



# KUNSILL LOKALI KALKARA KALKARA LOCAL COUNCIL

Kalkara Local Council  
12, Binja tas-Salvatur, Wesgħet I-10 ta' Dicembru, 1897  
Kalkara

Grant Thornton  
Fort Business Centre  
Triq L-Intornjatur  
Zone 1, Central Business District  
B'Kara CBD 1050

10/07/2023

## **Reply to Management Letter 2022:**

### **1. Previous Management Letter**

The matters in respect of previous year management letter will be tackled in detailed under their respective sections.

### **2. Liquidity position**

The Local Council is aware that is not meeting the financial targets imposed by the Local Council Department and that it has a negative liquidity position of € 149,979 as at 31 December 2022. During 2022 the Local Council costs has increased substantially due to the waste management costs after the award of a new tender since the previous one has expired. The Council still retaliates that the Government Subvention allocated to the Local Council is low since it just covers the personnel costs and operations and maintenance costs of the Local Council leaving no leverage to the LC to implement its policies. In this respect the Local Council has requested additional funds to the Finance Minister and the Department of Local Government.

### **3. Fixed Assets**

3.1 to 3.2. The Council has given instructions to the accountants Parker Russell Turner to implement a plant asset registry in the Kalkara Local Council. Works on the FAR has started in 2021 and will be concluded in 2023.

3.3 & 3.4. The Directive 1/2017 issued by the Local Government assumes that the Local has a fixed asset registry in place and that each asset bought was recorded. In view of the lack of a plant registry the Local Council could not work out the depreciation according to Directive 1/2017. In this respect the change to straight line



## KUNSILL LOKALI KALKARA KALKARA LOCAL COUNCIL

method has been worked out based on the Fixed assets additions in the financial statements. This will be addressed when the fixed asset registry is complete.

### **4. Receivables**

4.1 to 4.2 – The Local Council will adjust the amounts due from pending tribunal payments to agree to the Loqus system. The adjustment should not effect the retained earnings of the Local Council since there will be a reduction in income with a corresponding decrease in provision of bad debts.

4.3 & 4.4 – The Local Council will review the long outstanding debtors, reconcile and pass the relevant adjustments and provisions. In respect of Wasteserv Malta debtor balance, it is to be noted that Wasteserv Malta is also a creditor to the Local Council and the net balance is in favour of Wasteserv Malta.

4.5 & 4.7 - The Council will reconcile the Wasteserv balance and pass on the necessary adjustments. The Local Council has already identified the major differences which Wasteserv need to adjust in its accounting system.

4.8 to 4.9 – The Council will ensure that all accrued income is included in the financial statements and all information is provided to the accountants. The accrued income from previous years will be transferred to the income statement after getting the approval of the Council.

### **5. Bank**

5.1 to 5.3 - The Local Council will go through the list of the six long due unrepresented cheques and reverse accordingly.

5.4 to 5.5 – The Local Council will enquire on BOV account 1605534023 as identified by the auditors. This account is not being used by the Local Council.

### **6. Payables**

6.1 & 6.2 - The Council will request creditors statements ongoingly during the year. The Council had in hand the main creditors statements as at 31 December 2022.

6.3. & 6.4 - The Council is aware of the long-term liabilities and of the liquidity problems. The Council is aware that the long outstanding creditors and confirms that there will take longer to be repaid in view of the tight budget. From the list, the major outstanding creditor is Saviour Mifsud (The past contractor on street sweeping and waste collection).

6.5 & 6.6 - The Local Council had always insisted with Saviour Mifsud to provide invoices in time. However, this creditor has repeatedly given invoices late, at times



## KUNSILL LOKALI KALKARA KALKARA LOCAL COUNCIL

more than 12 months late. Since the waste collection contract with this supplier has been terminated such instances will not incur in the future.

6.7 & 6.8 - The payment on account relates mainly to Mr Saviour Mifsud which the Local Council is paying an amount of € 1,438 per month after an analysis was performed on the liquidity of the Local Council.

6.9 & 6.11 - In respect of the Executive secretary performance bonus, when the accounts were prepared the LC did not have the approval from the DLG of the performance bonus. As stated by the auditors, an adjustment done and corrected in the final set of the financial statements. The Local Council will ensure that all information is given to the accountants for the calculation of accruals.

### 7. Revenue

7.1 to 7.2 - The Council has noted the recommendations of the auditors and in 2023 will account income as proposed.

7.3 & 7.4. The Local Council will ensure that descriptions of the amounts will be included when posting any transaction in the accounting system.

### 8. Payroll

8.1 & 8.2 - The Council will start to reclassify the employee bonuses from the standard salaries in its books of accounts.

8.3 & 8.4. The Council will rectify the classification of the part-time employee in the FSS submission.

### 9. Expenditure

9.1 & 9.2 - The Council will ask the Land Authority to forward copies of the contracts.

9.3 & 9.4 – The Council will ensure that expenses are correctly recorded in the respective chart of accounts.

9.5 & 9.6 – The Council has adjusted the double posting of an invoice and will ensure that such instances will not have again.

Wayne Aquilina  
Kalkara Mayor

Elaine Caruana  
Executive Secretary