



KUNSILL LOKALI HAL LIJA

36, VIDENZA, TRIQ IL-MITHNA, HAL LIJA
TEL NO : 21416111 FAX : 21416941

Director of Audit
National Audit Office
Notre Dame Revelin
Floriana FRN 1601

18th June 2024

Ref: LLC/June 01/24

Dear Sir,

REPLY TO MANAGEMENT LETTER DATED 20th MAY 2024 FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2023

Reference is made to the Auditor's Management Letter dated 20th May 2024, which was received at the Council by post on 06th of June 2024. In terms of Section P2.06P (d.02) of the Local Councils (Audit) Procedures 2006, on behalf of the Lija Local Council, we are presenting herewith the following comments on the points raised.

The Management Letter was brought before the Council for discussion during Council Meeting number 67 which was held on the 18th of June 2024. Consequently, the following comments were discussed and approved accordingly.

1. Previous management letter

The Local Council has noted the comments in relation to the previous management letter. While our below replies also apply to points 1.1 to 1.8, we plan that the shortcomings reported during the audit process in relation to the year ended 31.12.2023 are eliminated during 2024.

2. Income

The accountant has noted the auditor's proposed adjustments and correctly incorporated them in the audited financial statements.

The grants and schemes will be discussed in more detail with the accountant as they occur, to ensure similar instances are correctly accounted for in the future.

3. Fixed asset register

The fixed asset register, currently held on excel, is being set up on the Sage accounting package and this exercise will commence soon and hopefully be finalized by end of year. The grants will also be included accordingly, Following completion, the Council will have an electronic Fixed Asset Register module and depreciation will start being calculated by the system as from the next reporting period.

4. Right of use asset

We have noted the auditor's proposed adjustment and it was correctly incorporated in the audited financial statements. We will take extra care to ensure such instances are not repeated in the future.

5. Trade and other receivables

We have noted the auditors comments which were correctly incorporated in the audited financial statements. The Council will continue contacting Wasteserv to ensure that all invoices are approved and recorded in their books, even though this does not solely rely on the council and it's something that Wasteserv has to correctly keep record of and arrange accordingly in their accounting system.

6. Accruals and prepayments

We have noted all of the auditor's proposed adjustments and these were correctly incorporated in the audited financial statements. We will take extra care to ensure such instances are not repeated in the future.



ps

7. Trade and other payables

We have noted all of the auditor's proposed adjustments and these were correctly incorporated in the audited financial statements. We will take extra care to ensure such instances are not repeated in the future.

7.2 With regards to the bonuses, when the first draft of the Financial Statements was prepared and approved, at that point the final Performance Bonus rate for the Executive Secretary had not yet been confirmed by the Director General of the Local Government Division. The accountant adopted the prudence concept and had temporarily applied the higher rate. Unfortunately, this instance may reoccur in the future and the Council is not at fault if future performance bonus rates are confirmed after the date of approval of the first draft of the Financial Statement provided to the Auditors.

9. Lease Liability

We have noted the auditor's proposed adjustment and it was correctly incorporated in the audited financial statements. We will take extra care to ensure such instances are not repeated in the future.

10. Financial statements

The accountant has noted the auditor's comments and will ensure that the recommended classification of expenses and income is applied consistently to enhance the comparability of financial statements with previous years.

Conclusion

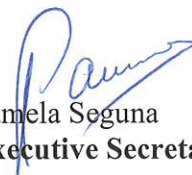
As a follow-up, the Council will seek to address all the issues raised in this year's management letter and any points still pending from the previous one. During the coming year, the Local Council will strive to further strengthen and improve its operations, controls and accounting records.

A handwritten signature in blue ink, consisting of a large, stylized 'f' shape, followed by the initials 'PS'.

Thank you and best regards,

A handwritten signature in blue ink, appearing to read "Dalli".

Anthony Dalli
Mayor

A handwritten signature in blue ink, appearing to read "Pamela".

Pamela Seguna
Executive Secretary