KUNSILL LOKALI MĠARR LOCAL COUNCIL
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Director,

Department for Local Government

26, Archbishop Street,

Valletta

15th July 2026

Dear Sir,

Reply to the Management Letter – Financial Year – 2025

Reference is made to the above-mentioned letter dated 19th May 2026, received at the Mgarr Local Council by email on the 5th June 2026, concerning the systems and controls used 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 by the Council, where it was deemed appropriate to forward the following comments:

1. FOLLOW-UP: MANAGEMENT REPORT – YEAR ENDED 31 DECEMBER 2024

The Council has addressed to the best of its abilities all matters which were mentioned in last year's management report, other than those, which were outside the control of the Council.

The Council shall strive to continue to improve its operations during the coming year.

2. INCOME

Joint Committee

The North Joint Committee is in the process of being wound up. Process has begun in 2011 and was expected to be finished in 2014. From enquiries carried out with the Executive Secretary

of the Regional Committee, which succeeded the Joint Committee, it transpired that the audited annual report of the Joint Committee for the year ending 31st December 2025 were still not available.

The Council has made persistent representations calling for the production of such a report within the respective time frame. Notwithstanding that the Council is not happy with the qualification in its audit report, which has been ongoing for a number of years now. The Local Council once again states that **there are no further actions to be taken other those already taken**. In view of this, while the Council will continue to exert pressure on the Regional Committee, one should point out that such an issue calls for Local Government Division's intervention, rather than being mentioned in the management letters of affiliated Local Councils, year after year.

3. FIXED ASSETS

Fixed asset register

The Council notes the comments made by the auditor about the FAR with pleasure since the auditor is acknowledging the work performed by the Council to create the Fixed Asset Register. The Council used the standard Sage Line 50 software to build the FAR. Mentioned differences between the FAR and the Nominal ledger do cancel out each other and thus are only reclassification between the difference categories. In fact, the FAR and the Nominal ledger tallies perfectly. Any proposed reclassifications were recorded in the updated financial statements.

4. TRADE AND OTHER RECEIVABLES

Long outstanding balances

These balances, amounting to just Eur408, being with a related party, were not provided for since the Council believes that they will eventually be paid. The Council will chase these related parties to clear off these balances during the coming year. Matter will be discussed and if the Council agrees, to provide for balances mentioned by the auditor.

The comment regarding Measure 19.2 noted and any proposed audit adjustments were recorded in the updated financial statements.

5. CASH

Third party funds

It is to be noted that the Council receives funds by EPOS and some of these funds may be Third party funds. These are then reconciled and then transferred to the Third Party Funds bank account. As at year end, there was a balance of which still had to be transferred to the Third Party Funds bank account. This explanation was given to the auditor during the audit.

The Council will strive to continue improving on its internal control procedures and has already initiated discussions with the banks to introduce measures so that funds will be separated and reconciled at source so as to improve accountability.

FSS Forms

The comments about FSS Forms has been noted. It is positive to note that as at year end, accounting records agreed to the submissions. Any reconciling differences were ironed out at year end.

Ther Local Council will do our utmost to clear these differences earlier during the year.

FSS and NI due

These payments were effected by year end but were not cashed/presented for payment by the Inland Revenue Department.

The auditor suggested an audit adjustment which we reflected in the updated financial statements.

6. DEFERRED INCOME

Comments about Deferred Income were noted. Regarding the agreement with Ambjent Malta in connection with Ta' Darrenzi Project, the Council has a valid extension to the contract and thus still liaising with Ambjent Malta to conclude this project. The Council and ambjent Malta are in total commitment to bring this project to fruition. Unfortunately, the contractor who won the contract did not perform and the Council had to issue a new tender, which is currently open and which will be close at the end of the month.

7. TRADE PAYABLE

Noted. Suggested adjustment included in the updated financial statements..

Yours faithfully,

Paul Vella
Mayor

Cyprian Dalli
Executive Secretary