



Grant Thornton

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The Mayor
Isla Local Council
2, St Joseph Street,
Isla

Grant Thornton
Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

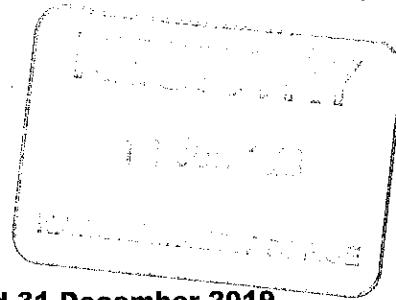
T +356 20931000

www.granthornton.com.mt

Our ref MB/mf/29920

16 March 2020

Dear Sir,



Financial statements for the year ended 31 December 2019

During the course of our audit for the year ended 31 December 2019 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Supplementary Government income

During the year under review the council has again recorded other government income in the incorrect account (refer to note 2.1).

1.2 Pre-regional LES Debtors

Debtors in the Loqus IT system are more than LES debtors recorded in the council's books of accounts (refer to note 2.10).

1.3 Accrued income

We have again noted a shortcoming in accrued income (refer to note 4.6).

1.4 Organic waste collection agreement

We are pleased to note that the council has signed the organic waste collection agreement with WasteServ Malta Limited.

1.5 Petty cash payments

We still encountered shortcomings in petty cash purchases (refer to notes 3.1 and 3.6).

1.6 Procurement procedures

We again noted instances where the council is not adhering to the procurement procedures (refer to note 3.8).

1.Expired contracts

During the year under review we noted that the council is still utilising expired contracts. To date of the audit fieldwork no tenders have been issued (refer to note 3.10).

1.8 Insurance Policy

We noted that council did not address the issue (refer to note 3.14).

1.9 Personal Accident insurance

We are pleased to note that the council has rectified the issue during the year under review.

1.10 Rent agreements

The council did not obtain contracts for some of its rented properties (refer to note 3.18).

1.11 Travel

We have again noted that the council did not submit a report to DLG (refer to note 3.20).

1.12 Tendering procedures

We have again noted a shortcoming in the tendering procedures (refer to note 3.22).

1.13 Reconciliation of fixed asset register to financial statements

The fixed asset register does not agree to the financial statements (refer to note 4.1).

1.14 Tagging of fixed assets

The council has again failed to tag fixed assets in accordance with the Local Councils (Financial) Procedures, 1996 (refer to note 4.4).

1.15 Depreciation of fixed assets

We are pleased to note that the council has rectified the issue during the year under review.

1.16 Disposal of fixed assets

The council did not dispose off any fixed assets during the current year.

1.17 Overdue receivables

We have again noted instances where debtors are taking long to pay (refer to note 5.1).

1.18 Confirmation of debtors

We identified a difference between a debtor confirmation letter and debtors' list (refer to note 5.3).

- 1.19 **Unpresented cheques**
We did not encounter any 'stale' cheques in the list of unpresented cheques.
- 1.20 **Cash in hand**
The council did not rectify the issue during the year under review (refer to note 6.1).
- 1.21 **Supplier statements**
The council did not obtain supplier statements during the year (refer to note 7.1).
- 1.22 **Debit balances in creditors' list**
The council did not address the issue of debit balances in the creditors' list (refer to note 7.3).
- 1.23 **Long-outstanding creditors**
The council's books of account still includes long-outstanding creditors (refer to note 7.6).
- 1.24 **Alternative procedures on creditors**
We have again noted a difference between the creditors' list and confirmation letters (refer to note 7.10).
- 1.25 **Accruals**
We still identified a shortcoming in the list of accruals (refer to note 7.14).
- 1.26 **Other creditors**
The council did not rectify the issue during the year under review (refer to note 7.16).
- 1.27 **Books of account**
We have again noted a number of transactions passed in the books which consisted of grouped transactions (refer to note 8.1).
- 1.28 **Electronic site**
The council's electronic site is not updated in accordance with the Local Council Procedures (refer to note 10.1).
- 1.29 **Uploading of management letter and other documents**
We have noted that the council did not upload the management letter on its website. May we remind the council that the GDPR requirements includes restrictions on transmitting/ publishing information regarding personal data (refer to note 10.3).
- 1.30 **Schedules of payments**
The council did not rectify the issue during the year under review (refer to note 11.1).

1.31 **Capital commitments**

We are pleased to note that the council addressed this issue during the year under review.

2 Income

Supplementary Government income

2.1 During the year under review, the council received a total amount of €24,108.64 for the below grants:

Details	€
Library scheme	2,550.00
Irrigation scheme	2,888.64
Commercial Zone	10,000.00
Adjustment fund	8,670.00
Total	24,108.64

2.2 We noted that the council has erroneously classified the above grants with other supplementary Government income. We have proposed an audit adjustment to include this as other Government income. This has been correctly incorporated in the audited financial statements.

2.3 The council should ensure that transactions are properly allocated to the correct account.

Reimbursement from Regjun Xlokk

2.4 During the year under review the council received €1,791 from Regjun Xlokk for the reimbursement of bins. The council has erroneously included this amount under general income. We have proposed an audit adjustment to include this amount under other government income. This has been incorporated in the financial statements.

2.5 We recommend the council to allocate income receivable to the appropriate accounts so that the income of the council is properly reported.

General income

2.6 We came across instances where the council failed to deposit receipts on a timely basis. Examples are:

Description	Receipt number	Receipt date	Deposit date	€
Usage of council hall	018247	25.10.2019	31.10.2019	60.00
Usage of council hall	017766	23.04.2019	29.04.2019	60.00

2.7 We recommend that the council deposits its receipts at least twice a week to ensure that no cheques or cash are left on the council premises longer than necessary.

Reversal of 'stale' cheques

- 2.8 During the year under review the council reversed 'stale' cheques of €2,102.40. The cheques have been issued back in 2017 and never encashed. The council failed to obtain approval from the councillors during meetings prior to recording the above reversal.
- 2.9 May we remind the council that it is important that the council investigates any 'stale' cheques to determine why they were not cashed. If the cheque is unlikely to be cashed or has been replaced, the amount should be reversed against the respective expense or creditor account after approval by the council. Prior to adjusting the books of account, the council should obtain approval from the council.

Pre-regional LES debtors

- 2.10 In our testing on LES debtors, we obtained report 622 generated from version 1 of the Loqus system and found that tribunal pending payments as at 31 December 2019 were €115,840.89. In 2018 the council had a balance of €112,271.54. The council has passed an entry of €3,569.35 against LES debtors to agree the books with the LES report. We have reversed the entry passed as there is uncertainty as to whether the LES reports are correct. The council has included this adjustment in the final set of financial statements.
- 2.11 We would like to remind the council that it is the council's responsibility to investigate these differences and refer them to Loqus.

3 Expenditure

Petty cash payments

- 3.1 We have noted that some cash payments are not supported by the appropriate petty cash voucher identifying the items being purchased. Examples include:

Details	Suppliers	Date	€
Kitchenette	Senglea Discount Store	No date included	13.43
Soft drinks	Equinox Confectionery	23.04.2019	12.55
Souvenirs	Occasions	03.06.2019	40.00
Local Council meeting	Senglea Discount Store	21.08.2019	15.92

- 3.2 The council has prepared a petty cash voucher for the above purchases however it still did not include a list of items being purchased and their respective value.
- 3.3 We advise the council that in cases where the supplier is unable to issue an itemised bill the council is required to fill in a petty cash voucher and include all details pertaining to the goods being purchased. Furthermore, all petty cash vouchers should be signed by the purchaser and the executive secretary. This is in accordance with Directive 3/2017 and LN 269 of 2017.
- 3.4 We also noted that the petty cash summaries prepared by the council do not include details of the nominal account to which the expenses were allocated.
- 3.5 To this end, it is suggested that the council facilitates approval of petty cash expenditure by providing an analysis of all petty cash expenses and allocating the monthly total of each category of expense to the correct account.

- 3.6 We noted that many of the regular purchases were for items described as kitchenette, cleaning materials and soft drinks and thereby not indicating what the actual purchases were.
- 3.7 We recommend that the council includes a detailed description of items being purchased in the petty cash vouchers and monthly summary. This will ensure that all purchases are allocated to the correct account in the books.

Procurement procedures

- 3.8 Our testing on cheque payments revealed the following irregularities for the below listed purchases:

Details	Supplier	€	Note
Paint, rollers, nails, gangetti etc	Pavia Hardware Store	930.92	(a)
Various road works in Triq il-Kapillan	Pierre Bonello	3,050.00	(a)
Carnival activity	Leon Promotions	1,095.00	(a)
Rubber hump with installation	Sign Mark Limited	1,227.20	(b)
Black twin bins	R Squared	1,791.00	(a)

- (a) The council failed to obtain any quotation.
 (b) The council obtained only 1 quotation.

- 3.9 In accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000 unless, for purchases exceeding €50 but not €500, a direct order approved by the Executive Secretary is issued .

Expired contracts

- 3.10 During the year under review we noted that the council was using services provided by Nexos Street Lighting for street lighting in the locality of Isla even though the contract has expired. We were also notified by the council that the tender will be issued at regional level. To date of the audit fieldwork no tender has been issued.
- 3.11 The council is also utilising an expired agreement with R & A Waste Services Limited (collection of organic waste). The contract expired on 10 February 2019.
- 3.12 Furthermore we identified that the contracts with Jimmy Muscat and V & A Services Limited expired on 26 July 2019 and 16 March 2019 respectively. To date of the audit fieldwork the council did not issue tenders and continued using the services of these suppliers.
- 3.13 We would like to bring to the attention of the council memo 10/2013 which states that the council should not make use of expired contracts. Furthermore, the council should allow enough time to issue a fresh call for tenders and adjudicate it before the preceding contract expires.

Insurance policy

- 3.14 During our audit we identified the below discrepancies between the asset insurance cover and net book value of assets included in the prior year audited financial statements:

Asset	Sum insured €	NBV €
Buildings	90,000	11,079
Computer equipment	1,160	562
Furniture, fittings, plant and machinery	53,461	4,206
Urban improvements	52,175	36,748
Turf and nylon netting	24,758	-
Non-portable equipment	21,352	-
	242,906	52,595

- 3.15 Whilst reviewing the insurance policy, we also noted that the council is insuring property in the open amounting to €51,078. This is in breach of Directive 3/2017 which states that community assets should not be insured.
- 3.16 It is evident that some of the fixed assets are over insured. May we advise the council to perform at least an annual review of its insurance policy in order to ensure that the council's insurance coverage is in line with current legislation.
- 3.17 Directive 3/2017 and Legal Notice 269 of 2017 state that the council must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. However, we recommend that the insurance at least covers the replacement cost of the assets.

Rent agreements

- 3.18 During the year under review the council did not present contracts for the rental of the football ground, Misrah 4 ta' Settembru and council offices amounting to €116, €600 and €2,334 respectively. We were only presented with the invoices for the respective periods. Subsequently, the council provided us with the extension made by the Lands Authority for Misrah 4 ta' Settembru. The council still failed to provide the full rental agreement.
- 3.19 We reiterate our recommendation from previous management letters stating that the council should obtain a contract for all properties being rented for the council's purposes. This will ensure that the rights and obligations of each party are clear.

Travel

- 3.20 During the audit we noted that the council incurred travel expenses for various conferences amounting to €5,176. The council did not submit a report to the Department for Local Government giving details of the conferences attended.
- 3.21 The council is required to prepare travel reports for each project or event which the council or delegates attend and submit this to the Director for Corporate Services as required by MF/5/2012. The report should be submitted to the Department for Local Government by not later than one month after the trip and needs to include the for purpose of the visit and any remarks such as benefits achieved from such trips.

Tendering procedures

- 3.22 During the year under review we noted that the council failed to prepare the opening minutes for tender ISLC01/2019R 'Embellishment and maintenance of 4th September Square Isla'.
- 3.23 May we remind the council that in accordance with the Procurement Guidelines 2017 issued by the Department of Local Government the council should compile the opening minutes. The report must be signed by all parties indicating the approval of the suppliers who have submitted their bid.

4 Fixed assets**Reconciliation of fixed asset register to financial statements**

- 4.1 We noted that the council had differences of €13,557, €2,965 and €141 in urban improvements, office equipment and office furniture and fittings respectively as stated in the fixed asset register when compared to the financial statements.
- 4.2 It further transpired that the difference in urban improvements is due to a grant of €16,983 for the lamp posts and benches at the Gardjola Gardens which was not recorded in the fixed asset register. The remaining differences could not be reconciled.
- 4.3 We reiterate our recommendation from the previous management letter that the council should investigate and reconcile this difference and ensure that the fixed asset register agrees to the financial statements as required by circular 01/2020.

Tagging of fixed assets

- 4.4 We noted that the council's assets are not tagged (where applicable). This is in breach of the Local Councils (Financial) Procedures, 1996.
- 4.5 We recommend that the council tags its fixed assets, where applicable, as soon as possible. This would enable individual assets to be identified and their physical existence verified with the plant register.

Grant in fixed asset schedule

- 4.6 On 14 February 2019 the council has signed an agreement with the Planning Authority to provide a total grant of €56,610.30 for the Refurbishment of Gardjola garden, replacement of lighting poles and benches. During the year under review the council received €16,983 (i.e. 30% of the grant) in its bank account in connection with this grant. The remaining balance will be received upon completion of the project. We have also noted that the council has completed and certified all the works by the end of 2019. We have proposed an adjustment to account for the grant in full and include the receivable balance of €39,627.35 (i.e. the remaining 70%) as accrued income. The council has included this adjustment in the final set of financial statements.
- 4.7 The council has purchased lamp posts and benches for the Gardjola garden amounting to €39,854.50 and €25,197.54 respectively. These were correctly capitalised as urban improvements however the council also charged €40,065 as depreciation for the year. As noted above the council had received a grant with respect to these assets thus the depreciation should have been taken on the cost net of the grant.

- 4.8 To this end we have proposed an audit adjustment to reverse the depreciation of €40,065 as accounted for by the council. Another adjustment was proposed to include the correct amount of €8,441.54 as depreciation for the year. The audited financial statements of the council reflect these adjustments.
- 4.9 We remind the council that income should be accounted for when contracted. The council should accrue for the income and defer it until the asset is finalised and ready for use.
- 4.10 We recommend that the council accounts for capital grants received under the capital approach as specified by Directive 1/2017 issued by the Department for Local Government.

Obsolete assets and disposals

- 4.11 The council still has various fixed assets which are not in good working order or no longer exist. An example of this is the aquarium equipment which was disposed of in previous years.
- 4.12 In accordance with the Local Council's (Financial) Procedures P1.16b the secretary is required to create, maintain and control an accurate and up-to-date inventory of council fixed assets. Therefore we recommend that any disposals and obsolete items included in the fixed asset register are identified and written off. If the council scraps assets, the list of items scrapped or written off should be approved in a council meeting.

5 Trade and other receivables

Overdue receivables

- 5.1 The council's debtors' list includes overdue balances receivable from the Local Enforcement Systems Agency amounting to €838.48 and from the South East Regional Committee amounting to €328.15. These balances have been outstanding since late 2015 and early 2016.
- 5.2 The council should ensure that the balances are valid and, if so, pursue these debtors by sending reminders for the long overdue amounts. In the event that recoverability of these debtors remains doubtful, the council should also consider making a provision for doubtful debts in the books of account after obtaining approval in meeting.

Confirmation of debtors

- 5.3 During our audit fieldwork we identified a difference between a third party confirmation and the debtors' list provided by the council, namely:

Debtor	Balance in books of account €	Balance confirmed by debtor €	Difference €
South East Regional Committee	328.15	101.34	226.81

- 5.4 We recommend that the council matches any pending invoices with the receipts from the debtor and reconciles the difference.
- 5.5 We have obtained a statement from Wasteserv Malta Limited showing a balance of €9,555. The council's books of account show a balance of €19,214.67. The difference of €9,659.67 arose from invoices issued by the council from June to December 2019 which were not recorded by Wasteserv Malta Limited.
- 5.6 We recommend that the council contacts Wasteserv Malta Limited and ensures that all invoices are approved and recorded in their books. The council should also chase for payment.

6 Bank and cash

Cash in hand

- 6.1 Whilst performing our cash in hand reconciliation (cash tills 1 and 2), we noted that the books of account are showing a balance of €156.16 whereas the council had €100 as cash in hand. In our previous management letter we noted that the council had a nil balance in the books of account however they still kept €100 at the council premises. We were not provided with any explanation for the difference.
- 6.2 We remind the council that regular cash counts and reconciliation to the books of account assist the council in identifying differences and resolving them immediately. To this end, we recommend that the council performs this exercise on a frequent basis.

Cheque payments

- 6.3 When testing cheque payments, we noted that the council has erroneously included cheque 10128 as €1,466.03 instead of €1,522.73. In view of the above we have proposed an audit adjustment of €56.70 to rectify the issue. The audited financial statements of the council reflect this adjustment.
- 6.4 We recommend that the council reconciles the bank balance to bank statements using Sage at least on a monthly basis or more frequently depending on the volume of transactions to detect accounting and bank errors in a timely manner. The council should ensure that transactions in Sage are only marked as reconciled when matched to the bank statement. Discrepancies should be flagged immediately for investigation.

7 Trade and other payables

Supplier statements

- 7.1 The council did not obtain monthly statements from all of its suppliers. Memos and circulars issued from time to time by the Department specifically state that the council should obtain monthly statements from all suppliers.
- 7.2 We recommend that suppliers' statements are obtained to enable reconciliations, especially for those suppliers with whom the council trades most.

Debit balances in creditors' list

- 7.3 We have identified the following debit balances in the creditors' list amounting to €4,014.78:

Supplier	€
ARMS Limited – Account 20800000739	284.28
ARMS Limited – Account 411000093556	3,248.87
ARMS Limited – Account 411000086517	330.39
C-Planet IT Solutions Limited	42.48
Go Plc Account 40117733	6.78
Island Beverage Co Ltd	7.58
LESA	94.40
	<u>4,014.78</u>

- 7.4 We have proposed an audit reclassification to reclassify the amounts above to other debtors. The council has correctly reclassified the above in the audited financial statements.
- 7.5 We reiterate our recommendation to separately disclose debit balances in the financial statements rather than set off against trade creditors. Furthermore, the council should investigate why these creditors are in debit.

Long-outstanding creditors

- 7.6 The council's creditors' list includes the following balances which have been outstanding for more than one year:

Creditor	€
David Aguis	180.00
Alliance de Villes Europeennes	250.00
European Association of Historic Towns	50.00
European Walled Towns	420.00
Emmanuel Saïd Limited	570.75
Nexos Lighting & Technology	1,105.02
Water Services Corporation	3,506.96
Director General Works	282.15
SSC Garage	710.36
	<u>7,075.24</u>

- 7.7 We recommend that the council reviews these amounts and, either settles them if still due, or else reverses them after having obtained approval from the council. Furthermore, decisions and discussions regarding these balances should be minuted during the council meetings.

Alternative procedures on creditors

- 7.8 When performing alternative confirmation procedures on the balance due to creditors by verifying payments after year end and outstanding invoices, we identified that the creditors' list shows a balance of €67,927.06 payable to Nexos Street Lighting, but payments after year-end and outstanding invoices amount to €66,822.04. The difference of €1,105.02 results from a long-outstanding invoice which is still showing in the councils' books of account.

- 7.9 The above situations highlight the importance of reconciling creditors' balances to suppliers' statements. Thus, once again we recommend obtaining suppliers' statements on a monthly basis and reconciling immediately in order to identify any discrepancies promptly. We suggest that all differences identified are investigated and adjusted accordingly.

Confirmation of trade creditors

- 7.10 As part of our audit procedures we obtained supplier statements from selected suppliers. We noted that Wasteserv Malta Limited confirmed that the amount due to them was of €2,099.55. The books of account include a payable balance of €2,186.25. This results into a difference of €86.70. No reconciliation was provided by the council.
- 7.11 The creditors' list shows balances of €1,015.98 and €2,850 payable to SSC Garage and Environmental Landscapes Consortium. The suppliers have provided us with statements stating that the amounts due to them are €305.62 and €4,275 respectively. We were informed that the differences are old outstanding invoices which are not shown on supplier statements.
- 7.12 The council received a statement from Environmental Landscapes Consortium dated 31 December 2019 stating that the amount due to them was €4,275. The council's books of account include an amount of €2,850. The council informed us that invoices 23578, 24881, 25414 having a total of €1,425 were paid in 2018 however, these are still showing on the supplier statement.
- 7.13 We remind the council that circular 1/2020 states that the council should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

Accruals

- 7.14 Whilst testing accruals we noted that the council has erroneously over accrued for services provided by MITA by €657.31. An audit adjustment was proposed to decrease the expense and accruals as appropriate. The council approved our audit adjustment and included it in the final set of financial statements.
- 7.15 The council should make adequate provisions for accrued expenditure so that it is recorded in the correct accounting period.

Other creditors

- 7.16 In 2017 and 2018 the council had received €82,062.50 for the "Pjazza 4 ta' Settembru" project. To date the project has not yet started as the tender had to be re-issued. We are pleased to note that the council has obtained an extension agreement for this project. We have proposed an adjustment to reclassify the grant as advance payments in order to provide separate disclosure from other creditors. The adjustment was properly reflected in the financial statements.
- 7.17 We recommend that the council discloses receipts from grant in a separate account.

8 Books of account

- 8.1 During audit fieldwork we identified a number of transactions passed in the books of account which consisted of grouped transactions. We were not provided with an adequate breakdown or explanation of each figure, for example the other income and bank account.
- 8.2 Transactions in the books of account should be posted individually. In particular all journal entries should be substantiated by a detailed narrative explaining the purpose of the journal entry.

9 Financial statements**Presentation of financial statements**

- 9.1 The following shortcomings were identified in the financial statements of the council:
- i. The note on property, plant and equipment includes the percentage rather than range of years or percentages due to change in the depreciation method.
 - ii. Note 'c' of the notes to the financial statements was not updated with endorsed IFRS's for the financial year 31 December 2019.
- 9.2 We recommend that the council gives more attention to the preparation of the financial statements. The above shortcomings have been amended in the audited financial statements.

10 Electronic site

- 10.1 We noted that the council did not upload signed copies of the following documents on the website of local councils within the required time frame:
- (a) Quarterly financial reports covering January – December 2019 were not uploaded on the council website within the stipulated time frame.
 - (b) The business plan for 2018 – 2020 and annual budget for 2019 were not uploaded within the stipulated time frame.
 - (c) To date of the management letter the council failed to upload the annual budget 2020.
 - (c) To date the annual budgets for 2014, 2015 and 2016 have still not been uploaded on the website.
 - (d) To date of the fieldwork the council has failed to upload the audited financial statements and reply to the management letter for 2016, 2017 and 2018.
 - (e) The annual administrative report for 2015 is still not uploaded on the council website.
 - (f) Meeting minutes 57, 58, 59, 6, 7, 8 and 9 were uploaded late on the council website.
- 10.2 The council should ensure that minutes are uploaded on the council website within three days of approval as required by the Local Councils (Financial) Procedures, 1996. All other reports should be uploaded on the website within the stipulated timeframe.

Uploading of management letter and other documents

- 10.3 During the audit fieldwork we noted that the council did not upload the 2018 management letter in accordance with Circular 21/2019.
- 10.4 We would like to remind the council of the General Data Protection Regulations as indicated in SPI7/2018. Councils should be mindful that there are restrictions on transmitting/ publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in Circular 7/2019 which states that names of third parties not directly connected with the operations of the council should not be published.
- 10.5 We therefore recommend that the council contacts the Department for clarification of this contradiction.

11 Schedules of payments

- 11.1 We also noted that some schedules of payments did not include all cheque numbers. It was later identified that the missing cheques were cancelled but not listed in the schedules of payments. This was noted in cheque 10062 issued from BOV account which was omitted and cancelled.
- 11.2 The council included payments with nil value made to ARMS Limited and Island Beverages Limited for cheques 9631 and 9637 respectively. The council failed to include the cheque number on schedule of payments and approve it and later approve the cheque as a cancelled cheque.
- 11.3 We remind the council of the importance to abide by the Local Councils (Financial) Procedures section P1.11 and present accurate schedules of payments. The executive secretary is to ensure the correctness of documentation prior to each council meeting.

12 Meetings

Binding of minutes

- 12.1 We observed that the minutes of the council are not hard bound at the end of each financial period or legislature.
- 12.2 We recommend that, at the end of each council's financial year, the executive secretary arranges for the previous year's minutes to be bound as further reference will be required from time to time in accordance with the Local Councils (Office) Procedures, 1996. This bound copy should be given due importance since it serves as the only permanent, unchangeable record of all council meetings and decisions taken.



13 Comparison with annual budget

13.1 When comparing the budgeted figures with the actual figures of the year under review, we identified the following differences:

	Budget €	Actual €	Difference €
Income			
Government	423,159	348,506	74,653
Bye laws	18,715	9,551	9,164
Income from LES	2,225	1,827	398
Investment	14	114	(100)
Other income	2,520	37,546	(35,026)
Expenditure			
Personal emoluments	75,193	71,223	3,970
Operations, maintenance and administration	256,304	275,375	19,071

13.2 We recommend that the council compares budgeted figures to actual figures at least on a quarterly basis to ensure expenditure is in line with budgeted amounts. The council should apply due care and diligence when compiling the budget figures as required by the Financial Regulations.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Ms Graziella Cassar and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,