

WEAKNESS NOTED / RECOMMENDED IMPROVEMENT	QRENDI LOCAL COUNCIL REPLIES
<p>1 PROPERTY, PLANT AND EQUIPMENT</p> <p>1.1 Fixed Asset Register</p> <p>Weakness</p> <p>1.1.1 Despite the fact that the Council has taken the necessary measures to compile a fixed asset register, we noted that the system is manual and is not robust enough to incorporate all asset types, category and location, linked to a labelled physical asset. Furthermore, the manual system is not integrated with the Fixed asset Module and to the General Ledger of the accounting software. This not only leads to duplication of effort in keeping one's records in order, but can also result in incorrect postings to the General ledger, due to human error.</p> <p>Recommendation</p> <p>1.1.2 We strongly believe that the fixed asset register should be kept electronically, using the appropriate available software. This should be synchronized within the accounting system.</p> <p>1.1.3 We strongly recommend that the fixed asset register implementation process is discussed in details with your IT service provider and the accountant in charge in order to adapt the software necessary for the needs of the Council and incorporate the integration of the plant registry within the general ledger.</p>	<p>Qrendi Local Council has an available fixed asset register. This was kept on an Excel sheet since 30 years ago no local council had an accounting software and assets accumulated ever since. It proved for Qrendi Local Council hard time to reconcile this with the "Fixed Asset Module". However, we are striving to fulfil our obligations and dedicate enough resources in terms of financial and human to reconcile any incorrect postings.</p> <p>Labelling of physical assets is also not an easy thing to maintain since the extreme heat conditions make these to literally melt down. A case in point is the enumeration of the street lighting lanterns – an exercise which was conducted in the past across Malta which needs revisiting.</p>

<p><b>1.2 Classification of transactions</b></p> <p><b>Weakness</b></p> <p>1.2.1 As noted in paragraph 1 above, the problem which exists in regard to the classification of transactions pertaining to Fixed Assets stems from incorrect postings at entry stage. This deficiency can have far reaching implications, amongst which, material misstatements between the various categories of fixed asset balance and resulting incorrect depreciation charges in any one year.</p>	<p>The reclassifications consisted in the reclasses from one account to the other, however relating to the same class.</p> <p>As correctly noted by the auditors, the incorrect classification of fixed assets transactions in the accounts, have an impact directly onto the relative amounts of depreciation. Fixed assets should be classified correctly to avoid further discrepancy in the financial statements. Concerted efforts need to be done from Qrendi Local Council to provide for correct depreciation charges. Qrendi LC is going into more detail about this to ensure that more accurate representation will be done.</p>
<p><b>2 FINANCE LEASES</b></p> <p><b>Weakness</b></p> <p>2.1 During our review of other areas in the financial statements, we also noted that the Council correctly accounted for Right of Use assets under IFRS 16. However, we were not provided with how the internal rate of return of 3.4% was arrived at.</p>	<p>Qrendi Local Council is pleased with the auditor's observation with regards to the correctness of Right of Use assets under IFRS 16. We shall be explaining the rate of return of 3.4%. The accountants are promising that workings related to leases will be provided to auditors.</p>
<p><b>Recommendation</b></p> <p>2.2 Since amounts for the Right of Use assets are minimal, no audit adjustments were deemed necessary to be passed at this stage. However, it is recommended that the Council should obtain understanding from the Bank lending rates to arrive at the correct internal rate if return to be used.</p>	<p>Qrendi Local Council notes that auditors decided that the amounts for the Right of Use assets are minimal and deemed that no audit adjustments need to be made. We are seeking Bank confirmation with regards to correct internal rate of return to be used.</p>

### 3 Receivables

#### Weakness

3.1. We have obtained the purchase ledger from Waste Serve Malta Ltd which shows a balance with the Council of €6,078. However, balance as per the Council's Trail Balance show an amount of €14,265, thus having a difference of €8,187. Reconciliation for the current year was provided, and movements for the current year were correctly accounted for, however f-difference couldn't be traced to which year it relates. Prior year adjustments in relations to the above was proposed and the Local Council agreed to account for it.

3.2. Furthermore, we have noted that the Council has a debtor balance relating to LESA Pre balance of €80,602 which is fully provided for on accounts, however, it does not agree with the report obtained from LESA which shows a balance of €70,484. We have proposed the adjustment of €10,118 as adjustment to provision of bad debts and write off ad the Local Council has agreed to account for it.

#### Recommendation

3.3. We recommend that regular reconciliations of the amounts due are carried out to reconcile any difference in the current year. In addition, an exercise needs to be carried out on the LESA old balance to ensure whether these will be written off or are recoverable.

The difference of €8,187 with regards to Waste Serve Malta Ltd is indeed arising from prior years. Therefore, this merits a prior year adjustment. Parker Russel Turner confirms that Qrendi Local Council has provided reconciliation to this supplier. Our accountants are maintaining that the balance was corrected to the Wasteserv statement to avoid current year problems despite it related to prior years.

The €10,118 adjustment with regards to LESA's provision for Bad Debts and write offs was discussed at length between us. It is indeed worrying that the Logus' report differs from Qrendi Local Council's books as debtor amounts. We feel that this merits an audit adjustment as it is a prior year thing since now all income is due to Regions. Our accountants declared that there is no way to determine such correct amount and previous auditors did not see the need for adjustment.

Qrendi Local Council made various attempts during the past years to retrieve LESA's dues to recover these debit figures. All this proved futile and our efforts melted down the figures into fines written off.

<p>4 BANK</p> <p>Weakness</p> <p>4.1 The Council in including the amounts held at the Central Bank of Malta for Measure funds to be released within Cash at bank and in hand.</p>	<p>The amounts held at Central Bank of Malta for Measure funds are to be considered as a Control Account. This differs from the rest of accounts being held at BOV, HSBC etc. Also, this differs from other accounts such as that kept at Planning Authority, named <i>Development Fund</i>, formerly known as the <i>Urban Development Fund</i>. This fund indeed can be tapped normally by Qrendi Local Council but also by other entities. Additionally, the funds kept at Central Bank of Malta are to be exclusively used by Qrendi Local Council for that particular measure.</p>
<p>Recommendation</p> <p>4.2 The amounts held at the Central Bank of Malta are funds which are still to be released into the Council's bank and as such there should be segregation between the bank balance held by the Local Council and the Central Bank of Malta bank accounts held.</p>	<p>Central Bank of Malta accounts have a separate account for each statement and bank accounts, however their classification is still technically cash equivalents.</p>
<p>5 PAYABLES</p> <p>Weakness</p> <p>5.1 We have noted that the Local Council has an amount long outstanding with Water Services Corporation of €21,000 for which no documentation was provided.</p>	<p>Efforts are being made by Qrendi Local Council to establish the long outstanding payable of €21,000. Water Services Corporation nonetheless are not providing us with a statement for same and we recommend that if these are too old, say 10 years; these should be released on a yearly basis. We need to listen to your views about this, to resolve and adjust this difference accordingly.</p>

<p>Recommendation</p> <p>5.2 The Local council should review any balances due and reconciles ongoingly. Any long outstanding amounts should be resolved and differences adjusted for.</p>	<p>This has already been discussed with our accountant before closing off accounts and the about could not be determined. The accountants are suggesting that enquiries with WSC will be made.</p>
<p>6 DEFERRED INCOME</p> <p>Weakness</p> <p>6.1 Opening deferred income amounting to €102,270 which relate to the years 2017 to 2021 could not all be traced to previous year's documentation. However, these were correctly partly released into the current year against costs incurred during 2022.</p> <p>Recommendation</p>	<p>Qrendi Local Council also has the same recommendations with regards to the deferred income. As correctly stated by Parker Russel Turner the outstanding €102,270 being amounts from 2017 to 2021 are being "correctly" released during the year 2022.</p>
<p>6.2 We recommend that a detailed reconciliation is carried out by the Council and Grants are accounted in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.</p> <p>7 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES</p> <p>Weakness</p>	<p>Qrendi Local Council is hereby declaring that detailed reconciliation is going to be executed in 2023 to account in accordance to IAS 20 for Government Grants and Disclosures of Government Assistance.</p>
<p>7.1 The very nature of Local Council business warrants a close look at Capital commitments at the year end, particularly in relation to those projects approved by local Government, but which have been fully or partially funded, and which project works the Local Council contracted for, at the year end. There is no consideration of these potential liabilities at year end.</p>	<p>Local Schemes issued by Local Council Division are numerous and we thank the Parliamentary Secretary for funding these initiatives. There is no need to mention every scheme in Qrendi Local Council's reply, but the Potato Festival activity is for example fully funded, whilst the great capital project of the Civic Centre is partially funded and with regards to finishing works of same, we need to issue a public tender to complete this building for Qrendi Local Council to operate in a better and convenient manner.</p>

<p>Recommendation</p> <p>7.2 Keeping tab of these potential liabilities not only ensures the correctness and completeness of the liabilities disclosed in the financial statements but also raises an awareness of other constraints which can adversely impinge on the Council's cash flows.</p>	<p>Indeed, we are fully aware of the potential liabilities mentioned by our auditors. So much so, that we have contingency plans such as experienced during the COVID 19 period we adopted easily and quickly adopted to online meetings, payments, income from permits etc</p>
<p>8 IMPAIRMENT AND OTHER PROVISIONING</p> <p>Weakness</p> <p>8.1 The basis on which assets are impaired, as indeed the raising of provisions, is not always well documented. Nor is there evidence that these accounting entries have been discussed and approved by the Council members at the point of entry.</p>	<p>Orendi Local Council does not agree with Parker Russel Turner with regards to the approval by Council members at the point of entry of any impairment of assets. We discuss in length assets, their impairment and also their classification in the Chart of Accounts.</p>
<p>Recommendation</p> <p>8.2 The basis on which assets are impaired or provisions raised for the diminution in values and the persons who authorized these provisions or write off should be obtained by the accountant before passing these transactions are put through the books.</p>	<p>Most of our assets whose values are in the region of thousand of euros are invested in infrastructure, roads, pavements, public gardens, lighting luminaires, litterbins, ashtrays, park benches etc. These are located outside and Orendi Local Council does assessments besides taking into consideration of their reduced current values due to depreciation.</p>

<b>9 REVENUE</b>	
9.1 Permit fees	
Weakness	
9.1.1 We obtained the report issued by the Council's system and a difference of €345 arose. Whilst discussing this with the Council it transpired that the difference could have arisen due to the bank charges applied by the Online payments, especially in relation to online payments received from different bank accounts than the one the Council has.	Orendi Local Council's only reason for the discrepancy of €345, is due to the heavy bank charges applied by Bankers with regards to the online payments.
Recommendation	
9.1.2 We suggest that reconciliation of such balances is maintained and differences from the reports and accounts are explained.	Reconciliation is being conducted on a monthly basis but we did not match this difference
9.2 Income from LESA	
Weakness	
9.2.1 The Council collects receipts on behalf of third parties, mainly LESA, which then needs to pay back to these third parties. The amount of €240 is still showing as income under the Council's financial statements	Orendi Local Council is reconciling the amount of €240 and was shortly deposited to the relevant entity who does not yet reconciled its own income receivable.
Recommendation	
9.2.2 It is recommended that proper reconciliation and record of such amounts received on behalf of third parties is kept and reconciled monthly.	This reconciliation is being carried out on a monthly basis.

### 9.3 Organic Waste Collection reimbursement

#### Weakness

9.3.1 The agreement entered with Wasteserve Malta Ltd for the reimbursement of Organic Waste Collection cost incurred was not updated with the current rate for the last 3 months for October till December 2022. The rate for such cost went up from €119.80 per collection to €354 per collection following the expiration of the contract the Council had with the contractor and for which a Direct Order approval was obtained by the DLG. This lead to the Council not receiving the difference in the reimbursement resulting in a loss to the Local Council of €7,749.

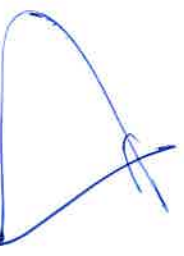
9.3.2 In addition, adjustment in Debtors balance Waste Serve Malta Ltd amounting to €8,186 was reversed since such amount could not be reconciled to the proper year in which is arose. This is also pointed out under Debtors point 3 above.

#### Recommendation

9.3.3 It is recommended that the Council submits the respective documentation relating to revised rates of waste collection on a timely basis to ensure that claims with Waste Seve Malta Ltd are at the updated collection rates.

Orendi Local Council updated the rate from €119.18 to €354 per collection with regards to the direct order which was granted by the DLG. Unfortunately, the invoices issued to Waste Serve Malta Limited for the last quarter were erroneously issued with the "old" rate.

Arrangements are now made to re-issue some with the correct rate of organic waste collection. Waste Serve Malta Limited are also updating our collection rates.





## 10 DEBIT TRANSACTIONS

### Weakness

10.1 Whilst verifying Administrative costs it was noted that the Council was not adhering to the Procurement procedures and 3 quotes were not always being attained, either because these were not requested and/ or because no replies were being received. Such instances occurred when purchasing the Litter Bins Copperfield amounting to €1,008, the booklet for Caring for Paws amounting to €788 and Evaluation of Tender amounting to €1,027.

Orendi Local Council sometimes find difficulty to adhere with procedures when it comes to collecting three quotes due to suppliers' lack of interest in submitting same.  
With regards to the Litter Bins Copperfield we had to match them with the surrounding environment and there was no way to choose a different cheaper item. Also there were no other suppliers offering the booklet Caring for Paws as this indeed is like searching for a book for which the publisher claims the same price from every book shop. Also, the evaluation of Tender services is a professional fee.

### Recommendation

10.2 The Council should adhere the carefully laid down procurement procedures as these procedures seek to foster public sector efficiency and increase transparency. Moreover, this can help the Council achieve better value for money.

Recommendation is being noted for the sake of good governance and transparency of funds.

## 11 PAYROLL AND HUMAN RESOURCES

### 11.1 Overall payroll procedures

#### Weakness

11.1.1 Performance bonuses were not correctly calculated on a pro rata basis for those employees who were employed in 2022. An adjustment of €4,961 had to be accounted for against accruals.

Government Bonuses, performance bonuses and increments are calculated on pro-rata basis.

11.1.2 During the current year, the post of the Executive Secretary of the Orendi Local Council was vacant. This was filled in by the Deputy Executive Secretary Ms Stephania Grixti for the first six months with the remaining latter six months being filled in by Ms Ritienne Giorgino. Although newsletter appointments were provided and it was approved in Council's meetings, no agreement has been provided in this respect. Moreover, the

2022 was a special year in terms of the Deputy Executive Secretary as there was a change. Indeed the role of Executive Secretary being fulfilled by the Assistant Principal changed. Ms R Giorgino took over and we agree that there should have been a cut-off date.

<p>allowance of €17,693 for the Deputy Executive Secretary Role of Ms Stephania Grixti was reallocated to the Executive Secretary account.</p> <p>Recommendation</p>	
<p>11.1.3 More detail must be given on the wage computation particularly in relation to performance bonus calculation.</p> <p>11.1.4 In addition, the Local Council should keep a copy of all agreements signed to have a clear understanding of the terms and conditions for each employment entered into.</p> <p>11.1.5 Implement segregation of duties and other procedures as suggested above.</p>	<p>Performance bonuses are approved by Qrendi Local Council. Calculations should be on a pro-rata basis. Qrendi Local Council has all employees agreements except for that of the Deputy Executive Secretary which does not exist as this is only a temporary role. In case in point is this very answer to the Management Letter Points during the Audit conducted under Ms R. Giorgino. Answers are now being provided by Mr A. Bonello who took over the role in 2023.</p>
<p>11.2 Overtime entitlement</p> <p>Weakness</p> <p>11.2.1 From review of overtime records, we have noted that overtime paid during the current year was not pre-approved or approved by the Council. We are aware that the Council had difficulty in engaging an Executive Secretary and an Executive officer on a full-time basis leaving it with a huge workload on the only full-time employee during 2022.</p> <p>Recommendation</p>	<p>Overtime during the year ended 2022 was approved by Qrendi Local Council. Indeed, it was a very tough year and we were short of staff. The limited savings from the wages were introduced in overtime to the existing staff complement to keep the Qrendi Local Council running.</p>
<p>11.2.2 It is recommended that the Council performs an assessment to determine the staff complement needed and to address the roles specific to the needs of the Council. KPls should be introduced to keep check the efficiencies of each employee and to ensure that every employee is working in an efficient and efficient manner, in line with the requirements and procedures of the Council.</p> <p>11.2.3 Further we recommend that the Finance Section and he HR Department carry out an exercise to confirm that the overtime hours do not exceed the amount budgeted and approved by the Council. Before overtime is approved, the Council should analyse primary the work that</p>	<p>The staff complement is Executive Secretary, Assistant Principal and a clerk. To this everyday July 2023 not even an Executive Secretary has filled the role, for different administrative reasons. A viral is going to be passed to transfer funds from the account 1201 Council Executive Secretary onto account 1200, Local Council staff. This is a simple reclassification in terms of salaries. On the other hand, Local Councils should open for public during Saturday mornings engaging staff and triggering overtime with no prior approval of councillors except for two days: Easter Saturday and Christmas if it happens to come on weekends.</p>

<p>needs to be carried out by ensuring that the approval of the overtime falls within parameters of the Budgeted wages for each month. If overtime is to be confirmed, this should only be carried out after ensuring that the work exigencies have increased, and after the approval and consent is given by the Council at board meetings.</p>	
<p><b>12 DIFFICULTIES ENCOUNTERED IN VERIFYING PRIOR YEAR BALANCES</b></p> <p><b>Weakness</b></p> <p>12.2 We had difficulties in verifying balances relating to prior years, mainly due to the inability to obtain appropriate audit evidence to support these balances. Amongst other things, these included certain categories of Fixed assets, Deferred income, debtor account balances due from LESA (€70,484). Similarly, there is a long outstanding balance (€21,000) being shown in the entity's books as due to Water Service Corporation relating to prior years which balance cannot be substantiated. This lack of information and documentation on these balances brought forward from previous years pose a limitation on the scope of our audit.</p> <p><b>Recommendation</b></p>	<p>With regards to the debtor account from LESA, there is no much hope of collecting such receivables from traffic fines which were owed many years ago. Most of drivers might have already scrapped their vehicles. However, with regards to deferred income this is mainly on DLG local schemes and other schemes of GAL Xlokk with regards to the pre-financing element. Qrendi Local Council has to revise the fixed asset categories during an exercise to be done with the accountant. With regards to the WSC shown as due to them, no-one is claiming it and the amount should be written off in say five years time.</p>
<p>12.3 We strongly recommend that all these anomalies are investigated, and an assessment made as to whether the asset or liability pertaining to these balances can be liquidated. On this basis a decision should be taken to clean the accounting records of these balances.</p>	<p>However, Qrendi Local Council is going to investigate and assess all liquidation probabilities.</p>

### 13 PRIOR-YEAR ADJUSTMENTS

#### Contractual costs

13.1 The contractor for Road cleaning and street sweeping, Mr Chris Bezzina, failed to provide invoices for the months of June till December 2021 on time and no accrual was accounting for during 2021. These were received during June 2022 and since amounts relate to the previous year, a prior year adjustment amounting to €9,342 was included.

#### Tribunal Income

13.2 Opening retained funds have been restated to reflect adjustments in the balance with Waste Serve Malta Ltd in respect of Income from organic waste collection and bins cost. This net cost amounting to €6,206 was omitted from the Local Council's financial statements in previous years. The adjustment of €8,186 was reflected against Trade and other receivables, €1,980 was reflected against Trade and other payables with the corresponding net decrease being reflected against retained funds.

#### Depreciation

13.3 Grant for Gnien tal-Warda was not recorded during 2021 against the costs incurred. Such costs were included in full and depreciation charge accounted for during 2021. As such, adjustment of €3892 was passed as a prior year adjustment to partly reverse the depreciation charge accounted in 2021.

First observation is that Mr Chris Bezzina failed to come up with the invoices on time, for the year 2021. Secondly, an accrual should have been entered in the soft Accounting package by Qrendi Local Council accountant if these works were approved by Contract Manager. Previous Auditor's should have pointed out these shortcomings during the 2022 field work. If invoices were correctly certified in 2022, these merit a prior year adjustment as correctly indicated by Parker Russel Turner, of €9,342.

Waste Serve Malta Ltd has nothing to do with header "Tribunal Income". We admit that there was a shortcoming from our side as Qrendi Local Council should have invoiced Water Services Malta Ltd with the correct rate.

We are very surprised how Auditors conducting field work in 2021 missed to record properly the grant for Gnien tal-Ward. We absolutely have no difficulty that the amount of €3,892 be passed as a prior year adjustment.

14 PRESENTATIONS OF FINANCIAL STATEMENTS

Weakness

14.1 The Local Council is required to prepare financial statements in conformity with International Financial Reporting System (IFRS) as adopted by the EU During our audit, we identified that the Council's unaudited financial statements needed updated and further correctios in accordance with IFRS as adopted by the EU.

Orendi local Council's financial statements are in accordance to IFRS's adopted by the rest of local Councils. We are also updating to these required standards with regards to the presentation of the unaudited financial statements.

Recommendations

14.2 We recommend that the Local Council gives more attention to the preparation of the financial statements, The above shortcomings have been amended in the audited financial statements.

Orendi local Council is taking on board the points suggested by our auditors to enhance the accounting and book-keeping standards for the benefit of the community.

15 BOOKKEEPING AND ACCOUNTING ISSUES

Weakness

15.1 During the course of our audit, we encountered a number of bookkeeping and accounting issues for which we had to pass various accounting adjustments. These are further listed on the Audit Adjustment Sheet which is attached as Appendix 1 to this Management letter.

In our opinion Orendi Local Council has managed to reconcile all book-keeping and accounting transactions for the year-end 2022.

15.2 The nature of the deficiencies noted in this area are various and included the following instances;

QRENDI LOCAL COUNCIL is implementing all checks and balances to:

- a) Inability to distinguish between Revenue and Capital expenditure;
- b) Basic posting errors relating to the proper categorization of fixed assets under the appropriate classification resulting in the need to recalculating of the depreciation and amortization charge;
- c) Matching of projects related costs to the relevant income received to support the project;
- d) A number of adjustments to opening balances were difficult to follow through, both in terms of the appropriateness of the

- i. Distinguish better between Revenue and Capital expenditure
- ii. Keep proper categorization of fixed assets to avoid the need of recalculating depreciation and amortization amounts
- iii. Match projects related costs to the relevant income for that particular project

<p>accounting treatment as well as the lack of documentation to support these transactions;</p> <p>e) Accounting treatment of Government Grants received in any one year requires more attention particularly when no works had been carried out on the project, for which the grants were received, by the end of that financial year;</p> <p>f) The inability to pick up an increase in the rate of refuse collection following the expiration of the contract resulted in the Local Council being unable to claim reimbursement for the difference in the new rates charged by the contractor. This resulted in a loss to the Local Council amounting to €7,749 over a six month period;</p> <p>g) The financial statements prepared are based on a template being made available by the Central Government. These are not amended to ensure that the accounting policies and other disclosures therein are pertinent and applicable to the Local Council in question;</p> <p>15.3 The audit adjustments prepared are listed in attached Audit Adjustment Sheet which is attached as Appendix 1 to this Management letter for your perusal</p> <p>15.4 The major risk emanating from poor record keeping and accounting is that of the inability to obtain comfort in the completeness and accuracy of the accounting records. This, in turn raises concerns on the correctness of the financial statements presented to the Council.</p>	<p>iv. Supporting documentation shall be collated to sustain all opening balances adjustments including those by Auditors</p> <p>v. Government Grants received where there is an empedement to materialise, will be documented at the end of year to show into the following year</p> <p>vi. Be able to make correct claims for reimbursement with regards to refuse collection contract, this is no longer in our remit as responsibility has been transferred to Regjun Punent as from 1<sup>st</sup> January 2023</p> <p>Qrendi Local Council like any other council has to prepare the financial statement on a model common to other local councils. Any amendments by authorities to ensure good accounting policies are taken on board. Proper record keeping of accounting transactions will ensure holistic financial statements with regards to the Profit and Loss Account and Balance Sheet. Qrendi Local Council is striving to present fair and true figure.</p>
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<p>Recommendation</p> <p>15.5 More attention to detail is necessary to ensure consistency and accuracy both at the transaction entry stage as well in the financial reporting of these transactions. The expertise and competence of the accountant in the keeping of the accounting records as well as the preparation of the financial statements is critical for the Local Council to obtain comfort in the reliability and accuracy of the financial statements and avoid similar inaccuracies as noted in para 1 points 15 (a) to (g).</p> <p>15.6 It is strongly recommended that the accounting of the Council's affairs is discussed periodically at a meeting set up for this purpose. This will give council the opportunity to meet the accountant, to review and discuss the Council's financial affairs at an interim stage, and to enable it to address accounting issues on an ongoing basis.</p>	<p>Qrendi Local Council is taking the recommendations very seriously as we fully understand that this is public funds which we are dealing with. Accuracy and comfort in the liability are needed for the sake of good governance and the best use of fiscal and human resources.</p> <p>During every Council meeting long discussions by the political members are carried out with the production of each schedule of Payments accompanied by the invoices. However, we believe that more time needs to be dedicated by the Executive Secretary's office to inform better the financial affairs in conjunction with our Accounting team to address issues from inception stage.</p>
<p>16 OTHER MATTERS</p> <p>16.1 We encourage deeper analysis of accounting figures presented to the Council, not only by looking and obtaining explanations for anomalies (particularly in regard to Administrative and Operating expenses) but also relating certain costs to related revenue streams (e.g. Cultural event and Community activities costs relate to revenue generated from these activities). In other words, the Council should look at reasonableness of accounting figures presented to them.</p> <p>16.2 More robust internal control procedures should be encouraged on an ongoing basis. These tests should be ongoing, supported by regular reports to the Board Council on any weakness found in the systems. Only this and the timely reaction to these findings will ensure that robustness of the system in place.</p> <p>16.3 Last but not least, the Council should ensure fully compliance with other rules and regulations (e.g. Health and Safety, Planning Authority, Personal Data Protection etc.) It should encourage regular reviews to ensure that the respective regulations are in place.</p>	<p>The presentation to the council of all costs such as the Cultural and Community events is important to operate with fairness. The prior approval of these expenses supported on written quotes will be beneficial to plan better in terms of accounting.</p> <p>Internal Control procedures are critical to Qrendi Local Council to operate with fairness and in line with good governance procedures. This will ensure robustness in operations and proper management of running contracts to avoid difficulties at end of year presentation of financial statements.</p> <p>Qrendi Local Council adheres to all Rules and Regulations with regards to Health and Safety, Planning Authority permits, and obviously the running contract with the Data Protection officer.</p>

CONCLUSIONS

17.1. We have noted that good internal procedures are being installed by the Council. The Council and its employees should continue to strive to achieve a good control environment by ensuring that optimum use of public funds

17.2. We would be pleased to assist the Council to come up with an action plan, with clearly set target dates and by which the Council will address the weaknesses reported in this report. We are at your disposal should you need our assistance in any of the specific areas referred to in this report.

We are pleased to note that good internal procedures are described by our auditors as "are being instilled". These surely contribute to good controls with regards to the management of public funds.

Orendi Local Council is ready to discuss action plans to address the weakness mentioned in this report. Specific areas mentioned by our Auditors need to be further discussed not only as Local Council level but within the grass roots; that is from the administration side.

David M Schembri  
Mayor

  
Anthony Bonello  
Deputy Executive Secretary

