



Hal Balzan Local Council

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

28th May 2024

Dear Ms Bugeja,

Re: Reply to Management Letter 2023

Reference is made to the Auditor's Management Letter dated 29th April 2024 and received on 6th May 2024.

Please find hereunder the Hal Balzan Local Council's response to the Management Letter for the year ending 31st December 2024.

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:

- 1.4 will be dealt in notes 2.1 and 2.2; and
- 1.6 will be dealt in note 3.

2. Fixed Assets

2.1 – 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.

2.2 – 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.

3. LES receivables

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



Hal Balzan Local Council

4. Retention money held

The Council notes the recommendation and has sought advice. Refunds have been affected during 2024.

5. 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 28th May 2024, 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

SIGNED

Doriette Farrugia
Executive Secretary

cc Auditor General, National Audit Office
Grant Thornton