



Kunsill Lokali Gudja

15th June 2020

Mr. Manuel Castagna CPA
Nexia BT
The Penthouse, Suite 2
Capital Business Centre
Triq taz-Zwejt, San Gwann

Dear Sir,

Thank you for the management letter of the 30th May 2020 contents of which have been considered.

The Council considers that the points raised will enable the Council to continue having the good governance in the best interest of the community as well as the proper administration and use of public finance entrusted to the Council.

For sake of clarity we will address the points as per same letter above acknowledged.

Prevoius Management Letter

1.1 Fixed Assets

Labelling of all assets.

Your point has been noted. In actual fact the Council has started this task and due to other top pressing matters and lack of resources the Council had to postpone this matter. The Council has now put this labelling exercise as one of its priorities and it will be completed within this financial year (2020).

1.2 Depreciation

Noted.

1.3 Trade Receivables

We agree with the reclassification as it has been indicated in 2.2 below.

1.4 Accrued Income

We have noted your conformation that there were no discrepancies with respect to Wasteserv shortages being paid by the DLG.



1.5 Trade and other payables

We will reply under note 2.4 below.

1.6 Dispute with supplier

The disputed amounts being claimed by Pada Builders Limited (€24,100) will be further dealt with in note 2.5 below.

1.7 Long Outstanding payables

This matter will be dealt with note 2.6 below.

1.8 Adoption of IFRS 9

The receivable balances of the Council are composed of funding from government and its related entities. The default risk is considered as insignificant and rather immaterial and there was no credit loss on receivables. We have noted your remark and while adopting IFRS 9 we will also report as required.

1.9 Jum Il-Lokal

Noted.

2.1 Fixed Assets

We confirm that all the fixed assets exist and that the labelling exercise will be completed during the year 2020.

2.2 Trade Receivables

The long outstanding Credit balance related to Regjun Tramuntana €12 has been w/off in 2020

2.3 Accrued Income

This difference of 3 in the accrued income balance with respect to bank interest receivable will be further dealt with the bank concerned. We will inform you of the outcome as soon as we are in a position to do so.



2.4 Trade and other payables

Nexos Street Lighting

We agree with the auditors recommendation and henceforth the Council will carry credit balances are correct and reflect the true and correct position of the account.

As to the negative balance relating to GO Plc of €115 we agree that such balances are in actual fact reclassified as current asset prior to the preparation of financial statements.

2.5 Dispute with supplier

This amount of €24,100 is a disputed amount being claimed by PADA Builders Ltd and which amount is subject to the decision of the arbiter which judgement is expected to be delivered in the near future as confirmed by our legal advisor Dr. P.Lia LL.D. We agree with the auditor's recommendation that the Council reflects the outcome of such rulings in the Council's books of accounts.

2.6 Long Outstanding Trade Payables

We have noted the auditors remarks especially that of Andrew Vassallo General Trading Ltd €9,094 and that of Waste Serv Malta Ltd €14,967.

The credit amount in favour of Andrew Vassallo General Trading has now been settled and his following satisfaction delivery of the required material and performance of equipment as required by the Council.

The matter related to Waste Serv Malta Limited, during the year 2020 the Council has paid €10,457.28. Now the remaining long outstanding balance is €534.76 which covers the year 2016 and 2017. This balance will be settled during this year.

The matter related to KHS, the amount has been paid during this year 2020.

The other pending payments are being checked and we will take the necessary action after the approval by the Council as in actual fact being recommended by the auditors.

2.7 Adopation of IRFS 9

This item has already been dealt with in item 1.9 above.



2.8 Income

The Council always endeavours to register a minimum of 10% of the financial allocation as required, however during the current year the Council managed to register a figure of about 8%. In reality the Council is not in a deficit position and in view of its past savings and funding the Council is in a very strong position to meet its financial commitments without any difficulty.

2.9 Council Meetings

The Council is in agreement with the auditors recommendation and that the Executive Secretary will take immediate action to inform the Minister for the National Heritage, the Arts and Local Government as such matters to be fully complaint as required.

The Council also agrees that if and whenever any similar situation would occur, the Executive Secretary will also act in full compliance with the stipulations of Article 18 of Chapter 363.

2.10 Mayor`s Honorarium

The Council is in agreement to be in line in accordance to section 32.1 of the Local Councils Act and will also be doing its utmost to rectify the position concerning this difference of €82.

2.11 Unadjusted Error

We have taken note of the said mistatments and will be taking the appropriate action to rectify matters as required.

2.12 Reclassification

We have taken note of the stated adjustments and we will be taking the appropriate action to rectify matters as required.



Conclusion

The Council is always conscious to be fully compliant with financial and other regulations concerning the one and proper administration and operations of the local council.

It is in the opinion of the local council that good and proper governance especially from the point of view of finance entrusted to the Local Council gives the maximum value to the community we serve.

We also take this opportunity and thank you for your audit service as well as for the co-operation and courtesy of your staff during the course of your audit.

Dr. Marija Sara Vella
Mayor

Mrs. Lara Mascena
Executive Secretary