

The Director
Department for Local Government
26 Archbishop Street
Valletta VLT 1443

12th May 2022

Dear Director,

Management Letter 2021

I refer to the Management Letter by RSM Malta for the financial year 2021, which was discussed during council meeting held on Wednesday 11th May 2021.

1.0 *Follow up to last year's Management Report*

1.1 Property Plant & Equipment. We were not informed of what assets could not be identified. During the year 2021 the council did an exercise to correct this fault. If we are given specific details of the assets in question we will try to rectify this situation.

The problem with the litter bins -- going forward bins will no longer be capitalised and will be posted as an expense.

1.2 Stocks. This item was remedied as noted in the Management Letter.

1.3 Bank and Cash. We have gone through the stale cheques and identified one as being a double entry and thus this will be corrected. The other cheques will also be looked into and corrected. Some of the income is being put into the petty cash box due to the fact that banks are refusing the deposits of coins.

1.4 n/a

1.5 Personal Emoluments. A contract exists for the Executive Secretary. The librarian is the only other employee that is paid by the council. The other 5 workers are scheme workers who hold contracts with their employers CIES. The variances have been noted.

1.6 Expenditure and Tenders. Expenditure in certain categories exceeded the budget. This is very minimal. With regards to the purchase requests/purchase orders kindly note our explanation as per previous years:

A purchase requisition is an internal document sent from one department to another requesting the company buy items from an outside vendor. Typically, a purchase order is an external document going to an outside party as part of a sales transaction. The Ghasri Local Council consists of 1 full time employee (the Executive Secretary), one part time employee (librarian), the mayor, deputy mayor and councilors. All purchases are done directly through the Executive Secretary – thus there is no one to send purchase requisitions to in this council and that is the reason why only purchase orders are being done. When items need to be purchased it is the Executive Secretary who issues the purchase orders. To fill out a purchase requisition to the same person who issues the purchase order is a waste of resources in a council with just one full time employee.

2.0 *Property, Plant and Equipment*

- 2.1 As indicated in paragraph 1.1 we were not given details of assets that couldn't be verified.
- 2.2 The council will update it's fixed asset register. All new items bought are being entered into the fixed asset register with the necessary details.
- 2.3 Noted.
- 2.4 Noted.

3.0 *Bank and Cash*

- 3.1 Sub Post office daily deposits are reconciled on a weekly basis when deposits collected are deposited into the Sub post office bank account. A cheque is issued in the same amount as that collected to Maltapost.
- 3.2 A monthly reconciliation of stock of stamps and stamp sales is being done.
- 3.3 The cheque amounting to 50 euro that is stale will be reissued.
- 3.4 This has been noted.
- 3.5 Income from permits and other sources that is put into the petty cash account is accounted for in Sage (from the various sources).
- 3.6 This has been noted.

4.0 *Personal Emoluments*

- 4.1 As stated in paragraph 1.5, however the drawing up of a contract of an employee who has been with the council in excess of 15 years will be looked into.
- 4.2 Noted.

4.3 Noted.

4.4 Noted.

5.0 *Income*

5.1 This has been noted and corrected.

5.2 Noted

5.3 The council had not been informed by the DLG regarding this.

5.4 Noted.

6.0 *Expenditure and Tenders*

6.1 The council has taken note of your comments regarding overstatement of budget. We would like to point out that the total expense for Hospitality for 2021 was 681 and thus do not understand the statement made by the auditors that we exceeded budget by 3,955. Obviously other expenses were looped into this category.

6.2 The Ghasri Local Council takes care to draw up all necessary reporting which include a yearly budget, 5 year business plan, quarterly reports and an administrative report.

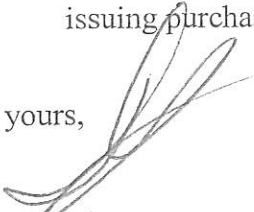
6.3 The Council has noted your recommendation.

6.4 With reference to the purchase requests/purchase orders, kindly note that the Ghasri Local Council's administration consists of 1 Executive Secretary and a part time librarian/clerk. A purchase requisition is an internal document in which one department is asking another department for permission to buy goods or services. A purchase order is created after the requisition and is a document that is used to actually purchase those goods or services from an outside vendor.

Purchase requisitions are more interdepartmental forms that allow larger organizations to handle their accounting and finances better. The bigger the business, the more the need for a procurement process. You simply cannot track the flow without putting it on paper.

Thus, the Council issues purchase orders when purchasing items from retailers, however the need to issue separate purchase requests to the same persons issuing purchase order is actually quite redundant.

Sincerely yours,



Dr Daniel Attard
Mayor

c.c. Awditur Generali, Uffiċċju Nazzjonali tal-Verifika.
RSM Malta, Uditur tal-Gvern Lokali



Rita Mifsud Attard
Executive Secretary