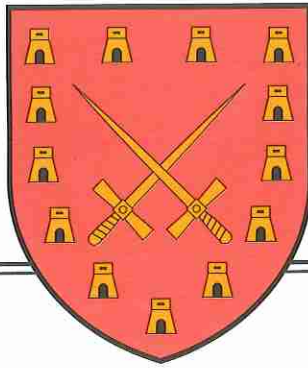


Kunsill Lokali Pembroke

Triq Alamein
Pembroke, PBK 1776,
Malta
Tel: (356) 2137 2111 Fax: (356) 2137 2555
Web: www.pembroke.gov.mt
e.mail: pembroke.lc@gov.mt



Pembroke Local Council

Alamein Road
Pembroke, PBK 1776,
Malta
Tel: (356) 2137 2111 Fax: (356) 2137 2555
Web: www.pembroke.gov.mt
e.mail: pembroke.lc@gov.mt

Ref. Tagħna : 46/3562/21/O/94/370/205/333/264/366
Ref. Tiegħek :
Ref. Interna : 46/3539/21/I, Minuti 10/K8/2021 – 10.8.2

29 ta' Lulju 2021

Dipartiment għall-Gvern Lokali

26,
Triq l-Arcisqof,
Valletta, VLT 1443.

Att: Id-Direttur Ġenerali Natalino Attard

Management Letter 2020

B'referenza għall-Management Letter għas-sena finanzjarja li għalqet fil-31 ta' Diċembru 2020 (**Ara Dok. 1**), f'isem il-Kunsill Lokali Pembroke qed nissottomettu r-risposat tagħna kif approvata fil-laqgħa tal-Kunsill referenza 10/K8/2021 miżmuma nhar il-Ħamis 29 ta' Lulju 2021.

Ir-risposta tal-Kunsill Lokali Pembroke hija:

1. Follow-up: Management report – Year ended 31 December 2020

B'referenza għal-item 1.1 il-Kunsill qed jerga jirrimarka bħas-snin li għaddew, li ma jaqbel xejn mal-kumment li l-Kunsill ma indirizzax is-sitwazzjoni peress li l-Kunsill ma jista' jagħmel xejn. Dan fid-dawl li l-Kumitat Kongunt m'għadux jeżisti u għalhekk dak mitlub ma jistax isir. Irid ikun id-DGL li jara li x-xoljiment tal-Kumitati Kongunti u t-traferiment tal-operat lir-Regjuni sar skond il-parametri tal-liġi. Mhux sewwa u mhux aċċettabbli li minħabba nuqqas ta' terzi, qed jintefa dell fuq il-Kunsill Lokali Pembroke.

2.1 Income from LES administration fee

Kif indikat fir-rapport, is-sistema tal-LES m'hijiex amministrata mill-Kunsill, izda hija sistema centralizzata u għalhekk il-Kunsill ma jista' jagħmel xejn għajr li jiprintja r-rapporti. Jekk hemm żbalji, inheggu lid-DGL biex jidhol f'diskussjonijiet mal-LESA u l-Loqus biex jaraw kif dawn jistgħu jiġu mitigata.

2.3 Income interest

Għalkemm kif indikat fir-rapport ma kien hemm u mhux ser ikun hemm ebda tibdil li jaffetwa l-finanzi tal-Kunsill, il-Kunsill diġa informa lill-Bank biex il-kont bankarju li qed issir referenza għalih jiġi regolarizzat, kif fil-fatt sar. (**Ara Dok. 2**)

2.5 Joint Committee

Kif diġa espress fil-bidu ta' din ir-risposta, il-Kunsill Lokali Pembroke qed jitlob u jistenna li d-DGL isib soluzzjoni għal din il-problema. Mhux sewwa u mhux aċċettabbli li minħabba nuqqasijiet ta' terzi, l-financial statemst tal-Kunsill qed jiġi kwalifikati.

3.1. Asset insurance

Il-Kunsill Lokali Pembroke ma jaqbilx mal-kummenti li sar, speċifikament dwar l-assikurazzjoni t'assi li jinsabu fil-miftuħ. Il-Kunsill iħoss li ċertu assi li jistgħu jiġu vandalizzata għandhom jiġu assikurata. Ukoll il-Kunsill ma jaqbilx li għandu jkollu assikurazzjoni skond in-NBV, għax f'każ ta' xi każ, jispiċċa ma jieħu xejn. Bl-istess argument jekk Kunsill għandu equipment u għamar li għadhom fi stat tajjeb imma NBV huwa €0, x'ser jassigura?

4.1. Upkeep of Fixed Assets Registry

Il-Kunsill jaġmel referenza għall-kummenti dwar informazzjoni nieqsa minn fuq rapporti mitluba, liema informazzjoni hija kollha disponibbli b'mod diġitali fuq il-programm stess, iżda m'hemm ebda rapport li jiprintja l-informazzjoni kollha li qed isir referenza għaliha. Kif indikat fid-dokumnt anness, l-informazzjoni hija kollha disponibbli għajr għal invoice number u grants, fejn m'hemm imkien fejn dawn jistgħu jitniżżlu. **(Ara Dok. 3)** Apparti minn dan, ir-referenza dejjem qed issir fuq assi li xtraw fis-snin preċedenti u mhux fis-sena li għalih huwa intiż ir-rapport.

Għalhekk jidher li dan l-item ser jibqa jidher fis-snin li ġejja sakemm ma jkunx hemm xi tibdil fis-software, liema software m'huwiex magħmul speċifikament għall-użu tal-Kunsill abbażi tar-rekwiżiti li qed jitolbu u/jew jirrimarkaw l-Awdituri.

4.6 Reconciliation of financial statements to accounting records

Kif indikat fir-rapport, il-Kunsill għamel l-aġġustamenti meħtieġa.

4.10. Reconciliation of Fixed asset registry to unaudited financial statements

Ir-rikonċiljazzjoni relatata giet provduta lill-awdituri waqt l-awditjar. Is-software ma jaġtix lok li jsir dak mitlub minħabba li jekk dan isir ser joħloq diskrepanza fid-diprezzament tal-assi.

4.11. Classification of fixed assets

Il-Kunsill ħa nota tal-kumment u ma jaqbilx li crash barrier għandha titqies bħala tabella, meta din qed tintuża minflok railing tul it-triq kollha. Huwa għalhekk li qed titqies bħala Urban Improvements u mhux Traffic Signs.

4.13. Depreciation of assets

Id-diprezzamnet isir b'mod awtomatiku mill-programm u l-Kunsill mhux f'pożizzjoni li jispjega din id-diverġenza li qed jelenkaw l-Awdituri.

4.16. Depreciation of assets

Il-Kunsill ma jaqbilx mal-kolkoli li l-Awdituri qed jagħmlu dwar id-depreciation, intant, waqt l-awditjar il-Kunsill spjega lill-Awdituri l-mod li bih qed tinħadem id-depreciation.

5.2. Intangible asset

Il-Kunsill ħa nota tal-kumment, tant li fi preżentazzjonijiet futuri Computer Software ser jidher separatamanet bħala Intangible Assets. Bi żvista din ma saritx matul is-sena 2020.

6.1. LC Other Entities Account

Il-Kunsill ħa nota tal-kumment, u għalkemm ma jaqbilx ma dak mitlub minħabba li ser jiġġenera aktar muniti fil-Kunsill (dan fid-dawl tar-restrizzjonijiet imposta mill-Banek kummerċjali), b'effett immedjata qed insegwu dak mitlub.

7.1. Trade and Other Receivables

Kif il-Kunsill diga wieġeb fis-snin li għaddew, tali rapporti huma iġġenerata minn sistema provduta lill-Kunsill minn Loqus, u l-Kunsill m'għandu ebda kontrol fuqha jew fuq l-amministarzzjoni u d-dettalji tagħha. Għalhekk il-Kunsill iħeggeġ lid-DGL biex jidhol f'diskussjoni mal-Loqus ħalli tinstab soluzzjoni għal din il-problema.

8.1. Suppliers' Statements

Il-Kunsill Lokali Pembroke dejjem iħallas fil-pront u fl-aħħar ta' kull xahar, tant li kważi qatt ma jkollu kontijiet pendenti, għalhekk huwa diffiċli li jikseb statements ta' fondi u/jew fatturi pendenti. Dawk miksuba jkunu preżentati lill-Awdituri u għalhekk il-Kunsill ma jistax ikun f'pożizzjoni li jinponi fuq il-kumpaniji biex jibgħatu statements.

8.5. Accruals

Il-Kunsill ħa nota tal-kumment iżda jixtieq jiġbed osservazzjoni li l-ammont tal-accruals ikun wieħed apromosattiv, minħabba li l-fattura tkun għada ma waslitx għand il-Kunsill, u għalhekk normalment issir round figure. Li jintalab agġustament ta' €67.00 fuq stima ta' xogħol li kien previst li jammonta għal €9,500, hija varjazzjoni ta' 0.70%, li hawn ukoll, jekk ikun hemm varjazzjoni waqt it-tweqqif tax-xogħol hija aċċettabbli, aħseb u ara meta qed isir kalkolu ta' accruals.

Imma, immaterjalment minn dan, il-Kunsill ħa f'isieb li jemenda d-dokument kif elenkaw l-istess Awdituri.

9.1. Presentation of financial statements

Kif indikat fir-rapport, il-Kunsill għamel l-agġustament meħtieġa fil-Financial Statements.

10.0. Schedule for Payments

Għalkemm intennu l-pożizzjoni tagħna li ma naqblux mal-kummneti tal-Awdituri, din il-problema issa hija sorveljata minħabba li l-pagamenti kollha, għajr dak tal-petty cash, qed isiru permezz ta' internet banking transfers.

11.1. Uploading of Management Letter

Kif indikat fir-rapport, il-Kunsill japprezza gwida mingħand id-DGL dwar x'għandu jagħmel biex ikun konformi mal-Liġi tal-GDPR.

Il-Kunsill ma jistax ikun penalizzat mill-Awdituri biex jimxi ma' dak mitlub mid-DGL.

12.1. Capital Commitments

Il-Kunsill ħa nota tal-kumment li sar.

13.1. Comparison with annual budget

Il-Kunsill ħa nota tal-kumment li sar.

Tislijiet,



Avv. Dean Hili
Sindku



Kevin Borg
Segretarju Eżekuttiv

*Kopja : Awditur Ġenerali, NAO
Udituri Lokali – Grand Thorton
Ministru għall-Finanzi (Onor. Clyde Caruana)
Ministru Għall-Wirt Nazzjonali, l-Arti U L-Gvern Lokali (Onor. José A Herrera)*

National Audit Office
Notre Dame Ravelin
Floriana FRN 1601
Malta

Phone: (+356) 22055555
E-mail: nao.malta@gov.mt
Website: www.nao.gov.mt
www.facebook.com/NAOMalta

Our Ref: NAO 107/2015/46
Your Ref:

20 July 2021

The Mayor and Executive Secretary
Pembroke Local Council
Pembroke

Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2020**

In terms of Section P2.06 (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the Audit Report and Financial Statements, together with the Management Letter for the financial year ending 31 December 2020.

After seeking the Association's approval, you are kindly requested to submit your response to the Director (Monitoring & Support) Local Government Division, the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures, by not later than six weeks following receipt of this letter.

Yours faithfully,



Tanya Mercieca
Asst. Auditor General



**Kunsill Lokali
Pembroke**

20 JUL 2021

46/3539/21/I

Encls.

The Mayor
Pembroke Local Council
Triq Alamein
Pembroke, PBK 1776

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/89521

18 May 2021

Dear Sir,



Financial statements for the year ended 31 December 2020

During the course of our audit for the year ended 31 December 2020 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 Income

The council still failed to obtain the annual audited financial report of the Joint Committee (refer to notes 2.5 and 2.6).

We are pleased to note that we did not encounter any discrepancies in relation to supplementary Government income, other Government income and general income.

1.2 Expenditure

We are pleased to note that the council did not affect any payments prior to the council approval.

We again noted that the council is not insuring the assets appropriately (refer to note 3.1).

1.3 Fixed assets

The fixed asset register is once again lacking information as requested by the Local Councils (Financial) Procedures, 1996 (refer to note 4.1).

We again identified discrepancies between the fixed asset register, financial statements, and books of account (refer to notes 4.3, 4.4, 4.5 and 4.7).

Once again, we identified assets which are not being recorded in the appropriate category (refer to note 4.11).

We have once again identified shortcoming in depreciation of fixed assets (refer to note 4.13).

1.4 Intangible assets

We again identified intangible assets which are not being shown in the books of account (refer to note 5.1).

1.5 Receivables

We are pleased to note that we did not encounter any shortcomings on accrued income.

1.6 Trade and other payables

Once again, the council failed to obtain supplier statements (refer to note 8.1).

We have once again identified discrepancies in the confirmation of payables (refer to note 8.3).

We again identified shortcomings in accruals (refer to note 8.5).

1.7 Financial Statements

We still identified shortcomings in the presentation of the unaudited financial statements (refer to note 9.1).

1.8 Electronic website

We still noticed shortcomings in the uploading of documents on the electronic website (refer to note 11.1).

1.9 Schedules of payments

We have again noted irregularities on the schedules of payments (refer to note 10.1).

2 Income

Income from LES administration fee

2.1 As part of our testing, we obtained the Loqus report 483 and reconciled it to income from LES administration fees. It was established that the council's income from LES administration fees for 2020 is overstated by €97.

2.2 We recommend that the council takes the matter up with Loqus to determine what the correct balance is and then considers whether an adjustment should be passed in the council's books.

Interest Income

2.3 During our fieldwork we noted that the BOV current account is subject to a final withholding tax.

2.4 Even though this bank account does not normally earn any interest, it is still recommended that the council instructs the bank not to withhold tax since it is exempt from income tax.

Joint Committee

- 2.5 We noted that the Lvant Joint Committee, of which Pembroke local council formed part up to 31 August 2011, has provided audited financial statements for the year ended 31 December 2011.
- 2.6 The reserves of the committee at that date amount to €3.01 million. We were unable to determine whether the council is entitled to receive any further income from the Joint Committee. As a result, our audit report has been qualified.
- 2.6 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.

3 Expenditure

Asset insurance

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

Asset	Sum insured €	NBV in books of account €
Buildings	73,986	-
Plant and machinery	4,225	51
Other trade content	64,630	10,688
Total	142,841	10,739

- 3.2 It is evident that the council's fixed assets are over/under insured. May we advise the council to perform at least an annual review of its insurance policy to ensure that the council's insurance coverage is in line with current legislation.
- 3.3 Whilst reviewing the insurance policy we also noted that the council is insuring property in the open, for the sum of €419,885. This is in breach of Directive 3/2017 which states that community assets should not be insured.
- 3.4 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, since a significant number of assets have a nil net book value we recommend that the insurance at least covers the replacement value for assets.

4 Fixed assets

Upkeep of fixed asset register

- 4.1 The fixed asset register does not include important information such as suppliers' details, invoice number and location of assets. Although we appreciate that the council's accounting system allows the fixed asset register to be issued in various formats, the council is still unable to furnish a single fixed asset register report showing all necessary details. Furthermore, the description of the assets in the FAR does not always contain the desired detail. Examples include:

Asset category	Asset code	Description	NBV €
Urban improvements	URBAN349	Pump for fountain	595
Trees	TREES026	Soil	3,436
Urban improvements	URBAN306	Crash Barrier	821

- 4.2 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.

Reconciliation of financial statements to accounting records

- 4.3 We identified several differences between the net book value of certain asset categories in the financial statements and the net book value in the nominal ledger. These are summarised below:

Asset category	NBV in unaudited financial statements €	NBV in nominal ledger €	Difference €
Office furniture and fittings	2,018	2,222	(204)
Office equipment	10,593	10,651	(58)
Special programmes	-	(264)	264
New street signs	-	15,238	(15,238)
Urban improvements	132,201	116,963	15,238
	144,812	144,810	2

- 4.4 During the year, the council purchased a sanitiser dispenser amounting to €204 which was classified as 'office furniture and fittings'. This asset should be classified as 'office equipment' and therefore, an adjustment was proposed to record this addition in the appropriate category. The asset was presented correctly in the

unaudited financial statements. The audit adjustment was approved by the council and was properly presented in the audited financial statements.

- 4.5 Furthermore, it was also noted that the council recorded the amount of €15,238 in 'new street signs' instead of 'urban improvements'. The council also recorded the amount of €262 in 'special programmes' instead of recording it in 'office equipment'. Audit adjustments were proposed in this regard to record assets in the appropriate categories. The figures were correctly presented in the unaudited financial statements. The audit adjustments were approved by the council and were properly presented in the audited financial statements.
- 4.6 We remind the council that any variances between the assets disclosed in the unaudited financial statements and the nominal ledger need to be investigated and adjusted accordingly.

Reconciliation of fixed asset register to unaudited financial statements

- 4.7 We identified differences between the net book value of assets in the fixed asset register and the net book value in the unaudited financial statements. These are summarised below:

Asset category	NBV in unaudited financial statements €	NBV in fixed asset register €	Difference €
Office furniture and fittings	2,018	6,266	(4,248)
Office equipment	10,593	138	10,455
New street signs	-	12,957	(12,957)
Construction and street paving	2,788	41,390	(38,602)
Urban improvements	132,201	86,797	45,404
	147,600	147,548	52

- 4.8 We remind the council that any variances between the assets disclosed in the financial statements and the plant register need to be investigated and reclassified accordingly.
- 4.9 Furthermore, it was noted that the total additions in the financial statements amounted to €114,393, whilst the total additions shown in the fixed asset register amounted to €55,393. The resulting difference amounting to €59,000 pertains to the grant which as at year-end the council was still due to receive from SportMalta. The council failed to record the additions and the relative grant in the fixed asset register.
- 4.10 We recommend that the council ensures that the cost of the asset is included in the fixed asset register in full and that the grant is shown separately. In this manner, the council ensures that the fixed asset register is updated with all the necessary information.

Classification of assets

- 4.11 Whilst reviewing the fixed asset register, it was noted that the council classified railing in Triq Burma as 'Street signs' rather than 'Urban improvements'.

- 4.12 We recommend that the council ensures that the fixed asset register is updated, with the various categories tying up to both the financial statements and the nominal accounts to have the correct net book value for tangible assets.

Depreciation of fixed assets

- 4.13 During the year under review, we noted that the council's depreciation charge for the year as per books of account amounted to €72,920, whilst the charge in the fixed asset register amounted to €72,501. This resulted in a discrepancy of €419.
- 4.14 We reiterate our recommendation that the fixed asset register is updated to agree to the books of account. This will ensure that the depreciation calculated by the plant register is correctly reflected in the financial statements.

5 Intangible asset

- 5.1 Once again we noted that the council has failed to recognise computer software which was purchased in prior years in the financial statements as an intangible asset.
- 5.2 May we remind the council that computer software falls under the definition of 'Intangible Assets' which should be accounted for in line with the requirements of IAS 38 – Intangible Assets. The council should ensure that the requirements of IAS 38 are properly applied with respect to any computer software which is purchased by the council.

6 Cash at Bank

LC Other Entities Account

- 6.1 During the audit fieldwork, it was noted that whilst the council opened a new bank account during the year, council funds were also being deposited in this account.
- 6.2 Directive 5/2020 states that the council should open a bank account with the name 'LC Other Entities Account' so that the council can deposit funds and subsequently transfer funds to the appropriate entity. This legal notice came into force on 1 September 2020. To this end, we recommend that the council makes the necessary arrangements to be in line with this directive.

7 Trade and other receivables

- 7.1 We noted that the movement in tribunal pending payments in report 622 amounted to €489. This contrasts with the amount of payments made during the year amounting to €757, as indicated in report 483 for pre-regional contraventions.
- 7.2 The above cast doubts on the integrity of the data being generated from the Loqus IT system. Therefore, we recommend that the council takes the matter up with Loqus to determine why the balance is fluctuating.

8 Trade and other payables

Suppliers' statements

- 8.1 During the course of our audit we noted that the council did not manage to obtain monthly suppliers' statements or year-end statements for all suppliers.



- 8.2 We understand that the council does make every effort to obtain statements from its suppliers and that sometimes it may be 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.

Confirmation of payables

- 8.3 During our audit fieldwork, we noted that the creditors' list shows a balance of €1,032 due to Arms Ltd. As per creditors' confirmation reply, the amount due should be €972. The council informed us that the difference of €60 pertains to an application fee in relation to decorative Christmas lights. It was further noted that Arms Ltd did not take into account the €60, hence the identified difference. The council provided us with documentation supporting the bank transfers amounting to €1,032 which were made by the council to Arms Ltd post year-end.
- 8.4 We remind the council that circular 01/2020 states that the council should reconcile creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

Accruals

- 8.5 During the year under review, the council recorded an accrual for tipping fees amounting to €1,250. The invoices received post year-end for the collection of mixed and organic waste during the month of December amounted to €1,372. Therefore, an adjustment was proposed to account for the under-accrual of €122. Furthermore, the council accrued for the expense of various works performed by J&K Contractors Limited during December. The accrual amounted to €18,000. The invoice received after year-end amounted to €17,002. Therefore, this results in an over-accrual of €998. An audit adjustment was proposed in this regard. The council also accrued for works performed by B. Grima & Sons Ltd. The accrual amount totalled €9,500. Up to the date of the audit fieldwork, the council had not yet received the invoices from the supplier. The council provided us with their estimate for the cost of work involved, which amounted to €9,433. In view of this, an audit adjustment was proposed for the over-accrual of €67. The adjustments were approved by the council and were correctly incorporated in the audited financial statements.
- 8.6 The council should endeavour to compute accruals as accurately as possible so that expenditure is recorded in the correct financial period based on the accruals concept of accounting.

9 Financial statements

Presentation of financial statements

- 9.1 Councils are required to prepare financial statements in conformity with International Financial Reporting Standards (IFRS). During our audit we identified that the council's unaudited financial statements were not prepared in accordance with IFRS:
- i. In the statement of Profit or Loss and Other Comprehensive Income and in note 7, the council is showing the amount of €883, which pertains to income raised by Local Council Bye-Laws as general income.

- ii. In note 4 'Funds received from Central Government', the council included €28,805 as supplementary Government income. In fact, €2,862 pertains to 'other Government income' and €25,492 pertains to organic waste collection.
- iii. In note 9 'Operations and Maintenance' it was noted that the total was not casting.
- iv. In note 12, 'Property, plant and equipment' for the year ended 31 December 2020, it was noted that the total for the Government grants from prior years was not casting. Furthermore, the current year depreciation charge for the urban improvement category included in the Financial Statements did not agree to the charge as per books of account. Consequently, the accumulated depreciation for this category was stated incorrectly, and likewise the net book value. As a result, the total net book value as at 31 December 2020 in the Financial Statements did not agree to the net book value as stated in the books of account.
- v. In note 14 'Receivables', the Prepayments and Accrued Income total was stated incorrectly. As a result, the receivables total was not cross-casting to the amount included in the Balance Sheet.
- vi. The council included non-financial assets in the financial risk management note.

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 Council meetings and minutes

Schedules of payments

- 10.1 We identified that most of the cheque numbers were omitted from the schedules of payments and no cancelled cheques were listed in the schedules of payments.
- 10.2 Upon enquiry we were informed that the council approves the payment and once approval is obtained the cheques are written and signed. Furthermore, the council noted that cheque numbers are listed in the schedule of payments only if the cheques are issued prior to being approved in the council meetings.
- 10.3 We advise the council to abide by section P1.11.c.c.01. of the Financial Procedures which dictates the amount of detail required on the schedule and a further memo issued by Department for Local Government which requires the cheque number to be inserted even if cancelled. All cancelled cheques should be retained as proof of cancellation. Furthermore, during 2020 the council adopted directive 4/2020 which enables the council to make online payments. We encourage the council to include payment date and transfer reference in the schedules of payments.

11 Electronic website

Uploading of management letter

- 11.1 We also noted that the council uploaded the 2019 Management Letter and its reply in full in accordance with circular 21/2019.
- 11.2 We would like to remind the council of the recent General Data Protection Regulations as indicated to councils in SPI 7/2018. 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 of 2019 which states that names of third parties not directly connected with the operations of the council should not be published.

- 11.3 We therefore recommend that the council contacts the Department for clarification of this contradiction.

12 Capital Commitments

- 12.1 During the year under review, we noted that the council included capital commitments amounting to €250,000 in the 2021 budget whilst no capital commitments were included in the financial statements. We were informed by the council that as at year-end, no final BOQ for the project had been approved.
- 12.2 The council should disclose capital commitments within the coming year and future years separately to inform users of the council's future intentions. We recommend that the financial statements should adequately disclose the council's future capital expenditure plans, if any, as agreed to the budget and business plan.

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:

	Budgeted €	Actual €	Difference €
Expenditure			
Personal emoluments	106,319	105,485	(834)
Operations and maintenance	330,602	336,834	6,232
Administrative and other expenses	73,695	110,236	36,541
	510,616	552,555	41,939

- 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 Mr Kevin Borg and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



7/23/2021

printout

BOV

Bank of Valletta

Bank of Valletta p.l.c.
58, Triq San Zakkarija,
Il-Belt Valletta VLT 1130 - Malta
Co Reg. No. C 2833

Statement of Account

SAVINGS ACCOUNT

From 18.05.2021 To 19.07.2021

Statement Ref. 8

Transaction Limit



PEMBROKE LOCAL COUNCIL
PEMBROKE LOCAL COUNCIL
TRIQ ALAMEIN
PEMBROKE
PBK 1776
MALTA RTN 066

Account Details

Account Number	50007885058
IBAN	MT45VALL22013000000050007885058
Account Currency	EUR
Tax Declaration	DO NOT WITHHOLD TAX
BOV Branch	TA' L-IBRAG

Account Summary

	EUR
Previous Balance	186.07
Total Withdrawals	24,176.57
Total Deposits	25,877.90
Closing Balance	1,887.40

Just a reminder...

You have consented to receive direct marketing.
Credit balances are not covered by the Depositor
Compensation Scheme.

Please ignore emails claiming to originate from BOV
asking for personal details such as your PIN, User Id,
or credit card number. It is not the Bank's policy to
request such information.

Enquiries +356 2131 2020
Email customercare@bov.com
Website www.bov.com

Interest and Charges Info

Interest Earned	0.00
Interest Incurred	0.00
Charges Incurred	0.00

Date	Description	Withdrawals	Deposits	Balance in EUR
18.05.2021	Previous balance			186.07
19.05.2021	CASH DEPOSIT 888-0021-2208-7 PEMBROKE L/C REF: 301CHDP211390196 - 585649664		465.00	651.07
19.05.2021	ACCOUNT TO ACCOUNT TRANSFER EXPRESS DEPOSITS REF: 301FTRQ211392388 - 586042934		15.00	666.07
24.05.2021	CASH DEPOSIT 2206-3 REF: 301CHDP211440407 - 591857852		1,640.00	2,306.07
25.05.2021	ACCOUNT TO ACCOUNT TRANSFER EXPRESS DEPOSITS REF: 301FTRQ211450591 - 592846117		532.64	2,838.71
26.05.2021	CASH DEPOSIT 2204-9 REF: 301CHDP211460562 - 594190186		140.00	2,978.71
26.05.2021	ACCOUNT TO ACCOUNT TRANSFER EXPRESS DEPOSITS REF: 301FTRQ211461166 - 594690231		30.00	3,008.71
27.05.2021	24X7 TRANSFER BETWEEN OWN ACCOUNTS 40021345911 Transfer Receipts 6883 - 6889 Red 40 REF: 06624TA211470090 - 596068125	150.00		2,858.71

The balance shown on the statement should be verified promptly and any discrepancy notified to the manager immediately. (*) denotes debit balance. Information printed on this statement is according to your instructions as at date of the statement. Please retain this statement in support of any tax claims.

Page 1 of 6

COM 17 - 2019

I - CASA_BATCH_20210720001808_FILE6 - B - N 0000005007885058 - 1 - 6

The screenshot displays the Sage Evolution 'Fixed Assets' interface. A window titled 'Edit Asset: Pump for fountain' is open, showing a detailed form for asset management. The form is divided into several sections, with red arrows pointing from labels to specific fields:

- Asset tag code:** Points to the 'Asset Code' field containing 'URBAN1349'.
- Description of asset:** Points to the 'Description' field containing 'Pump for fountain'.
- Depreciation rate:** Points to the 'Master Asset' dropdown menu.
- Cost:** Points to the 'Purchase Price' field containing '6555.35'.
- Location of the asset:** Points to the 'Location' dropdown menu.
- Supplier details:** Points to the 'Supplier' dropdown menu containing 'P005 (J.V Portelli & Sons Ltd.)'.
- Date of purchase:** Points to the 'Purchase Date' field containing '02/02/2019'.
- Invoice number:** Points to the 'Purchase Order' dropdown menu.
- Grants received:** Points to the 'Replacement Cost' field containing '0.00'.

The background shows a list of other fixed assets with columns for Asset Code, Description, Barcode, Groups, Asset Type, Cost Centre, Location, Supplier, Capex Order, Dates, Purchase Date, Replacement Date, Replacement Cost, Capital Gains Tax, Base Cost, and Roll Over Relief.