



KUNSILL LOKALI
MOSTA
LOCAL COUNCIL

30th September 2024

National Audit Office
Notre Dame Ravelin
Floriana
FRN 1601

Your Ref MB/mf/118924

Dear Sir/Madam,

Re: Financial statements for the year ended 31 December 2023

We are in receipt of your Management Letter dated 28th June 2024 in connection with the Audit of the Council's financial records as at 31st December 2023, received at the Council's offices on the 5th August 2024. We would like to take this opportunity to thank you at Grant Thornton for the services and co-operation provided to the Council during the audit exercise.

We have taken note of the weaknesses and recommendations that arise from the review of our systems, and we will do our utmost to implement them and to be in conformity with the Local Councils Act, the Financial Procedures, the various Legal Notices and the Local Council's Department Memos.

We, the undersigned, Joseph Gatt and Jeremy Bartolo, Mayor, and Acting Executive Secretary respectively, are addressing the shortcomings and needs of the Council with the sole aim to be in line with the rules and regulations of the Local Government Department.

As a side note, there was a change in Executive Secretary from Lorraine Templeman, whose contract terminated on 31/07/2024 and Acting Executive Secretary Jeremy Bartolo's appointment on 01/08/2024.

Hereunder are our answers with regards to the shortcomings which in your opinion need the Council's attention.

1. Previous Management Letter

The Council has addressed all matters which were mentioned in last year's management report, other than those involving external entities, which are beyond its control. We will strive to continue to improve our controls to the best of our abilities.

JG JB



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2. Income

2.1 Income from Joint Committee

Point noted. Following the fieldwork carried out by the auditors, the Council has been notified by the Local Government Department that the Department had contracted the service of an accountant to draw the missing financial statements for the Tramuntana Joint Committee.

2.2 Other Government Income

Noted. The accounting entry to credit the Debtor (DLG) as a payment in advance to keep track of that advance payment. Then during the following year, the income will be credited to the P&L monthly, as this income is earned in line with the accruals concept.

3. Expenditure

3.1 Expired Contracts

The Council notes that there are some tenders which require review and issuing. There have been already some meetings regarding expired contracts. There are ongoing efforts being done on many fronts to rectify this issue.

3.2 IFRS 16 'Leases assessment

The Council has noted your comment and will do its utmost to assess the IFRS16 Leases.

4. Fixed Assets

4.1 Update to Fixed assets register

The Council has updated its Fixed Assets Disposal Register, which were approved on 27/08/2024, and primarily included non-functional/obsolete IT equipment. The Council also plans to update its Fixed assets register during 2024

4.2 Additions to fixed assets and grants

Noted

5. Stock

5.1 Slow moving stock

SC JB



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The Council will assess its options with regards to its slow moving stock, in the specific case of books. It is also noted that some books have considerably more demand than others. In this case, the Council will discuss the way forward.

6. Trade and other receivables

6.1 Overdue Receivables

The Council is actively chasing these balances, except in the case of Shaun Theuma Marshall, in which a court case is still ongoing. We are yet to receive payment from Mario Borg, Owen Galea, Parroċċa Mosta, WSC and Transport Malta. We will be sending reminders from our end until payment is settled. Balances will be reassessed closer to year end 2024 and provision for doubtful debts to be adjusted accordingly after a Council approval.

7. Other Payables

7.1 Credit Balances in creditor's list

Noted and matter reclassified accordingly

7.2 Debit Balances in creditor's list

Noted and matter reclassified accordingly

7.3 Supplier Statements

Noted with thanks.

7.4 Long outstanding creditors

Noted with thanks.

7.5 Other Creditors

Noted, the council will do its best to rectify this shortcoming.

7.6 Refundable deposits

As stated in the report, the deposits are only refunded when a claim for the deposited amount is submitted.

8. Deferred Income

8.1 Deferred income

Noted and any suggested audit adjustments were included in the updated financial statements.

JG JB



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9. Accrued Income

9.1 Accrued income

Noted and any suggested audit adjustments were included in the updated financial statements.

10. Personal Emoluments

10.1 Personal Emoluments

No such discrepancy was noted during the audit. The Council provided payroll reconciliation to the auditors during the audit. It is important to keep in mind that part of the transport allowance is non taxable and thus, such adjustment need to be taken in consideration when compiling the reconciliation of the FSS against the nominal ledger.

11. Books of Account

11.1 Books of Account

Transactions are posted individually in Sage during the year and any workings/reports/reconciliations which were requested by the auditors were provided during the audit.

12. Cash in bank accounts

12.1 Cash in bank accounts

Matter was discussed during the audit and necessary adjustments were identified and forwarded to the auditors to include with their suggested audit adjustments. And were thus included in the updated financial statements.

Joseph Gatt
Mayor

Jeremy Bartolo
Acting Executive Secretary