



12 June 2026

To:

Director Local Government

The Auditor General

Grant Thornton Malta

Re: Reply to Management Letter 2025

1. Previous Management Letter

The matters in respect of previous year management letter will be tackled in detailed under their respective sections.

2. LES receivables

The difference between the LES debtor in the accounting system and the balance as per Loqus system will be adjusted. However, as stated by the auditors this will be not result in any adjustment to the financial statements since the same adjustment will be passed on the provision for doubtful debts.

3. Payables

Charges made by Region

The Local Council will trace the issue with the South Region in respect for the refunds of waste rejects of the Marca racecourse in respect of the € 9,823.44 issued in 2023. The balances are currently under contention.

Liability to Wasteserv Malta Ltd

In respect of the disputed amounts of € 63,729.95 payable to Wasteserv Malta Ltd the Local Council is liaising with Wasteserv and its legal consultants on the way forward. As stated, the Local Council is disputing the amounts since are not supported by permits and contractual agreements. The Local Council will inform the Department of Local Government on this issue as suggested by the auditors.

Confirmation of Trade Creditors

The Local Council will chase its supplies to provide regular statements for the Council to be able to do reconciliation as recommend by the auditors.

Accruals

The Council acknowledges the variance of EUR6,972.73 regarding the manure costs accrual. The EUR5,652.20 in previously unlocated invoices has now been identified and accounted for. To prevent

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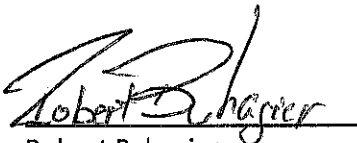
✉ marsa.lc@gov.mt 🌐 Marsa Local Council

4. Fixed Asset Register

The Fixed Asset Register of the Local Council is in an excel and this agrees to the nominal ledger and financial statements. The Local Council will contact its IT providers to upload the FAR in the accounting system, including the missing information identified by the auditors.

5. Accrued Income

The Council notes the auditor's finding regarding the EU-funded Day Centre Project. Following verification discussions with the Directorate for Local Government (DLG), the Council acknowledges the penalty and the resulting non-disbursement of €8,955. Management has fully reflected the required reversal of this unrecoverable accrued grant within the audited financial statements. Moving forward, the Council will enhance its compliance monitoring during EU project execution to mitigate the risk of project irregularities and subsequent funding penalties.



Robert Buhagiar
Agent Segretarju Ezekuttiv



Luke Farrugia
Sindku