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Auditor General
National Audit Office
Notre Dame Ravelin,
Floriana FRN 1601
Malta

24th September 2025

RE: REPLY TO REPORT BY AUDITOR GENERAL FOR THE PERIOD ENDED 31 DECEMBER 2024

1.0 FOLLOW UP TO LAST YEAR'S REPORT

Noted and currently action is being taken to, as much as possible, address any pending issues.

2.0 PROPERTY, PLANT AND EQUIPMENT

The issue about Property, Plant and Equipment has been with the Council for a couple of years. The Council has embarked on the project to reconcile and update its Fixed Asset Register in line with Direttiva 1/2017 from DLG. The rebuilding of the FAR was a challenge in itself, which process was performed as diligently as possible with the data available at hand. It is important to note that any fixed assets which had not been physically written off but have a nil net book value because they are fully depreciated will still show on the FAR. Mentioned grants and related adjustments as suggested by the auditors were included in the updated financial statements but were a result of different method of calculation of the grant and cost to be shown in this year's financial statements and not the future since all of them are still as asset not yet capitalised and not completely capitalised. The Council did ask for the architect's letter but it is to be noted that the Council was using practically the services of a different architect for every project and thus the exercise of obtaining an architect letter proved very difficult. Not to mention that the Council had projects which did not require an architect. Most of the property, plant and equipment which the Council had bought before the Direttiva 1/2017 have now been fully written off. The acquisition date where available is included in the FAR. The Council did physically check the fixed assets and written off the assets which were deemed without a value and the Fixed Asset Register in Sage was updated accordingly.

Most of the projects which were mentioned in the management letter has now been closed and thus all capitalised to Property, Plant and Equipment.

3.0 RECEIVABLES

Human error is deeply regretted and adjusted in the updated financial statements.

4.0 CASH

Noted and as the auditors noted, the correct reconciliation was provided to the auditors. Stale cheques are noted and checked as at year end and the mentioned cheque was not reversed since the Council reissued another cheque with the same details after year end. Thus the bank payment was not reversed since the intention of the Council to pay the creditor was still in place as at year end.

5.0 PAYABLES

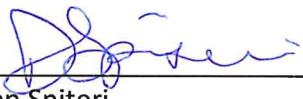
Mentioned accrual has been with the Local Council for a number of years. In line with the prudence concept, the Council is accruing for the annual rent as stated by the auditor. The Council will liaise with the Housing Authority about this matter upon receipt of any request for payment/signing of contract. The Council will honour any fair request for payment from the Housing Authority/Lands Authority in a timely manner as we do with all creditors.

6.0 EXPENDITURE AND TENDERS

Noted. The cost of Repairs and Upkeep is very difficult to predict although the Council does its utmost to control the costs while keeping a balance with the requirements of the locality. The loss on disposal of assets refers to Para 2 above, which cost was not included in the budget and has been reflected in the books after a suggestion by the auditors themselves.

7.0 PAYROLL

The auditors' comment that the payroll in accounts agree to the financial statements and agrees to the FS7 and FS3s is noted positively. The FS5s are prepared every month and then as year-end, these are checked, and necessary reconciliations are prepared and reconciled. The auditors' comment that the difference is arising from the untaxable fringe benefits confirm that this difference was not a mistake but a reconciling difference due to the non taxable fringe benefits.



Damien Spiteri
Mayor



Ryan Debrincat
Executive Secretary