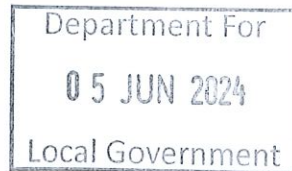


The Mayor
Santa Lucija Local Council
5/6 Binja Tal-Faqqani
Trejjet il-Girasol
Santa Lucija, SLC 1050



Our ref: MB/bb/102924

23 May 2024

Dear Sir,



Financial statements for the year ended 31 December 2023

During the course of our audit for the year ended 31 December 2023, we have reviewed the accounting system and procedures operated by your council (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 Joint committee

The Santa Lucija 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 Income

We are pleased to note that there were no issues for the recognition of income this current year.



1.3 Upkeep of fixed asset register

We again noted that the fixed asset register does not include all necessary information (refer to note 2.1).

1.4 Wasteserve debtor balance

We again noted a shortcoming in the wasteserve debtor balance (refer to note 3.1).

1.5 Supplier statements

We are pleased to note that the Local Council obtained supplier statements from all suppliers as required by memos and circulars.

1.6 Accruals

We are pleased to note that the Local Council addressed the issue during the current year.

1.7 PPP liability

We are pleased to note that there were no issues for the recognition of PPP liability this year.

1.8 Unearned portion of rent income

We are pleased to note that the Local Council addressed the issue during the current year.

2 Fixed assets

Upkeep of fixed asset register

2.1 We have noted that the fixed asset register does not contain complete details such as reference numbers, description of assets, invoice numbers, suppliers' details or location of all assets thus posing difficulty in the identification of specific assets.

2.2 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

- 2.3 An updated fixed asset register enables the Council to exercise proper control over the Local 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 Local Council's fixed asset register is updated.

3 Trade receivables

- 3.1 During the audit, we identified a difference between the amount per receivable from Wasteserve Malta Ltd's statement of accounts and the debtors' list provided by the Council as follows:

Balance in books of accounts	Balance per statement of accounts	Difference
€	€	€
60,304	-	60,304

- 3.2 Additionally, during the reporting year, the balance in books of accounts was written off after being confirmed by the Local Council that the amount due is unrecoverable. The Local Council has amended the financial statements to include our audit adjustment.

4 Accrued income

- 4.1 During the audit, a portion is being taken out from the Government funds allocation to pay the Regional Council for waste collection. The circular treated the portion receivable as accrued income while the Local Council treated this as other debtor, thus we proposed a reclassification to record it to accrued income to align the treatment as per circular. The Local Council has amended the financial statements to include our audit adjustment.

- 4.2 We recommend the Local Council to closely monitor these types of transactions and take into consideration the proper recognition of receivables in their 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.



Grant Thornton

We would like to take this opportunity to thank Ms Bernice Darmanin and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

Grant Thornton Malta

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