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Our ref: MB/mf/94323

23 May 2023

Dear Madam,



Financial statements for the year ended 31 December 2022

During the course of our audit for the year ended 31 December 2022 we have reviewed the accounting system and procedures operated by your council. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Joint Committee

The Gudja Local Council formed part of the Zejtun Joint Committee up to 31 August 2011.

We have obtained the last audited financial statements of the Zejtun Joint Committee and noted that the reserves of the committee only amount to €2,672. To this end our audit report was not qualified as the amount to be divided between all committee members would not be material.

Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated, and that the council receives any further income that may be due to it.

1.2 Trade and other payables

The council once again failed to obtain all supplier statements to confirm the year end balances (refer to note 2.1).

The books of account include debit balances in creditors list (refer to note 2.2).

1.3 Upkeep of fixed asset register

The fixed asset register still does not include all necessary details (refer to note 3.1).

1.4 Wasteserv reconciliation

We have noted a difference between the council's books and Wasteserv's statement of account (refer to note 4).

2 Trade and other payables

Supplier statements

- 2.1 We have noted that despite several efforts, the council did not obtain statements as at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account.
- 2.2 We understand that the council does make every effort to obtain statements from its suppliers and that sometimes it is difficult to obtain monthly statements due to suppliers' inefficiency. However, we recommend the council keeps on chasing its suppliers for regular statements. This will ensure that the council's creditors are properly recorded in the accounts and that any differences or disputes are highlighted promptly.

Debit balances in creditors' list

- 2.3 We identified debit balances in the creditors' list amounting to €2,069. These consist of the following:

Supplier	€
AIB Insurance Brokers Limited	19
ARMS Limited	1,970
Med Design Associates	80
Total	2,069

We have passed an audit reclassification amounting to €2,069 to record debit balances in creditors' list as debtors.

- 2.4 The council should issue and allocate payments against specific invoices. We also recommend that the council investigates the debit balances in creditors as these can indicate a possible overpayment or omitted purchases or expenses.

3 Fixed assets

Fixed asset register

- 3.1 When reviewing the fixed asset register, we noted that relevant details like invoice number, location and depreciation for the year are missing.
- 3.2 We recommend that every possible effort should be made to update the fixed asset register and include at least the following details:
- Description of asset
 - Date of purchase
 - Supplier details
 - Invoice number
 - Asset tag code (where applicable)
 - Cost
 - Depreciation rate
 - Location of the asset
 - Grants received.

- 3.3 An updated fixed asset register enables the council to exercise proper control over the council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council's fixed asset register is updated.

4 **Wasteserv reconciliation**

During our confirmation procedures for debtors and creditors accounts, we have noted the following differences for Wasteserv accounts:

	Per books	Per Wasteserv Statement of Account	Difference
Debtor	21,934	-2,181	19,753

The council was able to provide the movement of the receivable including the list of invoices. The differences arise due to the invoices issued and correctly recorded by the council which were not yet reflected in Wasteserv's books. We recommend that the council maintains constant communication with the supplier to timely account for invoices issued.

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 Lara Mascena and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

