



Kunsill Lokali **IN-NAXXAR** Local Council

Director (Monitoring and Support)
Local Government Division
Triq L-Arcisqof,
Valletta

2nd September 2022

Dear Sir/Madam,

REPLY TO MANAGEMENT LETTER - FINANCIAL STATEMENTS FOR THE YEAR 2021

Reference is made to the Management Letter by the Auditors dated 20th July 2022 (attached). Hereunder please find the answers to the letter which were approved during Council meeting of 24 August 2022.

2. Income from Joint Committee

We are very much aware that the Finance Department within the Local Government Division is working hard to resolve this issue. We know there is no straight-forward solution but we are hoping that this is resolved soonest possible.

3. Grants

File containing full explanation of the amounts of €182,945 and €3,336 was emailed to auditors on 02/09/2022 and therefore we believe this issue has been sorted.

4. Court Cases

The Naxxar Local Council did have a provision for such a court case in Account 4001 amounting to €3000.

5. Financial Statements

Point taken; action will be taken for future reports.

6. Fixed Assets

6.1 We realised that when submitting information to the auditors, this office presented the wrong report, namely 'Fixed Asset Valuation by Category'. This does not include the mentioned details. However we do confirm that the most of the details mentioned form part of the data entered in Sage. With regards to the depreciation for the year for each asset, this should be calculated automatically however it seems that Sage does not list it. Still, since depreciation is based on the straight line method, its calculation should be very straightforward. With regards to the location we confirm that this is not always entered due to the fact that the Local Council is a very

small organisation and most should be quite obvious. We will however do our utmost to ensure that all details are registered accordingly.

6.2 All new assets purchased by the Naxxar Local Council are in fact being listed with the details mentioned by the auditors. However we confirm that assets purchased 20 years ago and over have missing details. I have no doubt you do appreciate that it is very difficult and time consuming to try and locate the details.

6.4 An exercise will be carried out to reconcile the FA register.

7. Trade and other payables

7.2 As stated in the management letter the Naxxar Local Council makes every effort to obtain statements from its suppliers on a monthly basis. This office also does not issue payments unless we receive the statements.

7.3 Vella Group Ltd – court case mentioned in point 4.1 is now settled.

TCTC – Awaiting credit note.

SRF & Veladrians – issue sorted.

Planet IT Solutions Ltd – disputed.

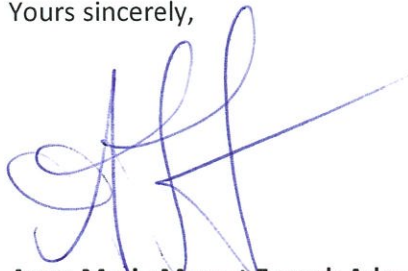
Dimbros Ltd – will be paid in 2022 since amounts consist of agreed retentions on road works.

Carmel Camilleri – paid and settled in 2022.

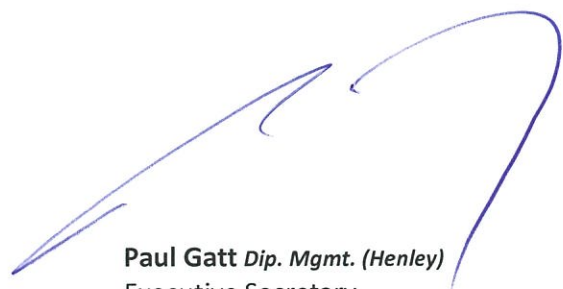
7.5 This was an amount which was paid extra during 2021 and has eventually been settled by the Ministry of Finance.

Whilst hoping the above is satisfactory, kindly contact us should you require further information. We would also like to thank the auditors for their service.

Yours sincerely,



Anne Marie Muscat Fenech Adami
Mayor



Paul Gatt Dip. Mgmt. (Henley)
Executive Secretary

cc National Audit Office