



KUNSILL LOKALI KALKARA

12, Binja tas-Salvatur
Wesghet l-10 ta' Diċembru, 1897
Il-Kalkara, KKR 1330
Tel. No: +356 2166 5500
Email: kalkara.lc@gov.mt
Facebook: Kunsill Lokali Kalkara

The Auditor General
National Audit Office
Notre Dame Ravelin Street
Floriana

Reply to the Management Letter

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 € 40,796 as at 31 December 2024. There was a drastic improvement during 2024 since the Local Government approved one time additional funding to the Local Council amounting to €189,362.45 to improve its financial situation. 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. It is to be noted that the First Management accounts for Q1 shows a surplus of € 7,128.

3. Opening Balances

The Local Council has adjusted the opening balances issues. This was brought by the coding system in the Sage accounting software whereby expenses accounts when not coded as expenses in the accounting system.

4. Revenue

The Local Council will ensure that no grouping of individual items will be posted in the accounts by the accounts technician.

5. Payroll

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

6. Fixed Assets

6.1 to 6.2. 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 2025. The issue is that the Council has several assets which were purchased long time ago and which are fully depreciated.

6.3 & 6.4. 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 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.

6.5 & 6.6. The Local Council has passed the reclassification adjustments to align the nominal ledger accounts to the Fixed Asset Schedule presented in the financial statements.

7. Receivables

7.1 to 7.2 – 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.

7.3 & 7.4 – The Local Council will review the long outstanding debtors, reconcile and pass the relevant adjustments and provisions, including the Wasteserv Malta debtor balance.

7.5 to 7.6 – The Council will ensure that all accrued income is included in the financial statements and all information is provided to the accountants. The Local Council has accepted all the adjustments proposed by the auditors and are reflected in the financial statements. This amounted to € 322.

8. Cash and Cash equivalents

The Local Council will enquire on BOV account 1605534023 and Bov 50010708054 as identified by the auditors. These accounts are not being used by the Local Council.

9. Payables

9.1 & 9.2 - The Council will request creditors statements ongoingly during the year. The Council had in hand the main creditors statements as at 31 December 2024.

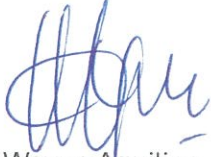
9.3. & 9.4 - The Council is aware of the long-term liabilities and of the liquidity problems. The Council is aware that the long outstanding creditors and confirms that there will take longer to be repaid in view of the tight budget. From the list, the major outstanding creditor is Saviour Mifsud (The past contractor on street sweeping and waste collection). These have reduced drastically during 2024 and will subsequently, the pending amounts will be settled in year 2025.

9.5 to 9.6 - The Local Council will perform a reconciliation with Region port and accounts accordingly for the differences.

9.7 & 9.8 – The Local Council will reconcile Saviour Mifsud balance and account to the differences accordingly.

9.9 & 9.10 – The Local Council will ensure that payments effected will be against specific invoices and not payments on account.

9.11 & 9.12 - 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.



Wayne Aquilina
Mayor
Kalkara Local Council



Etienne Scicluna
Executive Secretary
Kalkara Local Council

cc: Grant Thornton Malta, Fort Business Centre, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara

cc: Director (Local Government), Department for Local Government, No 26, Archbishop Street, Valletta



KUNSILL LOKALI KALKARA

12, Binja tas-Salvatur
Wesghet l-10 ta' Diċembru, 1897
Il-Kalkara, KKR 1330
Tel. No: +356 2166 5500
Email: kalkara.lc@gov.mt
Facebook: Kunsill Lokali Kalkara

The Auditor General
National Audit Office
Notre Dame Ravelin Street
Floriana

Reply to the Management Letter

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 € 40,796 as at 31 December 2024. There was a drastic improvement during 2024 since the Local Government approved one time additional funding to the Local Council amounting to €189,362.45 to improve its financial situation. 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. It is to be noted that the First Management accounts for Q1 shows a surplus of € 7,128.

3. Opening Balances

The Local Council has adjusted the opening balances issues. This was brought by the coding system in the Sage accounting software whereby expenses accounts when not coded as expenses in the accounting system.

4. Revenue

The Local Council will ensure that no grouping of individual items will be posted in the accounts by the accounts technician.

5. Payroll

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

6. Fixed Assets

6.1 to 6.2. 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 2025. The issue is that the Council has several assets which were purchased long time ago and which are fully depreciated.

6.3 & 6.4. 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 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.

6.5 & 6.6. The Local Council has passed the reclassification adjustments to align the nominal ledger accounts to the Fixed Asset Schedule presented in the financial statements.

7. Receivables

7.1 to 7.2 – 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.

7.3 & 7.4 – The Local Council will review the long outstanding debtors, reconcile and pass the relevant adjustments and provisions, including the Wasteserv Malta debtor balance.

7.5 to 7.6 – The Council will ensure that all accrued income is included in the financial statements and all information is provided to the accountants. The Local Council has accepted all the adjustments proposed by the auditors and are reflected in the financial statements. This amounted to € 322.

8. Cash and Cash equivalents

The Local Council will enquire on BOV account 1605534023 and Bov 50010708054 as identified by the auditors. These accounts are not being used by the Local Council.

9. Payables

9.1 & 9.2 - The Council will request creditors statements ongoingly during the year. The Council had in hand the main creditors statements as at 31 December 2024.

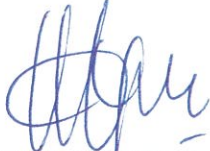
9.3. & 9.4 - The Council is aware of the long-term liabilities and of the liquidity problems. The Council is aware that the long outstanding creditors and confirms that there will take longer to be repaid in view of the tight budget. From the list, the major outstanding creditor is Saviour Mifsud (The past contractor on street sweeping and waste collection). These have reduced drastically during 2024 and will subsequently, the pending amounts will be settled in year 2025.

9.5 to 9.6 - The Local Council will perform a reconciliation with Region port and accounts accordingly for the differences.

9.7 & 9.8 – The Local Council will reconcile Saviour Mifsud balance and account to the differences accordingly.

9.9 & 9.10 – The Local Council will ensure that payments effected will be against specific invoices and not payments on account.

9.11 & 9.12 - 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.



Wayne Aquilina
Mayor
Kalkara Local Council



Etienne Scicluna
Executive Secretary
Kalkara Local Council

cc: Grant Thornton Malta, Fort Business Centre, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara

cc: Director (Local Government), Department for Local Government, No 26, Archbishop Street, Valletta

