



30th August 2021

The Auditor General
National Audit Office
Notre Dame Ravelin
Floriana CMR02

Dear Sir

RE: FINANCIAL STATEMENTS FOR PERIOD ENDED 31 December 2021

Reference is made to the auditors' letter received on 11th August 2022. In terms of Section P2.05B (d.02) of the Local Councils (Audit) Procedures 2005, on behalf of San Lawrenz Local Council, we are presenting herewith the following comments:

1. Property, Plant and Equipment

In relation to the auditor's comments in relation to point 2.1, the variances being mentioned in the fixed asset register will be amended during 2022, where possible. Kindly understand that some information was not available from previous records and the Council was limited with respect to grants.

With respect to 2.3, the council provided all workings to the auditors when requested and the updated fixed asset register was provided to the auditors this year.

With respect to 2.6, the Council will do the utmost to collect the fiscal vat receipt but it's the supplier who does not provide them.

2. Receivables

The Council has noted the auditors' recommendations in points 3.1 but these funds are still receivable even if they are long outstanding.

3. Payables

Note is being taken of the auditor's recommendations in management report point 4.1.

With respect to 4.3, the Council chased the architect several times for this report but no reply was given as to its progress.

With respect to 4.5, we will try to reconcile the Maltapost account.

4. Income

The Council has noted the auditors' recommendations in points 5.1 and it is only a matter of reallocation.

5. Expenditure and Tenders

With respect to point 6.1, the Council will implement the procedure of drawing up purchase orders.

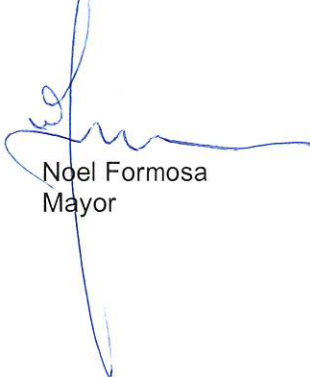
For the period ended 31st December 2021, the Council was forecasting a balanced budget. While it should be ensured that the Council continuously monitors and compares the actual with the budgeted income and expenditure, the auditors' recommendations are taken on board and during the current financial year, funds within the budget would be reallocated and adjusted to reflect shifts emanating from decreases or increases in budgeted income or expenditure on a quarterly basis. The main expense accounts which had large fluctuations are from repairs and upkeep and professional services. All others have immaterial variances.

8. Liquidity and Financial Situation Indicator

San Lawrenz Local Council is aware of the fact that the financial indicator is below the threshold of 10%, however its an improvement over the last couple of years. The council is emphasising that expenditure is being continuously monitored to curtail for financial commitments and the results in the financial statements shows that.

We would like to thank the Auditors for their constructive and professional advice provided during the course of their audit. Where possible, the Council commits itself to implement the suggestions accordingly.

Yours faithfully,
SAN LAWRENZ LOCAL COUNCIL



Noel Formosa
Mayor



Sarah Formosa
Executive Secretary