



14th October 2021

The Auditor General
National Audit Office
Notre Dame Ravelin
Floriana CMR02
Malta

Dear Sir,

RE: FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2020

Reference is made to the auditors' letter received on 13th September 2021. In terms of Section P2.05B (d.02) of the Local Councils (Audit) Procedures 2005, on behalf of Ta' Sannat 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 assets written off will be removed as from year 2020.

In relation to points noted by the auditors on pages 5 and 6 for property, plant and equipment, we agree with the auditors and we do our utmost to follow the auditor's recommendations.

With respect to point noted in 2.5, it is very difficult to insure all its assets however when an insurance is renewed, it is based on the amount of the fixed asset register of the council.

2. Payables

As regards management point 3.1, the grant for the Urban Green Project of Eur 7,500 are still not written off since we cannot estimate how much cost has been done so far by the contractor in watering the garden.

5. Income

As for management point 4.2, the Council will instruct the bank not to deduct taxes on interest.

6. Expenditure and Tenders

For the period ended 31st December 2020, the Council was forecasting a balanced budget. Increases emanating from utilities are due to increased usage in electricity and professional and management services are due to increased to some extra costs in relation to horse racing. Contractual services increases emanates from some extra works done.

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.

8. Liquidity and Financial Situation Indicator

Ta' Sannat Local Council is aware of the fact that the financial indicator is below the threshold of 10%. The council is emphasising that expenditure is being continuously monitored to curtail for financial commitments however we must stress the fact that the Council has a loan of Eur 52,694 as at 31 December 2020 on the construction of the council's premises and deferred income of Eur 235,121 which negatively affects the financial indicator. The current liabilities exceed current assets by Eur 64,000 which is affected by the PPP scheme as well.

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,



Philip Vella
Mayor



Jason Curmi
Executive Secretary