



KUNSILL REĠJONALI TAN-NOFSINHAR

Uffiċċju Amministrattiv, 395, Triq il-Vitorja, al Qormi QRM 2504



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National Audit Office
Notre Dame Ravelin
Floriana FRN 1601

Date: 06th June 2023

Financial Statements for the year ended 31st December 2022 - Management Letter

Reference is made to the Auditor's management letter dated 24th May 2023. In terms of Section P2.06P (d.02) of the Local Councils (Audit) Procedures 2006, on behalf of the Southern Regional Council, we are presenting herewith the following comments on the points raised. During the 2022 financial year, the Southern Regional Council was under the headship of Mr Philip Carabott as the Executive Secretary.

The Management letter was brought before the Council for discussion during Regional Council Meeting number 20 which was held on the 14th June 2023. Consequently, the following comments were discussed and approved accordingly.

1. Previous management letter

The Southern Regional Council is pleased to note the positive observations of the Auditors on points 1.1 and 1.3 whereby the Council has taken measures to rectify issues related to reconciling of the books of accounts and payroll. Comments referring to points 1.2,1.4,1.5,1.6 and 1.7 are being addressed below.

2. Income

2.1 Grant received

The Regional Council has taken note of the recommendation and will implement procedures to record all the grants received in the appropriate accounting manner.

President: Jesmond Aquilina

Deputat President: Dr. Marija Sara Vella Gafa'

Sindki Membri: Josef Masini Vento (al Qormi), Doris Abela (ejtun), Scott Camilleri (Birzebbuga), Darren Abela (al Ghaxaq), Marija Sara Vella (Il-Gudja), Christian Sammut (Il-amrun), John Schembri (al Luqa), Josef Azzopardi (Il-Marsa), Mario Calleja (Marsaskala), Steven Grech (Marsaxlokk), Charmaine St John (Santa Luija), Stephen Sultana (Santa Venera)

Aġent Segretarju Eżekuttiv: Mariella Strout



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3. Expense

3.2 Classification of expenses

The Regional Council has taken note of the Auditors' proposal and acted upon the method proposed.

4 Local Enforcement System

4.1 Discrepancy in adjudicated contraventions

The Regional Council had on several occasions in the past tried to reconcile the report 622 from the Loqus system with the balance as per our accounting system, however this was never a success story. The variance has been there for quite a long number of years and as we have indicated to the Auditors there is no reason for an audit adjustment, since the amount of LES debtors at year end is all provided for as a 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.

We must also point out that the Executive Secretary and the Council staff do not have access or rights to carry out adjustments on the Loqus system.

4.2 Loqus System

The Auditors can verify that the Regional Council has provided documentation from the Loqus system in the most professional way and to the best of our knowledge, when requested to do so. However, as indicated in previous years, the Regional Council stresses that the audit of the IT system of Loqus is beyond its control and we recommend that this matter be escalated to the Department for Local Government (DLG) for a more holistic solution, as we understand that other Councils have also been facing similar issues.

5.Fixed Assets

5.1 Fixed assets register

The Regional Council had previously taken note of the Auditors' recommendation from the 2021 Management letter and embarked on a process to train administration staff on an efficient accounting software. Our planned next step is to shift our excel-based asset register onto the Fixed Assets Module of our accounting system within the next 12 months.

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6. Trade and other payables

6.1 Accruals

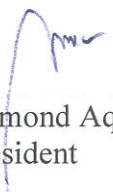
The Regional Council has taken note of the Auditor's recommendation.

6.2 Deferred income


The point regarding deferred income is duly noted and the audit adjustment was done as suggested.

Conclusion

As a follow-up, the Council will seek to address all the issues raised in this year's management letter and any points still pending from the previous one. However, we reiterate 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 further strengthen and improve its operations, controls and accounting records.


Jesmond Aquilina
President

Date


Mariella Strout
Acting Executive Secretary

Date 14/06/2023



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