



The Mayor
Zejtun Local Council
28, Dar iz-Zwieten
St Angelo Street
Zejtun

Our ref: MB/mf/120125

DATE: 13 May 2025



Dear Sir/Madam,

Financial statements for the year ended 31 December 2024

During the course of our audit for the year ended 31 December 2024, we have reviewed the accounting system and procedures operated by Zejtun 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 Income

The Zejtun Local Council formed part of the Zejtun Joint Committee up to 31 August 2011.

We have obtained the last audited financial statements of the Zejtun Joint Committee and noted that the reserves of the committee only amount to €2,672. To this end, our audit report was not qualified as the amount to be divided between all committee members would not be material.

Nevertheless, we recommend that the Council raise this issue with the Department for Local Government and ensures that the Joint Committee is liquidated, and that the Council receives any further income that may be due to it.

1.2 Receivables

We again noted issues raised in prior year on debtors such as the reconciliation of LES receivable with Loqus, recoverability assessment of overdue receivables and regular reconciliations of amounts due to debtors (refer to note 3).

1.3 Property, plant and equipment

We again noted issues raised in prior year on property, plant and equipment on the reconciliation of financial statements to the fixed asset register (refer to note 2).

2 Property, plant and equipment

Reconciliation of financial statements to fixed asset register

- 2.1 We identified the following discrepancies between the cost, net book value (NBV) and depreciation charge of assets in the audited financial statements and the fixed asset register.

| | Per fixed asset register | Per financial statements | Difference |
|--------------|-----------------------------|-----------------------------|------------|
| | € | € | € |
| Cost | 7,029,092 | 6,017,962 | 1,011,130 |
| NBV | 1,538,081 | 1,515,605 | 22,476 |
| Depreciation | 243,381 | 250,858 | 7,477 |

- 2.2 The Council should ensure that the fixed asset register agrees with the general ledger. Any variance between the assets disclosed in the financial statements and the register needs to be investigated and addressed accordingly. We recommend that the Council reviews the financial statements and compares the figures for fixed assets to the fixed asset register to ensure proper preparation of the financial statements.

3 Receivables

LES receivables

- 3.1 According to report 622 issued from Loqus, the Council's tribunal payments for the pooling period up to 31 August 2011 is €262,793. No amount is recognised as LES receivable in the Council's books of account and in the financial statements. We did not propose an audit adjustment to account for LES debtors because it has no effect on the financial statements since LES debtors are carried at nil value following a provision for doubtful debts for the same amount.
- 3.2 We recommend that the Council takes the matter up with Loqus to determine what the correct balance is and then consider whether an adjustment should be passed in the Council's books.

Grants receivable from Central Government

- 3.3 During the year, we noted that the Council has grants receivable amounting to €1,585 with respect to Gal Xlokk Measure 3 grant in 2022 and €20,000 with respect to Transport Malta for motor vehicle grant in 2023. The projects were started in the prior years and the respective accrued income was accounted for in the same year. Up to date, no amount was received by the Council for these projects.
- 3.4 We recommend the Council to contact and chase Gal Xlokk Foundation and Transport Malta for payment and, if any issues arise, to ask assistance from the Department for Local Government. Furthermore, should the Council fail to collect the amount receivable in the coming year, the Council should assess the recoverability of the balance since it is long-outstanding.

4 Payables

4.1 In previous years, the Council had applied for the following grants and received the amounts from the contracting authorities on the same year. To this end, the amount was not utilised in full and the advance payment carried from previous year amounts to €139,434. The Council did not carry out any works during the year.

| <u>Grant</u> | <u>Amount</u> |
|---|---------------|
| SPI/SCI/8/2021 Accessibilita u Mobilita | €62,767 |
| SPI/SCI/2/2021 Skema Playing Fields | €14,042 |
| SPI/SCI/9/2022 Smart Playing Fields | €62,625 |

4.2 We advise the Council to liaise with the contracting authorities to establish whether the amount should be refundable. Furthermore, we recommend that the Council maintains a copy of all correspondence and approves any decision during Council meetings.

Other payables

4.3 During the year, we noted that the Council has other payables amounting to €45,217 with respect to the Measure 4.4 grant which the Council received in 2019. To this end, the amount was not utilised as the Council failed to secure bidders willing to accept the terms of the contract.


4.4 We advise the Council to liaise with the contracting authority to establish whether the amount should be returned. Furthermore, we recommend that the Council maintains a copy of all correspondence and approves any decision during 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 Ms Joan Agius and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,



Mark Bugeja
Principal