud	1,575.00
Central Trading Co Ltd	33.60
David Grech	7,254.21
JGC Ltd	2,576.60
Department of Local Government	37.28
M.S.D.	6,208.40
Police Department	457.08
MG Pulis	37.00
Road Maintenance Services Ltd	2,086.57
Ronald Bezzina - street sweeping services	5,884.17
Mary Grace Vassallo	230.00
WasteServ Malta Limited	9,350.99
Total	48,112.81

- 9.4 In the case of the creditor's balance of WasteServ Malta Limited, we noted that the statement provided by the supplier is claiming €632 more than that reported by the council. This difference was also reported in the previous year's management letter.
- 9.5 We advise the council to individually review these amounts, and either settle them or, if not due, reverse them after careful consideration and approval by the council. All discussions and decisions taken should be minuted accordingly.

**Accrued expenditure**

- 9.6 Our testing on accrued expenditure revealed an under accrual of €1,664 in water and electricity accounts. An audit adjustment was proposed in this regard to remove this discrepancy and this has been incorporated in the final financial statements.
- 9.7 We also encountered an accrual of €15,000 relating to road repairs for which no supporting documentation was provided. The council informed us that such amount is based on a telephone conversation with the architect in charge of certifying the works of road repairs. The architect gave a verbal estimate to the council at year end of the work done but not yet officially certified. It is important to note that only work certified can be entered in the books of account since this is the primary documentation to confirm that the work was done and give a value to the work completed. Since we were unable to confirm the amount accrued, an audit adjustment was proposed to reverse this accrual. The council did not approve this adjustment. In view of this we had to qualify our audit opinion.
- 9.8 We recommend that the council ensures that accruals are adequately calculated and accounted for. Furthermore, the council should ensure it has appropriate documentation for all accruals prior to recording these amounts in the accounts.

PPP creditor

- 9.9 When testing the PPP creditor, we noted that the statement sent by the supplier was showing an amount of €356 more than that shown in the accounts. We were not provided with an explanation for such difference.
- 9.10 We advise the council to review the difference and reconcile accordingly.
- 9.11 We also noted that the amounts in the unaudited financial statements differed from the amounts shown in the workings provided by the council as follows:

	Amounts in unaudited financial statements €	Amounts in council's working €	Difference €
Short-term	16,551	17,497	(946)
Long-term	45,282	57,700	(12,418)
Total	61,833	75,197	(13,364)

- 9.12 A reclassification was proposed to the council to agree the above difference. The council incorporated the reclassification in the audited financial statements.
- 9.13 Furthermore we noted that the maturity analysis in note 18 'Other financial payables', of the unaudited financial statements was not showing the correct maturity. The maturity analysis should be as follows:

	2016 €	2015 €
Amount payable within 1 year	17,497	56,074
Amount payable between 2 - 5 years	57,700	66,205
Amount payable after more than 5 years	-	8,046
	75,197	130,325



- 9.14 The maturity analysis was not amended in the audited financial statements.

Deferred income

- 9.15 Similar to the maturity analysis PPP creditors, we noted that the maturity analysis in the unaudited financials in note 19 'Deferred income', the maturity analysis shown was not correct. The note should read the following:

	2016	2015
	€	€
Amount payable within 1 year	20,894	12,200
Amount payable between 2 - 5 years	73,388	71,612
Amount payable after more than 5 years	167,816	190,486
	262,098	274,298

- 9.16 The maturity analysis was not amended in the audited financial statements.

10 Financial statements

Presentation of financial statements

- 10.1 We have identified the following shortcomings in the unaudited set of financial statements:
- i. In the statement of financial position, property, plant and equipment and the current liabilities are understated by €197.
 - ii. In the statement of changes in equity, the dates in the last part of the statement should read 2016 rather than 2015.
 - iii. In note 24 'Related party transactions' on page 31, the 2015 payables to related parties should read €1,458 rather than €2,658.
- 10.2 The council amended items ii and iii in the audited financial statements.

Restricted cash

- 10.3 In reviewing the HSBC bank confirmation letter received, we noted an amount of €1,164.69 in account 042-060384-002 which has been blocked by the bank. We were informed that this amount relates to a guarantee issued in prior years when Joint Committees existed. We were informed that the bank was contacted to resolve this issue; however no further information was provided. Therefore, until the issue is resolved, the note regarding bank balances should state that there is a restriction on this amount in accordance with IAS 7, *Cash Flow Statements*.
- 10.4 We recommend that the council makes these disclosures regarding blocked funds in the financial statements in accordance with International Financial Reporting Standards and Local Councils (Financial) Procedures. The council incorporated the disclosure in the audited financial statements.

**11 Capital commitments**

- 11.1 Whilst reviewing the council's budget for 2017, we noted a discrepancy between the capital commitments disclosed in the budget and the financial statements:

	Unaudited financial statements €	Budget 2017 €	Difference €
Approved but not yet contracted for	132,573	-	132,573
Contracted for but not provided in the financial statements	207,179	119,500	87,679
	339,752	119,500	220,252

- 11.2 Upon enquiry, we were informed that the amount of €132,573 was wrongly disclosed in the unaudited financial statements and that capital commitments 'approved but not yet contracted for' should be nil in note 21 to the financial statements. The council correctly removed this amount in the audited financial statements.
- 11.3 We were also informed that the amount of €87,679 relates to the project which is to be concluded in 2018 and thus will be presented in annual budget 2018.

12 Council meetings and minutes**Meeting regulations**

- 12.1 We observed that the date of the next meeting is not being set at the end of every meeting. Examples include:

Council meeting	Date of meeting
458	11.01.2016
459	08.02.2016
460	29.02.2016
463	23.05.2016
467	26.09.2016

- 12.2 According to the Local Councils (Meeting) Procedures, 1996 at the end of every meeting the council must set the next council meeting which shall be fixed. If no unanimous agreement is reached, the councillors are to vote and decide according to the majority. This shall not be changed for any reason. Therefore we recommend that these requirements are followed.

Schedules of payments

- 12.3 We identified multiple instances where cheque numbers are not listed in sequential order and some cheque numbers have been omitted from the schedules of payments. Examples include:



Cheque Number	Amount €
8234	26.48
8345	1,518.84
8420	95.02
8609	5,103.30
8635	244.10
8773	130.00
Total	<u>7,117.74</u>

- 12.4 In accordance with P1.11 of the Local Councils (Financial) Procedures, 1996 the executive secretary must prepare complete and accurate schedules of payments containing information in sequential order and present them for council's approval. We recommend that the schedules of payments are reviewed for accuracy and jointly signed by the mayor and the executive secretary to serve as evidence that these have been duly approved by the council.

13 Electronic site

- 13.1 We noted that the council did not approve and upload signed copies of the quarterly reports for periods April-June, July-September and October-December 2016 on the website of local councils within the required time frame.
- 13.2 We recommend that the council abides by the directive given in memo 02/2014 where it is stated that all meeting minutes and schedules of payments must be uploaded on the council's site within two days of approval. The "affirmat" on the documents are the confirmation that the uploaded documents are the approved and correct ones.

14 Change in executive secretary

- 14.1 In March 2017, Mr Duncan Busuttill resigned from the executive secretary position. Up to the date of the audit, the council had not yet appointed the replacement executive secretary.
- 14.2 We draw attention to section P2/04 of the Local Councils (Procedures) Regulations, which requires a mid-term audit to be conducted from 1 January 2017 to the last day of employment of the outgoing executive secretary. This will serve as an independent handover from one executive secretary to another.
- 14.3 Based on the foregoing, the council should adhere to these regulations, subject to the exemption in memo 14/2014, which relieves the council from the requirement of a mid-term audit whenever the change occurs not more than two months before or after the close of the financial year.



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 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 Duncan Busuttil and Ms Stephanie Testaferrata de Noto and the staff for their co-operation and assistance during the course of the audit.

Yours faithfully,