

The Mayor
Birzebbuga Local Council
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16 April 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 Birzebbuga Local Council (the "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 Depreciation of fixed assets

We are pleased to note that the council has rectified the issue during the year under review.

1.2 Long outstanding receivables

We have again noted a long outstanding receivable in the councils books of account (refer to note 2.1).

1.3 Zurrieq Joint Committee

The books of account include a receivable balance from the Zurrieq Joint Committee. The council is communicating with the department for collection (refer to note 2.3).

1.4 Confirmation of debtor

We did not identify a difference between the council books of account and debtor confirmation letters.

1.5 Pre-regional debtors

We did not encounter any difference between the LES report 622 and the councils books of account.

1.6 Final withholding tax

The bank confirmed that interest received is not subject to final withholding tax.

1.7 Long outstanding creditors

The creditors list still includes long-outstanding creditors (refer to note 3.1).

1.8 Accruals

We did not encounter any shortcomings in accruals.

1.9 Deferred income

We are pleased to note that the council has rectified the issue during the year under review.

2 Trade and other receivables

Long outstanding balance

2.1 Whilst reviewing receivables we noted the following overdue balance which was not provided for in the books of account:

LESA	€
	€1,952.27
	<u>€1,952.27</u>

2.2 We recommend that the council regularly reviews overdue receivables for recoverability. If their recoverability is doubtful, the council should consider making a provision for all amounts after obtaining the approval of the council in meetings. Furthermore, the council should send continuous reminders/statements to its debtors to ensure that the council still has the right to collect the amounts due.

Zurrieq Joint Committee

2.3 We noted that included with receivables is an amount of €67,619 due from the Zurrieq Joint Committee of which Birzebbuga Local Council had formed part of. The council is claiming that this amount relates to pre-regional contraventions paid since December 2008 and remitted to the Committee erroneously. We further noted that no movement took place during the current year.

2.4 As of audit date, we were informed by the Council that it has reiterated its position to collect the payment of €67,619 and the amount is not provided for. The Zurrieq Joint Committee is no longer in operation and recoverability of this balance remains highly doubtful. As a result, our audit report has been qualified.

2.5 We recommend that the Council continues to query this issue with the Department for Local Government and tries to obtain audited financial statements to verify whether the Council has any amounts which are still due to it.

3 Trade and other payables

Long outstanding creditors

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

Creditor	€
Lands Authority	232.94
Zurrieq Joint Committee for LES	8,485.24
Complect IS Services Ltd	531.00
WasteServ Malta Ltd	2,935.00
Twanny Barun	537.74
Alfred Schembri & Sons Ltd (note 3.2)	303,513.69
	316,235.61

- 3.2 The council informed us that no payments are being made to Alfred Schembri & Sons Ltd as the supplier became black-listed and the council was instructed not to make any payments. We recommend that the council seeks guidance on the matter from the Department for Local Government.
- 3.3 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 discussions regarding these balances should be minuted during the council meetings.

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 Jordy Brincat and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

