

Ref. Tagħna : 46/2861/22/O/94/370/205/333/264/366
Ref. Tiegħek :
Ref. Interna : 46/2706/22/I, Minuti 08/K8/2022 – 08.7.1

23 ta' Ġunju 2022

Dipartiment għall-Gvern Lokali

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

Att: Id-Direttur Ġenerali Natalino Attard

Management Letter 2021

B'referenza għall-Management Letter għas-sena finanzjarja li għalqet fil-31 ta' Diċembru 2021 (**Ara Dok. 1**), f'isem il-Kunsill Lokali Pembroke qed nissottomettu r-risposta tagħna kif approvata fil-laqgħa tal-Kunsill referenza 08/K8/2022 mizmuma nhar il-Ħamis 23 ta' Ġunju 2022.

Ir-risposta tal-Kunsill Lokali Pembroke hija:

1 Previous management letter

B'referenza għal-item 1.1 (Income), il-Kunsill qed jerrimarka 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 jstax isir. Irid ikun id-DGL li jara li x-xoljiment tal-Kumitati Kongunti u t-trasferiment 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.

B'referenza għal item 1.2 (Fixed Assets), il-Kunsill jagħmel użu minn software li huwa standard u għalhekk ser jikkomunika mas-Sage biex tiġi esplorata l-possibilità li jiġi modifikat is-software ħalli jkun jistgħu jiġu nkluża d-dettalji mitluba. Ta' min jirrimarka li d-dettalji mitluba huma kollha disponibbli taħt is-sezzjonijiet tal-ħlasijiet li tagħmel parti mill-istess software, iżda l-awdituri qed jesigū li tali dettalji jkun nkluzi ukoll mar-record tal-assi partikulari.

B'referenza għal item 1.5 ta' min jinnota li l-emendi kollha neċessarja, saru waqt li kien qed isir l-audit.

2 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 minhabba nuqqasijiet ta' terzi, l-financial statements tal-Kunsill qed jġi kwalifikati.

3 Income

Il-Kunsill ħa nota tal-kumment li sar u ser jara li kemm jista' ikun tali żball ma jergax isir, għalkemm tajjeb wieħed jirrimarka li l-proviżjoni li saret dwar fattura li suppost iddaħħlet fis-sena 2022, ma kellha ebda effett materjali fuq il-pożizzjoni finanzjarja aħħarija tal-Kunsill.

4. Financial statements

Ta' min jinnota li saru l-emendi kollha neċessarja waqt li kien qed isir l-audit.

Tislijiet,

IFFIRMAT

Avv. Dean Hili
Sindku

Kopja : **Awditur Ġenerali, NAO**
Udituri Lokali – Grand Thorton
Ministru għall-Finanzi (Onor. Clyde Caruana)
Segretarjat Parlamentari għall-Gvern Lokali (Onor. Alison Zerafa Civelli)

IFFIRMAT

Kevin Borg
Segretarju Eżekuttiv

National Audit Office
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Our Ref: NAO 107/2021/46

Your Ref:

8th June 2022

The Mayor
Pembroke Local Council
Pembroke

Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2021**

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 2021.

After seeking the Local Council'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**

13 JUN 2022

Encls.

46/2706/22/1

The Mayor
Pembroke Local Council
Triq Alamein
Pembroke, PBK 1776

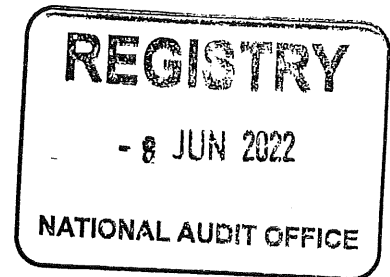
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Our ref MB/mf/82722

27 April 2022

Dear Sir,



Financial statements for the year ended 31 December 2021

During the course of our financial statements audit for the year ended 31 December 2021, we have reviewed the accounting system and procedures operated by the Local 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 Income

We did not encounter any issues with respect to income LES administration fee during the year.

We are pleased to note that the issue with regards to BOV subjecting the Local Council's current account to a final withholding tax has been resolved.

The Local Council still failed to obtain the annual audited financial report of the Joint Committee (refer to note 2).

1.2 Fixed assets

We still recommend for every possible effort to be made in updating the fixed asset register and include important details such as:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation rate
- Location of the asset
- Grants received.

We did not encounter any issues with respect to reconciliation between fixed asset register, financial statements and books of accounts.

We did not encounter any issues with respect to depreciation of fixed assets.

1.3 Trade and other receivables

We did not encounter any issues with respect to payments in report 622 and Loqus IT system.

1.4 Trade and other payables

We did not encounter any issues with respect to supplier statements, confirmation of payables and accruals.

1.5 Financial statements

We still identified shortcomings in the presentation of the unaudited financial statements (refer to note 4).

2 Joint Committee

2.1 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.

2.2 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 remained qualified for the year ended 31 December 2021.

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

3 Income

3.1 As part of our testing of accounts '204 Accrued income' and '120 Contributions', we noted an amount of EUR 1,722 relating to street and furniture contribution from Zanzi Homes for the period 1 January 2022 to 31 December 2022. This should not form part of the Local Council's income for the year under review.

The amount is within above our trivial materiality. Hence, this shall be transferred to our list of uncorrected misstatements and included as part of the Local Council's representation letter.

3.2 We recommend that the Local Council closely monitor these types of transactions and take into consideration the timing and proper recognition of income in their financial statements.

4 Financial statements

4.1 The Local Council is required to prepare financial statements in conformity with International Financial Reporting Standards (IFRS). During our audit, we identified that the Local Council's unaudited financial statements needed updates and further corrections in accordance with IFRS.

4.2 We recommend that the Local Council gives more attention to the preparation of the financial statements. The required updates and corrections have been amended in the audited financial statements.

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 Local 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,

