



## KUNSILL REĠJONALI TAN-NOFSINHAR

Uffiċċju Amministrattiv, 395, Triq il-Vitorja, Haġ Qormi QRM 2504

☎ 21499389 – 21499355

[regjun-nofsinhar.dlg@gov.mt](mailto:regjun-nofsinhar.dlg@gov.mt)

National Audit Office  
Notre Dame Ravelin  
Floriana FRN 1601

Date: 15th September 2022

### **Financial Statements for the year ended 31st December 2021 – Management Letter**

Reference is made to the Auditor's management letter dated 4<sup>th</sup> August 2022. In terms of Section P2.06P (d.02) of the Local Councils (Audit) Procedures 2006, on behalf of the Southern Regional Council, I am presenting herewith the following comments on the points raised.

As a follow-up, the Council will try to ensure to address all the issues raised in this year management letter and even the points still pending from the previous management letter. Obviously, one must point out that certain points mentioned are outside the control of the Regional Council and hence very difficult to rectify. During the coming year, the Regional Council will strive to strengthen and improve its operations, controls and accounting records.

#### **1. Previous management letter**

The Regional Council has taken note of the Auditor's recommendation.

#### **2. Trial Balance**

The Regional Council wants to point out that the trial balance from the accounting system and the trial balance in excel format are worked out and prepared simultaneously, the main reason why the trial balance in excel is kept is to try and avoid posting too much journal entries on the accounting system with could also result in errors and a lot of reversal – however the Regional Council has taken note of the Auditor's recommendation and in the coming year will try to avoid the trial balance in excel format.

President: Jesmond Aquilina

Deputat President: David Michael Schembri (Qrendi)

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Segretarju Eżekuttiv: Philip Carabott



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### 3. Income

#### Reimbursement of expenses and salaries from LESA

The Regional Council has taken note of the Auditor's recommendation re the above heading however it must be pointed out that the first draft of financial statement were issued in February 2022 way head of the email issued from LESA re the amount of approved expenses to be reimbursed back to the Region, covering the period 1 January 2019 to 30 September 2021. The recommendation of the Auditor's is being actioned.

### 4. Payroll

#### President Honoraria

The Regional Council has taken note of the Auditor's recommendation and posted the necessary audit adjustment.

### 5. Local Enforcement System

#### Discrepancy in adjudicated contraventions

With regards to this point, the Regional Council had on several occasions in the past tried to reconcile the report 622 from Loqus system with the balance as per the accounting system, however this was never a success story. The variance has been there for quite a long number of years and as indicated by the Auditors there is no reason why the amounts should be adjusted via an audit adjustment, since the amount of LES debtors at year end is all provided for as provision for doubtful debts. Any adjustment would have a NIL effect on the financial statements since both the debtors account and the provision for doubtful debts would be affected.

One must also point out that the Executive Secretary and his staff does not have access to carry out any adjustment on the Loqus system.

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### Loqus system

The auditors can verify that when the Regional Council was asked to support and present documentation from the Loqus system, we tried our best to do so in the most professional way and to the best of our knowledge. As indicated in previous years, the Regional Council feels that the audit of the IT system of Loqus is beyond its control and feels that this matter can only be solved if addressed higher up by the Division of Local Government. The Regional Council feels that it was a harsh decision to qualify the 2021 Financial Report due to this limitation.

## 6. Fixed assets

### Tagging of Fixed Assets

Fixed assets in the Regional Council's administrative offices are tagged. However, in due course, an exercise will be performed to double check and make sure that all fixed assets are identified, verified and tagged with the plant register where possible.

### Fixed asset register

The Regional Council has taken note of the Auditor's recommendation. In the meantime too, one must point out that Regional Council staff are taking training how to make better use of the accounting software, this way they would be also able to shift the fixed asset register from excel into the accounting software.

### Reconciliation of financial statements with fixed assets register

The Regional Council has taken note of the Auditor's recommendation and will work to rectify the issue.

## 7. Trade and other payables

### Supplier statements

The Regional Council makes every attempt and continuously chase its suppliers for both month end statements and even more year end statements. However, as pointed out in previous years, not all our suppliers cooperate and some do neglect and does not submit their statements, however we assure you that before a payment is effect the balance is confirmed over the phone.

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### Financial assistance to Local Councils

The Regional Council has taken the necessary measures and all Local Councils claimed their due financial assistance that was accumulating from 2014. The mentioned balance is now nil. The Regional Council adjusted its processes and this will not happen again in the future.

### Accruals


The Regional Council has taken note of the Auditor's recommendation, in fact the respective prosecutor was chased and the case should be solved by 2022.

### Deferred income

Point with regards to deferred income is duly noted and audit adjustment done as suggested.

### **Conclusion**

The Regional Council makes every effort to improve its operations and address the points raised from the management letter. Similar as in previous years, the Regional Council will take all the necessary measures to address all issues and will try that the issues will not be repeated in the future.

  
\_\_\_\_\_  
Jesmond Aquilina  
President

  
\_\_\_\_\_  
Philip Carabott  
Executive Secretary

Date: 15th September 2022



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