



KUNSILL LOKALI
MOSTA
LOCAL COUNCIL

22nd July 2025

National Audit Office
Notre Dame Ravelin
Floriana
FRN 1600

Your Ref: MB/mf/12425

Dear Sir/Madam,

Re: Financial statement for the year ended 31 December 2024

We acknowledge receipt of your Management Letter dated 24th June 2025 in connection with the audit of the Council's financial records as at 31st December 2024. This was received at the Council's offices on 4th July 2025. We take this opportunity to thank Grant Thornton for the services rendered and for the cooperation extended to the Council during the audit process.

We have carefully reviewed the observations and recommendations raised in the Management Letter. The Council remains committed to strengthening internal controls and ensuring full compliance with the Local Councils Act, Financial Procedures, relevant Legal Notices, and circulars issued by the Department for Local Government.

We, the undersigned, Joseph Gatt and Jeremy Bartolo, Mayor and Executive Secretary respectively, continue to address the Council's shortcomings with the primary aim of ensuring alignment with the applicable laws, regulations, and best practices in local governance.

Below please find our responses to the issues highlighted in the Management Letter:

1. Previous Management Letter

The Council has addressed all matters which were mentioned in last year's management report, other than those which involve external entities, which are beyond its control. We will strive to continue to improve our controls to the best of our abilities. Since the change in both Mayor and Executive Secretary, the Council is doing its utmost to update expired contracts, create a fixed assets register and improve the overall administrative aspect of the Council.

2. Income

Joint Committee

In March 2023, a transfer of €2,827.02 was received in our bank account as full and final settlement related to the Joint Committee, thereby concluding the matter. In 2024, the Department for Local Government (DLG) informed the Local Council that an accountant had been engaged to prepare the outstanding financial statements.

Other Government Income

The Council recognises the mentioned corrections and has adjusted our accounts accordingly.

JG

JB



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3. Expenditure

IFRS 16 'Lease' assessment

The Council has noted your comment and will do its utmost to assess the IFRS16 Leases for 2025.

4. Fixed Assets

Fixed Asset Register

The Council is working on creating and updating our Fixed assets register; however, it is a sizeable task especially given the size of our locality and our limited resources.

Additions to fixed assets and grants

The Council recognises the mentioned correction and has adjusted our accounts accordingly.

5. Stock

Net realisable value of inventory

The Council is selling the book at breakeven price; therefore, reducing the price further would result in a financial loss. The issue is not the pricing itself, but rather the fact that most information is now readily accessible online, and books can be easily purchased through various online platforms. At this stage, the Council has not yet taken a decision on whether to write off the remaining stock.

6. Trade and other receivables

Overdue receivables

The Council notes that there are cases of debtors which are to be deemed as non-recoverable for a variety of reasons, such as dissolution, death and other factors. The Council has prepared a list of debtors to be written off as bad debt which will be presented to the Council in the next Council meeting.

The Council recognises the adjustments and they were amended as suggested as well as reiterating its efforts to ensure the correct verifications.

7. Other payables

Other creditors

As outlined in last year's response to the Management Letter, this item refers to funds payable to the Lands Department, recorded as an accounting entry related to funds discovered in the office of the former Executive Secretary, the late Mr. Alphonse Anastasi, in 2007. At the time, an internal investigation was conducted involving all staff members; however no documentation was available since it seems that the police had confiscated all documentation related to the case. Matter is currently being assessed to write off these balances payable and receivable on this case since court case have now been concluded.

The Council also notes the other points listed under point 7 and will take them into account accordingly.

JB JB



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Refundable deposits

The Council notes the necessary adjustments. Further to the point raised in point 7.7 and 7.8, the Council had obtained legal advice at the time from the Council's lawyer and all procedures were carried out in accordance with the legal advice provided at the time.

Other creditors – Land Department and LESA

The Council recognises the raised points and will ensure that the correct lists and trails are done accordingly.

8. Accrued Income

The Council is conducting efforts to collect these funds. It is important to note that this shortfall occurred due to a resignation of an employee who was tasked with collected such funds which was not replaced when terminating employment.

Joseph Gatt
Mayor

Jeremy Bartolo
Executive Secretary

c.c DLG
c.c Grant Thornton
c.c NAO
c.c Compliance Unit – DLG