

KUNSILL LOKALI
IL-MUNXAR
LOCAL COUNCIL

parvulus sed munitus

Triq Profs. Ġużè Aquilina, Il-Munxar MXR1012, Ghawdex • T. 2155 8755 • E. munxar.lc@gov.mt

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

RSM Malta
Mdina Road,
Haż-Żebbuġ, ZBG 9015
Malta.

Director Local Government
Monitoring & Support Directorate
Local Government Division
26/28, Archbishop Street,
Valletta, VLT 1116
Malta

21st August 2026

RE: REPLY TO REPORT BY AUDITOR GENERAL FOR THE PERIOD ENDED 31 DECEMBER 2025

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 Council was not expecting the additional grant on the Xlendi Tower and that was the reason why the grant was not included as accrued income in the prior year, which point was also confirmed by the auditors since they hadn't included this additional accrued income as audit adjustment in prior years audits.

The issue about Property, Plant and Equipment has been with the Council for a couple of years. The Council had 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 null net book value because they are fully depreciated will still show on the FAR.

The FAR as presented to the auditors during the audit was agreeing to the unaudited financial statements in the net book value column.

It is to be noted that no new comments were raised during this year's audit other than the comment above about the Xlendi Tower which was explained further up.

3.0 RECEIVABLES

Human error is deeply regretted and adjusted in the updated financial statements. It is to be noted that the Council does its utmost to try to maximize the additional revenue from other government entities and thus the Council and the Mayor are continuously on the lookout to get these funds which unfortunately at times, would only be agreed verbally. We do our utmost to get written agreements for these grants.

4.0 CASH

Noted and the Council does its utmost to regularly abide by DLG regulations while ensure the practical operation of the Council in the best interest of the Locality.

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 hospitality and local enforcement related mainly to activities undertaken by the Council which would be substantially funded from other grants that the Council had benefited for and thus any additional costs over the budget were set off by the additional revenue that the Council received. The total payroll increases when compared to the budget was Eur17000. It is to be kept into consideration that during 2025, all Local Councils had an increase of Eur1000 for every councillor (Eur5000) and the Councils had to pay to the Council staff the arrears in line with



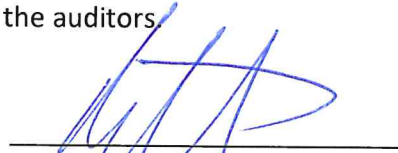
the new government collective agreement and the increase in the percentage of performance bonus, all in line with the government collective agreement. These explain the increase of Eur17000 when compared to the budget.

7.0 PAYROLL

Mentioned reclassifications were posted when preparing the unaudited financial statements and any explanations and reconciliations were given to the auditors.



Damien Spiteri
Mayor



Ryan Debrincat
Executive Secretary