Port
Regional
Council
Kunsill Reġjonali Port

97, Triq Santa Marija,
Ħal Tarxien, TXN 1708
27040492 Kunsill Reġjonali Port

Subject: Response to Audit for the Year Ended 31 December 2024 – Port Region

Date: Tuesday, 25 February 2025

Director, Mr. Chris Galea

We would like to thank the auditors for the detailed audit report for the financial year ending 31 December 2024. We appreciate their thorough review, and the observations made. Below are our responses to the issues raised during the audit:

1. Previous Management Letter

1.1 Collections

We recognize the recurring issue with collections as noted in your report (refer to note 2.1). We are actively addressing this matter to ensure that collection processes are enhanced, and we will be implementing more robust measures to address this issue going forward.

1.2 Loqus System

We understand the importance of the Loqus system and recognize that our financial statements are partly reliant on its reports. We regret our inability to provide the IT systems audit as requested (refer to note 2.4). However, as mentioned in previous years, this issue should be addressed collaboratively between the Department of Local Government (DLG) and Loqus. With assistance from the National Audit Office so that an auditing processes will be conducted on the system.

1.3 Supplier Statements

We acknowledge the issue regarding the procurement of supplier statements from all suppliers (refer to note 3.1). As mentioned in previous years, the Region makes every effort to obtain the necessary statements, but we do not have direct control over the internal financial procedures adopted by our suppliers.

1.4 Long Outstanding Trade Creditors

We are aware of the long-outstanding balances with our creditors (refer to note 3.3). Steps are being taken to address these overdue amounts, and we are working closely with our creditors to resolve these balances promptly. This matter is also being handled by the Compliance Unit within the Local Government Division.

1.5 Other Creditors

We acknowledge the shortcomings in our handling of other creditors (refer to note 3.5). We are reviewing our internal processes and controls to ensure that future transactions related to creditors are managed more efficiently and in accordance with best practices.

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1.6 Leases

We are pleased that the Committee has successfully reconciled the accounting for leases under IFRS 16. We appreciate your acknowledgment of this achievement and will continue to ensure compliance with IFRS 16 for future lease accounting.

1.7 Trade Debtors

We are glad that the Port Region Committee has successfully reconciled its accounting records against the outstanding balance with WasteServ. We have reviewed the reconciliation process and ensured that necessary adjustments have been made to align the records with the outstanding balance.

1.8 Intangible Assets

We acknowledge that no issues were identified regarding the Port Region's intangible assets during the audit. We will continue to monitor and maintain these assets properly to prevent discrepancies in future reports.

1.9 Deferred Income

- **Granting of Funds Scheme by the Local Government Division**
  We acknowledge your observation regarding the lack of monitoring controls over supporting documentation for projects being reimbursed to local councils (refer to note 4.1). As previously communicated to the Department of Local Government (DLG), the Region acts solely as a holder and disburser of funds, based on instructions from the DLG. Unfortunately, no additional oversight or control mechanisms have been provided to verify supporting documentation. We will continue to engage with the DLG to address this ongoing issue.
- **Tarmac Initiative Fund**
  We recognize the concern raised regarding the Tarmac Initiative Fund, which remains unrealized with an outstanding balance since 2021 (refer to note 4.3). We have recently received directions from the DLG to return the funds and are taking steps to expedite the process. This matter is expected to be resolved in 2025.
- **Economic, Social and Cultural (ESC) Plan Fund**
  Similarly, the ESC Plan Fund has remained unrealized since 2015 (refer to note 4.5). We are actively addressing this issue with the DLG to ensure a resolution and proper management of the balance. Directions have been received to return the funds, and we are working to resolve this by 2025.

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2. Local Enforcement System

2.1 Collections

We note the balance of €1,801,964 due from the Local Enforcement System, showing a 4% decrease compared to the prior year. The Region believes that a holistic approach must be taken by all Regions under the guidance of the DLG to issue legal letters to offenders for contraventions issued prior to 2015. Please note that for contraventions issued after the inception of LESA, the Region has no remit to collect these funds, as this is the responsibility of LESA.

2.2 Unpaid Contraventions

We fully agree with your recommendation to establish a proper system for collecting unpaid contraventions. We are in the process of implementing a more efficient system to manage unpaid contraventions. This yet again must be tackled holistically and throughout all Regions.

2.3 Paid Contraventions

Regarding paid contraventions, we will continue to collaborate with LTD, LCA, and local councils to ensure that all paid contraventions prior to 1 October 2015 are remitted to the regional Committee on a timely basis. It is worth noting that reports are prepared by Loqus; hence, the difference of €2,917 in Report 109 should be addressed with Loqus.

3. Loqus System

2.4 IT System Audit

We acknowledge the issue raised regarding the lack of an IT system audit for the Loqus system. We also believe that this system should be audited. We will discuss this at the Region's meeting and, if approved, we will send a formal letter to Loqus. However, we believe this request should be made jointly with key stakeholders, including other Regional Councils, DLG, and LCA. We understand the importance of verifying the accuracy and completeness of the information generated by the system. We will work towards obtaining the necessary documentation for future audits.

2.5 IT System Audit Report

In line with your recommendation (point 2.4), we will request a copy of the independent auditor's report on the Loqus IT system. We recognize the importance of regular audits to ensure the system's integrity and the reliability of the information it generates.

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4. Trade and Other Payables

3.1 Supplier Statements

We acknowledge the recommendation to continue obtaining monthly supplier statements as required by the circulars issued by the DLG. While we understand that obtaining these statements can be challenging due to inefficiencies from suppliers, we will continue to actively chase suppliers for regular statements to ensure creditors are accurately recorded and discrepancies are promptly addressed. However, we cannot compel suppliers to provide statements.

3.2 Long Outstanding Trade Creditors

The overdue amounts totalling €15,090.29, including balances from Birgu Local Council (€892.77) and Valletta Local Council (€14,197.52), are under review. We will take appropriate actions to settle or reverse these amounts, ensuring proper documentation of decisions in meeting minutes for transparency. This issue is being addressed by the DLG, but we have not received further updates. Correspondences are attached in Annex 1 for reference.

3.3 Other Creditors

Regarding the €20,353.53 recorded as LES receipts from unidentified deposits, we acknowledge the challenges in reconciling these amounts due to the introduction of the new system. We are following up with the DLG and our accountant for further clarification and assistance to resolve this issue. We will ensure continued pursuit of resolution and will keep you updated.

5. Accrued Expenses

3.7 Overstatement of Local Councils Scheme Expense

We appreciate your observation regarding the overstatement of the summary of schemes allocated to the 11 local councils. As per your recommendation, we have made the necessary adjustments to correct the over-accrual of liabilities and expenses in the financial statements. Moving forward, we will closely monitor the accrual schedule to prevent such discrepancies.

6. Deferred Income

4.1 Granting of Funds Scheme by the Local Government Division

We acknowledge the outstanding balance of €876,081.72 under the Granting of Funds Scheme. The Region made every effort to obtain supporting documentation, but we were informed that documentation vetting is the responsibility of the DLG. Email correspondence is attached as Annex 2 for reference.

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4.3 Tarmac Initiative Fund

Regarding the Tarmac Initiative Fund, we acknowledge the €29,944.86 that remains unutilized and outstanding since 2021. As mentioned earlier, we have received directions from the DLG to return the funds and are taking steps to expedite the process. This will be resolved in 2025.

4.5 Economic, Social and Cultural Plan Fund

We acknowledge the €200,000 allocated for the ESC Plan Fund from 2015. As the contract with DLG has lapsed, we are working closely with the DLG to return the funds and resolve the matter by 2025.

4.6 Reimbursement from the LGD for Expenses Incurred

We acknowledge the auditor's comments regarding the collection of recyclable waste from commercial establishments and VAT on household recyclables and glass. We are reviewing this matter and address the issue with DLG.

We trust that the above responses address the key concerns raised during the audit. Should you require further clarification or additional documentation, please do not hesitate to contact us.

The Region would like to thank the auditors for their prompt and swift response.

Regards

Paul Farrugia

President

Lianne Cassar

Deputy Executive Secretary

Justine Decelis

From: Azzopardi Vanessa E at Local Government Division <vanessa.e.azzopardi@gov.mt>
Sent: 10 January 2025 08:30
To: Lianne Cassar
Cc: Compliance at Local Government Division; Bugeja Clare 1 at Local Government Division; danielgalea@hotmail.com; Regjun Port at Port Regional Council
Subject: RE: Port Regional Council Management Letter

Dear Lianne, good morning

Following our meeting, we discussed the matter with the Valletta Local Council and their accountant. It was agreed that further investigations would be conducted to verify the debtor balance from 2015 and identify any discrepancies. The objective is to complete this exercise and reach an agreement once all issues are resolved.

Will seek an update regarding the matter from Valletta Local Council and revert accordingly.

Thanks

Vanessa

Vanessa Azzopardi Executive M.B.A.(Melit.), Dip.Mangt.(Melit.)
Assistant Director (Compliance)
Finance and Procurement Compliance Directorate
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MINISTRY FOR THE NATIONAL HERITAGE, THE ARTS & LOCAL GOVERNMENT

26, ARCHBISHOP STREET, VALLETTA, MALTA

Kindly consider your environmental responsibility before printing this e-mail

From: Lianne Cassar <lcassar@lca.org.mt>
Sent: Thursday, January 9, 2025 4:10 PM
To: Azzopardi Vanessa E at Local Government Division <vanessa.e.azzopardi@gov.mt>
Cc: Compliance at Local Government Division <compliance.dlg@gov.mt>; Bugeja Clare 1 at Local Government Division <clare.bugeja.1@gov.mt>; danielgalea@hotmail.com; Regjun Port at Port Regional Council <regjun-port.dlg@gov.mt>
Subject: RE: Port Regional Council Management Letter

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Dear Vanessa,

Trust all is well.

Could you kindly advise if there were any changes regarding the below, please as we are closing off year end 2024 accounts.

Best Regards

Lianne Cassar
Acting Deputy Executive Secretary

Local Government Building, Triq il-Gvern Lokali, Marsa
+356 7991 5257
Kunsill Reġjonali Port

Kunsill Reġjonali Port
Port Regional Council

From: Azzopardi Vanessa E at Local Government Division <vanessa.e.azzopardi@gov.mt>
Sent: Monday, 4 November 2024 10:36
To: Lianne Cassar <lcassar@lca.org.mt>
Cc: Compliance at Local Government Division <compliance.dlg@gov.mt>; Bugeja Clare 1 at Local Government Division <clare.bugeja.1@gov.mt>
Subject: RE: Port Regional Council Management Letter

Good morning Lianne

Yes, we are available on Monday 11th

Shall send a calendar invite for 10am

Thanks

Vanessa

Vanessa Azzopardi Executive M.B.A.(Melit.), Dip.Mangt.(Melit.)
Assistant Director (Compliance)
Finance and Procurement Compliance Directorate
Local Government Division

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MINISTRY FOR THE NATIONAL HERITAGE,
THE ARTS & LOCAL GOVERNMENT

26, ARCHBISHOP STREET, VALLETTA, MALTA

From: Lianne Cassar <lcassar@lca.org.mt>
Sent: Monday, November 4, 2024 10:16 AM
To: Azzopardi Vanessa E at Local Government Division <vanessa.e.azzopardi@gov.mt>
Cc: Compliance at Local Government Division <compliance.dlg@gov.mt>; Bugeja Clare 1 at Local Government Division <clare.bugeja.1@gov.mt>
Subject: RE: Port Regional Council Management Letter

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Good morning Vanessa,

I shall be abroad till next Saturday.

Shall we try to meet next Monday 11th please?

Best Regards

Lianne Cassar
Executive Secretary

Local Councils' Association
Local Government Building, Triq il-Gvern Lokali, Marsa
+356 2596 8000 / +356 7991 5257
www.lca.org.mt
Local Councils' Association

30 Years of Local Councils
30 Sena ta' Kunsilli Lokali

From: Azzopardi Vanessa E at Local Government Division <vanessa.e.azzopardi@gov.mt>
Sent: Tuesday, 29 October 2024 12:37
To: Lianne Cassar <lcassar@lca.org.mt>
Cc: Compliance at Local Government Division <compliance.dlg@gov.mt>; Bugeja Clare 1 at Local Government Division <clare.bugeja.1@gov.mt>
Subject: Port Regional Council Management Letter

Dear Lianne

Trust this email finds you well.

As part of an ongoing exercise of review of the management letter conducted by the Finance and Procurement Compliance Directorate, we have noted that point 3.5 of the attached management letter has been a recurring issue from previous years.

In this regard, we propose a meeting to discuss this matter.

Could you kindly propose a tentative date when a team meeting can be conducted. We are available next week apart from Thursday 7th November, 2024.

Thanks

Vanessa

Vanessa Azzopardi Executive M.B.A.(Melit.), Dip.Mangt.(Melit.)
Assistant Director (Compliance)
Finance and Procurement Compliance Directorate
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MINISTRY FOR THE NATIONAL HERITAGE
THE ARTS & LOCAL GOVERNMENT

26, ARCHBISHOP STREET, VALLETTA, MALTA

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Lianne Cassar

From: Lianne Cassar
Sent: Friday, 23 February 2024 21:55
To: Bharbra Cagang
Subject: FW: Hlasijiet Pendenti SPI

From: Diacono Dorianne at Local Government Division <dorianne.a.diacono@gov.mt>
Sent: Monday, 18 December 2023 12:00
To: Lianne Cassar <lcassar@lca.org.mt>
Cc: Skemi at Local Government Division <skemi.dlg@gov.mt>; Regjun Port at Port Regional Council <regjun-port.dlg@gov.mt>; natix666 <natix666@yahoo.co.uk>; Pisani Marisa at Local Government Division <marisa.pisani@gov.mt>
Subject: RE: Hlasijiet Pendenti SPI

Għażiża Lianne

B'referenza għall-korrispondenza t'hawn taħt u l-ftehim iffirmat bejn il-Kunsill Reġjonali u l-Ministeru, ġentilment qed tiġu nfakkra li l-approvazzjoni, l-komputazzjoni u l-allokazzjoni għal għoti ta' fondi marbuta ma skemi, huwa biss a karigu ta' dan id-Direttorat. Ir-rwol tal-Kunsill Reġjonali, għal fini ta' dan l-ftehim huwa biss ta' kustodju tal-fondi.

Għaldaqstant, la darba dan id-Direttorat ikun ta l-approvazzjoni ta' pagament, il-ħlas għandu jsir malajr kemm jista' jkun.

Grazzi u tislijiet,

Dorianne Diacono
Senior Manager (Project Management)
Strategy and Policy Implementation
Local Government Division

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MINISTRY FOR THE NATIONAL HERITAGE, THE ARTS & LOCAL GOVERNMENT

LOCAL GOVERNMENT BUILDING, LOCAL GOVERNMENT STREET, MARSA, MALTA

From: Lianne Cassar <lcassar@lca.org.mt>
Sent: Thursday, 14 December 2023 15:18
To: Diacono Dorianne at Local Government Division <dorianne.a.diacono@gov.mt>
Cc: Skemi at Local Government Division <skemi.dlg@gov.mt>; Regjun Port at Port Regional Council <regjun-port.dlg@gov.mt>; natix666 <natix666@yahoo.co.uk>; Pisani Marisa at Local Government Division <marisa.pisani@gov.mt>
Subject: RE: Hlasijiet Pendenti SPI

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Dear all,

Just a kind reminder regarding the below please.

Best regards

Lianne Cassar
Acting Deputy Executive Secretary

Local Government Building, Triq il-Gvern Lokali, Marsa
+356 7991 5257
Kunsill Reġjonali Port

Kunsill Reġjonali **Port**
Port Regional Council

From: Lianne Cassar
Sent: Friday, 24 November 2023 12:09
To: Diacono Dorianne at Local Government <dorianne.a.diacono@gov.mt>
Cc: Skemi at Local Government <skemi.dlg@gov.mt>; Regjun Port at Local Councils <regjun-port.dlg@gov.mt>; natix666 <natix666@yahoo.co.uk>
Subject: Hlasijiet Pendenti SPI

Għażiża Dorianne,

L-ewwelnett nispera li tinstab tajba.

Ġentilment nixtieq nifurmak li r-rikjesti ta' ħlasijiet annessi għadhom pendenti min-naħa tar-Reġjun dan peress li l-President xtaq jitlob id-dokumenti tal-proġetti li saru sabiex ikun jista' japprova li jinħarġu dawn il-pagamenti.

Grazzi u tislijiet

Lianne Cassar
Acting Deputy Executive Secretary

Local Government Building, Triq il-Gvern Lokali, Marsa
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Kunsill Reġjonali **Port**
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