

Our Ref: NAO 107/2021/40
Your Ref:

9 September 2021

The Mayor and Executive Secretary
Mqabba Local Council
Mqabba

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 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

Encls.

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Our ref MB/mf/111021

24 August 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

We again noticed that the Council is not depositing general income at least twice weekly (refer to note 2.3).

1.2 Payroll

Similar to previous year, while testing salaries, we noticed that there were differences between FS7 and figures in accounts (refer to note 4.5).

1.3 Fixed assets

We again identified discrepancies between the net book value in the fixed assets register and the net book value in the books of account (refer to note 5.3).

1.4 Cash and cash equivalents

We have noted that the Council failed to include a bank balance in the books of accounts. (refer to note 7.1).

1.5 Trade and other payables

As in previous year, when performing our test on the payable balances, we noticed that reconciliations were not prepared for any supplier selected (refer to note 8.1).

As in previous year, the creditors' list provided during the audit included a number of negative balances (refer to note 8.6).

The Council has still not entered into an agreement in relation to rental for the Local Council premises (refer to note 8.8).

2 Income

Government allocation

- 2.1 During our audit fieldwork we noted that the council did not account for the MITA deduction amounting to €478 from the Government allocation to correctly reflect the gross income received from central Government in accordance with instructions received from the NAO. We have proposed an audit adjustment and it was correctly incorporated in the audited financial statements.
- 2.2 It is important that Government income agrees to the financial allocation document as per section 55 of the Local Councils Act, 1993. Any amounts deducted at source should be grossed up such that Government income is reported in full.

General income

- 2.3 During our audit, we came across instances where the council did not deposit its general income on a regular basis. Examples are:

Receipt number	Details	Receipt date	Deposit date	€
09722	Permits	29.10.2020	30.11.2020	10.00
09763	Permits	17.11.2020	30.11.2020	20.00
09672	Permits	26.09.2020	10.10.2020	20.00
09629	Permits	02.09.2020	24.09.2020	20.00
09595	Permits	05.08.2020	10.09.2020	10.00
09589	Permits	31.07.2020	08.08.2020	30.00
09540	Permits	03.07.2020	10.07.2020	10.00

- 2.4 Apart from the security implications of leaving cash and cheques on the premises unnecessarily, this contravenes the relevant regulations. We recommend that the council implements procedures so that all receipts are deposited at least twice weekly.

Income from LES administration fee

- 2.5 We obtained Loqus report 483 and reconciled to income from LES administration fees and established that the council's income from LES administration fees for 2020 is overstated by €62.56.
- 2.6 We did not propose an audit adjustment due to the immateriality of the amount. However we recommend that the council generates the Loqus report frequently and reconciles amounts to fees claimed for collection of fines.

Revenue classification

- 2.7 During the course of our audit we noted that revenue from permits amounting to €6,051 was incorrectly classified as income raised by Local Council Bye-Laws instead of general income. We also noted that income received for organic waste collection amounting to €11,395 was incorrectly classified as general income instead of other Government income. We have proposed audit adjustments to reclassify the amounts and these were correctly incorporated in the audited financial statements.

- 2.8 We recommend that income is allocated to the appropriate accounts so that it is properly recorded.

3 Expenditure

Petty cash purchases

- 3.1 We noted that the petty cash summaries did not include details of the nominal account to which the expenses were allocated.
- 3.2 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.
- 3.3 We recommend the council includes all necessary information in the petty cash summaries to ensure no payments are omitted or double posted in the summaries and the council has a clear view of its petty cash expenditure.

Procurement procedures

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

Supplier	Details	€	Note
Clentec Limited	Hand sanitisers and dispensers	150.00	(a,b)
Mqabba FC youth	Transport services provided.	998.25	(a,b)
Maypole Caterers Ltd	Catering new year 2020	148.00	(a,b)
SR Environmental Solutions	Doggy waste bins	478.40	(b)
Vella Falzon Building Supplies Ltd	Works carried out in MQB Public Convenience	3,980.00	(a,b)
C&G Hardware Store	Misc, ironmongery purchases	219.80	(a,b)

(a) The council did not raise a purchase order.

(b) The council failed to obtain any quotation.

- 3.5 In accordance with the Procurement Guidelines, 2017 issued by the Department for Local Government, the council should raise purchase orders for all purchases above €50. Furthermore the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000.
- 3.6 We would also like to remind the council that in accordance with the Procurement Guidelines 2017, councils are specifically required to make a public call for quotations for expenditure in the range of €5,000 to €10,000 and issue a call for tenders for expenditures above €10,000. We also draw your attention to section e.01 of the Local Councils (Financial) Procedures, 1996 which states that a similar purchase within four months is to be considered as one single purchase.

Tendering procedures

- 3.7 During the year under review we noted the below shortcomings to tendering procedures:

Tender no.	Details	Note
MLC/T/0/3/2019	The professional services of a contracts manager.	a, b, c
MLC/T/40/4/2019	The professional services of an architect and civil engineer	a, b, c

- (a) The council failed to provide us with a copy of the tender contract
- (b) The council failed to provide us with the opening minutes.
- (c) We were unable to verify whether the bank guarantee was issued within 10 days of the tender contract date.

- 3.8 May we remind the council that in accordance with the Procurement Guidelines 2017 issued by the Department for 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.

- 3.9 May we remind the council that in accordance with the Local Councils (Tendering) Procedures, councils are specifically required to enter into a formal contract which should be signed by both parties. A copy of this agreement should be held by the council.

Expired Contracts

- 3.10 We have noted that the last call for tender for accountancy services was issued in 2015, with the original contract covering the period from November 2015 to November 2016. The contract is renewable for a period of three years on approval for the Mqabba Local council. In 2016, the council again extended the agreement up to November 2019.
- 3.11 The contracts for Bulky Refuse with Joseph Zammit and for Urban Cleaning with Elles Urban Services Ltd were also expired during the year under review, yet the services were still being enjoyed by the council.
- 3.12 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. The council informed us that tenders for accountancy services, cleaning of urban areas and bulky refuse collection were issued in 2021.

Payment approval

- 3.13 We identified instances where the council issued a cheque before approval in council meetings. Cheque 4455 issued to Bonalco Aluminium was dated 23 March 2020, however it was only approved on 7 April 2020. Cheque 4409 issued to B Grima & Sons Ltd was dated 4 February 2020, however, it was only approved on 9 March 2020.
- 3.14 No payment should be made without the approval of council members. The above payments have only been authorised by cheque signatories, i.e. mayor and executive

secretary who do not constitute a quorum of members. All councillors should be aware of payment and purchases made in the name of the council.

Asset insurance

- 3.15 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* €
Office furniture and fittings	40,000	1,945
All other contents	7,290	794
Office equipment	26,606	547
Total	73,896	3,286

- 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.

Rent Expense

- 3.17 Whilst performing audit procedures we noted that the council recorded a rent expense amounting to €232.94 in the books of account. We noted that the council did not account for this amount in accordance IFRS 16 'Leases'. The council also failed to provide us with an assessment of leases in line with the standard. However, given that the effect on the financial statements was not deemed to be material, no adjustments were proposed from our end.
- 3.18 We recommend that the council reviews all lease contracts in place and considers the impact of IFRS 16 'Leases' on the council's financial statements and adjust if the need arises.

Fuel expenses

- 3.19 The council currently pays for fuel expenses for the employees providing repairs and maintenance services around the locality. The council explained that the petrol station invoices the council directly for the provision of fuel which is paid on credit terms by the council.
- 3.20 This contradicts the Local Council Procedures affirming that fuel expenses should be reimbursed on a mileage basis once being approved by the council in meetings.

4 Wages and salaries

Declaration of councillors' allowances and mayor honorarium

- 4.1 When reviewing the FS3s for councillors, we noted that the council has incorrectly reported the allowances of four councillors under 'Part Time Gross Emoluments'.
- 4.2 We would like to remind the council that councillors' allowances do not qualify for the Part-Time Work Regulations (1996) and as such should be declared under 'Gross Emoluments' (FSS Rules). We recommend that the council adheres to these regulations.
- 4.3 Whilst reviewing the councillors' honoraria accounts, we noted that the council has treated the mayor's allowance as part of the mayor's honoraria. We have therefore proposed an audit reclassification to correct the misallocation. The final set of financial statements has been amended to include our proposed audit reclassification.
- 4.4 We recommend that expenditure for the mayor's allowance and mayor's honoraria are distinguished from one another. This is in accordance with IAS 24 *Related Party Disclosure* which requires separate disclosure of the remuneration of key personnel.
- 4.5 Whilst reconciling the FSS tax declared in FS5 forms to that declared in the FS7 form of the council, we came across the following difference:

Description	Declared in FS5s €	Declared in FS7 €	Difference €
Gross Emoluments full-time	52,538.32	53,824.68	(1,286.36)
Gross Emoluments part-time	31,044.78	29,759.00	1,285.78
FSS full-time	5,982.00	6,557.00	(575.00)
FSS part-time	5,039.00	4,464.00	575.00
National insurance	8,403.32	8,441.54	(38.22)
Maternity Fund Contribution	38.22	-	38.22
Total	103,045.64	103,046.22	-0.58

- 4.6 It is important that FSS forms are filled in properly to ensure that all amounts paid are correctly declared to the Commissioner for Revenue.

5 Fixed assets

Classification of financial statements with accounting records

- 5.1 We identified differences between the net book value (NBV) of certain assets in the financial statements and the NBV in the accounting records of the same categories. These are summarised below:

Asset category	NBV in financial statement €	NBV in unaudited accounting record €	Difference €
Office furniture and fittings	1,237	1,019	218
Computer equipment	982	744	238
Computer software	3,532	3,771	(239)
Office equipment	817	185	632
Urban improvements	67,513	68,292	(779)
Trees	-	72	(72)
	74,081	74,083	(2)

- 5.2 We recommend that the council investigates these classifications and ensures that the financial statements reflect what is included in the books of account.

Classification of financial statements with fixed assets register

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

Asset category	NBV in unaudited financial statements €	NBV in fixed assets register €	Difference €
Computer software	3,532	3,810	(278)
Office equipment	817	783	34
Urban improvements	67,513	68,533	(1,020)
Construction works	59,374	59,848	(474)
	131,236	132,974	(1,738)

- 5.4 Whilst going through the fixed asset register, we noted various assets which were not included in their proper category. This includes various asset additions in relation to the public convenience in St. Rita which are included in urban improvements in the books of account and financial statements, however these are included under property in the fixed asset register. We also identified air conditioners in the fixed assets register which are included in computer equipment and office equipment.
- 5.5 We recommend that the council ensures that the fixed asset register is updated with the categories shown in the fixed asset register tying up with both the financial statements and the nominal accounts so as to have the correct net book value for both tangible and intangible assets.

Details of fixed asset register

5.6 When reviewing the fixed asset register, we noted that certain details like invoice numbers, location and suppliers' details are missing. For example:

Asset category	Asset code	Description	Net book value €
Computer software	MLC0054	Microsoft office 2019	203.25
Office equipment	MLC0051	Guill cutter and handle A3 metal x 20 sht	73.52
Computer equipment	MLC0053	Dell optiplex 3060 SFF Core	587.21
Urban improvements	MLC0063	Street light pools and lanterns at Xghari Mqalleb	1,933.72

5.7 We recommend that every possible effort should be made to complete the fixed asset register to include at least all of the following:

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

5.8 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 henceforth with all relevant details.

6 Trade and other receivables

Confirmation of trade receivables

6.1 We have obtained a statement from Wasteserv Malta Ltd showing a balance of €11,297.24 due to the council. However, the council's books of account indicate a balance of €16,465.38. The council provided a reconciliation at our request and the difference was made up of 4 invoices not posted in Wasteserve Malta Ltd statement.

6.2 We recommend that, as with all debtors, regular reconciliations of amounts due are prepared to promptly highlight any differences.

Long outstanding balances

6.3 Whilst reviewing receivables we noted the following overdue balances:

	€
Alessio's Old Cottage	104.82
LESA	195.83
Southern Regional	792.18
WasteServe Malta Limited	11,498.49
	<u>12,591.32</u>

6.4 We recommend that the council regularly reviews overdue receivables for recoverability. The council should determine how the receivable amount originated and if it is not valid or no longer recoverable the council should obtain approval in a council meeting to make a specific provision or write it off. The discussion and approval should be minuted in the council's minutes.

Pre-regional LES debtors

6.5 During our review of pre-regional LES debtors, we noted that the decrease in tribunal pending payments in report 622 was €26,587. We were not provided with report 483 for pre-regional contraventions as the council mentioned that this is €nil. No adjustment was passed since no explanation was forthcoming and the effect on the financial statements is €nil since all amounts are fully provided for.

6.6 The findings 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 what this difference pertains to.

6.7 We also noted that the council wrote off LES debtors and reversed LES debtors provision by €26,587. LES debtors were written off in the Contraventions income account and not in an expense account. To this end we proposed an audit adjustment to show this write off as an expense. The adjustment was properly incorporated in the audited financial statements.

6.8 We recommend that the council accounts for income and expenditure in the correct classification.

Other debtors

6.9 During our review of other debtors, we noted that the council has a receivable for a refund amounting to €1,126. We were not provided with any supporting documentation or explanation for the amounts or an indication whether it is still receivable.

6.10 We recommend that the council obtains advice on whether such amount is still receivable, and after careful consideration and discussion, the council should consider writing this off. All decisions have to be minuted.

7 Bank and cash

Bank reconciliations

7.1 We noted that during the year under review the council opened a new bank account with the Central Bank of Malta (CBM). This bank account was not recorded in the council's books of account. The bank balance as at year end amounting to €28,935.

We have therefore proposed an audit adjustment to include this balance. The audit adjustment was properly incorporated in the audited financial statements.

- 7.2 We remind the council that bank statements must be obtained and reconciled frequently to ensure proper accounting records are being kept.

LC Other Entities Account

- 7.3 During the audit fieldwork it was noted that the council did not open a new bank account which is to be used for the deposits of funds and subsequent transfers of the amounts due to entities such as LESA and the Lands Department. Instead, the council continued to adopt the old system of depositing funds directly to the entities' bank accounts.
- 7.4 Even though the council receives limited transactions, we still recommend the council to open this account as instructed by Directive 05/2020.

8 Trade and other payables

Suppliers' statements

- 8.1 During the course of our audit we noted that 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. Circulars issued from time to time by the Department for Local Government specifically emphasize that the council should acquire monthly statements from all its suppliers.
- 8.2 We recommend that the council obtains monthly statements from all suppliers in order to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Long outstanding creditors.

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

	€
Asfaltar Limited	12,591.69
Arms Ltd	2,519.48
Anthony Bezzina	468.96
Elton John Zammit Cleaning	1,384.72
B. Grima and Sons	136.15
Floorpull Ltd	70.41
Hive information systems	395.30
ICT Solutions Ltd	50.00
LESA - Local Enforcement	4,814.00
	<u>22,430.71</u>

- 8.4 The council's other creditors also include the following balances which have been outstanding for more than one year:

	€
B Grima	285.92
A Bezzina	2,000.00
Other creditors	750.00

ARPA	2,018.54
Other Local Councils	9,793.25
	<u>14,847.71</u>

- 8.5 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 discussion regarding these balances should be minuted during council meeting.

Debit balance in creditors' list

- 8.6 The council's creditors' list includes an amount of €501.60 debit balance in the creditors' list. We have proposed an audit reclassification to reclassify the amount above to other debtors.

	€
Island Insurance Brokers	8.28
St. Peter Ironmongery	21.73
WasteServe Malta Ltd	471.59
	<u>501.60</u>

- 8.7 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 this creditor account is in debit.

Accrued expenditure

- 8.8 While testing the rent payable, we noted that there is not a clear understanding on the amount due between the Council and the Lands Department. The Council is recording an accrual of €22,673, which amounts to five years' rent, since it is claiming that any older rent would be prescribed at law. To date of fieldwork, no indication of whether this amount is payable or not was obtained by the council.
- 8.9 We recommend that the Council chases the Lands Department for clarification on this matter. An agreement should also be drafted and signed. If amount will not be paid this needs to be reversed. The discussion and approval should be minuted in the council's minutes.

Deferred income

- 8.10 While testing deferred income we noted an amount of €27,500 in relation to Gnien Ogni Ongella project. No documentation was provided in relation to this project and therefore we could not verify validity of this deferred income.
- 8.11 We recommend that the council verifies if this project will be completed and regularizes its position with DLG to verify if the funds need to be returned or not. If these funds will not be returned these need to be released to income.
- 8.12 While testing deferred income in relation to Eco Wardens amounting to €4,206.11 the council noted that these were amounts promised by Regjun Nofsinhar in respect to Eco Wardens Services which never materialized. No funds were received in 2020 and no such claims were approved therefore we have proposed an audit adjustment to reverse the entry. The adjustment was properly incorporated in the audited financial statements.
- 8.13 We recommend that the council records deferred income when funds are received and not utilized in the year under review and not when these are promised.

Unrecorded liabilities

- 8.14 Whilst reviewing subsequent year end payments, it came to our attention that the council has omitted the following:

Invoice date	Supplier	Details	Cheque	Amount
15.01.2021	John Galea	December 2020 – Contracts manager fee	Bank transfer	312.50
11.02.2021	Socjeta Sant Marija	Setting up/removal of poles & Christmas decorations	Bank transfer	800.00
01.10.2020	Denfar Concrete Supplies	Kaptelli & trasportati	Bank transfer	309.16

- 8.15 To this end, we have proposed an audit adjustment amounting to €1,421.66 to record the above amounts against accruals. The council has amended the financial statements to include our audit adjustments.
- 8.16 We recommend that the council records expenditure when it is incurred such that expenses and liabilities are recorded in the correct financial year.

9 Financial statements
Presentation of financial statements

- 9.1 We have also identified the following shortcomings in the financial statements of the council:
- i. Comparative figures for year ended 2019 do not agree with prior year signed financial statements.
 - ii. Total comprehensive income/(deficit) for the year page 2 should be Total comprehensive (deficit)/Income for the year.
 - iii. Note 10 and 13.2 to the financial statements. The total for 2020 does not cast.
- 9.2 We recommend that the council gives more attention in the preparation of the financial statements. The above shortcomings have been amended in the audited financial statements.

10 Council meetings
Binding of minutes

- 10.1 We noted that the council did not bind the minutes for the year under review.
- 10.2 We recommend that the council adheres to the provisions in the Local Councils (Office) Procedures, 1996 and arranges for the previous legislature minutes to be bound. The binding of minutes should be given due importance since this provides the only permanent, unchangeable record of council meetings and discussions.

Schedules of payments

- 10.3 Whilst performing audit procedures on the schedules of payments we noted that listed cheques were not in a sequential order.
- 10.4 During audit fieldwork we noted various cheque numbers which were omitted from the schedules of payments. Further testing revealed that the omitted cheques were cancelled and erroneously not listed on the schedules. Examples include cheque numbers 4331, 4364, 4414, 4458, 4464, 4486, 4490, 4551, 4554, 4605, 4608 and 4635.
- 10.5 In accordance with P1.11 of the Local Councils (Financial) Procedures, 1996 the executive secretary must prepare complete and accurate schedules of payments containing information in sequential order and present them for council's approval. We recommend that if a cheque payment is cancelled this should be approved and properly indicated on the schedule of payments. The cancelled cheques should be retained as evidence of their cancellation.
- 10.6 We also noted that some schedules of payments did not include bank transfer reference details and instead, the council only indicated that the payment was sent through a bank transfer.
- 10.7 Furthermore, the council, did not include details of the nominal account to which the expenses were allocated. We also noted that purchase orders were being entered into schedule of payments and then cancelled out on a later date. In some instances, invoices which were paid by the same cheque number were entered in a separate schedule of payments according to the invoice date rather than entered together according to the payment date.
- 10.8 We reiterate our recommendation that the council abides by section P1.11.c.c.01. of the Financial Procedures which dictates the amount of detail required on the schedules of payment. Furthermore, the executive secretary is to ensure the corrections of information prior to each council meeting.

11 Electronic website

- 11.1 During our audit fieldwork, we noted the following shortcomings in relation to the electronic site:
- i. Up to the date of the audit fieldwork the quarterly financial reports for periods January to December 2020 were not uploaded on website.
 - ii. The annual budget for 2020, annual administrative report for 2020, audited financial statements for 2019, management letter for 2019 and reply to management letter were not uploaded within the required timeframe.
- 11.2 This contravenes the Local Councils (Financial) Procedures, 1996 which mandate specific timelines for these reports and minutes. We recommend the council uploads all documents in pdf within the required time. Furthermore, the council should indicate as signed all documents uploaded as confirmation that the uploaded documents have been approved and are the correct ones.

12 Capital commitments

- 12.1 During the year under review we noted that the council has €87,000 in property, plant and equipment commitments 2021 budget. However, we noted that in the cashflow budget 2021 and audited financial statements the balance is nil. Therefore, there is some confusion since the projected property, plant and equipment indicates capital expenditure for the next twelve months. The council should disclose capital commitments required within the coming year and future years separately informing users of the council's future intentions.
- 12.2 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. Where appropriate it is advisable to explain how such capital expenditure is to be funded.

13 Change in executive secretary

- 13.1 In June 2020, the previous interim executive secretary resigned and a new executive secretary was appointed.
- 13.2 We draw attention to section P2/04 of the Local Councils (Procedures) Regulations, which requires a mid-term audit to be conducted from 1 January 2020 to the last day of employment of the outgoing executive secretary. This will serve as an independent handover from one executive secretary to another.
- 13.3 Based on the foregoing, the council should adhere to these regulations, subject to the exemption in memo 14/2014, which relieves the council from the requirement of a mid-term audit whenever the change occurs not more than two months before or after the close of the financial year.

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 Fabian Mizzi and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

