

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

22nd July 2025

Ref: LLC/July 01/25

Dear Sir,

REPLY TO MANAGEMENT LETTER DATED 30th June 2025 FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2024

Reference is made to the Auditor's Management Letter dated 30th June 2025, which was received at the Council by post on 05th of July 2025. 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 16 which was held on the 22nd of July 2025. 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 31.12.2024 are eliminated during 2025.

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2. Income

The accountant has acknowledged the auditor's proposed adjustments and accurately reflected them in the audited financial statements. Grants and schemes will be reviewed in greater detail with the accountant as they arise to ensure consistent and appropriate accounting treatment in the future.

3. Fixed asset register

A fixed asset register has been fully compiled in accordance with the Local Councils (Financial) Procedures 1996, showing all individual purchases, associated grants and annual depreciation charge. While the intention was to integrate the Fixed Asset Register on the Council's Sage software, it has been noted that the function does not cater for grants received, in which any grants pertaining to a specific asset would need to be reflected as a reduction in the asset's cost. This will lead to misleading information. Hence, the Fixed Asset Register will remain on excel version.

4. Trade and other receivables

4.3 We have noted the auditors comments which were correctly incorporated in the audited financial statements. Since the audited, the Council has identified the nature of the difference in the balance with Wasteserv and will be contacting them to further investigate the discrepancy. In addition, the Local Council shall be providing the accountants with quarterly reports issued from the LESA portal in order to accurately account for a provisions for contravnetion older than 2 years.

6. 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.

With regards to the amounts which became payable to the Council's employees as a result of the Collective Agreement, at that point the when the first draft of the Financial Statements was prepared and approved, the Collective Agreement was not yet finalized. Hence there was an uncertainty of the amounts which would be payable as a result of the Agreement.

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7. Cash

We have noted all of the auditor's proposed adjustments and these were correctly incorporated in the audited financial statements. We will ensure to inform the accountant of any cancelled cheques in good time.


8. 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.

Thank you and best regards,



Anthony Dalli
Mayor



Pamela Seguna
Executive Secretary