

Tuesday 26th October 2021

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

Dear Sirs,

**REPLY TO THE MANAGEMENT LETTER FOR THE YEAR ENDED
31 DECEMBER 2020**

The Qrendi Local Council is in receipt of the Management Letter as prepared by [REDACTED] as external Auditors for the year ended 31 December 2020. While expressing our gratitude as regards to the points raised, we wish to comment as follows:

1. Management Letter Points for the year ended 31st December 2019

1.1 Income

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. (2.6)

1.2 Expenditure

With reference to this point, we shall be discussing this issue with our accountant in order to rectify our position in the future. (3.15)

1.3 Tendering Procedures

The items raised are being reviewed in order to identify shortcoming and to ensure methods and procedures how these can be avoided in future. (3.6, 3.8 and 3.10)

1.4 Payroll

We shall be taking the recommendation of our auditors and we will be reconciling the FS7 to the FS5 forms before submission. (4.3)

Recommendations noted. (4.1, 4.5, 4.7, 4.8 and 4.10)

1.5 Receivables

We took note of the auditors' comments regarding Trade Receivables. (6.1 and 6.7)

1.6 Cash and Cash Equivalent

As per Management Note, the amount of "€56.32 at 2020 year-end" is not material, but we will be doing our utmost that similar amounts will be accounted for in the future. (7.6)

Recommendations noted. (7.1, 7.3 and 7.8)

1.7 Trade and other Payables

We will strive to do our best so that the creditors' list and accounts are in agreement before the unaudited financial statements are passed for audit. (8.5)

1.8 Financial Statements

We shall be taking out the matter with our accountant. (9.1)

1.9 Council Meetings and Website Uploads

We shall ensure that all documents are to uploaded in order to have conformity with the Department mandatory regulations. (11.1)

2. Income

2.1 Government Allocation

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.

2.3 General Income

Council will do it's best so hat issue will be addressed during current financial year.

2.4 Custodian Receipts

Council will do it's best so that issue will be addressed during current financial year.

2.6 Income from LES Administration Fee

Please refer to reply to note 1.1.

2.8 Revenue Classification

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.

3. Expenditure

3.1 Procurement Procedures

We took note of the auditors' comments regarding Procurement Procedures.

3.4 Reimbursement

We took note of the auditors' comments regarding Reimbursements.

3.6 Tendering Procedures

Please refer to reply to note 1.3.

3.12 Asset Insurance

With reference to this point we will be doing our best so that these issues are rectified as soon as possible.

3.15 Rent Expense

Please refer to reply to note 1.2.

4. Wages and Salaries

4.1 Mayor's Honorarium and Councillor's Allowances

Please refer to reply to note 1.4.

5. Fixed Assets

5.1 Classification of Financial Statements with Fixed Assets Register

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.

5.2 Fixed Asset Register

Council will do its best so that issue will be addressed during current financial year.

5.6 Tagging on Fixed Assets

Council will do its best so that issue will be addressed during current financial year.

5.8 Fixed Asset Additions

Recommendation noted.

6. Trade and other receivables

6.1 Confirmation of Trade Receivables

Please refer to reply to note 1.5.

6.3 Long Outstanding Balances

Recommendation noted.

6.5 Pre-Regional LES Debtors

Recommendation noted. Council will discuss the issue with Loqus IT System.

6.7 Accrued income

Please refer to reply to note 1.5

7. Bank and Cash

7.1 LC Other Entities Account

Please refer to reply to note 1.6.

7.3 Bank Reconciliation

Please refer to reply to note 1.6.

7.10 Petty Cash Reconciliation

Recommendation noted. Council will reconcile petty cash on a monthly bases.

8. Trade and Other Payables

8.1 Payables' Reconciliation

With reference to this point we will be doing our best so that these issues are rectified as soon as possible.

8.3 Suppliers' Statements

Council will do it's best so that issue will be addressed during current financial year.

8.5 Confirmation of Trade Payables

Please refer to reply to note 1.7

8.7 Long Outstanding Creditors

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.

8.9 Debit Balance in Creditors' List

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.

8.11 Unrecorded Liabilities

Reccommendation noted. We will strive our best so that these issues are rectified as soon as possible.

9. Financial Statements

9.1 Presentation of Financial Statements

Please refer to reply to note 1.8

10. Council Meetings

10.1 Schedule of Payments

We will strive our best so that these issues are rectified as soon as possible.

11. Electronic Website

11.1 Electronic Website

Please refer to reply to note 1.9

11.3 Uploading of Management Letter and Other Documents

Recommendation noted. We will be more careful in order to compile with the General Data Protection Regulations.


Conclusion

It is very important to note that we are doing our outmost to work on the shortcomings pointed in the Management Letter, so as to have a better situation this finanial year end.

We would like to take this opportunity to thank [REDACTED] and [REDACTED] from [REDACTED], for their guidance and co-operation.

Regards,

David Michael Schembri MQR
Mayor



Stephania Gixti
Deputy Executive Secretary



cc. Local Government Department
Grant Thornton