

19th June, 2023

The Auditor General  
**National Audit Office**  
Notre Dame Ravelin,  
Floriana

Dear Sir,

### ***Management Letter for the year ended 31<sup>st</sup> December 2022***

We are in receipt of the Management Letter prepared by Parker Russell Turner as external Auditors of Hal Kirkop Local Council for the year ended 31st December 2022. We would like to show our appreciation for the work done and look forward to take recommendations and suggestions. Whilst expressing our thanks, we submit our reply to clarify some of the points mentioned.

## **1. Property Plant and Equipment**

### **1.1 Fixed Asset Register**

The Council will discuss this issue with the IT Service provider and Accountant so as to perform the necessary updates as recommended.

### **1.2 Classification of Transactions**

Recommendation noted. Assets being purchased will be classified as recommended.

### **1.3 Fixed Assets Additions**

It is the Council's norm that quotations are obtained for all purchases as per Procurement Guidelines issued by the Department for Local Government. Unfortunately, there are instances whereby the Council does not receive the recommended amount of quotes even though these are requested. There are also times when works carried out are of an urgent nature.

## **2. Cash in Hand and at Bank**

Cash in hand is the amount of petty cash retained at the Council's Office. The Council issues a petty cash reconciliation every month. Issue will be discussed with Council's Accountant to confirm that cash in hand agrees to cash amounts as per accounting records.

### **3. Debtors**

#### **3.1 Long Outstanding Debtors**

The Council will review the long outstanding debtors for recoverability and record full provision for those debtors which are doubtful. It is the Council's norm that statements/reminders are sent to collect debts.

#### **3.2 LES Debtors**

3.2.1 This matter will be brought to the attention of the Council so that discussions will be initiated with the Local Government Department to acquire a way forward.

3.2.3 LESA Debtor balance will be investigated and discussed with LESA.

### **4. Accrued Income**

Recommendation noted.

### **5. Creditors**

The Council will review these amounts and discuss way forward during Council meeting as recommended.

### **6. Accruals and Prepayments**

Recommendation noted.

### **7. Revenue**

Recommendation noted.

### **8. Debit Transactions**

#### **8.1 Procurement Guidelines**

It is the Council's norm that quotations are obtained for all purchases as per Procurement Guidelines issued by the Department for Local Government. Unfortunately, there are instances whereby the Council does not receive the recommended amount of quotes even though these are requested. Recommendation re formal agreements noted.

#### **8.2 Accounting for Debit Transactions**

Recommendation noted.

#### **8.3 Expired Contracts**

Recommendation noted.

## 9. Payroll and Human Resources

### 9.1 Overall Payroll Procedures

- 9.1.1 The discrepancy is due to the fact that in the wages reconciliation one needs to take into consideration the performance bonus accrued for 2021 and 2022 because Performance bonuses accrued for 2021 are paid in 2022.
- 9.1.2 When closing year 2022, the full 15% are accrued since the actual amount is not yet approved by the Local Government Department. Therefore if for example 14% are approved, that would generate the difference.

## 10. Funds held by Tribunal Council

The Council, together with the Councils forming part of the Joint Committee are following on this matter and are awaiting a way forward from the Local Government Department.

## 11. Information Provided on the Portal

All documents are timely uploaded on the portal as per Local Councils Regulations. This was a one time occurrence.

## 12. Presentation of Financial Statements


Recommendation noted.

## 13. Conclusions

It is very important to note that we are doing our outmost to work on the shortcomings pointed in the Management Letter, so as to have a better situation this financial year end. We would be more than willing to discuss an action plan so that all weaknesses in this report are addressed.

We would like to take this opportunity to thank Mr. Arthur Douglas Turner, Ms. Daphne Ann Azzopardi and Ms. Tracey Mifsud from Parker Russell Turner, for their guidance and co-operation.

Regards,



Terence Agius  
Mayor



Antonia Demicoli  
Executive Secretary

c.c. Local Government Department  
Parker Russell Turner