

Thursday 24<sup>th</sup> September 2020

The Auditor General,  
National Audit Office,  
Notre Dame Ravelin,  
Floriana

Dear Sirs,

**REPLY TO THE MANAGEMENT LETTER FOR THE YEAR ENDED  
31 DECEMBER 2018**

The Qrendi Local Council is in receipt of the Management Letter as prepared by Nexia BT as external Auditors for the year ended 31 December 2018. While expressing our gratitude as regards to the points raised, we wish to comment as follows:

**2.1 BANK**

With reference to this point we will be doing our best so that these issues are rectified as soon as possible. We shall discuss this issue with our accountant.

**2.2 LES DEBTORS**

We will strive to do our best so that reconciliation and necessary adjustments are carried out before the unaudited financial statements are passed for audit.

**2.3 TRADE RECEIVABLES**

We took note of the auditors' comments regarding Trade Receivables.

## **2.4 SALARIES**

We shall be taking the recommendation of our auditors and we will be reconciling the FS7 to the FS5 forms before submission.

## **2.5 DEPOSITS**

We wish to point out that it is not always possible to deposit the Local Council's general income daily or twice weekly since no branch exists in our locality. As the Auditors' comments, "amounts in hand were not material," thus making bi-weekly bank deposits not economical feasible.

## **2.6 ACCRUED INCOME**

As per Management Note, the amount of "€15 at 2018 year-end" is not material, but we will be doing our utmost that similar amounts will be accounted for in the future.

## **2.7 INCOME**

We wish to point that during 2018 the Qrendi Local Council undertook major projects that had a negative effect on the finances of same. This position was rectified in 2019 where the positive result equal to 10% of the financial allocation was obtained once again.

## **2.8 CORRECTION OF ERRORS IN STATEMENT OF CHANGES IN EQUITY**

The Qrendi Local Councils is taking note of the movement of 'Net effects of correction of error.' Unfortunately, after several discussions, the 2018 auditor's report is still being qualified and the Local Council hopes that this was the last report that was qualified.


Once again we confirm our ideal that if there are any issues, they shall be tackled by the Local Council and all accounting transactions shall be examined "so that the financial statements show a true and fair view of the financial position of the Council."

## **CONCLUSION**

We wish to take this opportunity to thank Mr Ryan Finch, Mr Manuel Castagna, Mr Darren Bugeja and Nexia BT for the services rendered to the Qrendi Local Council as well as for their kind co-operation.

Regards

David Michael Schembri MQR  
Mayor

  
Chris Falzon  
Executive Secretary