



Hal Balzan Local Council

The Director
Finance and Procurement Compliance
Local Government Division
26, Archbishop Street
Valletta VLT 1443

11th April 2023

Dear Ms Bugeja,

Re: Reply to Management Letter 2022

Reference is made to the Auditor's Management Letter dated 3rd March 2023 and received on 27th March 2023.

Please find hereunder the Hal Balzan Local Council's response to the Management Letter for the year ending 31st December 2022.

1. Previous Management Letter

Follow up on prior year's issues

As a follow-up to last year's report, the Council made sure to address the issues raised in last year's management letter.

Whilst acknowledging the positive remarks raised by the Auditors, other comments raised under:

- 1.3 will be dealt in note 2;
- 1.4 will be dealt in notes 3.1 and 3.2; and
- 1.6 will be dealt in note 4.

2. WasteServ Reconciliation

The Council notes the recommendation and is following up to ensure that WasteServ's records are up to date.

3. Fixed Assets

3.1 – Upkeep of fixed asset register

As noted in previous years, the Council notes the recommendation, but certain information was lost when there was a transition between accounting systems and could not be traced back due to lapse of time.

3.2 – Reconciliation of financial statements and fixed asset register

The Council notes the recommendation. However, it is to be noted that the software does not distinguish between depreciation and grants and hence there is no direct way of presenting this. Moreover, the immaterial differences are resulting from rounding errors.

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4. LES receivables

The Council notes the recommendation and will do what is possible within its limits to adopt this recommendation.

5. Other debtors

The Council notes the recommendation.

6. Retention money held

The Council notes the recommendation and is seeking advice in relation to its obligations on such deposits and related refunds and will act accordingly.

7. Specimen chart of accounts

The Council notes the recommendation. Although the current chart of accounts does not follow to the letter the specimen chart of accounts as per the Local Councils (Financial) Procedures, it does reflect this but with six numeric codes rather than four to provide additional flexibility.

The Hal Balzan Local Council would like to thank the auditors for their constructive and professional advice provided during the course of their audit.

During the Council meeting held on Tuesday 11th April 2023, the Hal Balzan Local Council has discussed and clearly understood the contents of the Management Letter sent by the Auditors and will be making the necessary amendments as outlined in this reply.

SIGNED

Dr Angelo Micallef
Mayor

cc Auditor General, National Audit Office
Grant Thornton

SIGNED

Doriette Farrugia
Executive Secretary