



Kunsill Lokali Paola

Casal Paola, G'nien Pawlu Boffa, Triq il-Knisja, Paola PLA 1075
t. (+356) 21664066 e. paola.lc@gov.mt f. Paola Local Council

PAOLA LOCAL COUNCIL

Reply to Audit Management Letter for year ending December 2020

1. Follow – up: Management Report – Year ended 31st December 2019

Whilst acknowledging the positive remarks raised by the Auditors with regards to the previous year Management Letter, all sections will be answered during the course of this letter and explained in detail where issues raised are not in compliance with Auditor's views and state our case on such issues.

2. Fixed Assets

2.1- 2.3– Fixed Asset Register

All the relevant details pertaining to the Fixed Asset register as noted in the Management letter, are already being kept by the Local Council. The auditor's recommendation to update the register on the accounting software is being noted and will be updated in 2021.

2.4- Tagging of Fixed Assets

The asset tagging exercise has already been completed during the current year.

2.6-2.7– Reconciliation of financial statements with fixed asset register

The council will adhere to the auditor's recommendations to review the financial statements and compare figures for fixed assets to the fixed asset register.

2.8-2.11 – Additions to Fixed Assets

The auditor's comments have been noted.

2.11-2.13 – Depreciation

The auditor's comments have been noted.

2.14 – 2.15 – Grants

The audit's comments have been noted and will be seeking an extension of the mentioned agreement from the Department of Local Government.

3. Income

3.1– 3.2 – Income from Central Government

The Council adhered to the auditor's recommendation and reallocated the Eur 3,200 'adjustment fund for decrease in allocation from 2019' to other Government Income.

3.3 – 3.4 – Other Government Income

The auditor's recommendations have been noted.

3.5 - 3.6 – Income from LES administration fee

The Council adheres to the recommendation of the auditor.

3.7 – 3.19 – Joint Committee

The auditor's recommendations have been noted.

4. Expenditure

4.1 – 4.4 - Petty Cash Expenditure

The items purchased exceeding the €50 threshold were erroneously made and the council will see that such instance is not repeated.

4.5 – 4.8 – Procurement Procedures

In relation to any procurement made up to the threshold of €5000, the council always ensures that three quotations are obtained. In fact, the instances mentioned in the management letter relate to situations where the council could not find three suppliers for the mentioned service.

4.9 – 4.14 – Tendering Procedures

The auditor's recommendations have been noted and contracts have been signed by the Mayor. With reference to the date of the contracts they were not yet confirmed due to court proceedings. Evaluation reports were not signed by the evaluators due to the fact that in light of the covid-19 pandemic, evaluation was held online.

4.15 – 4.18 – Expired Contract Agreements

The auditor's recommendations have been noted and will be adhered to.

4.19 – 4.20 – CCTV Maintenance Agreement

The auditor's recommendations have been noted and will be adhered to.

4.21 – 4.23 - Insurance Policy

The auditor's recommendations have been noted and the insurance policy will be updated accordingly.

4.24 – 4.25 – Health Insurance

The auditor's recommendations have been noted and will be adhered to.

4.26– 4.27 – Rent Expenses

The council adhered to the auditor's recommendations and passed the audited adjustments in the financial statements. The Council will ensure that future transactions are properly recorded.

4.28 – 4.29 – Expenses for 2019 recorded in 2020

The council will adhere to the auditor's recommendation.

4.30 – 4.31 – Professional Fees

The council will adhere to the auditor's recommendation.

4.32 – 4.33 – Library Project

The council will adhere to the auditor's recommendation.

4.34 – 4.35 – IFRS 16 'Leases' assessment

The auditor's recommendations have been noted.

5. Payroll

5.1 – 5.2 – Wages reconciliation

FS7 submitted has the correct figures, and the FSS payments were correctly paid. The auditor's comments were duly noted.

6. Trade and other Receivables

6.1 - 6.2 – Pre-regional receivables

The Council will adhere to the recommendation of the auditor but as also stated by the auditor this has no effect on the financial statements of the Council.

6.3 - 6.4 – Overdue Receivables

The Council will adhere to the auditor's recommendation whereby statements will be sent to the long overdue receivables.

6.5 – 6.6 – Confirmation of Debtor

The Council will adhere to the auditor's recommendation and will be discussing such matter with WSM.

7. Trade and Other Payables

7.1 – 7.2 – Suppliers Statements

As noted by the auditors, the Council obtained suppliers' statements during 2020. The Council is still doing their utmost to obtain suppliers' statement and adhering to the auditor's recommendations.

