



Ref. MB/mf/96623

23rd October 2024

The Director,
Department for Local Government
26, Archbishop Street,
Valletta

Dear Sir,

Management Letter – Financial Year – 2021

Reference is made to the above-mentioned letter dated 22nd June 2023, received at the Council's Office on the 24th July 2023 concerning the systems and controls used by the Council to safeguard the Council's assets in line with prevailing legislation dealing with local councils.

It seems that by a human mistake this Management Letter was never answered and we apologize for that

The contents of the Management Letter were read and discussed, and where it was deemed appropriate, to forward the following comments:

1. FOLLOW-UP: MANAGEMENT REPORT – YEAR ENDED 31 DECEMBER 2020

The Council has addressed to the best of its capabilities all matters which were mentioned in last year's management report, other than those, which are outside the control of the Council. The Council have passed through a time when we only had the services of a Deputy Acting Executive Secretary after a number of resignations and unfortunately that affected the smooth running of the administrative operations of the Council. The Council will strive to continue to improve its operations during the coming year.

2. INCOME

Income from rental of civic centre

The auditor's comment noted. However, it is important to note that although it is correct that FSWS is a Government Entity, the rental of the civic centre is a separate activity from Central Government funding and thus was shown separately to avoid confusion to the users of the financial statements.

General income

The auditor's comment noted. The Council was short of staff on those specific dates and thus was unable to send one of the staff to the bank to do the deposit.



3. EXPENDITURE

Classification of expenditure

The auditor's comment noted and the reclassification reflected in the updated financial statements.

4. FIXED ASSETS

It is important to note that the acquisition of property is not included in the FAR since no depreciation is provided on the cost of land property.

Comment about the details of the FAR noted. The Council believes that the Fixed Asset Register of the Council is reasonably detailed and that, where relevant, the details requested are included. However, a balance has to be struck between practicality and correct use of information. The Council uses the FAR software as suggested by the DLG which software only allows the recording of the information as recorded by the Council

The Council will be liaising with its Architect and Engineer to quantify the separate cost of the Second Floor to be able to adopt the requirements of the IAS40.

5. BANK

Noted and the Council looked into these matters and rectified accordingly.

6. TRADE PAYABLES

Long Outstanding creditors

Noted. These balances have been analysed prior to the audit and the Council has agreed to leave these balances as outstanding. As explained during the audit, two balances are currently pending legal litigation and the other balance is pending due to service not performed to the Council's satisfaction. Other balances will be analysed during the year under review.

Supplier statements

The Council regularly asks for creditors' statement. However, it is to be noted that the Council does not have any undisputed long term creditors and thus the creditors as at year end were practically less than 30 days old. The Council cannot be held liable if the creditors does not send statements to the Council.



7. FINANCIAL STATEMENTS

The disclosures which were mentioned in the comments to the financial statements/draft management letter were updated in the revised financial statements.

Clayton Cascun Portelli
Mayor

Gwenith Calleja
Executive Secretary