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Our ref MB/mf/104121

30 June 2021

Dear Madam,

Financial statements for the year ended 31 December 2020

During the course of our audit for the year ended 31 December 2020 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Local Enforcement System

We are pleased to note that there was no difference between books of accounts and report 483 generated from the Loqus system.

1.2 Income from Joint Committee

The council failed to resolve the issue with the income from the Joint Committee (refer to note 2.1).

1.3 Income from LESA and regional committees

The council did not rectify the issue during the year under review (refer to note 2.4).

1.4 General income

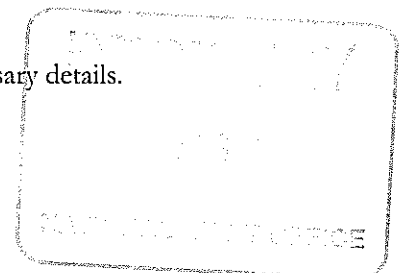
We are pleased to note that the council properly allocated general income to the correct accounts.

1.5 Other Government income

The council has rectified the issue during the year under review.

1.6 Petty cash summary

We are pleased to note that petty cash summaries included all necessary details.



1.7 Procurement procedures

We still identified irregularities in the procurement procedures (refer to note 3.1).

1.8 Tenders exceeding budget amount

The council did not rectify the issue during the year under review (refer to notes 3.4 and 3.8).

1.9 Tendering procedures

We again noted irregularities in the tendering procedures (refer to notes 3.10 and 3.12).

1.10 Call for tenders

We are pleased to note that the council rectified the issue during the year under review.

1.11 Payment approval

The council once again did not resolve the issue of payments made prior to council approval (refer to note 3.14).

1.12 Expired contract

The council is still making use if the expired contract (refer to note 3.16).

1.13 Insurance policy

The council failed to update the insurance policy (refer to note 3.18).

1.14 Travelling expenses

The council did not incur travelling expenses during the year under review.

1.15 Reimbursement

We are pleased to note that the council rectified the issue during the year under review.

1.16 GreenPak agreement

The council obtained signed copy of the agreement with GreenPak.

1.17 IFRS 16 'Leases' assessment

The council still did not perform IFRS 16 'Leases' assessment (refer to note 3.22).

1.18 Statutory deadlines

We are pleased to note that the council submitted FSS's and remit FSS tax and NI within the stipulated time.

1.19 Tagging of fixed assets

The council still did not tag all assets (refer to note 5.1).

1.20 Upkeep of fixed asset register

We have again noted that the fixed asset register still does not include all necessary information (refer to note 5.3).

1.21 Reconciliation of financial statements with fixed asset register

There are still instances where fixed asset register does not reconcile with financial statements (refer to note 5.6).

- 1.22 **Reconciliation of financial statements with accounting records**
We are pleased to note that financial statements agree with the accounting records.
- 1.23 **Fixed asset additions**
We again encountered shortcomings in fixed asset additions (refer to note 5.8).
- 1.24 **Accounting for grants**
The council again did not rectify the issue during the year under review (refer to note 6.1).
- 1.25 **Stock count**
We are pleased to note that there are no differences in stock count.
- 1.26 **Net realisable value of inventory**
We again noted shortcomings in the net realisable value of inventory (refer to note 7.1).
- 1.27 **Trade receivables' reconciliation**
We are pleased to note that the council rectified the issue during the year under review.
- 1.28 **Pre-regional LES debtors**
We again noted that debtors in the Loqus report 622 are more than LES debtors recorded in the council's books of account (refer to note 8.1).
- 1.29 **Confirmation of debtor**
We again identified discrepancy between the books of account and debtor's statement (refer to note 8.7).
- 1.30 **Supplier statements**
The council again did not obtain monthly statements from all of its suppliers (refer to note 10.1).
- 1.31 **Long-outstanding creditors**
The council's creditors list still includes long-outstanding balances (refer to note 10.3).
- 1.32 **Confirmation of trade creditors**
We again noted a discrepancy between books of account and confirmation letter received from the supplier (refer to note 10.5).
- 1.33 **Refundable deposits on crane and machinery permits**
We again noted a shortcoming in refundable deposits (refer to note 10.7).
- 1.34 **Accruals**
We did not identify irregularities when testing accrued expenditure.
- 1.35 **Advance payments**
We did not identify shortcomings while testing advance payments.
- 1.36 **Binding of minutes**
We are pleased to note that the minutes were bound.

1.37 Agenda

We have again noted instances where the council failed to forward agenda to all council members five working days before council meeting (refer to note 11.6).

1.38 Schedule of payments

We have again identified a shortcoming in the approval of schedule of payments (refer to note 13.3).

1.39 Electronic site

The council again did not upload signed copies of documents on the website within the required time frame (refer to note 12.1).

1.40 Uploading of management letter and its reply

We have again noted shortcoming in the uploading of the management letter and its reply (refer to note 12.3).

1.41 Approval of schedules of payments

We noted that the schedules of payments still did not include all cheque numbers (refer to note 13.1).

1.42 Presentation of financial statements

We again noted a shortcoming in the presentation of unaudited financial statements (refer to note 14.1).

1.43 Contingent liabilities disclosure

We did not note any shortcomings in the contingent liabilities disclosure.

1.44 Comparison with the annual budget

We are pleased to note that the council has rectified the issue during the year under review.

2 Income**Income from Joint Committee**

2.1 We noted that the North Joint Committee, of which Naxxar local council formed part up to 31 August 2011, has provided audited financial statements for the year ended 31 December 2009.

2.2 The reserves of the committee at that date amount to €1.6 million. In the absence of audited financial statements we were unable to determine whether the council is entitled to receive any further income from the Joint Committee. As a result, our audit report has been qualified.

2.3 Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated and that the council receives any further income that may be due to it.

Income from LESA and regional committees

- 2.4 The following invoice was not sent to the regional committees and LESA in the first week of the following month:

Invoice month	Invoice date
June 2020	13.07.2020

- 2.5 In accordance with memo 91/2011 local councils are required to issue the regional committees' and LESA invoices in the first week of each of the following month.

General income

- 2.6 We again noted that the council is not depositing cash generated from general income within the prescribed time. Examples include the following:

Details	Receipt dates	Deposit date	€
Crane permit	18.01.2020	24.01.2020	45.00
Crane permit	27.02.2020	04.03.2020	400.34
Football ground hire	21.02.2020	28.02.2020	529.40
Crane permit	30.04.2020	06.05.2020	1,853.61
Crane permit	08.04.2020	15.04.2020	15.00
Crane permit	08.05.2020	15.05.2020	180.00
Crane permit	23.07.2020	03.08.2020	970.00
Crane permit	08.07.2020	14.07.2020	450.00

- 2.7 The council should abide by the Procedures and deposit its income either daily or at least twice weekly.

3 Expenditure
Procurement procedures

- 3.1 Testing on cheque payments revealed the following irregularities for the below listed purchases:

Details	Supplier	€	Note
Service fee for call outs	C-Planet IT Solutions Ltd	1,681.50	(a)
Christmas lights	D Street Lighting	1,493.03	(b)
'No entry' signs, mirror wall brackets, traffic mirrors and etc.	Mario Mallia	974.28	(a)
Sage 50 upgrade and telephone and email support agreement March 2020 – February 2021	Progressive Information Systems ltd	1,115.10	(b)
10 Luminaires with poles for Gnien il-Hamrija less CN 600006209	Calleja Ltd	3,142.62	(c)

CCTV equipment in Gnien il-Hamrija	Global Tech Ltd	4,022.40	(c)
Shelving structure of archive room	CRC Group Ltd	743.81	(b)
Road markings and signage at Triq il-Katakombi, Salina, Naxxar	Tal-Maghtab Construction	1,835.01	(a)

- (a) The council did not provide any quotations.
- (b) The council obtained only 1 quotation.
- (c) The council obtained only 2 quotations.

3.2 Our audit revealed that during 2020 the total invoices received from supplier of accountancy services amounted to €5,587.30.

3.3 In accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000 unless, for purchases exceeding €50 but not €500, a direct order approved by the Executive Secretary is issued.

Tenders exceeding budget amount

3.4 Whilst reviewing tender NLC/05/2019 for the service of a handyperson/s to Naxxar local council we noted that the budget in accordance with the tender document was €132,000 excluding VAT. The council received two financial offers of €179,088 each. Furthermore, these offers were stated excluding VAT for the period of four years. To this end the council exceeded the budget by €47,088 for a period of four years.

3.5 During the evaluation meeting the committee agreed to split the contract between two bidders as they were both technically compliant and the financial offers were equal. We also noted that the council signed agreements with both contractors for the amount of €89,544. The agreements signed specify that €89,544, excluding VAT, is the cost to be incurred for one year. Therefore, there is a confusion whether the contracted amount is for one or four years.

3.6 Furthermore, we noted that during 2020 the turnover with Victor Mula was €28,004.64 including VAT and the turnover with Ben Hire was €26,348.36 including VAT. To this end both bidders exceeded the tender amount.

3.7 We recommend the council that signed agreements should be in line with the tender documents. May we also remind the council that the budget is prepared to control the income and expenditure of the council. Thus, diverting from the budget will result in cash constraints for other services.

3.8 Whilst reviewing the opening minutes of tender NLC/04/2019 for finishing works on Tal-Ghaqba Windmill we noted that the council budget was €217,000. The only submitted financial offer was €258,866.50. Thus, this reveals that the council will be exceeding the budget by €41,866.50. Furthermore, we noted that the performance guarantee was dated 29 July 2020 whilst the agreement was signed by the contractor on 9 July 2020 and by the council on 10 July 2020.

3.9 May we again remind the council that the budget is prepared to control the income and expenditure of the council. Thus, diverting from the budget will result in cash constraints for other services. Furthermore, the General Conditions for Service Contracts V.2.0 states that the performance bond should be submitted to the committee within 15 days of receipt of the contract.

Tendering procedures

3.10 Whilst reviewing tender NLC/03/2019 for trenching and culvert works at no. 30, Mithna tal-Ghaqba Triq il-Kbira, Naxxar, we noted that the agreement was signed by the executive secretary and mayor, but the contractor failed to sign the agreement.

- 3.11 May we remind the council that it is of utmost importance that agreements are signed by all parties thus legally binding them.
- 3.12 During the year under review, we noted that the date of signing the contract was not stipulated in contract NLC/06/2019 'Services of a contracts manager for the Naxxar local council'. This is important to identify when the contract comes into effect as well as the exact date of a contract termination. Moreover, as a result, it could not be determined whether the performance bond had been submitted to the council within 15 days of the receipt of the contract, in line with the General Conditions for Service Contracts V.2.0.
- 3.13 In accordance with Procurement Guidelines 2017, all contracts entered into by the council should clearly specify the date of the signature of a contract.

Payment approval

- 3.14 Whilst performing tests on internet banking payments we noted instances where the payment were made prior to being approved by the council:

Supplier	Transfer number	Transfer date	Approval date	€
Progressive Information Systems Ltd	106731284	26.03.2020	08.04.2020	1,115.10
Global Tech Ltd	93503155	10.07.2020	15.07.2020	4,022.40
Victor Mula	92050580	04.05.2020	05.04.2020	2,133.56

- 3.15 We remind the council that payments must be approved by the council in the meeting prior to transfer of funds to the suppliers. This procedure minimises the risk of unapproved purchases or uncertified work.

Expired contract

- 3.16 During the year under review we noted that throughout the year the council was renting the garage situated in Triq Burmarad, Naxxar for which the contract expired on 31 March 2020.
- 3.17 We would like to bring to the attention of the council Procurement Guidelines 2017 which states that the council should not make use of expired contracts.

Insurance policy

- 3.18 During our audit we identified the stated below discrepancies between the asset insurance cover and net book value of assets included in the prior year audited financial statements:

Asset	Sum insured €	NBV €
Property	220,000	276,033
Office furniture and fittings	101,851	9,623
Plant, machinery and equipment	42,688	8,236
Total	364,539	293,892

- 3.19 Whilst reviewing the insurance policy, we also noted that the council is insuring property in the open (totem signs) amounting to €7,000. This is in breach of Directive 3/2017 which states that community assets should not be insured.

- 3.20 It is evident that some of the fixed assets are over insured. May we advise the council to perform at least an annual review of its insurance policy in order to ensure that the council's insurance coverage is in line with current legislation.
- 3.21 Directive 3/2017 and Legal Notice 269 of 2017 state that the council must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. We recommend that the insurance at least covers the replacement cost of the assets.

IFRS 16 'Leases' assessment

- 3.22 Whilst performing audit procedures we noted that the council recorded rent expense amounting to €2,833.82 in the books of account. However, the council failed to provide us with IFRS 16 'Leases' assessment.
- 3.23 We recommend the council to perform IFRS 16 assessment to establish whether the council has to account for the rent expense in accordance with IFRS 16 accounting treatment.

4 Payroll

FSS statutory documentation

- 4.1 Whilst reconciling the gross salary of the council as declared in FS5 forms to that declared in the FS7 form, we came across the following difference:

Description	Declared in FS5s €	Declared in FS7 €	Difference €
Gross salaries full-time	174,091.21	174,430.32	(339.11)

- 4.2 It is important that FSS forms are filled in properly to ensure that all amounts paid are correctly declared to the Commissioner for Revenue.

Reconciliation of wages between FS5s and books of account

- 4.3 During the audit we noted that a difference of €513.75 was unreconciled from the wages accounts to the personal emoluments found in the FS5 forms sent to the Commissioner for Revenue (see appendix 1). This is mainly arising from the discrepancies mentioned in note 4.1 between the FS5 and the FS7 forms.

- 4.4 The council should ensure that all FSS forms agree to the payroll expenditure in the accounts.

- 4.5 We recommend that the council reconciles the wages and salaries on a monthly basis and investigates any identified differences immediately.

Councillors' and mayor's allowances

- 4.6 Whilst reviewing councillors' and mayor FS3 forms of we noted that the allowances in the books of account were understated by €160 when compared to the submitted FS3 forms.
- 4.7 We remind the council that FSS forms must be filled in properly to ensure that all amounts paid are correctly declared to the Commissioner for Revenue and any discrepancies between the books of account and submitted forms have to be investigated immediately.

Declaration of mayor's allowances and honoraria

- 4.8 When reviewing FS3 forms, we noted that the council has reported €10,000 of the mayor allowance and honoraria under 'Part-Time Gross Emoluments' and €7,427.36 under 'Main Gross emoluments'.
- 4.9 We would like to remind the council that mayors' allowance and honoraria do not qualify for the Part-Time Work Regulations (1996) and as such should be declared under 'Gross Emoluments' (FSS Rules). We recommend that the council adheres to these regulations.

5 Fixed assets

Tagging of fixed assets

- 5.1 We noted that not all assets are tagged (where applicable). This is in breach of the Local Councils (Financial) Procedures, 1996.
- 5.2 We recommend that the council tags its fixed assets, where applicable, as soon as possible. This would enable individual assets to be identified and their physical existence verified with the plant register.

Upkeep of fixed asset register

- 5.3 When reviewing the fixed asset register, we noted that relevant details like invoice number, date of purchase, location and depreciation for the year are missing. Examples include:

Asset category	Asset code	Description	Net book value €
Office furniture and fittings	OFF127	2 Black Vinyl chairs	43
Paving	PAV 037	Construction of accessible ramps	226
Urban Improvements	URB073	Bench including installation	349
Computer equipment	COMP044	1 TB Samsung SSD drive	120

- 5.4 We recommend that every possible effort should be made to update the fixed asset register and include at least the following details:
- Description of asset
 - Date of purchase
 - Supplier details
 - Invoice number
 - Asset tag code (where applicable)
 - Cost
 - Depreciation method and rate
 - Location of the asset
 - Grants received
- 5.5 An updated fixed asset register enables the council to exercise proper control over the council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council's fixed asset register is updated.

Reconciliation of financial statements with fixed asset register

- 5.6 We identified various differences between the net book value of assets in the financial statements and the net book value in the fixed asset register. These are summarised below:

Asset category	NBV in unaudited financial statements €	NBV in fixed asset register €	Difference €
Urban improvements	288,517	68,920	219,597
Plant, machinery and equipment	7,809	7,413	396
Special programmes	401,885	622,352	(220,467)
	698,211	698,685	(474)

- 5.7 We remind the council that any variances between the assets disclosed in the financial statements and the plant register need to be investigated and reclassified accordingly.

Fixed asset additions

- 5.8 Whilst testing fixed asset additions we noted that invoice 10520 dated 22 July 2019 for Street Lights with description of Supply of light fittings for Gnién Toni Vella' amounting to €16,413. We noted that council failed to record addition in 2019.
- 5.9 We recommend that the council records additions on an accrual basis so that liabilities are recorded in the correct financial year.

Reconciliation of financial statements with fixed asset register additions

- 5.10 We identified differences between the fixed assets additions in the financial statements and the fixed assets additions in the asset register. These are summarised below:

Asset category	Additions in unaudited financial statements €	Additions in fixed asset register €	Difference €
Plant, machinery and equipment	3,389	1,791	1,598
Special programmes	205,500	206,356	(856)
	208,889	208,147	742

- 5.11 We remind the council that any variances between the assets disclosed in the financial statements and the plant register need to be investigated and reclassified accordingly.

6 Grants
Accounting for grants

- 6.1 As stated in previous year's management letter, during 2018 the council has adopted the capital approach in line with Directive 1/2017. In 2018 it was noted that the amount released to income for special programmes and computer equipment categories up to 2016 was €145,897 and €3,605 respectively as indicated in the schedules provided by the council in audit 2018. However, in the audited financial statements for the year ended 2018 the amounts of grants released for special programmes and computer equipment categories were of €182,945 and €3,336 respectively. During the 2018 audit the council failed to provide explanation for these discrepancies. In 2019 and 2020 no action was taken in this respect. As a result, our audit report has been qualified.

- 6.2 We recommend the council to investigate these discrepancies and establish whether the release of deferred income schedule or audited financial statements 2018 are correct and if necessary, the books of account should be adjusted accordingly.

Additions

- 6.3 Whilst testing grants we noted that the council received a grant of €28,165.31 from A.R.P.A on 6 May 2020 for Grant Agreement No. 15260/129434/2014 in connection with the project entitled 'Naxxar – An Interactive Platform'. The grant received was for the development of an interactive software platform with a total project cost of €144,000 excluding VAT. The eligible expenditure in relation to this project was settled through the Rural Development Programme for Malta 2007-2013. We were not provided with the Grant Agreement. Furthermore, we noted that the council did not reflect these amounts in the books of accounts however the presented unaudited financial statements included the said amounts. We have proposed an adjustment to record the entry in the books of account. The adjustment was correctly included in the audited financial statements.
- 6.4 We remind the council that in accordance with Annex A to the Data protection policy for the local Government division issued by the Department for Local Government the retention period for audit documentation is six years following creation of such documentation. We remind the council that accounting records should reconcile to the financial statements.
- 6.5 During the year under review we noted that the council accounted for €13 as transferred grants in PPE schedule. Upon enquiry it was established that this entry was a correction to the entry accounted for during prior year. The council proposed an adjustment to transfer the said amount from grants to general income. This was correctly adjusted in the financial statements.
- 6.6 We recommend that the nature of transactions is established prior to being recorded in the books of account.

7 Inventory

Net realisable value of inventory

- 7.1 The council provided us with the stock list showing the value of €6,233.60. However, the value in the books of account is of €7,720.80, thus resulting in a difference of €1,487.20.
- 7.2 Furthermore we noted that the council's inventory is slow moving. Council also informed us that some of the books are given as complimentary and not sold.
- 7.3 The council should keep an inventory list which agrees with the books of account. Write-offs or provisioning of inventories might be necessary if the books remain slow-moving or have no realisable value.

8 Trade and other receivables

Pre-regional LES debtors

- 8.1 When testing the pre-regional receivables, we noted a balance of €26,948 in the council's books whilst the 622 Loqus report shows a balance of €270,660. This results in a difference of €243,712 for which the council did not provide us with an explanation. We did not propose an audit adjustment because it has no effect on the financial statements since LES debtors are carried at nil value following a provision for doubtful debts for the same amount.
- 8.2 We would like to remind the council that it is the council's responsibility to investigate these differences and refer them to Loqus.

- 8.3 During the year under review the council received a payment of €857.37 from pre-regional LES receivables. The council has passed the entry against income but failed to pass an adjustment against the debtors and provision for bad debts account. We have proposed an audit adjustment to rectify the issue. This was correctly adjusted in the financial statements.
- 8.4 We would like to remind the council that any receipts of pre-regional contraventions should be recorded against LES debtors while the provision for doubtful debtors should be reduced by an equivalent amount.

Long outstanding balances

- 8.5 It was noted that there is an overdue balance to Green MT amounting to €4,860 and an overdue balance to WaterServices amounting to €13,350 which are fully provided for.
- 8.6 We recommend that, although a provision has been made, the council should continue trying to obtain statements from debtors reminding them that the amounts have been long overdue.

Confirmation of debtor

- 8.7 We have obtained a statement from Wasteserv Malta Limited showing a balance of €94,962 due to the council. However, the council's books of account indicate a balance of €104,458. The difference of €9,496 is arising from invoice issued by the council for November 2020 which was not recorded by Wasteserv Malta Limited
- 8.8 We recommend that the council contacts Wasteserv Malta Limited and ensures that all invoices are approved and recorded in their books. The council should also chase for the payment.

9 Bank

Bank account

- 9.1 We noted that BOV bank account 40021887275 was not included in the books of the council. The bank account had a balance as at year end amounting to €10.
- 9.2 We recommend that the council records all bank accounts in the book of the council. We also remind the council that bank statements must be obtained and reconciled frequently so as to ensure proper accounting records are kept.
- 9.3 Whilst reviewing the BOV bank reply, we noted that BOV bank account 40021887275 is subject to final withholding tax.
- 9.4 We understand that the council has not received any interest from this account during the year, however we still recommend that the council instructs the bank not to withhold tax on interest since councils are exempt from income tax.

10 Trade and other payables

Supplier statements

- 10.1 We noted that council did not obtain statements as at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account. Circulars issued from time to time by the Department of Local Government specifically emphasise that the council should acquire monthly statements from all its suppliers.
- 10.2 We understand that the council does make every effort to obtain statements from its suppliers and that sometimes it is difficult to obtain monthly statements due to suppliers' inefficiency. However, we recommend the council keeps on chasing its suppliers for regular statements. This

will ensure that the council's creditors are properly recorded in the accounts and that any differences or disputes are highlighted promptly.

Long-outstanding creditors

- 10.3 The council's creditors' list includes the following balance which have been outstanding for more than one year:

Creditor	€	Note
Vella Group Limited	<u>26,898.74</u>	(a)
	<u>26,898.74</u>	

(a) The council informed us that they are in dispute with the supplier and the case is in the arbitration.

- 10.4 We recommend that the council should ensure that the books are updated accordingly once the final decision is given.

Confirmation of trade creditors

- 10.5 As part of our audit procedures we obtained available suppliers' statements. We noted the following:

Supplier	Amount in council's books of account €	Amount in supplier statement €	Difference €
SRF & Veladrians	98,266.25	97,629.08	637.17

The council has explained to us that the supplier statement included some errors when compared to actual invoices received.

- 10.6 We recommend that the council contacts the supplier and resolves the identified difference. We also remind the council that circular 1/2020 states that the council should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

Refundable deposits

- 10.7 During our audit fieldwork, the council presented a list of refundable deposits for crane and machinery permits amounting to €49,228.70. The refundable deposits reported in the unaudited financial statements amount to €53,965.20. This results in a difference of €4,736.50. The council explained that the difference is attributable to the reversed stale cheques which were never collected for refunds of the deposits, however workings are not being adjusted for reversal of stale cheques. Furthermore, we also noted that some deposits are dated back to 2002 – 2003.

- 10.8 We recommend that the council regularly performs reconciliation between the list and its books of account as this will ensure that any differences are highlighted and investigated promptly.

11 Meetings

Meeting regulations

- 11.1 We observed that the dates set at the end of meetings 11, 14 and 17 were 6 May 2020, 6 June 2020 and 23 September 2020 respectively, however the actual meetings were held on 16 April 2020, 10 June 2020 and 21 September 2020 respectively.

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- 11.2 Furthermore we noted that at the end of meetings 12 and 13 the council failed to set the date for the next meeting.
- 11.3 According to the Local Councils (Meeting) Procedures, 1996 at the end of every meeting the council must set the next council meeting which shall be fixed. If no unanimous agreement is reached, the councillors are to vote and decide according to the majority. This shall not be changed for any reason. Therefore, we recommend that these requirements are followed.

Agenda

- 11.4 Whilst performing audit procedures we noted that agenda for meetings 12, 13 and 16 were sent to councillors in less than five working days prior to the council meetings.
- 11.5 We recommend that the council adheres to memo 2/2014 which emphasises that the agenda for council meetings shall be forwarded to all council members five working days before the council meeting.

12 Electronic site

- 12.1 We noted that the council did not upload signed copies of the following documents on the website of local councils within the required time frame:
- (a) The council failed to upload all quarterly financial report covering 2020 within the stipulated timeframe.
 - (b) To date of the audit fieldwork the council failed to upload the annual administrative reports for 2015, 2016, 2017, 2018 and 2019.
 - (c) The council did not upload the Business Plan 2020 – 2024.
 - (d) The audited financial statements for 2019 were not uploaded on council website within the stipulated timeframe.
 - (e) The council failed to upload meeting minutes 11, 17, 19 and 20 within three days from the approval.
- 12.2 This contravenes the Local Councils (Financial) Procedures which mandate specific timelines for these reports. We recommend the council uploads all documents in pdf within the required time.

Uploading of management letter and its reply

- 12.3 During our audit fieldwork, we noted that the council did not upload the 2019 Management Letter and its reply in full in accordance with circular 21/2019.
- 12.4 We would like to remind the council of the recent General Data Protection Regulations as indicated to councils in SPI 7/2018. Councils should be mindful that there are restrictions on transmitting/ publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in circular 7/2019 which states that names of third parties not directly connected with the operations of the council should not be published.
- 12.5 We therefore recommend that the council contacts the Department for clarification of this contradiction.

13 Schedule of payments

Approval of schedules of payments

- 13.1 We noted that all schedules of payments did not include all cheque numbers or internet banking transfers and, as a result, we could not ensure that all payments were included.
- 13.2 May we remind the council that the schedule of payments is compiled to approve all payments made by the council. All cheque numbers and internet banking transfers should be included in the schedule of payments to ensure proper approval. Memo 10/2016 provides the schedule of payments template. The cheque number or internet banking transfer number is required by the same template.
- 13.3 We also noted that the council approved schedule of payments during meeting 8 held on 22 January 2020. However, it was not specifying which schedule of payments was approved.
- 13.4 We recommend that the council includes the schedule of payments reference in the minutes to ensure that all schedules have been presented and approved.

14 Financial statements

Presentation of financial statements

- 14.1 The council's financial statements are not compliant with IFRSs in the following instance:
- i. Note 'New and amended standards adopted by the Local Council' was not updated for the financial period ended 31 December 2020.
- 14.2 The above shortcoming has been amended in the audited financial statements.
- 14.3 We recommend that the council gives more attention in the preparation of the financial statements.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Mr Paul Gatt and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



As per FS5's

Month	Gross (€)	SSC (€)
January	25,276.77	2,128.80
February	16,227.80	2,132.64
March	15,773.51	2,373.56
April	14,323.25	1,845.60
May	14,313.88	1,845.60
June	15,379.52	2,307.00
July	14,567.58	1,845.60
August	14,666.51	2,307.00
September	15,640.76	1,845.60
October	15,221.24	1,940.64
November	14,801.83	2,331.40
December	15,325.92	1,865.12
	<u>191,518.57</u>	<u>24,768.56</u>
add 1/2 of total NI	12,384.28	
Total	<u><u>203,902.85</u></u>	

As per FS7

Gross Salary	191,857.68
add 1/2 of total NI	12,384.28
Total	<u><u>204,241.96</u></u>
Difference	<u><u>-339.11</u></u>

As per Accounts

Account No. & Name	Amount (€)
1100 Mayor's allowance	15,027.36
1105 Council Members' Allowance	22,439.96
1201 Executive Secretary Salary	32,169.96
1301 Bonus - Executive Secretary	3,487.20
1401 Income Supplements - Executive Secretary	242.32
1200 Employees' Salaries/Wages	89,446.57
1202 Employees' Salaries/ Wages PT	15,113.99
1300 Bonuses	6,063.94
1302 Bonuses PT	1,410.63
1400 Income Supplements	1,301.64
1402 Income Supplements PT	121.16
1600 Allowances	380.04
1700 Overtime	4,319.35
1500 Social Security Cont.	12,718.92
	<u>204,243.04</u>
Add opening accruals	9,165.32
Less closing accruals	-8,991.76
	<u><u>204,416.60</u></u>
Difference	<u><u>-513.75</u></u>