

Kunsill Lokali Paola

Casal Paola, Ġnien Pawlu Boffa, Triq il-Knisja, Paola PLA 1075
t. (+356) 2166 4066 e. paola.lc@gov.mt f. Paola Local Council

PAOLA LOCAL COUNCIL

Reply to Audit Management Letter for year ending December 2021

1. Follow – up: Management Report – Year ended 31st December 2021

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. Income

2.1 – 2.5 – Other Government Income

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

2.6 - 2.9 – General Income

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

3.7 – 3.19 – Joint Committee

The auditor's recommendations have been noted and further to the points noted the local council will continue to raise this issue maybe it is solved once and for all.

3. Expenditure

3.1 – 3.3 – Expired Contract Agreements

The Local Council would like to note that with regards to the waste collection tender, such a situation had occurred due to several court proceedings that were initiated by a contractor. On the other hand, the council is still awaiting further direction from the Regional Council/Local Government Division regarding the street lighting tender.

3.4 – 3.4 – IFRS 16 "Leases" Assessment

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

3.6– 3.7 – Rent Agreements

The council has renewed the agreements noted, in the current year.

3.8 – 3.9 – Reimbursement

The vehicle noted in the management letter was leased for the use of the council, and approved by the council during a council meeting

3.10 – 3.11 – Library

The council will adhere to the auditor's recommendation.

4. Payroll

4.1 – 4.2 – Wages reconciliation

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

5. Fixed Assets

5.1- 5.2– 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.

5.3– 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.

5.5 – Additions to Fixed Assets

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

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 – Confirmation of Debtor

The Council will adhere to the auditor's recommendation.

7. Trade and Other Payables

7.1 – 7.2 – Suppliers Statements

As noted by the auditors, the Council made a substantial effort to obtain suppliers' statements during 2021 and will continue to do so in the current year.

7.3 – 7.4 – Debit balances in creditors list

The Local Council noted the auditor's point.

7.5 – 7.6 – Confirmation of trade creditors

The Council will adhere to the auditor's recommendation.

2
6

7.7 – 7.10 – **Accruals**

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

7.11 – 7.12 – **Unrecorded liabilities**

The auditor's recommendations have already been noted and financial statements have been adjusted accordingly.

7.12 – 7.13 – **PPP Payables**

The Council adhered to the auditor's recommendation.

8. **Prior Year Adjustment**

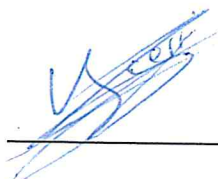
8.1 – 8.2 – **Prior year Adjustment**

The Council will adhere to the auditor's recommendation and will try to ensure that such situations where an overpayment has been made do not occur again.


Conclusion

During the council meeting held on the 24th of August 2022, the Paola Local Council has discussed and clearly understood the content of the Management letter sent by the Auditors and will be making the necessary amendments, accordingly, as noted in this document.

The council would like to show the appreciation of the members to the work carried out by the council Executive Secretary, staff and council accountants.



Kurt Scerri
Executive Secretary



Dominic Grima
Mayor