Ref. F/1/2/Vol IX

Director,
Department for Local Government
26, Archbishop Street,
Valletta VLT 2000

30th July 2026

Dear Sir,

Management Letter – Financial Year – 2025

Reference is made to the above-mentioned letter dated 6th July 2026, concerning the systems and controls adopted by the Council to safeguard the Council's assets in line with prevailing legislation dealing with local councils.

The contents of the Management Letter were read and discussed in Council, where it was deemed appropriate to forward the following comments:

1 PREVIOUS MANAGEMENT LETTER – YEAR ENDED 31 DECEMBER 2025

1.1 Income

The Council notes the auditors' comments regarding the discrepancies between Report 483 and the books of account, as well as the observations concerning the Joint Committee financial statements. The Council will continue to monitor these matters and liaise with the relevant parties where necessary.

1.2 Trade Receivables

The Council notes the auditors' comments regarding overdue trade receivables and the discrepancies identified in the receivables ageing schedule.

1.3 Trade Payables

The Council notes the auditors' observations regarding long outstanding trade creditors, confirmation replies from suppliers, and the obtaining of supplier statements. These recommendations will be taken into consideration in strengthening the Council's procedures.

1.4 Accruals

The Council appreciates the auditors' positive comments confirming that no irregularities were identified in the recording of accruals during the year.

1.5 Property, Plant and Equipment

The Council notes the auditors' comments regarding discrepancies in the Fixed Asset Register and will continue working towards ensuring that all records are fully reconciled.

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1.6 Financial Statements
The Council notes the auditors' comments regarding the amendments required to the unaudited financial statements to ensure compliance with IFRS.

2. Income

2.1 LES Administration Fees
The Council notes the auditors' recommendations regarding the accounting treatment of LES administration fees and will ensure that the recommendations are taken into consideration in future financial reporting.

2.2 Joint Committee
The Council notes the auditor's recommendations.

3. Trade Receivables

3.1 Overdue Trade Receivables
The Council notes the auditors' comments regarding overdue receivables amounting to €361.12 and will be making a provision for doubtful debts in the book of accounts after obtaining approval from the Council.

3.2 Trade Receivables Ageing Schedule
The Council notes the auditors' comments concerning the discrepancies identified in the trade receivables ageing schedule.

4. Trade Payables

4.1 Long Outstanding Trade Creditors
The Council notes the auditors' recommendations and will review the outstanding balances accordingly.

4.2 Confirmation of Trade Creditors
The Council notes the auditors' comments regarding confirmation replies received from suppliers and will continue to encourage suppliers to provide the requested confirmations.

4.3 Supplier Statements
The Council notes the auditors' recommendation regarding the collection of supplier statements and will endeavour to strengthen this process.

5. Property, Plant and Equipment

5.1 Reconciliation of Financial Statements to Fixed Asset Register

The Council notes the auditors' observations however it is to be pointed out that the variances identified correspond to grants amounts received which are reflected in the financial statements but not in the fixed asset register.

5.2 Fixed Asset Register

The Council notes the auditors' comments and will continue updating and maintaining the Fixed Asset Register to ensure accuracy and completeness.

5.3 Misclassification of Grant Balances in the Financial Statements

The Council notes the auditors' observations however the Council made sure that all grant balances were properly classified in accordance with the nature of the underlying funded assets.

6. Cash and Bank Equivalents

6.1 Incomplete Year End Bank Statement Extraction

The Council notes the auditors' observation.

7. Financial Statements

7.1 Presentation of Financial Statements
The Council notes the auditors' observations.

An updated version of the financial statements has been submitted for Council approval on the basis of the points raised by the auditors.

Gabriel Micallef
Mayor

M. Gambin
Marica Gambin
Executive Secretary

cc: Mr Charles Deguara
Auditor General

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