

GOVERNANCE ACTION

on the NAO's Annual Report on Public Accounts
2023 and other NAO Reports 2024



Coordination and
Implementation
Division



GOVERNMENT OF MALTA
OFFICE OF THE PRINCIPAL PERMANENT SECRETARY
OFFICE OF THE PRIME MINISTER

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FOREWORD

The publication of the annual Governance Action report on recommendations made by the National Audit Office (NAO) allocates due importance to the constructive feedback provided following audits carried out. The insights imparted by the NAO are aimed at improving the operations of the Public Administration, with good governance and transparency. The implementation of NAO recommendations is invariably considered, including in terms of their feasibility and viability. Most NAO recommendations are accepted and followed up with expedient actions to secure their implementation within the shortest time possible.

This year's exercise indicates a commendable implementation rate of 86%. This rate refers to the implementation of actions identified by the Public Administration to address recommendations made by the NAO. The implementation rate is increasingly significant when one considers that this year, audited entities have committed to implement one of the highest number of actions ever recorded since the start of this governance action exercise – 799 actions as opposed to last year's 631 actions.

This development indicates a pronounced shift in outlook towards continuous improvement. At times significant improvements involve long-term projects spanning several years. Thus, while the implementation of some actions is yet to be completed, work is in progress for long-lasting benefits. The 799 actions acted upon during the last few months, of which 86% have been implemented, indicates the massive work being carried out, as well as the importance that public officials attach to working according to standards of accountability and good governance.

These principles tie in with the long-term objectives of Malta Vision 2050. This exercise helps to identify the areas we must prioritise to provide the best service to the public in the most transparent manner.

Tony Sultana

Principal Permanent Secretary



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INTRODUCTION



This year marks the tenth edition of the governance action report on NAO recommendations. The report gives details of the actions taken or will be taken by the Public Administration to address recommendations resulting from audits carried out by the NAO. These audits and related recommendations were reported in the NAO's latest annual report on public accounts which was issued in December 2024.

The Internal Audit and Investigations Department (IAID) was requested to assist in complex issues by recommending appropriate actions to improve an organisation's operations. IAID subsequently conducted the closure meetings related to audits it reviewed. During closure meetings held for each audit, either by the IAID or by the Governance Action Directorate, the feedback given by management on the actions taken to address NAO recommendations was discussed in depth. Moreover, the justifications required whenever a recommendation made by the NAO was not accepted or partially accepted by management were evaluated for validity.

The NAO annual report for 2023 included 33 audits. This publication reports on actions relating to the recommendations made by the NAO for these 33 audits, as well as one audit carried forward from the previous year. The introductory page to each audit includes a categorisation of the shortcomings identified. A full list of categories of shortcomings can be found at Appendix A. This report also presents a detailed account of actions being taken or already taken in connection with performance and IT audits carried out by the NAO during 2024. One of these audits will be reported upon in a future publication.

The NAO identified two auditees as commendable examples of good practice, so much so that no recommendations for improvement were provided related to these two audits. These were the Malta Statistics Authority and the Ministry for Active Ageing for the Home Care and Help Services Scheme. The NAO highlighted that these two entities upheld the principles of accountability, transparency and effective governance, with robust and effective internal controls, including embedded verifications and monitoring in their day-to-day administration, and the upkeep and retention of related documentation.

The Auditor General presented 345 recommendations for the 34 audits being reported upon. 309 recommendations have been fully accepted by the Public Administration, and 28 recommendations have been partially accepted. Only 8 recommendations, or 2.3%, have not been accepted. Furthermore, the public administration identified 799 actions to address the recommendations made by the NAO and thus reducing risks and applying necessary safeguards for improved operations according to good governance principles. 686 (85.9%) of these actions were fully implemented by the end of August 2025 – a commendable implementation rate notwithstanding an increase in accepted recommendations, a significant increase in the number of actions, and a cut-off date two months earlier than previous years. The remaining 113 actions (14.1%) are in the process of being implemented, as explained in the following pages.

Statistical **highlights 2025**



Total audits **34**



Recommendations **345**



Actions **799**



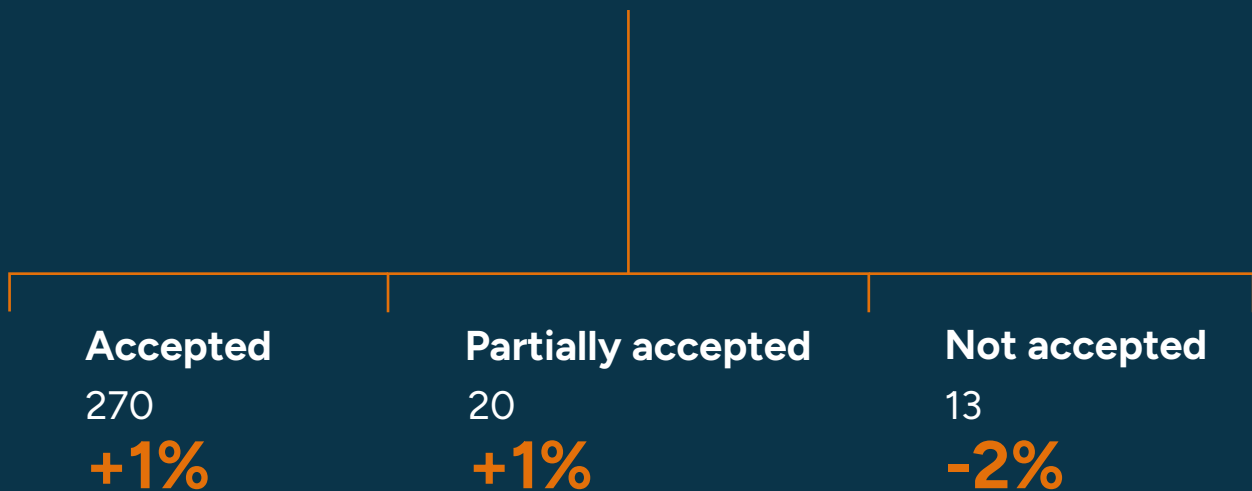
* as at 31st August 2025

Key shifts

from 2024

+ 8 audits

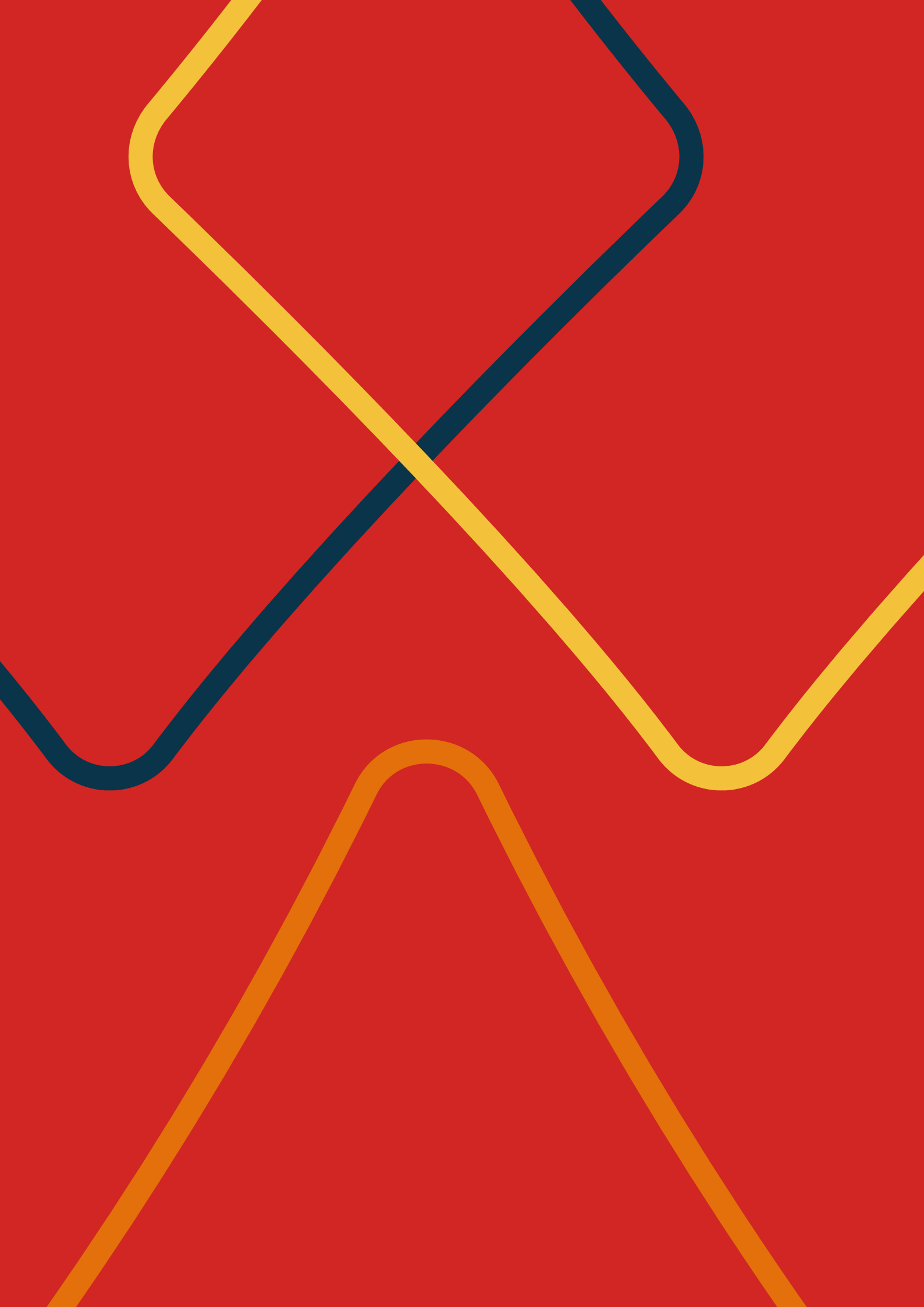
+ 42 recommendations



+ 168 actions

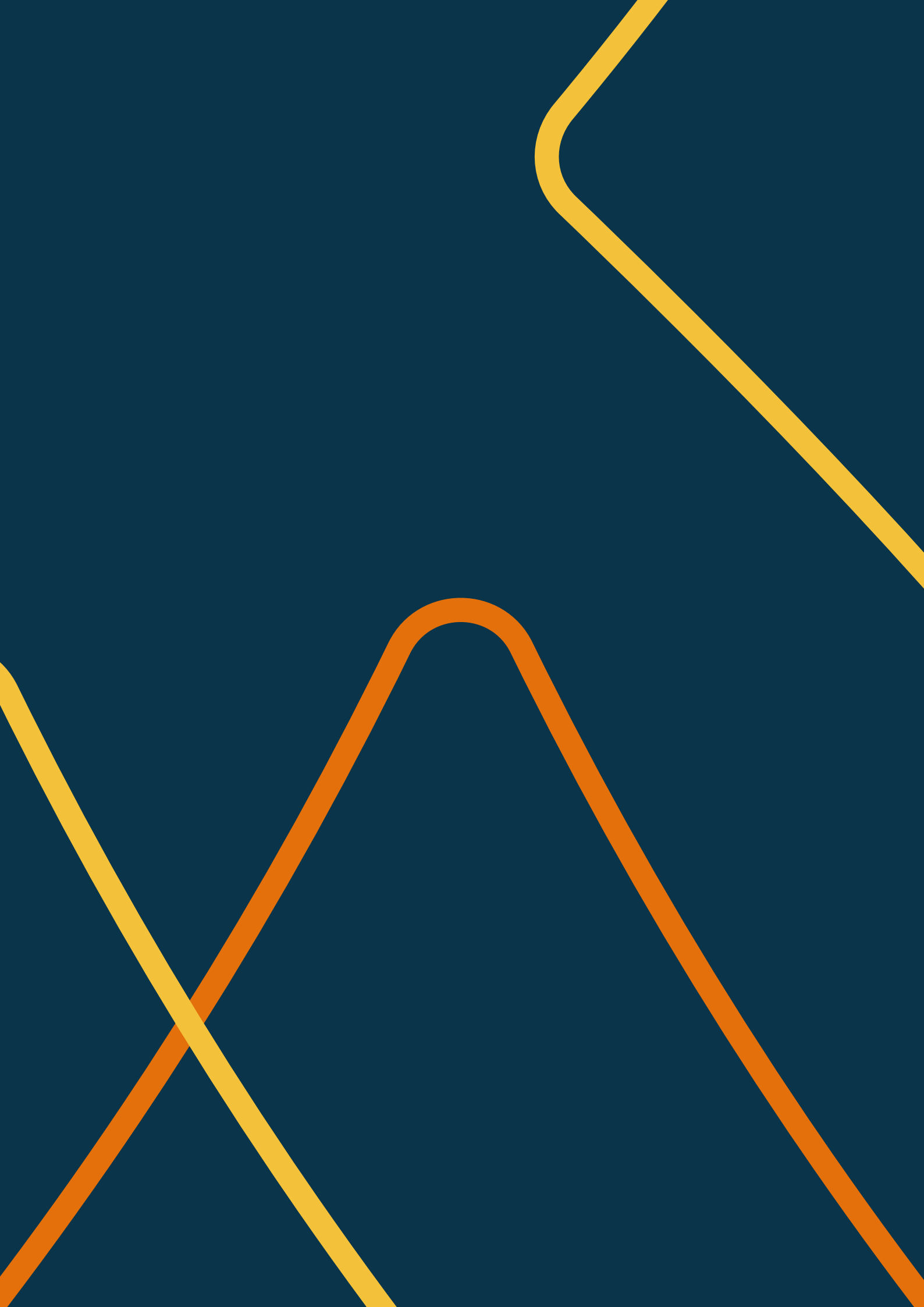
GA publication year	2022 [▲]	2023 [▲]	2024 [▲]	2025 [*]
Implementation rate	85%	89%	92%	86%

[▲] as at 31st October of each year



A thick yellow line starts from the top left, goes diagonally down to the right, then curves to the right, then diagonally down to the left, and finally curves to the right again, ending in a shape similar to a right-pointing arrowhead.

**FOLLOW-UP ACTION ON THE
NAO REPORT ON PUBLIC
ACCOUNTS 2023**





OFFICE OF THE
PRIME MINISTER



OPM

Traineeship Scheme – Expenditure

The Institute for the Public Services (IPS) provides training and development activities which help the Malta Public Service deliver policies and programmes to meet the requirements of the Government and the citizens of Malta. The Traineeship Scheme, which falls under the responsibility of IPS, provides employment opportunities on a part-time basis for full-time students reading for a Malta Qualifications Framework at level 6 or 7 provided by the Malta College for Arts, Science and Technology, the University of Malta or any other local tertiary education institution. Students who are selected for a traineeship under this scheme are posted within the public administration and assigned work relevant to their area of studies.

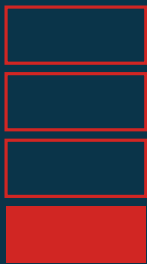
The scope of the audit was to verify whether expenditure incurred from this line item in 2023 was utilised in accordance with the pertinent policies regulating the Traineeship Scheme. It also aimed to ascertain the effectiveness of internal controls adopted, as well as to establish whether Government resources were used prudently and in a judicious manner.

A systems review of the Traineeship Scheme managed by the Institute for the Public Services showed that identified deficiencies in the reimbursement process were already being addressed by Management. Further enhancements were expected through the implementation of a bespoke system by end of 2024.

Follow-up action

IPS is responding to NAO's recommendations by shifting toward automation and improved systems. The IPS are phasing out manual processes by acquiring two interrelated digital platforms: one to manage contracts online, and another cloud-based HR system to streamline attendance submissions and approvals. In the meantime, IPS is continuing reconciling data manually and resolving discrepancies through coordination with Ministries. Once the new systems are active, employees will be supported with training materials and user guides.

NAO issues by category 1



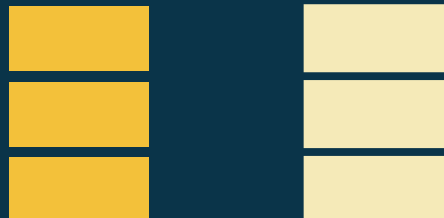
1 Inefficient operations

Recommendations by NAO 1



1 Accepted

Actions by the Ministry 6

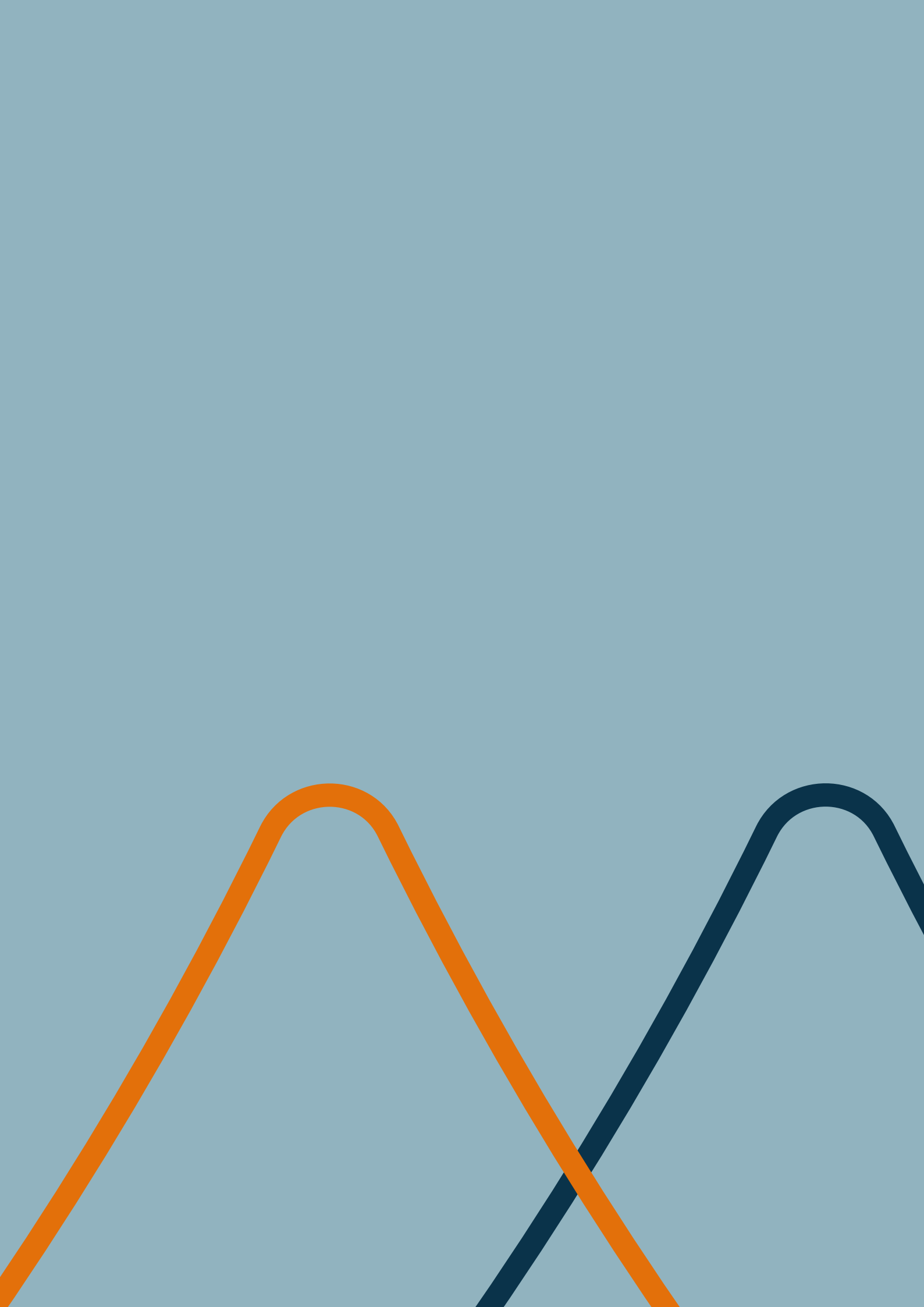


3 Implemented

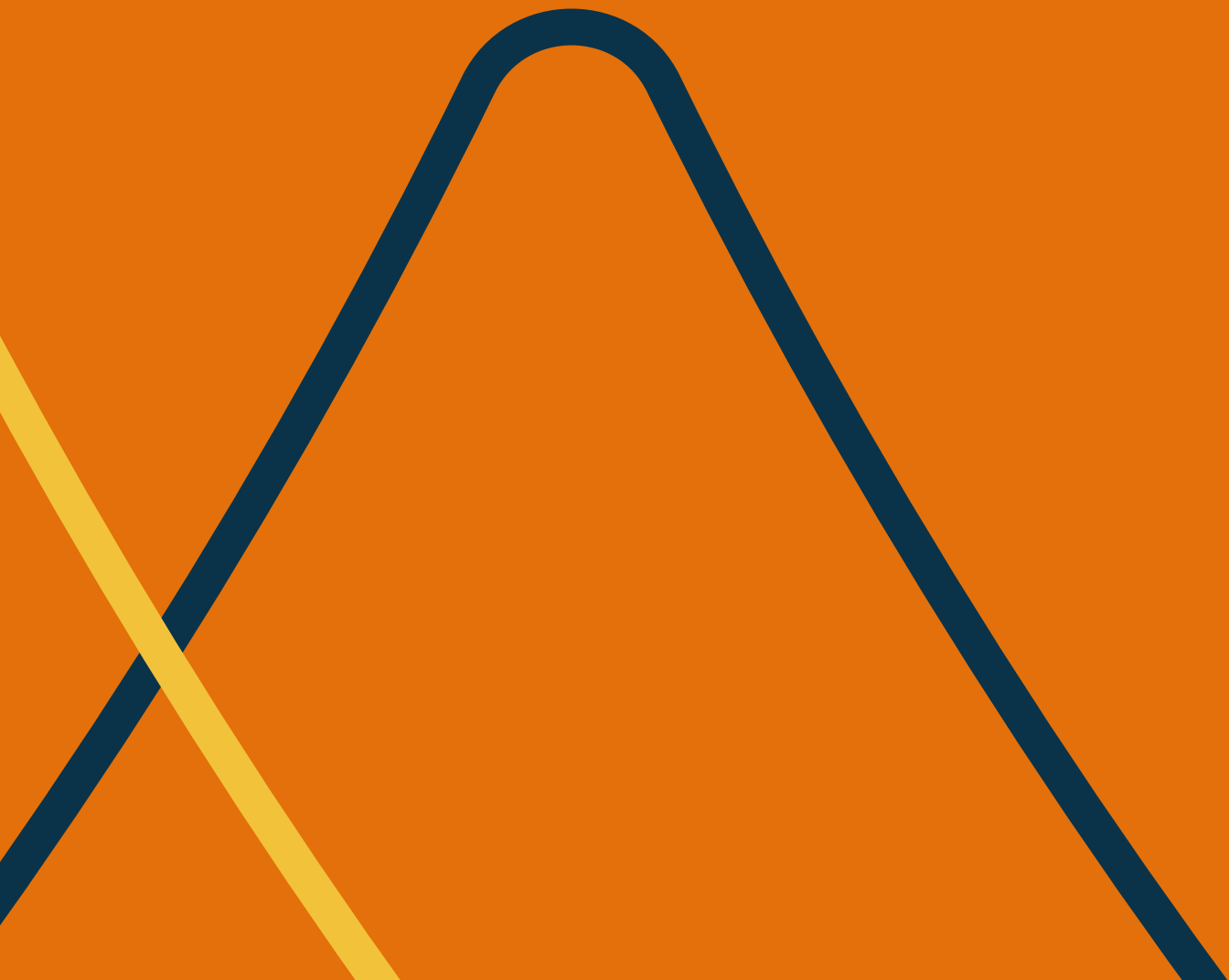
3 In progress

Each box represents 1 unit

	Recommendations	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Key issue</p>	<p>Deficiencies in the reimbursement process</p>	<p>IPS was unable to introduce the Apprentice Management System, due to major issues with the original supplier and in fact the contract had to be annulled.</p>	
	<p>NAO acknowledged that the highlighted concerns had already started being rectified and further enhancements were expected through the partial automation of the process. In this regard, Management is to ensure that the timeline for the implementation of the new system is adhered to in order to streamline the processes as soon as possible. In the circumstances, NAO deemed it more appropriate to conduct a more extensive review once the new system is fully operational.</p>	<p>Following the fallout with its previous supplier, IPS started the process to obtain two interrelated off-the-shelf systems. When the first system is in place, IPS will be able to upload the contracts of its various schemes online.</p>	 Oct-2025
	<p>Accepted</p>	<p>The second system is a cloud-based human resource management system designed to help manage workflows efficiently. With this system, trainees will be able to submit their working hours and obtain approvals from their supervisors and DCSS.</p>	 Mar-2026
		<p>Until the online attendance system is in place, IPS is collecting approved monthly logbooks on a quarterly basis, along with the payroll data history. The submitted data is then reconciled to ensure that the information is accurate and consistent.</p>	
		<p>If significant discrepancies are identified, IPS returns the data to the respective Ministry along with all related queries for the necessary verification. If the discrepancy remains unresolved after the review process, IPS proceeds with payment based on the official logbook hours.</p>	
		<p>Following the introduction of the second system, the service provider will provide training videos, information sessions and user manuals to all IPS employees.</p>	 Mar-2026



FOLLOW-UP ON PENDING ACTIONS



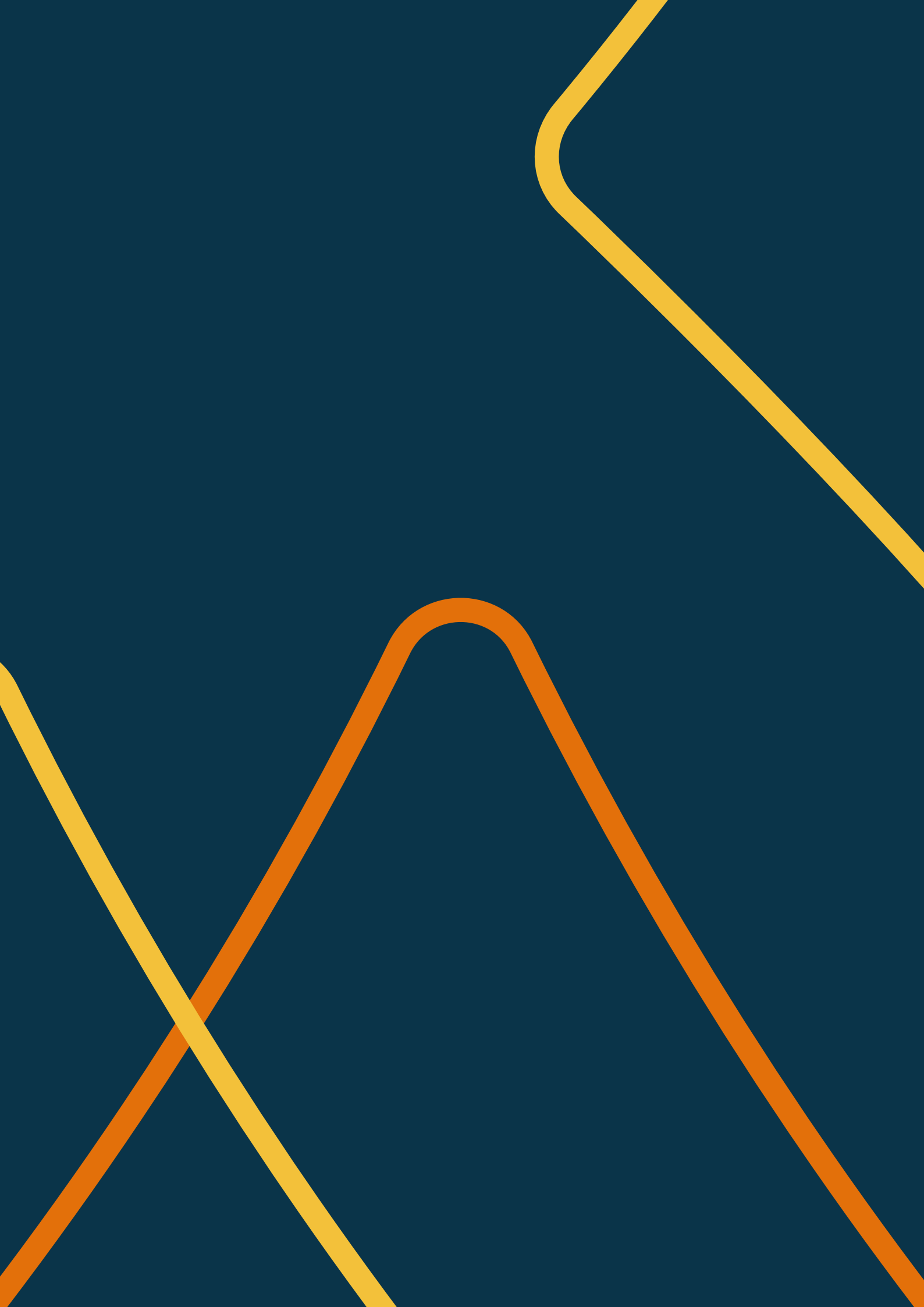
**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Servizz.gov – Revenue and expenditure			
<p>Contract centre services: No evidence of competition</p> <p>To ensure uninterrupted service provision, the Agency is formulating a business continuity plan to obtain the ISO Certification 9001: 2015.</p>	<p>In progress</p> <p>In line with the agency's strategic objectives, the formulation of a business continuity plan to obtain the ISO Certification 9001:2015 is going to form part of the three-year strategic plan of the Agency which is scheduled to be published.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>In line with the agency's strategic objectives, the formulation of a business continuity plan to obtain the ISO Certification 9001:2015 is going to form part of the three-year strategic plan of the Agency which is scheduled to be published. Preparations for the strategy are underway. Following discussions with specialists in the field, it was decided to phase it over the three-year period.</p> <p>Expected date of implementation is December 2028</p>

2022 GA PUBLICATION

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Government Printing Press – Revenue and expenditure			
<p>Limitation on scope of audit / Systems limitations</p> <p>A new tender will be published, based on the findings of a market research which is currently being compiled.</p>	<p>To be implemented through a different course of action</p> <p>GPP are holding discussion with Information Management Unit (IMU), Malta Information Technology Agency (MITA) and supplier to update the current system.</p>	Q4 2025	<p>In progress</p> <p>A demo environment was supplied by the current supplier and was being tested internally. GPP are awaiting minor enhancements.</p> <p>Expected date of implementation is Q1 2026</p>
<p>Lease of premises not formalised</p> <p>The tendering process and works are being steered by INDIS, and therefore time frames quoted are based on INDIS direction.</p>	<p>To be implemented through a different course of action</p> <p>The option of a new Government Printing Press was being considered since INDIS plan to utilise the current premises differently.</p> <p>However, INDIS ultimately decided that GPP can stay in their current location. Refurbishment of existing premises and a more effective use of space is envisaged. Since it was decided that GPP will retain their current premises, discussions with INDIS will recommence to formulate a new agreement.</p>	Q1 2025	<p>Not yet implemented</p> <p>Discussions with INDIS are still ongoing.</p>







OFFICE OF THE **PRIME MINISTER**

(EU Funds, Equality, Reforms and Social Dialogue)

The Ministry's designation reflects its portfolio held prior to the reshuffle of 28 May 2025

OPM - EES

European Union Funds - Personal emoluments

(Reported by the NAO under Ministry for the Economy, European Funds and Lands)

The audit focused on the payment of allowances to staff employed at the six Managing Authorities in 2023, then falling under the Ministry for the Economy, European Funds and Lands (MEFL), financed from Recurrent Vote 22. It covered the entities involved in the management of European Union (EU) funds, namely the European Union Programmes Agency, *Servizzi Ewropej f'Malta*, the Measures and Support Division, the Funds and Programmes Division, the Planning and Priorities Coordination Division and the Strategy and Implementation Division. Together with the Corporate Services, these entities, with a total staff of 180 as at 31 December 2023, fell under the direct supervision of their respective heads and the overall control of the Permanent Secretary EU Funds. Most of the staff was on a definite contract.

The main scope of this audit was to evaluate the eligibility and accuracy of allowances paid during 2023 from the account under review and to assess compliance with existing policies, procedures and regulations. Claims for reimbursement from the European Commission and the respective payments were not included in the scope of this audit.

A number of control weaknesses were noted in the payment of allowances to staff employed with the entities involved in the management of European Union Funds. These comprised lack of segregation of duties and gaps in documentation, including attendance records.

Follow-up action

The Office of the Prime Minister - European Funds, Equality, Reform and Social Dialogue (OPM-EES) has taken several actions to strengthen its procedures and address the weaknesses highlighted by the NAO. Management introduced an automated attendance verification system to enhance accuracy and efficiency by reducing human error and eliminating manual record-keeping. To verify the accuracy of all recorded working hours, the four-eye principle is being applied.

OPM-EES has also adopted the Salaries Reporting System (SRS) to streamline the management of salary-related information and improve the timeliness of reporting salary adjustments. The SRS also serves as a secure data repository, storing all forms and related documents with future date accessibility, including any specific documentation required for allowances. OPM-EES is verifying the accuracy of allowances on a monthly basis by reviewing and comparing the allowances reports generated by the system.

NAO issues by category 7



2 Inefficient operations

1 Lack of compliance with policies and legislation

1 Lack of verification/enforcement

1 Lack of structure

1 Inadequate technology

1 Non-adherence to procurement procedures

Recommendations by NAO 11



9 Accepted







2 Not accepted






Actions by the Ministry 18











18 Implemented

	<p>Recommendations</p>	<p>Justification</p>
<p>Key issues</p>	<p>Duplication of allowance for work carried out after office hours</p> <p>In line with the Manual of Allowances Section 2.1, a public officer shall only be paid an allowance in exceptional circumstances, specifically when the work involves (i) substantial extra attendance which cannot be easily controlled and/or for which it would not be feasible to pay overtime; (ii) a strong element of disturbance, discomfort or risk; and (iii) the use of some special skill which the holder is not expected to possess and for which it is economically feasible to pay an allowance. The manual further states that ‘when an officer qualifies for different allowances which are awarded for the same type of work or situation, the highest should be paid’. Thus, Management is to ensure that the provisions of the Manual are followed. In this respect it shall assess the prevailing circumstances, determine whether the payment of an allowance is applicable and take the necessary action to ensure that only one allowance is paid for a given situation.</p> <p>Not accepted</p>	<p>The issue presented by the NAO, is viewed differently by OPM-EES. OPM-EES considers the payment of the supplementary allowance and the disturbance allowance to be compliant with the Manual of Allowances, since these two allowances are granted under different circumstances and conditions. Furthermore, the necessary approvals were obtained before introducing the specified allowances.</p> <p>Management has focused on making EU fund management roles more competitive in line with market standards. Accordingly, the supplementary allowance was specifically designed as a strategic measure to achieve the goals set out and align it with the European Commission’s recommendation on retaining and expanding the workforce. The disturbance allowance addresses situations where officials work beyond office hours or undertake extraordinary duties without any other compensation.</p>

Recommendations	Action taken/justification	Status
<p>No evidence that certain allowances were justified</p> <p>The Ministry is to ensure that adequate records are maintained and duly certified, showing the number of hours worked by each employee.</p> <p>Accepted</p>	<p>OPM-EES is ensuring that adequate and duly certified records are being properly maintained.</p>	
	<p>The Management introduced an automated attendance verification system. This system requires all staff to clock in and out daily regardless of whether they are on-site or working remotely.</p>	
	<p>When an employee fails to punch out, the system automatically clocks out the employee and notifies both the employee and the respective manager. Any changes to timesheets needs be justified by the employee and approved by the respective manager.</p>	
	<p>A process is in place to verify the accuracy of all recorded working hours by applying the four-eye principle. Every month respective supervisors review and approve the attendance reports of their staff members. Subsequently, such reports are then submitted to the relevant department for payroll processing and record-keeping purposes.</p>	
<p>An automated timekeeping system would simplify the process and enable more accurate and verifiable records. This will also provide a reliable basis against which the payment of allowances may be assessed, as well as real time data, enabling more efficient and effective management of human resources.</p> <p>Accepted</p>	<p>The introduction of the automated timekeeping system significantly streamlined the process of recording and managing employee attendance. The new system reduces the potential for human error while enhancing consistency, accuracy, and verifiability.</p>	
	<p>Training and guidelines were provided to ensure that employees make use of the system to its fullest capacity.</p>	

	Recommendations	Action taken/justification	Status
Control issues	<p>Stipulated approval procedure not followed</p> <p>The Ministry is expected to follow stipulated provisions for transparency and accountability, essential pillars of good governance.</p> <p>Accepted</p>	<p>The Ministry is ensuring strict adherence to the principles of transparency and accountability, which are essential pillars of good governance.</p>	
	<p>No segregation of duties</p> <p>The Ministry is to ensure that an adequate staff complement is in place, also ensuring segregation of duties and independent checking for the timely detection of errors.</p> <p>Accepted</p>	<p>An internal process is in place to uphold the four-eye principle. All the workings related to allowances are being reviewed and verified by two officials.</p>	
		<p>The Ministry remains fully committed to strengthening its workforce by issuing calls for applications for positions within the Corporate Services Division and by actively recruiting personnel through centralised calls</p>	
	<p>Moreover, it is to avail itself of the specialised training provided to public sector employees to be duly knowledgeable in their respective areas.</p> <p>Accepted</p>	<p>The Ministry is ensuring that all staff members undergo training relevant to their field of work. OPM-EES is maintaining accurate and up-to-date records of staff training.</p>	
		<p>OPM-EES strictly complies to 'the Manual on the Procedure and Computation of Salaries'. This Manual serves as guidance for all present and future staff.</p>	

Recommendations	Action taken/justification	Status
<p>Manual process</p> <p>Supporting workings should form an integral basis of the payroll records to substantiate the amounts paid.</p> <p>Accepted</p>	<p>The Salaries Reporting System (SRS) adopted by the Corporate Services Directorate is an IT system designed to streamline the management of salary-related information. Its primary objective is to enhance the timeliness of reporting salary adjustments. This system empowers payroll personnel to efficiently track and process salary-related changes, significantly improving the accuracy and speed of payroll operations. Supporting workings are being carried out automatically by the SRS.</p> <hr/> <p>Every month, OPM-EES verifies the accuracy of allowances by reviewing and comparing the allowances reports generated by the system.</p> <hr/> <p>In case of adjustments, any required modifications are being performed manually and addressed in the subsequent month.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Thus, as far as possible, in order to enhance the process and reduce the possibility of errors, automated systems are to be used. These are expected to incorporate predefined rules and controls aligned with standing policy and legal requirements, reducing the reliance on manual intervention. Automation will further enhance accuracy, efficiency and transparency by providing consistent calculations, built-in error checks, and a clear audit trail. This would minimise the potential for non-compliance and mitigate the risks associated with manual processing, such as human error or fraud.</p> <p>Accepted</p>	<p>The SRS system represents a significant advancement in payroll management since its in-built features enable OPM-EES to efficiently monitor and process salary-related changes by identifying and resolving issues at their source.</p>	<p></p>

Recommendations	Action taken/justification	Status
<p>Significant adjustments</p> <p>Management is urged to analyse the source of such errors and take corrective action to ensure that these are minimised.</p> <p>Accepted</p>	<p>The Director for Corporate Services (DCS) actively addresses any issue of overpayments. All instances were tackled on a case-by-case basis.</p> <hr/> <p>To mitigate further the possibility of human errors, information is being checked and verified by two separate officials.</p>	<p></p> <hr/> <p></p>
<p>Lack of substantiating documentation</p> <p>For the sake of fairness and transparency, the Ministry is to ensure that clear guidelines are in place, stipulating entitlement to the Responsibility Allowance within EUPA.</p> <p>Not accepted</p>	<p>In 2023, the European Union Programmes Agency (EUPA) sought and obtained guidance from the Trade Union. Through negotiations, it was agreed that all EUPA officers in Grades A and B are eligible for the Responsibility Allowance, as their roles are directly linked to the implementation of EU projects and programmes. Officers within this category are entrusted with responsibilities related to EU Programme Management, including oversight of annual budgets and compliance with the rigorous requirements of EU regulations—such as the Erasmus+ Programme Regulation, the Financial Regulation, and the National Agencies Guide. These obligations constitute the basis for granting the Responsibility Allowance to staff in these grades.</p>	
<p>In addition, the Ministry is also expected to maintain adequate documentation for all allowance payments to ensure transparency, accountability, and compliance. This will enable efficient audits and maintain the integrity of the allowance system.</p> <p>Accepted</p>	<p>The SRS serves as a secure data repository, storing all forms and related documents with future date accessibility, including any specific documentation required for allowances. The system ensures comprehensive record-keeping and easy retrieval when needed.</p> <hr/> <p>Projects requiring additional efforts due to their complexity, demanding nature, and alignment with the Ministry's strategic priorities are being assessed and evaluated as required by the Permanent Secretary and the respective Director General/Director.</p>	<p></p> <hr/> <p></p>



Europride Parade 2023 - Expenditure

(Reported by the NAO under Ministry for Home Affairs, Security, Reforms and Equality)

EuroPride is a pan-European international event dedicated to the LGBTIQ+ community, which is hosted by a different European city each year. It features parades, artistic and human rights events across different venues. In 2020, Malta, through a voluntary organisation working in this sector, submitted its proposal to be the host country for this event in 2023, and confirmation to this effect was given in October of the same year. Two years later, the aforementioned voluntary organisation finalised and signed the agreement with the licensors of EuroPride.

The National Audit Office (NAO) sought to verify whether expenditure incurred on the event was in line with the applicable rules and regulations, and that procurement of goods and services was duly approved by the right level of authority. The audit was also to focus on the extent and adequacy of internal controls over payments made by the then MHSR and MEES, and later on, the Office of the Prime Minister – European Funds, Equality, Reforms and Social Dialogue (OPM-EES) in respect of this event, ascertaining that these were covered by supporting documentation. NAO planned to check whether payments were duly approved and the necessary verifications were carried out to ensure that these were accurate and justified.

The original budget for the EuroPride Parade 2023 was substantially exceeded and the responsibilities for organising and managing the event were also unclear. Major shortcomings were noted in the procurement of goods and services required for the event.

Follow-up action

OPM-EES coordinated with all the relevant stakeholders involved in the EuroPride project, tracked all pertinent documentation, and filed them accordingly. The Ministry held internal meetings with the Head of Secretariat, providing clear instructions on the processes to be adopted in line with the Manual on Resourcing Policies and Procedures and clarified that Secretariat staff do not hold executive powers in government matters.

OPM-EES is establishing budgets based on adequate market testing for each event or project. A thorough review of each budget is being conducted to identify and rectify any omitted expenditures. Following approval by the appropriate authority, a procurement plan is formulated and subsequently monitored against actual expenditure. Procurement activities are authorised by the designated level of authority to ensure compliance with the approved procurement plan.

NAO issues by category 7



2 Inefficient operations

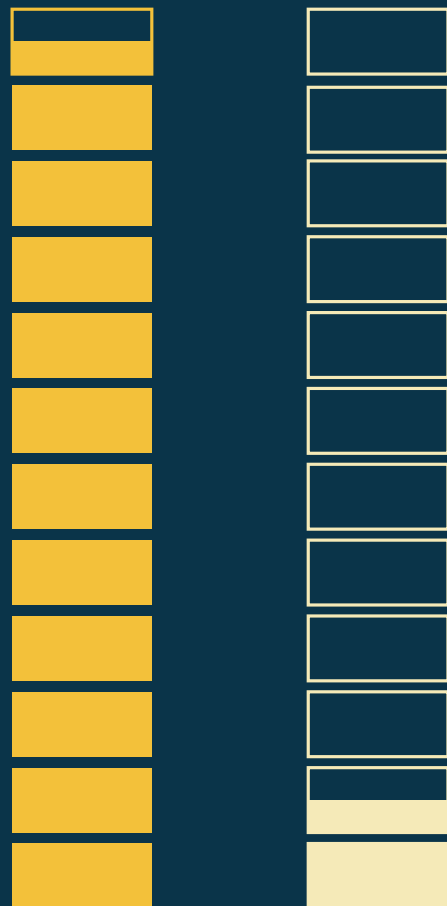
2 Lack of compliance with policies and legislation

1 Lack of verification/enforcement

1 Lack of structure

1 Non-adherence to procurement procedures

Actions by the Ministry 26



Recommendations by NAO 15










15 Accepted









23 Implemented

3 In progress









Each box represents 2 units

Recommendations	Action taken/justification	Status
<p>Whilst NAO acknowledges that extraordinary events brought about various changes in key persons, Ministries and portfolios, full cooperation is still expected from auditees. Besides ensuring a good working relationship between both parties, it will also contribute significantly to the success and efficiency of the auditing process. Furthermore, information deemed vital for audit purposes, especially during the initial stages of the audit, is not to be withheld, as occurred in this case, but should be made available to this Office at the earliest.</p> <p>Accepted</p>	<p>An internal memo was circulated within the DCS OPM-EES, emphasising the importance of the timely recording of expenditure in the CFMS to ensure a complete audit trail</p> <hr/> <p>OPM-EES reaffirms its commitment to maintaining full cooperation, ensuring a seamless and collaborative relationship with auditors in all future engagements.</p> <hr/> <p>For future audits, the Ministry will ensure that clear communication channels are maintained and that all necessary support documentation and access will be provided promptly to facilitate the audit process effectively.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Unclear roles in the organisation and management of the event</p> <p>When organising similar events, the roles and responsibilities are to be clearly defined. Special attention is to be given to instances where Government or one of its entities is in partnership with third parties, to ensure that taxpayers' interests are safeguarded.</p> <p>Accepted</p>	<p>An SOP is being developed to outline the planning and setup procedures for organising similar events. It will provide clear guidance on defining roles and responsibilities from the outset, with specific reference to partnerships with third parties. Management will ensure compliance.</p>	<p></p> <p>Oct-2025</p>

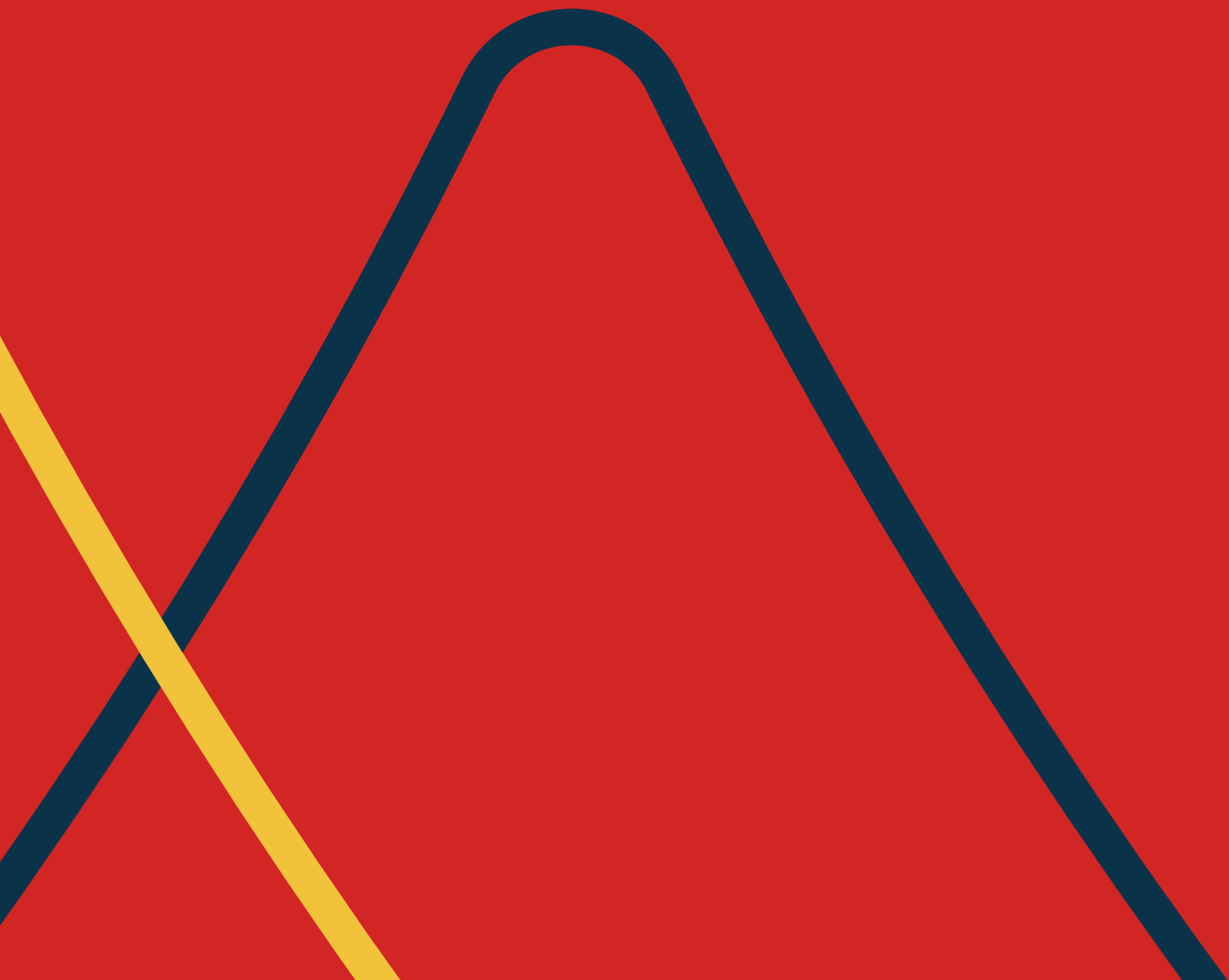
Recommendations	Action taken/justification	Status
<p>Significant involvement of the Head of Secretariat and no evidence of proper segregation of duties</p> <p>Management is urged to delve into the matter and enquire on the circumstances that led to such a situation whereby the Head of Secretariat took responsibilities beyond those expected of the position held. While the respective officer should be contacted for redress, corrective measures are to be taken to avoid similar situations from occurring in the future.</p> <p>Accepted</p>	<p>The Ministry held internal meetings with the Head of Secretariat, providing clear instructions on the processes to be adopted in line with the Manual on Resourcing Policies and Procedures. During these meetings, it was emphasised that the Secretariat staff within the Office of the Parliamentary Secretary do not hold executive powers in government matters and that all procurement regulations must be strictly followed.</p> <p>Note: The individual concerned no longer occupies a position within the Office of the Parliamentary Secretary.</p>	
<p>Budget substantially exceeded</p> <p>Management entrusted with a big event or project is to ensure that budgets are continuously monitored and the necessary controls are in place to minimise material diversions, as much as possible. Every effort must be made to keep expenditure within the established budgets.</p> <p>Accepted</p>	<p>OPM-EES will create an SOP to support internal planning and implementation processes. This document will offer guidance on organising activities and will also include budget provisions and documentation retention.</p> <p>A budget for each event or project is being established based on adequate market testing to ensure cost-effectiveness and value for money.</p> <p>Following budget approval by the appropriate authority, a procurement plan is being formulated and subsequently monitored against actual expenditure.</p> <p>Procurement activities are authorised by the designated level of authority to ensure compliance with the approved procurement plan</p>	<p> Oct-2025</p> <p></p> <p></p> <p></p>

Recommendations	Action taken/justification	Status
<p>Major shortcomings in procurement</p> <p>In order to ensure transparency, fair competition and accountability in the use of public funds, PPR are to be invariably followed.</p> <p>Accepted</p>	<p>An SOP is being developed to outline the planning and execution procedures for organising similar events, ensuring full adherence with the PPR at all times. Management will ensure compliance.</p>	 Oct-2025
	<p>During the initial phases of projects, Management is ensuring that a procurement plan is developed, reviewed, and updated as required.</p>	
	<p>The Ministry is ensuring that all staff members undergo annual training. OPM-EES is maintaining accurate and up-to-date records concerning staff training.</p>	
<p>Management is expected to have adequate controls in place to detect and prevent the circumvention of these regulations. Additionally, the officer responsible for approving the procurement of goods and services, as well as authorising payment, must ensure that all applicable regulations have been adhered to before endorsing.</p> <p>Accepted</p>	<p>Adequate procurement planning is undertaken to ensure sufficient lead time for the application of procurement procedures in accordance with the relevant procurement thresholds for all purchases.</p>	
	<p>A system of controls is in place whereby all requests for the procurement of goods and services are subject to prior authorisation by Management, ensuring compliance with the PPR.</p>	
	<p>All payments are authorised by Management, in order to ensure compliance with the PPR.</p>	
<p>Furthermore, cumulative purchases of similar goods or services for a particular event are to be aggregated and, where applicable, subject to the tendering process. Regular checks should be conducted to identify and address any instances of procurement fragmentation.</p> <p>Accepted</p>	<p>The SOP under development includes clear directives to prevent the splitting or piecemeal execution of procurement. Management will be responsible for ensuring strict compliance with these provisions.</p>	 Oct-2025
	<p>All payments are authorised by Management, to ensure compliance with the PPR</p>	

	Recommendations	Action taken/justification	Status
	<p>When organising large scale events, Management is also expected to have a policy in place which mandates a minimum lead time for obtaining and reviewing quotations to ensure competitive pricing, as well as compliance with procurement procedures.</p> <p>Accepted</p>	<p>Adequate procurement planning is undertaken to ensure sufficient lead time for applying procurement procedures in accordance with the relevant procurement thresholds for all purchases.</p>	
	<p>A formal procurement plan should be developed for each event, outlining timelines for securing quotations and issuing tenders where necessary, selecting suppliers and service providers, and finalising any agreements to prevent last-minute procurement activities.</p> <p>Accepted</p>	<p>Procurement plans related to any event or project are aligned with the Ministry's main annual procurement plan which follows relevant guidelines as applicable</p>	
Control issues	<p>No documentation supporting budget allocation</p> <p>Officers entrusted with such events are to ensure that the total budgeted expenditure is, as far as possible, reliably estimated. The respective calculations are to be meticulously prepared, to support the allocation required.</p> <p>Accepted</p>	<p>A budget for each event or project is being established based on adequate market testing to ensure cost-effectiveness and value for money.</p>	
		<p>A thorough review of the budget is being conducted to identify and rectify any omitted expenditures.</p>	
		<p>Once finalised, the documented budget is being formally approved by the appropriate level of authority to enhance accountability and financial oversight.</p>	
		<p>Strong collaboration exists between the Office of the DCS and the officials responsible for event organisation, with regular reviews being carried out to improve budget accuracy and accountability.</p>	
		<p>Documentation related to market research and testing is being filed to ensure an adequate budget-setting audit trail.</p>	

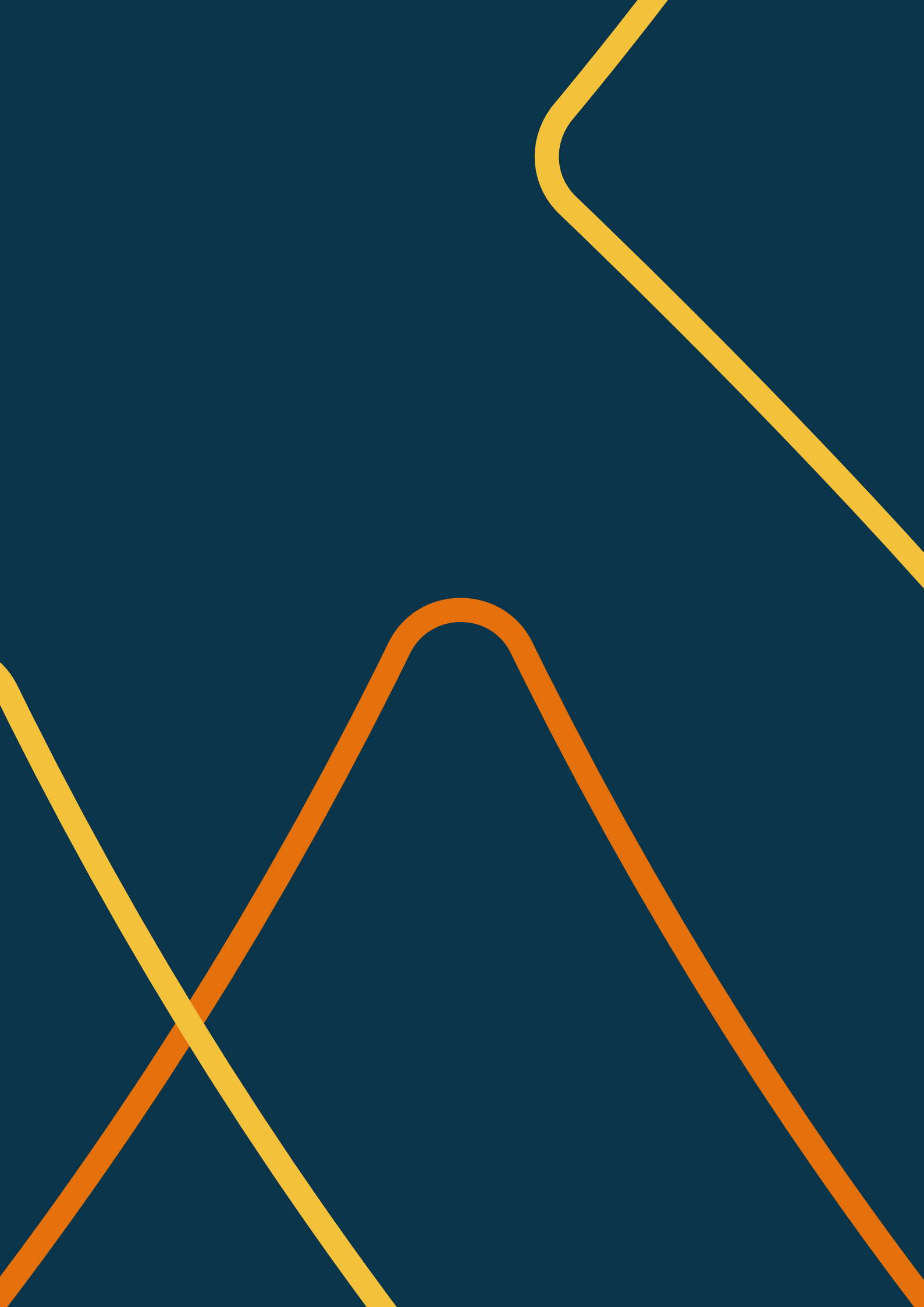
Recommendations	Action taken/justification	Status
<p>Management is to further ensure that thresholds are set for each classification of expense, and that these are adhered to. Otherwise, it would be practically impossible to avoid budgetary overruns.</p> <p>Accepted</p>	<p>Following detailed market research and testing based on a procurement needs analysis, thresholds are being established for each expense classification.</p>	
<p>Retrospective direct order approval</p> <p>Requesting retrospective approval indicates lack of good governance. Management is to identify the reasons leading to this shortcoming, and address the weakness, so that such a situation does not repeat itself.</p> <p>Accepted</p>	<p>In order to maintain control over expenditure, any deviations from the established thresholds, arising from unforeseen circumstances, are solely being authorised by Management.</p>	
	<p>All requests for procurement of goods and services are being authorised by Management prior to initiating any procurement procedures, to ensure that any requests for approvals are being submitted to the appropriate level of authority prior to entering any contracting activities.</p>	
	<p>The Office of the DCS is maintaining close collaboration with the project team to provide guidance to officers on procurement procedures.</p>	
	<p>The procurement SOP will define the procedures necessary for obtaining authorisation from the relevant authorities.</p>	 Oct-2025
	<p>Management is ensuring compliance.</p>	
<p>Testing hindered due to limitations encountered</p> <p>Management is to do its utmost to ensure that the audit process is not prolonged unnecessarily, so that all the significant planned areas are covered within acceptable timeframes. Full cooperation with NAO is also expected, so as to yield the maximum benefit to all the stakeholders involved.</p> <p>Accepted</p>	<p>OPM-EES is committed to fulfil its obligations during future audit engagements, ensuring the guiding principles of transparency and accountability.</p>	
	<p>The OPM-EES is designating a focal official for audit engagements to coordinate directly with the audit team, facilitating the process and ensuring full collaboration.</p>	

**FOLLOW-UP ON
PENDING ACTIONS**



**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Malta Competition and Consumer Affairs Authority – Revenue and expenditure (Update provided by OPM - EU Funds, Equality, Reforms and Social Dialogue)			
Revenue: Internal decisions not substantiated Notwithstanding the above justification (MCCAA considered that the arrangements with their clients provided the legal basis upon which the requested services were being provided between both parties), MCCAA is in discussions with the client to draw up a formalised agreement.	In progress MCCAA has continued to communicate and follow up with Infrastructure Malta (IM), to finalise the detailed draft agreement with IM.	Dec-2024	Implemented in February 2025 The agreement between the Malta Competition and Consumer Affairs Authority (MCCAA) and IM was signed.





MINISTRY FOR
**FOREIGN AFFAIRS
AND TOURISM**

MFT

(Reported by the NAO as Ministry for Foreign and European Affairs and Trade and Ministry for Tourism)

Ministry for Foreign and European Affairs and Trade – Expenditure

The Ministry for Foreign and European Affairs and Trade (MFET) is responsible for the formulation and implementation of Malta's foreign policy, ensuring coherence across Government. MFET works to develop and maintain positive relations with other countries and international organisations, promoting mutual understanding and cooperation on issues of common concern. This is also achieved by means of Malta's diplomatic Missions across the world, which are deemed as crucial in achieving foreign policy goals. The foregoing provides consular services to Maltese citizens living or travelling abroad; this includes the issuing of passports and visas, as well as assistance in emergencies.

The main scope of the audit was to ascertain that public funds were utilised in the best economic manner and for their intended purposes, in line with the provisions of the Public Procurement Regulations (PPR) (S.L. 601.03). Other objectives were to obtain reasonable assurance that payments effected were accurate, duly covered by supporting documentation enabling verification, and in line with applicable agreements.

Procurement regulations were not always being followed by the Ministry for Foreign and European Affairs and Trade when acquiring contractual and professional services. At the same time, this Office positively acknowledges the adequacy of documents held by the Ministry and the immediate action taken to address certain shortcomings.

Follow-up action

The Ministry for Foreign Affairs and Tourism (MFT) has obtained approval from MFIN and DOC for the new agreement with KM Malta Airlines Ltd. In relation to this new diplomatic bag agreement, the Ministry obtained all pertinent documentation.

The Ministry has appointed a Director (Compliance), whose primary responsibility is to ensure strict adherence to the Public Procurement Regulations and to oversee contract compliance.

Subsequently a procurement and contract management standard operating procedure and a Procurement and Contract Management Risk Register were drawn up. The Ministry developed a Manual of Procedures (MOP) to guide contract managers, ensure regulatory compliance, and standardise processes across entities. The Ministry also drafted a documentation checklist to ensure a comprehensive audit trail for all procurement procedures and resulting contracts. These checklists are being verified and endorsed by the designated officer.

MFT published a call for tenders for travel insurance services and obtained General Contracts Committee approval to enter into a Negotiated Procedure for the provision of health insurance cover for Maltese missions abroad.

NAO issues by category 4



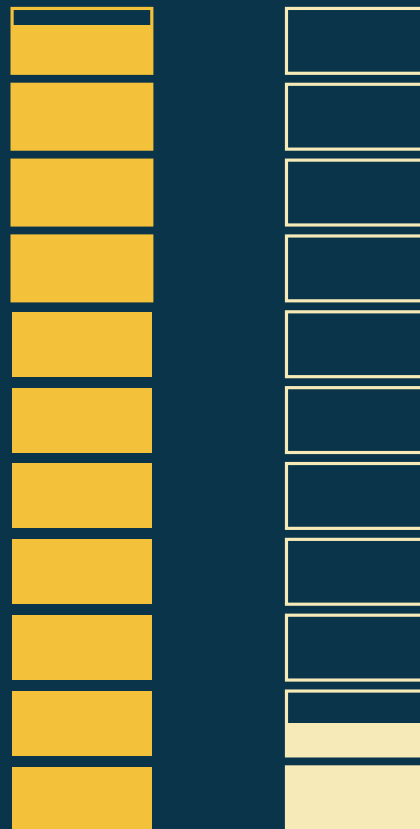
1 Inefficient operations

1 Non-adherence to procurement procedures

1 Lack of compliance with policies and legislation

1 Lack of verification / enforcement

Actions by the Ministry 49



Recommendations by NAO 16











16 Accepted

43 Implemented






6 In progress

Each box represents 4 units

	Recommendations	Action taken/justification	Status
Key issue	Direct contract for diplomatic mail service	Comment provided by the Ministry: The €2.8 million was the product of workings that were prepared by Air Malta in relation to payable accrued charges. These were included in the agreement signed by the Ministry with the said company. In view that such amount also featured in documentation that is bound by a particular level of confidentiality, the Ministry is not able to divulge these workings.	
	MFET is expected to trace the related workings and documentation in support of the amounts in question. These are to be retained for complete audit trail and future reference.	MFT obtained approval from MFIN and DoC for the proposed new agreement with KM Malta Airlines Ltd.	
	Accepted	The Ministry requested all pertinent documentation related to the new diplomatic bag agreement with KM Malta Airlines Ltd., which has been duly filed in the internal records.	
		MFT has drawn up and circulated a procurement and contract management standard operating procedure (SOP), in compliance with the Public Procurement Regulations (PPR) and other relevant regulations, which outlines clear guidelines and defines responsibilities for procedures to be followed in cases where the Ministry has no alternative but to resort to direct orders.	
		MFT developed a Procurement and Contract Management Risk Register, in accordance with OPM Circular No. 1/2016 - Development of Risk Management Competence, to systematically identify and address potential risks associated with procurement and contract management activities. The register also designates individuals responsible for maintaining and managing these risks.	
		A procurement and contract management training needs analysis was carried out prior to the actual delivery of training to management and staff.	
		MFT drafted a documentation checklist to ensure a comprehensive audit trail for all procurement procedures and resulting contracts.	
		The checklists are being verified and endorsed by the designated officer.	

Recommendations	Action taken/justification	Status
<p>Furthermore, since clauses were incorporated into the contract, these must have been deemed important, and therefore, it is essential that such clauses are adhered to.</p> <p>Accepted</p>	<p>In accordance with the provisions of the current diplomatic mail contract, KM Airlines has provided MFT with a copy of the standing insurance policy.</p> <hr/> <p>The Ministry has appointed a Director (Compliance), whose primary responsibility is to ensure strict adherence to the Public Procurement Regulations and to oversee contract compliance.</p> <hr/> <p>A circular outlining the documentation and filing requirements related to the diplomatic bag agreement has been issued and disseminated to staff concerned.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Furthermore, in view of the change in the service provider, the way forward is to be duly discussed and formally documented.</p> <p>Accepted</p>	<p>The agreement with Air Malta was not renewed, as the company underwent liquidation.</p> <hr/> <p>MFT obtained approval from MFIN and DoC for the proposed new agreement with KM Malta Airlines Ltd.</p> <hr/> <p>A new contract has been signed between MFT and KM Malta Airlines to cover the carriage of diplomatic mail.</p> <hr/> <p>The Ministry requested all pertinent documentation related to the new diplomatic bag agreement with KM Malta Airlines Ltd., which has been duly filed in the internal records.</p> <hr/> <p>MFT issued and circulated a memo underscoring the necessity of ensuring that all disbursements of public funds are supported by valid contracts or agreements.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>

	Recommendations	Action taken/justification	Status
Control issue	<p>Incomplete audit trail</p> <p>In the absence of a formalised delegation of authority where this is legally permissible, and to safeguard internal controls and ensure accountability, official approval from the Permanent Secretary is required. This helps maintain adherence to procedures and provides a clear audit trail for future reference and review. These measures are essential for good governance and proper risk management.</p> <p>Accepted</p>	<p>Whilst emails are not always transmitted directly by the Permanent Secretary MFT, the approvals are all duly endorsed by the latter and relayed by the officials in the Office of the Permanent Secretary.</p>	
Compliance issues	<p>Procurement of consultancy service not in line with the regulations and not substantiated</p> <p>Where the service can only be provided by a particular economic operator and the respective amount exceeds the applicable thresholds, direct order approval is to be obtained from MFIN, especially since, in this case, the service was ongoing.</p> <p>Accepted</p>	<p>MFT has drawn up and circulated a procurement and contract management SOP, in compliance with the PPR and other relevant regulations, which outlines clear guidelines and defines responsibilities for procedures to be followed in cases where the Ministry has no alternative but to resort to direct orders.</p>	
		<p>MFT developed a Procurement and Contract Management Risk Register, in accordance with OPM Circular No. 1/2016 - Development of Risk Management Competence, to systematically identify and address potential risks associated with procurement and contract management activities. The register also designates individuals responsible for maintaining and managing these risks.</p>	
		<p>The Ministry has appointed a Director (Compliance), whose primary responsibility is to ensure strict adherence to the Public Procurement Regulations and to oversee contract compliance.</p>	
		<p>MFT is ensuring that all requests for services which can only be provided by a particular economic operator are being referred to MFIN for direct order approval, and all relevant documentation and reports filed in the respective files.</p>	




Recommendations	Action taken/justification	Status
<p>Moreover, to ensure accountability, documentation such as correspondence, reports, and records of events and meetings attended, should be retained to justify the expense and provide an audit trail.</p>	<p>MFT has drawn up a documentation checklist to ensure a comprehensive audit trail for all procurement procedures and resulting contracts.</p>	
<p>Accepted</p>	<p>The checklists are being verified and endorsed by the designated officer.</p>	
	<p>MFT issued a memo emphasizing the importance that all documentation is retained and adequately filed.</p>	
	<p>MFT issued an SOP outlining documentation requirements, as well as filing and storage procedures to support regulatory compliance. The SOP serves as a guide for contract managers in adhering to applicable regulations, with particular emphasis on the necessity of valid contracts to justify public fund disbursements and uphold transparency.</p>	
	<p>MFT will begin conducting periodic checks on maintained documentation to ensure compliance with the documentation retention policy, adherence to best practices, and to identify areas requiring improvement or corrective action in cases of non-compliance.</p>	 Dec-2025
	<p>Staff will receive training to ensure a thorough understanding of the significance of proper documentation practices and full awareness of the procedures governing the retention and filing of required records.</p>	 Dec-2025

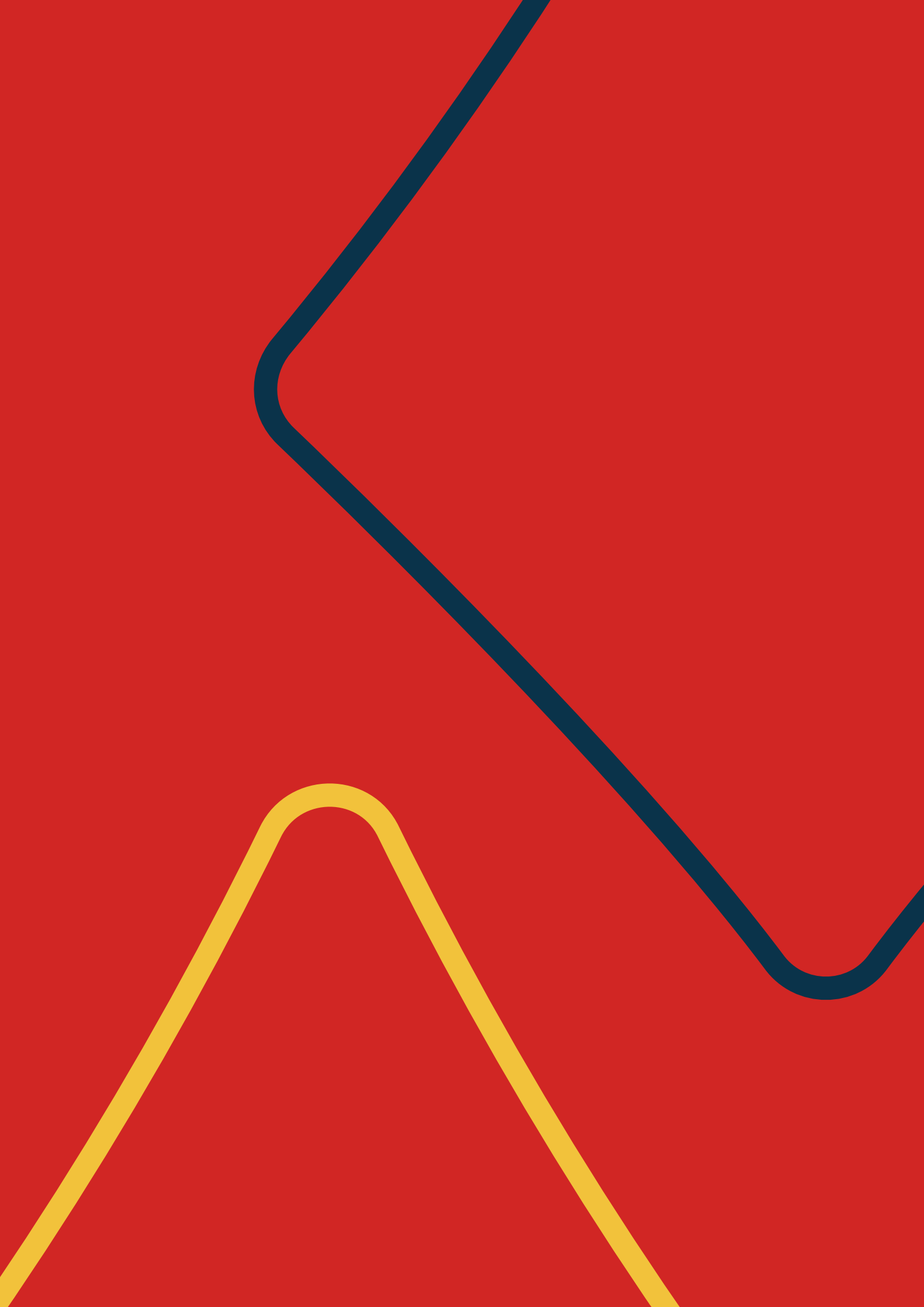
Recommendations	Action taken/justification	Status
<p>Services provided and paid prior to obtaining the necessary approvals</p> <p>For internal control purposes, no commitment is to be entered into prior to obtaining the required direct order approvals. Through better procurement management, it is to be ensured that MFIN's approval for direct order is obtained before funds are committed.</p> <p>Accepted</p>	<p>MFT is preparing a comprehensive annual procurement plan, which is submitted for approval by the appropriate level of authority and updated as required.</p> <hr/> <p>The procurement and contract management SOP outlines clear guidelines and define responsibilities for procedures to be followed in cases where the Ministry has no alternative but to resort to direct orders.</p> <hr/> <p>MFT is ensuring that all requests for services which can only be provided by a particular economic operator are being referred to MFIN for direct order approval, and all relevant documentation and reports filed in the respective files.</p>	  
<p>In addition, VAT receipts must reflect the total value of the transactions.</p> <p>Accepted</p>	<p>The Accounts Department is tasked with verifying that VAT receipts issued by suppliers are submitted for every purchase and that they reflect the total value of the related transaction.</p> <hr/> <p>VAT defaulters are being reported to the Malta Tax and Custom Administration on a quarterly basis in line with the pertinent MFIN circulars.</p>	 
<p>Delegate service procured direct from the open market with unclear contractual terms</p> <p>Once it is the intention of MFET to retain this ongoing service, the pertinent procurement procedures are to be followed.</p> <p>Accepted</p>	<p>A memo was drawn up and circulated providing clear instructions on the requirements for appointments and contract agreements.</p> <hr/> <p>Risks associated with contract agreements was documented in the risk register, with clear assignment of the responsibility for their management.</p> <hr/> <p>In-house training on contract management and compliance will be delivered to the relevant staff.</p> <hr/> <p>An internal exercise will be carried out to ensure that the officers responsible for vetting contracts are fully familiar with the applicable requirements and capable of identifying any non-adherence, with appropriate actions taken to address any shortcomings.</p>	   Dec-2025  Dec-2025

Recommendations	Action taken/justification	Status
<p>Subsequently, a formal agreement is expected to be entered into with the selected service provider to outline the respective terms and conditions, to avoid potential disputes.</p> <p>Accepted</p>	<p>Through a formal agreement, outlining the respective terms and conditions, the payment terms for the selected service provider have been classified as honoraria. The agreement also ensures that, where applicable, all due taxes are paid in accordance with financial regulations. Endorsed by the appropriate level of authority, this agreement serves as the official record of the engagement and is retained for future reference to uphold transparency, accountability, and compliance with relevant financial and administrative requirements.</p>	
<p>Repeated extensions of travel insurance policy</p> <p>For transparency and fair competition, MFET is obliged to follow PPR, even when premiums are deemed relatively stable.</p> <p>Accepted</p>	<p>MFT has drawn up and circulated a procurement and contract management SOP, in compliance with the PPR and other relevant regulations.</p> <hr/> <p>The risk associated with non-compliance with the PPR were documented in the procurement risk register, including the corresponding mitigation controls and the designated individuals responsible for implementing these controls.</p> <hr/> <p>A memo highlighting the requirement to ensure compliance with procurement regulations and relevant manuals has been drawn up and was circulated to all concerned employees once finalised.</p> <hr/> <p>MFT will start conducting checks on payments to ensure that all expenditure incurred is in line with the standing contracts.</p> <hr/> <p>MFT published a call for tenders for travel insurance services.</p> <hr/> <p>In the interim, a request for quotations has been issued to ensure uninterrupted coverage until the new contract for travel insurance services is finalised.</p>	    Dec-2025  

Recommendations	Action taken/justification	Status
<p>Health insurance direct order value exceeded</p> <p>To be in line with the procurement regulations, the additional cost is expected to be covered by Finance approval through a separate request for a direct order.</p>	<p>MFT is ensuring that all requests for services which can only be provided by a particular economic operator are being referred to MFIN for direct order approval, and all relevant documentation and reports are retained in the respective files.</p>	
<p>Accepted</p>	<p>MFT is preparing a comprehensive annual procurement plan each year, which is submitted for approval by the appropriate level of authority and updated as required.</p>	
	<p>The procurement and contract management SOP outlines clear guidelines and defines responsibilities for procedures to be followed in cases where the Ministry has no alternative but to resort to direct orders.</p>	
	<p>MFT developed a Procurement and Contract Management Risk Register, in accordance with OPM Circular No. 1/2016 - Development of Risk Management Competence, to systematically identify and address potential risks associated with procurement and contract management activities. The register also designates individuals responsible for maintaining and managing these risks.</p>	
	<p>MFT has obtained General Contracts Committee approval to enter into a Negotiated Procedure for the provision of health insurance cover for Maltese missions abroad.</p>	
	<p>One of the primary responsibilities of the Director (Compliance) is to review practices for compliance with contractual and legal requirements and ensure that valid agreements are in place for public fund disbursement.</p>	
	<p>MFT has drawn up a comprehensive Manual of Procedures (MoP) to guide contract managers, ensure regulatory compliance, and standardise processes across entities. It highlights the necessity of valid contracts for public fund disbursement, supporting transparency, accountability, and strong financial management.</p>	

Recommendations	Action taken/justification	Status
<p>Lack of verification</p> <p>Prior to approving invoices for payment, the Ministry is to ensure that the amounts billed correspond to the rates agreed upon and not just rubber stamped for formality.</p> <p>Accepted</p>	<p>MFT has introduced an enhanced invoice verification process requiring initial endorsement by the responsible officer, followed by a compliance review by the Accounts Section. Final approval is then carried out by the Director Corporate Services or Assistant Director Finance and Administration before payment is made.</p> <hr/> <p>The MoP outlines the processes for invoice verification and approval. It further defines the responsibilities of the Contract Manager in ensuring contract compliance, supported by a mandatory checklist employed as a risk management tool.</p> <hr/> <p>With regards the particular issue highlighted by the NAO, all invoices for window cleaning which were previously issued as per hourly rate for the period of March 2023 to January 2024 were credited and newly invoiced.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Lack of performance guarantees and other documentation</p> <p>Performance guarantees are to be in place, covering the entire contract period. This will ensure that the fundamental objective of this requirement is not compromised as it safeguards the contractors' commitment to fulfil their obligations while providing legal and financial protection in case of default by the foregoing.</p> <p>Accepted</p>	<p>MFT is ensuring that all required performance guarantees, as stipulated in the respective tenders and contracts, are in place.</p> <hr/> <p>As a control measure to ensure that contractual obligations are consistently observed, Management has introduced a calendar-based alert system that notifies the responsible officer in advance of the expiry of performance guarantees, thereby allowing sufficient time for their timely extension.</p> <hr/> <p>The Director (Compliance) will conduct checks to verify the existence of performance guarantees.</p> <hr/> <p>The procedures for the effective monitoring and administration of performance guarantees were documented in the MoP.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <p>Dec-2025</p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>Where changes to the original contract are justified, these have to be covered by an addendum. Besides contributing to better audit trail, this will also ensure that proper verifications can be performed.</p> <p>Accepted</p>	<p>The MoP, which has been distributed to all relevant MFT staff, provides formal guidelines for the effective monitoring and administration of contracts. It also clearly outlines the correct procedures to be followed when an addendum is required.</p> <hr/> <p>The risks associated with contract modifications and addendums, along with the corresponding control measures and the designated responsible person, were documented in the Risk Register.</p> <hr/> <p>A procurement and contract management training needs analysis was carried out prior to the actual delivery of training to management and staff.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Furthermore, once deemed important and included in the contract, Management is to ensure that the pertinent provisions are adhered to.</p> <p>Accepted</p>	<p>The progress reports highlighted by the NAO were collected in accordance with the terms outlined in the contract.</p> <hr/> <p>MFT has established an internal mechanism to effectively monitor and administer contracts. This mechanism ensures that all obligations stipulated under the respective tenders and contracts are properly adhered to.</p> <hr/> <p>The MoP outlines the importance of adhering to contractual obligations and provides clear guidance on the processes and responsibilities associated with contract management, including compliance requirements.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>



Institute of Tourism Studies – Expenditure

The Institute of Tourism Studies (ITS), which is regulated by the Institute of Tourism Studies Act (Cap. 566), is Malta's main educational institution for hospitality and tourism. It provides a comprehensive learning experience through study programmes at various levels, ranging from foundation to master's degree. Additionally, it provides opportunities for students to pursue further training and specialisation, equipping them with a competitive edge in the industry.

The audit objective was to obtain reasonable assurance on the adequacy and effectiveness of governance and control procedures. In this regard, the audit was meant to confirm that, during financial year 2023, expenditure incurred was duly authorised, properly accounted for and in line with the procurement regulations, as well as other relevant circulars. The adequacy of procedures for the collection and accounting of revenue was also to be determined.

The audit of the Institute of Tourism Studies revealed that, notwithstanding the applicable legislative requirements, the financial statements were never prepared and audited. In addition to several control issues, this Office noted that the contract related to the implementation of the accounting software had expired when the Institute was still being set-up. Several limitations were encountered because the system did not meet the entity's needs.

Follow-up action

ITS has started compiling its financial statements as required by the Institute of Tourism Studies Act and has finalised the financial statements for the years 2020 to 2023, which were forwarded to the respective Ministries.

As part of the finalisation of ITS' financial accounts, several reconciliations are performed including the maintenance and updating of the Fixed Asset Register (FAR). ITS has issued an expression of interest to its employees to work on the compilation of the FAR. Thus far ITS has managed to assign all assets a unique identification code. Fixed assets are being recorded in the accounting system at invoice stage.

ITS conducts monthly stock-taking exercises for both the Food and Beverage Stores and the Main Stores. Stock management SOPs have been updated to reflect core operational functions and to facilitate effective monitoring. An advisory service has been commissioned to identify a software that adequately meets the stocktake requirements of ITS. Based on the outcome of the advisory service, ITS will proceed with the procurement of the required software.

NAO issues by category 7



4 Inefficient operations

2 Lack of compliance with policies and legislation

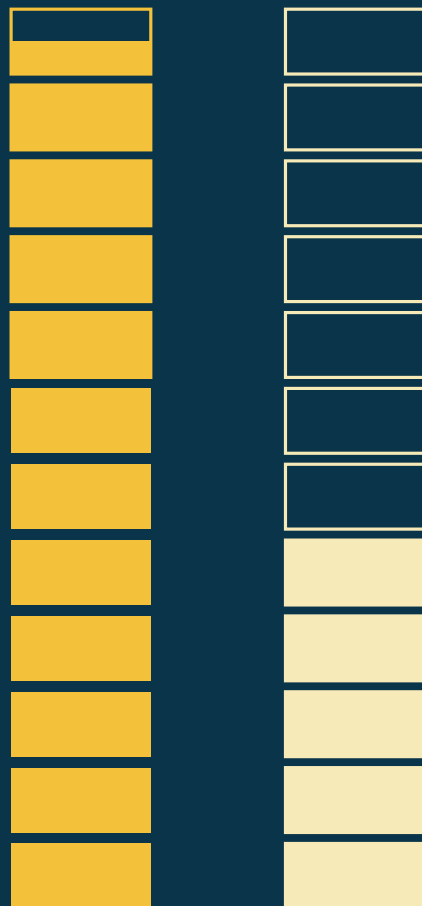
1 Lack of verification / enforcement

Recommendations by NAO 17



17 Accepted

Actions by the Ministry 33



23 Implemented





10 In progress






Each box represents 2 units

	Recommendations	Action taken/justification	Status
Limitation on scope of audit	<p>As per the Institute of Tourism Studies Act which came into force in 2016, ITS was required to prepare its own financial statements; however, these were never prepared. Thus, the objectives of the audit were hindered. As detailed under Key Issue 'Accounting Software Concerns', substantive testing could not be performed as planned. In the circumstances, NAO judgementally identified areas of particular importance and analysed them accordingly.</p> <p>Accepted</p>	ITS started compiling its financial statements as required by the Institute of Tourism Studies Act.	
Key issues	<p>Financial statements not prepared</p> <p>Financial statements are to be finalised on time for the annual statutory audit to be conducted by external auditors. This is a legal obligation, and the statements must be forwarded to the respective Minister and Minister responsible for Finance, after the end of each year and not later than the date on which the financial estimates of the entity are submitted.</p> <p>Accepted</p>	<p>The financial statements for years 2020 to 2023 have been finalised and were forwarded to the respective Ministries.</p>	
		The financial statement for 2024 was compiled by the internal auditor and presented to the board.	
		ITS will begin compiling monthly management accounts once it aligns with its accounting obligations.	 Jan-2026
		Standard operating procedures (SOPs) relating to petty cash, reconciliations, and the relationship between accounts and procurement will be drawn up and disseminated among concerned staff.	 Oct-2025
	<p>Obsolete legislative requirements</p> <p>ITS is to discuss the above with the competent authorities so as to ensure that the existing legislation is reviewed and updated to reflect the current exigencies.</p> <p>Accepted</p>	ITS is revising the Institute of Tourism Studies Act (Chapter 566) along with its subsidiary legislation to reflect with the institution's expanded remit.	 Jun-2026

	Recommendations	Action taken/justification	Status	
	<p>Accounting software concerns</p> <p>Whilst it is understandable that certain challenges cannot be anticipated, the Institute is to ensure that for future projects, a comprehensive requirement analysis is performed well in advance, to avoid resorting to piecemeal solutions.</p> <p>Accepted</p>	<p>ITS issued a tender for the purchase of accounting software tailored to its specific requirements; however, the selected bidder did not meet the stated needs.</p> <hr/> <p>Whenever possible, the Institute conducts market research prior to the issuance of tenders.</p>	<p></p> <hr/> <p></p>	
	<p>Management is also to ascertain proper accountability for the stewardship of public funds to which it is entrusted. In this regard, the Finance Department is to be given the necessary resources and training for the proper execution of its functions. Particular emphasis is to be made to guarantee process continuity.</p> <p>Accepted</p>	<p>ITS is holding discussions with People and Standards Division (P&SD) for additional headcount.</p> <hr/> <p>Training on the accountancy system, accompanied by a comprehensive guidance manual, is being delivered to ITS employees.</p>	<p></p> <hr/> <p></p>	
		<p>Board of Governors not provided with financial information</p> <p>Members of the Board of Governors are expected to provide constructive strategic contribution towards the attainment of the Institute's objectives, as required by the Act. In this respect, the provision of suitable management information, including periodically updated management accounts, is of crucial importance to enable Members make well informed decisions.</p> <p>Accepted</p>	<p>ITS will commence the preparation of its management accounts on a monthly basis once the entity is in line with its accounting obligations.</p> <hr/> <p>In its HR plan, ITS requested a qualified assistant to the Head of Department.</p> <hr/> <p>ITS will draft and disseminate an SOP on accounts payables and receivables, and cash management.</p>	<p></p> <p>Jan-2026</p> <hr/> <p></p> <hr/> <p></p> <p>Dec-2025</p>
	<p>Control issues</p>			

Recommendations	Action taken/justification	Status
<p>Concerns over Fixed Assets' Records</p> <p>Fixed asset records on the accounting system are expected to be complete, accurate and reliable. Hence, management is encouraged to draw up a feasible plan, achievable over a reasonable timeframe, to duly update fixed assets information in line with accrual accounting principles.</p> <p>Accepted</p>	<p>To ensure traceability, all assets were assigned a unique identification code.</p> <hr/> <p>An expression of interest was extended to ITS employees to carry out duties related to the Fixed Asset Register.</p>	<p></p> <hr/> <p></p>
<p>Additionally, a procedure should be in place to ensure that such transactions are identified as they occur, the related records are updated on a timely basis and ultimately reported in the financial statements accurately.</p> <p>Accepted</p>	<p>Fixed assets are recorded in the accounting system at invoice stage.</p> <hr/> <p>An advisory service has been engaged to identify a software that adequately meets the requirements of ITS.</p> <hr/> <p>Based on the outcome of the advisory service, ITS will proceed with the procurement of the required software.</p> <hr/> <p>The fixed assets were included in the financial statements of 2024.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <p>Jan-2026</p> <hr/> <p></p>
<p>Furthermore, the Institute is to ensure that physical assets are reconciled against records held on a regular basis for proper monitoring.</p> <p>Accepted</p>	<p>As part of the finalisation of ITS' financial accounts, several reconciliations are performed including the maintenance and updating of the Fixed Asset Register.</p>	<p></p>

Recommendations	Action taken/justification	Status
<p>Inadequate accountability at the stores</p> <p>For full audit trail, accountability, record-keeping and planning purposes, Management is to ascertain that updated and accurate records, including the value of the respective items, are maintained. Stock taking is an effective internal control measure that will ascertain the accuracy, existence and completeness of the reported figures. Thus, annual stocktaking is to be carried out as per Article 103 of the General Financial Regulations, 2017.</p> <p>Accepted</p>	<p>ITS conducts monthly stock-taking exercises for both the Food and Beverage Stores and the Main Stores.</p>	
<p>Moreover, a report on the outcome of the stocktake is to be duly submitted to respective Permanent Secretary and copied to NAO.</p>	<p>An advisory service has been commissioned to identify a software that adequately meets the requirements of ITS.</p>	
<p>Accepted</p>	<p>Based on the outcome of the advisory service, ITS will proceed with the procurement of the required software.</p>	 Jan-2026
	<p>Once the stock-taking report is generated from the system, it will be forwarded to the respective Permanent Secretary and the NAO.</p>	 Jan-2026

Recommendations	Action taken/justification	Status
<p>The Institute is also to draw up stock management standard operating procedures to define the respective main functions and enable effective monitoring. Following the introduction of such guidelines, these are to be meticulously followed by all responsible officers.</p> <p>Accepted</p>	<p>Stock management SOPs have been updated to reflect core operational functions and to facilitate effective monitoring.</p>	
<p>Deficiencies in the administration of bank accounts</p> <p>Approval in accordance with Article 23 of the Public Finance Management Act, 2019 is to be invariably obtained prior to the opening of any bank accounts.</p> <p>Accepted</p>	<p>ITS is ensuring that all approvals are obtained prior to opening any bank accounts in line with Article 23 of the Public Finance Management Act, 2019.</p>	
<p>Furthermore, as required by the foregoing Act, ITS is to perform proper reconciliations of the bank accounts held in its name, as this helps the entity to detect errors, prevent fraud, ensure accuracy, as well as for better cashflow management.</p> <p>Accepted</p>	<p>Bank reconciliations are being performed on a regular basis to ensure better cashflow management.</p> <p>ITS has managed to close the reconciliations for years 2021 to 2023.</p>	 
	<p>ITS is carrying out the reconciliations of bank accounts for 2024.</p>	

Recommendations	Action taken/justification	Status
<p>Although the applicability of the prevailing legislative provision is questionable, as reported upon under Key Issues, the Institute is still encouraged to increase the frequency of deposits in order to mitigate the related risks.</p> <p>Accepted</p>	<p>ITS carries out deposits every fortnight in accordance with its operational requirements.</p>	
	<p>ITS will draft an SOP to reflect the current procedure concerning deposits.</p>	 Dec-2025
	<p>When revising the Institute of Tourism Studies Act (Chapter 566), ITS will also update the clause related to deposits to reflect current practices.</p>	 Dec-2026
<p>Immediate action is to be taken with respect to the closure of the Central Bank of Malta accounts which have not been operational for several years.</p> <p>Accepted</p>	<p>Currently, discussions between ITS and the Central Bank are ongoing to identify a solution for closing unused active bank accounts.</p>	
<p>Agency performance agreement not available</p> <p>For the clarity of expectations, as well as to show measurable goals and objectives aimed to be achieved, performance agreements are to be endorsed. Besides providing a roadmap for success, they also encourage parties to fulfil their obligations and serve as a basis for monitoring progress and performance.</p> <p>Accepted</p>	<p>The performance agreements are in place, as outlined in the Strategic Plan 2020–2025.</p>	
	<p>ITS is in the process of developing a new five-year Strategic Plan covering the period 2026–2030. Upon its finalisation, the plan will be submitted for approval to the Ministry and the Board of Governors.</p>	 Dec-2025

Refurbishment Works at Mediterranean Conference Centre – Capital expenditure

The Mediterranean Conference Centre (MCC) is a 16th century heritage building and a UNESCO World Heritage Site. In total, the Centre offers an area of over 8,000 square metres, including the main auditorium, the Sacra Infermeria Hall covering a total of 1,700 square metres, the Republic Hall seating 1,400 in theatre style, the La Valette Hall offering an imposing banqueting venue for up to 900 persons, the Grand Harbour Terrace, which can accommodate a maximum of 600 persons, as well as individually-styled smaller halls. The Conference Centre also offers a virtual museum with full complement of audio-visual equipment, including interpretation facilities and an in-house fully-fledged kitchen.

The scope of the audit was to ensure that all procedures undertaken by MCC were in compliance with standing regulations, policies and procedures, and that the basic principles of transparency, fairness and good governance were upheld.

An audit on the Refurbishment Works at the Mediterranean Conference Centre showed that there were significant concerns on the habitual use of overtime. NAO also had concerns on the lack of standard operating procedures, as well as procurement and contract management issues.

Follow-up action

Following the NAO audit, MCC is addressing significant concerns about the habitual use of overtime by security officers and maintenance staff by starting to prepare three-monthly overtime plans. MCC also obtained the Permanent Secretary's approval to issue a call for applications to fill three vacant Security Officer positions.

MCC has implemented various policies and procedures, such as a procurement SOP and an overtime SOP. Before certain tenders are issued, an expert may be consulted to determine fair market price estimates and clarify contractual terms. For some tenders, MCC includes a maintenance agreement so that maintenance services are part of the contract scope. A maintenance agreement will aid to mitigate the risk of inflatable prices. Staff is provided with opportunities for continuous professional procurement training through a range of specialised IPS training programmes.

MCC is developing a policy to define capitalisable roles and set criteria for their classification. To address previously identified issues, MCC will no longer capitalise security personnel costs. The organisation will also implement a weekly logbook for maintenance jobs to support the capitalisation process.

NAO issues by category 6



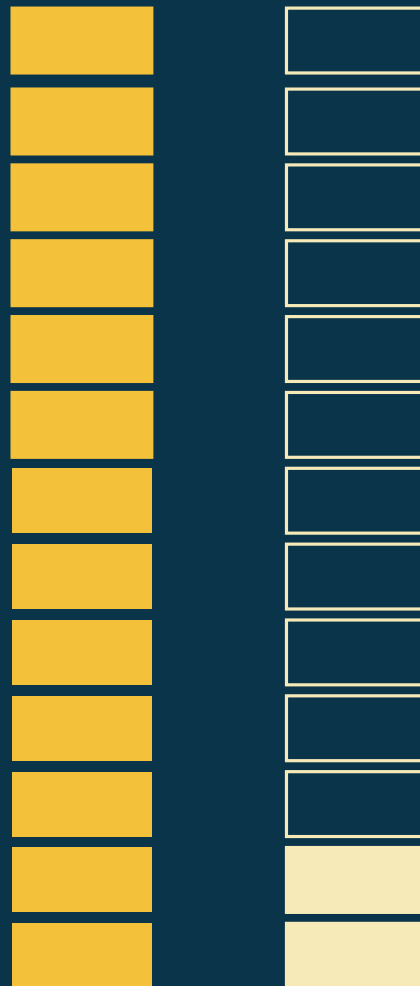
3 Lack of compliance with policies and legislation

1 Inefficient operations

1 Lack of verification / enforcement

1 Non-adherence to procurement procedures

Actions by the Ministry 30



Recommendations by NAO 15



14 Accepted








1 Partially accepted

26 Implemented




4 In progress

	Recommendations	Action taken/justification	Status
Key issues	<p>Significant concerns on habitual use of overtime by security officers and maintenance staff</p>	<p>Mediterranean Conference Centre's (MCC's) Management reviewed the feasibility of introducing a new work pattern and concluded that, to reduce overtime, the headcount would need to be doubled, thus rendering the option unfeasible.</p>	
	<p>Considering the substantial expenses incurred in compensation for additional hours, MCC is to verify whether all overtime work is being performed in a cost-effective manner and is unavoidable. The possibility of less costly alternatives, including the introduction of new work patterns, the restructuring of work processes or a combination of both are to be considered. As far as possible, overtime should be linked to ad-hoc assignments with specific targets to be attained.</p> <p>Accepted</p>	<p>MCC obtained the Permanent Secretary's approval to issue a call for applications to fill three vacant Security Officer positions, as these are required to provide coverage and ensure the premises' security.</p>	
	<p>Three-monthly overtime plans are to be prepared and endorsed by the Permanent Secretary beforehand, in line with PSMC requirements, indicating the date of approval.</p>	<p>In line with the Ministry's internal procedures, the Permanent Secretary issued a delegation of authority to MCC's Chief Executive Officer to review and approve the three-month overtime plan.</p>	
	<p>Unplanned overtime is also to be authorised before being performed.</p> <p>Accepted</p>	<p>MCC prepared a three-month overtime plan to maintain operational continuity and enable proactive budgeting and workforce planning.</p>	
		<p>In line with the overtime standard operating procedure (SOP), any overtime not approved in advance will not be compensated.</p>	
	<p>Lack of standard operating procedures</p>	<p>A procurement SOP was drawn up and disseminated to the staff concerned.</p>	
	<p>In order to ascertain uniformity, MCC is recommended to introduce detailed policies and procedures that will guide its personnel in their day-to-day practices</p> <p>Accepted</p>	<p>MCC has drawn up and circulated an overtime SOP intended to explain the procedures governing overtime approval.</p>	

Recommendations	Action taken/justification	Status
<p>When preparing financial statements, MCC Board Members are required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent.</p> <p>Accepted</p>	<p>MCC is preparing a policy to define capitalisable roles and establish the criteria for their classification.</p>	 Oct-2025
	<p>The policy, outlining capitalisable roles will be presented to the MCC Board Members to support consistent and informed judgements in the preparation of financial statements.</p>	 Oct-2025
	<p>Several Board Members possess strong financial expertise and provide guidance to their fellow members.</p>	
<p>Concerns on cost capitalisation</p> <p>In line with the pertinent accounting principles, Management is to ascertain that only costs incurred to bring the asset to its intended use and related incremental costs are capitalised.</p> <p>Accepted</p>	<p>MCC is preparing a policy to define capitalisable roles and establish the criteria for their classification.</p>	 Oct-2025
	<p>To avoid recurrence of the issue highlighted by the NAO, MCC has determined that security personnel costs will no longer be capitalised.</p>	
	<p>MCC will start maintaining a weekly logbook on jobs related to maintenance so that these can be capitalised.</p>	 Oct-2025
<p>Repairs not borne by the lessee as stipulated in contract</p> <p>It is essential for both landlords and tenants to understand their rights and responsibilities regarding such repairs. If there is uncertainty or disagreement about who is responsible for repairing structural damages, one is expected to seek legal advice to resolve the issue.</p> <p>Accepted</p>	<p>Advice was sought from MCC's legal advisors, who affirmed that in cases involving extraordinary repairs, particularly those concerning dangerous structures, the associated costs are to be borne by the entity.</p>	
	<p>To avoid similar issues, future agreements by MCC will include clearer terms outlining the responsibilities and costs assigned to the lessor and lessee.</p>	

Recommendations	Action taken/justification	Status
<p>Concerns on procurement and contract management</p> <p>Procurement procedures have to be aligned with standing regulations since deviations hinder transparency, accountability and efficiency. Significant expenditure is to be approved by appropriate authorities beyond that of the CEO. In line with Article 28(5) of PPR, fragmented purchases to bypass procurement regulations are also not allowed since this approach does not promote fair competition.</p> <p>Accepted</p>	<p>As far as possible, the entity always opts for an open tender procedure and calls for quotations. In this way, direct orders are being kept to a minimum.</p> <hr/> <p>In case of direct orders MCC is ensuring that the necessary approval is obtained from the Direct Order Office within the Department of Contracts.</p> <hr/> <p>MCC has drawn up and disseminated a procurement SOP to the staff concerned.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>When additional goods and services are required from the original supplier and, in the circumstances, it is not feasible to change the contractor, Management is to ascertain that the rates charged are fair and reasonable, in line with current market prices. Comparisons made in this regard are to be duly documented.</p> <p>Partially accepted</p>	<p>Retaining the original contractor is not a question of feasibility, but rather a necessity to ensure the equipment remains in optimal working condition, as branded components are non-substitutable.</p> <hr/> <p>To mitigate the risk of inflated pricing, MCC is incorporating a maintenance agreement to ensure that maintenance services are embedded within the overall contract structure.</p>	<p></p>
<p>Formal agreements with defining clear terms are to be in place. Providing training to personnel involved in procurement and conducting regular compliance monitoring will mitigate the related risks and ensure adherence to regulations.</p> <p>Accepted</p>	<p>For specific tenders, MCC is incorporating a maintenance agreement to ensure that maintenance services are integrated into the overall contract scope.</p> <hr/> <p>Prior to issuing certain tenders, an expert is consulted to establish fair market price estimates and to enhance the clarity of contractual terms.</p> <hr/> <p>Staff is provided with opportunities for continuous professional procurement training through a range of specialised IPS training programmes.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>

	Recommendations	Action taken/justification	Status
Control issues	<p>Incomplete fixed asset register</p> <p>After identifying all assets falling within MCC's remit, Management is to ensure that the assignment to compile an adequate fixed asset register is finalised without further delays.</p>	<p>MCC is maintaining a catalogue of heritage assets, each accompanied by its corresponding valuation.</p>	
	<p>Accepted</p>	<p>MCC plans to conduct an inventory update for the remaining assets and compile the fixed assets register.</p>	<p> Jun-2026</p>
	<p>Records of property, plant and equipment are to be updated with complete, accurate and timely information.</p>	<p>MCC is maintaining a worksheet substantiating costs and corresponding depreciation.</p>	
	<p>Accepted</p>	<p>The fixed assets are being included in the financial statements to ensure an accurate representation of the entity's financial position and to enable appropriate cost allocation through depreciation.</p>	
	<p>Inaccurate claims for capitalised expenditure</p> <p>MCC is expected to introduce a system which eliminates the possibility of having repeated claims for reimbursements.</p>	<p>Upon submission, each invoice is assigned a unique identifier and recorded in the online system. Subsequently, a claim form is prepared, incorporating the unique identifier, transaction date, supplier details, amount, and a concise description of the expense. This claim form is then reconciled against the system-generated Excel record using the unique identifier to mitigate the risk of duplicate claims. MCC is maintaining a catalogue of heritage assets along with their corresponding valuations. Finally, the completed claim forms are reviewed and formally endorsed by the MCC Chief Officer, thereby ensuring adherence to the four-eye principle.</p>	
	<p>Accepted</p>	<p>Payments are only issued once the relative supplier's outstanding balance is reconciled with the relative statement ensuring the prevention of overpayments or duplication.</p>	
	<p>Accepted</p>	<p>MCC is conducting random reviews of issued payments to verify their accuracy.</p>	

	Recommendations	Action taken/justification	Status
	<p>Shortcomings regarding lift services</p> <p>MCC is to chase the contractor to submit the performance guarantees in a timely manner so as to ensure adequate cover in case of default.</p>	<p>MCC is following up with contractors to obtain the required performance guarantees.</p>	
	<p>Accepted</p>	<p>In accordance with the issued contracts, contractors are not permitted to commence work until the performance guarantee and all other contractually required documentation have been submitted.</p>	
Compliance issue	<p>List of signatories not available</p> <p>Under the current MCC policy, invoices not endorsed by the head of the entity do not give the comfort that these were duly approved before payment was effected. Thus, the Finance Section is to make sure that these are duly certified as correct before the payment is processed.</p>	<p>MCC is ensuring that in accordance with PPR Article 100(1) and (2), the required signatures are obtained prior to processing invoices.</p>	
	<p>Accepted</p>	<p>MFIN is also notified of the list of authorised signatories in line with Treasury circulars nos. 5/2008 and 9/2015.</p>	



**FOLLOW-UP ON
PENDING ACTIONS**



**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Head Office and Permanent Representation of Malta to the European Union – Personal emoluments			
<p>Ceilings of Education Grant not revised</p> <p>Educational thresholds will be revised every two years in accordance with MFE approval. The next revision is scheduled for mid-2024.</p>	<p>In progress</p> <p>The educational thresholds were revised by the Ministry for Foreign Affairs and Trade (MFET) and were forwarded to the Ministry for Finance (MFIN) for its approval.</p>	<p>Date of implementation depends on approval by MFIN.</p>	<p>Implemented in September 2024</p>
<p>Reimbursements of education grant and medical expenses not in line with the conditions of service</p> <p>A manual is being drafted to guide missions' desk officers in the course of their duties</p>	<p>In progress</p> <p>The manual is currently being drafted and it will be based on the revised Conditions of Service and updated Manual of Financial Procedures at Missions Abroad.</p>	<p>Dec-2024</p>	<p>Implemented in August 2024</p>
<p>An internal Manual for Missions' Accounts Officers is currently being compiled to guide officers to follow proper procedures.</p>	<p>In progress</p> <p>The manual for Missions Accounts Officers is being drafted.</p>	<p>Dec-2024</p>	<p>Implemented in August 2024</p>

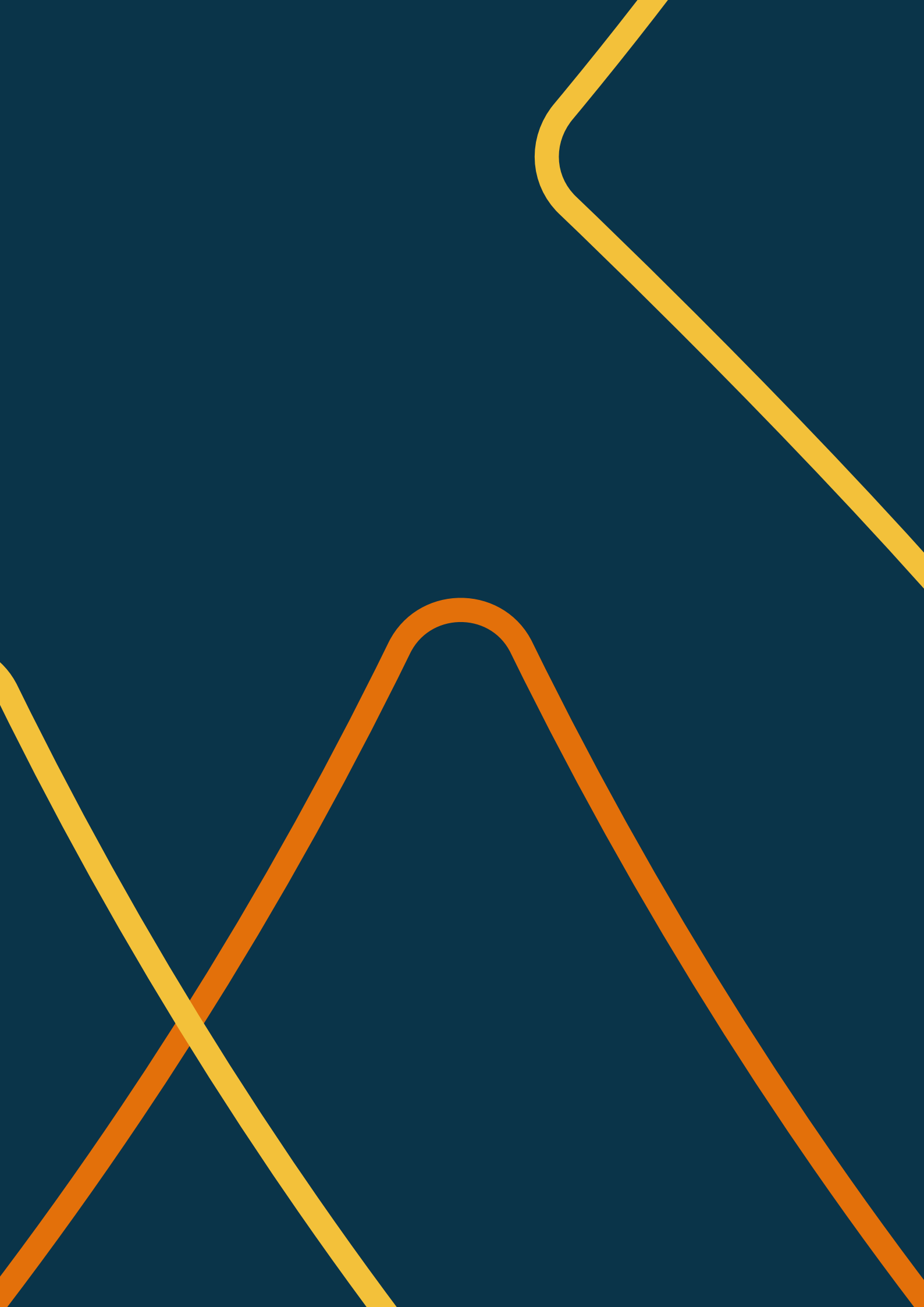
**2022
GA PUBLICATION**

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Ministry for Foreign Affairs and Trade Promotion – Revenue			
<p>Limited checking by Head Office</p> <p>Once all three vacancies of Assistant Manager are filled, random monthly checks will be carried out.</p>	<p>Not yet implemented</p> <p>The vacancies of the Assistant Managers have not yet been filled. Fresh calls for applications have been issued during the year.</p>	<p>Date of implementation depends on the filling up of the vacant posts.</p>	<p>Not yet implemented</p> <p>The Ministry is still issuing the call for Assistant Managers.</p> <p>Date of implementation depends on the filling up of the vacant posts.</p>
<p>Grouping of services in the application form</p> <p>The Ministry is in discussion to create an online service form to replace the current form.</p>	<p>To be implemented through a different course of action</p> <p>The Information Management Unit (IMU) stopped formulating the online forms since a corporate documentation platform is being designed to incorporate all the data, forms and documents currently being used at MFET.</p>	<p>Dec-2024</p>	<p>To be implemented through a different course of action</p> <p>CEDMS, overseen by OPM, is not ready for development and lacks a completion timeline, so MFT has restarted discussions with IMU about creating an online service form.</p>
<p>Divergence from the financial regulations without the necessary approval</p> <p>Subsequently, approval from the Ministry of Finance will be sought on the basis of the outcome of the study and the pertinent Manual will be updated accordingly.</p>	<p>In progress</p> <p>The study was submitted to the MFIN for necessary approval.</p>	<p>Date of implementation depends on approval by MFIN</p>	<p>In progress</p> <p>MFT is still awaiting MFIN's approval.</p> <p>Date of implementation depends on approval by MFIN</p>

2021
GA PUBLICATION

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Madrid Embassy – Revenue and expenditure			
<p>Inventory control regulations not adhered to</p> <p>An exercise is being conducted to amalgamate 80 inventory databases into one holistic inventory. This process is being carried out through a specialised programme which will also enable the issue of barcodes.</p>	<p>In progress</p> <p>The software purchased was configured. The Ministry tasked all the missions to transpose their respective inventories in an Excel sheet and most missions have submitted their respective inventories. These sheets were then uploaded in the software. The Ministry started the process of barcoding these assets. In parallel the same work has start for the local inventory.</p>	<p>Dec-2024</p>	<p>Implemented in June 2025</p> <p>Once barcodes were assigned to the assets, a single, holistic inventory was established.</p>
<p>Once the holistic exercise is completed, the heritage assets catalogue sheet will be updated in line with the current regulations, whilst barcodes and room inventory will be provided to Missions abroad.</p>	<p>In progress</p> <p>MFET obtained a list of its heritage assets from Heritage Malta and is reconciling the items internally. These items are being included in the heritage asset catalogue.</p>	<p>Dec-2024</p>	<p>Implemented in June 2025</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Licenses to hotels and catering establishments – Revenue			
<p>Management of debtors concerns</p> <p>The current legislative framework obliges the authority to renew licences notwithstanding any debt or arrears. A new legislation is being drafted which has taken on board the NAO's recommendation to safeguard public funds.</p>	<p>In progress</p> <p>The new legislation process is still being drafted. From 2023, MTA has not accepted license renewals from those businesses that have arrears or other debts with MTA. MTA is awaiting directions from MFIN regarding the way forward on arrears and bad debts related to closed-down businesses.</p>	<p>Unknown</p>	<p>In progress</p> <p>Following a change at Ministry level, the new legislation is still being drafted. MTA is still not accepting license renewals before arrears are settled and is actively chasing settlement of arrears.</p>





MINISTRY FOR **NATIONAL HERITAGE, THE ARTS AND LOCAL GOVERNMENT**

The Ministry's designation reflects its portfolio held prior to the reshuffle of 28 May 2025

MHAL

Heritage Malta – Personal emoluments

Set up in 2002 under the provisions of the Cultural Heritage Act (Cap. 445), Heritage Malta (HM) is the national agency responsible for the management of museums, conservation practice and heritage sites, ensuring that those elements of cultural heritage entrusted to it are protected and made accessible to the public, while also conserving and restoring the cultural property within its portfolio. This Agency also provides training in conservation, education, research and consultation. It strives to create public awareness through displays, exhibitions, thematic events, public relations and other initiatives.

The audit focused on allowances and overtime expense incurred by the Agency and its subsidiaries in 2023. The main scope of the audit was to ascertain the adequacy of the internal control system related to the respective payments, to ensure that these were effected in line with pertinent rules and regulations, as well as with the collective agreement.

The audit revealed instances whereby allowances and overtime paid to staff of Heritage Malta was not duly substantiated. Documentation maintained by the Agency to substantiate overtime work was limited.

Follow-up action

Heritage Malta has implemented several measures to address the NAO's recommendations. To ensure proper documentation and transparency, the agency has retrospectively issued contracts of service for former employees and reinforced protocols for drafting new employment agreements when positions change. Additionally, an annual assimilation letter is now provided to all employees, detailing their grade and salary, which is then securely filed for record-keeping.

To modernise attendance and overtime tracking, Heritage Malta has adopted a cloud-based time management system that includes remote workers. A revised overtime policy now aligns with the Public Service Management Code, ensuring all requests are justified and verified before payment.

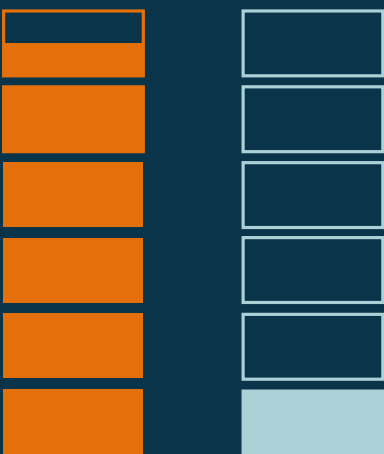
Remote work accountability has also been improved with formal agreements and an attendance system for logging hours. Additionally, the agency has corrected salary adjustments on promotions by signing an addendum with General Workers Union, ensuring compliance with the agreements.

NAO issues by category 4



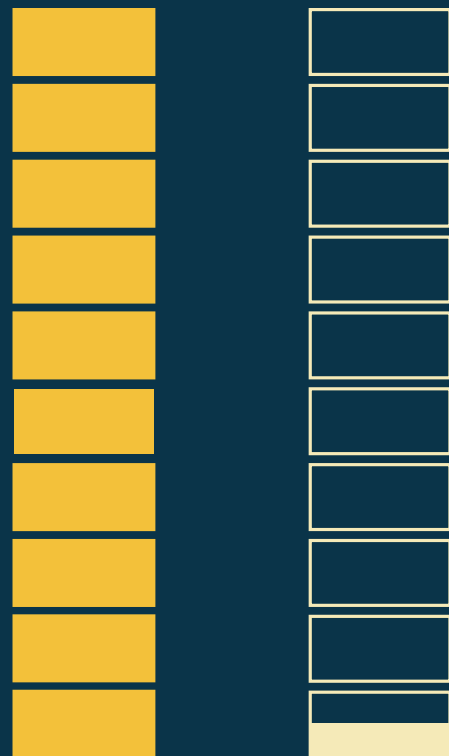
- 2 Inefficient operations
- 1 Lack of compliance with policies and legislation
- 1 Inadequate technology

Recommendations by NAO 13



- 11 Accepted
- 2 Partially accepted







Actions by the Ministry 21






- 20 Implemented
- 1 In progress


Each box represents 2 units

	Recommendations	Action taken/justification	Status
Control issues	<p>Lack of supporting documentation</p> <p>Every employer is expected to have in place a signed contract of service for each employee, clearly setting out the current conditions of employment. Thus, a new contract of employment is to be drafted when there is a change in the incumbent's position.</p> <p>Accepted</p>	<p>Heritage Malta (HM) has rectified the case highlighted by the NAO by retrospectively issuing a contract of service for an employee who had already resigned before the audit took place.</p>	
		<p>HM Management is ensuring that all new employment contracts and promotions are supported by formal agreements, which are properly documented and securely filed.</p>	
		<p>Each year, HM issues an assimilation letter to every employee, detailing their grade and salary for the current year in accordance with the relevant collective agreement. Subsequently, the assimilation letters are duly filed for record-keeping.</p>	
		<p>HM has invested in a new, more efficient, cloud-based, time and attendance management system which includes the function of recording the attendance of personnel working away from the office. This system has replaced the former two attendance record systems.</p>	
		<p>HM has introduced a policy outlining the new attendance recording system, providing clear instructions for all employees—including apprentices and remote workers—on how to log their attendance based on their respective roles.</p>	
		<p>Regarding standby allowance records, HM ensures that once the forms are submitted to the HR office, officials stamp them with the actual date of receipt. Verification of punches corresponding to the recorded hours is then carried out in accordance with the attendance policy.</p>	
		<p>HM has introduced an overtime policy that aligns with the provisions of the PSMC, outlining the entire process—from submitting an overtime request, through the payment procedure, to the final reconciliation of overtime payments.</p>	
		<p>HM has also issued a standard procedure to be followed in case of emergency overtime, to ensure that such overtime requests are covered by the necessary approvals and verifications.</p>	
		<p>HM has established guidelines for staff overtime across various rosters, ensuring it is planned, approved, and verified before being processed for payment.</p>	
		<p>Proper justification for overtime and the related tasks performed are also to be recorded.</p> <p>Accepted</p>	

Recommendations	Action taken/justification	Status
<p>Proper documentation substantiating claimed overtime, including the necessary approvals, is also a necessity to ensure transparency of the payment thereof. Documentation is to be maintained in a standard format, clearly showing the total number of overtime hours worked by each officer and the time during which such hours were performed.</p> <p>Accepted</p>	<p>HM stated that proper documentation, substantiating claimed overtime, are being kept in a standard form according to the overtime procedure, ensuring transparency and audit trail.</p> <hr/> <p>The Human Resources section conducts thorough checks to verify compliance with the overtime procedure before approving claims for payment.</p>	<p></p> <hr/> <p></p>
<p>Internal controls with respect to overtime payments need to be enhanced, to ensure the reliability of overtime hours claimed and correct payment thereof.</p> <p>Accepted</p>	<p>As outlined in the previous recommendation, the HR section is responsible for internally verifying overtime claims before submitting them to the payroll office.</p>	<p></p>
<p>Moreover, payment for overtime is to be invariably supported with reliable attendance records.</p> <p>Accepted</p>	<p>HM is assured that the implementation of the new punching system guarantees accurate documentation and validation of overtime payments, promoting transparency and providing a comprehensive audit trail.</p>	<p></p>
<p>Remote working practices not according to standing policies</p> <p>Policies are to be adequately detailed, not only because these are the underlying basis on which subsequent related decisions are taken, but also to eliminate room for misinterpretation. In line with pertinent guidelines, remote working is to be covered by an agreement, signed prior to the commencement of such measures, and revisited on prescribed intervals.</p> <p>Accepted</p>	<p>HM has revised its remote working policy to align with the PSMC, introducing a remote working application form along with a formal agreement that must be signed before the arrangement begins.</p> <hr/> <p>The Remote Working Policy will be revisited annually for any amendments that may be required.</p>	<p></p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>Moreover, Management is to implement an integrated attendance system so that hours worked from home could be logged in and monitored.</p> <p>Accepted</p>	<p>In addition to the new IT attendance recording system, a new feature has been introduced, requiring remote workers to log into the Indigo Employee Portal and select the relevant function each time they work remotely.</p>	
<p>Incomplete clocking records</p> <p>Management is encouraged to implement a unified timekeeping system that caters for the needs of all departments. While enhancing monitoring and audit trail, this will also provide a standardised method of attendance recording, addressing any discrepancies between the current systems, while ensuring that officers are consistently complying with the minimum weekly working hours.</p> <p>Accepted</p>	<p>Through the recently introduced Time and Attendance Recording System, now implemented across all departments, employees' attendance and performance can be effectively monitored.</p>	
<p>Payment of allowances not duly substantiated</p> <p>On a periodical basis, the Agency is to review the payment of allowances to ensure compliance with the terms of the collective agreement or the management salary structure, as applicable.</p> <p>Partially accepted</p>	<p>The case highlighted by the NAO during the audit was an isolated case of a member of staff who was promoted to a higher grade, whilst retaining the standby allowance until a person would be employed in their previous grade. Despite the various recruitment efforts, the position has remained vacant.</p> <hr/> <p>HM will persist in issuing a call for applications until the vacant post is filled.</p>	 Dec-2025

	Recommendations	Action taken/justification	Status
	<p>If this allowance is still justified, it should be reflected in the respective employment contract to enhance transparency and accountability.</p> <p>Partially accepted</p>	<p>The allowance in question was given on a temporary basis until HM recruits a suitable replacement to support museums and sites during non-office hours. Since this is a temporary measure, the allowance could not be included in the employee's contract.</p>	
		<p>Each year, the HR section (HM) requests approval from of the Chief Executive Officer to verify the continuation of the allowance.</p>	
		<p>All documentation is recorded in the employee's personal file.</p>	
Compliance issues	<p>Salary adjustment on promotion and upgrading</p> <p>Unless stated otherwise by the collective agreement, reference is to be made to the Public Service Management Code, which stipulates that "Public officers already in service who are appointed to a higher grade or position and whose salary in the previous grade is higher than the minimum of the new grade or position, are to be assimilated into the higher grade or position by carrying their own salary into the scale of the new post, and if resulting out of step, they are to be placed immediately on the next higher step of the higher scale."</p> <p>Accepted</p>	<p>HM recognised the administrative error on its part and promptly took measures to address the issue. To rectify this anomaly, HM signed an addendum with General Workers Union (GWU), ensuring its position was regularised.</p>	

Recommendations	Action taken/justification	Status
<p data-bbox="248 439 568 499">Divergencies from the terms of the Collective Agreement</p> <p data-bbox="248 533 568 786">The payment of allowances is expected to be in line with the collective agreement, thereby maintaining transparency and compliance. If an additional hour is justified, an addendum to this effect should be formally endorsed.</p> <p data-bbox="248 819 360 848">Accepted</p>	<p data-bbox="624 439 1262 562">HM Management signed an addendum to the current Collective Agreement to include a clause, specifying that the maximum hours of standby duties during weekends and public holidays amount to ten hours daily.</p>	<p data-bbox="1334 461 1398 521"></p>



Heritage Malta – Heritage assets

Heritage assets are described as such because of their cultural, environmental, or historical significance. Examples of heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves, as well as works of art. Ministries and public sector entities have a vast holding of heritage assets that have been acquired over many years and by various means, including purchases, donation, bequest, and sequestration. Their value to Government and the public, in cultural, environmental, educational and historical terms, is unlikely to be fully reflected in a financial value derived from a market mechanism or price.

Set up in 2002 under the provisions of the Cultural Heritage Act (Cap. 445), Heritage Malta (HM) is the national agency responsible for the management of heritage assets, ensuring that these are protected and made accessible to the public, while conserving and restoring the cultural property within its portfolio.

The audit sought to establish the appropriateness of the maintenance of heritage assets registers, as well as their physical upkeep. Verification entailed ascertaining whether pertinent records were kept in line with the requirements of MF Circular No. 14/99 – ‘Government Accrual Accounting: Revised Inventory Control Regulations’, primarily, that each heritage asset was separately catalogued by both HM and the entity entrusted with its care. The audit was also directed towards determining whether the loaning of heritage assets to Government Ministries was supported by an agreement and that the terms and conditions stipulated therein were being invariably adhered to.

The audit revealed that the maintenance of heritage assets registers, as well as their physical upkeep by both Heritage Malta and the entity entrusted with their care, highlighted that no formal policies and procedures were in place for the movement of such assets. Furthermore, physical checks were not conducted on a periodic basis.

Follow-up action

Heritage Malta has taken substantial steps to formalise the management of cultural assets by revising and implementing comprehensive policies and procedures. These now define roles, responsibilities, and proper handling requirements, particularly for asset movements and gifts of cultural significance. Notably, a Memorandum of Understanding was drafted for key heritage sites, and a circular was issued by the Principal Permanent Secretary to reinforce accountability among Permanent Secretaries and offer clear guidance.

Efforts to strengthen documentation and inventory controls have also been prioritised. The launch of the Collection Management System marked a shift towards more accurate and transparent tracking of heritage items. Alongside ongoing inventory updates and physical verifications, assets are being monitored using asset cards, and reconciliation protocols. These measures ensure consistency between fixed asset records and physical holdings.

To safeguard the physical condition and cultural value of these assets, HM has taken a practical conservation approach. Immediate interventions have addressed past deficiencies, while long-term measures, such as training staff in basic care help minimise future risk. In a significant move, original paintings are increasingly being relocated to museums for public enjoyment and proper preservation, while replicas take their place within government spaces.

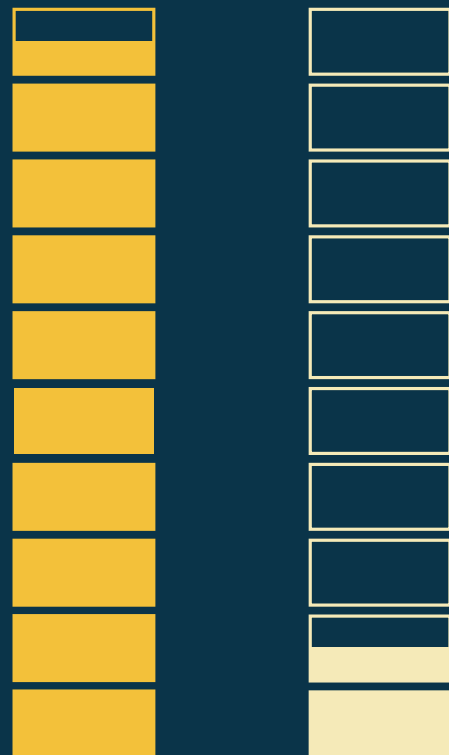
Urgent issues, like improper furniture storage, were swiftly resolved. Additionally, upcoming awareness presentations and continued collaboration with cultural authorities aim to ingrain best practices across all government entities involved.

NAO issues by category 5



- 3** Inefficient operations
- 1** Lack of compliance with policies and legislation
- 1** Lack of verification / enforcement

Actions by the Ministry 22



Recommendations by NAO 7






- 7** Accepted
- 19** Implemented
- 3** In progress

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Key issue	No formal policies and procedures for the movement of heritage assets	Heritage Malta (HM) has revised its policies and procedures to establish clear guidelines, including the necessary provisions related to gifts and assets of cultural heritage significance.	
	For better monitoring and control purposes, HM is to formalise its policies and procedures, and enter into agreements with the parties involved, to clearly outline the roles and responsibilities of the respective entities. Besides ensuring the preservation of heritage assets and management thereto, this will also enhance clarity, coordination, and efficiency, aimed at safeguarding Malta's cultural heritage.	HM has issued a circular via the Office of the Principal Permanent Secretary, reminding all Permanent Secretaries of their obligation to protect and preserve heritage assets within their remit. The circular also provides a comprehensive policy with guidelines for the proper management of these assets and extends an open offer for further assistance or clarification where needed.	
	Accepted	As a proactive measure and to raise further awareness on heritage items, HM will deliver a presentation to all Directors Corporate Services (DCS), outlining the procedures for maintaining, documenting, and managing the movement of HM assets within their remit.	 Oct-2025
		A Memorandum of Understanding (MoU) has been drafted up, outlining the policies and procedures related to the inventory of heritage assets at San Anton Palace, Verdala Palace, and the Grandmaster's Palace in Valletta.	
		Discussions with the stakeholders are currently in progress to formalise the MoU.	 Oct-2025
		The process of updating the inventory of heritage items under the custody of the Office of the President (OPR) has been formally initiated and will be systematically maintained on an ongoing basis.	
		A work plan has been developed, detailing the reconciliation process with the OPR's inventory, and the inventory update will be carried out through the Collection Management System (CMS).	
		HM is collaborating with the Superintendence of Cultural Heritage, ensuring that gifts which may qualify as heritage assets are properly recorded and integrated into the national heritage collection.	

	Recommendations	Action taken/justification	Status
Control issues	Lack of periodic physical checks	Following the revision of procedures, physical checks have been initiated on heritage assets loaned to Ministries to ensure the accuracy of fixed assets records.	
	The lack of human resources, coupled with the irregularity of physical checks, pose significant challenges in ensuring the accuracy, completeness, and protection of the heritage assets. Hence, the human capacity in this area within the pertinent unit needs to be strengthened.	The circular issued through the office of the Principal Permanent Secretary to Permanent Secretaries emphasises their responsibility in overseeing heritage assets under their care. Additionally, the circular provides further guidance and support to assist in their management.	
	Accepted	As a proactive measure and to raise further awareness of heritage items, HM shall conduct a presentation at a DCS forum, outlining the procedures for the maintenance, record-keeping, and movement of HM assets.	 Oct-2025
		HM has launched the CMS, and its gradual implementation will ensure more efficiency and oversight. This system ensures precise recording of the heritage inventory, facilitating thorough cataloguing, tracking, and maintenance of each asset. By streamlining inventory management, it aids in the preservation of heritage items while promoting greater transparency and accountability in heritage administration.	
		HM undertook an internal capacity building exercise to address the shortage of personnel and the required expertise. The capacity building exercise was presented to the pertinent authorities for the necessary approvals and for future implementation.	
	Moreover, formal policies and procedures, necessitating regular physical checks, are to be introduced, thereby ensuring timely identification of any discrepancies or issues.	HM has revised its policies and procedures to establish clear policies and guidelines, including provisions related to physical checks.	
	Accepted		

Recommendations	Action taken/justification	Status
<p>Inadequate conservation of heritage assets</p> <p>To avoid any damage to these genuine works of art, the Agency is to take immediate action to address this deficiency. Formal documented procedures for situations similar to that reported above are to be developed with immediate effect.</p> <p>Accepted</p>	<p>The concern raised by the NAO during the audit at Palazzo Parisio was promptly addressed by HM. As soon as the requirement was communicated, HM officials swiftly managed the relocation of furniture to a safe place.</p>	
	<p>The revised policies and procedures establish clear guidelines include a key requirement to inform HM in advance of any work on the premises that could affect heritage items.</p>	
	<p>Training courses on the basic care and cleaning of furniture and other heritage items are being delivered, upon request, to staff members of Ministries and Government entities.</p>	
	<p>During the presentation to be delivered to Directors Corporate Services, HM will emphasise the importance of being notified in advance of any works that may impact heritage items, to provide guidance on their proper preservation.</p>	 Oct-2025
	<p>HM is actively collaborating with the Superintendence of Cultural Heritage to define roles and responsibilities, with the common goal of strengthening the management of heritage assets.</p>	
<p>Fixed assets register not updated</p> <p>Adequate liaising is to be carried out between the officer officially responsible for maintaining the records of heritage assets at HM and the on-site officer, to ensure that these are consistently updated with the actual movements.</p> <p>Accepted</p>	<p>To support the conservation of original paintings, HM is providing Ministries and other Government entities with high-quality replicas, while the original artworks are increasingly being displayed in museums for public appreciation.</p>	
	<p>HM has revised its policies and procedures in order to establish clear policies and guidelines, including the necessary provisions related to inventory maintenance in accordance with Circular MF 14/1999.</p>	
<p>Following the revision of procedures, physical checks have been initiated on heritage assets loaned to Ministries to ensure the accuracy of fixed asset records.</p>		

Pjazza Teatru Rjal – Revenue and expenditure

Originally known as the Royal Opera House, Pjazza Teatru Rjal, is an open-air theatre space situated in the heart of Valletta. The remaining ruins of the old theatre, including the former ticket offices at the front, which up to some years ago used to house small shops, were cleaned, restored and officially inaugurated in August 2013. Besides the theatre, Pjazza Teatru Rjal is also responsible for the Malta Concert Orchestra set up in 2014, formerly known as the Public Broadcasting Services Orchestra. Following its rebranding in 2017, the foregoing was transferred to Pjazza Teatru Rjal with the objective of reaching out to people across the board, through accessible and inspiring musical performances.

The main scope of the audit was to determine the level of existing internal controls in relation to:

- a. revenue collection from the hire of venue, lease of coffee bar and sale of tickets;
- b. procurement, to ensure that payments incurred were in line with pertinent regulations and circulars, whilst ascertaining that valid agreements were in place; and
- c. honoraria paid to the members of the Board of Directors and that proper minutes of meetings held were maintained.

The audit also sought to establish whether Government resources were used prudently and in a judicious manner.

The audit carried out at Pjazza Teatru Rjal revealed that although it was not yet established as a separate legal entity, the organisation had nonetheless entered into contractual agreements with third parties. The audit also identified anomalies in the composition of the Board of Directors, as well as shortcomings in respect of board meetings. Concerns over the sale of tickets and on the procurement of security and cleaning services were also encountered.

Follow-up action

The Ministry for the National Heritage, the Arts, and Local Government (MHAL) has initiated discussions to formally establish Pjazza Teatru Rjal (PTR) as a distinct legal entity, with ongoing consultations involving relevant stakeholders. Once its legal status is secured, PTR will proceed with VAT registration and the development of a financial framework, including the setup of a dedicated bank account and accounting software.

MHAL plans to review the composition of PTR's Board of Directors upon the conclusion of the current board's term. Meanwhile, PTR has introduced a Manual for Board Members. PTR has also strengthened its operational controls by introducing various SOPs covering procurement planning, ticket sales, rental rates, revenue collection, fund transfers, and invoice approvals. Measures have been established to reinforce fiscal responsibility, including proper documentation of overtime payments. Additionally, PTR has improved oversight of security personnel, instituting formal procedures such as periodic inspections conducted by the Department for Industrial and Employment Relations (DIER) to verify contractor adherence to labour standards.

Management has also enhanced controls over overtime payments and security staffing, ensuring thorough documentation and accountability. Collectively, these initiatives underscore PTR's commitment to operational efficiency, regulatory adherence, and transparency in alignment with the National Audit Office's recommendations.

NAO issues by category 9



4 Inefficient operations

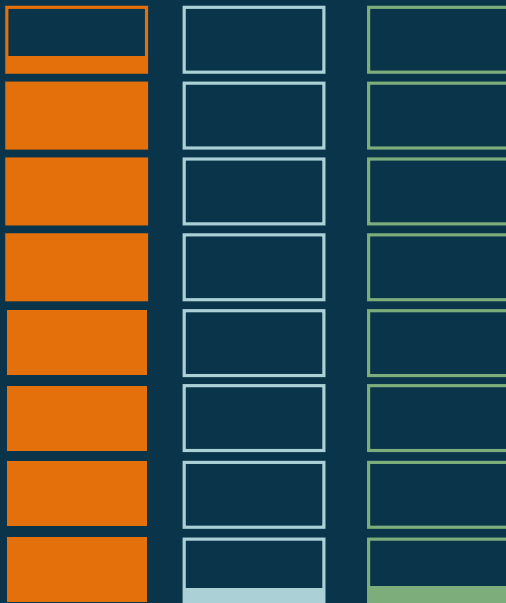
3 Lack of compliance with policies and legislation

1 Non-adherence to procurement procedures

1 Lack of verification / enforcement

Actions by the Ministry 40

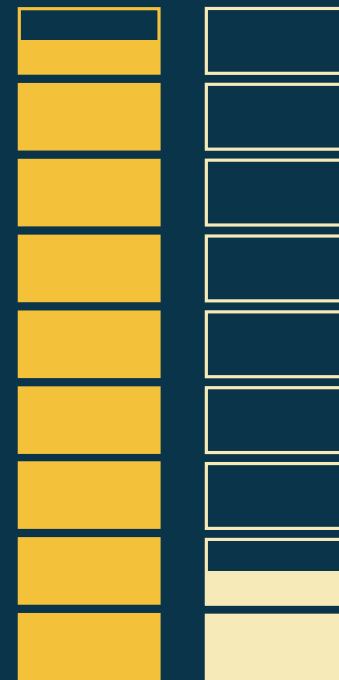
Recommendations by NAO 27



25 Accepted

1 Partially accepted

1 Not accepted








34 Implemented





6 In progress





Each box represents 4 units








	Recommendations	Action taken/justification	Status
Key issue	<p>Legal identity not established</p> <p>For the sake of good governance and smooth operation, Pjazza Teatru Rjal is to have the necessary legal basis to enable it to manage its own operations. It is thus recommended for the organisation to take proactive steps towards establishing, through its respective Ministry, its own distinct legal status, thereby allowing independent contracting and financial management.</p> <p>Accepted</p>	<p>High-level discussions are taking place on this matter, with ongoing consultations between relevant stakeholders to commence the process to establish Pjazza Teatru Rjal (PTR) with a distinct legal status from the Arts Council Malta (ACM).</p>	 Dec-2026
	<p>This will necessitate the entity to be VAT registered and in turn facilitate the procurement process.</p> <p>Accepted</p>	<p>After securing its legal status, PTR will proceed with registration at the VAT department to streamline the procurement process.</p>	 Dec-2026
	<p>The establishment of a separate financial infrastructure, including mainly the opening of a bank account and implementing an accounting software tailored to the organisation's operations will also be required.</p> <p>Accepted</p>	<p>Once PTR is officially recognised as a distinct legal entity from the ACM, the Management will proceed with the establishment of a dedicated financial framework, including setting up a bank account and accounting software.</p>	 Dec-2026
Control issues	<p>Board of Directors composition</p> <p>The pertinent Ministry is to re-evaluate the composition of Pjazza Teatru Rjal's Board of Directors to better align with its scale of operations and administrative needs. This will streamline decision-making, reduce administrative costs, and ensure that each member's role is essential and impactful. It will also ensure that resources are better allocated towards operational and technical functions to enhance good governance.</p> <p>Accepted</p>	<p>Once the current Board's term ends, the Ministry will review the composition of PTR's Board of Directors to ensure it aligns with the organisation's operational scope and administrative needs.</p>	 Jun-2026







Recommendations	Action taken/justification	Status
<p>Absences from board meetings</p> <p>Poor attendance will not only have a negative effect on the Board's reputation but can also hinder a quorum being reached, thus impacting its efficiency and effectiveness.</p> <p>Accepted</p>	<p>A Manual for Board Members, incorporating policies on absenteeism during board meetings, has been implemented. The Chairperson is responsible for ensuring that the policies outlined in the manual are properly enforced and is committed to taking further action if they are not adhered to.</p>	
<p>Moreover, absences are to be supported by valid justifications, otherwise deductions in the honoraria are to be applied accordingly. Relying solely on phone communication raises concerns about the consistency and reliability of the monitoring performed in this regard, potentially undermining transparency and accountability in governance practices.</p> <p>Accepted</p>	<p>The Manual for Board Members contains specific guidelines on attendance, including clauses for the deduction of honoraria in certain cases of absenteeism. The manual was formally adopted through a board resolution on 18 November 2024.</p>	

Recommendations	Action taken/justification	Status
<p>Lease of coffee bar</p> <p>Given that the expiration of a contract is a foreseeable event, every possible effort is to be made to initiate the appropriate procurement process well in advance. This will ensure that competitive calls are published in a timely manner thus fostering a fair and competitive bidding environment.</p> <p>Accepted</p>	<p>ACM has implemented an automated notification system to detect formal contracts approaching expiration. This enables the procurement process to commence well in advance, ensuring that competitive calls are issued in a timely manner, fostering a transparent and competitive bidding environment.</p> <hr/> <p>ACM is committed to adequately prepare procurement plans well in advance and subsequently approved by the appropriate level of authority. This is in accordance with the Department of Contracts Circular No. 04/2025 – Annual Procurement Plan Report.</p> <hr/> <p>ACM has established a Standard Operating Procedure (SOP) in line with the Public Procurement Regulations (PPR) to ensure full compliance with legal and regulatory requirements in all procurement activities. The SOP provides a structured approach to documenting, filing, and maintaining records, creating a clear audit trail that enhances accessibility and promotes transparency throughout the process.</p> <hr/> <p>ACM is dedicated to ensuring that procurement officers receive ongoing training to effectively perform their duties and stay compliant with evolving regulations. Training sessions are conducted as needed, and records are maintained for evaluation purposes.</p>	<p></p> <hr/> <p> Dec-2025</p> <hr/> <p></p> <hr/> <p></p>
<p>Shortcomings in relation to third party contracts</p> <p>PTR is expected to prepare and implement a comprehensive policy or standard operating procedure, outlining the rental rates payable for the leasing of the different facilities and services, thereby ensuring consistency, transparency, and clarity in pricing.</p> <p>Accepted</p>	<p>An SOP will be implemented to regulate rental rates for various facilities and services. It will outline the steps for determining rates and ensure that all documentation, agreements, and invoices accurately reflect the charges. Clear procedures will be established to promote transparency, including details on available services, applicable discounts, and additional fees. All decisions will be minuted and maintained for future reference. Management is dedicated to consistently adhering to the SOP to uphold fairness and accountability.</p>	<p> Oct-2025</p>


Recommendations	Action taken/justification	Status
<p>Enhanced documentation practices are also to be implemented, ensuring that agreements and invoices contain sufficient detail to support amounts charged. These are expected to include clear information on the facilities and services provided, as well as any discounts or additional charges, as applicable.</p> <p>Not accepted</p>	<p>PTR clarified that the invoices issued accurately reflect the contract value and that it does not consider it necessary to provide explicit details on the services provided. PTR stated that any additional charges or modifications are formally documented through an addendum to the contract.</p>	
<p>Once both entities are rendering an economic activity, they have to be VAT registered, and invoices are to be issued in line with tax regulations, thus should include both VAT numbers</p> <p>Accepted</p>	<p>PTR is committed to abide by all standing fiscal obligations, with clear guidelines outlined in the relevant SOP.</p>	
<p>Lack of Standard Operating Procedures for the sale of tickets and the collection of revenue</p> <p>Standard operating procedures play a vital role in clearly explaining the practices to be adopted. Thus, PTR is urged to draft a set of procedures, based on good practices, to enhance consistency and transparency in the revenue cycle.</p> <p>Accepted</p>	<p>An SOP was established and shared with all employees to regulate ticket sales, revenue collection, and fund transfers. This provides clear guidelines on sales procedures, revenue handling, and documentation retention for future reference.</p> <p>Management is committed to ensure adherence to the SOP to maintain transparency and consistency in all operational processes.</p>	 
<p>Additionally, Pjazza Teatru Rjal is to ensure that funds from ticket sales are transferred by the ticketing agency in a timely manner.</p> <p>Accepted</p>	<p>The Management held discussions with the service provider to develop a more efficient plan for fund transfers, following which an SOP was established, outlining the process of transferring funds from ticket sales within 90 days.</p>	

Recommendations	Action taken/justification	Status
<p>Shortcomings relating to procurement</p> <p>As far as possible, Management is encouraged to procure services and/or supplies following a competitive procedure, to ensure a fair and transparent selection process.</p> <p>Accepted</p>	<p>PTR clarified that the direct order referenced in the NAO's report was inevitable due to the failure to receive a minimum of three quotations in response to an open procurement procedure it had issued.</p> <p>ACM has drawn up an SOP in line with the PPR to ensure full compliance with legal and regulatory requirements in all procurement activities. This SOP established a structured approach to documenting, filing, and maintaining records, creating a clear audit trail that enhances accessibility and promotes transparency throughout the process.</p>	
<p>Any expenses incurred for which an invoice has not yet been received by year-end are to be accrued for in line with accounting standards.</p> <p>Accepted</p>	<p>An SOP outlining all relevant guidelines and procedures for the approval and timely submission of invoices by service providers has been developed and distributed to the responsible officers.</p> <p>PTR is ensuring that year-end expenses for which invoices remain outstanding are duly recorded as accruals. Additionally, strict adherence to the SOP is being maintained, reinforcing timely submission of invoices in line with standing regulations and legislation.</p>	 
<p>Moreover, unless standing procedures determine otherwise, ACM's approval is to be sought prior to the acquisition of goods and services by Pjazza Teatru Rjal.</p> <p>Accepted</p>	<p>The procurement SOP establishes clear guidelines for securing ACM's authorisation before acquiring goods and services. Upon gaining its distinct legal status, PTR will assume full responsibility for its procurement processes.</p>	

Recommendations	Action taken/justification	Status
<p>Issues concerning the provision of security services</p> <p>PTR is to ensure that required documentation as cited in the tender document is in hand and retained for the period covered by the agreement, thereby ensuring accountability and transparency.</p> <p>Accepted</p>	<p>In response to the matter raised by the NAO, PTR reaffirmed that the variation in the total value of the respective contract was attributed to a force majeure event, rather than to deficiencies in planning.</p> <p>Management is actively engaged in procurement planning and budget projections, drawing on past experiences to enhance accuracy and reliability, with the aim of aligning forecasts as closely as possible with actual expenditures, thereby minimising the risk of variations.</p> <hr/> <p>Management is committed to retaining all documentation pertaining to awarded tenders for the full term of the agreement, thereby promoting greater accountability and transparency.</p>	 
<p>Moreover, any divergencies from contracted terms and rates are to be formally agreed upon and duly approved for internal control and audit trail purposes.</p> <p>Accepted</p>	<p>PTR has amended its procedures, requiring that any variations from the agreed contract terms, rates, and conditions are formally agreed upon, duly approved, and documented in an addendum for internal control and audit trail purposes.</p> <hr/> <p>The new tender for the provision of security services includes provisions to minimise the need for variations. This principle has also been integrated into ACM's procurement SOP.</p>	 
<p>To comply with the tender conditions, Management is also recommended to establish robust procedures guaranteeing the completeness and timeliness of documentation covering the security officers working for Pjazza Teatru Rjal; these should include police conduct certificates, licenses, and identity documents.</p> <p>Accepted</p>	<p>PTR Management enforced the contractor's submission of all required documentation in accordance with the tender terms and is maintaining updated personnel files securely in a locked cabinet to safeguard data.</p> <hr/> <p>The new tender for the provision of security services caters for contingency plans to send in substitute, accredited, security guards for the sake of continuity.</p> <hr/> <p>The Department for Industrial and Employment Relations (DIER) is periodically requested by PTR's Management to conduct inspections to verify the legitimacy of the contractor's staff.</p>	  

Recommendations	Action taken/justification	Status
<p>Moreover, adherence to tender terms regarding security personnel deployment, including formal requests for additional personnel, is crucial for accountability and contractual integrity.</p> <p>Accepted</p>	<p>Regarding the concern raised in the NAO report, PTR emphasised that the deployment of extra security personnel was necessary in emergency situations, as was amply explained during meetings with NAO officials.</p> <p>Management remains committed to ensuring that all communication with the service provider regarding the engagement of additional personnel is formally conducted via email, with records properly retained and filed for audit trail purposes.</p>	
<p>Management is to occasionally inform the Department of Industrial and Employment Relations to verify compliance with minimum pay rates, ensuring fair treatment of security personnel and mitigating risks associated with precarious work conditions.</p> <p>Accepted</p>	<p>PTR management periodically requests the Department for Industrial and Employment Relations to conduct inspections, ensuring contractors comply with the minimum pay rates to mitigate potential risks of precarious work conditions.</p>	
<p>Lack of proper documentation supporting cleaning services</p> <p>Management is to establish a monitoring system to ensure the timely renewal of performance guarantees, preventing lapses in coverage.</p> <p>Accepted</p>	<p>PTR, in collaboration with ACM, has introduced an automated notification system to track performance guarantee expiry dates, ensuring contractors receive timely alerts for their renewals.</p> <p>An SOP was established to systematically oversee all contracts and associated performance guarantees, ensuring they are continuously tracked and updated as needed.</p>	 
<p>Furthermore, for better accountability, timesheets are to include the date when these were certified. While serving as an effective internal control measure, this also assists external verification. Likewise, inspection reports are to be duly dated to ensure they are compiled in a timely manner.</p> <p>Accepted</p>	<p>PTR took immediate action, ensuring that all timesheets and inspection reports are properly dated and signed by the designated responsible officer.</p> <p>The procedure has been formalised into an SOP to further enhance consistency and accountability. It has been distributed to relevant employees, and management is ensuring its consistent implementation.</p>	 

	Recommendations	Action taken/justification	Status
	<p>Formal approval for overtime not traced</p> <p>Internal controls with respect to overtime payments need to be enhanced, to ensure the reliability of overtime hours claimed and correct payment thereof.</p>	<p>PTR took immediate action to enhance the internal controls related to overtime payments. All overtime is thoroughly documented and filed to maintain a complete audit trail.</p>	
	<p>Accepted</p>	<p>The processes for approving and paying overtime have been formalised into an SOP to further strengthen consistency and accountability.</p>	
		<p>The SOP has been distributed to officers concerned, and management is overseeing its adherence.</p>	
	<p>Proper documentation substantiating claimed overtime, including the necessary approvals, is a necessity to ensure transparency and accuracy of the payment for overtime.</p>	<p>Pjazza Teatru Rjal took NAO's recommendations on board with immediate effect and has established the following procedure:</p> <p>a) Request for extra duties is sent by email including the schedule of works; b) Response is received by email; and c) Director's approval is provided via email.</p>	
	<p>Accepted</p>	<p>This procedure has been incorporated into an overtime SOP, which has been disseminated to all pertinent employees, with management overseeing its strict compliance.</p>	
	Compliance issues	<p>Awarded contracts not published in the Government Gazette</p> <p>For the sake of transparency, it is to be ensured that a comprehensive list of awarded contracts, direct orders and variations is published in the Government Gazette as per standing regulations.</p>	<p>PTR currently has no authority over the timing of publication of direct orders and variations in the Government Gazette.</p>
<p>Partially accepted</p>		<p>ACM ensures that the list of direct orders and variations is duly forwarded to the Ministry for subsequent publication.</p>	
<p>The entity is also recommended to establish clear communication channels with the Ministry, thereby ensuring that the publications are timely and accurate.</p>		<p>PTR officers are working closely with the Ministry to guarantee prompt submission of information regarding awarded contracts details.</p>	
	<p>Accepted</p>		

Recommendations	Action taken/justification	Status
<p>Transactions recorded on a cash basis</p> <p>Recording transactions on a cash basis could lead to a misrepresentation of the organisation’s financial position and performance, as the method does not accurately reflect the financial obligations and revenues of the pertinent period. Thus, Pjazza Teatru Rjal is to record transactions as they incur, thereby providing a better picture of its financial situation.</p> <p>Accepted</p>	<p>ACM confirms that, to ensure compliance with the provisions of accounting standards, all paperwork is submitted to the ministry’s accounts department immediately after each event organised by Pjazza Teatru Rjal.</p> <p>Once PTR attains its distinct legal status, it will assume responsibility for the accounting function, including maintaining its accounts on an accrual basis.</p>	



**FOLLOW-UP ON
PENDING ACTIONS**



**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Public Broadcasting Services Ltd – Revenue		
<p>Rates charged not in line with rate cards</p> <p>PBS is currently undertaking market research to identify a suitable Enterprise Resource Planning Solution (ERPS) within the PBS budget.</p>	Dec-2024	<p>In progress</p> <p>Market research is ongoing.</p> <p>Estimated date of completion is October 2025.</p>
<p>Departures from the provisions of the public service obligation agreement</p> <p>The financial statements for 2023 will be finalised and presented to the Board for approval.</p>	Dec-2024	<p>Implemented in August 2024</p> <p>The financial statements for 2023 were presented to the board and the shareholders at the annual general meeting and published by the Malta Business Registry on 16 August 2024.</p>

2023
GA PUBLICATION

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Local Councils – Revenue			
<p>Inconsistent data submitted by Local Councils</p> <p>Following this assessment, the LGD will issue a tender for a common accounting software for all local councils.</p>	<p>In progress</p> <p>Following the conclusion of the market research, further discussions were held with different stakeholders.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>Stakeholder discussions are ongoing. Chart of Accounts will be finalised by end of July and tender for the provision of common accounting system will subsequently be issued by the end of Q3.</p> <p>Revised date of implementation is October 2025.</p>

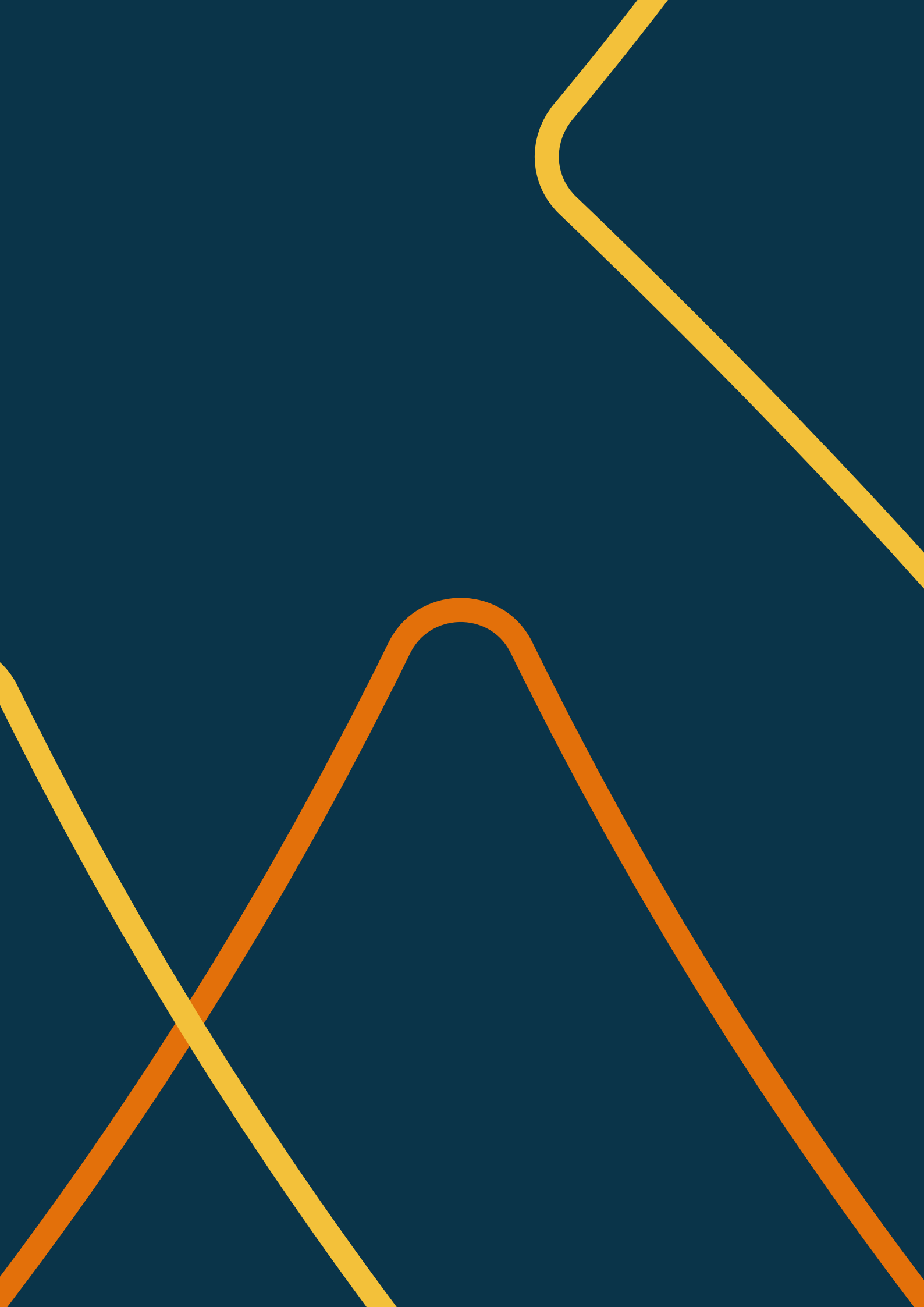
**2022
GA PUBLICATION**

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Festivals Malta – Expenditure			
<p>Carnival event: Shortcomings in the organisation of the Carnival event</p> <p>Once the works on the Carnival warehouses, forming part of the Culture and Arts Complex, are finalised, FM will assign new areas and sign agreements with the new occupants.</p>	<p>In progress</p> <p>Festivals Malta is awaiting the necessary approvals for the European Regional Development Fund's (ERDF) application before commencing the project.</p>	<p>In progress</p>	<p>In progress</p> <p>ERDF Funds have been approved by the Planning and Priorities Co-ordination Division on 23 January 2025.</p> <p>The first tender for the Excavation and Piling works has been issued and subsequent tenders will follow.</p> <p>Estimated date of full implementation is Q1 2027.</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Malta Film Commission - Expenditure			
<p>Credit card facility not in line with standing provisions</p> <p>MFC is in the process to obtain the approval of MFE with regard to the use of the debit card facility according to the provisions of MFE Circulars 3/2020 and 2/2022</p>	<p>In progress</p> <p>MTP is discussing with MFIN regarding credit card policy for MFC.</p>	<p>Dec-2024</p>	<p>Not yet implemented</p> <p>Revised implementation date is December 2025</p>

2020
GA PUBLICATION

Pending action reported in GA Report 2020	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Malta Libraries – Expenditure			
<p>Non-current assets not recognised</p> <p>Malta Libraries will be using the inventory (stocks) module.</p>	<p>In progress</p> <p>The Malta Libraries started to gather and input data on the Gozo Central Public Library.</p> <p>The Malta Libraries has also included the request for a new employee in its HR Plan for 2025. This employee will be designated specifically on inventory duties.</p>	<p>Date of implementation depends on the filling up of the vacant posts.</p>	<p>Date of implementation depends on the filling up of the vacant posts.</p> <p>Malta Libraries will be resubmitting its request for the addition of a new employee in its upcoming HR Plans.</p>





MINISTRY FOR
**SOCIAL POLICY AND
CHILDREN'S RIGHTS**

MSPC

Out of Home Care Programme – Expenditure

One of the entities under the remit of the Ministry for Social Policy and Children's Rights is the Foundation for Social Welfare Services (FSWS), which provides comprehensive prevention, support, and treatment services within both the community and residential settings. Professionals in dedicated service areas of this Foundation work with various target groups, including children, adults and families in need, persons with addiction problems, and people at risk of poverty and social exclusion.

Amongst the various programmes offered by FSWS is the Out of Home Care Programme, which provides residential care to minors under the direct supervision of social workers and social welfare professionals. As at May 2024, a total of 9 community homes were occupied by 36 residents with a staff complement of 95 workers.

The scope of the audit was to ensure that public funds covering the Out of Home Care Programme were utilised prudently, judiciously and in line with standing regulations. The effectiveness of the respective internal controls was also established.

The results of the audit carried out on the Out of Home Care Programme revealed shortcomings concerning petty cash payments and non-adherence to the relevant policies.

Follow-up action

FSWS is improving its financial and operational processes to ensure transparency and accountability. One of the key measures includes the publication of the schedule of benefit rates for the specialised Child in Care benefit in the Government Gazette, to ensure legal backing. This complements the basic benefit rate, which remains established under the Social Security Act.

To ensure sound cash handling practices, all petty cash custodians receive clear instructions with each communication related to petty cash usage. The Foundation also enforces additional safeguards to maintain an adequate audit trail. These include the photocopying and scanning of fiscal receipts, which are retained both in hard copy and digitally. In line with the FSWS Financial Regulations Manual, any cash expenditure exceeding €50 plus VAT requires prior approval from the respective director.

Furthermore, FSWS introduced a quarterly review plan for petty cash expenditures across all residences. Findings from these reviews are compiled into internal reports to support continuous improvement and accountability.

NAO issues by category 4



2 Inefficient operations

1 Lack of verification/enforcement

1 Non-adherence to procurement procedures

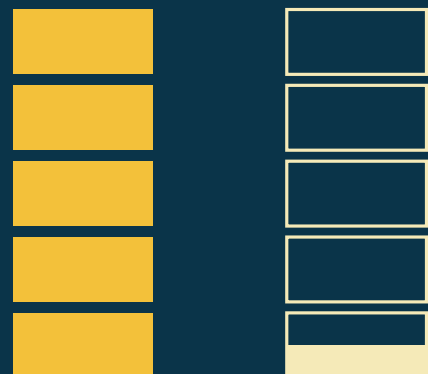
Recommendations by NAO 5



2 Accepted

3 Partially accepted




Actions by the Ministry 11










10 Implemented

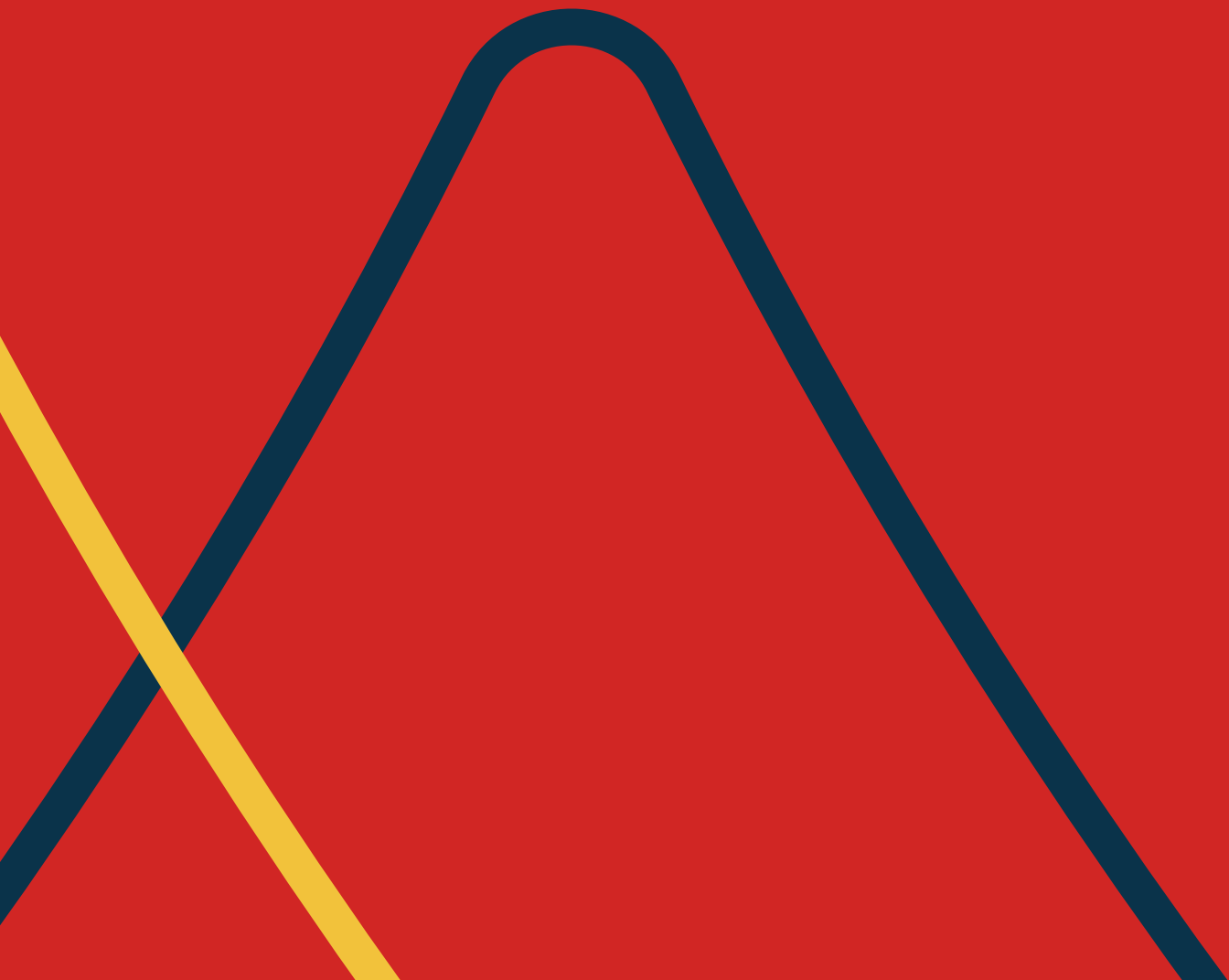
1 In progress

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Key issue	<p>Source of benefit rates unknown</p> <p>NAO urges FSWS to establish the foundation of these benefits and ensure that these have legal backing. Relevant policies need to be updated accordingly.</p>	<p>The Foundation for Social Welfare Services (FSWS) does not determine the benefit rates but assesses eligibility for benefits intended for individuals who are service users of the Foundation.</p>	
		<p>The schedule of benefit rates for the Specialised Child in Care Benefit shall be published in the Government Gazette to provide legal backing in line with the rates stipulated in the relevant line item of the Government Budget Speech.</p>	 Oct-2025
	<p>Accepted</p>	<p>The basic rates for the Child in Care Benefit are established under the Social Security Act.</p>	
Control issues	<p>Non-adherence to petty cash policies</p> <p>Payments should always be supported by original fiscal receipts, as also required by the FSWS Financial Regulations Manual Policy.</p>	<p>The Foundation's accounting system is accrual-based, in contrast to the Government's cash-based system. In this instance, certain services invoiced at the end of 2022 were paid in January 2023, with the corresponding invoices having been archived during the audit period. The Foundation offered to obtain this documentation for the National Audit Office (NAO); however, the NAO opted to request additional documents instead.</p>	
	<p>Partially accepted</p>	<p>The Foundation ensures that the original fiscal receipt is always retained and systematically filed to maintain a complete and verifiable audit trail.</p>	

Recommendations	Action taken/justification	Status
<p>When it is not possible to know the exact amount that will be disbursed, an estimated cost can still be calculated beforehand to obtain the necessary approvals. Clear guidelines to this effect are also to be given to staff.</p> <p>Partially accepted</p>	<p>At the time the recommendation was made, the original receipt had faded, and the handwritten list on its reverse was a reproduction of the items listed on the original. A soft copy of this fiscal receipt was also in the Foundation's possession and could have been provided upon request by the NAO.</p> <hr/> <p>All parties involved in the petty cash process are instructed to submit a photocopy of each receipt along with the original.</p> <hr/> <p>Such copies are retained by the Foundation as soft copies to ensure an adequate audit trail.</p> <hr/> <p>In accordance with the FSWS Financial Regulations Manual, any petty cash expenditure exceeding €50 (excluding VAT) requires prior approval from the respective Director.</p> <hr/> <p>This procedure, along with any extenuating circumstances related to the process have been formalised in a standard operating procedure (SOP) and circulated accordingly.</p> <hr/> <p>FSWS is providing ongoing training to ensure that residence leaders maintain full compliance with the Foundation's Financial Regulations Manual and SOPs.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>
<p>Insufficient audit trail</p> <p>Cash counts by the Risk and Control Officer should at least be carried out monthly, across all residences, so as to enhance controls over the monitoring and review of expenditure.</p> <p>Partially accepted</p>	<p>The Finance Department has a quarterly plan in place to review petty cash expenditure within each petty cash account. FSWS considers this timeframe adequate for effective financial oversight.</p> <hr/> <p>Risk-based checks are conducted by the Finance Department to enhance controls, monitor expenditure, and ensure all residences are reviewed at least once within the calendar year.</p>	<p></p>
<p>Any shortcoming noticed should be documented and signed for audit trail purposes.</p> <p>Accepted</p>	<p>The Risk and Control Officer documents their findings in a report following each petty cash check. The report outlines any issues or shortcomings identified during the review, providing a record of the cash counts and any discrepancies observed.</p> <hr/> <p>Such reports are securely stored on the Foundation's shared drive to maintain a comprehensive audit trail.</p>	<p></p> <p></p>

FOLLOW-UP ON PENDING ACTIONS



**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Children's Allowance - Expenditure		
<p>Considerable overpayments in Foster Care Allowance</p> <p>A Memorandum of Understanding (MoU) is being discussed with the FSWS to establish a mutually agreed communication process with the aim of enhancing the administration of the allowance.</p>	Dec-2024	Implemented in June 2025
<p>Official manual of procedures not available</p> <p>To ensure consistency in the CA Unit work processes, a set of SOPs are being drawn up, comprising the various branches of Children's Allowances (such as Disabled Child Allowance, Foster Care Allowance, Students Allowance, the new Special Students Allowance and the standard Children Allowance).</p>	Dec-2024	Implemented in April 2025

2023 GA PUBLICATION

Pending actions in GA Report 2023	Pending action in GA Report 2024	Implementation date in GA Report 2024	Status
Widows' Pension - Expenditure			
<p>Inconclusive evidence regarding annual reassessments</p> <p>Furthermore, given that the annual COLA increases awarded since 2018 gave an increase almost equal to the 70/30 mechanism, the 70/30 mechanism reassessment will be applicable to all cohorts with effect from 2025.</p>	On target	Jan-2025	Implemented as planned

2022 GA PUBLICATION

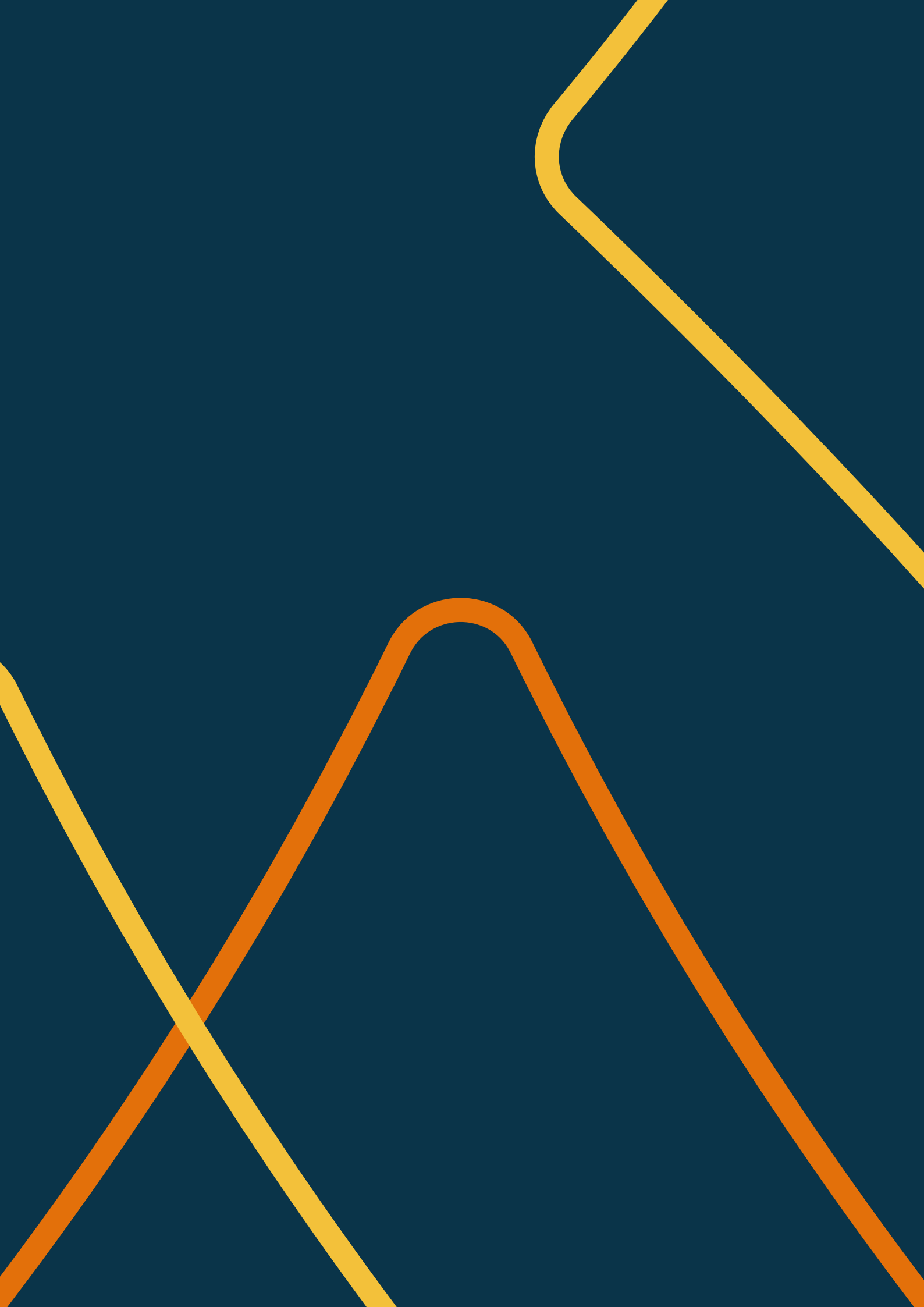
Pending actions in GA Report 2022	Pending action in GA Report 2024	Implementation date in GA Report 2024	Status
Aġenzija għall-Ħarsien tat-Tfal – Personal emoluments			
<p>Daily duties not recorded for audit trail purposes</p> <p>Following the digitalisation of vacation and sick leave records, FSWS will gradually introduce the electronic attendance system in its departments.</p>	<p>On target (subject to funds available by the Ministry)</p> <p>The electronic attendance system has been included in the three-year financial plan for 2025-2027.</p>	Dec-2025	Implemented as planned
<p>Overtime operating effectiveness</p> <p>FSWS plans to adopt electronic documenting of overtime requests and approvals.</p>	<p>On target (subject to funds available by the Ministry)</p> <p>The electronic attendance system has been included in the three-year financial plan for 2025-2027.</p>	Dec-2025	No longer applicable

Pending actions in GA Report 2022	Pending action in GA Report 2024	Implementation date in GA Report 2024	Status
Service Pension – Expenditure			
<p>Insufficient verification of applications</p> <p>After the new system is tried and tested, an analysis will be carried out regarding enhancements required.</p>	<p>In progress</p> <p>The new Service Pension System has been launched.</p> <p>A list of enhancements is being drawn up in preparation to discuss with all stakeholders.</p>	Oct-2024	<p>In progress</p> <p>A list of enhancements has been compiled and is continuously being updated. A preliminary version is under discussion, and issues are currently being prioritised for contractor submission.</p> <p>Estimated date of implementation is Q4 2025.</p>
<p>Absence of standard operating procedures</p> <p>DSS will draw up SOPs detailing the procedure that need to be followed to award and manage a SP, based on the new Service Pension system.</p>	<p>In progress</p> <p>MSPC will draft the SOPs to provide guidelines to the staff concerned on the administration of the new system.</p>	Sep-2024	<p>Implemented in Q1 2025</p>

2021
GA PUBLICATION

Pending actions in GA Report 2021	Pending action in GA Report 2024	Implementation date in GA Report 2024	Status
Aġenzija għall-Ħarsien tat-Tfal – Revenue and expenditure			
<p>Fees of court assessments and supervised access visits not substantiated</p> <p>After a trial period, legal amendments to the Act will be proposed so that the two procedures stated above will have the necessary legal framework.</p>	<p>In progress</p> <p>The FSWS is actively participating in the consultation process on the reform of the family law and family court which has been started earlier this year by the relevant Ministries to amend the said act.</p>	<p>Expected date of implementation depends on the agreement of various stakeholders.</p>	<p>No longer applicable</p> <p>Responsibility for this matter has been transferred away from FSWS as it now forms part of the comprehensive Family Court reform announced in 2024, which is being led by the Ministry for Justice and Reform of the Construction Sector.</p>
<p>Manual record of hours worked</p> <p>Additional modules will be added to the system to record time and attendance. The system will be implemented gradually, starting with the Head Office.</p>	<p>On target (subject to funds available by the Ministry)</p> <p>The electronic attendance system has been included in the three-year financial plan for 2025-2027.</p>	<p>Dec-2025</p>	<p>No longer applicable</p> <p>The Foundation will adopt attendance recording systems in accordance with the directions and practices used by the Government.</p>
Energy Support Measures – Energy benefits			
<p>Entitlements of charitable organisations not verifiable</p> <p>Discussions have been undertaken with MITA to create a database for water and electricity consumption by charitable organisations to ensure greater visibility and scrutiny by the EB Unit. Before the enhanced system goes live, employees at the EB unit will be given the opportunity to carry out tests over a three-month period to ensure the effectiveness and transparency of the processing of EB benefits.</p>	<p>On target</p> <p>Work on the Enhancement by MITA for visibility of water and electricity consumption by Charitable Organisations has started and first changes were sent to EB section for testing.</p>	<p>Dec-2024</p>	<p>Implemented in October 2024</p>







MINISTRY FOR
**AGRICULTURE, FISHERIES
AND ANIMAL RIGHTS**

MAFA

Malta Food Agency – Revenue

The Malta Food Agency (MFA) was established through the Malta Food Agency (Establishment) Order, 2021 (L.N. 7 of 2021). Its primary aim is to address potential weaknesses and threats within the local food market pertaining to farming and fisheries. The *Pitkali* vegetables and fruit market, as well as the *Pixkerija* fish market, fall under the remit of this Agency.

The scope of this audit was to verify the revenue collection process from the sale of produce, ascertaining the adequacy of the internal controls system in place. The procedures in relation to the handling of cash were also assessed. Meetings were held with officials from within MFA, whereby detailed explanations and procedures were provided regarding the Agency's revenue generation and collection procedures.

The audit revealed that a considerable amount of cash was being handled by the front office without established standard operating procedures. Weaknesses related to trade receivables and circumventing the integrated internal controls while using the barcode system to generate invoices were also observed.

Follow-up action

In response to the National Audit Office's findings, the MFA has introduced several measures to strengthen its financial management and streamline operations. Management has established and circulated a standard operating procedure (SOP) titled 'Cash Office Procedures' to guide cashiers in handling transactions.

To reduce reliance on cash payments, the MFA implemented an online payment option via xerreja.gov.mt, successfully decreasing cash transactions from 90% to 47%. To further promote this shift, an outreach campaign was launched to raise awareness about the ixxerrej.gov platform. In March 2025, the MFA also introduced a Wallet Account payment method featuring 0% transaction fees. This was supported by a cashback system, effectively refunding fees previously charged on card payments to incentivise hawkers to move away from cash.

Addressing challenges in trade receivables, the MFA developed an SOP titled "Debtor Chasing", which provides the Finance Department with clear guidelines for following up on overdue payments. This SOP is regularly reviewed and updated to align with business needs.

Additionally, the *Pitkali* Market Management System automatically blocks accounts that surpass credit limits. The MFA actively follows up with these debtors to ensure timely settlements of outstanding balances, with special attention given to those overdue by more than 180 days.

Looking ahead, the MFA plans to further strengthen its internal controls by introducing an AI-powered system to automate the weighing process for produce delivered by farmers to the *Pitkali* market.

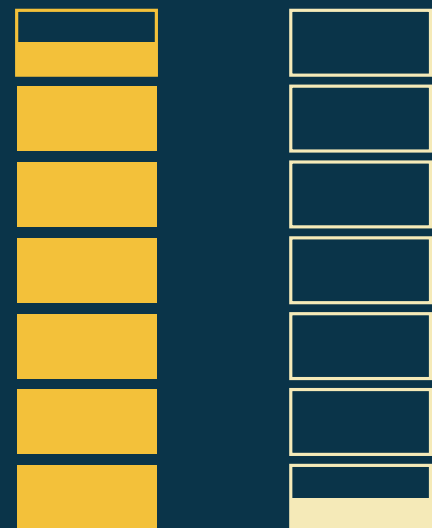
NAO issues by category 2



1 Inefficient operations

1 Inadequate technology

Actions by the Ministry 14



13 Implemented








1 In progress







Recommendations by NAO 5








4 Accepted

1 Partially accepted

	Recommendations	Action taken/justification	Status
Control issues	<p>Handling of large amounts of cash</p> <p>The Agency should continue in its efforts to reduce the amount of cash payments as much as possible. Reverting to other payment methods would help in making the payment collection safer and more streamlined.</p> <p>Accepted</p>	<p>The management developed a standard operating procedure (SOP) titled 'Cash Office Procedures' and distributed it to the cashiers.</p>	
		<p>The management is ensuring that the SOP is being adhered to.</p>	
		<p>The Malta Food Agency (MFA) introduced an online payment system via xerreja.gov.mt. This initiative aimed to educate and involve users, highlighting the application's features and advantages. As a result, the MFA reported a substantial decline in cash transactions in 2024, decreasing from 90% to 47%.</p>	
		<p>MFA launched an outreach campaign to raise awareness of the ixerrej.gov application. This campaign highlights the platform's efficiency and encourages increased adoption among buyers</p>	
		<p>In March 2025, MFA introduced a Wallet Account Payment option to reduce cash transactions. Hawkers using wallet accounts enjoy 0% transaction fees through a cashback system, encouraging a shift away from cash payments. With every payment made via a wallet card, hawkers are refunded the processing fees initially charged on card-based sales.</p>	
		<p>The cash area and queuing area are under constant surveillance through CCTV and are supervised by a security guard, who strictly regulates entry to a maximum of two individuals at a time while ensuring appropriate distancing.</p>	
		<p>The Pitkalija premises are monitored around the clock, with controlled access permitting entry to hawkers holding valid permits. Additionally, a high-alert alarm system facilitates an immediate response from security personnel and local law enforcement in the event of an emergency.</p>	
		<p>These comprehensive security measures reinforce access control, mitigate fraudulent activities, and enable prompt intervention in the event of a security breach.</p>	
		<p>MFA has established a cap on the amount of cash a buyer can use for payments, aiming to facilitate the gradual reduction of cash transactions. Given the sector's traditional reliance on cash, any decision to impose further restrictions on buyers (hawkers) must be approached with careful consideration.</p>	

Recommendations	Action taken/justification	Status
<p>Shortcomings pertaining to debtors</p> <p>MFA is expected to have effective standard operating procedures to manage debtors in order to ensure that the regular chasing of debtors is performed in a structured way and thus aiming for a higher rate of recoverability.</p> <p>Accepted</p>	<p>MFA developed an SOP titled “Debtor Chasing” to provide clear guidelines for the Finance Department staff. This SOP is regularly revised to align with evolving business needs.</p> <hr/> <p>The SOP has been communicated to the Finance Department, and Management is actively overseeing compliance across all relevant officers</p> <hr/> <p>If debtors exceed their credit terms, their accounts with MFA are immediately blocked. Subsequently, appropriate measures are taken to pursue repayment and ensure the settlement of outstanding dues.</p> <hr/> <p>The MFA has established a structured process to actively pursue debtors exceeding their credit terms, with particular focus on balances overdue by more than 180 days.</p> <hr/> <p>Every fortnight MFA's cash office generates the Hawker Credit Report, identifying overdue accounts. Hawkers are contacted by phone up to 3 times, informing them of the outstanding amount and potential consequences of late payment. If payment is not received within 15 calendar days follow-up emails are sent. To mitigate non-collection risks, MFA issues an initial legal notice, and if payment remains outstanding after 5 business days, the matter is escalated to a formal legal letter</p> <hr/> <p>MFA set up payment schedules with debtors whose overdue balances exceeded 180 days.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Additionally, it is recommended that MFA adopts a risk-based approach, putting more effort in collecting those dues exceeding 180 days first and, subsequently, the rest.</p> <p>Accepted</p>	<p>Hawkers with overdue balances exceeding 180 days are being addressed on an individual basis. The majority have committed to settling their debts through monthly instalments and are adhering to the agreed payment schedules.</p>	<p></p>

	Recommendations	Action taken/justification	Status
	<p>A provision for doubtful debts will be recorded in financial statements at end December 2024.</p> <p>Accepted</p>	<p>In accordance with the National Audit Office’s (NAO) recommendation, a provision for doubtful debt has been recorded in the 2024 financial statements. Moving forward, this provision will be regularly updated and included in the annual financial statements. Additionally, its details have been incorporated into the debtors’ SOP.</p>	
	<p>Occasional failures in barcode system</p> <p>It is recommended that MFA assist the agents in this issue by providing multiple barcode readers in order to facilitate the purchase process during the busy hours. This will ensure that all transactions are entered into the system in real time, without bypassing the embedded controls.</p> <p>Partially accepted</p>	<p>The MFA stated that each agent is assigned a number of barcode readers according to the volume of sales done throughout the year. MFA strives to have the agents using the hand-held barcode devices, however, be it with the hand-held device or entering the sales manually, the same controls are in place, and in no instance can the credit limits controls be bypassed. This matter was also addressed during the NAO IT audit report (2023) (Page 26 – 3.2.4.) where this process was tried and tested in the presence of NAO auditors.</p>	
		<p>The Pitkali Market Management System (PMMS), which incorporates both barcode and manual systems, automatically blocks any sales to hawkers who exceed their credit limit. This prevents agents from processing further orders or sales for the affected hawkers.</p>	
		<p>Agents receive comprehensive training and are well-versed in the proper use of the PMMS. These requirements are clearly defined in their contracts, which mandate the exclusive use of MFA-provided tools and IT systems, strictly prohibiting the use of any alternative systems. To ensure compliance with established procedures, regular one-on-one meetings are conducted with agents.</p>	
		<p>Additionally, MFA’s Surveillance Unit conducts weekly inspections on all agents to verify that hawkers comply with all the contractual commitments.</p>	
		<p>The MFA is preparing to introduce a new AI-driven system designed to enhance control measures by automatically weighing produce boxes delivered by farmers to the Pitkalija. This long-term initiative will commence with its initial phase, which will focus on monitoring crate returns by buyers to improve data collection.</p>	 Dec-2025
<p>General comment</p>	<p>During the audit, MFA exercised a high level of co-operation and efficiency in providing the documentation and information required for audit purposes. Audit testing also revealed considerable advancements through the use of technology, increasing transparency and efficiency in the operations of the Agency. Moreover, NAO noticed a remarkable willingness from MFA’s side towards improving its operations.</p>		



Ministry for Agriculture, Fisheries and Animal Rights - Expenditure

The Ministry for Agriculture, Fisheries and Animal Rights (MAFA) promotes the sustainable development of the agricultural, fisheries and aquaculture sectors, whilst safeguarding the health and welfare of animals and ensuring that the highest food safety standards are met.

It also aims to support farmers, fishermen and other stakeholders in these sectors, as well as to promote rural development and the conservation of natural resources. Additionally, the Ministry works to develop and implement policies and regulations that protect animal welfare, promote responsible animal ownership, and prevent cruelty to animals.

The scope of the audit was to assess the adequacy and effectiveness of internal controls over the expenditure incurred on contractual and professional services, as well as to establish whether Government resources were used prudently and in a judicious manner. The National Audit Office (NAO) also ascertained that the procurement was made in accordance with standing regulations, policies and procedures.

The audit revealed that procurement regulations were frequently bypassed by MAFA, relying on direct orders for the procurement of contractual and professional services. The value of the individual direct orders generally did not exceed the allowable threshold requiring solely internal approval.

Follow-up action

Prior to the NAO's audit, the Permanent Secretary had directed all departments, entities, and agencies to strictly follow the Public Procurement Regulations (PPR) in every instance.

To streamline procurement processes, MAFA implemented a procurement planning system that provides an early alert, allowing ample time for preparation. This proactive approach minimises reliance on direct orders to the absolute minimum.

Additionally, MAFA established a Central Procurement Unit to oversee the strategic planning of procurement activities via tenders. This unit is responsible for monitoring the publication and execution of all procurement on the e-PPS, including tenders and calls for quotations, as well as managing direct orders.

MAFA has also revised and distributed an updated standard operating procedure (SOP) on procurement to all relevant departments. This SOP outlines various procurement processes, reinforces adherence to the PPR and public procurement through the e-PPS, and specifies the conditions under which direct orders may be utilised. The entity is ensuring strict compliance with these guidelines.

Furthermore, designated officers have been nominated to attend procurement training organised by the Institute for Public Services, equipping them with the necessary expertise.

NAO issues by category 2



1 Non-adherence to procurement procedures

1 Lack of compliance with policies and legislation

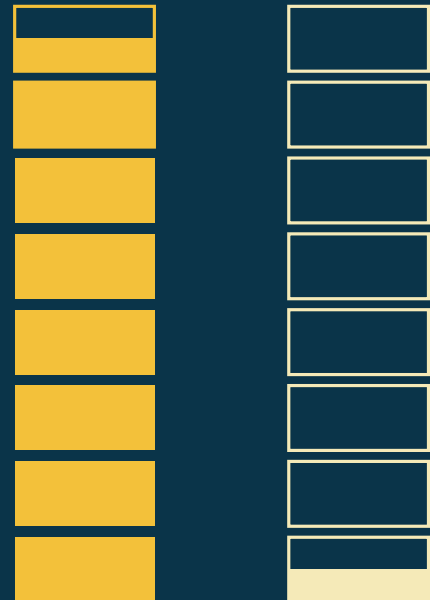
Recommendations by NAO 6



5 Accepted

1 Partially accepted




Actions by the Ministry 16















15 Implemented



1 In progress

Each box represents 2 units

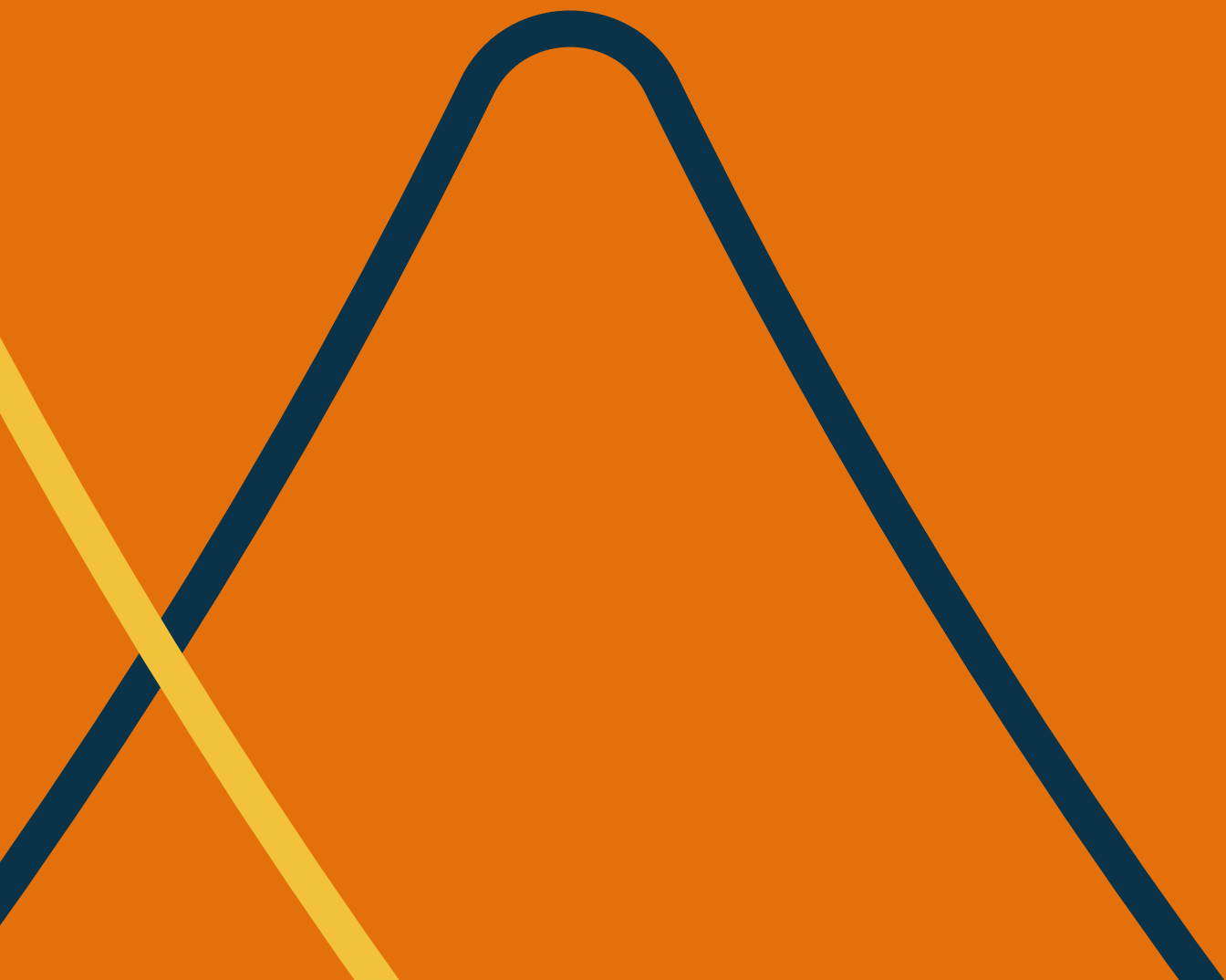
	Recommendations	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Key issues</p>	<p>Habitual procurement of precarious services by direct orders</p>	<p>The Permanent Secretary to the Ministry for Agriculture, Fisheries and Animal Rights (MAFA) instructed all departments to strictly comply with procurement regulations in all instances and to establish framework contracts for precarious services.</p>	
	<p>Sufficient time must be allowed to plan for the next tender, ensuring the avoidance of repetitive direct orders.</p>	<p>The receptionist and cleaning services for MAFA's Department 44 have been awarded through tenders. Other departments are adopting the same approach, ensuring that new service requirements are procured via quotations and tenders through the e-PPS system, in accordance with the Public Procurement Regulations (PPR).</p>	
	<p>Accepted</p>	<p>MAFA introduced a procurement planning process to allow enough time for the preparation of future tenders. The system incorporates a function which alerts the user eight months in advance before a tender expires, so that work can commence on a fresh tender procurement process, thereby eliminating the need to resort to direct orders.</p>	

Recommendations	Action taken/justification	Status
<p>Moreover, all sections within MAFA are to communicate and coordinate to ensure that units not currently covered by the framework contract are eventually incorporated when their current cleaning service arrangements expire.</p> <p>Accepted</p>	<p>Prior to the audit, MAFA departments had already been directed to discontinue direct orders for contractual services such as cleaning, security, and reception. This directive was issued by the senior management of the Strategy Support Division which was responsible for centralising procurement. MAFA was already in the process of rectifying procurement procedures, with several tenders either published or nearing publication</p>	
	<p>MAFA has established a Central Procurement Unit to oversee the planning and execution of procurement activities through tenders. This unit is responsible for monitoring the implementation and review of all procurement published on the e-PPS, including tenders and calls for quotations, as well as managing direct orders.</p>	
	<p>MAFA is actively working to recruit additional personnel to enhance the operational effectiveness of the Central Procurement Unit.</p>	
	<p>MAFA convened a meeting with the Sectoral Procurement Directorate within the Ministry for Finance (MFIN) to discuss and evaluate ways to enhance the Central Procurement Unit's functionality. The meeting also sought to identify and resolve any deficiencies in MAFA's procurement processes to drive improvement.</p>	
	<p>The Central Procurement Unit currently oversees the vetting of Green Public Procurement, and all tenders published by MAFA, ensuring compliance with required criteria before submission to the Sectoral Procurement Directorate (MFIN) and the Department of Contracts. This process minimises tender cancellations post-publication and reduces reliance on direct orders resulting from failed procurement procedures.</p> <p>A notification email has been sent to all relevant MAFA employees regarding the implementation of this new procedure.</p>	
	<p>MAFA has revised the standard operating procedure (SOP) on procurement and distributed it to all the relevant departments. The SOP provides a clear explanation of various procurement processes, emphasises public procurement through the e-PPS in compliance with the PPR, and outlines the criteria for issuing direct orders in accordance with Procurement Policy Note 32.</p> <p>MAFA is ensuring adherence to the updated SOP.</p>	
	<p>MAFA has designated officers to participate in Institute for the Public Services training on public procurement, covering e-PPS, e-tender evaluation, procurement for Contracting Authorities, and the Continuous Development Award.</p> <p>This initiative expands the pool of tender evaluators, enhancing transparency in the procurement process.</p>	

	Recommendations	Action taken/justification	Status
	<p>In exceptional cases, when direct orders to cover services are inevitable until the next tender is awarded, the procedures outlined in the public procurement regulations should be invariably followed.</p>	MAFA now limits the use of direct orders to exceptional circumstances, based on the urgency and nature of the procurement.	
		MAFA ensures that all direct orders are reviewed by the Central Procurement Unit. Furthermore, a communication was issued to all Heads of Contracting Authorities, emphasising that direct orders must strictly comply with PPR.	
	<p>Accepted</p>		
	<p>Repeated direct orders for animal emergency ambulance service</p> <p>AHWD is urged to issue the tender for the leasing of two animal ambulances without further delays for the sake of transparency and fair competition.</p>	<p>Initially, the Management conducted a ten-year cost-benefit analysis (CBA) comparing leasing versus purchasing two ambulances. The analysis originally favoured leasing, as it included costs for insurance, servicing, and replacements in case of damage. However, following advice from MFIN, insurance costs were excluded from the assessment since government vehicles are exempt from insurance. With this adjustment, the revised CBA showed that purchasing the ambulances was the more cost-effective option.</p> <p>As a result, Management received approval from MFIN to issue a tender for the procurement of two new ambulances to replace two old ones. This decision ensures better long-term financial efficiency while maintaining essential emergency services.</p>	
	<p>Partially accepted</p>	The Animal Health and Welfare Department (AHWD) has issued a tender for the purchasing of two animal ambulances.	
Control issue	<p>Shortcomings in the provision of cleaning services</p> <p>NAO acknowledges that following a call for tender, a contract for cleaning services for various locations was signed with a new contractor with effect from 2 May 2024, for a period of 36 months. However, timely planning of tenders is solicited.</p>	<p>The first service provider was hired to clean the Permanent Secretary's and Parliamentary Secretariat's offices, both located at the same premises in Qormi. The second service provider was later relocated from Valletta to Qormi when the Minister's Secretariat moved offices.</p> <p>Eventually, both cleaners were retained under the awarded cleaning tender, as one cleaner is not enough to clean the whole area at Qormi, which is more than 800 square metres.</p>	
		Contracting authorities actively track tender timeframes to ensure efficient planning before expiration. Meanwhile, MAFA, through the Central Procurement Unit, supervises and maintains records of all vetted tenders for ongoing monitoring and review.	
	<p>Accepted</p>	A Senior Manager was appointed to oversee tender timelines and promptly notify the respective contracting authority, facilitating proactive planning and the smooth execution of associated tasks.	

Recommendations	Action taken/justification	Status
<p>Centralised procurement within the same Ministry would also be beneficial as it leads to cost efficiencies and greater controls.</p> <p>Accepted</p>	<p>MAFA has set up a Central Procurement Unit in accordance with the NAO's recommendations.</p> <hr/> <p>Each contracting authority independently manages its procurement processes, securing the required services and supplies according to its operational needs. Ultimately, the Central Procurement Unit will supervise tenders published on the e-PPS, ensuring effective oversight and monitoring.</p>	<p></p> <hr/> <p> Dec-2025</p>

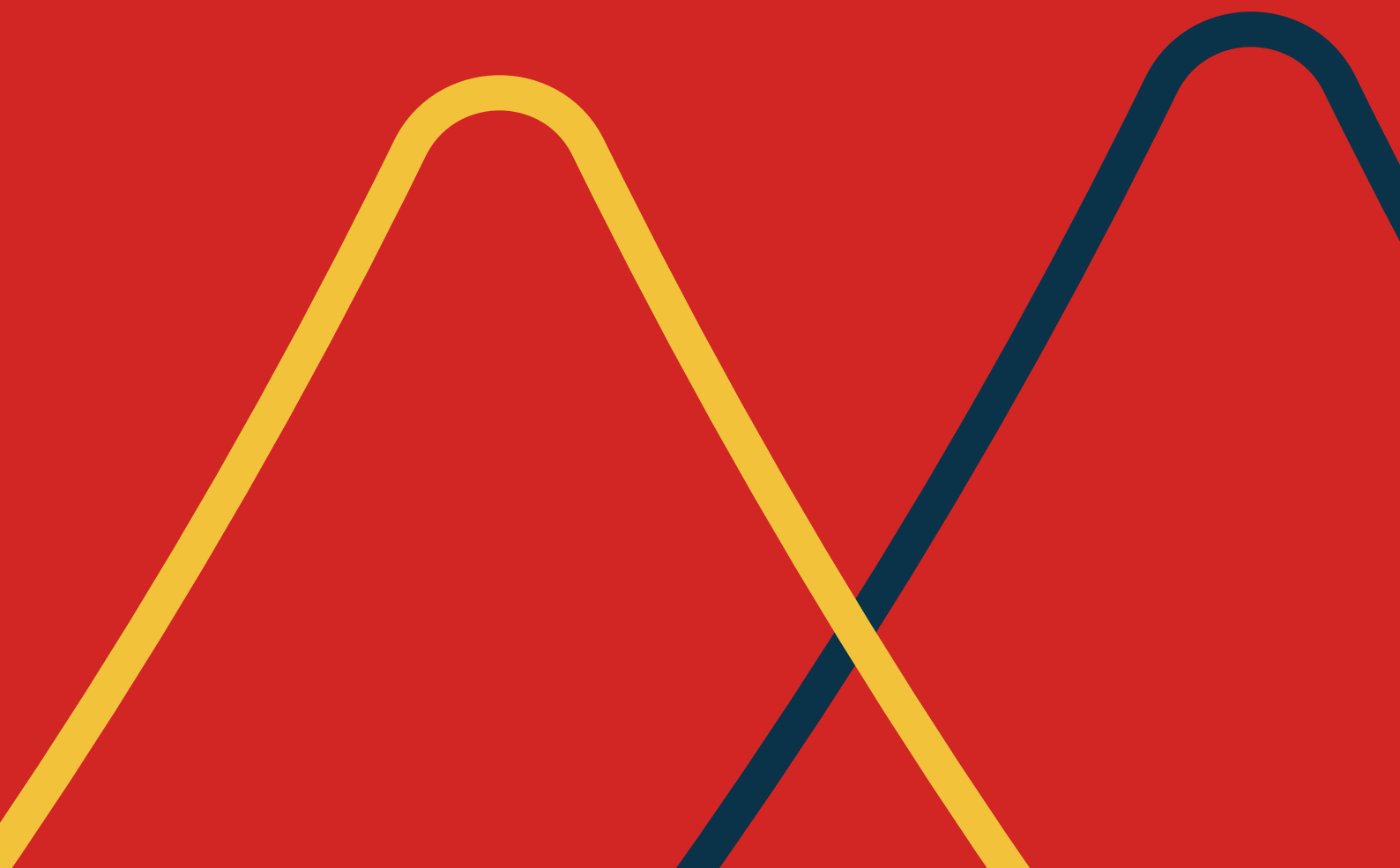
FOLLOW-UP ON PENDING ACTIONS

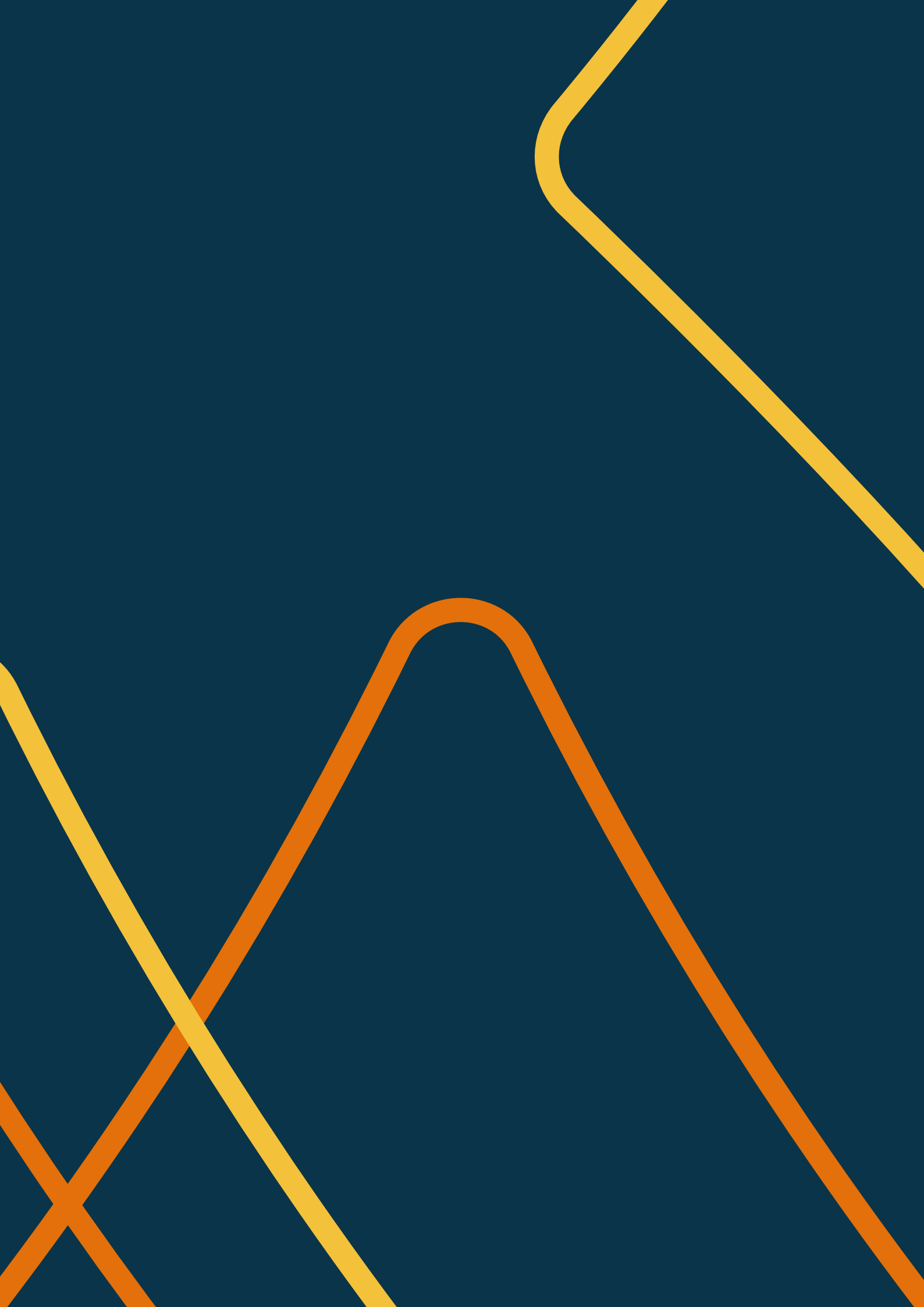


2024
GA PUBLICATION

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Department of Fisheries and Aquaculture – Revenue		
<p>System shortfalls and inefficiencies – Different recording procedures within the same department</p> <p>Once the system upgrades are in place, the software from both locations will be integrated into one. The information being inputted in the spreadsheet will be transposed to the new system.</p>	Mar-2025	<p>In progress</p> <p>During the execution of the awarded contract, the Department for Fisheries and Aquaculture (DFA) encountered unexpected challenges. The automatic cash machines have been tailored to meet DFA specifications, with the software currently undergoing necessary updates.</p> <p>The revised date of implementation is December 2025.</p>
<p>Once the upgrades to the system are in place, the system will have inbuilt features to gather, sort and analyse information for each unique user. These upgrades will also automate the process.</p>	Mar-2025	<p>Not yet implemented</p> <p>This recommendation will be fulfilled once the upgrades mentioned in the previous point are completed.</p> <p>The revised date of implementation is December 2025.</p>
<p>SOPs will also be drawn up and circulated to the employees concerned to provide guidance on the use of the system.</p>	Mar-2025	<p>Not yet implemented</p> <p>The standard operating procedures (SOPs) will be developed and distributed upon the completion of the upgrades.</p> <p>The revised date of implementation is December 2025.</p>
<p>Staff will be provided with training on the use of the new system and its new functionality.</p>	Mar-2025	<p>Not yet implemented</p> <p>Staff training will be conducted following the completion of the upgrades.</p> <p>The revised date of implementation is December 2025.</p>

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
<p>System shortfalls and inefficiencies – Obsolete software system and inaccurate records</p> <p>Following the system upgrade, all invoices will have one unique sequential reference number, as invoices issued by both locations (HSF and Head Office) will be integrated into one system.</p>	Mar-2025	<p>Not yet implemented</p> <p>The revised date of implementation is December 2025.</p>
<p>Sale of fish-below-the-line account – Concession fees outstanding</p> <p>All the concession agreements will be aligned with the legislation in force and the results of the feasibility study.</p>	Mar-2025	<p>In progress</p> <p>DFA has submitted the draft concession agreement, operational permit, and proposed legal amendments for the required approvals.</p> <p>Once internal approval is granted, the proposal will be presented to Cabinet for endorsement, followed by the finalisation and signing of all relevant documentation.</p>
<p>Environment promotion and protection below-the-line account – Annual permit fees uncollected</p> <p>A board will be set up to recommend schemes and initiatives in line with article 2A(3) of SL 425.12.</p>	Dec-2024	<p>Implemented in July 2024</p> <p>The Aquaculture Fund Committee was established on 22 July 2024.</p>







MINISTRY FOR
**SOCIAL AND AFFORDABLE
ACCOMMODATION**

MSAA

Grant for First-Time Buyers - Expenditure

The Housing Authority (HA), under the Ministry for Social and Affordable Accommodation, provides and sustains decent social and affordable housing opportunities.

The First-Time Buyers Grant is one of the various schemes managed by the Authority. It is intended to give first-time buyers a helping hand in the first crucial years after they purchase their first property.

The scope of the audit was to assess whether the controls associated with the receipt of applications and the related property grant payments to first-time buyers were in place and in sound operation.

The audit revealed that disbursement of the Grant for First-Time Buyers administered by the Housing Authority revealed that the official rental register was not consulted prior to issuing this financial assistance. Thus, the Authority could not ascertain whether the property in question was indeed being used as a primary residence as required by the respective terms and conditions.

Follow-up action

On 17 January 2025, the HA put into immediate effect a set of amendments to the Property Acquisition Grant Scheme 2023, in response to the concerns raised by the NAO. These changes primarily aim to ensure that applicants take responsibility for notifying the Authority within two weeks if the loan associated with the scheme is terminated or if the property in question is transferred to third-parties. Furthermore, applicants are also required to declare that the purchased property will serve as their ordinary residence. Failure to provide accurate information will result in applicants forfeiting their entitlement to any assistance under the scheme.

Additionally, HA has also introduced an SOP for periodic application reviews, conducted through a random selection process. Cross-checks are being carried out with the Property Rents Section, and defaulters are referred to the Compliance Unit for further investigation to be carried out. During the investigation stage, payments are temporarily suspended, and subsequently are released upon the conclusion of inquiries.

NAO issues by category 2



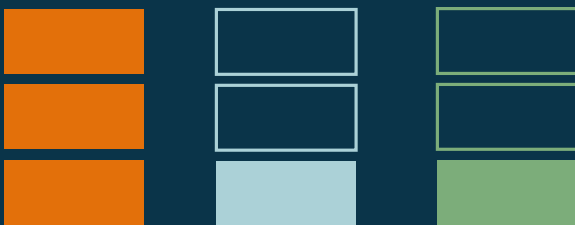
1 Inefficient operations

1 Lack of verification/enforcement

Actions by the Ministry 11



Recommendations by NAO 5









3 Accepted



1 Partially accepted




1 Not accepted

11 Implemented

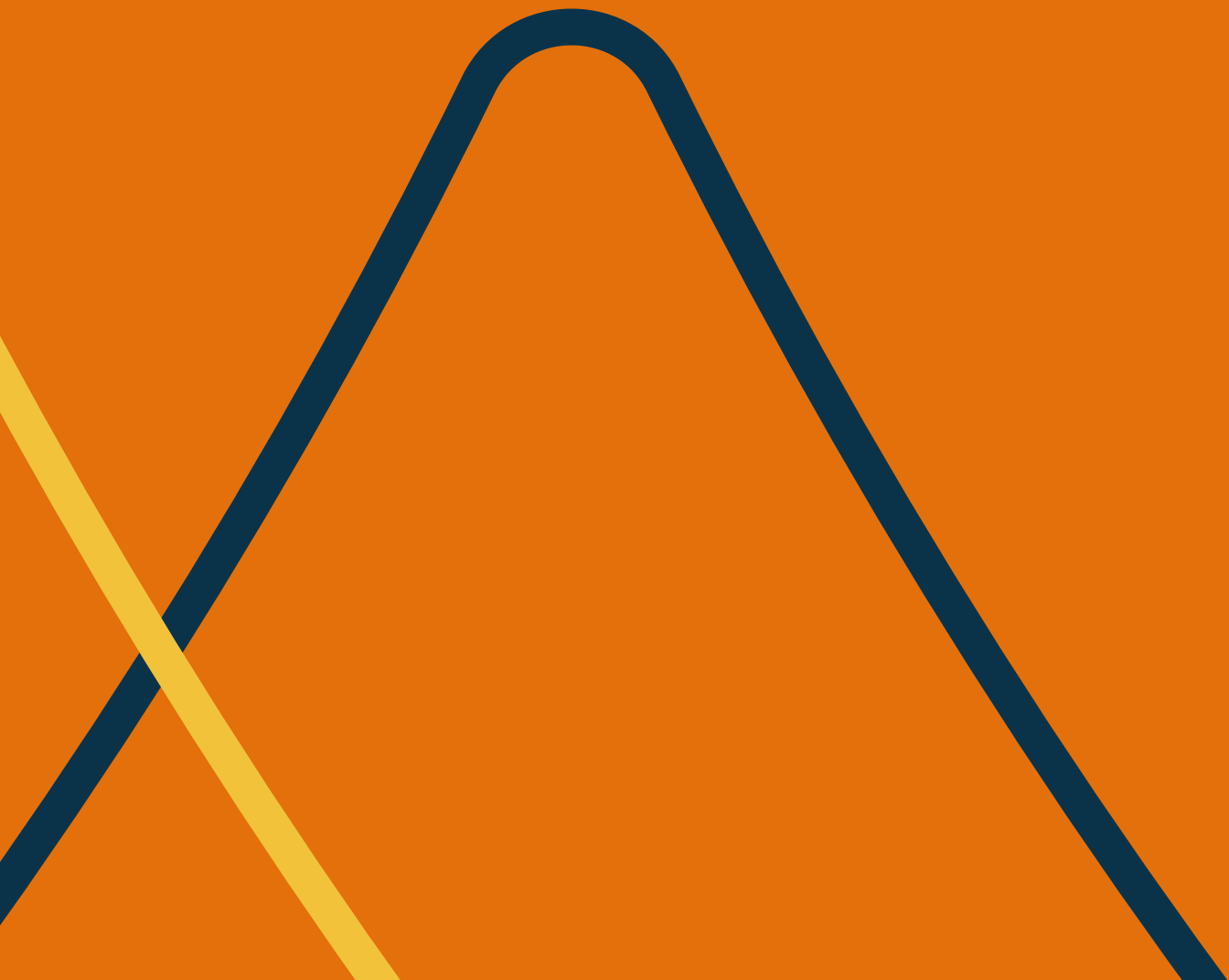
	Recommendations	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Key issues</p>	<p>Rental register not consulted prior to issuing payments for grant</p> <p>Although there could be the risk that property is illegally rented out without registration, as a minimum, the Section responsible for the First-time Buyers scheme is expected to liaise with the Property Rents Section within HA itself, in order to conduct appropriate checking in this regard on an annual basis.</p> <p>Accepted</p>	<p>When processing a new application, the Housing Authority (HA) conducts several essential checks to ensure all requirements are met.</p> <p>These include:</p> <ul style="list-style-type: none"> • Verification of the submitted documentation, including loan statements, savings or current account statements, copies of deeds, and identity card(s). • Confirmation that the date of the deed falls within the applicable timeframe of the application. • Verification of the home loan details. • Examination of the savings or current account statement from which the home loan is being paid. • Confirmation of the applicant(s)' age. • Determination of whether the applicant(s) qualify as first-time buyers. • Verification of the citizenship of the applicant(s). <p>This structured process ensures that all applications are thoroughly and accurately assessed.</p>	
		<p>On January 17, 2023, the HA announced updates to the Property Acquisition Grant Scheme 2023, effective immediately.</p> <p>These amendments specify that:</p> <ul style="list-style-type: none"> • If the loan associated with the scheme is terminated for any reason, or • If the property subject to the loan is transferred to third parties, <p>the applicants are required to notify the HA within a period of two weeks from the date of the loan termination or property transfer. This notification ensures that the beneficiary's eligibility for the grant is discontinued in such circumstances.</p>	

Recommendations	Action taken/justification	Status
	<p>Applicants for the grant under the Property Acquisition Grant Scheme 2023 are required to declare that the purchased property will serve as their ordinary residence. If the information provided is found to be inaccurate, the applicants will forfeit their entitlement to any assistance provided by the scheme.</p> <p>Furthermore, in the event that the loan is terminated for any reason or the property subject to the loan is transferred to third parties, the applicants must notify the HA. Failure to do so will result in the obligation to refund the grant received, along with applicable interest and/or penalty fees.</p>	
	<p>HA has implemented a digital system to manage applications, where every submission is recorded, and all updates are tracked annually. This system creates a comprehensive audit trail for each application, ensuring maximum accountability and transparency.</p>	
	<p>HA has established a standard operating procedure (SOP) for spot-checks, allowing periodic random reviews during the 10-year grant period. The online system will randomly select applications for evaluation, and the following checks will be conducted for each chosen case:</p> <ul style="list-style-type: none"> • Bank loan verification: Beneficiaries must provide a copy of their bank loan statement. • Official address confirmation: Applicants will need to verify the official address of the property, especially if an official address was not available at the time of purchase. 	
	<p>Furthermore, in accordance with the process which was officially published in the Government Gazette dated 17th January 2025, cross-checks will be conducted with the Property Rents Section.</p>	

Recommendations	Action taken/justification	Status
<p>Another check could be with the Malta Tourism Authority (MTA) to make sure that it is also not licensed to operate as short-let accommodation.</p> <p>Not accepted</p>	<p>The HA acknowledges the importance of ensuring compliance with the regulations governing the First-Time Buyers Scheme. However, it is important to note that the original terms and conditions of the scheme did not include any provisions related to verifying whether a property was rented out. As a result, the verification process was not designed to assess property occupancy, primarily due to resource limitations and systemic constraints. While the audit office suggests checking with the MTA to determine whether a property is licensed for short-let accommodation, this approach is not a feasible or reliable solution for several reasons:</p> <ol style="list-style-type: none"> 1. Limited accuracy of MTA data – The absence of an MTA short-let license does not confirm that a property is not being rented out. Similarly, holding a license does not necessarily mean the property is actively used for short lets. 2. Address matching challenges – Discrepancies in property addresses, which were already identified as an issue, also apply to MTA records, making accurate cross-referencing difficult. 3. Administrative burden – Incorporating MTA checks into the verification process would require significant additional resources, which were not considered in the scheme’s original framework, both from the HA’s end and from the MTA’s end. The HA recognises the need to strengthen its verification processes and has already taken steps to address the challenges identified primarily during spot-checks. However, reliance on MTA records would not provide a definitive or efficient method for verifying property usage. 	
<p>Moreover, HA can liaise with other departments or Government entities to obtain the facility of a search function that is more user-friendly, thus facilitating the possibility to look for properties and related information more easily within the available database.</p> <p>Partially accepted</p>	<p>By addressing this recommendation, HA continues to encounter challenges related to the accuracy of property locations and addresses.</p> <p>Following the amendments to the Property Acquisition Grant Scheme 2023, announced on 17 January 2025, the HA retains the authority to request supplementary information and perform verifications with other government entities when deemed necessary.</p> <p>HA mandates that clients utilise the property as their primary residence. By submitting an application, clients confirm that all the information they provide is accurate and complete</p>	<p></p> <p></p>

Recommendations	Action taken/justification	Status
<p>Late and insufficient action</p> <p>Investigation into such matters is to be given high priority and immediate action is to be taken to conclude the case in a short timeframe. This will ensure efficiency and control over the scheme.</p> <p>Accepted</p>	<p>The management of the 'Grant for First-Time Buyers' programme works in conjunction with the Compliance Unit (HA) to ensure that investigations are carried out in a standardised manner, in accordance with the SOPs set forth by the Compliance Department.</p>	
<p>Moreover, HA is to take adequate and timely corrective action in cases where there is any doubt on properties that may be rented out to third parties. In such cases, all necessary verifications must be concluded by HA, supported by adequate site inspections and continuous contact with the property owner/s, before further payments are processed.</p> <p>Accepted</p>	<p>To date, the HA has dealt with one case involving allegations that a property was being rented out. Prompt measures were implemented, with the matter referred to the appropriate section for investigation. As the property was privately owned, the owner was informed prior to the inspection. Two separate inspections were carried out to ensure thoroughness.</p> <p>During the investigation, payments were temporarily suspended but were later released after confirming the allegations were baseless. All actions were carefully documented for auditing purposes, and the investigation adhered to established guidelines and timelines.</p>	
	<p>Payments are disbursed in June, and HA Management diligently undertakes timely and appropriate corrective actions when investigations are warranted, ensuring that all investigations are concluded before any further payments are processed.</p>	

**FOLLOW-UP ON
PENDING ACTIONS**



2024
GA PUBLICATION

Pending actions reported in GA Report 2024	Implementation date in GA Report 2024	Status
Housing Authority - Expenditure		
<p>Wages and salaries - no pre-approvals for overtime</p> <p>The Authority is currently in discussion with a number of suppliers to adopt a new payroll system. The system will be equipped with digital functionalities to prevent any overtime allowances unless these had been budgeted for and approved by the supervisor, and subsequently approved by the HR department.</p>	Dec-2024	<p>Implemented in January 2025</p> <p>A new standard operating procedure (SOP) is in place for the allocation of overtime as set up by the human resources (HR) department.</p> <p>With the new payroll system, all overtime is being monitored and approved by the designated manager and allocated by the HR department in accordance with the budget and allocation by the respective Executive Head within the Authority.</p>

**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Social Projects Management Limited – Revenue and expenditure			
<p>No deposit requirement prior to commencement of works</p> <p>A full manual of procedures, establishing guidelines and procedures for all departments within the new company Housing Projects Solutions Ltd is being formalised and will be communicated to all staff at HPS.</p>	<p>Note:</p> <p>In February 2024, the Social Projects Management Limited was formally amalgamated with the Housing Maintenance and Embellishment Company Limited to form one new company.</p>	<p>Dec-2024</p>	<p>Implemented in November 2024</p> <p>HPS was officially recognised with the MBR on the 24 October 2024.</p> <p>SOPs and the Manual of Procedures have been drawn, approved and shared with the relevant officers. These documents are regularly updated to ensure they remain current and effective.</p>
<p>Issues pertaining to amounts receivable</p> <p>The above procedure will be documented in the manual of procedures of HPS Limited and will be disseminated to all officers concerned.</p>	<p>The new company is the Housing Projects Solutions (HPS) which, currently, is awaiting recognition from the Malta Business Registry (MBR).</p> <p>In progress</p> <p>In June 2023, a standard operating procedure (SOP), entitled Construction Contract Management and Debt Collection was drafted, approved and communicated to all officers concerned.</p> <p>Once HPS is officially recognised by the Malta Business Registry (MBR), a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>		

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Housing Maintenance and Embellishment Co Ltd – Revenue and expenditure			
<p>Major shortcomings in project management and in the company's modus operandi</p> <p>The recommendations put forward by the NAO will be brought to the attention of the management of the new company, once appointed, to ensure that:</p> <ul style="list-style-type: none"> • a set of SOPs covering a project cycle, including the project management and final payments are drafted and circulated; • a holistic training plan incorporating procurement, project and contract management is devised. Such training will be provided to all staff concerned; • adequate internal controls are adopted whereby the approvals from the appropriate level of authority are invariably obtained prior the initiation of any procurement procedure; • procurement planning is prepared annually in advance. The procurement plan will be documented and monitored; • annual budgets for planned works are prepared in advance; • a risk register, part of which will target the whole procurement cycle is drawn up. Risks identified will be assigned to respective owners; and • weekly project management meetings are held by the management of the new company to monitor compliance with contract provisions and address any matter of concern in due time. These meetings will be minuted and filed. 	<p>Note:</p> <p>In February 2024, the HMEL was formally amalgamated with the SPML to form one new company. The new company is the HPS, which currently is awaiting recognition from the MBR.</p> <p>In progress</p> <p>In June 2023, an SOP entitled Construction Contract Management and Debt Collection was drawn up, approved and communicated to all officers concerned. Once the company, HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>	<p>Dec-2024</p>	<p>Implemented in November 2024</p> <p>Housing Projects Solutions (HPS) was officially recognised with the Malta Business Registry (MBR) on the 24 October 2024.</p> <p>Standard operating procedures (SOPs) and the Manual of Procedures have been drawn, approved and shared with the relevant officers. These documents are regularly updated to ensure they remain current and effective.</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Differing bills of quantity</p> <p>The recommendations put forward by the NAO have been noted and will be taken into consideration when forming the new company structure to ensure that:</p> <ul style="list-style-type: none"> • all tender dossiers and BoQs are vetted prior to the publication of the tender; • the practice of procurement planning to reduce variations is adopted; and • periodical meetings are held to monitor compliance with contract terms. These meetings are to be minuted, signed, and filed. <p>Concerns over the issue of tenders for works</p> <p>The recommendations put forward by the NAO have been noted and will be brought to the attention of the new management, once appointed, so that:</p> <ul style="list-style-type: none"> • all employees working on procurement are provided training related to procurement and contract management; and • adequate procurement planning is prepared annually in advance to avoid resorting to direct orders. 	<p>In progress</p> <p>Staff at the HMEL are being guided by the existing SOPs regarding project procurement contracts, procurement - tender process and procurement – direct orders.</p> <p>Once HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>		<p>The same information as per previous page</p>

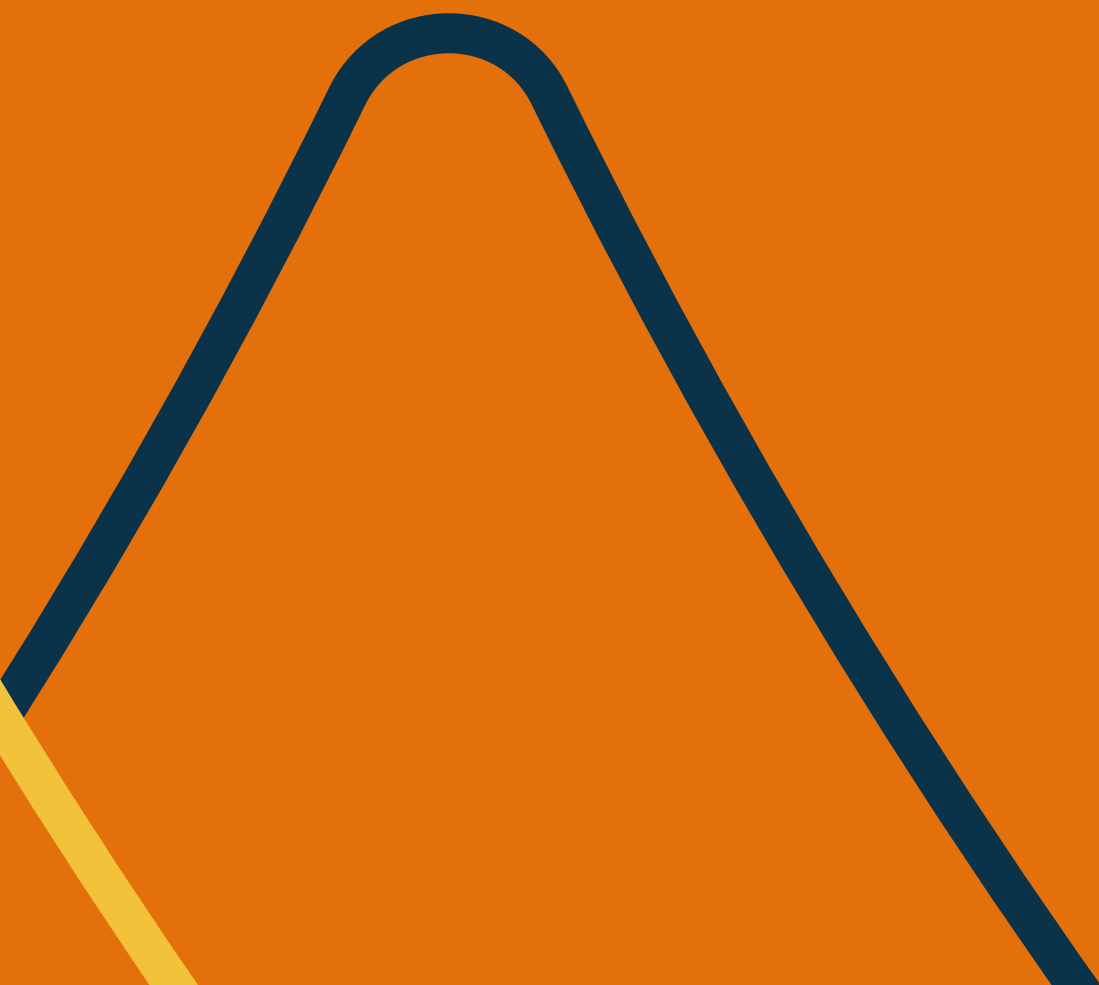
Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>If new tenders are issued, the actions stated below will be followed and these same requirements will be brought to the attention of the management of the new company, once appointed, so that:</p> <ul style="list-style-type: none"> • adequate planning is carried out in advance and all the required works are included in the same tender; • tender documents are vetted prior to publication to ensure that these- reflect the work envisaged in the procurement plan; • projects are monitored against plans throughout their duration to ensure better control of variations; • requests for variations to contracts are made only if these are fully justified and in line with the PPR; and • direct orders are resorted to only in justified circumstances, in line with the applicable circulars and the PPR. 	<p>In progress</p> <p>Staff at the HMEL are being guided by the existing SOPs regarding variations and procurement – direct orders.</p> <p>Once HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>		<p>The same information as per previous page</p>

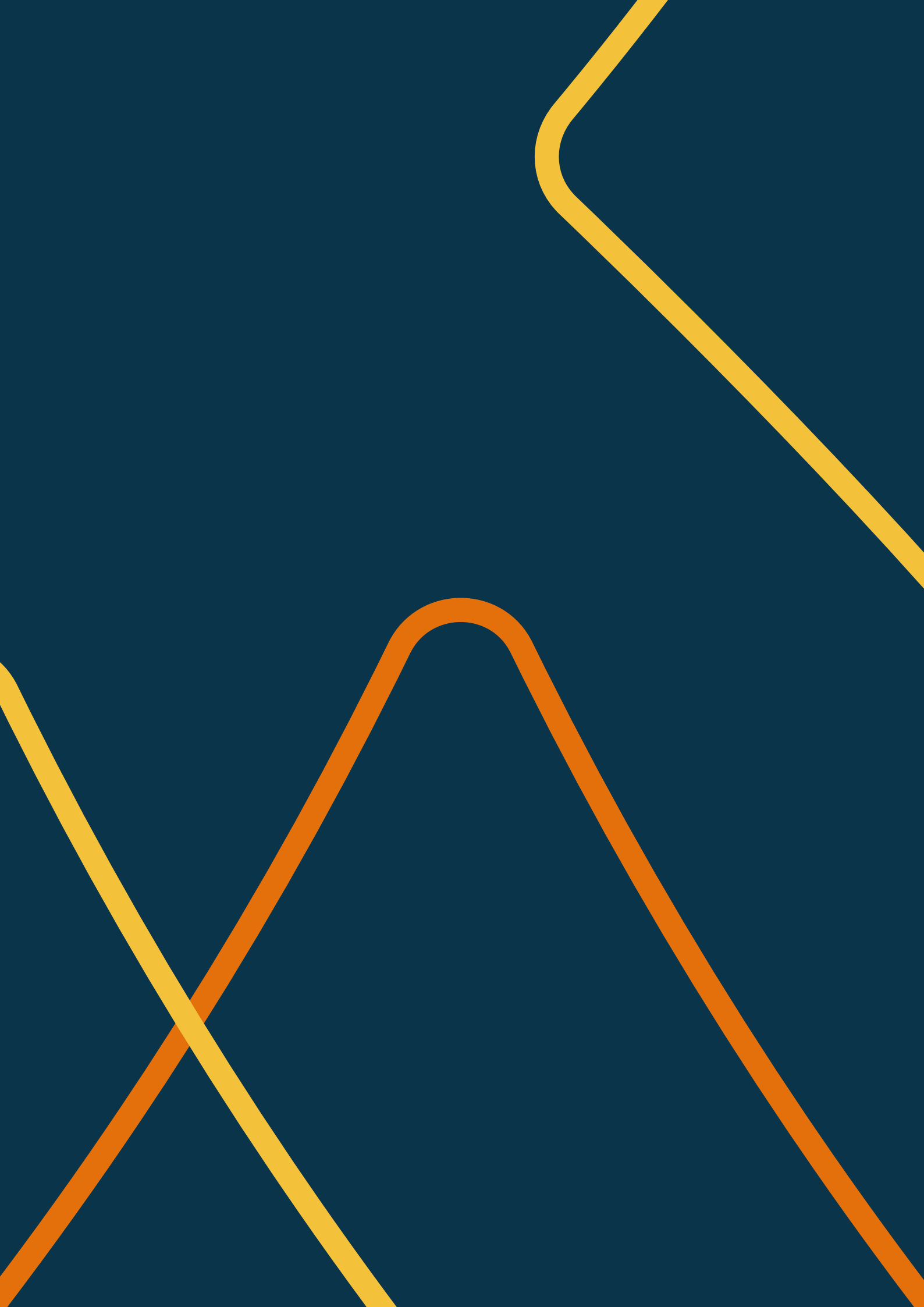
Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Extension of contracts for works not in line with regulations</p> <ul style="list-style-type: none"> • If new tenders are issued, the actions stated below will be followed and these same requirements will be brought to the attention of the management of the new company, once appointed, so that: <ul style="list-style-type: none"> • adequate planning is carried out in advance and all the required works are included in the same tender. The plan will then be documented and approved by the board; • tender documents are vetted prior to publication to ensure that these reflect the work envisaged in the procurement plan; • projects are monitored against plans throughout their durations to ensure better control of variations; • requests for variations to contracts are made only if these are fully justified and in line with the PPR; and • direct orders are resorted to only in justified circumstances and in that case, these are in line with the applicable circulars and the PPR. 	<p>In progress</p> <p>Staff at the HMEL are adhering to SOPs established in June 2023, regarding project procurement contracts, procurement -tender process and procurement – direct orders.</p> <p>Once HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>		<p>The same information as per previous page</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Retention money not kept</p> <p>If new tenders are issued, the clause specifying that 5 percent of the amount due will be withheld as retention money will be duly included in the tender document. This requirement will be brought to the attention of the management of the new company, once appointed. This procedure will be detailed in an SOP.</p> <p>Understated estimated value of works</p> <p>The recommendations put forward by the NAO have been noted and will be brought to the attention of the new management, once appointed. To ensure the effectiveness and consistency of the control, the vetting procedure and escalation process, should a discrepancy be identified, will be detailed in an SOP.</p>	<p>In progress</p> <p>Staff at the HMEL are adhering to SOPs established in June 2023, regarding interim payment certificates. Once HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS.</p>		<p>The same information as per previous page</p>
<p>No formal plan to utilise substantial funds held at bank</p> <p>The recommendation put forward by the NAO has been noted and will be brought to the attention of the new management, once appointed so that the utilisation of funds will be included in the agenda of the Board of Directors' meeting.</p>	<p>On target</p> <p>The utilisation of funds will be included in the agenda before the lapse of the financial year.</p>		<p>The same information as per previous page</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Expenditure considered as hospitality not in line with government policies and regulations</p> <p>The recommendation put forward by the NAO has been noted and will be brought to the attention of the new management, once appointed, to draft and circulate an SOP detailing guidelines and procedures relating to hospitality, and to ensure compliance.</p>	<p>On target</p> <p>Once HPS is officially recognised by the MBR, a full manual of procedures will be formalised, establishing guidelines and procedures for all departments within HPS, including guidelines and procedures relating to hospitality.</p>		<p>The same information as per previous page</p>



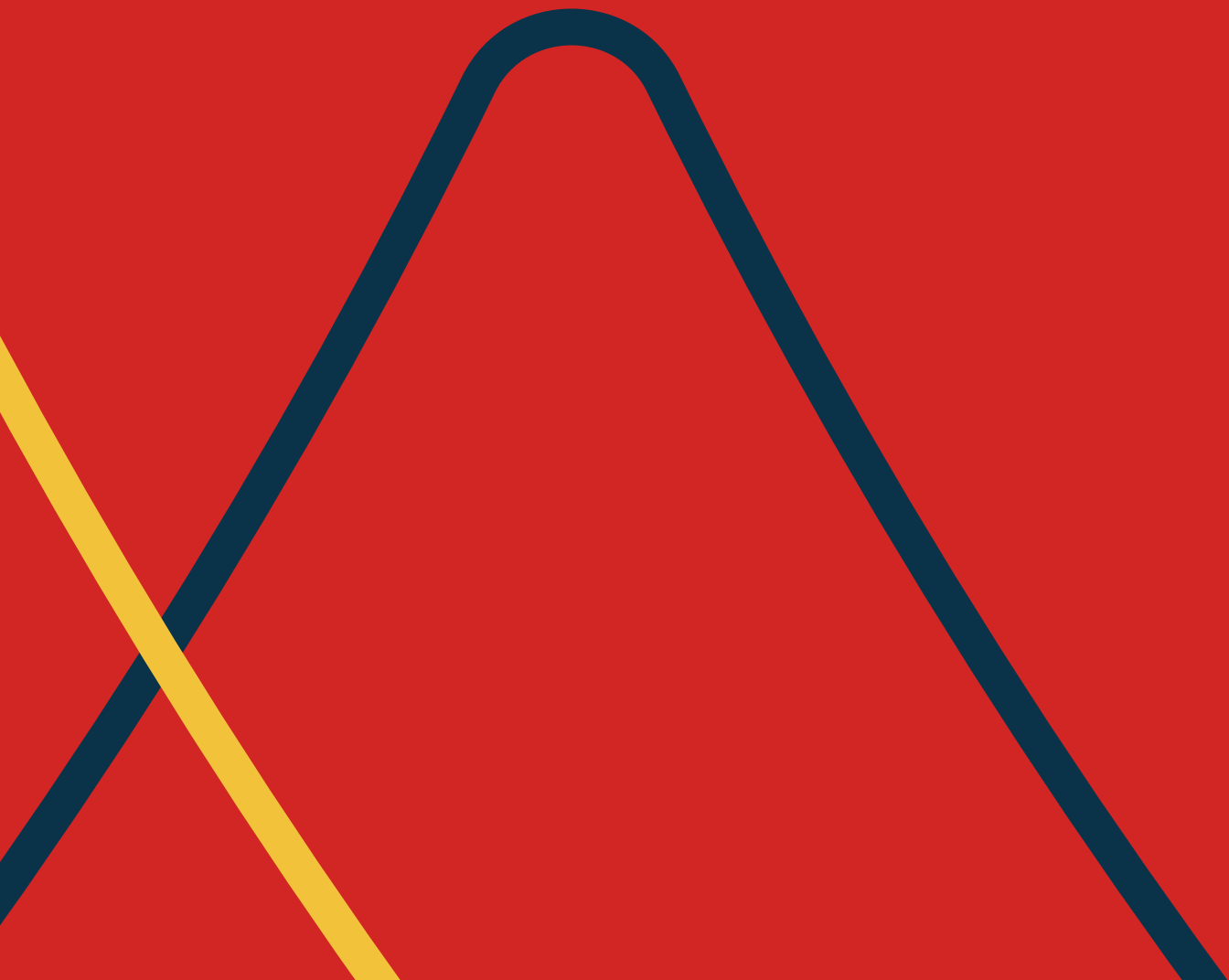






MINISTRY FOR THE
**ECONOMY, ENTERPRISE
AND STRATEGIC PROJECTS**

FOLLOW-UP ON PENDING ACTIONS



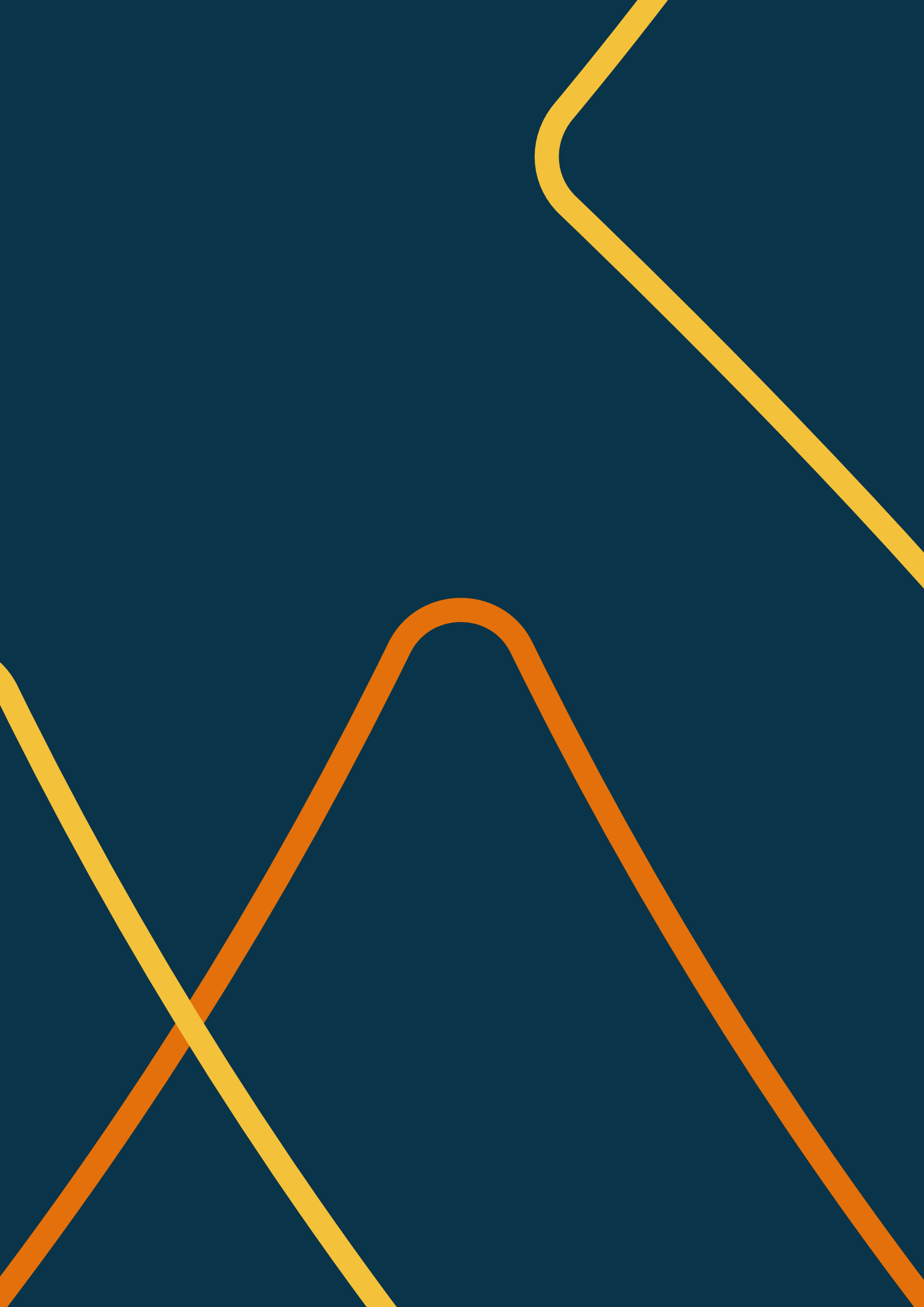
2024
GA PUBLICATION

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Concession Fees – Revenue		
<p>Lack of adequate control by the Ministry</p> <p>MEEP has drafted an addendum to the concession agreement to formalise the change, specifying that unclaimed prizes are to be deposited every six months (July and January) in the Social Causes Fund and the Responsible Gaming Foundation. Subsequently, unclaimed prizes were deposited in July 2023 and in January 2024. It is anticipated that the addendum will be signed by end of year 2024.</p>	Dec-2024	<p>In progress</p> <p>The Ministry and the Concessionaire are still in discussion in relation to the addendum.</p> <p>Nonetheless, unclaimed prizes are being deposited every 6 months and appropriate verification exercises on the amounts deposited are also being carried out as per NAO recommendations.</p>
<p>MEEP has drafted an addendum to the concession agreement, delineating the payment terms of the unclaimed prizes, and clearly specifying who is the recipient of the yearly monitoring fee. It is anticipated that the addendum will be signed by end of year 2024.</p>	Dec-2024	<p>Expected date of implementation is October 2025</p>

**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Malta Government Investments Limited – Expenditure			
<p>Revision to agreements not formally documented</p> <p>After an issue regarding the subleasing of premises is discussed and agreed upon with the Lands Department, inter-company arrangements will be reflected into formal contractual agreements.</p>	<p>On target</p> <p>MGI have initiated discussions with the Lands Department.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>MGI has lodged formal applications with Lands Authority (LA) so that the premises are transferred from MIMCOL to MGI.</p> <p>Inter-company arrangements will follow if the applications are approved.</p> <p>Expected date of implementation depends on approval by LA</p>







MINISTRY FOR
**INCLUSION AND THE
VOLUNTARY SECTOR**



(reported by the NAO as Ministry for Inclusion, Voluntary Organisations and Consumer Rights)

Public Social Partnerships for Persons with a Disability – Expenditure

The Ministry for Inclusion and the Voluntary Sector (MIV) is dedicated to advancing the interests of voluntary organisations, individuals with disabilities, and consumer rights. As part of its mission, MIV administers various schemes providing financial aid to voluntary organisations and manages numerous Public Social Partnership (PSP) agreements, which offer substantial funding to multiple Non-Governmental Organisations (NGO).

The audit focused on PSP agreements entered into between MIV and NGOs for the provision of care services for people with disabilities. The main scope was to ascertain the adequacy of the internal controls in place to establish whether the voluntary organisations were eligible to receive funds under the respective PSP agreement and, upon signing, whether each organisation continued to abide by the provisions listed therein.

The audit aimed to assess the adequacy of the internal control system in place on the expenditure incurred regarding PSPs for persons with a disability. Among other findings, it revealed lack of financial scrutiny and segregation of duties, and non-compliance with established Government circulars.

Follow-up action

The MIV is actively restructuring the PSP framework to improve oversight, efficiency, and accountability. As part of this process, the four-eyes principle has been introduced, ensuring that key administrative functions are reviewed by multiple officers. Upon the completion of the framework restructuring, standard operating procedures will be drawn up and circulated to ensure uniformity. Additionally, discussions are ongoing to address staffing shortages and ensure continuity in critical processes.

To enhance monitoring and inter-agency collaboration, the Ministry uses a structured Monitoring Tool Assessment to track service quality, with data submitted bi-annually by Agenzija Sapport. MIV has signed a Memorandum of Understanding with the Social Care Standards Authority and is exploring similar agreements with Agenzija Sapport and the Office of the Commissioner for Voluntary Organisations (OCVO) to further strengthen reporting and compliance.

Financial controls have also been tightened, requiring NGOs to submit audited financial statements, and any overpayments are being recovered through future disbursements. Regular communication with OCVO and the planned engagement of a qualified accountant reinforce the Ministry's commitment to transparency and accountability.

NAO issues by category 5



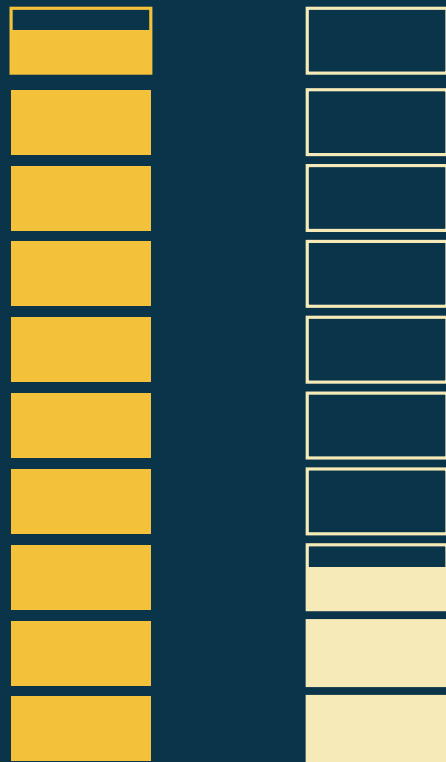
2 Lack of verification/enforcement

1 Lack of communication

1 Lack of compliance with policies and legislation

1 Non-adherence to procurement procedures

Actions by the Ministry 37



Recommendations by NAO 9







9 Accepted






29 Implemented









8 In progress

Each box represents 3 units

	Recommendations	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Key issues</p>	<p>Reliance on Aġenzija Sapport without appropriate communication</p>	<p>A structured Monitoring Tool Assessment sheet is used to gather data on service quality, with Aġenzija Sapport submitting the compiled information to the Ministry on a bi-annual basis to support oversight and informed decision-making.</p>	
	<p>The Ministry for Inclusion, Voluntary Organisations and Consumer Rights (MIVC) is expected to establish formal reporting channels with Aġenzija Sapport to ensure timely submission of reports on critical areas, such as quality assurance, periodic case reviews, and admissions. This structured approach will ensure transparency and accountability in the use of the related funds.</p>	<p>The Ministry files documentation received annually from Aġenzija Sapport, including bed occupancy data, client satisfaction records, goal achievement metrics, incident reports, and client lists. These are stored in both digital and hard copy formats within each respective non-governmental organisation's (NGO) file.</p>	
	<p>Accepted</p>	<p>Incident reports are submitted by Aġenzija Sapport to the Ministry on a monthly basis, while feedback forms from clients or their representatives are submitted bi-annually.</p>	
		<p>The Ministry and Aġenzija Sapport maintain open channels of communication to ensure transparency. Should further clarification be needed, following monitoring visits or if incidents raise concerns, prompt meetings are held to address these matters effectively.</p>	
		<p>Prior to each public social partnership (PSP) renewal, NGOs are required to provide detailed financial estimates on fund utilisation, broken down by support level (Level 1 to Level 4) and number of available beds. These estimates are reviewed by the Ministry for Finance (MFIN) before financial clearance is granted.</p>	
		<p>NGOs consistently inform the Ministry for Inclusion and the Voluntary Sector (MIV) of any bed vacancies, new admissions, or terminations. This ensures that records remain up to date and accurate.</p>	
		<p>NGO invoices are reviewed thoroughly by both Aġenzija Sapport and the Ministry before payment is processed. These reviews include cross-checking against attendance sheets and invoices across multiple services to prevent double payments. Open communication among Aġenzija Sapport, the Ministry, and NGOs facilitates prompt identification and correction of any discrepancies.</p>	
		<p>The Ministry is currently exploring the development of a formal Memorandum of Understanding (MoU) with Aġenzija Sapport to further strengthen cooperation and clarify roles and responsibilities.</p>	 Dec-2025

Recommendations	Action taken/justification	Status
<p>Accepted</p>	<p>Periodic reviews can also be conducted by the Ministry to identify areas for improvement and, through additional performance indicators, ensure that the partnership aligns with the objectives of maintaining high-quality, efficient, and accountable operations for the residents.</p>	<p>MIV receives updated Licence Certificates annually from NGOs, in line with the provisions and standards set by the Social Care Standards Authority (SCSA). These certificates confirm ongoing compliance with regulatory requirements.</p> 
	<p>A MoU between MIV and the SCSA has been formalised, facilitating coordination and information-sharing, particularly in relation to licensing and regulatory queries concerning NGOs operating under a PSP.</p>	
	<p>MIV ensures that all performance-related data gathered by Aġenzija Sapport, including quality assurance insights, is thoroughly reviewed and considered in decision-making processes.</p>	
	<p>The Ministry proactively identifies gaps in service provision and recommends appropriate adjustments. Where necessary, addendums to existing PSP agreements are introduced.</p>	
	<p>Any limitations or issues highlighted through the Ministry's review process are communicated to Aġenzija Sapport. In cases where service adjustments are needed, these are also discussed directly with the service provider during PSP renewal meetings.</p>	

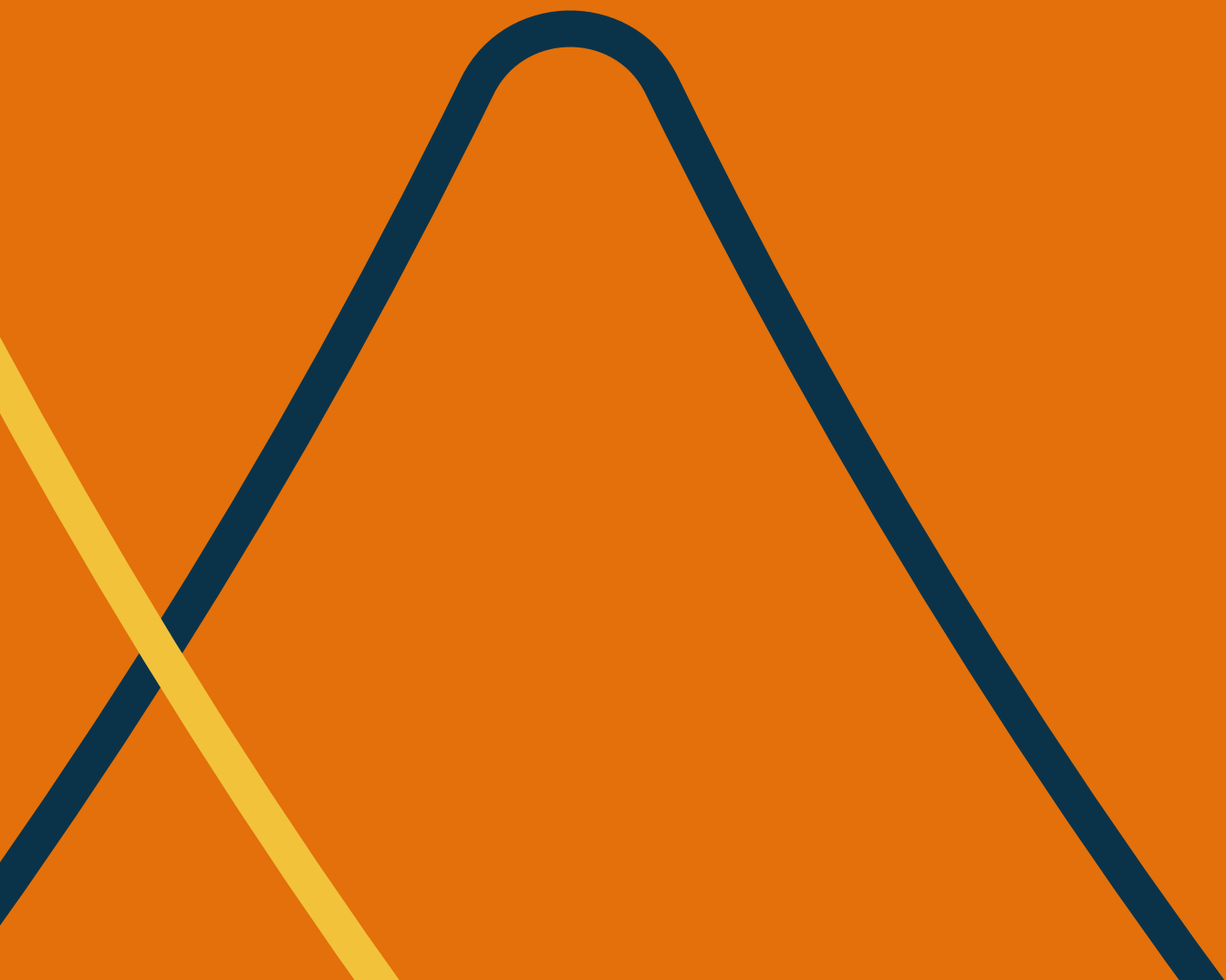
Recommendations	Action taken/justification	Status
<p>Financial scrutiny and surpluses</p> <p>Lack of scrutiny of the financial statements also raises concerns about the reported surpluses and the necessity of Government contributions to certain NGOs. Thus, MIV is to prioritise its resources, including personnel and budget, to conduct the required monitoring and verifications outlined in the agreements with NGOs, as this is also required as per MFIN Circular No. 2/2019 - 'Government Funding provided to Voluntary Organisations'. This would ensure accountability, transparency, and compliance, safeguarding the integrity of PSP agreements and promoting effective oversight operations.</p> <p>Accepted</p>	<p>Prior to each PSP renewal, NGOs are required to submit detailed financial estimates outlining projected fund utilisation by support level (ranging from minimal to complete assistance) and by the number of available beds. These estimates are subject to a rigorous review and financial clearance by MFIN.</p>	
	<p>At the end of each financial year, MIV verifies that government payments for services under the PSP agreement do not exceed the actual costs incurred, net of the NGOs' own revenues for the respective services.</p>	
	<p>Should any excess be identified, this is deducted from the NGO's subsequent annual tranche.</p>	
	<p>MIV will be engaging in a capacity building initiative to engage professionals with accounting and legal expertise. This measure will enhance the internal vetting process for financial statements and ensure a more robust review mechanism.</p>	 Dec-2025
	<p>In the interim, MIV is in the process of issuing a call for quotations to engage a qualified Accountant to support immediate financial scrutiny needs pending the internal capacity-building exercise.</p>	 Dec-2025

Recommendations	Action taken/justification	Status
<p>Since this expenditure falls within the remit of MIVC, it is in its interest and responsibility to ensure that appropriate checking is being done. Thus, the Ministry is strongly encouraged to reconsider its decision to discontinue receiving a copy of the respective financial records so that these can be analysed accordingly.</p>	<p>As part of the PSP renewal process, MIV conducted a thorough review of existing agreements and identified areas for improvement. Consequently, new clauses were introduced to enhance service quality and promote core principles such as supported decision-making, holistic and active support, co-production, self-advocacy, and autonomy, in line with international standards, including the United Nations Convention on the Rights of Persons with Disabilities.</p>	
Accepted	<p>MIV has incorporated a standard clause in all PSP agreements stating that payments shall not exceed the actual costs incurred, minus the service's other revenues. Any excess is deducted from future tranches. NGOs have been notified of the requirement to submit audited accounts annually to support this clause, and PSP agreement templates are being updated accordingly. These changes reflect MIV's strengthened approach to financial scrutiny.</p>	
	<p>NGOs are also required to submit their financial accounts to the Office of the Commissioner for Voluntary Organisations (OCVO), which reviews and certifies compliance. MIV ensures that a valid OCVO compliance certificate is issued for each NGO before renewing PSP agreements.</p>	
	<p>Active communication is maintained between MIV and OCVO. MIV submits updated NGO lists for review and requests regular compliance updates.</p>	
	<p>Following a meeting in January 2025, both entities agreed to enhance collaboration, with MIV now requesting confirmation of compliance from OCVO at least twice per year, in addition to reviewing annual certificates submitted by the NGOs.</p>	
	<p>Each NGO participating in a PSP is required to submit an audited end-of-year financial statement specific to the service covered by the agreement.</p>	
	<p>MIV is currently in the process of obtaining outstanding audited financial statements from NGOs whose PSP agreements were renewed in 2023. For those with 2024 renewals, the NGOs have been informed to submit their financial data upon finalisation of their 2024 audits. All new PSPs now include the updated financial clause, and NGOs with earlier agreements have been formally requested via email to comply with this requirement.</p>	
	<p>MIV is exploring the development of a MoU with the OCVO to formalise collaboration and further strengthen financial compliance and oversight processes.</p>	

	Recommendations	Action taken/justification	Status
	<p>The financial statements and management accounts are also to be presented within the established timeframes, to be available at the Ministry’s disposal for internal use.</p> <p>Accepted</p>	<p>NGOs are required to submit their end-of-year income and expenditure statements to MIV by the close of their financial year. In cases of non-compliance, MIV enquires OCVO regarding the missing documentation and whether an extension has been formally granted. This coordination ensures consistent oversight and facilitates appropriate follow-up where necessary.</p> <hr/> <p>MIV monitors all payments and maintains detailed transaction records. The Ministry reserves the right to request bank statements for accounts linked to PSP agreements as part of its financial review process.</p> <hr/> <p>In addition to the compliance review carried out by the OCVO, MIV plans to conduct operational evaluations of audited financial statements. To support this, PSP agreements will be reviewed by individuals with legal and accounting expertise. This will require internal restructuring and/or recruitment, and in the interim, MIV is in the process of issuing a call for quotations to engage a qualified Accountant, as part of its ongoing efforts to strengthen financial oversight.</p>	<p></p> <hr/> <p></p> <hr/> <p> Dec-2025</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Control issues</p>	<p>Lack of segregation of duties</p> <p>MIVC is to ensure that administrative and control processes relating to PSP agreements are not carried out by a single officer. This will help to mitigate the risk of fraud and error.</p> <p>Accepted</p>	<p>Following a comprehensive review of the PSP process, the Ministry has restructured its internal workflow to apply the four-eyes principle across key procedures. A short-term plan for shared responsibilities has been introduced, whereby a three-person team leads the vetting process, with final approval granted by the Director (Disability Issues).</p> <hr/> <p>Strategic discussions have been initiated with Aģenzija Sapport regarding the transition of PSPs to a revised framework. These discussions aim to improve operational effectiveness and lay the groundwork for more streamlined agreements.</p> <hr/> <p>PSP attendances and corresponding invoices are currently being reviewed by three separate officers, ensuring a clear segregation of duties and enhancing process integrity.</p> <hr/> <p>The PSP framework is being updated to incorporate a new operational structure, streamline data-sharing processes, and introduce standard operating procedures (SOPs) to reduce administrative burdens. These reforms are being developed in consultation with stakeholders, pending ongoing discussions.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p> Dec-2027</p>

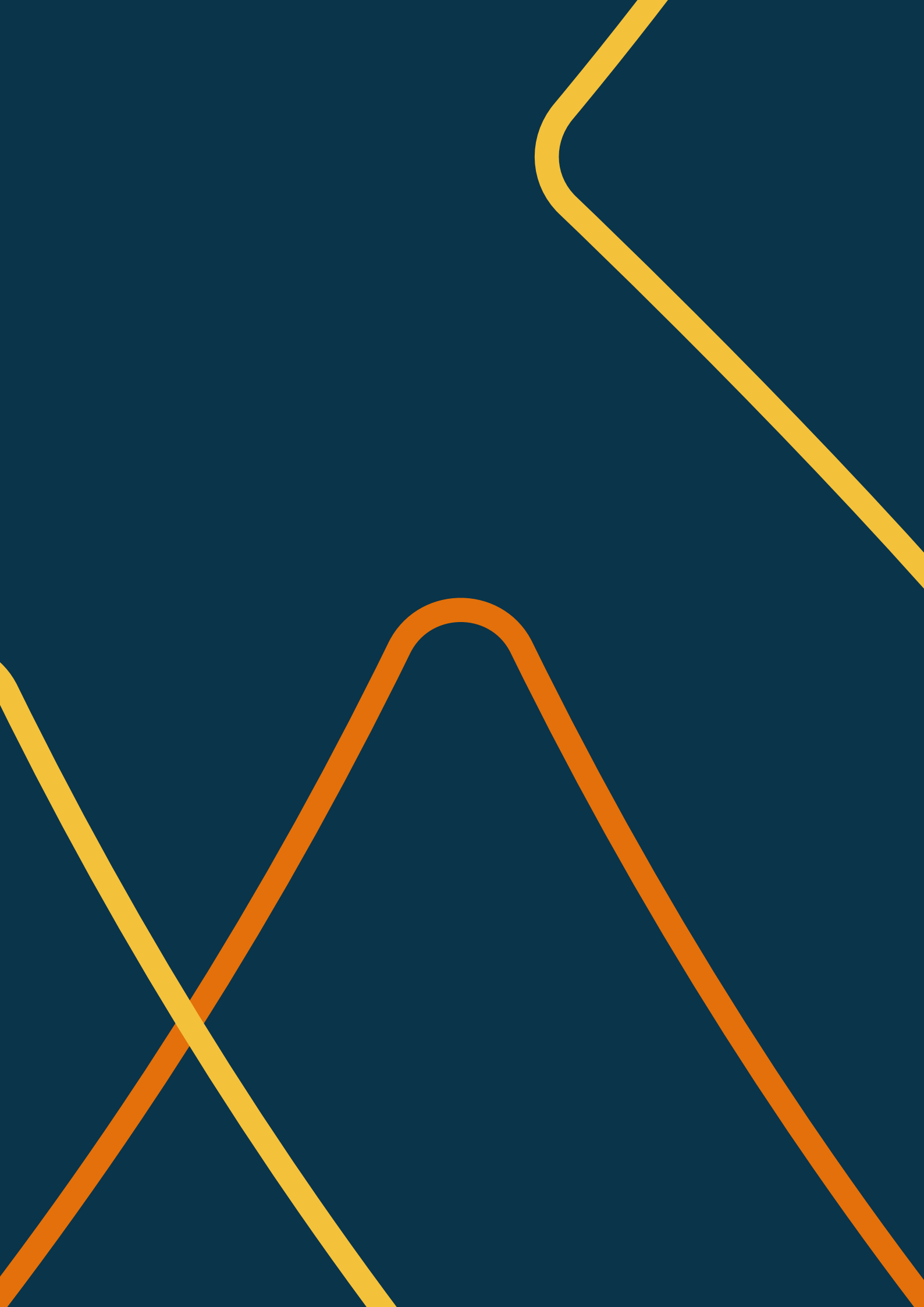
	Recommendations	Action taken/justification	Status
Compliance issue	Besides being able to handle available information in a more effective manner, it would also help ensure business continuity.	SOPs related to PSP processes are already in place. These cover key areas such as new proposals, agreement renewals, payment requests, documentation submission, requests for changes in support levels, and the drafting of addenda and corrigenda.	
	Accepted	As part of the ongoing transition of the PSP framework, the Ministry is engaged in internal discussions on formalising procedures to address staffing shortages. These procedures aim to ensure continuity of operations and minimise disruptions, particularly in critical administrative functions.	 Jun-2026
	Agreement not provided	Updated PSP agreements, incorporating revised financial estimates and updated content, are submitted to MIV as part of each renewal process.	
	MIVC is expected to have a copy of all agreements to substantiate the amounts involved and make sure that copies of any missing ones are obtained. This not only safeguards transparency but also ensures that payments are made in line with the requirements of the agreement.	MIV maintains detailed records of all payments made by the Ministry to NGOs over the years, including invoice transaction numbers and the corresponding payment processing dates.	
Accepted			
Compliance issue	Non-compliance with established circular	MIV will be regularly providing OCVO with records outlining payments made on a monthly or quarterly basis, as applicable.	 Dec-2025
	The National Audit Office (NAO) recommends that immediate action in this regard is taken to report its obligations to OCVO.	A dedicated spreadsheet is maintained to track all payment records, which is continuously updated and stored in each respective service provider's file. This information is also reflected in the Central Financial Management System.	
Accepted			
General comment	During the audit, MIVC exercised a high level of cooperation and efficiency in providing all documentation and information pertaining to the queries raised by NAO.		

FOLLOW-UP ON PENDING ACTIONS



2023
GA PUBLICATION

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Commission for the Rights of Persons with Disability – Revenue and expenditure			
<p>Non-adherence to Public Procurement Regulations</p> <p>Discussions are being held with the Kamra tal-Periti and Contracts Department regarding the structure of the tender for architectural services, after which a call for tender will be issued.</p>	<p>Not yet implemented</p> <p>The tender was submitted for the Sectoral Procurement Directorate (SPD) in June 2024 for their vetting.</p>	<p>Dec-2024</p>	<p>To be implemented through a different course of action</p> <p>Following submission of the tender to the SPD, issues were encountered in the vetting process. Consequently, the Commission for the Rights of Persons with Disability (CRPD) is currently in discussions with the Department of Contracts (DoC) to seek guidance and determine the best way forward for procuring architectural services.</p> <p>Estimated date of implementation is October 2025.</p>
<p>Access for all</p> <p>CRPD is holding discussions with the PA so as to revise the structure relationship between the two parties to ensure that the modus operandi are clearly defined, stipulating, amongst others, clear terms of payment to CRPD.</p>	<p>In progress</p> <p>The Commission for the Rights of Persons with Disability (CRPD) amalgamated the two circulars of the Inclusion Fund into one and sent it for the Planning Authority's (PA) approval. This circular includes the processing of planning applications from an accessibility aspect.</p>	<p>Dec-2024</p>	<p>Not yet implemented</p> <p>Internal discussions between the CRPD and the PA are still ongoing regarding the consolidated circular of the Inclusion Fund.</p>





MINISTRY FOR
GOZO AND PLANNING

MGP

(reported by the NAO as Ministry for Gozo)

Road Construction and Improvements – Capital expenditure

In 2023, the then Ministry for Gozo (MGOZ) was allocated €8 million for Road Construction and Improvements, under Capital Vote XIII, Line Item 7240. This budget was utilised on various road construction projects around Gozo. For the scope of this audit, the National Audit Office (NAO) focused on the project covering an arterial road which starts from Triq l-Imġarr in Nadur, continues at Triq Borġ Għarib and ends at Triq Sant'Antnin, both roads in Għajnsielem. The respective costs were financed from funds allocated to the line item in question during 2023, as well as in previous years.

The main scope of the audit was to verify whether public funds were used prudently and in a judicious manner. Procurement procedures adopted in relation to the project were reviewed to ensure compliance with the Public Procurement Regulations, as well as other applicable circulars. NAO also established the level of existing internal controls over the expenditure incurred, including the adequacy of certification prior to effecting the respective payments.

An audit on the Road Construction and Improvements carried out at the then Ministry for Gozo revealed insufficient planning, with terrain studies being disregarded. This, combined with poor contract management and conflicting clauses in the agreements, have resulted in substantial additional expenses.

Follow-up action

Following the NAO audit, the Ministry introduced several new measures to strengthen the management of large-scale projects. The MGP is assigning dedicated project management teams to oversee such initiatives. To ensure effective coordination, these teams maintain regular communication with the Ministry. Comprehensive procurement plans are being developed for each major capital project, outlining the strategies and procedures for acquiring the goods, services, and works essential for successful implementation. MGP is also working to eliminate conflicting terms in tender documents by facilitating ongoing collaboration among the legal, procurement, and project management teams during the contract review process.

A Finance Verification Section has been established within the Accounting and Finance Unit to ensure that all payments comply with contractual agreements and align with the parameters outlined in the Bill of Quantities (BoQ). This section is also responsible for monitoring the validity of performance guarantees. Additionally, a designated officer has been assigned to ensure that project documentation is properly maintained. To support this, a documentation checklist has been developed.

MGP has also created a flexible and adaptable SOP framework for capital projects, tailored to various project types such as road construction and other infrastructure initiatives. Another SOP, focused specifically on project documentation, has been developed and circulated. Furthermore, the Ministry plans to publish a tender to engage a qualified risk manager to develop a comprehensive risk register. This register will provide a structured system for identifying, assessing, and mitigating potential future risks.

NAO issues by category 5



2 Lack of compliance with policies and legislation

1 Inefficient operations

1 Non-adherence to procurement procedures

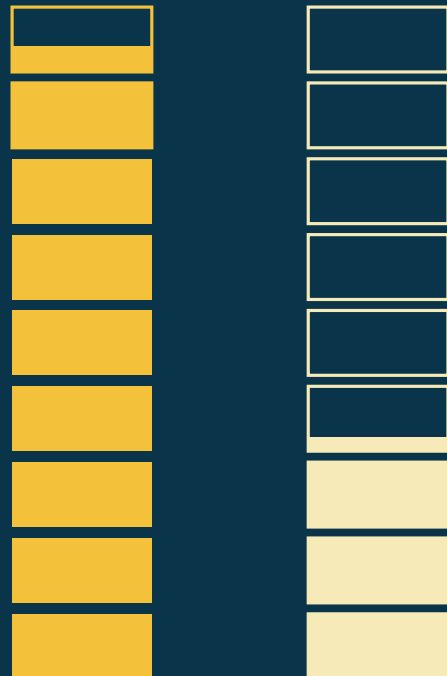
1 Lack of verification/enforcement

Recommendations by NAO 17



17 Accepted






Actions by the Ministry 59











43 Implemented





16 In progress

Each box represents 5 units



	Recommendations	Action taken/justification	Status
Limitation on scope of audit	National Audit Office (NAO) experienced significant delays in the submission of information for audit purposes. Although the engagement letter was sent on 11 August 2023, Management was only available for an introductory meeting six weeks later; thus, the audit could not commence as scheduled. Moreover, the files pertaining to the construction contracts which were requested on 24 October 2023, were only provided in mid-February 2024.	The initial delays in the commencement of the audit resulted from scheduling and coordination challenges between the Ministry and the NAO, rather than unavailability on the Ministry's part.	
	Accepted	For each large-scale project, Ministry of Gozo and planning (MGP) NAO assigns a dedicated project management team to ensure a structured and effective execution.	
		MGP have strengthened its internal processes to ensure the systematic maintenance of well-organised records, including meeting minutes and decision logs, thereby enhancing transparency and accountability.	
	The review of documentation revealed a dispersed filing system, as the files did not include all the necessary documentation supporting the BoQs. Such documentation was provided at a later stage upon request.	MGP is assigning a designated officer to oversee project documentation, ensuring the meticulous organisation of records and the timely accessibility of all relevant materials.	
	Accepted	MGP has drafted and circulated a standard operating procedure (SOP) in relation to project documentation to all management and staff. The aim is to establish clear guidelines that enhance the integrity, consistency, and organisation of project records. The SOP provides detailed guidance on Bills of Quantities (BoQs), quantity surveying, technical drawings, and photographic evidence of works.	
	As part of a broader Office of the Prime Minister (OPM) initiative, a centralised digital filing system is being developed to integrate MGP's documentation processes, ensuring improved retrieval and storage security.	 June-2026	








Recommendations	Action taken/justification	Status
<p>Moreover, during the audit, several reports in the media alleged that works were also performed in the adjacent private fields at the expense of public funds. When NAO conducted a site visit in September 2023, works in the adjacent fields, including a reservoir, ramps and rubble walls could be noted. However, considering that the BoQs did not include detailed explanations of where the works were actually carried out, and these were also unsupported by quantity surveyor detailed reports⁵, NAO could not assess whether the alleged expenses were directly financed from public funds. Thus, the audit procedures performed in this area were deemed inconclusive.</p> <p>Accepted</p>	<p>MGP is maintaining regular communication with the respective project teams to ensure effective project management. This ongoing initiative is aimed at identifying procedural gaps, implementing corrective actions, and strengthening project management practices.</p>	
	<p>Once the BoQs are prepared by the architects or the engineers, these are being reviewed by a second architect/engineer to ensure compliance with Infrastructure Malta's Design, Construction and Technical Specifications.</p>	
	<p>A Finance Verification Section has been established within the Accounting and Finance Unit. This section is ensuring that all payments are compliant with contractual agreements and align with the parameters outlined in the BoQ in the contract.</p>	
	<p>MGP has drafted and circulated an SOP in relation to project documentation to all management and staff. The aim is to establish clear guidelines that enhance the integrity, consistency, and organisation of project records. The SOP provides detailed guidance on BoQs, quantity surveying, technical drawings, and photographic evidence of works.</p>	
	<p>The Ministry will publish a tender to engage a qualified risk manager for the development of a comprehensive risk register.</p>	 Dec-2025
	<p>The risk register will be prepared by the contracted service provider once the public tender has been awarded.</p>	 Jun-2026
	<p>MGP is carrying out a detailed training needs analysis to identify gaps in procurement related knowledge.</p>	 Dec-2025
	<p>Following the conclusion of the training needs analysis, a rigorous training programme will be launched to ensure that management and staff are fully equipped with the necessary skills in procurement procedures.</p>	 Jun-2026


	Recommendations	Action taken/justification	Status
Key issues	<p>Inadequate planning and disregarded terrain studies potentially leading to substantial increase in costs</p>	<p>Comprehensive procurement plans are being formulated for each major capital project, outlining the strategies and procedures for acquiring the goods, services, and works essential for successful project completion. These plans also encompass the requisite studies that support effective project implementation.</p>	
	<p>MGOZ is to ensure good governance, accountability and transparency in the management of public funds, aiming to achieve objectives on time and within budget. When appointing technical consultants, the Ministry must ensure that any differences arising from the views of contractors' experts are resolved promptly, and a clear course of action is determined. Under no circumstances should a project proceed without such discussions, which outcome is to be duly documented. In this instance, it seems that the initial recommendations made by the Ministry's consultant were entirely disregarded.</p>	<p>Regular project progress reviews are being undertaken to promptly identify any deviations from the original project plan and implement corrective measures in a timely and effective manner.</p>	
	<p>Accepted</p>	<p>MGP developed a flexible and adaptable SOP framework for capital projects that caters to various project types such as road construction and other infrastructure initiative. This framework ensures that each project's unique challenges are addressed while maintaining consistency in core processes like planning, testing, and project execution.</p>	
	<p>Additionally, where possible, the Ministry may consider engaging in-house architects with the required technical skills to review ongoing capital projects. This will help to reduce the expenditure incurred on architectural services</p>	<p>An SOP on document retention was drawn up to ensure that all documentation is systematically maintained, including the recording of key decisions taken during project implementation.</p>	
	<p>Accepted</p>	<p>As far as possible, MGP is maximising the utilisation of in-house resources. In instances where highly specialised technical expertise is not available internally, such expertise is procured strictly in accordance with the Public Procurement Regulations, ensuring full compliance with established procurement procedures.</p>	






Recommendations	Action taken/justification	Status
<p data-bbox="236 427 686 488">Conflicting clauses in the same contract possibly leading to additional costs</p> <p data-bbox="236 524 715 712">Clear contractual clauses are pertinent to avoid any potential claims through modifications to contract. In such absence, Management may not be able to enforce the related provisions to ascertain that public funds are being utilised judiciously</p> <p data-bbox="236 748 344 775">Accepted</p>	<p data-bbox="746 427 1190 551">MGP has established and circulated a formal procurement and contract management SOP that includes contract vetting procedure.</p>	
	<p data-bbox="746 598 1190 786">MGP is ensuring that tender documents are free from conflicting terms by facilitating regular collaboration among the legal, procurement, and project management teams throughout the contract review process.</p>	
	<p data-bbox="746 810 1190 1061">The vetting process undergoes continuous monitoring and evaluation through feedback from internal teams and stakeholders engaged in the procurement process. This enables management to identify areas for improvement and implement necessary adjustments to optimise the process.</p>	
	<p data-bbox="746 1086 1190 1146">The risk of conflicting terms will be included in the procurement risk register.</p>	 Jun-2026

Recommendations	Action taken/justification	Status
<p>Changes to plans are to be justified and duly documented.</p> <p>Accepted</p>	<p>A memo was circulated to all management and staff, emphasising that no changes are to be implemented on the original plans without the necessary approvals and supporting justification.</p>	
	<p>The Ministry is utilising a documentation checklist to ensure that all the required documentation is properly filed for each project.</p>	
	<p>The risk register will include the risk of missing or inadequate documentation, along with appropriate controls and clearly defined ownership to effectively mitigate these risks.</p>	 June-2026
	<p>Alongside existing internal review mechanisms, MGP is carrying out random audits of project files to assess their completeness and ensure compliance. Any identified deficiencies will be promptly reported to facilitate immediate corrective measures.</p>	
	<p>Regarding the documentation checklist and risk register, MGP is undertaking periodic assessments and updates as projects progress to ensure continued alignment with evolving best practices and regulatory developments.</p>	
	<p>MGP is carrying out a detailed training needs analysis to identify gaps related to procurement processes.</p>	 Dec-2025
	<p>Following the conclusion of the training needs analysis, a rigorous training regime will be rolled out to ensure that management and staff are fully equipped with the necessary skills in procurement.</p>	 Jun-2026






Recommendations	Action taken/justification	Status
<p>Inadequate contract management</p> <p>The Ministry is to ensure that works are covered by an agreement and progress adequately recorded.</p> <p>Accepted</p>	<p>In line with the procurement and contract management SOP, the Ministry is ensuring that once the necessary approvals are obtained, formal addendums are signed promptly.</p>	
	<p>The Ministry is utilising up a documentation checklist to ensure that all the required documentation including any addendums is filed for each project.</p>	
	<p>Risks associated with contract modifications and their corresponding addendums will be incorporated into the procurement risk register, ensuring appropriate measures are in place to mitigate these risks</p>	 Jun-2026
	<p>A rigorous training regime will be rolled out to ensure that management and staff are fully equipped with the necessary skills in procurement and contract management procedures.</p>	 Jun-2025

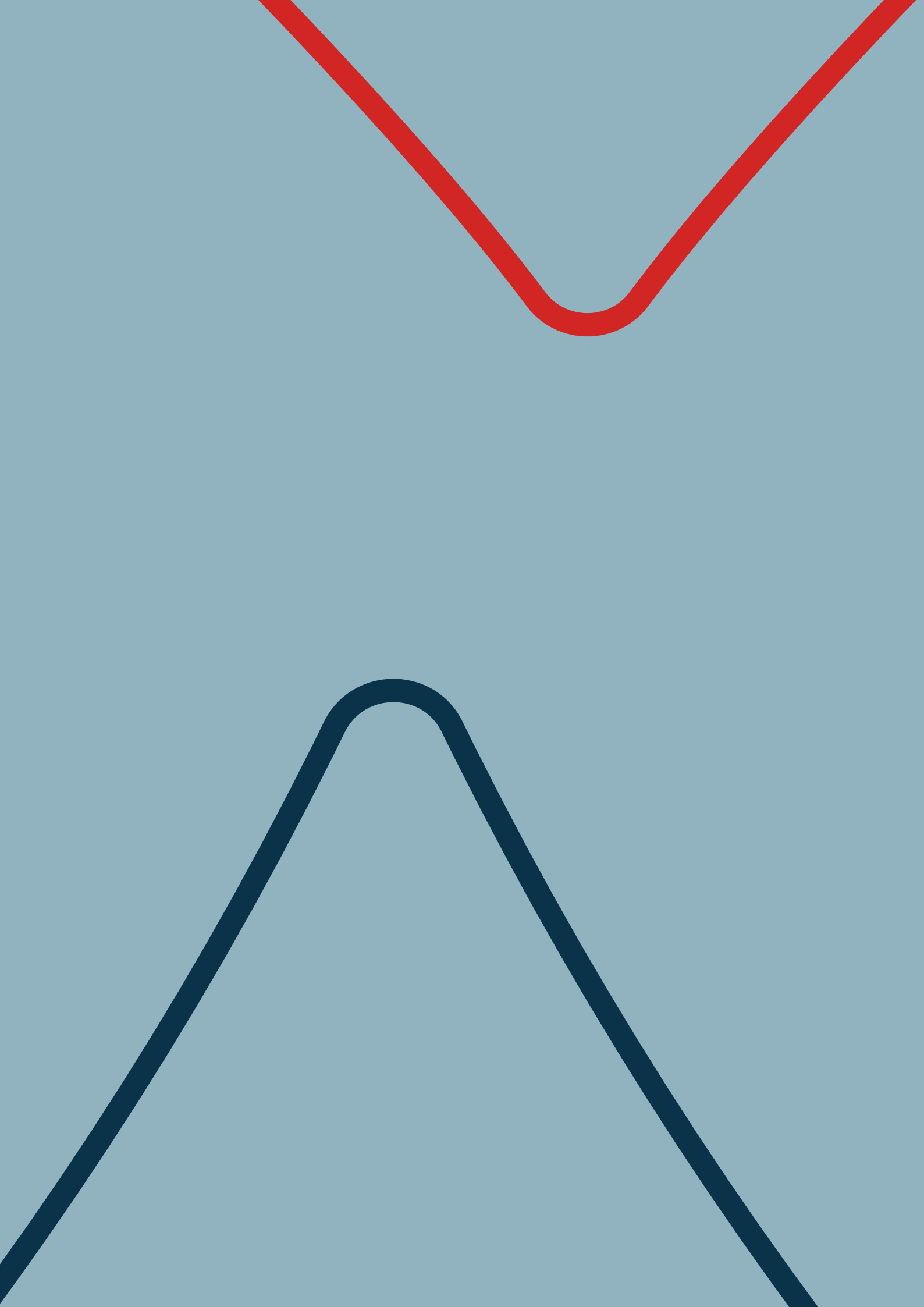
Recommendations	Action taken/justification	Status
<p>The insurance policies are also to align with the provisions of the respective contract to mitigate exposure to unnecessary risks and provide adequate financial coverage in case of an emergency or accidents.</p> <p>Accepted</p>	<p>The Ministry conducted a comprehensive review of the insurance coverage for all contracts to ensure compliance with contractual requirements. For any coverage that did not meet the required standards, the contractor was instructed to revise the insurance policy to guarantee full project coverage in accordance with contractual obligations.</p>	
	<p>MGP has introduced a centralised automated calendar system to prompt procurement officials to systematically monitor the adequacy of insurance coverage, including expiry dates, throughout the project lifecycle. The system is accessible within the Procurement Unit.</p>	
	<p>The requirement for insurance policies, in line with the respective contract and general conditions, was outlined in the procurement and contract management SOP, covering the process from submission up to end of the contract period.</p>	
	<p>The lack of adequate insurance coverage will be included in the procurement risk register to mitigate and adequately assign the associated risks to the responsible officials.</p>	 Jun-2026
<p>For control purposes, Management also needs to ascertain that the daily work register is duly compiled and signed by both parties to ensure accountability.</p> <p>Accepted</p>	<p>A memo was circulated to all management and staff, emphasising the mandatory nature of daily works registers.</p>	
	<p>The procurement and contract management SOP clearly defines the roles and responsibilities of all parties involved in the work register and includes general guidelines on the format, content, and submission timeframes for work registers to ensure consistency and prevent non-compliance.</p>	
	<p>The risks, controls and ownership associated with the absence of work registers will be integrated in the procurement/contract management risk register.</p>	 Jun-2026

Recommendations	Action taken/justification	Status
<p>Otherwise, any penalties stipulated in the agreement are to be imposed as they serve as a deterrent for the contractor to fulfil his obligations</p> <p>Accepted</p>	<p>All daily work logs, have been traced, endorsed and filed accordingly.</p> <hr/> <p>In cases of unjustified provision of the daily work register by the contractor, contractual penalties will be imposed in line with the standing contract.</p> <hr/> <p>In circumstances where decisions are made to waive any penalties, these will be formally documented and endorsed by the appropriate level of authority, ensuring proper accountability is maintained.</p> <hr/> <p>An internal memo was issued to all project management staff, reaffirming the requirement for strict adherence to contract terms related to penalty clauses.</p> <hr/> <p>The requirement to assess and evaluate penalties due to the lack of work registers has been incorporated in the procurement and contract management SOP. Management will ensure compliance.</p> <hr/> <p>Risks associated with the non-provision of daily work registers will be included in the risk register, along with mitigating measures addressing the relevant contractual penalties.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p> Jun-2026</p>
<p>In order to follow a fair and effective system for tendering, and reducing the risk of ambiguity, omissions or misunderstandings, templates for BoQs are to include detailed information for the tenderer to submit an accurate estimate</p> <p>Accepted</p>	<p>Once the BoQs are prepared by the architects or the engineers, these are being reviewed by a second architect/engineer to ensure compliance with Infrastructure Malta's Design, Construction and Technical Specifications Standards.</p> <hr/> <p>The SOP in relation to project documentation contains clear instructions for the BoQs preparation and vetting process.</p> <hr/> <p>Risks associated with poorly defined BoQ items will be included in the risk register, along with corresponding mitigating measures and clearly assigned responsibilities to address and manage these risks.</p>	<p></p> <hr/> <p></p> <hr/> <p> Jun-2026</p>

Recommendations	Action taken/justification	Status
<p>Also, in similar projects, photographic evidence is to be maintained in file, supporting the progress registered and the veracity of items charged. Such evidence might also be necessary if any legal action is eventually required.</p> <p>Accepted</p>	<p>MGP is ensuring that photographic evidence corresponding to items in both the interim and final BoQs is systematically cross-referenced and accurately documented in the main procurement file, while also guaranteeing ease of access.</p>	
	<p>Along with printed photographic evidence, digital photos are being securely stored to ensure these are accessible even when physical prints or large files are stored separately.</p>	
	<p>The procurement and contract management SOP contains clear guidelines on the requirement to capture, reference and store appropriate photographic evidence as part of the documentation requirements for each project.</p>	
	<p>Periodic reviews of files containing photographic evidence are conducted to ensure compliance with the standing SOP, particularly in relation to references to items in the BoQs. Any identified shortcomings are promptly communicated to all relevant parties for necessary corrective action.</p>	
	<p>The risk of insufficient photographic evidence will be reflected in the risk register. This entry will highlight the potential oversight and accountability issues if visual records are missing.</p>	 Jun-2026

	Recommendations	Action taken/justification	Status
Control issues	Lack of traceability of project costs	Expenditure pertaining to all ongoing and new large-scale capital projects is consistently being recorded in a specifically designated sub-budget line item.	
	NAO recommends that in large-scale capital projects, a specific line item is opened so that the budgeted amounts in the Financial Estimates, as well as the accounting of actual costs incurred, are recorded accordingly for better traceability and audit trail.	An official communication in relation to line items was circulated among all procurement management and staff as well as the accounts.	
	Accepted	The requirement to have a dedicated sub-budget line item for large projects has been included in the official SOP.	
		MGP will include the risk of misclassification of project expenditure in the risk register, noting that failure to create a dedicated sub-line could lead to inaccurate financial reporting and a hindered audit process.	 Jun-2026
	Contract for architectural services signed retrospectively and inadequate performance guarantee	MGP circulated clear guidelines to all management and staff to ensure that contracts and addendums are signed on time.	
	To ensure that both parties agree on their respective rights and obligations before the actual work starts, contracts are to be signed not later than their effective date.	Clear instructions have been included in the procurement and contract management SOP emphasising that contracts, including any additional contract addendums are to be signed by no later than their effective date and prior to any start of works.	
	Accepted	The risk associated with commencing works without prior approval, before signing the contract or without authorisation for urgent works will be added to the risk register.	 Jun-2026

	Recommendations	Action taken/justification	Status
	<p>Moreover, performance guarantees are to be submitted in a timely manner and cover the entire duration of service delivery, as this is intended to serve as a protective measure, ensuring that Government’s interests are duly safeguarded.</p>	<p>MGP has introduced a centralised automated calendar system to prompt procurement officials to initiate performance guarantee renewal requests three months ahead of their expiry date.</p>	
	<p>Accepted</p>	<p>The Finance Verification Section are monitoring the validity of the performance guarantees.</p>	
		<p>MGP included clear guidelines on the management of performance guarantees in the SOP to ensure these are in place from contract signing up to contract completion.</p>	
		<p>MGP will be including the risks associated with performance guarantee coverage in the risk register, to assign responsibilities and mitigate any potential risks.</p>	 Jun-2026
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Compliance issues</p>	<p>Capital project not formally approved by the Ministry responsible for Finance</p>	<p>The Ministry is ensuring that MFIN’s approval is in line with the required circulars.</p>	
	<p>Management is urged to comply with the provisions laid down in pertinent circulars to ascertain that such large-scale projects have the approval of the relevant authority and the green light is given.</p> <p>Accepted</p>		



Planning Authority – Expenditure

(reported by the NAO under Ministry for Public Works and Planning)

The Planning Authority (PA), falling under the then Ministry for Public Works and Planning during the year under review, is the Authority responsible for land use planning, development control, and the preservation of cultural heritage. It oversees the implementation of policies and regulations to ensure sustainable development and orderly growth, balancing environmental, economic and social considerations. The Authority also processes planning applications, enforces pertinent legislation, and engages with the public to incorporate community input into planning decisions.

The scope of the audit was to verify whether the acquisition of contractual services by PA complied with the Public Procurement Regulations, relevant circulars, and standard operating procedures. Additionally, the National Audit Office (NAO) reviewed the Authority's overtime practices to ensure they adhered to the applicable employment contracts.

An audit to assess the adequacy of controls within the Planning Authority revealed a number of instances whereby procurement was being made by direct order without the necessary approval from the Ministry for Finance.

Follow-up action

Following the NAO audit, several actions were introduced to address procurement-related issues.

The PA obtained approval from the Direct Orders Office to issue direct orders for specialised services that are exclusively available from specific economic operators. A procurement plan is being developed for the upcoming year, and throughout the year, the Procurement Unit follows up with the respective Directorates responsible for initiating procurement requests.

To strengthen contract oversight, the PA appoints contract managers to supervise the implementation phase of contracts. Before assuming their responsibilities, these managers receive guidance from the Procurement Unit on how to use the contract management features of the e-PPS portal. Additionally, an internal Standard Operating Procedure (SOP) for public procurement and contract management was drafted to support the officers involved.

NAO issues by category 1



1 Non-adherence to procurement procedures

Actions by the Ministry 10





Recommendations by NAO 2










2 Accepted

10 Implemented

Each box represents 1 unit

	Recommendations	Action taken/justification	Status
Key issue	<p>Use of direct orders</p> <p>Services that are required on a long-term basis and which costs amount to over the threshold of €10,000, are to be acquired following a public call for tender.</p>	<p>Following discussions with the Direct Order Office within the Department of Contracts in relation to long-term services, Planning Authority (PA) obtained approval to issue direct orders for specialised services that are exclusively available from specific economic operators.</p>	
	<p>Accepted</p>	<p>The Corporate Services Directorate (CSD) has instructed all departments that services that are required on a long-term basis, with costs exceeding the threshold of €10,000, are to be procured through a public call for tenders or if this is not possible through a direct order approved by the Direct Order Office. Additionally back-to-back contracts are not to exceed the total value of €10,000.</p>	

Recommendations	Action taken/justification	Status
<p>The entire process of contract management is to be enhanced, to maximise operational performance while minimising related risks. This would entail timely planning and action before each contract expires, not to disrupt the service provided to the Authority.</p> <p>Accepted</p>	<p>During the fourth quarter of each calendar year, the PA develops a procurement plan for the year ahead.</p>	
	<p>Throughout the year, the Procurement Unit oversees the procurement plan, following up with the respective Directorates responsible for initiating procurement requests.</p>	
	<p>The Procurement Unit is utilising a calendar alert system to notify relevant units of the upcoming expiration, prompting them to initiate tender preparation well in advance.</p>	
	<p>The PA appoints contract managers to oversee the implementation phase of the contracts. Before taking up their responsibilities, the contract managers receive guidance from the Procurement Unit on utilising the contract management features of the e-PPS portal.</p>	
	<p>The PA drafted and circulated a new internal Standard of procedure (SOP) for public procurement and contract management.</p>	
	<p>Management is ensuring compliance with the SOP by responsible officers.</p>	
	<p>The PA is ensuring that its employees who are involved in public procurement attend training courses organised by the Department of Contracts.</p>	
	<p>In addition to training, the Procurement Unit briefs drafters, evaluators and contract managers on new and updated procedures. It also provides them with comprehensive support and guidance, including assistance with needs analysis, tender drafting, offer evaluation, and contract implementation.</p>	

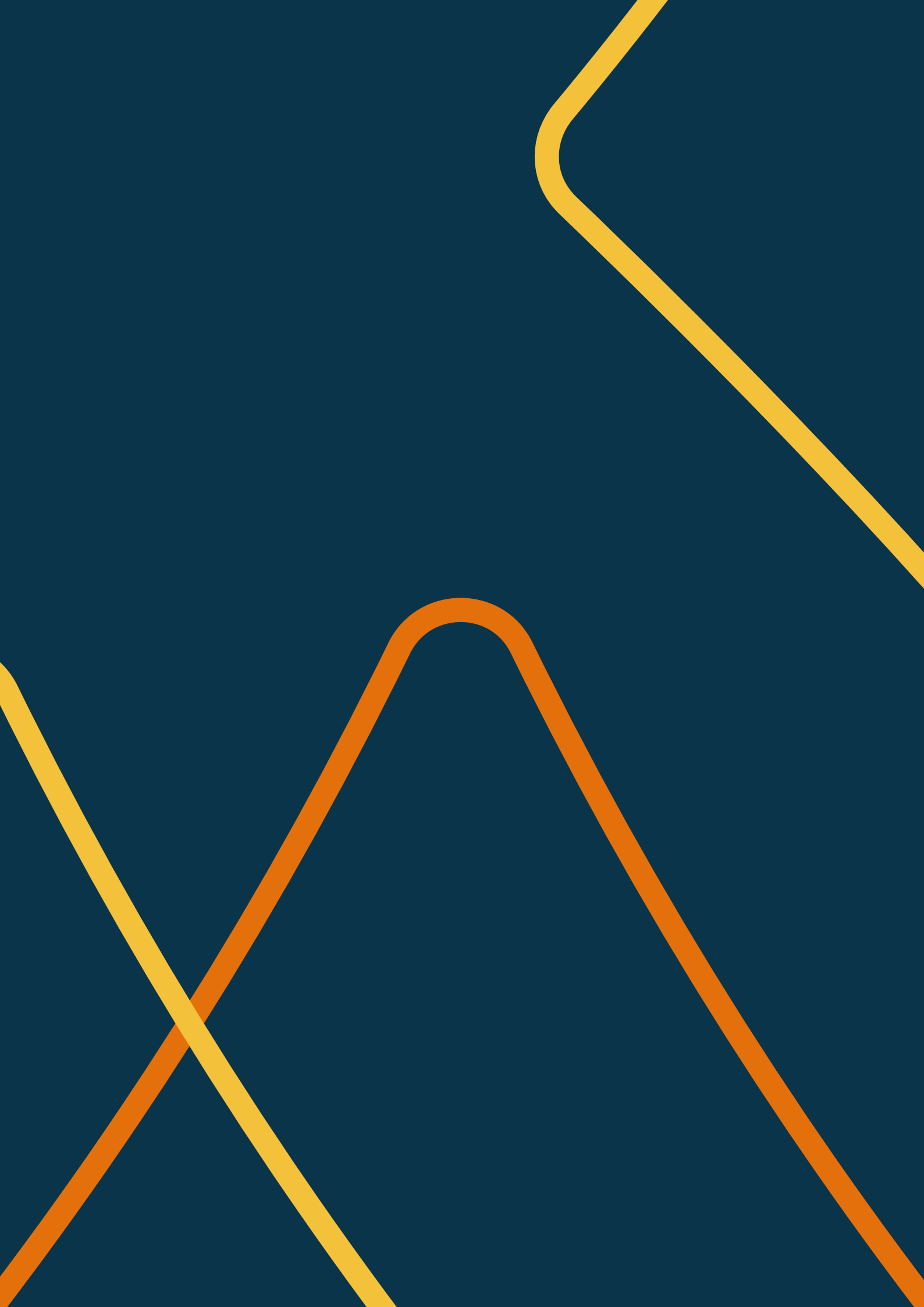


**FOLLOW-UP ON
PENDING ACTIONS**



2024
GA PUBLICATION

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Ministry for Gozo – Expenditure		
<p>Habitual bypassing of procurement regulations</p> <p>The Ministry is currently discussing the development of a data gathering and reporting system for procurement with the aim to trigger any necessary actions automatically notifying the pertinent project manager and the procurement unit.</p>	Mar-2025	<p>In progress</p> <p>The first phase of the data gathering and reporting system for procurement has been developed. Currently work on the second phase is being carried out.</p> <p>Estimated date of implementation is March 2026</p>





MINISTRY FOR
**HOME AFFAIRS, SECURITY
AND EMPLOYMENT**

MHSE

(reported by the NAO as Ministry for Home Affairs, Security, Reforms and Equality)

Identity Malta Agency – Central Visa Unit

Identità, formerly Identity Malta Agency, is a body corporate having a distinct legal personality and vested with regulatory powers established in 2013 by virtue of Identity Malta Agency (Establishment) Order (S.L. 595.07). The Agency is responsible for citizens' identity management and the implementation of migration processes. It offers a specialised public service in matters relating to e-ID cards, e-Passports, visas, residence documents, acts of civil status and public deeds. These functions were grouped under one corporate identity, which is governed by the Public Administration Act.

The main scope for this audit was to obtain an overview of the revenue system at CVU, to identify major risks, especially those related to over-the-counter payments at the Malta Office, and to check that the collection process was adequate. The other scope was to ascertain that public funds were utilised for their intended purposes, in line and within the context of prevailing Public Procurement Regulations (S.L. 601.03) and the applicable collective agreement for employees. Other objectives were to obtain reasonable assurance that payments effected were accurate, duly covered by supporting documentation and enabling verification.

At the Central Visa Unit within Identity Malta Agency, NAO noted the need for improvement in compliance and procedural practices. Areas highlighted include enhancing formal approvals for open market service procurement, aligning salary practices more closely with the collective agreement and refining the process for the payment of allowances. The procedures in place for the collection of revenue provided adequate control; however, the legal framework for chargeable visa fees requires updating to ensure full regularity alignment.

Follow-up action

To address the issue related to chargeable visa fees lacking legal backing, the Legal Office has drawn up and presented the required legal amendments, as well as all other necessary paperwork, to the Ministry. Subsequently the Ministry issued a Labour Migration Policy to ensure that economic migration addresses future labour market needs. This policy also covers the fees to be applied.

Identità has implemented a digital overtime system to streamline the submission and approval of overtime requests. This platform ensures all forms are endorsed before payment and allows HR to efficiently track the approval process. Additionally, Identità has adopted an online system for managing and monitoring contracts.

NAO issues by category 5



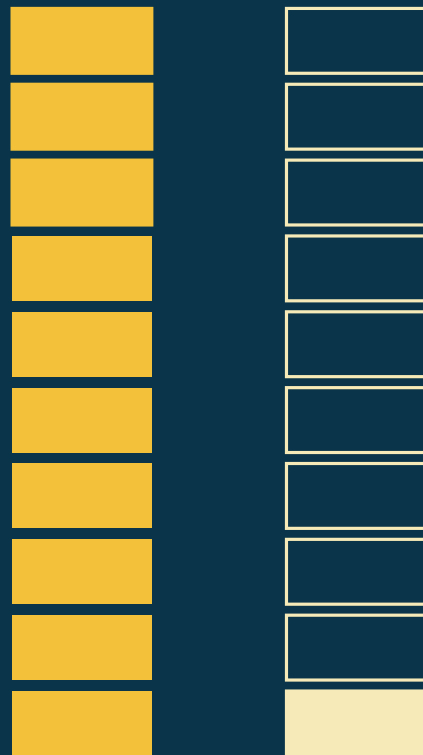
2 Inefficient operations

1 Non-adherence to procurement procedures

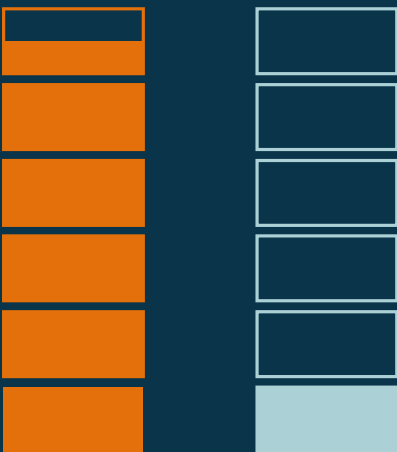
1 Lack of compliance with policies and legislation

1 Lack of verification / enforcement

Actions by the Ministry 22



Recommendations by NAO 13








11 Accepted





2 Partially accepted

20 Implemented





2 In progress

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Key issues	<p>Chargeable visa fees lacking legal backing</p> <p>Management is to give this matter priority and immediately liaise with the respective Minister, to issue a legal notice to this effect, in accordance with the enabling powers vested in the primary legislation, namely the Fees Ordinance Act (Cap. 35).</p> <p>Accepted</p>	<p>The Legal Office has drawn up and presented the required legal amendments, as well as all other necessary paperwork, to the Ministry for Home Affairs, Security & Employment, for necessary action.</p> <hr/> <p>MHSE issued a Labour Migration Policy to ensure that economic migration addresses future labour market needs. This policy also covers the fees to be applied.</p>	<p></p> <hr/> <p></p>
	<p>Salary deviations from the collective agreement for Professional Officers</p> <p>When instructions, given in writing or otherwise, depart from the conditions of the collective agreement in force, officers responsible for payroll are to challenge such decisions.</p> <p>Accepted</p>	<p>Following the publication of the Labour Migration Policy, the Ministry is preparing to present the amendments to the 'Long-Stay Visa Fees Regulations' - SL. 35.35 for approval by Cabinet.</p>	<p></p> <p>Dec-2025</p>
	<p>When merited, prior approval from IRU is to be obtained and reflected in an addendum.</p> <p>Accepted</p>	<p>Identità shall not deviate from the conditions outlined in the collective agreement unless prior approval is obtained from the IRU.</p>	<p></p>
		<p>Identità is implementing a process whereby a random sample is selected from each payroll cycle to verify compliance with the collective agreement. Identified payroll changes are discussed in a dedicated meeting prior to effecting payment, and all relevant documentation is duly retained.</p>	<p></p>

Recommendations	Action taken/justification	Status
<p>Entitlement to qualification allowance not in line with collective agreement</p> <p>Following the exercise that Management intends to carry out, the Agency is to request refund of the qualification allowance which was not paid in line with the pertinent collective agreement.</p> <p>Partially accepted</p>	<p>The Agency will not request any refunds related to the qualification allowance since this was granted following the necessary approval from the previous CEO.</p> <hr/> <p>The qualification allowance was discontinued for those employees who were not eligible and it is now being granted to those who possess a qualification that is not considered a prerequisite for entry into their respective grade.</p>	
<p>Payment of representation allowance not duly substantiated.</p> <p>Discussions are to be held with IRU to regularise the payment of this allowance, provided it is justified. If the green light is given, an addendum to the collective agreement is to be endorsed to this effect, indicating the effective date, eligibility criteria, amounts, and the related terms and conditions. This will ensure a complete audit trail until the new agreement is drawn up.</p> <p>Partially accepted</p>	<p>Following an internal analysis of the matter, Identità concluded that there was no need to hold discussions with IRU to regularise the allowance and to issue an addendum to the collective agreement.</p> <hr/> <p>In recognition of the additional responsibilities undertaken by HR representatives across the Agency, Identità decided to start providing the Reporting Risk Allowance mentioned in the Collective Agreement to employees assigned to report on HR matters. The duties performed by the HR representative officers are closely aligned with those of the reporting officer's compliance unit and include continuous reporting activities, such as monitoring and reporting on sick leave and vulnerable employees, ensuring the proper dissemination of HR-related communications, and confirming that all relevant memos, directives and policies issued by the HR Unit are acknowledged and actioned by their respective teams. This allowance serves to compensate for these additional duties.</p>	
<p>Documentation related to salaries not available</p> <p>For transparency, accountability, as well as business continuity, source documentation is to be duly filed. Full audit trail is also necessary for future verification, both internally and by third parties.</p> <p>Accepted</p>	<p>Identità will start utilising a digital filing system to manage and store the required documentation.</p> <hr/> <p>The current IT system generates a monthly report before each payroll, and in case of deviations, this report is reviewed internally.</p>	 Dec-2025 

	Recommendations	Action taken/justification	Status
Compliance issues	<p>No preapprovals for overtime</p> <p>For control and audit trail purposes, Management is to ensure that formal approval is obtained prior to the actual overtime work carried out, substantiated with proper justification as to why such overtime is necessary. This procedure is clearly outlined in the collective agreement.</p> <p>Accepted</p>	<p>Identità has issued and circulated an overtime policy which specifically remarks that overtime must be approved 'a priori'.</p>	
		<p>Identità introduced an online overtime system to digitalise all overtime requests and approvals by their respective superiors.</p>	
		<p>The online overtime system enables HR to effectively track and monitor the overtime approval process.</p>	
	<p>Overtime forms are also to be duly endorsed before effecting payments.</p> <p>Accepted</p>	<p>With the overtime online system, all overtime forms are being endorsed prior to effecting payment.</p>	
	<p>Shortcomings in procurement</p> <p>Until there is a contract in force, as a stop gap measure, any expenditure exceeding €10,000 (VAT excl.) is to be approved by the Ministry for Finance, in line with the pertinent procurement regulation</p> <p>Accepted</p>	<p>Identità is ensuring that the necessary approvals from the Ministry for Finance are obtained 'a-priori'.</p>	
		<p>A standard operating procedure delineating the procurement procedures was drawn up and circulated among staff concerned.</p>	
		<p>Employees working on procurement are attending several relevant training organised by the DoC, whilst additionally being provided with on-job training.</p>	
	<p>Such direct orders are also to be duly published in the Government Gazette</p> <p>Accepted</p>	<p>Identità is ensuring that every six months the full list of direct orders is published in the Government Gazette.</p>	

	Recommendations	Action taken/justification	Status
	<p>Furthermore, when only estimates are available, a request for a direct order in principle can be submitted to the Direct Orders Office until the actual costs are known, and this can be forwarded for definite approval at a later stage.</p> <p>Accepted</p>	<p>Identità is ensuring that requests for approval in principle will be raised with the Direct Orders Office and this will be followed by another request for a definite approval once the exact costs are known.</p>	
	<p>Moreover, the necessary approvals are to be obtained from the Department of Contracts for modifications and/or extensions, as applicable. Thereafter, an addendum is to be drawn up.</p> <p>Accepted</p>	<p>The procurement unit initiates the process to replace expiring contracts approximately eight months prior to their expiration date.</p>	
		<p>Identità is ensuring that as per procurement legislations, requests for modifications or extensions are filed with the Sectoral Procurement Directorate and the Department of Contracts.</p>	
	<p>No performance guarantees for the provision of certain services</p> <p>A performance guarantee, covering the entire contract period, is expected to be in place. This will safeguard the contractors' commitment to fulfil the obligation undertaken while providing legal and financial protection in case of default by the foregoing.</p> <p>Accepted</p>	<p>Identità has created a calendar alert system, that notifies the Procurement Unit two months in advance of a performance guarantee expiration.</p>	
	<p>General comment</p>		<p>The officers in charge were cooperative and assisted on the respective area of work, providing explanations immediately, where necessary. Regarding visa revenue, based on the walkthrough performed, the meetings held and the examination of manual receipt books, it was concluded that the procedures in place provided adequate control.</p>

Jobsplus – Expenditure

Jobsplus is a corporation established in terms of Article 5 of the Employment and Training Services Act (Cap. 594). The affairs and business of Jobsplus are the responsibility of the Board of Directors which, as at December 2023, consisted of sixteen members, two of which served as Chairperson and Deputy Chairperson, respectively. A Board Secretary also served on the Board. On the other hand, the executive conduct of Jobsplus and its administration are the responsibility of the Chief Executive Officer (CEO). A new CEO was appointed in March 2024; however, another change in this leadership position took place just five months later on 23 August.

The main scope of this audit was to ensure that adequate controls were in place to safeguard the interests of Government, that Public Procurement Regulations (PPR) were followed, as well as that expenditure charged was duly substantiated and in line with standing policies and agreed rates. However, other items which were noted during this audit are also reported upon.

Significant weaknesses in the internal control environment and governance framework at Jobsplus were identified. These included poor documentation and record-keeping, bypassing of procurement regulations, inadequate contract oversight, as well as restricted bidding processes and lack of transparency in the collection of quotations.

Follow-up action

Jobsplus established a robust internal control framework with clear accountability by appointing a Unit Manager (Quality) and forming a Board of Directors to oversee operations. An internal audit plan has been developed, and audits were concluded for the first two identified areas.

To address issues related to procurement, Jobsplus is preparing a procurement plan by the end of each year, outlining the tenders planned for issuance in the following year. As a control measure, all purchase requests require approval by the Procurement and Purchasing Control Unit.

The Lino Spiteri Foundation (LSF) has been informed that, to facilitate the release of subventions, it is required to submit a quarterly management report to Jobsplus. These reports are being reviewed by Jobsplus to ensure that the Foundation is operating within its budget. Furthermore, Jobsplus has requested that LSF utilises a standardised template for these subvention submissions, thereby ensuring consistency, clarity, and the elimination of discrepancies. Additionally, LSF must provide a financial forecast for the upcoming year by February or March of the current year, as this information is necessary for the preparation and timely submission of the Business Plan, which is due in April.

NAO issues by category 9



4 Inefficient operations

2 Lack of verification / enforcement

1 Lack of communication

1 Non-adherence to procurement procedures

1 Lack of compliance with policies and legislation

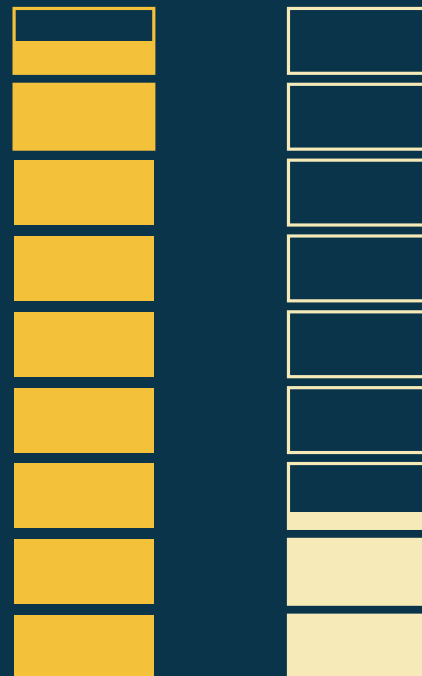
Actions by the Ministry 43

Recommendations by NAO 20



19 Accepted

1 Partially accepted








34 Implemented

9 In progress




Each box represents 4 units

	Recommendations	Action taken/justification	Status
Key issues	Weak internal controls and governance	The outsourced internal audit function has developed an internal audit plan, and audits were concluded for the first two identified areas.	
	Jobsplus is to implement a comprehensive and robust internal control and governance framework to ensure sustainable operational efficiency, risk mitigation, and regulatory compliance. This is expected to include clear lines of responsibility and accountability at all levels, continuous oversight and monitoring of internal control activities, as well as enhanced audit trail. A well structured governance model, combined with strong internal controls, provides a foundation for achieving strategic objectives while safeguarding the entity's assets and reputation.	Jobsplus engaged a Unit Manager (Quality) who will ensure that all services and processes meet or exceed established standards and best practices to support job seekers and employers effectively.	
		The Board of Directors has been approved and appointed.	
		In line with the Procurement standard operating procedure (SOP), all purchases requests must be approved by the Procurement and Purchasing Control Unit.	
	Accepted		
		Jobsplus carried out an exercise to verify that all agreements are in place in accordance with the Procurement Regulations.	
		Services not covered by an agreement have been discontinued until a valid agreement is in place.	
		Procurement training sessions are being conducted for all managers to ensure compliance and enhance understanding of procurement processes.	
		Jobsplus is preparing a procurement plan by the end of each year, outlining the tenders planned for issuance in the following year. This plan is then submitted to both the Ministry and the Department of Contracts (DoC).	
		This procurement plan will be reviewed and updated as required throughout the year.	






Recommendations	Action taken/justification	Status
<p>Contribution for not meeting the employees disability quota</p> <p>In order for the accounts to portray a true and fair view of the entity's financial situation, contributions due are to be recognised in the Statement of Comprehensive Income, or at least, if there is an element of uncertainty, they are to be disclosed in the notes to the financial statements in the period they fall due and not when actually collected. This approach is also in line with the matching concept which requires revenue to be recognised in the same period as the expenses incurred to generate it.</p> <p>Partially accepted</p>	<p>The contributions for a particular year cannot be included in that year's financial statements, as they are generally received between February and March, by which time the financial statements have already been approved. Moreover, by February–March, Jobsplus does not yet have any estimates for these contributions.</p> <hr/> <p>The contributions of a particular year are always included in the financial statements of the following year.</p>	
<p>Contribution to Lino Spiteri foundation</p> <p>While the foundation is an autonomous body corporate managed by the Board of Administrators, Jobsplus is to ensure, through its members on the same Board, efficient and effective utilisation of public funds.</p> <p>Accepted</p>	<p>The Lino Spiteri Foundation (LSF) was informed that to release subventions, the Foundation is required to send a quarterly Management Report to Jobsplus.</p> <hr/> <p>Jobsplus has requested LSF to submit the subvention using a standard template. This template will aid to ensure consistency and clarity and eliminate discrepancies.</p> <hr/> <p>LSF is required to provide the financial forecast for the upcoming year by February/March of the current year, as this information is required for the preparation and submission of the Business Plan which is due in April.</p>	  




Recommendations	Action taken/justification	Status
<p>Jobsplus is also to determine the contribution payable as per the provisions of the deed, based on its financial estimates rather than vice versa, i.e., the needs determined by the Foundation</p> <p>Accepted</p>	<p>Justification: Although the Business Plan is submitted in April, the subvention allocated to Jobsplus is only confirmed when the Budget Estimates are published by the Ministry of Finance in October. Thus, Jobsplus is not in a position to inform LSF of the allocated subvention prior to October.</p> <hr/> <p>Instead of changing the deed, Jobsplus and LSF will draft a joint letter with the accurate timeframes related to the contributions made to LSF. The chairpersons of the board will also be informed of this arrangement.</p> <hr/> <p>Jobsplus and LSF have agreed that Jobsplus' internal audit will audit LSF as part of its plan.</p>	<p></p> <hr/> <p> Dec-2025</p> <hr/> <p> Jun-2026</p>
<p>On the other hand, the latter is expected to operate within its budget and, if need be, seek alternative sources of finance to ensure long-term sustainability.</p> <p>Accepted</p>	<p>Jobsplus is reviewing the quarterly management accounts received from LSF to ensure that the Foundation is operating within its budget.</p> <hr/> <p>Whilst LSF cannot generate independent revenue streams, certain operational costs are being covered through claims under the ESF-funded project.</p>	<p></p> <hr/> <p></p>

	Recommendations	Action taken/justification	Status
Control issues	Bypassing of procurement regulations	All purchasing must go through the Procurement Unit who shall advise on the suitable procurement method to be adopted and to increase transparency as much as possible.	
	Detailed cost estimates are to be drawn up prior to the start of every project or assignment. These estimates should constitute the basis for selecting the appropriate procurement method to be adopted, which should comply with the standing provisions of PPR.	The Finance Unit and the Procurement and Purchasing Control Unit are collaborating together to monitor that the Procurement Regulations are being followed.	
		Procurement training sessions are being conducted for all managers to ensure compliance and enhance understanding of procurement processes.	
	Accepted	Jobsplus is preparing a procurement plan by the end of each year, outlining the tenders planned for issuance in the following year. This plan is then submitted to both the Ministry and the Department of Contracts (DoC).	
		This procurement plan will be reviewed and updated as required throughout the year.	
	Lack of adequate substantiating documentation	All agreements are filed digitally to ensure an adequate audit trail.	
	Jobsplus is to ensure full audit trail of each financial transaction, enabling independent verification.	All expenses are accounted for in an account software and in an Excel sheet to monitor that contract value is not exceeded.	
	Accepted	Jobsplus is in discussions with MFIN for the procurement of an Enterprise Resource Planning (ERP) Software that will cater for contract management.	
			Dec-2025

Recommendations	Action taken/justification	Status
<p>Services are to be duly supported by a valid agreement that includes the applicable rates, among other terms. Other purchases are to be covered by a local purchase order. This not only serves as evidence of authorisation, ensuring that acquisition are duly approved at the right level of authority, but also as a financial control measure and a basis for verification.</p> <p>Accepted</p>	<p>Following a verification exercise on all agreements, those services not covered by an agreement have been discontinued until a valid agreement is in place.</p>	
	<p>For each project, Jobsplus are appointing a project leader to be responsible of its implementation.</p>	
	<p>The Procurement and Purchasing Control Unit will alert Project Leaders either one year before the contract is going to expire or upon the depletion of 70% of the contract value, to facilitate timely, appropriate action.</p>	
	<p>Jobsplus plans to engage a Contract Manager Executive to oversee all the projects.</p>	 <p>Jun-2026</p>
	<p>The Procurement and Purchasing Control Unit and Finance Unit are ensuring that all common purchases are covered by a local purchase order (LPO) which is endorsed by the project leader.</p>	
<p>Restricted bidding and lack of transparency in the collection of quotations</p> <p>Jobsplus is to invariably follow PPR and publish a public call for tenders or quotations, as applicable, when the amount involved exceeds the established thresholds. This increases the possibility that more diverse and cost-effective option are provided.</p> <p>Accepted</p>	<p>All purchasing must go through the Procurement and Purchasing Control Unit who shall advise on the suitable procurement method to be adopted and to increase transparency as much as possible.</p>	
	<p>Jobsplus actively monitors all recurring expenditure to determine whether cumulative annual spending on a particular item or service reaches the established threshold that necessitates the initiation of a formal call for quotations or a tender.</p>	
	<p>The Finance Unit and Procurement and Purchasing Control Unit are collaborating together to monitor that the Procurement Regulations are being followed.</p>	
	<p>Procurement training sessions are being conducted for all managers to ensure compliance and enhance understanding of procurement processes.</p>	
	<p>Jobsplus amended and circulated an SOP in relation to the procurement procedures. Management is ensuring compliance.</p>	

Recommendations	Action taken/justification	Status
<p>Where amounts fall beyond the established thresholds, measures are to be implemented to ensure transparency and fairness.</p> <p>Accepted</p>	<p>Officers working on procurement were informed that all purchasing must go through the Procurement Unit.</p>	
<p>Amongst others, a dedicated email address is to be set up for submitting quotations, and is to be accessed only on the closing date.</p> <p>Accepted</p>	<p>Jobsplus reactivated the procurement generic mailbox to be used for all correspondence related to procurement.</p>	
<p>Inadequate contract oversight</p> <p>Jobsplus is to conduct a comprehensive review of the contract terms and implement stricter controls to ensure compliance.</p> <p>Accepted</p>	<p>The generic mailbox is monitored by the Procurement Manager and only quotes received on the generic mail are being accepted.</p>	
<p>Regular monitoring should be conducted to identify and duly address any deviations in a timely manner.</p> <p>Accepted</p>	<p>Jobsplus carried out an exercise to verify that all agreements are in place, in accordance with the Procurement Regulations.</p>	
<p>Accepted</p>	<p>Services not covered by an agreement have been discontinued until a valid agreement is in place.</p>	
<p>Accepted</p>	<p>For each project, Jobsplus are appointing a project leader. The duty of the project leaders is to make sure that the contracted supplier is respecting the terms of the contract.</p> <p>A capacity plan including a Contract Manager Executive has been drawn up and was sent to P&SD for approval.</p> <p>Once engaged the Contract Manager Executive will ensure that all contractual obligations are being adhered to. The Contract Manager Executive will be tasked to develop a detailed checklist to verify that all deliverables and technical requirements outlined in the contract are being met.</p> <p>The Contract Manager Executive will also draw up a contract management SOP.</p>	   Jun-2026  Jun-2026

Recommendations	Action taken/justification	Status
<p>Inefficient utilization of transport services</p> <p>Jobsplus is to assess to what extent the objectives of the transport service are being achieved and whether public funds are being utilised in an economic and efficient manner.</p> <p>Accepted</p>	<p>An assessment on the transport service concluded that this service is rarely utilised.</p>	
<p>Depending on the outcome, it has to eventually assess whether such service is viable to be retained in the future.</p> <p>Accepted</p>	<p>Following legal advice, Jobsplus concluded that the contract will be terminated once 80% of the funds have been disbursed.</p>	 Jun-2026
<p>Accrued expenditure</p> <p>A formal lease agreement serves as an official understanding between the landlord and tenant, outlining each party's rights, obligations, and expectations. In this respect, it is essential to draw up formal lease agreements for all rented properties.</p> <p>Accepted</p>	<p>An MoU with FSWS, Servizz.gov and Agenzija Support has been signed in respect of Valletta and Birgu Centres.</p> <p>Jobsplus is in discussion with the Lands Authority in relation to a lease agreement.</p>	 Mar-2026  Mar-2026
<p>Inconsistent application of vehicle contravention fine policy</p> <p>Jobsplus is to ensure consistent application of the vehicle fine policy and to promote accountability and fairness among employees.</p> <p>Accepted</p>	<p>Jobsplus has updated and circulated its internal policy so that all contraventions are paid by the employee rather than the entity.</p>	

Recommendations	Action taken/justification	Status
<p>Sponsorship to Jobsplus' sports and social club</p> <p>The Sports and Social Club should be held accountable through a combination of specific deliverables, compliance with agreed terms, financial transparency and regular reporting. In this respect, the agreement between the parties is expected to be amended on this basis, clearly defining the purposes for which such public funds may be used, the reporting frequency, oversight, and that the respective expenditure is to be invariably substantiated.</p> <p>Accepted</p>	<p>A new Wellbeing Committee has been established. The Committee will not have a dedicated budget, and any related procurement requirements will be processed through the Procurement Unit in accordance with existing policies and procedures.</p>	
<p>Hospitality, petty cash and staff related expenditure</p> <p>Public funds are to be used judiciously and focused on the attainment of the entity's goals and objectives.</p> <p>Accepted</p>	<p>All expenditure has to be preapproved and procured through the Procurement and Purchasing Control Unit in line with the updated SOP.</p>	
<p>Expenditure related to hospitality is to be duly approved beforehand in line with the Public Service Management Code.</p> <p>Accepted</p>	<p>In line with its SOP, all expenditure, including hospitality, petty cash and staff-related expenditure, must be approved by the manager responsible for the requesting officer and subsequently forwarded to the Procurement Unit to ensure full adherence to the Public Procurement Regulations.</p>	



**FOLLOW-UP ON
PENDING ACTIONS**

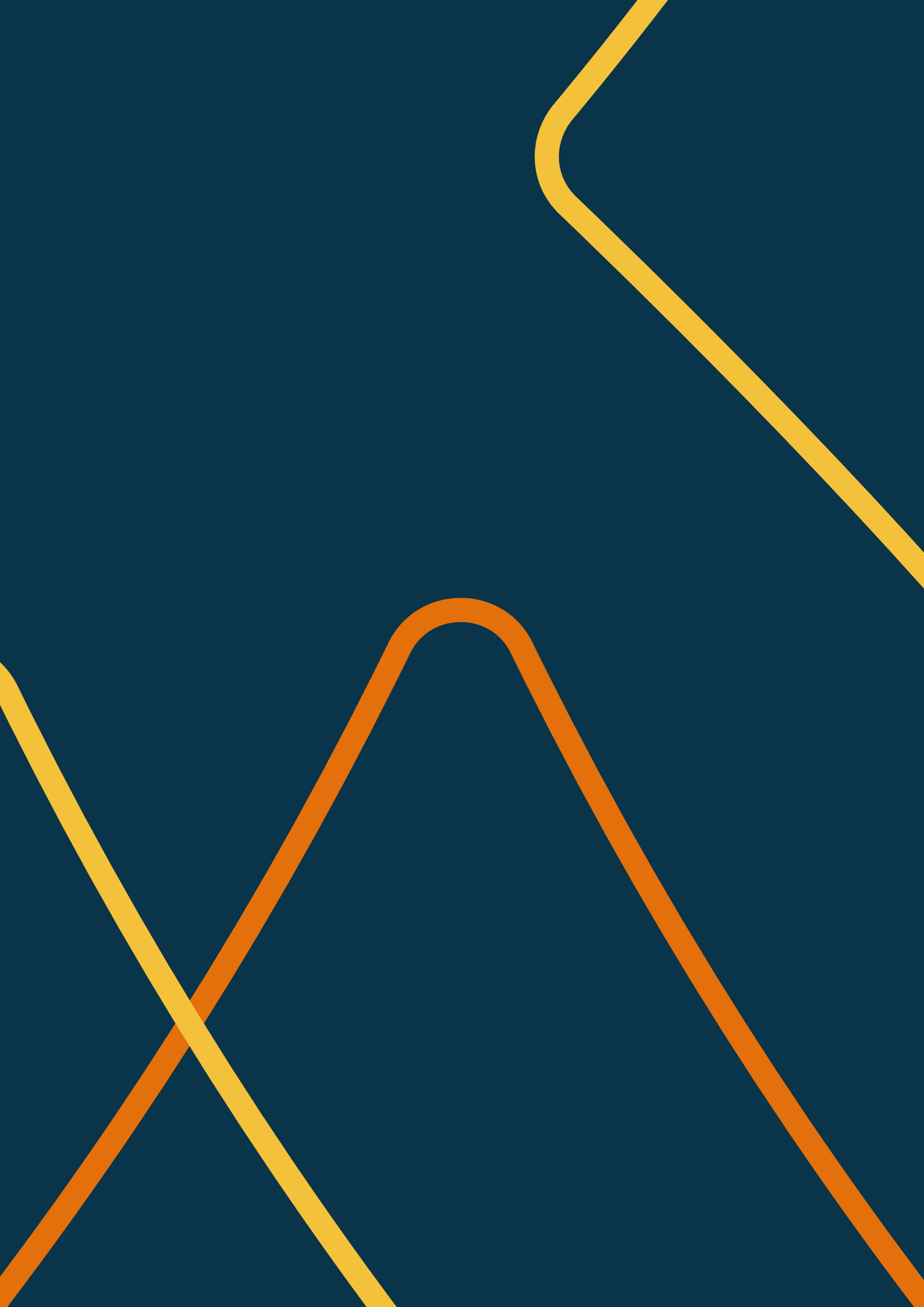


2022
GA PUBLICATION

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Armed Forces of Malta – Expenditure			
<p>Limitation on scope of audit</p> <p>AFM has engaged a doctor who is furthering his studies in psychiatry. Once he finishes his studies, AFM will no longer require the services of an external psychologist who is only required once every two to three years to carry out psychological assessments.</p>	<p>In progress</p> <p>The identified doctor is on plan to complete his third and final year of studies. After he is included in the specialist register by the Medical Council, he would be able to practice as a designated psychological assessments.</p>	<p>Dec-2024</p>	<p>Implemented in April 2025</p>
<p>Currently, the external psychological screening is provided to all applicants for officer cadets. AFM plans to provide psychological assessments to all the members of the AFM</p>	<p>In progress</p> <p>The plan is still to identify the most appropriate method for screening newly enlisted Armed Forces of Malta (AFM) members.</p>	<p>Mar-2025</p>	<p>Implemented in November 2024</p> <p>Psychological screening of newly enlisted soldiers and officer cadets has been included via questionnaire-based tools. This will form part of future medical screening programmes in the case of applicants for soldiers and officer cadets and is commensurate with their expected duties.</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Correctional Services Agency - Capital expenditure			
<p>No systematic approach to manage capital expenditure</p> <p>Security Equipment Project</p> <ul style="list-style-type: none"> • Shortcomings related to the project <p>Unreliable projections</p> <p>Lack of segregation of duties and standard operating procedures</p> <p>Other procurement issues</p> <p>A risk register covering all CSA's objectives will be compiled in accordance with OPM circular 1/2016. Such a register will facilitate the identification of any risks that may have an impact on the achievement of an objective.</p>	In progress	Dec-2024	<p>Not yet implemented</p> <p>The risk register will be prepared following the completion of management's risk-related training.</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Local Enforcement Systems Agency – Revenue			
<p>Local Enforcement System</p> <p>LESA is holding discussions with a software developer to digitise the debt.</p>	<p>In progress</p> <p>Development on the management tools were concluded in Q2 2024 and then the Local Enforcement Systems Agency (LESA) started the development on the Debt Collection system.</p>	Dec-2024	<p>In progress</p> <p>The Debt Collection System is still being developed</p> <p>Expected date of implementation is December 2025</p>
<p>Financial statements not prepared</p> <p>Subsequently, the auditor will proceed to conclude the financial statements for 2020.</p>	<p>In progress</p> <p>The financial statements of 2017 and 2018 were presented to the House of Representatives in September 2024.</p> <p>Financial statements of 2019, 2020, 2021 and 2022 are being prepared and are planned to be finalised</p>	Jun-2025	<p>In progress</p> <p>The financial statement of 2019 was submitted.</p> <p>The 2020 and 2021 financial statements are being prepared.</p> <p>Expected date of implementation is December 2025</p>





MINISTRY FOR THE
**ENVIRONMENT, ENERGY
AND PUBLIC CLEANLINESS**

MEEC

(published by the NAO as Ministry for the Environment, Energy and Enterprise)

Urban Greening – Expenditure

Project Green (PG) is an agency falling under the remit of the Ministry for the Environment, Energy and Enterprise. It was established in 2023, in terms of Project Green Agency (Establishment of an Agency) Order, 2022 (L.N. 367 of 2022), and has been entrusted with a seven-year programme to invest €700 million in the creation, maintenance and invigoration of public gardens and other open spaces in Malta and Gozo. The thrust behind this is to ensure urban greening, where everyone can enjoy green recreational spaces within a short walk from their home, no matter where they live.

The main scope of the audit was to determine whether procurement procedures undertaken by PG were in compliance with the Public Procurement Regulations and applicable circulars. The audit also sought to establish whether Government resources were used prudently and in a judicious manner, and that the basic principles of transparency, fairness and equal treatment were upheld.

A review of a sample of Urban Greening initiatives embarked onto by Project Green during 2023 highlighted various issues. These included lack of sufficient details in the agreements related to the respective projects and delays in the certification of works.

Follow-up action

PG has strengthened its project implementation capacity by engaging Project Managers (PMs), a Head of Project Implementation, and Quantity Surveyors (Qs), among others. With these additions, PG is now better positioned to monitor and document on-site progress and manage contracts more effectively. Projects are closely supervised through routine site visits, with Foremen conducting weekly inspections and Project Managers visiting every two weeks.

To further enhance its monitoring processes, PG introduced a project governance workflow that guides each project from initiation through to completion. A site diary has been implemented to record on-site activities using standard templates and to capture photographic evidence during visits. Upon project completion, a final report is prepared to document the work carried out and highlight any issues encountered.

Additionally, a Standard Operating Procedure (SOP) was drafted and circulated to guide the coordination of site visits and the completion of template documentation. To ensure consistency across projects, PG also finalised a standard work template for tenders and a standard agreement template.

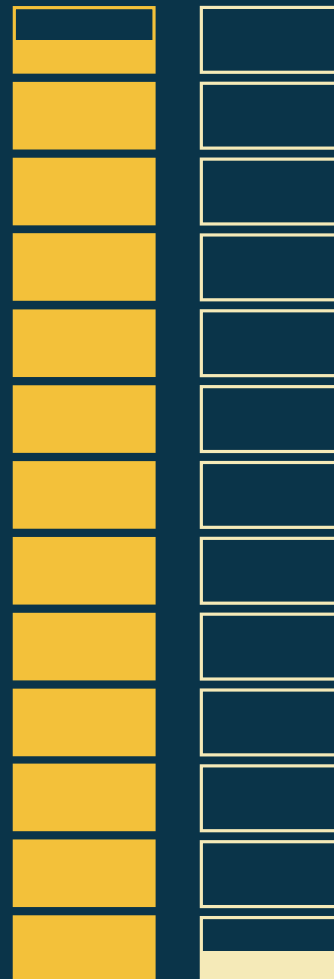
NAO issues by category 3



2 Inefficient operations

1 Non-adherence to procurement procedures

Actions by the Ministry 26



Recommendations by NAO 9




7 Accepted

2 Partially accepted





25 Implemented

1 In progress

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Key issue	Inadequate project documentation and monitoring	Project Green (PG) strengthened its monitoring processes by engaging new employees in different areas including Project Managers (PM), a Head of Project Implementation, and Quality Surveyors (QS) among others.	
	PG is to establish comprehensive documentation and rigorous monitoring procedures to ensure all project agreements are detailed and complete, certifications are timely, progress is systematically monitored, and any deviations or delays are promptly identified and analysed as to whether there were reasonable justifications.	PG introduced a project governance workflow that guides a project from its initialisation through to completion.	
		A site diary was introduced to allow personnel to fill in templates on-site and review them accordingly. Subsequently, a report is generated based on what was written.	
	Accepted	PG is currently working on introducing a central information system for project implementation and tool management. Once, introduced the system will help the entity to improve its document management and will enable it to maintain better audit trails.	 Jun-2026
		A structured process is in place that enables PG to conduct a multi-tiered verification, involving personnel from various departments, to ensure the accuracy of Bills of Quantities (BoQs) and payment certificates.	
		A standard operating procedure (SOP) on the coordination of site visits and the compilation of template documentation was drafted and circulated among staff concerned.	
		PG finalised a standard works template for tenders to ensure a consistent approach for future tenders.	
		PG has drawn up a standard agreement template for service providers to ensure a consistent and readily available baseline for future contracts.	
		PG is ensuring that deviations and delays are promptly reported and that appropriate approvals for such delays and variations are obtained in a timely manner in line with contractual provisions.	

	Recommendations	Action taken/justification	Status
Control issues	Marsaskala emergency civil works Management is to identify the reason for the delay in issuing the architect's final certificate and establish the basis on which this was based.	The procedure in place cannot be modified given the requirements for measured works. The architect is required to inspect works and verify all quality tests provided by the contractor. Consequently it is standard procedure that in civil works projects the final architect's certificate is issued a month or two after project completion, particularly when concrete works are involved.	
	Partially accepted	Following work completion on-site, a partial provisional acceptance certificate is issued and filed accordingly. The final certificate will only be issued once all certifications and reports are in place.	
		As a new procedure, the provisional acceptance certificate now includes the date marking the completion of on-site works.	
	San Gwann pollinator garden PG is to establish a robust monitoring and documentation framework. This should include measures, such as continuous supervision and the compilation of formal progress reports, enabling verification of the entire process.	As PG has significantly increased its capacity in project implementation, it is now in a better position to monitor and document on-site progress and manage contracts more effectively.	
	Accepted	A site diary was introduced to fill in the templates on-site and take photographic evidence during site visits.	
		Projects are under close supervision through routine site visits, with Foremen conducting weekly inspections and Project Managers visiting every two weeks.	
		Following the completion of a project, a final report is prepared to document the work carried out and any issues identified during the process.	
		An SOP on the coordination of site visits and the compilation of template documentation was drafted and circulated among staff concerned.	

Recommendations	Action taken/justification	Status
<p>Adherence to the project timeline is also to be enforced, with clear procedures in place for handling delays and obtaining necessary certifications in a timely manner.</p> <p>Accepted</p>	<p>PG is ensuring that delays are promptly reported and that appropriate approvals for such delays are obtained in a timely manner in line with contractual provisions.</p>	
	<p>If the need arises concerning unacceptable delays, PG takes action to impose penalties in line with related agreement provisions.</p>	
<p>Furthermore, PG is also advised to revise its templates of the standard agreement to include all critical project details, thereby ensuring transparency and accountability.</p> <p>Accepted</p>	<p>PG has drawn up a standard agreement template for service providers to ensure a consistent and readily available baseline for future contracts.</p>	
<p>Gnejnet iċ-ċkejken Ziam</p> <p>For the sake of transparency in the procurement process, an explanation is to be provided, justifying the delay in the publication of the contract award notice.</p> <p>Accepted</p>	<p>In this case PG could not provide justification as to why the award notice was not published in time since it was not involved during the procurement process of this project.</p>	
	<p>To avoid similar situations in the future, PG started to actively be involved in all stages of projects implemented jointly with Local Councils (LCs) or other entities.</p>	
	<p>Transparency is ensured by adhering to the Public Procurement Regulations (PPR) when issuing tenders and by closely monitoring projects and contracts.</p>	
<p>Moreover, for future projects, PG is to clearly define the respective scope and reimbursement terms.</p> <p>Accepted</p>	<p>The agreements signed between PG and other stakeholders are defining the roles, tasks, and obligations of each party. The agreements are also including the estimated BOQ and the percentages and fees that shall be covered by each entity.</p>	

Recommendations	Action taken/justification	Status
<p>Project timelines are also to be closely monitored, ensuring that detailed extension requests, with valid justifications, are submitted in advance and approved accordingly.</p> <p>Accepted</p>	<p>A PM is assigned at the outset of each project and is responsible for monitoring compliance with all contractual clauses</p>	
	<p>Projects are under close supervision through routine site visits, with Foremen conducting weekly inspections and Project Managers visiting every two weeks.</p>	
	<p>PG is making use of Gantt Charts, and the project governance workflow, to monitor projects.</p>	
	<p>When delays are identified, PG communicates with the contractor to ensure that appropriate measures are taken to mitigate delays and provide justifications.</p>	
	<p>In the case of unforeseen delays, contractual requirements are being followed and the necessary approvals as required are being obtained for extensions.</p>	
	<p>All extension requests and their corresponding approvals are documented and stored in their respective file to ensure an adequate audit trail.</p>	
<p>Additionally, PG is to identify the basis of the architect's certification and provide NAO with the pertinent final BoQ.</p> <p>Partially accepted</p>	<p>The mentioned project did not fall under PG's remit, and it was the Local Council's (LC) responsibility to manage this project. Subsequently, a meeting was held to discuss the issue as PG did not approve of several items mentioned in the BoQ presented by the LC's architect. Following this meeting a payment certificate was issued covering only items accepted by PG. An updated BoQ was never issued by the architect of the LC.</p>	
	<p>To avoid a similar issue in the future, PG has engaged in-house quantity surveyors within its project support unit.</p>	
	<p>PG is ensuring that a final BoQ is issued upon completion of works.</p>	

Ministry for the Environment, Energy and Enterprise - Payables and receivables

The Ministry for the Environment, Energy and Enterprise (MEEE) leads Malta's commitment to a sustainable and climate-neutral future, for a better quality of life. The Ministry's responsibilities range from terrestrial and marine environment protection to sustainable development, afforestation, urban greening, decarbonisation, national parks and public gardens, waste management, environmental, social and governance initiatives, energy and water services, energy efficiency and renewable energy.

The main scope of the audit was to assess the Ministry's compliance with the pertinent circulars regulating the collation and reporting of the accrual accounting returns as at 31 December 2023. NAO performed a financial audit of the reported balances to assess whether complete, accurate and timely accounting information was submitted to Treasury.

An audit on the payables and receivables of the Ministry for the Environment, Energy and Enterprise revealed overdue amounts owed to Government that have accumulated over several years. Additionally, accrued expenses were found to be substantially overstated.

Follow-up action

MEEC has introduced a 'Refund' policy that outlines the procedures for reimbursing overpayments. Each month, thorough checks are carried out on the provisional payroll list received from the Salaries Unit in Gozo, prior to payroll issuance, to ensure that any overpayments are identified and addressed at an early stage.

Standard Operating Procedures (SOPs) on 'Uncollected Debts' and the 'Salaries and Allowances Verification Process' were revised and updated to reflect current practices and circulated to all relevant staff. MEEC also introduced a new SOP related to the reporting of accrual accounting. In addition, a fraud risk register was implemented to help mitigate potential risks.

NAO issues by category 3



2 Inefficient operations

1 Lack of verification/enforcement

Actions by the Ministry 16












16 Implemented

Recommendations by NAO 5



5 Accepted

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Control issues	Long outstanding debtors	The Ministry for the Environment, Energy and Public Cleanliness (MEEC) is ensuring that all efforts are made to chase debtors with long outstanding amounts.	
	Long outstanding amounts are to be analysed and an adequate provision is to be accounted for, depending on the likelihood that these are recovered.	Standard operating procedures (SOPs) on 'Uncollected Debts' and on 'Salaries and Allowances Verification Process' were revised and updated to reflect current procedures and circulated to all relevant staff.	
	Accepted	A fraud risk register was introduced by MEEC to mitigate any associated risks.	
	The Ministry is also to follow up on outstanding balances on a periodical basis and, if amounts are absolutely unrecoverable, authority is to be sought to be written off.	MEEC has introduced a 'Refund' policy that provides guidelines on the reimbursement of overpayments.	
	Accepted	While MEEC strives to minimise outstanding balances, periodic reviews are being conducted to ensure that overpayments do not occur.	
		Thorough checks are performed every month on the provisional payroll list received from the Salaries Unit in Gozo before payroll is issued, to ensure that any overpayments are identified and addressed at this stage.	
		After the third unsuccessful attempt, the Ministry escalates the matter by involving the Legal Unit and issuing a formal letter with a stipulated deadline for payment.	
		If the payment remains unsettled, MEEC will initiate a small case tribunal procedure.	
		In line with the 'Write-off' policy, MEEC will hold discussions with MFIN when debt remains uncollected after a period of two years.	

Recommendations	Action taken/justification	Status
<p>Overstated returns submitted to Treasury</p> <p>Before the submission of the various returns to Treasury, MEEE is to ensure their correctness.</p> <p>Accepted</p>	<p>Returns submissions are reviewed and verified by two separate staff members, ensuring adherence to the four-eye principle.</p> <hr/> <p>In case of discrepancies, the officers responsible have to filter, review, and verify the information found in the internal database.</p>	<p></p> <hr/> <p></p>
<p>The Ministry is also to develop and implement a system to monitor and track compensation caps specified in the agreements. This should include periodic reviews of the amounts disbursed and a clear mechanism to alert relevant personnel when the cap is approaching or has been reached. This will ensure that accruals are accurately calculated.</p> <p>Accepted</p>	<p>An internal database was established between the Corporate Services and Strategy & Support Directorates to monitor and track the compensation caps outlined in the agreements. This ensures accurate accrual calculations and avoids overpayments.</p> <hr/> <p>Periodic reviews are being carried out every quarter to reconcile the disbursed amounts.</p> <hr/> <p>The internal database includes an alert system to notify relevant personnel whether or not caps have been reached.</p> <hr/> <p>MEEC has drawn up and circulated an SOP in relation to the reporting of accrual accounting.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>It is also recommended that MEEE enhance its internal controls and reconciliation procedures to ensure the creditors' balances are accurately reported in the returns. Any discrepancies identified should be promptly corrected for reliable financial reporting.</p> <p>Accepted</p>	<p>MEEC has established an SOP on the reporting of accrual accounting that delineates MEEC's control procedures.</p> <hr/> <p>The internal database was also developed to prevent duplicate invoice entries.</p> <hr/> <p>Periodic reviews are being carried out every quarter to reconcile the disbursed amounts.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>



**FOLLOW-UP ON
PENDING ACTIONS**



**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Energy Efficiency Schemes (PV Systems Grants) - Expenditure		
<p>Lack of verification - No confirmation with third parties</p> <p>In line with Commission Regulation 2023/2831 Article 6 (1), information concerning de minimis aid granted under this scheme shall be made publicly available in a central register either at a national or a union level. Once this register is finalised, REWS will be in a position to check all the beneficiaries before granting aid.</p>	Jan-2026	On target
<p>Lack of verification - Onsite checks not carried out</p> <p>A periodic market research will be conducted to gain insights into the average market prices.</p>	May-2025	<p>Implemented as planned</p> <p>REWS engaged a mystery shopper to conduct market research aimed at gathering insights into average market prices. Following this exercise, a final report was compiled based on the results.</p>

**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Electric Vehicle Charging Pillars – Expenditure			
<p>Concerns arising from the purchase of charging pillars and respective software</p> <p>EWA is carrying out a procurement process for specialist knowledge to draw up a long-term master plan.</p>	<p>On target</p> <p>Following approval by the People and Standards Division (P&SD), the Energy and Water Agency (EWA) started discussion with Ministry for Finance (MFIN) to obtain approval for financial allocation for the project officer to draw the tender specifications for the consultant that will draw up the long-term master plan.</p>	<p>Dec-2025</p>	<p>In progress</p> <p>The process to obtain specialist knowledge to draw up a long-term master plan is still ongoing. It is expected that by December 2025 the consultant would be appointed and Government would thus have better visibility of the master plan's delivery timeframes.</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Conflicting information regarding revenue collection</p> <p>An automated reconciliation process, between user payments and electricity consumed, is being explored to improve the operations of the current charging infrastructure.</p>	<p>In progress</p> <p>EWA has collated the Charge Data Records (CDR) from the beginning of the project and subsequently calculated the user payments amount due to Government. The Contracting Authority (MEER) has reconciled user payments against the electricity consumed. Following discussions with the operator, it was agreed that a public accountant will be commissioned to draw-up a detailed report on reconciliation of funds from the revenue generated by the charging pillars.</p>	<p>Mar-2025</p>	<p>In progress</p> <p>A reconciliation exercise conducted on behalf of EWA is being discussed with the Contractor.</p> <p>Estimated date of implementation is June 2026</p>
<p>EWA is committed to ensure that reconciliations are carried out on a regular basis.</p>	<p>In progress</p> <p>EWA has collated the CDR from the beginning of the project and subsequently calculated the user payments amount due to Government. Once an agreement is reached with the operator in relation to the applicable fees to be paid, reconciliations can be carried out on regular basis.</p>	<p>Mar-2025</p>	<p>Implemented in August 2025</p> <p>A standard format based on the eventual agreement reached with the contractor is being used for monthly reconciliations.</p>

2022 GA PUBLICATION

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Enemed Co Ltd - Revenue and receivable			
<p>Commission paid not covered by agreement</p> <p>Agreements will be signed by Enemed and these jobbers at the opportune time.</p>	<p>In progress</p> <p>Inter-ministerial discussions still need to take place.</p>	Dec-2024	<p>In progress</p> <p>Negotiations with third parties are expected to resume once subsidies are lifted.</p>
Street lighting and other services – Expenditure			
<p>Ministry lacked pertinent data on the subject matter</p> <p>The Ministry started the process to identify the pertinent stakeholders and consult them appropriately in the course of drawing up the restructuring plan</p>	<p>In progress</p> <p>The Ministry is in constant communication with Enemalta and ARMS Ltd. on a need basis. Discussion with the Ministry for Gozo and Planning (MGP) are ongoing</p>	Mar-2025	<p>In progress</p> <p>As a result of increased communication lines with ARMS Ltd., the Ministry is now also being provided with electronic copies of Streetlighting consumption bills, thus facilitating the work in analysing consumption trends.</p> <p>Discussions to obtain a formal agreement with the Ministry for Gozo and the Ministry for Finance on transferring the responsibility for consumption costs of Gozo meter accounts are ongoing.</p> <p>Estimated date of implementation is October 2025</p>
<p>Risk registers covering the whole operations are prepared.</p>	<p>In progress</p> <p>The first section on consumption risk register was drafted. The Ministry will draft the risk registers on other components.</p>	Mar-2025	<p>Implemented in December 2024</p> <p>Risk registers for the functions specified in the PSO were finalised.</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Street lighting: Manual Street lighting meters readings</p> <p>In conjunction with the restructuring exercise, the Ministry, together with Enemalta, will prepare a detailed plan with timeframes to ensure that all meters are converted to smart meters and placed on the Automated Meter Management System.</p>	<p>In progress</p> <p>Most of non-smart meters were converted to smart meters. The Ministry will locate the other non-smart meters</p>	Mar-2025	<p>Implemented as planned</p> <p>The Ministry followed up closely with Enemalta to locate all remaining mechanical meters and proceed with their replacement with new smart meters. Those few meters that were not located were deemed 'lost' and the Ministry started the process with Enemalta and ARMS to terminate the untraced mechanical meters.</p>
<p>The Ministry will ensure that all non-smart meters are located. Once unlocated non-smart readers are identified, the Ministry will start discussions with Enemalta to solve the issue.</p>	<p>In progress</p> <p>The Ministry is following up closely with Enemalta to locate all remaining mechanical meters, conduct a joint site visit and proceed with their replacements with new smart meters.</p>	Mar-2025	



MINISTRY FOR
FINANCE

MFIN

(reported by the NAO as Ministry for Finance and Employment)

Malta Statistics Authority – Revenue and expenditure

The Malta Statistics Authority (MSA) was established in 2001 by an Act in Parliament, better known as the Malta Statistics Authority Act (Cap. 422). Its primary function is to act as the regulator for the collection, compilation and publication of official statistics. The Authority operates under a distinct legal framework, with the National Statistics Office serving as its executive arm. In 2023, they employed an average of 230 staff members.

MSA Board is composed of the Chairman, the Deputy Chairman, seven members and the secretary.

The main scope of this audit was to ensure that public funds were utilised in the most economical manner and for their intended purposes, in accordance with prevailing Public Procurement Regulations. Other objectives included obtaining reasonable assurance that payments made were accurate, duly supported by documentation enabling verification and in line with applicable agreements. The audit also covered the revenue cycles and salaries.

The procedures and internal controls in the areas reviewed at the MSA were found to be adequate and functioning effectively. The management and administration of the revenue and disbursements reviewed demonstrated strong accountability, transparency and effective governance. A commendable case of good practice.

Good Practice

The National Audit Office (NAO) satisfactorily noted that robust internal controls were in place, ensuring that all documentation and evidence required for each transaction adhered to prevailing regulations, policies and signed agreements, as applicable. The responsible officers demonstrated a high level of cooperation and promptly provided any necessary clarifications.

NAO also observed strong accountability, transparency and overall good governance in the management and administration of revenue and disbursements tested. Additionally, several best practices were implemented, including thorough record-keeping and strict adherence to regulatory compliance. These practices contribute significantly to the efficiency and integrity of the Authority's financial operations.





**FOLLOW-UP ON
PENDING ACTIONS**

**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Office of the Commissioner for Revenue: Income Tax Enforcement - Revenue		
<p>Inadequate information technology systems</p> <p>The Ministry for Finance (MFIN) has embarked on a comprehensive reform programme to modernise the Malta Tax and Customs Administration (MTCA).</p>	Dec-2028	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>
<p>The adjudication process is in progress and it is anticipated that the tender will be awarded by the end of the current year</p>	Nov-2024	<p>Not yet implemented</p> <p>The tender is estimated to be concluded by November 2025.</p>
<p>Following the supply of the system, MTCA will coordinate the necessary training on the IT system to the staff concerned.</p>	Dec-2028	<p>Not yet implemented</p> <p>Training will be offered promptly once the system becomes available.</p>
<p>The IMU at MTCA is currently carrying out enhancements to the reporting mechanism so as to optimise the level of information retrieval.</p>	Dec-2024	<p>Implemented</p> <p>The Debt Data Models have been completed and are now accessible to the Debt Management team.</p>
<p>The new IT system will be data-driven and will eliminate most of the present manual interventions that are being carried out due to the current legacy systems in place.</p>	Dec-2028	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Lack of timely enforcement action</p> <p>The role of the working group is to review and propose new legislation or changes to the existing legislation. The first consolidated draft of the recommendations brought forward by the working group will then be referred to the appropriate authorities for consideration and approval or otherwise.</p>	Dec-2024	<p>Not yet implemented</p> <p>The consolidated revenue act is still being drafted.</p> <p>Estimated date of implementation is December 2025.</p>
<p>Defaulters not flagged</p> <p>The Integrated Tax Administration System will automatically address the functionality of identifying defaulting taxpayers.</p> <p>The recommended function will be incorporated in the new taxation system</p>	Dec-2028	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Office of the Commissioner for Revenue: VAT Enforcement – Revenue		
<p>The office of the Commissioner for Revenue (CfR) acknowledges that the legacy systems currently in use need to be replaced. In this regard, following an internal consultation and also through the advice of the International Monetary Fund, the CfR launched its threeyear strategy Delivering Transformation, Strategic Plan 2023 – 2025: A new strategy for Malta Tax and Customs Administration (MTCA), on 9 May 2023, committing itself to modernise its organisational design structure and its legacy systems by investing in robotic process automation, that includes a case management system, the procurement of a new integrated tax information system and the procurement of an integrated artificial intelligence single platform. This transformational programme is to bring about a change through the use of digitisation by providing a better service to the public, enhancing voluntary compliance and enforcement, and addressing tax avoidance and evasion through a compliance risk management approach.</p>	Dec-2028	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>
<p>Unrealistic gross arrears and amounts estimated as not collectable</p> <p>The Ministry for Finance (MFIN) has embarked on a comprehensive reform programme to modernise the MTCA. To this effect, MTCA has issued a call for tenders to procure an off-the-shelf Integrated Tax Administration System, which will address all requirements and provide support to all MTCA sections. The new IT system will have cutting-edge technology and inbuilt compliance functionalities</p>		

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
<p>As an interim measure, until the implementation of the new taxation system, MTCA is working on an enhancement to its present system so that a monthly Debt Management Report is generated. One of this report's functions is to identify defaulting taxpayers and verify balances, based on size and age of dues. This approach facilitates collection management by prioritising which debts to address.</p>	Dec-2024	<p>Implemented</p> <p>The Debt Data Models have been completed and are now accessible to the Debt Management team.</p>
<p>Report for recent payments not available</p> <p>MTCA is foreseeing that the new automated system will include the functionality to generate a report which will determine the last date of payment, which feature is currently missing from the VAT 99 system</p>	Dec-2028	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>

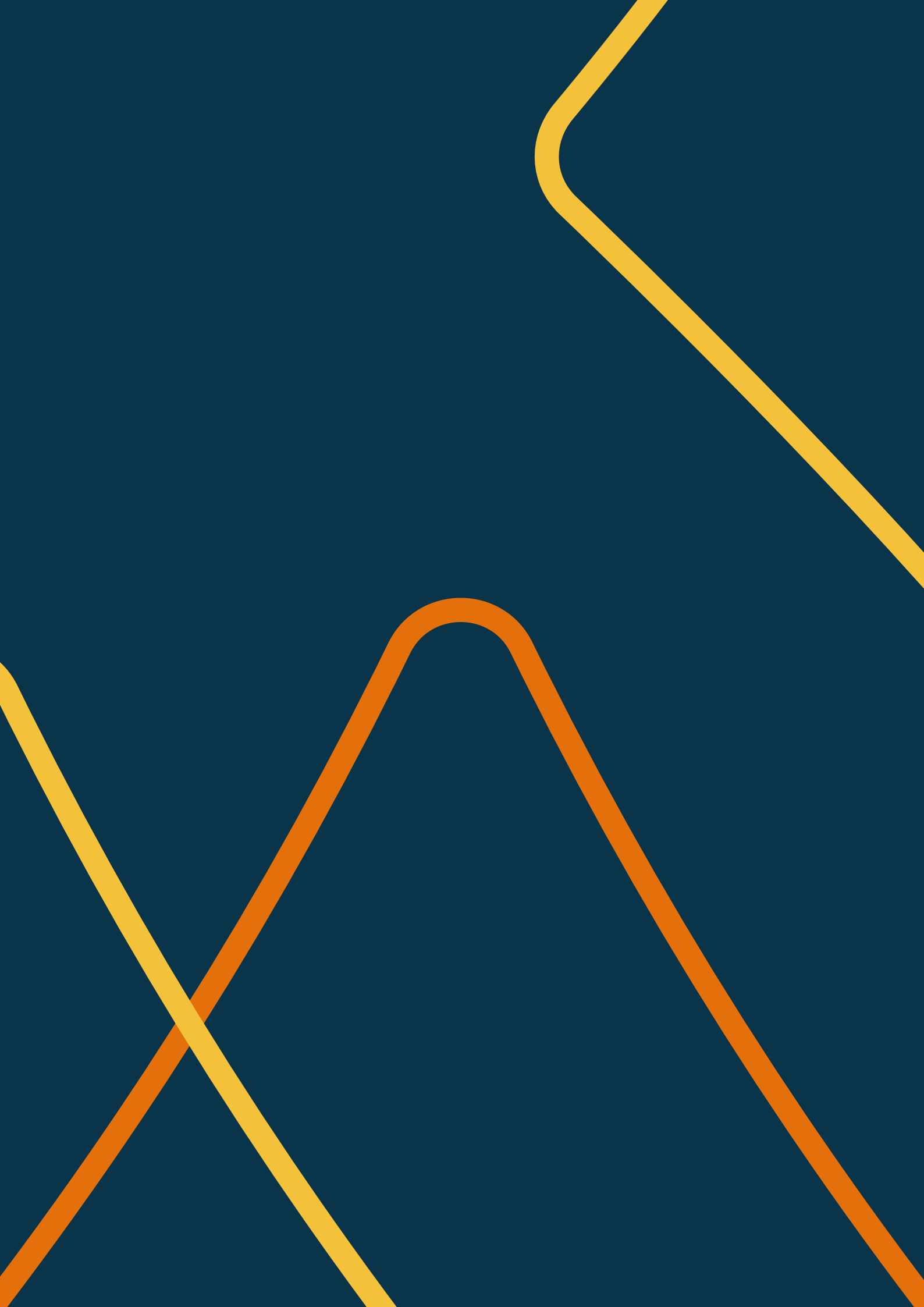
**2022
GA PUBLICATION**

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Customs – Revenue			
<p>No internal audit within the department</p> <p>The Customs Department will be setting up a new IAB to be composed of a Chairperson and members who are all independent from management. This Board will report its findings to the Director General (Customs) and to the Management Board.</p> <p>The IAB will carry out periodic internal risk assessments of the various operational procedures practised in the sections and units within the Customs Department</p> <p>As one of its tasks, the IAB will review the SOPs of the selected sections and units for better efficiency, effectiveness, and value for money.</p>	<p>In progress</p> <p>The members of the Board of Governance and consequently the Independent Audit Committee will be appointed by the Ministry.</p>	<p>No tentative date of completion was submitted.</p>	<p>In progress</p> <p>Discussions and preparations are underway to set up an Internal Audit Function for the MTCA that will cover both Tax and Customs.</p> <p>It is anticipated that this Internal Audit Function will be in place by first quarter of 2026.</p>

**2021
GA PUBLICATION**

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Commissioner for Revenue – Collection of Class Two Social Security Contributions			
<p>No enforcement</p> <p>Discussions are being held between CfR, DSS and MITA to develop an automated mechanism to issue reminders for the collection of Class II SSC with the aim to ensuring the timely collection of amounts due to the government. This is a project under the Taxation and Social Security CONvErGE programme.</p> <hr/> <p>No enforcement action to collect outstanding Class Two SSC</p> <p>A web-based data sharing arrangement between CfR and DSS is being developed under the Taxation and Social Security CONvErGE programme with a view that the process becomes automated.</p>	<p>In progress</p> <p>The Malta Tax and Customs Administration (MTCA) has issued the tender for an off-the-shelf Integrated Tax Administration System that should address this functionality. In the meantime, the manual enforcement exercise is still ongoing.</p>	<p>Dec-2028</p>	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Duty on documents – Revenue			
<p>Arrears of revenue</p> <p>Discussions are being held with the office of the Commissioner for Revenue (CfR) to embed risk management procedures in the department.</p>	<p>In progress</p> <p>The MTCA has issued the tender for an off-the-shelf Integrated Tax Administration System that should address this functionality.</p>	<p>Dec- 2028</p>	<p>On target</p> <p>The adjudication of IT system is estimated to be concluded by November 2025.</p>
<p>The system will be able to generate a report showing outstanding amounts and indicate the amounts that are close to become statute-barred. The report will be automatically communicated to CTD's management for any necessary action.</p>			





MINISTRY FOR
EDUCATION, SPORT, YOUTH,
RESEARCH AND INNOVATION

MEYR

Indoor Pool at the Cottonera Sports Complex – Capital expenditure

The indoor pool is a new addition to the Cottonera Sports Complex, which is the largest indoor sports facility in Malta. The Olympic-sized pool, designed to meet the World Aquatics' requirements, features state-of-the-art technology and offers a range of amenities, including multiple dressing rooms for both athletes and officials, dedicated office spaces, advanced control rooms, spectator stands and restroom facilities. The pool is equipped with water heating systems and air conditioning, thus ensuring the optimal environment for training and competitions for swimming and water polo. It also includes a specific deep area for artistic swimming and a moveable floor to accommodate shallow water teaching.

The National Audit Office (NAO) sought to verify whether expenditure incurred on the project was in line with the applicable rules and regulations. The audit also focused on assessing the extent and adequacy of internal controls over payments made by SportMalta in respect of this project, ascertaining that these were duly covered by supporting documentation, and that necessary verifications were carried out before the respective payments were effected.

The contract for the construction and finishing of the indoor pool at the Cottonera Sports Complex was extended at least three times retroactively by SportMalta.

Follow-up action

Following the NAO's audit, SportMalta has taken several steps to enhance procurement and project management practices. The Procurement Department now keeps a central record of all contracts and their expiry dates, actively monitoring them to initiate extensions on time. It also maintains regular communication with contractors, sending reminders ahead of expiry.

Project management has been strengthened through formal SOPs in the Manual of Procedures, covering both continuous oversight to ensure necessary approvals are in place and the conduct of preliminary market research through various methods. This ensures a structured, cost-effective, and well-documented procurement process.

NAO issues by category 1



1 Non-adherence to procurement procedures

Actions by the Ministry 12







Recommendations by NAO 5









5 Accepted

12 Implemented

Each box represents 1 unit

	Recommendations	Action taken/justification	Status
Control issues	Extensions for the construction and finishing of the indoor pool approved retroactively	The procurement department within SportMalta maintains a record of all contracts and their expiry dates and regularly monitors whether extensions are needed in order to initiate the process in a timely manner.	
	Management is to ensure that changes to the original contract, including extensions to the period of execution, are to be justified and approved in a timely manner.	The procurement department is continuously engaged in an exercise where, two months prior to a contract termination, the contractors are contacted to enquire whether an extension to the contract is required. Delays in replies from technical experts are occasionally encountered, resulting in the inability to obtain the necessary extensions on time.	
	Accepted	The project management process has been formalised through a dedicated standard operating procedure (SOP), integrated within the entity's Manual of Procedures. The SOP includes details on its creation date, as well as the officers responsible for its drafting, approval, and periodic review.	
	Essential information omitted from the Contract for Architectural Services	SportMalta is utilising the Department of Contracts (DoC) template to draft any contracts entered into by the entity, thus ensuring that all information is inputted accordingly.	
	Contracts entered into are to include full payment details, as well as the period during which the service is required.		
	Accepted		
	Any additional agreements reached are to be duly justified and documented for future reference and audit trail purposes.	Agreements are being filed in hard copy in the tender file. A backup digital copy is maintained on the Procurement Department's shared digital drive.	
Accepted		Agreements are also shared with all relevant parties, including the Finance Department and the Projects Department.	

Recommendations	Action taken/justification	Status
<p>Contract entered into prior to obtaining definite approval for negotiated procedure</p> <p>Requesting definite approvals is not to be viewed as just a formality, but a means to confirm the actual cost of the engagement. Thus, such approvals are to be obtained prior to entering into commitments with the respective service providers.</p> <p>Accepted</p>	<p>To obtain definite approvals as required, the entity has implemented a systematic follow-up process consisting of regular reminders and periodic reviews. As part of this process, project leaders initiate follow-ups 40 days prior to the contract's expiry date to ensure continuous monitoring and the timely acquisition of the necessary approvals.</p> <hr/> <p>A dedicated Projects SOP has been formalised and integrated within the entity's Manual of Procedures.</p>	<p></p> <hr/> <p></p>
<p>No negotiations carried out with the service provider</p> <p>If SportMalta is to opt for a negotiated procedure, it is expected that the price is negotiated with potential bidders to try and obtain the best possible value for money, thus minimising public spending.</p> <p>Accepted</p>	<p>The architect's fee represented 2% of the total project cost, which is notably lower than the standard rates generally applied to comparable capital projects. This amount also covered engineering services, as agreed during the negotiation process. Therefore, SportMalta could not have further reduced public expenditure or negotiated a better deal than the one that was obtained.</p> <hr/> <p>SportMalta conducts preliminary market research through various methods, including the e-PPS, the collection of hand quotations, and formal on-site informative meetings with eligible stakeholders.</p> <hr/> <p>SportMalta regularly consults technical experts before initiating projects. These experts are responsible for obtaining cost estimates on behalf of the entity, enabling SportMalta to gather the necessary information before launching a cost-effective procurement process.</p> <hr/> <p>This market research is duly documented to ensure transparency and to maintain an adequate audit trail.</p> <hr/> <p>The market research process has been formalised and integrated within the entity's Tenders SOP in the Manual of Procedures.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>

Malta College of Arts, Science and Technology - Expenditure

Established in 2001, the Malta College of Arts, Science and Technology Expenditure (MCAST) is the country's leading vocational education and training institution. The College's mission is to provide universally accessible vocational and professional education and training with an international dimension, responsive to the needs of the individual and the economy. It aims to achieve this by committing to a structured Quality Management System that fulfils, as a minimum, the requirements of the National Quality Assurance Framework for Further and Higher Education and, where applicable, other international standards in order to ensure continuous improvement. With six Institutes in Malta and the Gozo Campus, MCAST offers full-time and part-time courses, ranging from certificates to doctoral levels.

The main scope of the audit was to ascertain that public funds were utilised in the best economical manner and for their intended purposes, in line with the Public Procurement Regulations (PPR) (S.L. 601.03). Other objectives were to obtain reasonable assurance that payments effected were accurate, duly covered by supporting documentation, enabling verification, and in line with the applicable agreements.

The audit showed that certain services were sought under expired contracts, while other procurement was conducted through direct order, bypassing standing procurement regulations.

Follow-up action

MCAST has taken significant steps to enhance its procurement and financial management processes. One of the key initiatives is the engagement of a Logistics and Contracts Manager, responsible for improving procurement planning and monitoring. Additionally, the institution has introduced updated Standard Operating Procedures (SOPs) to ensure timely procurement and prevent contract fragmentation. A procurement risk register has been established to enhance risk monitoring, while procurement training for staff is being provided to strengthen compliance and efficiency. To further support students, MCAST is collaborating with Aġenzija Sapport to secure Care Personal Assistants.

To enhance financial controls, MCAST is introducing a digital contract lifecycle management system while using interim measures like calendar-based alerts and local purchase orders (LPOs). Oversight of financial commitments now involves multiple levels of review to ensure accountability and effective procurement planning.

MCAST is improving compliance by securing official approvals, publishing tenders on the e-PPS, and establishing a Procurement Operations Committee. These measures, alongside structured planning and transparency initiatives, reinforce efficiency and regulatory alignment.

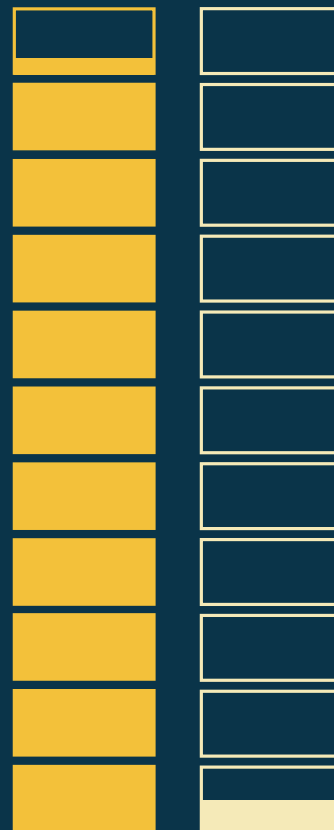
NAO issues by category 2



1 Non-adherence to procurement procedures

1 Lack of compliance with policies and legislation

Actions by the Ministry 43



Recommendations by NAO 16






15 Accepted







1 Partially accepted







41 Implemented

2 In progress

Each box represents 4 units

	Recommendations	Action taken/justification	Status
Control issues	<p>Services rendered under expired contracts</p>	<p>To address the issues highlighted by the National Audit Office (NAO) during the audit, MCAST is in the process of publishing a new tender for the provision of clerical and secretarial services. Furthermore, discussions are being held with Aġenzija Sapport regarding the provision of Care Personal Assistants to support MCAST students in their studies.</p>	
	<p>The expiration of a contract is a foreseeable event. Every possible effort should therefore be made to start the appropriate procurement process well in advance. This will ensure that competitive calls are published in a timely manner.</p>	<p>MCAST has engaged a Logistics and Contracts Manager, whose main responsibility is to ensure effective planning and monitoring of procurement processes.</p>	
	<p>Accepted</p>	<p>MCAST has established standard operating procedures (SOPs) regarding procurement, including the timely planning of procurement processes well in advance to ensure that competitive calls in accordance with the PPR, are issued on time.</p>	
		<p>MCAST is set to launch a digital system aimed at streamlining processes and integrating contract lifecycle management. This system will track expenses, ensure proper approval processes for financial commitments, conduct periodic budget reviews to assess spending patterns, identify potential overruns, and take corrective measures where necessary.</p>	 Jun-2026
		<p>As an interim measure, MCAST has implemented a calendar-based notification system to alert management ahead of contract expirations. This system serves as a temporary solution while a more comprehensive and longer-term system is developed. The future system will not only track contract timelines, but also monitor expenses, ensure proper approval processes for all financial commitments, conduct periodic budget reviews to assess spending patterns, identify potential overruns, and take corrective measures where necessary.</p>	
		<p>MCAST has established a procurement risk register to facilitate prompt and effective risk monitoring and mitigation. The risk register is regularly updated to include emerging risks.</p>	

Recommendations	Action taken/justification	Status
<p>Monitoring is also to be performed to alert Management when the contract value is close to being exceeded.</p> <p>Accepted</p>	<p>The Logistics and Contracts Manager actively monitors the financial aspects of all contracts.</p> <hr/> <p>MCAST has implemented a control system in which contract values are monitored at three key stages, namely: by the project owner, by the Logistics and Contracts Manager, and by the Accounting Department.</p> <hr/> <p>Until the introduction of a digital system, Local Purchase Orders (LPOs) are being raised to monitor contract value utilisation.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Agreement entered into retroactively and more than two years later still not signed by the College</p> <p>All services are to be covered by a valid agreement not later than its effective date, to ensure that terms and conditions are agreed upon by both parties, facilitating audit trail and internal verifications before payments are made.</p> <p>Accepted</p>	<p>Management took immediate action to address the issue highlighted by the NAO, updating its SOPs related to procurement and contract management in line with the recommendation.</p> <hr/> <p>The SOP has been distributed to the relevant employees, with management actively overseeing compliance.</p> <hr/> <p>Management, through the Contracts and Logistics Manager, is ensuring that all contractual engagements are now supported by both a valid agreement and an LPO as an additional control measure.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>Contract value exceeded</p> <p>Sound planning and monitoring are to be exercised to ensure that, as far as possible, contract values are not exceeded.</p> <p>Accepted</p>	<p>To address the specific issue raised by the NAO during its audit, MCAST submitted a request for an extension of the security services contract until January 2026, in line with the contract's terms and conditions. This extension, which covers the previously exceeded contract value, was approved by the General Contracts Committee (GCC).</p>	
	<p>Additionally, MCAST requested approval to accommodate cost of living allowance-related salary increases in accordance with the Department of Contracts' guidelines. This request was also approved by the GCC and ensures that the contractor's staff receive appropriate remuneration, upholding the principle of equal pay for work of equal value.</p>	
	<p>A request to include an additional sum in the contract to cover Sunday rates, has been approved by the GCC. This adjustment addresses the unintentional omission of these rates, which led to the contract sum being depleted at a higher cost.</p>	
	<p>MCAST assigned the Logistics and Contracts Manager the responsibility of ensuring that contracted amounts remain within the approved limits.</p>	
	<p>LPOs are raised to monitor the contract value utilisation.</p>	
	<p>To manage MCAST's procurement needs effectively and in accordance with the PPR, annual procurement plans are being prepared and approved by the Board of Governors in advance.</p>	
	<p>A system of controls is in place whereby contract values are monitored at three key stages, namely: by the project owner, by the Logistics and Contracts Manager, and by the Accounting Department.</p>	

Recommendations	Action taken/justification	Status
<p>In the eventuality that Management foresees that the amount agreed upon is going to be exceeded, a new tender is to be published in advance, allowing enough time for adjudication.</p> <p>Accepted</p>	<p>To address the issue highlighted by the NAO during its audit, MCAST is currently in the process of issuing a new tender for the provision of security services.</p> <hr/> <p>The controls implemented to monitor expenditure are enabling MCAST to gain better visibility and to plan ahead to publish tenders in advance.</p>	<p> Dec-2025</p> <hr/> <p></p>
<p>Procurement by Direct Order</p> <p>Proper planning is essential to follow the Public Procurement Regulations, in particular Article 28(5), stating that, "A procurement procedure shall not be subdivided with the effect of preventing it from falling within the scope of these regulations, unless justified by objective reasons."</p> <p>Accepted</p>	<p>Annual procurement plans are being prepared and approved in advance to prevent the subdivision of procurement procedures. In line with this, the procurement SOPs provide clear guidelines to assist procurement officers in avoiding contract fragmentation.</p> <hr/> <p>The risk of contract subdivision has been incorporated in the procurement risk register, along with adequate controls to mitigate it.</p> <hr/> <p>MCAST is ensuring that calls for quotations and calls for tenders are published on the e-PPS, to enhance transparency and fair competition.</p> <hr/> <p>Relevant staff members are receiving procurement training (both in-house and through the Institute for Public Services) to enhance procurement procedures at MCAST.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Procurement by direct orders should be a last resort, only in exceptional circumstances, and after obtaining the necessary Finance approval if the established threshold is exceeded.</p> <p>Accepted</p>	<p>The Procurement and Contract Management SOP provides clear guidelines on the use of direct orders in exceptional circumstances, including the requirement of approvals in advance.</p> <hr/> <p>The Board of Governors has formally endorsed the establishment of the Procurement Operations Committee, which has been entrusted with the review and evaluation of direct order requests.</p> <hr/> <p>In the interim, Management is carefully assessing direct order requests and submitting recommendations to Senior Management for their approval or rejection.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>The procurement of goods and services beyond the threshold of €10,000 (VAT excl.) should follow a public call for tenders in line with the pertinent regulations. This ensures that all potential bidders are given equal opportunity for fair competition, as well as for transparency, which may also result in more advantageous rates.</p> <p>Accepted</p>	<p>MCAST is ensuring that the procurement of goods and services exceeding the €10,000 threshold is carried out through a public call for tenders via the e-PPS, in line with the PPR.</p> <hr/> <p>Furthermore, MCAST management is encouraging the use of the e-PPS system for procurement below the value of €5,000, as a means of strengthening transparency and accountability in procurement processes.</p> <hr/> <p>Effective procurement planning, staff training, the establishment of dedicated oversight committees, and the implementation of documented guidelines will enable MCAST to publish tenders in a timely manner and adopt open and transparent procurement procedures.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>Furthermore, considering that Freshers' week is an annual event at the College, management is urged to plan ahead to avoid the need for direct orders.</p> <p>Accepted</p>	<p>To avoid the need for direct orders, annual procurement plans are being prepared and approved well in advance by the Board of Governors and uploaded on the e-PPS as per standing SOP.</p> <hr/> <p>Management reviews all direct order requests to ensure they are approved only when strictly justified and fully compliant with the PPR. This responsibility will be overseen by the Procurement Operations Committee once it is formally appointed by the Board of Governors.</p>	<p></p> <hr/> <p></p>
<p>Moreover, discussions are to be initiated well in advance to obtain the necessary approval from the Board of Governors to renew the contract for legal services before it expires, as applicable.</p> <p>Partially accepted</p>	<p>MCAST has confirmed that contract renewals do not require approval from the Board of Governors.</p> <hr/> <p>Just like the procurement of other services, the recruitment of a Logistics and Contracts Manager, along with established SOP's and additional measures to improve procurement processes, will facilitate the timely renewal of the legal services contract.</p>	<p></p>

	Recommendations	Action taken/justification	Status
	<p>Retroactive approval</p> <p>Management is to ensure that commitments are not entered into before the necessary approvals are obtained. This would minimise the risk of operational disruptions and ensure compliance with procurement regulations.</p>	<p>MCAST is committed that, through annual procurement planning, approvals are obtained prior to entering into any financial commitments.</p>	
		<p>The procurement and contract management SOP provides clear instructions to ensure that no funds are committed before obtaining the necessary approvals.</p>	
	<p>Accepted</p>	<p>The risk of unauthorised commitments has been included in the procurement and contract management risk register, with adequate controls implemented to mitigate it.</p>	
	<p>Discussions with prospective service providers should be initiated well in advance of the required start date, to allow adequate time for negotiations and the necessary approvals, avoiding the need for retroactive agreements.</p>	<p>The Procurement Operations Committee is responsible for overseeing contract compilation and monitoring, ensuring effective budget management and providing strategic contribution to procurement planning.</p>	
	<p>Accepted</p>	<p>Adequate procurement planning in place is enabling MCAST to undertake the required negotiations and approvals, prior to entering into any financial commitments.</p>	
<p>Compliance issues</p>	<p>Incorrect Board of Governors' honoraria</p> <p>Management is to seek direction from the respective Ministry to decide on the way forward and subsequently inform the Board of Governors accordingly.</p>	<p>MEYR confirmed that honoraria payments to the Board of Governors are now in line with the Manual for Setting the Categorisation, Classification, and Remuneration of Government-appointed Boards and Committees.</p>	
	<p>Accepted</p>		

Recommendations	Action taken/justification	Status
<p>Non-compliance with VAT fiscal requirements</p> <p>It is the duty of MCAST to request a proper fiscal invoice upon payment for an economic activity. If this is not provided, besides the risk of undeclared income by the suppliers, it is highly likely that tax collected on behalf of Government will not be duly passed on to the respective Department by the entity or individual concerned. Thus, the respective suppliers are to be chased accordingly to provide proper tax invoices.</p> <p>Accepted</p>	<p>MCAST took immediate action and all payments related to financial year 2024 were examined for fiscal compliance.</p> <hr/> <p>All defaulting suppliers were contacted to provide proper fiscal documentation.</p> <hr/> <p>MCAST has incorporated the process of reporting defaulting suppliers to the MTCA into the procurement and contract management SOP, including the process of notifying suppliers that purchases will be suspended until compliance is achieved.</p> <hr/> <p>Risks associated with the non-provision of fiscal documentation by suppliers have been included in the procurement and contract management risk register, with adequate controls adopted to mitigate them.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Those suppliers that fail to adhere to the VAT regulations are to be reported to the Malta Tax and Customs Administration on a quarterly basis. A nil return is to be submitted, when applicable.</p> <p>Accepted</p>	<p>Suppliers who defaulted on their fiscal obligations vis-a-vis MCAST during year 2024, were reported to the MTCA, in accordance with standing regulations.</p> <hr/> <p>The VAT defaulters report is being submitted on a quarterly basis to the MTCA, in accordance with the pertinent MFIN circular.</p>	<p></p> <hr/> <p></p>
<p>When possible, purchases from defaulting suppliers are to be discontinued until the matter is rectified.</p> <p>Accepted</p>	<p>Suppliers who default on their fiscal obligations are being informed that, unless the required fiscal documentation is provided, MCAST will, where possible, refrain from making further purchases from them. This provision has been included in the procurement and contract management SOP.</p>	<p></p>



Malta School of Music – Expenditure

(reported by the NAO under 'Other Report')

Established in 1975, the Malta School of Music has been one of the most effective governmental schools in the music performance and artistic field. Over the years, thousands of students have attended music lessons at the School and many of them furthered their studies both locally and abroad. The Malta School of Music forms part of the Mikiel Anton Vassalli College (MAVC) within the Directorate for Educational Services. It engages Malta's top musicians who constantly strive to help students achieve their highest potential in music appreciation, music knowledge and understanding, composition, performance and musicianship, through exciting and effective music programmes and opportunities.









The National Audit Office was in receipt of correspondence from the Union of Professional Educators (UPE), raising concerns regarding the payment of salaries, overtime and reimbursement for additional work to a number of employees from the School who participated in an event as part of the Christmas in the City programme. This was organised by the Valletta Cultural Agency in December 2023, whereby by means of the foregoing correspondence, it was alleged that a tutor received a €100 cheque through an invoice raised by the School itself.




In connection with these concerns, the UPE had raised concerns over the reimbursement paid out by the Malta School of Music to eight educators who participated in the Christmas event. Upon review, it was found that whilst four officers initially accepted the payment, the other four declined it. It was positively noted that the Ministry for Education, Sport, Youth, Research and Innovation (MEYR) took immediate action by setting up a Board to establish the facts and, after evaluation, design appropriate recommendations. Upon the Board's proposal, the respective amounts were recouped.






Follow-up action

Following the Board's recommendations, MAVC issued an action plan to improve governance across its schools. The Malta School of Music will develop a standard operating procedure to regulate work beyond educators' stipulated hours, which are yet to be defined. Meanwhile, educators must provide justification and supporting documents for participation in activities outside standard hours, using a standardised template.

The Head of School has taken over the School Coordinator's duties, and the role has been discontinued. The erroneous payments have been fully recovered. The Head of School is now responsible for approving all payments in consultation with the college's Finance Manager. External audits by the Malta Further and Higher Education Authority (MFHEA) will assess programme quality and compliance, while the Directorate for Quality and Standards in Education will carry out a separate monitoring exercise.

Recommendations	Action taken/justification	Status
<p>Recommendations put forward by the board</p> <p>The School is to determine which activities and events are not related to the school programme and outside the educators' working hours.</p>	<p>An action plan for good governance at Mikiel Anton Vassalli College (MAVC) schools has been distributed to all MAVC institutions. This plan is based on the recommendations of the Board appointed by the Ministry for Education, Sport, Youth, Research and Innovation (MEYR).</p>	
<p>Accepted</p>	<p>The administration of the Malta School of Music affirms that performances within an accredited programme of study offered by the school are considered an integral component of that programme.</p> <p>The school is actively ensuring that all requests for events falling outside educators' standard working hours are appropriately justified and formally documented. Ongoing procedures require that such requests include a clear specification of the number of students expected to benefit, the number and employment status of the educators involved, as well as an estimate of the additional costs related to extra hours. Where these requirements are not satisfied, requests for activities outside normal working hours shall not be approved.</p>	 
<p>Existing standard procedures that regulate the work which is over and above the stipulated hours are to be implemented. The Board recommends that the School establishes clear guidelines for activities and events that are part of the teachers' remit and that form part of the school programme.</p> <p>Accepted</p>	<p>This process will also be regulated by a standard template designed to ensure accountability, transparency, and the maintenance of a full audit trail.</p> <p>Following the creation and dissemination of an action plan on good governance, the Malta School of Music will develop a standard operating procedure (SOP) based on the plan issued to all MAVC schools. The SOP will define the internal processes to be followed, regulating work undertaken by teachers and part-time educators beyond their stipulated hours. It will also apply the general guidelines to the specific context of the Malta School of Music.</p> <p>This SOP shall further govern activities undertaken beyond the official working hours of educators. Parameters relating to such after-hours work are yet to be established.</p>	 Dec-2025  Dec-2025  Dec-2025
<p>The School Coordinator is to be made aware of the shortcomings and to be reprimanded for disregarding the standard procedures.</p> <p>Accepted</p>	<p>Shortcomings were brought to the attention of the School Coordinator, who was formally reprimanded during two separate meetings by the Director General (Educational Services), in the presence of the Head of College Network (HCN), the Director General (People Management Department) and a union official.</p> <p>After a call for applications, a Head of School was appointed to assume the School Coordinator's duties, leading to the discontinuation of the latter role.</p>	 

Recommendations	Action taken/justification	Status
<p>The School Coordinator is to recoup the funds given to the teachers.</p> <p>Accepted</p>	<p>A total of €400 was successfully recovered by the School from the four tutors who had originally accepted payment disbursed after the December event.</p>	
<p>The Head of College Network is to re-establish the position as the pivotal point of reference in emanating direction on all levels.</p> <p>Accepted</p>	<p>The HCN has re-established the position as the point of reference to provide direction on all levels.</p> <p>Multiple staff meetings were held by the HCN, including the participation of the Head of School upon his appointment.</p>	 
<p>The Finance Manager to be directly responsible for the vetting and approval of the payments involving third parties in line with standard procedures.</p> <p>Not accepted</p>	<p>There are no standard procedures assigning the Finance and Administration Officer within the Office of the HCN direct responsibility for approving payments to third parties. Within the school's internal structure, financial oversight is managed directly by the Head of School. The school also employs a dedicated clerk responsible for handling day-to-day account management. However, the Head of School holds primary responsibility for the vetting and approval of all payments, including those to third parties. This responsibility is exercised in full consultation with the Finance Manager to ensure that all financial decisions align with established procedures and procurement regulations.</p>	

Recommendations	Action taken/justification	Status
<p>An external review exercise by the Quality Assurance Department can serve as an opportunity for the School to reflect on its internal mechanism to address the challenges in a positive and proactive manner.</p>	<p>The Malta School of Music is a further and higher education institution regulated by the Malta Further and Higher Education Authority (MFHEA). Its quality assurance framework, in terms of academic programmes, is based on the standards set by the MFHEA, which differ from those applied to compulsory education institutions. All MAVC schools, including the Malta School of Music, operate in accordance with the Internal Quality Assurance Document and the Recognition of Prior Learning framework, both approved by the MFHEA. These standards guide the institution's operations and quality measures.</p>	
<p>Partially accepted</p>	<p>The school is currently in the process of updating its Internal Quality Assurance Document to align and adopt to the school's context.</p>	<p> Apr-2026</p>
	<p>The MFHEA conducts external quality assurance audits to assess programme quality and institutional compliance as part of its licensing process. This audit will be carried out in line with the College license renewal process.</p>	<p> Apr-2026</p>
	<p>The Directorate for Quality and Standards in Education shall engage in a monitoring exercise on non-compulsory education, conducting an assessment on the Malta School of Music.</p>	<p> Sep-2026</p>
<p>NAO comments</p> <p>To this effect, the National Audit Office (NAO) recommends that such services are supported by a contract endorsed by both parties, stipulating all the terms and conditions, including the hours of work per week, the applicable hourly rate and detail of the expected outcome.</p>	<p>Services of both Teachers and MAVC part-time Educators are regulated by the Public Service Commission and contracts are endorsed by both parties, stipulating all the terms and conditions, including the hours of work per week and the applicable hourly rate and detail of the expected outcome as per public call. The recruitment process goes through the Ministry's Human Resources Directorate and are regulated by the Educators' Sectoral Agreement.</p> <p>The school also has a contract template in place to ensure the seamless onboarding of educators. This template specifies contractual terms, including the hourly rate, the number of hours to be worked, the contract commencement and termination dates, and the probation period.</p>	<p> </p>
<p>Accepted</p>		

General comment

NAO acknowledged that, in response to the recommendations mentioned, the College Network developed an action plan aligned with the Board's suggestions to improve governance within its administrative structures. Yet, since by the time this review was concluded, i.e. end of July 2024, the School had not participated in any third-party events, NAO was not in a position to analyse whether the action plan was eventually implemented as intended.

It is the intention of the NAO to carry out a full-fledged audit in the near future, following the school's participation in third-party events. This will ensure a well-informed analysis of whether the necessary internal control mechanisms recommended by the Board were implemented or not.



**FOLLOW-UP ON
PENDING ACTIONS**



**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Strategy and Support – Personal emoluments		
<p>Lack of effective communication</p> <p>The Ministry is conducting an exercise so that the pertinent SOPs and circulars bind all the relevant stakeholders and facilitate information sharing.</p>	Dec-2024	<p>Implemented in February 2025</p> <p>The relevant standard operating procedures (SOPs) have been reviewed, updated, and circulated among staff to ensure consistency and facilitate information sharing across departments.</p>
School Transport – Expenditure		
<p>System failure, lack of action and inadequate safeguard</p> <p>The new school transport contract shall reflect all shortcomings highlighted in the NAO report with a view to address these shortcomings.</p>	Aug-2025	<p>Implemented in September 2025</p> <p>The new framework agreement school transport has been published, incorporating the NAO's recommendations to address previously identified shortcomings.</p>
<p>Once the compliance unit is fully set up within the STU, the unit will be drawing up a standard operating procedure (SOP) on its functions.</p>	Jan-2025	<p>Implemented through a different course of action.</p> <p>SOPs on the STU's functions have been updated and will be revised further to reflect the new operations introduced following the publication of the EOI and the signing of new contracts for the 2025/26 scholastic year.</p>
<p>Furthermore, the Ministry intends to create a unit within the permanent secretary's office to provide an overarching level of compliance, following a vast restructuring exercise within MEYR's different departments which commenced in July 2023.</p>	Dec-2025	<p>Implemented in October 2024</p>
<p>Lack of control over installation and management of devices</p> <p>Comprehensive training sessions will be provided to staff concerned to all for the use of barcode scanners during stock-takes.</p>	Jun-2025	<p>Implemented in July 2025</p>

**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
School Transport – Expenditure			
<p>Errors resulting in overpayments</p> <p>Once engaged and trained, the School Transport Unit (STU) will ensure better segregation of duties, by means of modules in the system enabling and restricting different roles.</p>	<p>In progress</p> <p>Attempts to recruit further personnel with STU were carried out in February 2023, June 2023, September 2023 and December 2023 but the said calls were all unsuccessful. Currently working to re-issue call once again.</p>	<p>Nov-2024</p>	<p>Implemented through a different course of action in September 2024.</p> <p>The software system used within the STU has restricted user roles, granting only the Senior Manager the authority to manually amend statements issued to service providers. These amendments are made based on justifications and supporting information provided by the service providers to MEYR. This measure has helped reduce errors that previously led to overpayments.</p>
<p>Once the second report is reviewed, MEYR will start holding meetings with the service providers to recoup overpayments.</p>	<p>In progress</p> <p>The Ministry have held meetings with all service providers identified as having been overpaid.</p> <p>One service provider has paid the overpaid dues. Others have refused the claim and an internal board is reviewing the cases. The Ministry is following the service providers who still have not paid the overpayment.</p>	<p>Dec-2024</p>	<p>Not yet implemented</p> <p>A meeting shall take place with MEYR Senior Management to determine the appropriate course of action regarding service providers who have refused to settle overpayments. Following this meeting, the Ministry will initiate contact with the concerned service providers in an effort to recover the outstanding amounts.</p> <p>Expected date of implementation is December 2025.</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>MEYR is evaluating several options to find the most feasible solution that will identify any possible overpayments done to those service providers who were not tested by NAO to be able to recoup them.</p>	<p>To be implemented through a different course of action.</p> <p>After evaluating a number of options, it was concluded that testing the State service providers (not sampled by NAO) for overpayments would not be feasible as the cost of the exercise would be greater than any potential overpayments. Thus, in January 2024, an independent auditor was engaged to audit payments for all non-State service providers not sampled by NAO. This audit is ongoing and once concluded the aim is to recoup any resulting overpayments.</p>	Dec-2024	<p>Not yet implemented</p> <p>An audit for all non-State service providers not sampled by NAO was concluded. A meeting will be held with MEYR Senior Management to determine the appropriate course of action regarding these service providers who have received overpayments. Following this, the Ministry will contact the service providers concerned in an effort to recover the outstanding amounts.</p> <p>Expected date of implementation is December 2025.</p>

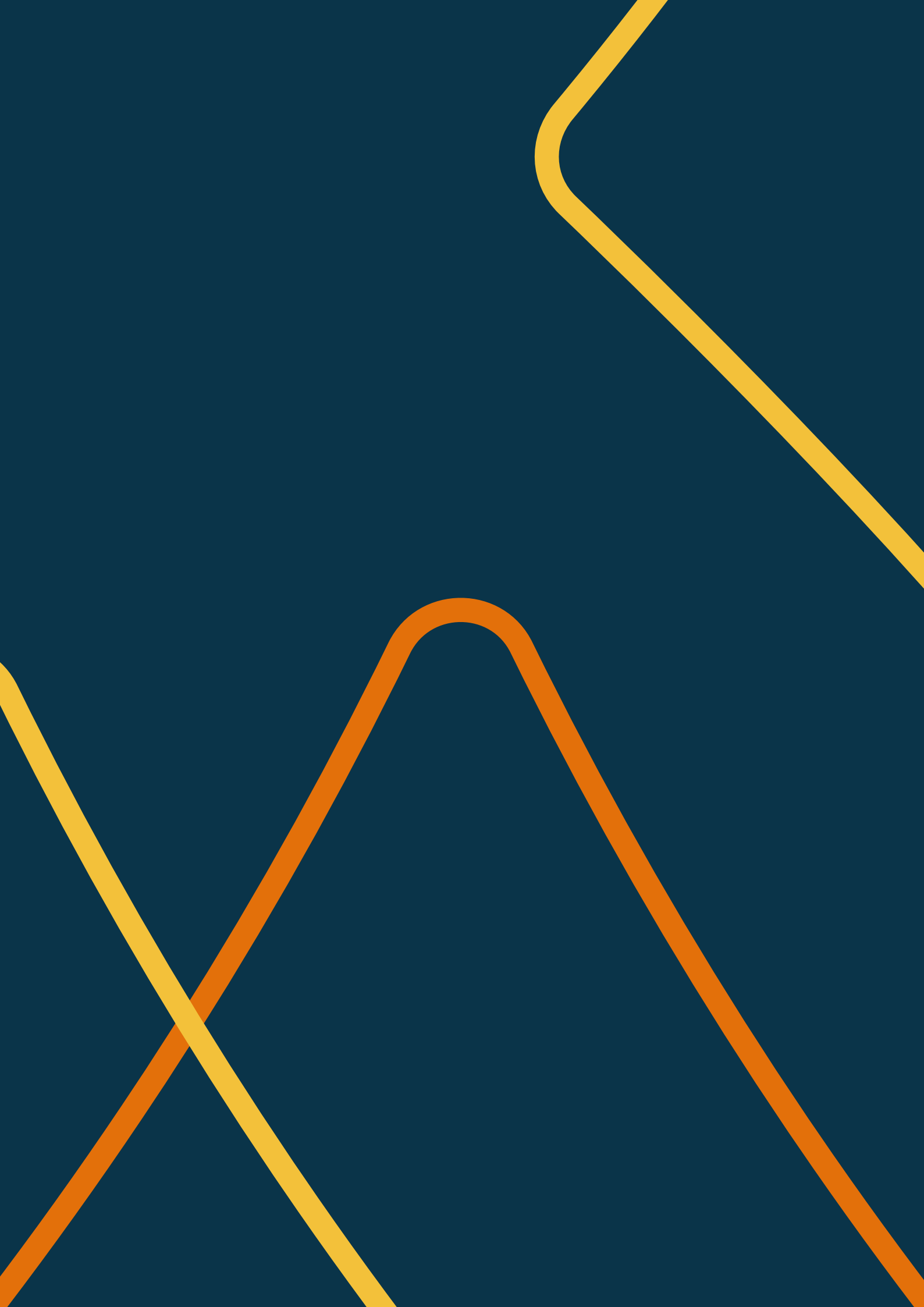
Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Lack of adequate monitoring on school transport</p> <p>A full programme of spot checks shall be in full force once the new recruits within the Compliance Unit are engaged. They will perform a continuous programme of spot checks from throughout the scholastic year.</p>	<p>In progress</p> <p>Attempts to recruit further personnel with STU were carried out in February 2023, June 2023, September 2023 and December 2023 but the said calls were all unsuccessful. MEYR is currently working to re-issue the call once again.</p>	<p>Nov-2024</p>	<p>To be implemented through a different course of action</p> <p>New contracts with service providers include a requirement for the installation of a Vehicle Tracking System (VTS), enabling the Ministry to carry out regular desk-based checks to monitor service delivery.</p> <p>Expected date of implementation October 2026.</p>
<p>Once the new recruits are in place, each school will be undergoing at least one spot check. In addition, follow-up spot checks will be performed as and when required.</p>	<p>Same as above</p>	<p>Nov-2024</p>	

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Afternoon School Programme, SkolaSajf and Klabb 3-16 – Revenue and expenditure			
<p>Delays in the updating of the students' attendance records</p> <p>One of the enhancements to the portal will be to send a notification to parents when they reach a positive balance of €12 on their profile.</p>	<p>In progress</p> <p>Given the backlog of enhancements, the notification enhancement had to be postponed.</p>	Dec-2024	<p>Implemented October 2024</p> <p>A system enhancement has been introduced whereby parents receive a notification every three days if their balance falls to €12 or below.</p>
<p>Lack of audit trail</p> <p>Each department will conduct an internal audit against a set checklist to ensure compliance with the data retention policy.</p>	<p>In progress</p> <p>Each department has compiled a checklist which includes the Data Retention Policy pertinent to each department.</p>	Nov-2024	<p>Implemented through a different course of action</p> <p>The Data Retention Policy has been revised to reflect the documentation handled by all departments within the Foundation for Educational Services (FES). Each department now refers to and complies with this policy. A department-specific checklist has been developed to ensure adherence to the retention periods applicable to each type of document. Instead of conducting internal audits against a set checklist, departments are now expected to carry out regular self-assessments to monitor compliance and address any gaps proactively.</p>

2021
GA PUBLICATION

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Foundation for Tomorrow’s Schools – Capital expenditure			
<p>Shortage of staff</p> <p>Once and as approved, additional architects, project managers and quantity surveyors will be engaged accordingly.</p>	<p>Not yet implemented</p> <p>Despite holding discussions with competent authority, FTS did not obtain the necessary approvals to recruit the necessary personnel. Date of implementation depends on statutory approvals.</p>	<p>Date of implementation depends on statutory approvals.</p>	<p>Not yet implemented</p> <p>FTS has not obtained the necessary approvals to recruit additional personnel.</p> <p>Date of implementation depends on statutory approval.</p>

Pending actions reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
MCAST – Personal emoluments			
<p>Discrepancies and undocumented changes in basic salary payments</p> <p>The Malta College of Arts, Science and Technology (MCAST) is committed that any future agreements with the Union are in line with the current collective agreement (CA).</p>	<p>In progress</p> <p>Discussions are still ongoing over the new Collective Agreement</p>	Oct-2024	Implemented May 2025
<p>Payment of information technology related allowance not duly substantiated</p> <p>MCAST will raise the issue for consensus in the upcoming collective agreement.</p>	<p>In progress</p> <p>MCAST is still holding discussions with stakeholders concerned.</p>	Unknown	<p>In progress</p> <p>Discussions are still ongoing with stakeholders concerned.</p>
<p>Lack of control on the observance of core hours of work by lecturers</p> <p>In the new collective agreement, MCAST will be proposing flexible hours to meet the dynamic management of the college's timetable</p>	<p>In progress</p> <p>No longer applicable for academics since with the new agreement, the core hours provisions have been eliminated. In relation to SROs, Directors, Deputy Directors, Career Guidance/ Counsellors, Technicians and Student Mentors, flexibility provisions are being discussed in the collective agreement.</p>	Oct-2024	Implemented May 2025





MINISTRY FOR **LANDS AND THE IMPLEMENTATION OF THE ELECTORAL PROGRAMME**

The Ministry's designation reflects its portfolio held prior to the reshuffle of 28 May 2025



**FOLLOW-UP ON
PENDING ACTIONS**

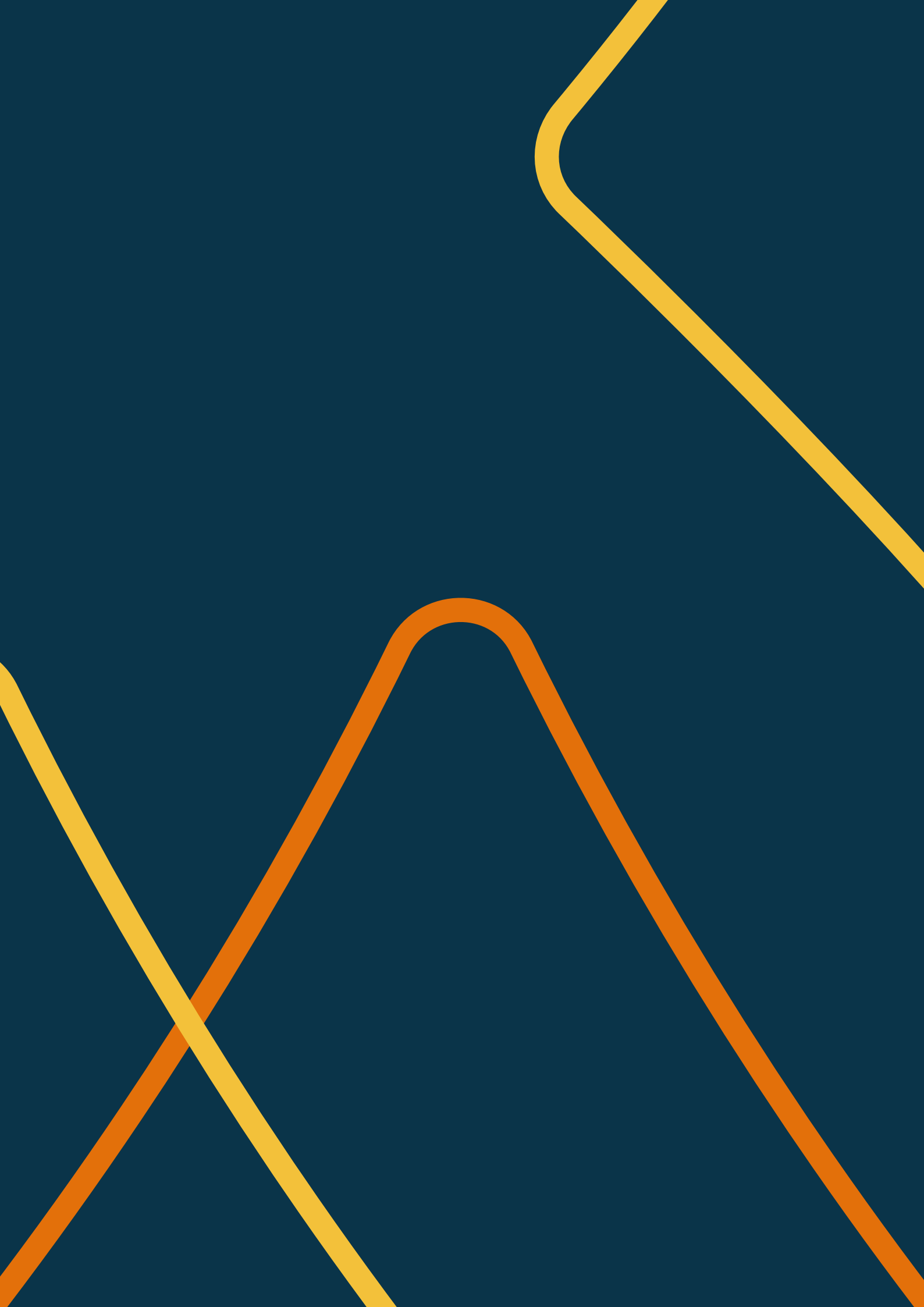


**2023
GA PUBLICATION**

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Lands Registration Agency – Revenue			
<p>Lack of segregation of duties</p> <p>Currently, the Land Registration Agency (LRA) is in the process of testing a new system to digitise the core business process. The fees due to agency will be automated through this system and payment will be made through a payment gateway.</p>	<p>In progress</p> <p>Development on the phase 1 of the system is being carried out.</p>	<p>Nov-2024</p>	<p>In progress</p> <p>Development on the new Online system for submitting applications that will also incorporate online payments has continued to progress steadily, and the system is now set to include a significantly broader range of services and functionalities than originally planned.</p> <p>However, the proposed solutions for migrating data from the current internal system to the new online platform have not yet met the Agency's expectations. As a result, a full launch remains pending.</p> <p>Therefore, in the interim, the LRA has set to address the concerns raised by the NAO regarding revenue management by implementing various initiatives to respond to NAO's recommendations. First and foremost is the segregation of duties and the concept of four-eye principle to ensure good governance.</p> <p>Revised estimated date of implementation is March 2026.</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>When the digitised system is launched, any refunds or cancellations will be automatically recorded through the system.</p>	<p>In progress as explained above</p>	<p>Nov-2024</p>	<p>In progress</p> <p>Until the system is fully launched the following procedure has been put in place to issue refunds:</p> <ol style="list-style-type: none"> 1. The Unit Coordinator reviews the claims by referring to the application, and assesses the calculation of the fee. This assessment is documented in the respective application file. A recommendation is then made. 2. The recommended way forward is referred to the Accounting Officer who decides whether a refund is due or not. 3. The Accounting Officer proceeds to issue refund if this is due. 4. The original cash sale/invoice is reversed by the Accounting Officer. <p>Revised estimated date of implementation is March 2026.</p>

Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Insufficient audit trail</p> <p>A full audit trail for the whole process, starting with the application for registration of property, charges submitted to the LRA, and ending with proof of payment will be available with the implementation of the new digital system.</p>	<p>In progress as explained above</p>	<p>Nov-2024</p>	<p>Implemented as planned</p> <p>The proper use of the current Accounting System is being kept under check by the now inhouse Accounting Officer. This system has an inbuilt audit trail that records the user and also the applications linked to each particular transaction.</p>
<p>Reconciliation for completeness of revenue not possible</p> <p>The update of the current computer system was not deemed feasible.</p> <p>However, a complete audit trail of the application for registration of property, including the generation of reports for reconciliation purposes, will be available with the introduction of the new digital system by the end of this year.</p>	<p>In progress as explained above</p>	<p>Nov-2024</p>	<p>Implemented as planned</p> <p>From the time of the NAO report, the current accounting system has been set to generate the necessary reports for reconciliation.</p>
<p>Inadequate checking procedures</p> <p>The new information technology (IT) system will have an in-built calculator of fees that will be checked by the agency officers. One of the features of the system is the automatic generation of daily revenue reconciliation reports.</p>	<p>In progress as explained above</p>	<p>Nov-2024</p>	<p>In progress</p> <p>Checking procedures were introduced for major revenue generation items. Wherever a correction is required documents are kept for a proper audit trail.</p> <p>Revised estimated date of implementation is March 2026.</p>





MINISTRY FOR
**JUSTICE AND REFORM OF
THE CONSTRUCTION SECTOR**

MJR

(reported by the NAO as Ministry for Justice)

Office of the Attorney General – Expenditure

The Office of the Attorney General can be traced back to August 1832 when, by means of Proclamation No. VIII of that same year, the first Attorney General of Malta was appointed. Back then, the Attorney General had the role of the legal advisor to the Government and ex officio General Magistrate.

The scope of the audit was primarily to assess the adequacy and effectiveness of internal controls on expenditure, while also ascertaining that the procurement procedures applied were in accordance with standing regulations and policies.

An audit at the Office of the Attorney General revealed no major issues but needs to address certain shortcomings to be in line with standing rules and regulations.




Follow-up action

The Office of the Attorney General, are independently reviewing manual payroll adjustments, including arrears, prior to each payroll run in accordance with a four-eye verification principle. Staff are provided with training on salary computations, and a Standard Operating Procedure (SOP) is in place. Overpayments identified by the National Audit Office have been recovered by management.

Management issues an appointment letter to lawyers upon recruitment or promotion, detailing the conditions outlined in the signed collective agreements.

Suppliers are required to provide fiscal receipts for payments. If receipts are not received within a month, suppliers are reminded and defaulting suppliers are reported quarterly to the Malta Tax and Customs Administration.

	Recommendations	Action taken/justification	Status
Control issues	Overpayment of arrears	Pre-payroll checks are conducted prior to each payroll cycle, and a verification process is in place to review all manual adjustments, thus applying the four-eye principle.	
	To ensure accuracy of amounts paid, manual adjustments are to be independently checked before each payroll run, especially where amounts paid in arrears are involved.	Management is ensuring that members of staff possess a thorough understanding of salary computations by providing training as necessary.	
	Accepted	The office of the Attorney General (AG) has drawn up and circulated an SOP on the computation of salaries process.	
		With respect to the payroll error highlighted by the NAO, the Management took the necessary action, and the overpayment was recouped.	
	Contract of employment not entered into	Since the conditions of employment are clearly laid out in the collective agreement, employees are not required to sign any contracts.	
	When a collective agreement is in force, a contract of employment is still to be entered into between the Office and the respective employee, showing the date of commencement of employment and the duration period. Upon promotion, a new contract is to be endorsed. This will also enhance audit trail. The signatures of both parties seal the understanding of what is expected from them during the term of employment.	Upon recruitment or promotion, all lawyers are issued a letter of appointment, and the conditions outlined in the respective signed collective agreement are fully applicable.	
		Management is ensuring that letters of appointment are duly filed in the respective employee's personal file to maintain a proper audit trail.	
	Partially accepted		

	Recommendations	Action taken/justification	Status
Compliance issues	<p>Expenditure not covered by fiscal receipt</p> <p>A fiscal receipt must be requested upon payment for an economic activity. If this is not provided, besides the risk of undeclared income by the suppliers, it is highly likely that tax collected on behalf of Government will not be duly passed on to the respective Department. Thus, the respective suppliers are to be chased accordingly.</p> <p>Accepted</p>	<p>The AG's office follows a procedure in which suppliers are reminded to provide VAT receipts if these documents are not received within one month after payment.</p>	
	<p>Those suppliers who fail to adhere to the pertinent regulations are to be reported to the Commissioner for Malta Tax and Customs Administration on a quarterly basis. A nil return is still to be submitted, when applicable.</p> <p>Accepted</p>	<p>Should suppliers fail to provide the VAT receipts after being reminded, their details are included in the next quarterly report submitted to the Commissioner for the Malta Tax and Customs Administration.</p>	
	<p>Expenditure not covered by fiscal receipt</p> <p>When possible, purchases from defaulting suppliers are to be discontinued until the matter is rectified.</p> <p>Accepted</p>	<p>The AG's office is maintaining data related to the defaulting suppliers and as far as possible, purchases from them are withheld until the matter is rectified.</p>	

Ministry for Justice – Expenditure

The Ministry for Justice is one of the main key players at the heart of the justice system. Together with other Government departments and agencies, the Ministry focuses on the principles of justice; through the civil and criminal courts, tribunals, and family law hearings. It works to ensure that sentences are served and facilitates the rehabilitation of offenders.

The main scope of the audit was to ascertain that public funds spent on contractual and professional services were utilised in the best economical manner and for their intended purposes, in line with the provisions of prevailing Public Procurement Regulations (PPR) (S.L. 601.03). Other objectives were to obtain reasonable assurance that accurate payments were effected, in line with the applicable contracts, duly covered by supporting documentation, and enabling verification.

An audit at the Ministry for Justice showed that services were not always procured in line with the Public Procurement Regulations.

Follow-up action

To address the NAO's recommendations, the Ministry implemented a comprehensive set of improvements focused on procurement practices, transparency, and contract management. A standard operating procedure was distributed across Justice entities to guide procurement activities. The Strategy & Support Division is vetting all direct order requests before being forwarded for higher-level approvals. Contract oversight has been strengthened by assigning a dedicated officer and deploying a calendar alert system to ensure timely renewals of contracts, performance guarantees, and insurance updates. Additionally, direct orders and contracts are being published in the Government Gazette, reinforcing the commitment to transparency and compliance with official circulars.

To further enhance accountability, the Ministry ensures attendance sheets are reconciled with invoices before payments are issued. Contractors are required to provide relievers during emergencies such as sick leave, with payment withheld if replacements are not provided. The Ministry has taken the decision to eliminate certain impractical clauses from future contracts.

Looking ahead, the Ministry aims to adhere to competitive procurement processes, issuing public calls through the e-procurement platform and relying on direct orders only in exceptional cases supported by valid justification.

NAO issues by category 4



2 Lack of verification/enforcement

1 Inefficient operations

1 Non-adherence to procurement procedures

Actions by the Ministry 18



Recommendations by NAO 11



8 Accepted







3 Partially accepted

18 Implemented

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Control issues	<p>Clerical services rendered under expired contract</p>	<p>An SOP in relation to procurement was drawn up and circulated to all Justice entities.</p>	
	<p>Until a new contract is signed via a competitive call, as a stop gap measure, the contracting authority is to seek direct order approval from the Ministry for Finance.</p>	<p>In accordance with the procurement SOP, all direct order requests are vetted by the Strategy & Support Division to ensure that justification and all supporting documentation are in order. Once confirmed, the request is referred for the approval of the Head of Department and, subsequently, submitted to MFIN.</p>	
	<p>Accepted</p>	<p>Management is committed to ensuring that adequate procurement planning is carried out in compliance with current procedures and regulations, including obtaining prior approval from the appropriate authority level before any financial commitments are made and avoiding the use of direct orders.</p>	
	<p>These direct orders are to be duly published in the Government Gazette</p>	<p>MJR are ensuring that direct orders are published in the Government Gazette in accordance with DOC Circular 09/21.</p>	
	<p>Accepted</p>	<p>Furthermore, fresh tenders are to be prepared well in advance, i.e., prior to the expiration of the contract, ensuring timely publication</p>	
	<p>Accepted</p>	<p>An officer has been assigned duties to monitor all the contracts.</p>	
	<p>Generic service procured from a particular service provider</p> <p>For the sake of accountability and transparency, the Ministry is expected to follow the PPR for the acquisition of the required services, as well as to adopt a more competitive procurement process. Thus, unless an officer is employed through official channels to take over such tasks, a public call for tender is to be published.</p>	<p>In the case referenced by the NAO, the Ministry provided a valid justification—based on Procurement Policy Note No. 32—for acquiring the service outside a competitive procurement process. Each contract was published in the Government Gazette accordingly.</p> <p>Direct orders are only resorted to in exceptional circumstances and once the necessary approvals and justifications are obtained in line with the pertinent regulations.</p> <p>Once the current contract of the ex-employee expires, steps will continue to be taken to procure the service in accordance with the Public Procurement Regulations (PPR).</p>	 
	<p>Partially accepted</p>		

	Recommendations	Action taken/justification	Status
	<p>Furthermore, detailed records supporting the work performed, as also required in terms of the provisions of the contracts, are expected to be available prior to the respective approval for payment and these are to be filed for future reference.</p> <p>Accepted</p>	<p>MJR is ensuring that attendance sheets are reconciled with the corresponding invoices and certified as correct prior to payment processing.</p>	
	<p>Personnel on sick leave not replaced by the contractor</p> <p>The contractor's attention is to be drawn to the obligation of invariably providing relievers to replace individuals in the event of certain emergencies, including sick leave.</p> <p>Accepted</p>	<p>The officer assigned contract management duties is also ensuring that the contractor is providing relievers to replace employees in the event of emergencies, including sick leave.</p>	
		<p>In instances where an officer is not replaced by a reliever, the Ministry withholds payment to the contractor.</p>	
	<p>In cases of non-replacement, the applicable penalties in line with the contract are to be imposed.</p> <p>Partially accepted</p>	<p>Since the clause to impose penalties in cases where a reliever is not provided for short-term sick leave is deemed impractical, the Ministry has decided not to enforce it on the contractor.</p> <p>The Ministry has decided that this clause will no longer be included in future contracts.</p>	
Compliance issues	<p>Quotations not duly obtained</p> <p>An open call for quotations in compliance with the legislation is to be published on the Government's e-procurement platform, whereby all potential service providers are given equal opportunity. This will ensure fair competition, transparency and guarantees the best possible rates.</p> <p>Accepted</p>	<p>Management is committed to ensure that adequate procurement planning is carried out in compliance with current procedures and regulations, including obtaining prior approval from the appropriate authority level before any financial commitments are made and avoiding the use of direct orders.</p>	
		<p>An SOP in relation to procurement was drawn up and circulated to all Justice entities.</p>	
		<p>Direct orders are only resorted to in exceptional circumstances and once the necessary approvals and justifications are obtained in line with the pertinent regulations.</p>	

Recommendations	Action taken/justification	Status
<p>Required documentation not available</p> <p>Performance guarantees, covering the entire service period, are to be invariably requested. This will ensure the fundamental objective of this requirement, providing legal and financial protection in the event of default by the contractor.</p> <p>Accepted</p>	<p>It is the responsibility of the officer in charge of contract management to monitor and ensure that all required performance guarantees are in place.</p> <hr/> <p>Management is ensuring that payments are not issued in the absence of a valid performance guarantee, in line with the contracts' General Conditions.</p> <hr/> <p>The Ministry is using a calendar alert system to remind the relevant units about the upcoming expiration of a performance guarantee.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>The contracting authority is also expected to be in possession of a copy of the related insurance policies and ensure that these are renewed by the contractor upon expiration. This will provide financial coverage in case of an emergency or accidents and mitigate exposure to unnecessary risks.</p> <p>Accepted</p>	<p>The officer responsible for contract management is also tasked to monitor and ensure that the required insurance policies are in place.</p> <hr/> <p>The Ministry is using a calendar alert system to remind the relevant units about the upcoming expiration of insurance policies.</p>	<p></p> <hr/> <p></p>
<p>The submission of the pertinent reports is to be followed up and these are to be retained for monitoring and control purposes.</p> <p>Partially accepted</p>	<p>Since the clause to obtain monthly, bi-annual and final reports for cleaning services is considered as unnecessary, the Ministry will no longer follow it.</p> <hr/> <p>The Ministry has taken the decision to remove this clause from future contracts.</p>	<p></p>



**FOLLOW-UP ON
PENDING ACTIONS**



2024
GA PUBLICATION

Pending actions in GA Report 2024	Implementation date in GA Report 2024	Status
Court Services Agency – Expenditure		
<p>Public procurement regulations consistently bypassed: Security services & Transportation services of cash and other precious items</p> <p>A tender for the provision of transportation services in respect of cash and other precious items is in the process of being issued.</p>	Dec-2024	Implemented in January 2025
<p>Penalties for late delivery of vehicles not imposed</p> <p>An SOP on managing defaulting contractors is being drawn up, outlining the procedure to be adopted in case of defaulting contractors.</p>	Dec-2024	Implemented as planned

**2021
GA PUBLICATION**

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Energy Performance Certificates – Revenue			
<p>Limitations on scope of audit</p> <p>After conducting a preliminary market consultation to determine the type of software that most suited the needs of the Building and Construction Authority (BCA), a call for tenders will be published for the procurement of an information technology system to automate and facilitate the issuance of the EPC.</p>	<p>In progress</p> <p>The BCA undertook a preliminary market research to explore the software packages available to develop a suitable methodology for the calculation of energy performance for dwellings and non-dwellings in Malta. A separate process has been initiated to identify the standards and codes applicable for the development of the methodology.</p> <p>A project plan, including financial costs for the implementation of the system is being concluded and shall be referred to the Ministry for Finance and Employment (MFE) for the necessary approval. The software shall be available 17 months following the award of the contract for the development of the Energy Performance Certificates (EPC) system.</p>	<p>Unknown</p>	<p>In progress</p> <p>BCA has selected the software that it requires, and it will be split into two components. The tender for negotiated procedure was sent for MFIN's approval.</p> <p>Estimated date of implementation is Q4 2026</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Weak control environment</p> <p>BCA will be introducing new operating processes which will allow the authority to ensure that an EPC is issued as requested by law and in line with EU standards. These processes require amendments to a number of acts and an investment in IT.</p>	<p>In progress</p> <p>Legal changes have been introduced to ensure that work cannot start before the developer satisfies all legal requirements with the BCA and a relative clearance is issued. The new operating process has been identified as the submission of a design rating EPC prior to the start of works.</p> <p>A proposal has been drafted regarding the system to be introduced, and following approval at national level this may be implemented by June 2024.</p>	<p>Jun-2024</p>	<p>In progress</p> <p>BCA clearance to commence construction works will not be issued without an Energy Performance Certificate (EPC). System changes have been implemented to support this requirement.</p> <p>Estimated date of implementation is October 2025</p>
<p>A call for tenders for the procurement of an Enterprise Resource Planning System (ERP) is to be issued.</p>	<p>In progress</p> <p>A request for the procurement of a fully functional ERP system has been forwarded for the approval of the General Contracts Committee (GCC). The system shall be implemented 12 months following the award of the contract.</p>	<p>Unknown</p>	<p>In progress</p> <p>BCA has initiated a negotiated procedure for the procurement of an ERP system.</p> <p>In the interim, specifications have been requested from each relevant section. An auditing firm has been engaged to support the development of specifications and system requirements for this ERP system. The work of the auditing firm should be finalised by Q4 2025.</p> <p>Estimated date of implementation is Q4 2026.</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>The ERP is a digitised system, consisting of a document management system and business intelligence reporting. When the system starts operating, information gathered from other entities, such as the Planning Authority (PA), could be compared with BCA's databases and irregularities in the EPC system could be identified and action taken accordingly.</p>	<p>In progress</p> <p>A request for the procurement of a fully functional ERP system has been forwarded for the necessary approval of the GCC. The system shall be implemented 12 months following the awarding of the contract.</p> <p>Data from the PA will be mirrored in the ERP system and comparison between PA and BCA data will then be carried out.</p>	<p>Unknown</p>	<p>In progress</p> <p>BCA has initiated a negotiated procedure for the procurement of an ERP system.</p> <p>In the interim, specifications have been requested from each relevant section. An auditing firm has been engaged to support the development of specifications and system requirements for this ERP system. The work of the auditing firm should be finalised by Q4 2025.</p> <p>Estimated date of implementation is Q4 2026.</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Lack of audit trail</p> <p>A new EPC algorithm in line with new EU standards was requested by the BCA and is being designed by the University of Malta (UoM).</p>	<p>In progress</p> <p>A new EPC algorithm in line with the new EU standards shall be in place 11 months after awarding the contract for the development of the EPC system.</p> <p>Following the issue of Document 'F', the EU is currently drafting a new Directive which is currently being discussed at trialogue stage. The outcome of the discussions will have a bearing on the Energy Performance of Buildings Directive (EPBD) recast which will require a specific algorithm/ methodology.</p> <p>A preliminary exploratory study has been carried out in phases, and it has indicated that to select the appropriate software and methodology, simulations are required on the existing building stock using various available software packages and methodologies.</p>	<p>Unknown</p>	<p>Implemented in July 2024</p> <p>A new Energy performance calculation methodology has been developed and completed.</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>A call for tenders is to be published for the procurement, testing, and commissioning of a new software solution which implements the results of the exercise carried out by UoM.</p>	<p>In progress</p> <p>BCA undertook a preliminary market research to explore the software packages available to develop a suitable calculation methodology for the calculation of an energy performance for dwellings and non-dwellings in Malta. A separate process has been initiated to identify the standards and codes applicable for the development of the methodology.</p> <p>A project plan, including financial costs for the implementation of the system, is being concluded and shall be referred to the MFE for approval. The software shall be available 17 months following the award of the contract for the development of the EPC system.</p>	<p>Unknown</p>	<p>In progress</p> <p>BCA has selected the software that it requires, and it will be split into two components. The tender for negotiated procedure was sent for MFIN's approval.</p> <p>Estimated date of implementation is Q4 2026</p>

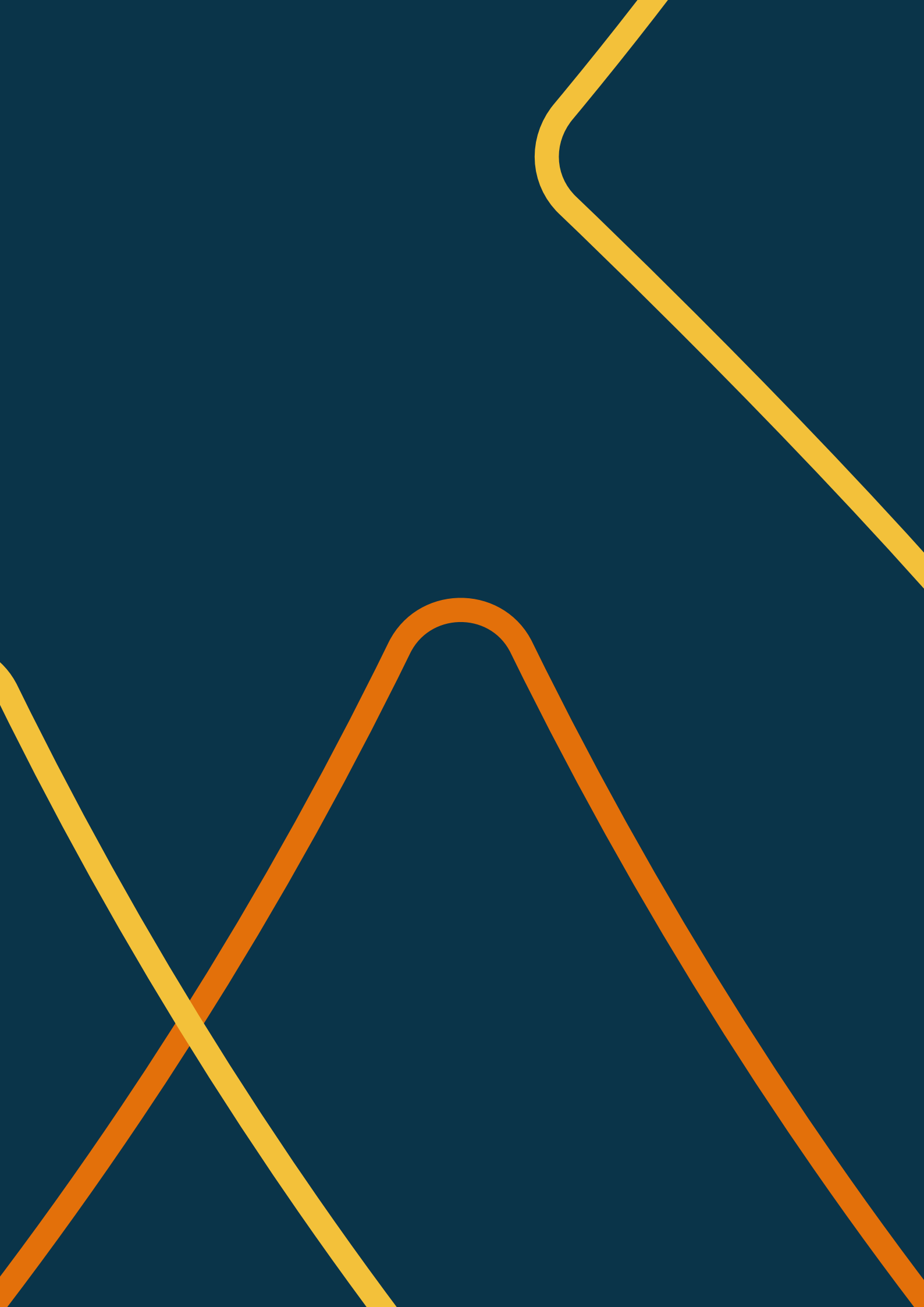
Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>A call for tenders is to be issued for the procurement of a Building Passport Information Repository.</p>	<p>A new directive is currently at trialogue stage at EU level which will include an Annex defining the Building Renovation Passport as a subset of the repository. The outcome of this directive will define the form and contents of the tender.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>Once the ERP is finalised, work will start to procure the building passport information repository.</p> <p>Estimate date of implementation is Q4 2026</p>
<p>Issues with the submission of notification letters</p> <p>With the introduction of a system where a PA applicant would be required to commission an EPC prior to obtaining an executable permit, EPCs would be undertaken in a timely manner and no backlog would result from new PA applications.</p>	<p>An agreement has been reached with the PA regarding the collection of EPC, whereby PA will ask the developer to submit the EPC as part of post decision requirements. The EPC will be required prior to clearance from BCA to start works.</p>	<p>Late 2023</p>	<p>To be implemented through a different course of action</p> <p>Since the MoU with PA was not signed, BCA decided that clearance to commence construction works will not be issued without an Energy Performance Certificate (EPC).</p> <p>Estimated date of implementation is October 2025</p>
<p>The planned ERP system will provide an audit trail from the planning stage until a final EPC is issued. Thus, irregularities in the EPC system could be identified and timely action taken accordingly.</p>	<p>A tender has been drafted, and is to be published, to identify a suitable contractor for the supply of an ERP system available on the market, together with any required customisation to handle the present and future workload of the BCA. After the ERP system goes live, data from the PA will be mirrored in ERP system and comparison between PA and BCA data will then be carried out.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>BCA has initiated a negotiated procedure for the procurement of an ERP system. This ERP system will provide an audit trail.</p> <p>Estimated date of implementation is Q4 2026</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>Once the required amendments to legislation regulating a number of government entities have been effected, and the relevant IT systems are in place and synchronised with the IT systems of the Planning Authority, Housing, and Ministry of Tourism, automated reminders would be generated and sent to applicants to obtain an EPC.</p>	<p>The BCA Act states that the Authority can request any information from government entities (article 11(12) of the BCA Act). A request will be made in terms of this provision to request the required information.</p>	Oct-2024	<p>In progress</p> <p>The automated reminders will be introduced when the ERP system is in place</p> <p>Estimated date of implementation is Q4 2026</p>
<p>No control on compliance vis-à-vis certificates required for rented property</p> <p>In cases of sale/renting out of property owned by the Housing Authority, the Lands Authority and the Joint Office, these entities will ensure that, prior to entering into a rental or sale contract a valid EPC is commissioned.</p>	<p>This measure is tied to the implementation of the ERP. Housing Authority and Lands Authority have been made aware of the requirement for an EPC to be issued.</p> <p>A tender has been drafted and is to be published to identify a suitable contractor who will supply an ERP system available on the market together with any customisations needed to be able to handle the present and future workload of the BCA.</p>	Dec-2024	<p>Implemented</p> <p>The Housing Authority is issuing an EPC for those building administered by the Authority.</p>

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
<p>No penalties for lack of compliance</p> <p>Once the business intelligence report is in place, cases of non-compliance will be triggered automatically and the BCA will be able to ensure enforcement according to law.</p>	<p>The ERP system can ensure effective flagging where penalties are due. A tender for an ERP system has been drafted and is to be published, in which it will identify a suitable contractor to supply an ERP system available on the market together with any customisations needed to handle the present and future workload within the BCA.</p>	<p>Dec-2024</p>	<p>In progress</p> <p>Once the ERP system is in place, BCA will start issuing penalties for lack of compliance.</p> <p>Estimated date of implementation is Q4 2026</p>
<p>No segregation of duties</p> <p>When the IT infrastructure and appropriate legislation are in place, manual work will be minimal and the system will indicate whether a property owner has obtained an EPC, whether a notification letter needs to be submitted, and also indicate any fines which may be charged, following which certain applications will automatically be flagged for the necessary certificates.</p>	<p>Segregation of duties will be incorporated in the ERP</p>	<p>Dec-2024</p>	<p>In progress</p> <p>Segregation of duties will be incorporated in the ERP.</p> <p>Estimated date of implementation is Q4 2026</p>

**2020
GA PUBLICATION**

Pending action reported in GA Report 2020	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Occupational Health and Safety Authority – Expenditure			
<p>A Management Information System (MIS), comprising a full audit trail of the administrative fines and respective income received, is in the process of being developed to facilitate the collation of information required both for accounting, as well as for internal control purposes. It is expected that this System will be fully operational in 2023.</p>	<p>On target</p> <p>The development phase of the MIS is in progress.</p>	<p>Dec-2024</p>	<p>Implemented as planned</p>





MINISTRY FOR
HEALTH AND ACTIVE AGEING
(HEALTH)



(Reported by the NAO as Ministry for Health)

Waiting lists for medical services (Outsourcing) – Expenditure

Mater Dei Hospital (MDH) is Malta's main healthcare facility, providing the full range of medical services. Due to operational limitations which were exacerbated by the COVID-19 pandemic, MDH was not in a position to meet the demand requirements; this resulted in an increase in the number of patients on the waiting lists for various medical procedures.

The scope of the audit was to verify whether expenditure incurred from this line item was in compliance with the Public Procurement Regulations, established circulars, as well as Standard Operating Procedures (SOPs) and any internal guidelines, as applicable. It also aimed to ascertain the effectiveness of the internal controls adopted, and to establish whether Government resources were used prudently and in a judicious manner.

An audit on the waiting lists for medical services (Outsourcing) revealed that the number of in-house Magnetic Resonance Imaging procedures performed outside normal duty could not be confirmed due to complex and time-consuming manual calculations, involving information derived from different sources.

Follow-up action

MDH has taken several actions to address the recommendations by the National Audit Office (NAO). MDH designated a Contract Manager at the tender award stage to oversee the operational aspects of contract implementation, and established a Contracts Management team for comprehensive oversight, including systematic monitoring of financial aspects, renewal processes, and expiration deadlines.

Following MFH's approval, MDH revised the rates for the 'Sunday Initiative' and also commenced the theatre waiting-list initiative entitled 'outside job plan' to reduce waiting times exceeding 18 months and expedite cancer-related procedures.

MDH revised the process to ensure that procurement and payment files share a common reference number. The Medical Imaging Department has drawn up an SOP to outline the protocols related to payment for services provided by in-house medical professionals. After consulting Treasury officials, the methodology for accounting for soft commitments was updated to improve reporting accuracy. FMCU also issued an SOP outlining the relevant accounting procedures.

NAO issues by category 4

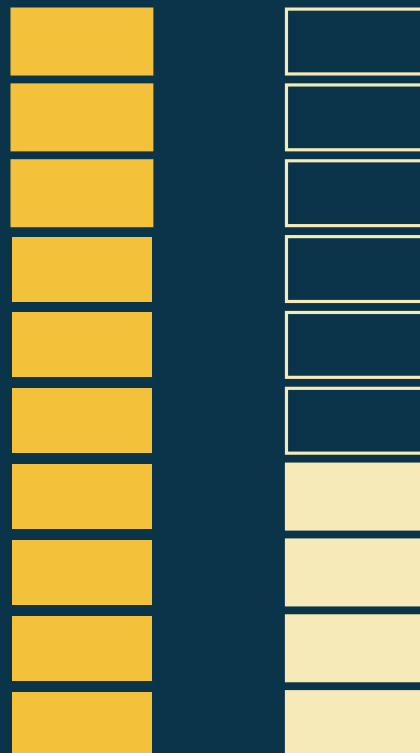


2 Inefficient operations

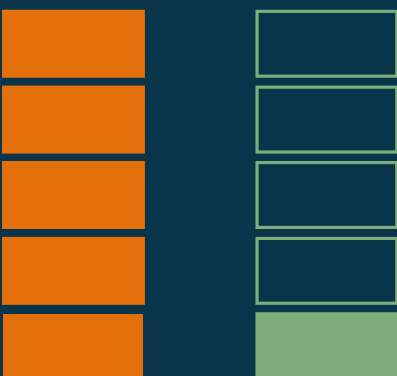
1 Lack of compliance with policies and legislation

1 Lack of verification / enforcement

Actions by the Ministry 14



Recommendations by NAO 6



5 Accepted







1 Not accepted

10 Implemented

4 In progress

Each box represents 1 unit

	Recommendations	Action taken/justification	Status
Key issues	<p>Deficiencies in outsourced services: Inconsistent file referencing</p> <p>For audit trail purposes, as well as cross reference between the service contracts and the respective expenditure, details on the Corporate Financial Management Solution are also to include the applicable contract number.</p>	<p>Mater Dei Hospital (MDH) has revised the process, ensuring that the respective procurement file and the corresponding payment file share a common reference number.</p>	
		<p>To ensure the accuracy of inputted data, financial expenditures are cross-checked against the corresponding procurement file, while the contract reference number is verified to confirm its consistency across Central Procurement and Supplies Unit and MDH records.</p>	
	<p>Accepted</p>	<p>As part of a broader Office of the Prime Minister (OPM) initiative, a centralised digital filing system is being developed to integrate MDH's documentation processes, ensuring improved retrieval and storage security.</p>	 Dec-2026
	<p>Deficiencies in outsourced services: Inadequate contract management</p> <p>Additionally, in view of the substantial amounts paid for outsourced services, action is to be taken in order to set up a competent contract management team which is also to be supported by a suitable information technology system.</p>	<p>MDH is designating a Contract Manager at the tender award stage to oversee the operational aspects of contract implementation</p>	
		<p>The Contracts Management team is entrusted with a comprehensive oversight of the contract, including the systematic monitoring of its financial aspects, renewal processes, and expiration deadlines.</p>	
	<p>Accepted</p>	<p>A project board composed of senior management and an implementation team lead by the Chief Information Officer are collating the information required to setup specifications for the procurement of an Enterprise Resource Planning (ERP) system aimed at centralising and automating core business functions, including finance, procurement and standard operating procedures (SOPs).</p>	 Dec-2025
		<p>Following the completion of the ERP's requirements and specifications, MHA will seek approval from MFIN for the necessary funding.</p>	 Dec-2025
		<p>Once the approval is provided, MHA will draft the tender for this system and will submit it for Sectoral Procurement Directorate's approval.</p>	 Dec-2027

	Recommendations	Action taken/justification	Status
	<p>Deficiencies in payment for services provided by in-house medical professionals outside normal duty: No official approval for rates paid</p>	<p>The rates for the payment of the ‘Sunday Initiative’ were revised in 2024, following MFIN’s approval.</p>	
	<p>The compensation for these services is to be regulated without further delay, by seeking the necessary approval for the applicable rates</p>	<p>The necessary approvals and applicable rates were filed to ensure that an adequate audit trail is maintained.</p>	
	<p>Accepted</p>	<p>Following approval from MFIN, MDH commenced the theatre waiting-list initiative entitled ‘outside job plan’ aimed at further reducing waiting times which exceed 18 months, and expediting cancer-related procedures.</p>	
	<p>Management is also encouraged to establish and formalise SOPs governing the provision of the services provided by in-house medical professionals and payment thereto.</p>	<p>The Medical Imaging Department has drawn up an SOP to outline the protocols related to payment for services provided by in-house medical professionals.</p>	
	<p>Accepted</p>		
	<p>Deficiencies in payment for services provided by in-house medical professionals outside normal duty: Limited audit trail for claims raised</p>	<p>MDH considers that the implementation of an electronic attendance verification system would not only address the specific concerns highlighted by NAO but also enhance the retention of audit trails related to attendance, payroll calculations, and verification processes. However, prevailing operational challenges have delayed this initiative, necessitating the continued use of manual records.</p>	
	<p>In addition, the Ministry is to explore alternative approaches to, as far as possible, simplify and automate the process of compiling claims for payment for the foregoing in-house services, so that they can be easily verified</p>		
	<p>Not accepted</p>		
Control issue	<p>Incorrect accounting treatment</p>	<p>The methodology for accounting for soft commitments was revised following consultation with Treasury Officials, to ensure that these are excluded from the expenditure reports.</p>	
	<p>Soft commitments are to be recorded as such in the accounting system, to provide accurate information for reporting and decision-making purposes.</p>	<p>Financial Management and Control Unit issued an SOP to provide clear guidelines on the accounting processes regulating soft commitments.</p>	
	<p>Accepted</p>		

Mater Dei Hospital – Payables and receivables

The Ministry for Health (MFH) is responsible for the provision of free healthcare services, including acute care at Mater Dei Hospital (MDH), Primary Health Care (PHC) and Mental Health Services. It also implements policies with respect to disease prevention, health promotion and environmental health.

The main scope of the audit was to assess MDH's compliance with the pertinent circulars regulating the collation and reporting of the accrual accounting returns as at 31 December 2023. The National Audit Office (NAO) performed a financial audit of the reported figures to assess whether complete and accurate accounting information was submitted to Treasury.

An audit on the debtors, creditors, accruals, prepayments, as well as accrued and deferred income of Mater Dei Hospital revealed various long outstanding debtors and insufficient control over creditors, also leading to incomplete and inaccurate accrual accounting returns.

Follow-up action

In terms of human resources, Mater Dei has requested additional staff to strengthen the Finance and Accounts Directorate and is providing in-house and IPS training to current employees. MDH are also conducting regular reconciliations between the CFMS and the other accounting system annually, with plans to increase frequency once more resources are available.

To manage long outstanding debts, a credit control team within the Billing and Revenue Directorate has been set up to assess the recoverability of debts and include a provision for doubtful debts in the financial statement. An SOP for standardising the methodology for doubtful debts has been implemented, and follow-ups with debtors are conducted monthly. If debts remain uncollected after four months, they are forwarded to the legal department for legal proceedings.

Additionally, Mater Dei is addressing control issues by carrying out monthly reconciliations on significant transactions and ensuring that all invoices dated before year-end are recorded as creditors through prompt reconciliation with supplier statements and timely accounting checks. MDH are also making efforts to address reporting weaknesses by providing training and guidelines to help staff distinguish between creditors and accruals.

NAO issues by category 6



2 Inefficient operations

1 Lack of structure

1 Lack of compliance with policies and legislation

1 Lack of verification / enforcement

1 Inadequate technology

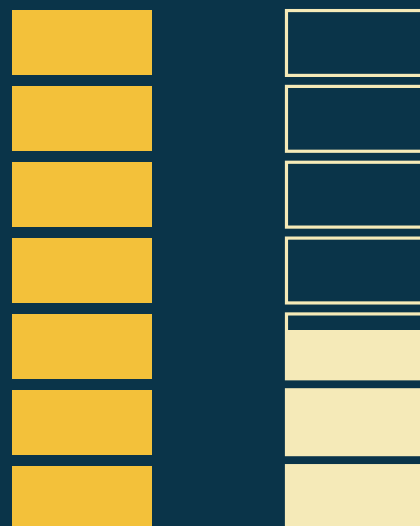
Recommendations by NAO 17



13 Accepted

4 Partially accepted

Actions by the Ministry 39

















28 Implemented

11 In progress








Each box represents 4 units




	Recommendations	Action taken/justification	Status
Key issues	Dual accounting systems in place	In the numerous meetings held with Treasury, Mater Dei Hospital (MDH) has always remarked that the Corporate Finance Management Solution (CFMS) does have the full accounting package required to secure efficient and effective financial management. The Treasury's position is that CFMS is sufficient to address their requirements, and therefore investment in the procurement of additional CFMS modules, on the part of the latter, is not envisaged, at this stage.	
	MDH is to coordinate with Treasury to maximise the effective use of CFMS.		
	Partially accepted	MHA sought clarification from an independent consultant on whether the CFMS could be integrated with the other accounting system being used by MDH but was informed that integration is not possible.	
		Since integration is not possible, MDH's only viable option is to keep using both systems given that these dual systems best suite the department's needs.	
		In view of the limitations of the CFMS, MHA obtained Digicom's Forum's clearance to draft specifications based on MHA's requirements for an Enterprise Resource Planning (ERP) system.	
		A project board composed of Senior Management and an implementation team lead by the Chief Information Officer are collating the information required to set up specifications for the procurement of an ERP system aimed at centralising and automating core business functions, including finance, procurement and standard operating procedures (SOPs).	 Dec-2025
		Following the completion of the ERP's requirements and specifications MHA will seek approval from MFIN for the necessary funding.	 Dec-2026
	Once the approval is provided, MHA will draft the tender for this system and send it for Sectoral Procurement Directorate's approval.	 Dec-2027	

Recommendations	Action taken/justification	Status
<p>Sufficient human resources should be allocated across the Ministry, and relevant employees must receive necessary training to ensure optimal use of the foregoing system.</p> <p>Partially accepted</p>	<p>Whilst MDH acknowledges the need for additional resources, approval to recruit additional personnel has not been provided from the competent authority.</p> <hr/> <p>In its HR plan submitted to the P&SD, MDH have included a request for additional staff to strengthen the Finance and Accounts Directorate.</p> <hr/> <p>The Finance and Accounts Directorate is delivering to its staff in-house training related to CFMS and accounting practices.</p> <hr/> <p>Staff is attending IPS training on finance, risks and other accounting procedures.</p>	<p></p> <p></p> <p></p>
<p>Regular reconciliations are essential to minimise the risk of errors.</p> <p>Accepted</p>	<p>Reconciliations between the CFMS and the other accounting system are conducted annually due to resources limitations. When qualified and suitable candidates join the Finance and Accounts Payable Directorate, MDH plans to restructure the processes so that reconciliations between the two systems will be conducted at least quarterly.</p>	<p></p> <p>Dec-2026</p>
<p>Long outstanding debtors</p> <p>Long outstanding debts are to be analysed, and an adequate provision is to be accounted for.</p> <p>Accepted</p>	<p>A credit control team within the Billing and Revenue Directorate has been set up to manage the debts and assess their recoverability</p> <hr/> <p>The long outstanding debts are being analysed periodically to maintain updated debtors' balances</p> <hr/> <p>In the financial statement, a provision for doubtful debts will be included.</p> <hr/> <p>An SOP for standardising the methodology for doubtful debts has been drawn up circulated. Management will ensure compliance.</p> <hr/> <p>MDH is currently in discussions with the DoC regarding the publication of the tender for accountancy services.</p>	<p></p> <p></p> <p></p> <p>Dec-2025</p> <p></p> <p></p> <p>Dec-2025</p>

Recommendations	Action taken/justification	Status
<p>MDH is also to follow up on outstanding receivables on a periodical basis, to maximise recoverability of outstanding amounts owed to Government.</p> <p>Accepted</p>	<p>The Billing and Revenue Directorate is following up with debtors on a case-by-case basis. Follow-ups are conducted monthly.</p> <hr/> <p>In line with the SOP, if after four months all possible routes of chasing debts are exhausted, such cases and details are forwarded to the legal department of the hospital to initiate legal proceedings.</p>	<p></p> <hr/> <p></p>
<p>When it is certain that specific amounts are unrecoverable, these are to be written off.</p> <p>Accepted</p>	<p>Once MDH concludes the exercise of classifying certain dues as unrecoverable, MDH will make a formal request for a write-off to MFIN.</p>	<p></p> <p>Dec-2026</p>
<p>Creditors' year-end balances not in agreement with third party confirmations</p> <p>Regular and timely reconciliation is to be carried out to ensure completeness and accuracy of the related figures.</p> <p>Accepted</p>	<p>MDH is carrying out monthly reconciliations on the significant majority of transactions.</p>	<p></p>
<p>Inadequate control over creditors</p> <p>Management must ascertain that the respective Departments manage their creditors efficiently. Thus, it is important to avoid unnecessary delays in vetting invoices and these are to be forwarded to the Finance Section in a timely manner for payment.</p> <p>Accepted</p>	<p>The Finance and Accounts Payable Directorate issues regular reminders to the staff concerned to stamp, certify, verify and submit invoices for payment immediately upon receipt. In fact, the directorate discourages staff to pile up invoices and send them in batches.</p>	<p></p>

Recommendations	Action taken/justification	Status
<p>It is also recommended that the date of receipt by the respective Departments is clearly indicated on all invoices.</p>	<p>MDH regularly issues reminders to all the staff concerned to stamp the invoices on the day of receipt and include their name and designation.</p>	
<p>Accepted</p>	<p>To ensure that all invoices are appropriately dated, the receiving officers have stamps that include the date of receipt.</p>	
<p>Subsequently, MDH is to process and pay these invoices as early as possible, ensuring that the allowable credit terms are respected.</p>	<p>The Finance and Account Payables Directorate is ensuring that upon receipt of verified and certified invoices, the payments are issued accordingly.</p>	
<p>Accepted</p>	<p>The directorate does not process payment unless an invoice is checked against the goods received and certified accordingly.</p>	
<p>Accepted</p>	<p>A dispute mechanism is immediately triggered when a pending invoice is likely to result in non-payment.</p>	
<p>Incomplete and inaccurate accrual accounting returns</p>	<p>MDH follows Treasury circulars, Treasury guidelines and International Financial Public Sector Accounting Standards for the preparation and reporting of accrual accounting submissions.</p>	
<p>The year-end figures are critical for presenting the financial position of an entity in a true and fair manner. Inaccuracies in these figures can lead to distorted financial statements on which sound decision-making cannot be made. Thus, Management must ascertain that there is a system in place to ensure completeness and accuracy of the submitted returns.</p>	<p>The Finance and Accounts Payable Directorate check and review all submissions to ensure correctness of information.</p>	
<p>Accepted</p>	<p>MDH plans to carry out a business process re-engineering, and review current process for improvement or simplification.</p>	 <p>Dec-2025</p>
<p>The end-of-year exercise on accruals should be thorough, to ensure that amounts not yet invoiced are, as much as possible, accurately accrued for.</p>	<p>The implementation of an ERP system will streamline certain processes, thereby improving the reporting of accruals.</p>	 <p>Jun-2028</p>
<p>Accepted</p>	<p>Internal training was provided to staff concerned on the applicable processes and procedures of accruals.</p>	

Recommendations	Action taken/justification	Status
<p>Furthermore, MDH is to make a clear distinction between creditors and accruals. Invoices dated before the year-end (cut-off date) are to be included as creditors.</p> <p>Accepted</p>	<p>Despite the lack of qualified and adequate resources, MDH is making efforts to address certain reporting weaknesses by providing training and guidelines to its current staff to help them distinguish between credit and accruals.</p> <hr/> <p>When qualified and suitable candidates join the Finance and Accounts Payable Directorate, MDH will be in a better position to ensure proper reporting of credits and accruals.</p> <hr/> <p>MDH is ensuring that all invoices dated before year-end are recorded as creditors through prompt reconciliation with supplier statements and timely accounting checks.</p>	<p></p> <hr/> <p> Dec-2026</p> <hr/> <p></p>
<p>Officers in charge are also to follow up on bills relating to the financial year in question, so that the respective amounts can be duly recognised in the returns.</p> <p>Accepted</p>	<p>Despite the limitations, MDH is still ensuring that, as much as possible, respective amounts are duly recognised in the returns.</p> <hr/> <p>When qualified and suitable candidates join the Finance and Accounts Payable Directorate, MDH will be in a better position to distribute workload so that the respective amounts are duly recognised accordingly.</p>	<p></p> <hr/> <p> Dec-2026</p>
<p>Lack of standard operating procedures</p> <p>In order to ensure uniformity of procedures, MDH is expected to introduce detailed policies and procedures that will guide its personnel in the day-to-day duties</p> <p>Partially accepted</p>	<p>Until the required staff joins the Directorate, it will be difficult for MDH to implement this recommendation. With the engagement of other employees, the senior staff will be able to document the current procedures in place.</p> <hr/> <p>The Audit and Compliance Directorate within MHA has requested MDH to send all the SOPs in place. This exercise will aid MDH to obtain feedback on its SOPs.</p>	<p></p> <hr/> <p></p>

	Recommendations	Action taken/justification	Status
Control issues	<p>Lack of human resources</p> <p>MDH is to prioritise the recruitment process for key finance positions, including the roles of accountant and assistant manager within the Finance Section.</p>	<p>Whilst MDH acknowledges the need for additional resources, approval to recruit additional personnel has not been provided from the competent authority.</p>	
	<p>Partially accepted</p>	<p>The HR within MHA is chasing the relevant authorities for the publication of the vacant posts.</p>	
	<p>Management is to establish interim measures in this regard, to ensure continuity in financial operations and mitigate the existing and potential risks associated with staffing gaps.</p>	<p>MDH is carrying out internal restructuring to adapt to changing needs, improve efficiency, and better align resources with its goals.</p>	
	<p>Accepted</p>	<p>Discussions with competent authorities are being held to initiate outsourcing procedures related to accounting and finance positions.</p>	

Care Services – Non-Governmental Organisations – Expenditure

Since 2008, the Ministry for Health (MFH) has been entering into various Public Social Partnership (PSP) agreements to fund the administrative costs of various Voluntary Organisations (VOs) that provide care services to persons with terminal and long-term illnesses. During 2023, payments in the form of reimbursements were issued to eight different VOs, that cater for the provision of accommodation to patients receiving treatment abroad, mental healthcare services and other related support services.

The main scope of the audit was to determine the level of internal controls in place at MFH on the management of public funds utilised for these services, and to establish whether financial resources were only distributed to eligible VOs, in accordance with the legislation and applicable PSP agreements. NAO also sought to ascertain that all contracting parties adhered to the agreement and applicable regulations, and that the basic principles of accountability, as well as transparency, were upheld.

An audit on Care Services – Non-Governmental Organisations revealed a weak internal control environment, particularly through the absence of standard operating procedures, unawareness on good governance in the disbursement of public funds, and other shortcomings in contract management.

Follow-up action

Following the NAO audit, MHA started to incorporate the requirement for the submission of compliance, enrolment and financial documentation into the respective Public Social Partnership (PSP) agreements with NGOs as part of the Terms of Reference. MHA has issued formal notifications to all VOs to ensure that payment receipts and valid insurance policies are submitted as proof of payment and compliance. An SOP outlining the procedures for requesting, reviewing, and maintaining compliance documentation from voluntary organisations (Vos) has been formulated and disseminated to the relevant staff.

The Ministry is conducting an annual review and assessment of all relevant financial documentation, including a detailed breakdown of government grants, to help mitigate financial risks. MHA is submitting quarterly reports to the Office of the Commissioner for Voluntary Organisations, outlining all disbursements made to the VO's, in accordance with Circular MFIN No. 2/2019.

The Ministry has appointed a financial controller at the Office of the Chief Medical Officer (CMO) to strengthen financial oversight, enhance coordination, and provide comprehensive support across the office. The Ministry has also introduced enhanced monitoring mechanisms, including dual verification and authorisation systems within the Central Financial Management System (CFMS), to reinforce financial and administrative integrity.

NAO issues by category 7



2 Inefficient operations

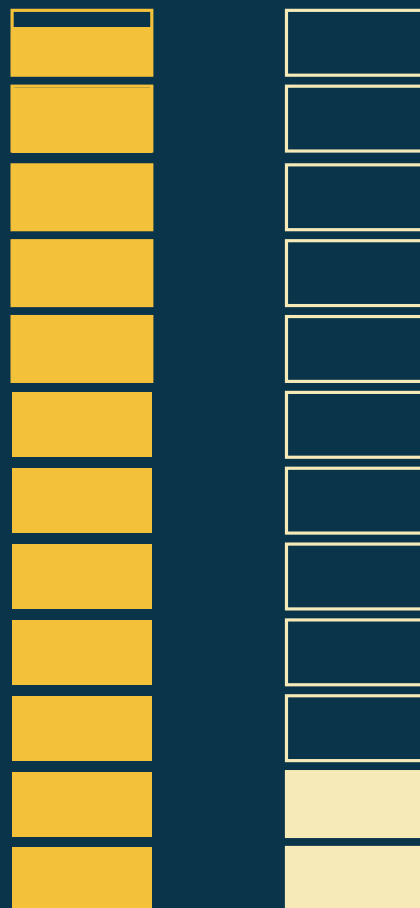
2 Lack of compliance with policies and legislation

1 Lack of structure

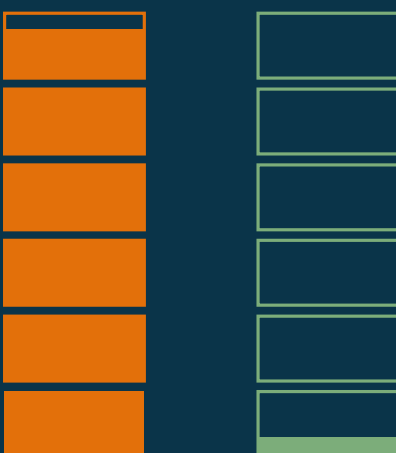
1 Non-adherence to procurement procedures

1 Lack of verification / enforcement

Actions by the Ministry 55



Recommendations by NAO 24










23 Accepted








1 Not accepted

47 Implemented

8 In progress






Each box represents 4 units











	Recommendations	Action taken/justification	Status
Key issues	Weak internal controls	A financial controller has been appointed at the Office of the Chief Medical Officer (CMO) to strengthen financial oversight, enhance coordination, and provide comprehensive support across the office.	
	Management is urged to allocate the necessary resources to ensure that proper internal controls are in place.	MHA circulated an internal communication within the Office of the CMO to emphasise the importance of contract management.	
	Accepted	Management introduced enhanced monitoring mechanisms, incorporating rigorous procedures, including dual verification and authorisation systems within Central Finance Management Solution (CFMS), to reinforce financial and administrative integrity.	
		MHA carried out process reengineering by streamlining workflows and improving resource allocation to enhance efficiency with the currently available resources.	
		A project board composed of Senior Management and an implementation team led by the Chief Information Officer are collating the information required to set up specifications for the procurement of an Enterprise Resource Planning (ERP) system aimed at centralising and automating core business functions, including finance, procurement and standard operating procedures (SOPs).	 Dec-2025
		Following the completion of the ERP system's requirements and specifications, MHA will seek approval from MFIN for the necessary funding.	 Dec-2026
		Once the approval is provided, MHA will draft the tender for the ERP's system and send it for Sectoral Procurement Directorate's approval.	 Dec-2027

Recommendations	Action taken/justification	Status
A copy of the respective VO's Certificate of Enrolment, together with an updated compliance certificate issued by OCVO, is also to be requested and duly filed.	MHA sent a formal email communication to each NGO, requesting the provision of the necessary compliance and enrolment documentation.	
Accepted	The requirement for the submission of compliance and enrolment documentation is being incorporated into the respective Public Social Partnership (PSP) agreements with NGOs as part of the Terms of Reference.	
	An SOP outlining the procedures for requesting, reviewing, and maintaining compliance documentation from voluntary organisations (VOs) has been formulated and disseminated to the relevant staff.	
	A compliance checklist is being drafted and will be integrated into the current financial review and approval process to ensure that all required financial documentation is properly collected, reviewed, and verified by the responsible officer.	 Mar-2026
	As a temporary control measure, a simplified version of the compliance checklist is being used to track the necessary documentation.	
	Management is providing training in a semi-formalised structure with regards to its processes and procedures, including training on making use of the compliance checklist. Such training outlines the key responsibilities and expectations of the roles of the targeted audience.	
	Staff are provided with opportunities for continuous professional development through a range of dedicated training programmes.	






Recommendations	Action taken/justification	Status
<p>The VOs' audited financial statements, as well as other pertinent financial information, should also be requested to be assessed by the Ministry. This will help mitigate the risk of double funding from different Ministries or the inappropriate use of public funds.</p> <p>Accepted</p>	<p>MHA sent a formal email communication to each non-governmental organisation (NGO), requesting the provision of the necessary financial documentation.</p>	
	<p>The requirement for the submission of financial documentation is being incorporated into the respective PSP agreements with NGOs as part of the Terms of Reference.</p>	
	<p>A compliance checklist is being drafted and will be integrated into the current financial review and approval process to ensure that all required financial documentation is properly collected, reviewed, and verified by the responsible officer.</p>	 Mar-2026
	<p>As a temporary control measure, a simplified version of the compliance checklist is being used to track the necessary documentation.</p>	
	<p>MHA is conducting an annual review and assessment of all relevant financial documentation, including a detailed breakdown of government grants, to help mitigate financial risks.</p>	
	<p>MHA is submitting quarterly reports to the Office of the Commissioner for Voluntary Organisations, outlining all disbursements made to the VOs, in accordance with Circular MFIN No. 2/2019.</p>	
<p>Verifications performed, which are necessary before funds are disbursed, are to be documented to maintain a proper audit trail.</p> <p>Accepted</p>	<p>Until the compliance checklist is drafted, a simplified version of the compliance checklist is being used to track the necessary documentation.</p>	
	<p>The authenticity and completeness of documentation is being certified by the designated responsible officials and countersigned by management.</p>	
<p>Receipts in support of payments are to be obtained as official proof of a financial transaction. These are also instrumental for accurate financial records.</p> <p>Accepted</p>	<p>MHA issued a formal notification to all VOs to ensure that payment receipts are submitted as proof of payment.</p>	
	<p>The requirement to submit payment receipts is being included in the contracts' Terms of Reference as part of the documentation to be provided by the VOs.</p>	









Recommendations	Action taken/justification	Status
<p>Furthermore, Management may consider maintaining the files electronically and avoid having a dispersed filing system, as the voluminous amount of physical documentation could lead to an inadequate assessment by the responsible office.</p> <p>Accepted</p>	<p>MDH is maintaining documentation in a soft copy format to facilitate easy retrieval and secure filing.</p> <hr/> <p>Receipts for payments received by the VOs from the MHA are being uploaded to the CFMS to maintain a complete audit trail.</p>	 
<p>Lack of standard operating procedures</p> <p>In order to ascertain uniformity of procedures, MFH is urged to introduce detailed policies and procedures with clearly defined roles, responsibilities and reporting lines that will guide its personnel in their day-to-day practices. This will enhance transparency and good governance over the administration of public funds and enable controls through segregation of duties.</p> <p>Accepted</p>	<p>An SOP outlining the procedures for requesting, reviewing, and maintaining compliance documentation from VOs has been formulated and disseminated to the relevant staff.</p> <hr/> <p>Management has introduced enhanced monitoring mechanisms, incorporating rigorous verification procedures and dual verification and authorisation systems within CFMS to reinforce financial and administrative integrity.</p> <hr/> <p>Payments to VOs are verified and certified by officers conducting compliance checks, authorised for disbursement by the Director of the Treatment Abroad Section, and subsequently approved on the CFMS by the Financial Controller.</p>	  

Recommendations	Action taken/justification	Status
<p>Unawareness of pertinent circular</p> <p>Strict compliance with MFIN Circular No. 2/2019 would reduce the risk of double funding to the same organisation. Management is to ensure that the officials responsible for the administration of PSP agreements are duly trained and informed of the requirements stipulated in aforementioned circular, as well as pertinent legislation</p> <p>Accepted</p>	<p>Quarterly returns are being submitted to the OCVO and the Budget Affairs Division in line with MFIN Circular No. 2/2019.</p> <hr/> <p>MHA incorporated the requirement for submitting funding returns into the SOP, assigning responsibility to a designated officer.</p> <hr/> <p>Management is providing training in a semi-formalised structure with regards to its processes and procedures, including training on making use of the compliance checklist. Such training outlines the key responsibilities and expectations of the roles of the targeted audience.</p> <hr/> <p>Staff is provided with opportunities for continuous professional development through a range of dedicated training programmes.</p> <hr/> <p>A Financial Controller has been appointed to the Office of the CMO to strengthen financial oversight, enhance coordination, and provide comprehensive support across the office.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Concerns over the administration of marketing campaign managed by a union</p> <p>In accordance with public procurement regulations, the direct award of contract to this Union is also expected to be endorsed by the Ministry responsible for Finance.</p> <p>Not accepted</p>	<p>The marketing campaign is governed by the provisions of a dedicated side letter, which forms an integral part of the broader sectoral agreement negotiated and executed between the Government and the Union. A sectoral agreement and its provisions cannot be ratified or implemented without the prior approval, in principle, of the Ministry responsible for Finance. The corresponding annual budgetary allocations, as published in the Financial Estimates, serve as definitive evidence of the Ministry's endorsement, as such allocations would not otherwise be included</p>	

Recommendations	Action taken/justification	Status
<p>A marketing plan is to be submitted to MFH, accompanied by the budget estimates, as well as supporting documentation to be discussed between all parties involved. This is eventually to be endorsed accordingly.</p> <p>Accepted</p>	<p>A comprehensive process flow, outlining procedures from the application phase through to the final reporting stage, was drafted.</p>	
	<p>This process flow, once approved internally, will be sent for MUMN's endorsement.</p>	 Mar-2026
	<p>MUMN's annual marketing plans are being submitted to the MHA, outlining the budget requests for each planned activity and tied with the objectives.</p>	
	<p>Upon submission, the annual marketing plan is being thoroughly reviewed by designated MHA officials.</p>	
<p>Management may consider the involvement of a professional from the Nursing and Midwifery Services Directorate to provide feedback to the Ministry on the progress registered on the marketing campaign.</p> <p>Accepted</p>	<p>The Marketing Committee appointed by the Permanent Secretary is conducting checks on the implementation of the marketing plan and reporting its findings to the MHA.</p>	
<p>All refundable expenses are to be supported by detailed invoices and fiscal receipts, as well as photographic evidence.</p> <p>Accepted</p>	<p>Prior to endorsement, the unions are submitting itemised invoices detailing the expected expenditure.</p>	
	<p>A comprehensive process flow outlining procedures from the application phase through to the final reporting stage was drafted.</p>	
	<p>This process flow, once approved internally, will be sent for MUMN's endorsement.</p>	 Mar-2026
	<p>All supporting documentation is verified by the Marketing Committee and vetted by the Financial, Monitoring and Control Unit (FMCU) within the MHA.</p>	
	<p>Refund payments are being endorsed by the MHA's Permanent Secretary or a suitably delegated senior officer.</p>	

Recommendations	Action taken/justification	Status
<p>MFH is to ensure that the audited financial statements are submitted by VOs on an annual basis. This financial information is to be assessed annually, to prevent the possibility of abuse from public funds. Evidence of verification is to be filed and retained for audit trail purposes.</p> <p>Accepted</p>	<p>Management is ensuring that audited financial statements are submitted by the VOs on an annual basis, in accordance with OCVO's regulations for the submission of annual returns and accounts.</p> <hr/> <p>The requirement to submit the annual audited financial statements is being included in the terms and conditions of all agreements with VOs, where applicable.</p> <hr/> <p>The VOs audited financial statements are being analysed by the Financial Controller, as part of the Ministry's efforts to prevent the possibility of abuse of public funds.</p>	<p></p> <hr/> <p></p> <hr/> <p></p>
<p>On a regular basis, periodic reviews are also to be conducted to ensure that the aim of such agreements is reached.</p> <p>Accepted</p>	<p>The Nursing and Midwifery Services Directorate will be distributing a brief questionnaire among newly recruited nurses to gauge the effectiveness of the marketing campaign.</p>	<p></p> <p>Jun-2026</p>
<p>In addition, expenditure is to be accounted for under the respective account according to the nature of expense so that the financial information is not distorted.</p> <p>Accepted</p>	<p>A specific line item within Programmes and Initiatives has been proposed to cover the costs related to MUMN's marketing campaign, pending confirmation from the Budget Office.</p>	<p></p> <p>Dec-2025</p>
<p>Concerns over travel expenditure claimed by the union</p> <p>Management must ascertain that all travel expenditure is approved beforehand and all pertinent supporting documentation, including the name of participants, is indicated.</p> <p>Accepted</p>	<p>The comprehensive documented process flow outlines requirements for both the pre-travel and post-travel stages, specifying the necessary supporting documentation for related expenses and the need for prior approval from the Permanent Secretary. Management is ensuring compliance.</p> <hr/> <p>The Marketing Committee is responsible to maintain properly all documentation related to reimbursements to ensure an adequate audit trail.</p>	<p></p> <hr/> <p></p>

	Recommendations	Action taken/justification	Status
	The scope of such visits is to be in line with the contract objectives.	All travel-related expenses are assessed by the Marketing Committee and referred for approval in advance by the PS or appointed delegate, ensuring conformity with the established objective.	
	Accepted	The documented process flow outlines that any expenditure related to travel must be in line with the grant's ultimate objective.	
	Moreover, a report indicating the outcome and benefits of the respective event is also to be submitted.	The documented process flow highlights that a comprehensive report outlining the outcomes of the travelling abroad expenditure and the extent to which the grant objectives have been attained, must be submitted by MUMN with the itemised list of expenditure. Management is ensuring compliance.	
	Accepted	To ensure accountability and transparency, the documented workflow includes a clause allowing for periodic audits, which may be carried out by third parties or other designated entities.	
Control issues	Lack of valid contract MFH is to ensure that a valid contract is in place to ensure the accountability and transparency. This should also be the basis for the respective payments.	Following the Department of Contracts' approval for a negotiated procedure, the accommodation services provided by the London-based VO will be formalised through a contractual agreement to uphold appropriate standards of accountability and transparency.	 Dec-2025
	Accepted		

Recommendations	Action taken/justification	Status
<p>Shortcomings in contract management: Palliative Care</p> <p>MFH is urged to follow the provisions of the pertinent agreements and ensure that the respective reports are submitted by the VOs concerned in a timely manner, to enable proper scrutiny thereof before approval of the next payment.</p> <p>Accepted</p>	<p>Management introduced additional monitoring processes, including increased verification procedures and dual verification/authorisation systems, to strengthen the financial and administrative aspects.</p> <hr/> <p>Payments to VOs are verified and certified by officers conducting compliance checks, authorised for disbursement by the Director of the Treatment Abroad Section, and subsequently approved on CFMS by the Financial Controller.</p> <hr/> <p>The Treatment Abroad Section are holding regular meetings with the respective VO to maintain ongoing visibility of patients' needs, with the overarching objective of enhancing patient satisfaction with the services provided.</p> <hr/> <p>An SOP outlining the procedures for requesting, reviewing, and maintaining compliance documentation from VOs has been formulated and disseminated to the relevant staff.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>The investment expected to be made by the VO in question is also to be followed up to make sure that this obligation is fulfilled</p> <p>Accepted</p>	<p>MHA entered into an addendum with the NGO, stipulating an annual allocation exclusively dedicated to the procurement of equipment intended for use by patients and their families.</p> <hr/> <p>In line with the addendum, MHA is regularly monitoring that evidence is submitted for each purchase.</p> <hr/> <p>The amount exclusively ring-fenced for the purchase of equipment is being renegotiated with each new/renewed agreement, based on the NGOs assessed need to procure equipment for the benefit of patients.</p> <hr/> <p>Any unspent funds allocated for the purchase of equipment are being withheld by MHA following the necessary verifications at the end of each consecutive financial year.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>Shortcomings in contract management: Accommodation services in the United Kingdom</p> <p>NAO acknowledges that certain services could be urgent and crucial to the patients. However, as far as possible, these are still to be covered by a formal agreement. This should also form the basis for ensuring that the eventual payments are correct.</p> <p>Accepted</p>	<p>The accommodation services provided by the UK-based VO will be formalised through a contract to ensure adequate accountability and transparency standards.</p> <hr/> <p>Payments to VOs are being verified with the terms of the standing contracts, certified by the officers conducting the verification checks and authorised by the designated level of authority.</p>	<p> Mar-2026</p> <hr/> <p></p>
<p>Moreover, each VO is to be requested to acknowledge the receipt of funds by a receipt.</p> <p>Accepted</p>	<p>MHA issued a formal notification to all VOs, to ensure that payment receipts are submitted as proof of payment.</p>	<p></p>
	<p>The requirement to submit payment receipts is being incorporated into the respective PSP agreements with NGOs as part of the Terms of Reference.</p>	<p></p>
<p>To safeguard Government's interests, it is also to be ensured that the required insurance policies are in place.</p> <p>Accepted</p>	<p>MHA issued a formal notification to all VOs to ensure that valid insurance policies are submitted.</p>	<p></p>
	<p>The requirement to submit a copy of the insurance policy is being incorporated into the respective PSP agreements with NGOs as part of the Terms of Reference.</p>	<p></p>



**FOLLOW-UP ON
PENDING ACTIONS**



**2024
GA PUBLICATION**

Pending actions in GA Report 2024	Implementation date on GA Report 2024	Status
Construction works in government cemeteries and sale of graves or grave sites – Revenue and capital expenditure		
<p>Departures from the terms of the concession agreement</p> <p>The additional addenda to the original contract is being renegotiated with the Concessionaire to mitigate identified risks and to make it financially viable.</p>	Nov-2024	<p>In progress</p> <p>Discussions on the concession agreement are ongoing with the concessionaire.</p>
<p>The final version of the addendum will be cleared with the DoC.</p>	Nov-2024	
<p>Any renegotiations with the Concessionaire which are outside the parameters of the original contract are being notified to the DoC. The final version of the addendum will be cleared with the DoC.</p>	Nov-2024	
<p>Original award for agreed costs for the construction of graves and the restoration of cemetery facilities are not being anticipated to change.</p>	Nov-2024	
<p>Reports in line with the terms of the concession agreement not prepared</p> <p>MHA will enhance the governance of the concession agreement by establishing a robust governance structure. This structure will include key stakeholders such as the Permanent Secretary (PS), the Superintendent of Public Health (SPH), the Director of Environmental Health (DEH), the Financial Controller, and the FMS, a consultant accountant along with a dedicated secretary. To ensure transparency and accountability, all meetings will be meticulously documented, with minutes recorded. Additionally, representatives from the concessionaire will be invited to participate in meetings as needed, fostering collaboration, and ensuring all relevant perspectives are considered.</p>	Nov-2024	
<p>Inadequate insurance policies</p> <p>MHA will agree with the Concessionaire to make available renewable insurance cover policies on a yearly basis at the expense to the Concessionaire.</p>	Nov-2024	

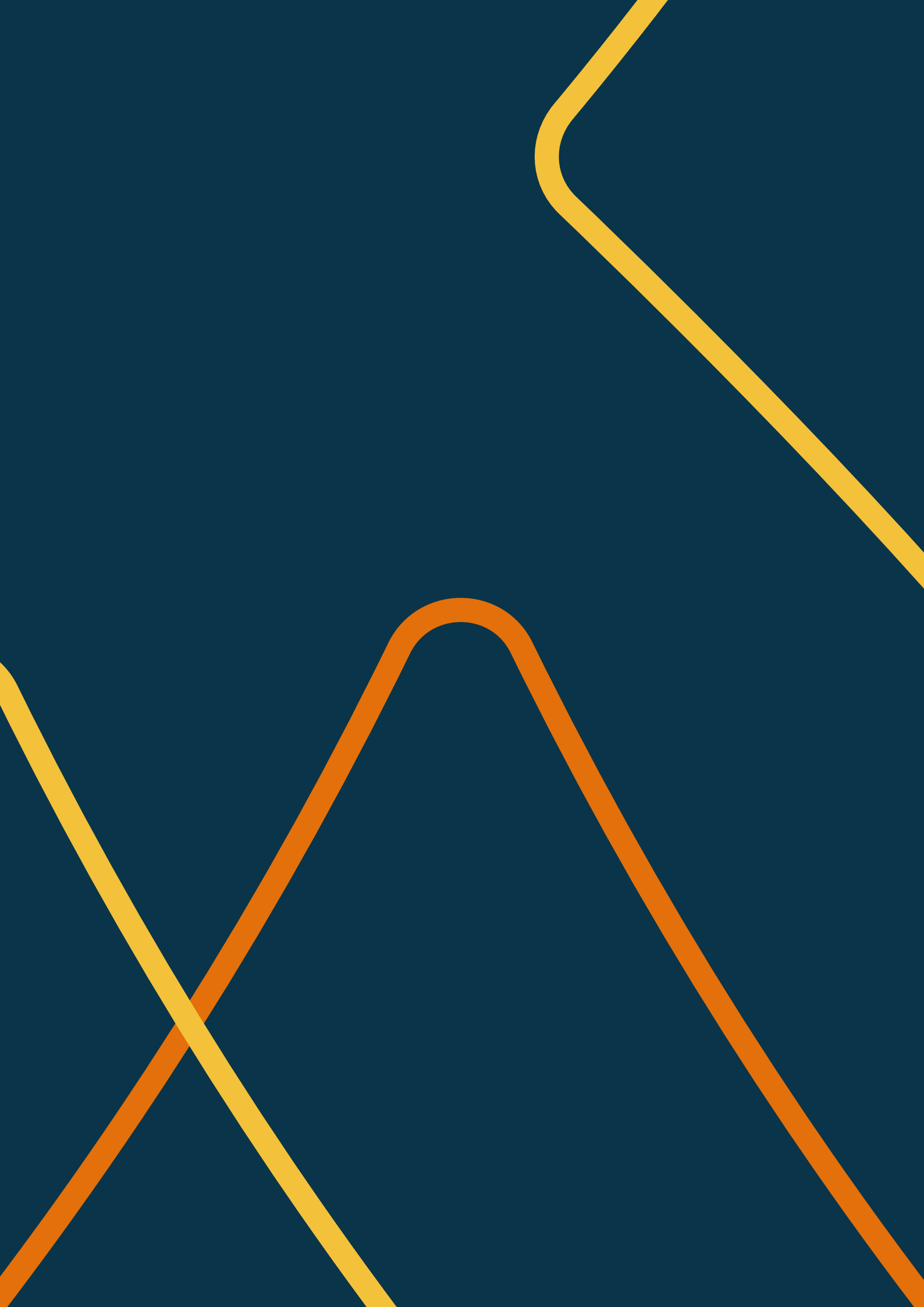
Pending actions in GA Report 2024	Implementation date on GA Report 2024	Status
Mental Health Services – Personal emoluments		
<p>Once Mental Health Services (MHS) is allocated the necessary human resources, management will pursue the implementation of job rotation and shadowing functions to ensure that the ability to perform payroll tasks is shared across all payroll staff.</p>	Jun-2025	<p>Implemented in January 2025</p> <p>An Administration Officer and a contractual Accounts officer joined the payroll section.</p> <p>Currently the job rotation and shadowing function is being carried out as follows:</p> <ul style="list-style-type: none"> • The Head of Payroll is being shadowed by the principal by checking, reconciling and reporting the necessary documentations. • The Supervisor, Administration Officer, Clerical Officer, contractual partly-qualified Accountant and two Accounts Officers are carrying out payroll computations and inputting, updating of sick leave, leave and TOIL records.
<p>Incorrect calculation of allowances at times leading to substantial overpayments</p> <p>Any overpayments, that may emerge as a result of the internal audit, will be recouped in line with the Government's refund policy.</p>	Dec-2024	<p>Implemented as planned</p>
Primary Health Care – Personal emoluments		
<p>Overpayments to doctors on job plan B</p> <p>MHA and IRU will discuss the personal and detailed overpayment calculations with MAM, as well as the mechanism of the recoupment process in terms of the 'Refund Policy'. If MAM agrees, MHA will embark on the exercise to recoup overpayments. If not, the matter will be referred for arbitration.</p>	Nov-2024	<p>In progress</p> <p>Following the completion of related financial computations, MHA will shortly be engaging with the pertinent stakeholders, regarding the reimbursement of public funds overpaid to PHC doctors.</p>

**2022
GA PUBLICATION**

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Foundation for Medical Services – Personal emoluments			
<p>Appointment of persons on trust basis</p> <p>FMS will be implementing an internal recruitment policy and SOP to ensure that exceptions as the one identified by the NAO do not recur.</p>	<p>In progress</p> <p>In line with NAO's related recommendation, FMS ceased to engage individuals on person of trust basis.</p> <p>The Labour Supply Agreement was drafted and subsequently endorsed by all parties. To that effect, FMS started to formulate its recruitment policy and the respective standard operating procedures (SOP).</p>	<p>Dec-2024</p>	<p>In progress</p> <p>The implementation of the Labour Supply Agreement (LSA) was temporarily stalled due to various changes, including administration transitions, the FMS board restructuring, and operational issues. Given these developments, the new FMS Board felt the need to review the agreement further.</p> <p>A recruitment and selection policy was issued as planned. However, a new comprehensive policy and SOP will likely be introduced following the formalisation and implementation of the LSA.</p> <p>Expected date of implementation is January 2026</p>
<p>Divergences from Human Resources Plan</p> <p>This practice will be reflected and formalised in a new recruitment policy.</p>	<p>In progress as explained above</p>	<p>Dec-2024</p>	<p>Implemented as planned</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Ministry for Health – Expenditure			
<p>Performance guarantees not in place</p> <p>A Director (Contracts) has been recently appointed to implement a system whereby the monitoring of contracts and the keeping of performance guarantees are maintained on an ongoing basis.</p>	<p>To be implemented through a different course of action</p> <p>Performance guarantees are currently being managed by CPSU, within limits and constraints tied with deficiencies in human resources. The potential relocation of this function, under the responsibility of the Director (Contracts), is envisaged, subject to the engagement of competent resources.</p>	<p>Unknown</p>	<p>Implemented through a different course of action</p> <p>Following the change in the CPSU's Top Management structure, and the resignation of the Director (Contracts), the management of performance guarantees was assigned to the Accounts Section.</p>
<p>A new Director (Contracts) has been appointed with the responsibility to set up a centralised contracts management unit.</p>	<p>The tender for the procurement of contract management services was not pursued any further since it resulted costly and lacked the potential of yielding the desired value for money. Therefore, the Director (Contracts) undertook an internal capacity building exercise which was presented to the pertinent internal authorities for implementation.</p>	<p>Q4 2024</p>	<p>In progress</p> <p>Following the capacity building exercise, an organisational plan for the development of a contracts management function for years 2025-2027, was submitted to the People Management Division (MHA) for recruitment through public calls.</p> <p>Two calls for applications were approved in relation to centralised contracts management unit. One for the position of Assistant Director and the other for the position of Director. The call for Assistant Director was issued, resulting in the appointment of a suitable candidate. The call for the Director post has also been issued in July.</p> <p>Expected date of implementation is June 2026</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Pharmacy of your choice scheme – Expenditure (2018)			
IT system lacks pertinent data	On target	Q4 2025	On target
<p>The new pharmacy dispensing module (ISTK) complying with the GDPR will provide extensive data to community pharmacies in terms of stock holdings, including batch numbers and expiry dates.</p>			





MINISTRY FOR
**HEALTH AND
ACTIVE AGEING**

(Active Ageing)

MHA

(Reported by the NAO as Ministry for Health)

Welfare Committee – Revenue (2022)

(Reported by the NAO under Ministry for Social Justice and Solidarity, the Family and Children’s Rights)

The Social Security Act (Cap. 318) Article 130 states that a Welfare Committee shall be established with the aim of administering funds entrusted to it for the benefit of the elderly residents in various state-run homes. During the year under review, the Welfare Committee fell under the remit of the Ministry for Social Justice and Solidarity, the Family and Children’s Rights (MSFC).

The scope of this audit was to verify the accuracy and completeness of reported revenue and that the applicable laws and regulations were complied with. It was also ascertained that revenue was recognised in a timely manner and that internal controls related to the collection and reporting of revenue were effective.

The audit revealed that there was no segregation of duties, as well as serious risks relating to the management of cash and cheques received. Incomplete and inaccurate accounting records to this effect were also noted. However, the National Audit Office positively acknowledges the urgent actions being taken to address these issues.

Follow-up action

The Welfare Committee acknowledged the challenges posed by data limitations and, to this effect, the management initiated strategic collaborations with the Department of Social Security to ensure systematic data sharing, enabling better oversight of contributions. Additionally, efforts are underway to establish a standardised financial system across all entities responsible for managing funds. A segregation of duties approach was enforced, whereby the Office of the Permanent Secretary (MHA) is overseeing the tasks undertaken by the Welfare Committee, to safeguard financial controls and mitigate risks associated with reliance on a single officer.

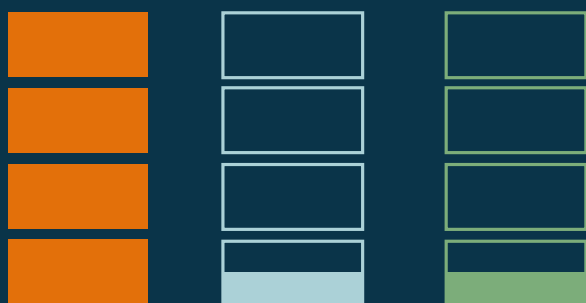
Significant steps were also taken to address concerns regarding undeposited cash and cheques. Immediate deposits were made into the Central Bank of Malta account, and a direct debit option was introduced to streamline payment collection. Recovery efforts for expired cheques have been largely successful, with 84% of stale amounts reclaimed. Furthermore, financial statements were updated to ensure compliance with legal deadlines, and a uniform accounting system was partially implemented for better financial oversight.

NAO issues by category 5



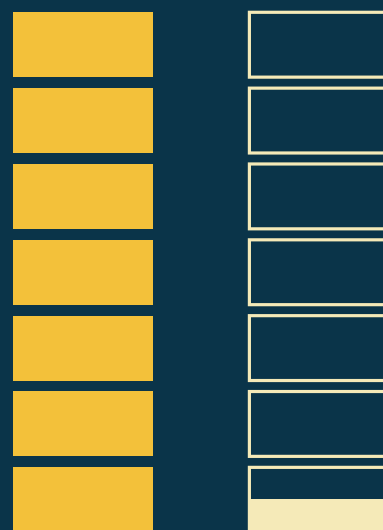
- 2** Lack of compliance with policies and legislation
- 1** Inefficient operations
- 1** Inadequate technology
- 1** Lack of verification/enforcement

Recommendations by NAO 10




- 8** Accepted
- 1** Partially accepted
- 1** Not accepted

Actions by the Ministry 15












- 14** Implemented
- 1** In progress

Each box represents 2 units

Issue	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Disclaimer</p>	<p>The Welfare Committee kept most of its records manually and the little electronic data maintained was generally incomplete. Details requested for audit purposes from the Administrator were not readily available and had to be compiled on demand after poring over numerous manual documents. Notwithstanding the substantial amounts involved, the situation was an extreme case of incomplete records and in view of the absence of fundamental information, testing was neither comprehensive nor exhaustive in the following areas:</p>	
	<p>a) Data regarding the total contributions, receivable by the Welfare Committee during the year under review, was only provided to the National Audit Office (NAO) when the audit was in its final stages. Moreover, the information received lacked important details, such as dates covering the period of the contributions receivable and the homes in which the elderly resided. A list of debtors for the same period was also not available.</p> <p>b) Lists detailing undeposited cash and cheques were not kept by the Administrator and, as such, no reconciliations of these amounts were being made against the records of the Welfare Committee.</p>	 Jul-2026

Accepted

	Recommendations	Action taken/justification	Status
Key issues	<p>No segregation of duties</p> <p>Immediate deployment of more employees, including an accounts officer to help in the upkeep of information on the accounting system, is solicited. This would enable controls through segregation of duties, thus decreasing the reliance on just one officer, while also serving as a hand over in preparation for the Administrator's eventual retirement.</p> <p>Accepted</p>	<p>The Management at the Office of the PS MHA (Active Ageing) is overseeing the tasks undertaken by the Welfare Committee, ensuring compliance with the four-eyes principle.</p>	
	<p>Uncertainty about the recoverability of deposited funds</p> <p>This matter is to be discussed at the appropriate level within the Ministry for Social Policy and Children's Rights (MSPC) to check whether the funds which were originally in the below-the-line account still pertain to the Welfare Committee and, in the affirmative, to be given access.</p> <p>Accepted</p>	<p>After consultations with the Treasury and Budget Office, the Welfare Committee has been instructed to close the below-the-line account.</p>	
	<p>Storage of undeposited cash and cheques</p> <p>Without further delay, the Welfare Committee began to deposit the cash and unexpired cheques in the Central Bank of Malta (CBM) account that was opened during the NAO audit, so as to avoid other cheques becoming expired. A plan is to be devised to recover, as much as possible, the expired cheques.</p> <p>Accepted</p>	<p>All remaining valid cheques and cash at the Welfare Committee premises have been successfully deposited.</p>	
		<p>The Welfare Committee promptly took action to have stale cheques either re-dated or re-issued. By February 2025, approximately eighty-four percent (84%) of the €520,720 in stale cheques had been successfully recovered.</p>	
		<p>The Welfare Committee will continue to implement appropriate measures to recover the remaining outstanding amounts.</p>	

	Recommendations	Action taken/justification	Status
Control issues	<p>Financial statements lagging behind</p> <p>The Welfare Committee is to ensure that all audits are up to date and submitted to the relevant authorities by the deadlines stipulated by law.</p> <p>Accepted</p>	<p>The audited financial statements for years 2020, 2021, 2022 and 2023 have been completed, signed and submitted to the relevant authorities.</p>	
	<p>Moreover, it is important that the accounting records are duly updated and shortcomings addressed with the aim of obtaining a clean audit report.</p> <p>Accepted</p>	<p>All efforts are being undertaken to ensure accounting records are kept up to date, supported by proper documentation and regular reconciliations.</p>	
	<p>Operating on two separate accounting systems</p> <p>NAO opines that this procedure is reconsidered in order to have one uniform accounting system in operation. This will enable the smoother running and upkeeping of the Committee's accounting records.</p> <p>Partially accepted</p>	<p>For the short term, the CBM account of the Welfare Committee will remain being used for any direct debit receipts. Meanwhile arrangements will be made so that any direct debit receipts will go directly to the Consolidated fund.</p>	
		<p>The Welfare Committee utilises its CBM account for the Direct Debit System.</p>	
		<p>Payments to the Welfare Committee's creditors are processed through the designated line item in the CFMS.</p>	
		<p>Management has established procedures for a standardised accounting system for payments, incorporating verifications, certifications, and the four-eyes principle. Strict compliance is maintained, ensuring that payments are authorised exclusively by someone other than the preparer.</p>	

MHA

Home Care and Help Services Scheme – Expenditure

The Ministry for Health and Active Ageing is dedicated in assisting the elderly in their daily lives, whilst taking a holistic approach to health and ageing. To achieve this goal, it provides the Home Care and Help Services Scheme to enable beneficiaries maintain independent living in the community for as long as possible.

This service provides support to individuals aged 65 and above, living in Malta, by helping with light domestic tasks and shopping. Additionally, those persons under 65 years of age, holding a valid Special Identity Card issued by the Commission for the Rights of Persons with Disability or those suffering from a debilitating illness, can also apply for this service.

The main scope of the audit was to determine the adequacy and effectiveness of the existing controls over expenditure, mainly over payments made to the respective service providers and those covering refunds for private helpers. Verifications were performed to ensure that the applications for this service were duly approved, and timesheets recording the hours of service provided checked and certified as correct prior to effecting payments. Furthermore, the audit ascertained that the follow-up process was being carried out to ensure that the service was delivered as per the established standards and expectations.

The procedures and controls in relation to the audit carried out on the Home Care and Help Services Scheme were deemed adequate and operating effectively. Regular monthly checks were carried out before invoices were authorised for payment and the follow-up process on the level of service was being adhered to.

Good practice

The audit revealed a commendable level of professionalism and competency among officers involved in managing this service. Requests for documentation and audit queries were consistently addressed in a timely manner, reflecting a proactive approach to cooperation.

NAO satisfactorily noted that regular monthly checks were being carried out and adjusted hours recorded in helpers' monthly timesheets, when required, before invoices were authorised for payment. Moreover, the relevant standard operating procedure covering the follow-up process was adhered to. Organised and surprise visits, along with regular phone call logs, were documented appropriately.

NAO considered this audit assignment as an example of good practice.



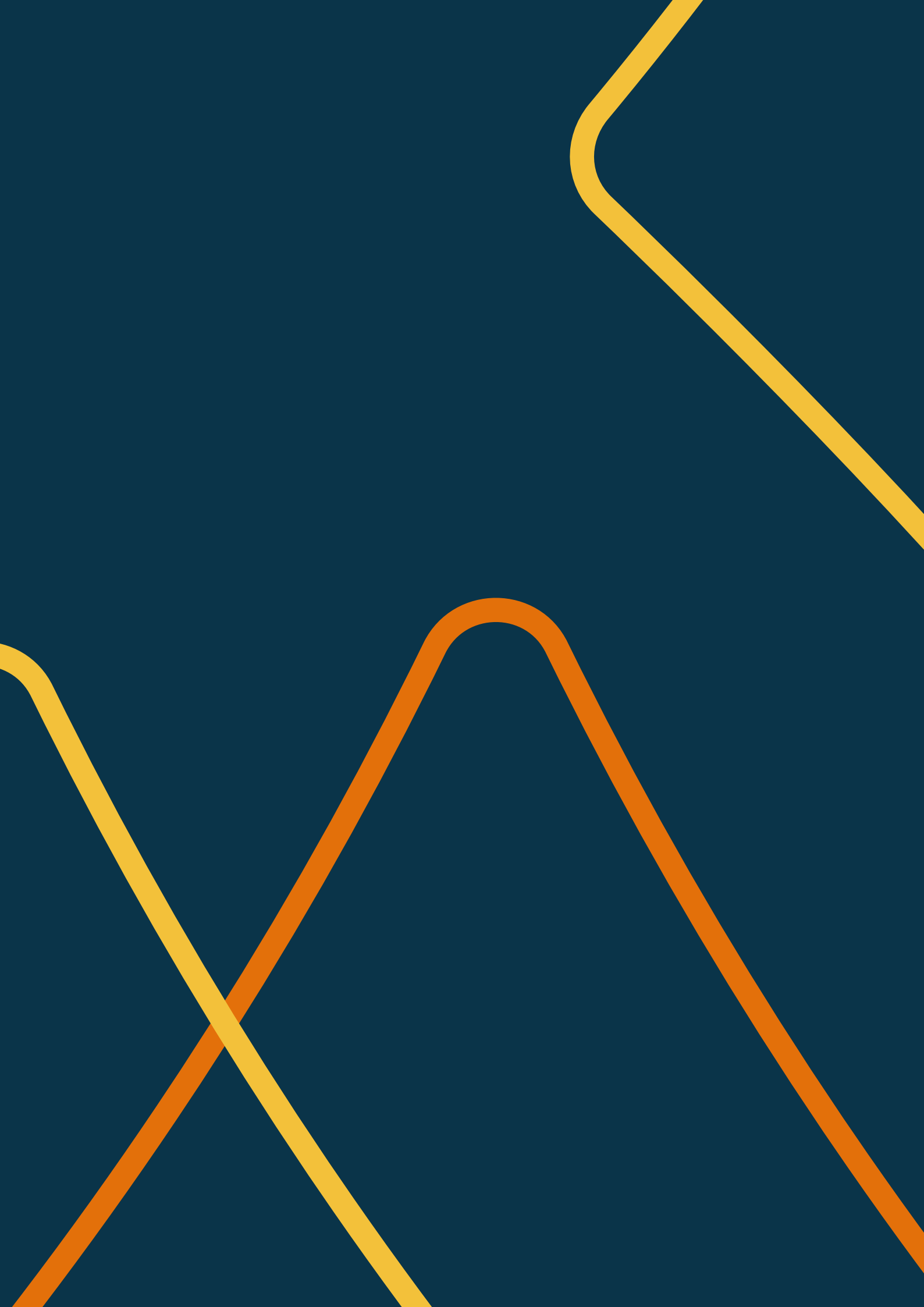


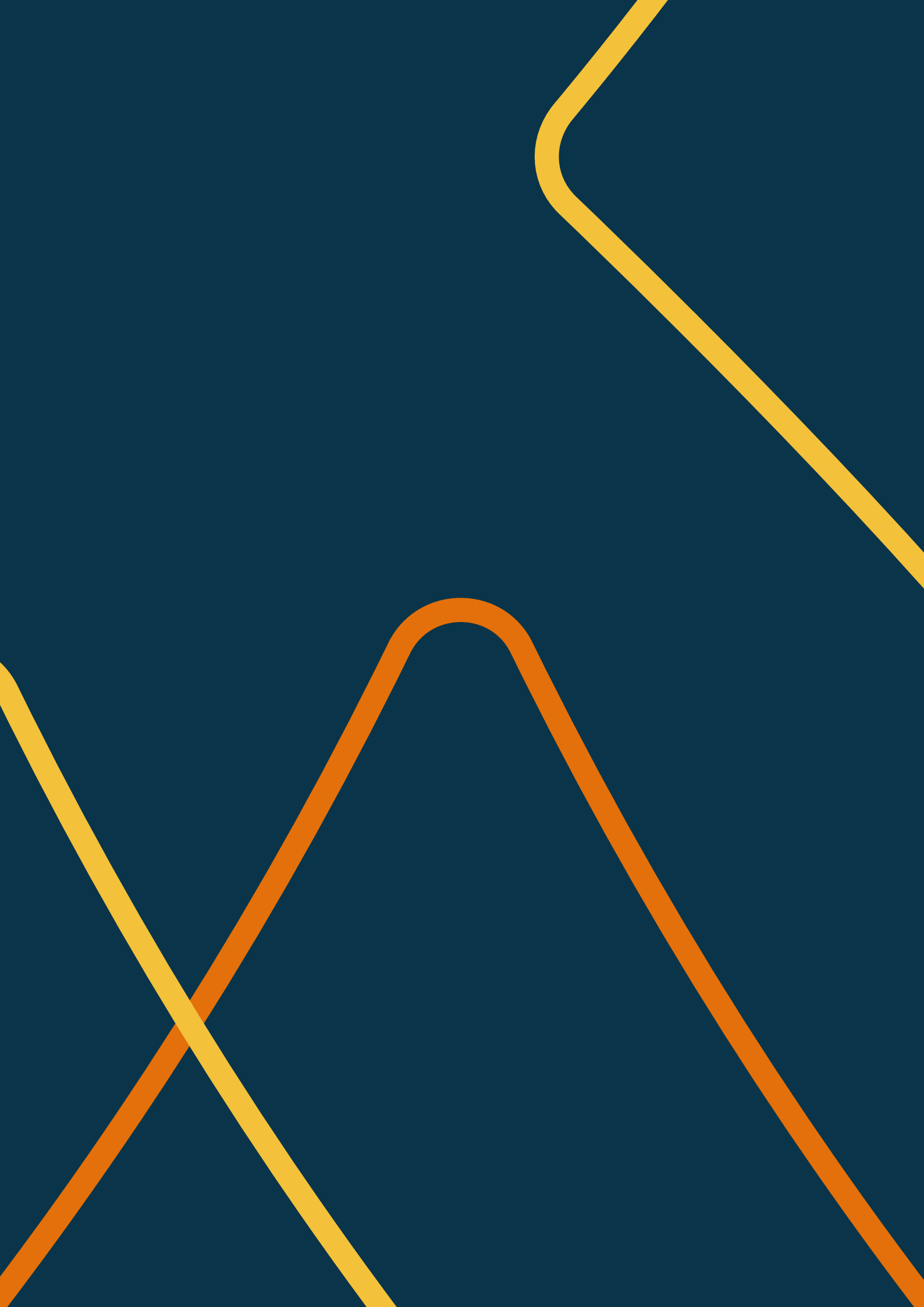
**FOLLOW-UP ON
PENDING ACTIONS**



**2021
GA PUBLICATION**

Pending action reported in GA Report 2021	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
St Vincent de Paul Residence – Personal emoluments			
<p>Procedures of time off in lieu not formalised</p> <p>A meeting was held with the Chief Information Officer to update the DAKAR system, including the time off in lieu (TOIL) balance, which will be processed for payment after four weeks.</p> <p>The DAKAR system will also be updated for HR by introducing new modules and modifying existing modules to include TOIL.</p>	<p>In progress</p> <p>The new system is still being developed to include the relevant modules.</p>	<p>Oct-2024</p>	<p>In progress</p> <p>The modules for the new DAKAR system at St Vincent De Paul are being developed in line with the new Sectoral Agreements signed in 2024. They will now include a function to alert the human resources (HR) office of any set limits reached. Such alerts will enable the HR office to monitor efficiently and in a timely manner.</p> <p>In the meantime, training on the system is currently being provided to HR officers.</p> <p>Estimated date of completion is June 2026.</p>







MINISTRY FOR
**TRANSPORT,
INFRASTRUCTURE AND
PUBLIC WORKS**

MTIP

(reported by the NAO as Ministry for Transport, Infrastructure and Capital Projects)

Grant for Electric Vehicles – Expenditure

The then Ministry for Transport, Infrastructure and Capital Projects, in conjunction with Transport Malta (TM), had announced a grant scheme as from 1 January 2018, that was available to persons residing in Malta and Gozo, Local Councils, voluntary organisations and undertakings established in the Maltese islands. The aim of the financial assistance was to reduce the number of older conventional motor vehicles from the road through:

- a) while purchasing a scrappage scheme intended to provide further financial support to applicants who, and registering a new or used plugin hybrid vehicle or a used electric vehicle, deregistered a vehicle of any category which was older than 10 years from its year of manufacture;
- b) the uptake of new or used plugin hybrid vehicles and used electric vehicles (passenger cars, goods carrying vehicles, minibuses and coaches); and
- c) the conversion of bicycles into pedelecs.

The scope of this audit was to assess whether adequate controls were in place in relation to the management of the scheme, as well as to verify whether the applicable regulations were followed for the eligibility of the grant and payment thereof.

With the exception of limited checking that was possible to ensure that State aid regulations are complied with before approving the Grant for Electric Vehicles, NAO satisfactorily noted that internal controls over the administration and payment of this grant were in place.

Follow-up action

TM has strengthened controls over its electric vehicle grant schemes by introducing a declaration form in 2024, requiring countersigning by a warranted professional to verify de minimis aid claims. It also cross-checks data with other grantors and maintains ongoing communication with the State Aid Monitoring Board. Malta is preparing to adopt a central national register for state aid by 2026, in line with EU regulations.

Moreover, to improve application handling, TM launched a digital e-form system that captures detailed records and ensures a clear audit trail. While some manual processes remain, efforts are underway to fully digitalise all applications by Q4 2027, enhancing transparency and efficiency.

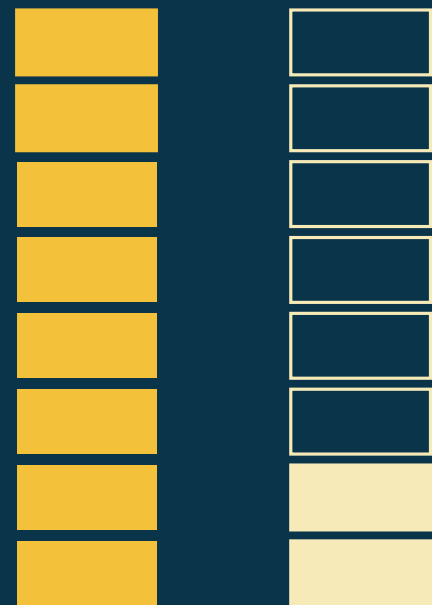
NAO issues by category 2



1 Inefficient operations

1 Inadequate technology

Actions by the Ministry 10



8 Implemented

2 In progress

Recommendations by NAO 2







2 Accepted

Each box represents 1 unit

Disclaimer by Transport Malta (TM)

The National Audit Office (NAO) audit referenced in this document was conducted in relation to a grant scheme for the purchase of plug-in hybrid vehicles, which has since been discontinued. Any actions or recommendations mentioned in the audit are applicable to ongoing schemes currently administered by TM.

	Recommendations	Action taken/justification	Status
Compliance issues	<p>Checking for state aid de minimis rules constrained</p> <p>A central register is to be compiled at national level, whereby all information about financial assistance granted by the State is readily available, rather than having to enquire for this information, thus risking incompleteness. This will also satisfy the requirements of Articles 24 and 25 of the Commission Regulation (EU) 2023/2831, stating that Member States should provide complete information on de minimis aid granted, in a central register at National or Union level, at the latest as from 1 January 2026.</p> <p>Accepted</p>	<p>The European Commission is developing a digital tool for an online de minimis register. Malta, along with other Member States, will use this system once it is operational.</p>	 Jan-2026
		<p>TM has implemented an updated declaration form, effective from 2024, requiring countersigning by a warranted auditor or accountant to enhance accuracy in identifying the single undertaking and verifying past de minimis funds received. The warranted professional's countersignature serves as a verification measure for the accuracy of the single undertaking information.</p>	
		<p>In relation to de minimis funds received, TM contacts all de minimis grantors via email to request data, which is then cross-checked against the applicant's declaration to identify any discrepancies.</p>	
		<p>Continuous communication with the State Aid Monitoring Board is maintained.</p>	

	Recommendations	Action taken/justification	Status
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">General comment</p>	<p>Lack of complete details in application forms</p> <p>Application forms should be duly filled in with all the relevant details as they provide a clear audit trail for each grant which is essential for record and accountability purposes.</p>	<p>As from January 2024, applicants are required to use a newly introduced e-form to apply for grants for the new electric vehicles grant. This system eliminates the need for Transport Malta rubber stamps, thus streamlining the application process.</p>	
	<p>Accepted</p>	<p>For schemes still using manual application forms, TM is ensuring that all relevant details are included in the specific mandatory fields.</p>	
		<p>The Authority aims to digitalise all application processes into e-forms to enhance audit trail.</p>	 Dec-2027
		<p>E-forms are used to process all applications received by TM, capturing detailed information on each action taken, the responsible officer, and the date and time of submission. A full audit trail is maintained, including the version history of each application.</p>	
		<p>E-forms are stored in a centralised digital system, linked to a grant reference number upon verification, and retained in digital format. Upon payment, the forms are printed and, along with supporting documents, attached to the vehicle's physical file at the registry.</p>	
		<p>Manually filled forms are retained at the vetter's office until approval, and subsequently transferred to the registry to ensure an adequate audit trail.</p>	
	<p>NAO satisfactorily noted that internal controls to manage the scheme were in place and that TM adequately monitored the administration and processing of the applications for the payment of the said grants. Supporting documentation was also systematically filed for each vehicle sampled.</p>		



Ministry for Transport, Infrastructure and Capital Projects – Payables and receivables

In 2023, being the financial year under review, the Ministry for Transport, Infrastructure and Capital Projects (MTIP) and the Ministry for Public Works and Planning (MPWP) were two separate Ministries. These were merged into the Ministry for Transport, Infrastructure and Public Works the year after.

The foregoing new Ministry is responsible for ensuring the country's connectivity, also overseeing both domestic and international travel through the maritime and aviation industries. Additionally, it prepares Malta to tackle modern challenges in the prevailing economy, ranging from public transportation to the infrastructure that citizens rely on every day. This entails the planning, designing and implementation of several capital projects that have a significant impact on mobility in the country.

The main scope of the audit was to assess the Ministries' compliance with the pertinent circulars regulating the collation and reporting of the accrual accounting returns as at 31 December 2023. The National Audit Office (NAO) performed a financial audit of the reported figures, to assess whether complete, accurate and timely accounting information was submitted to Treasury.

The audit revealed a number of issues in the returns submitted to Treasury, including unsubstantiated balances in deferred income, as well as material amounts not included in accrued expenditure.

Follow-up action

The Ministry has taken several steps to improve its financial management processes. These include enhancing internal controls, standardising procedures through formal documentation, and strengthening staff training in financial reporting and system use. Efforts have also focused on improving the accuracy of financial returns and ensuring proper classification and traceability of transactions.

To support accountability, the Ministry is maintaining regular communication with key stakeholders, conducting reconciliation exercises, and addressing data discrepancies. Centralised processes and ongoing reviews help ensure that financial records are accurate, well-documented, and compliant with relevant regulations and best practices.

NAO issues by category 3



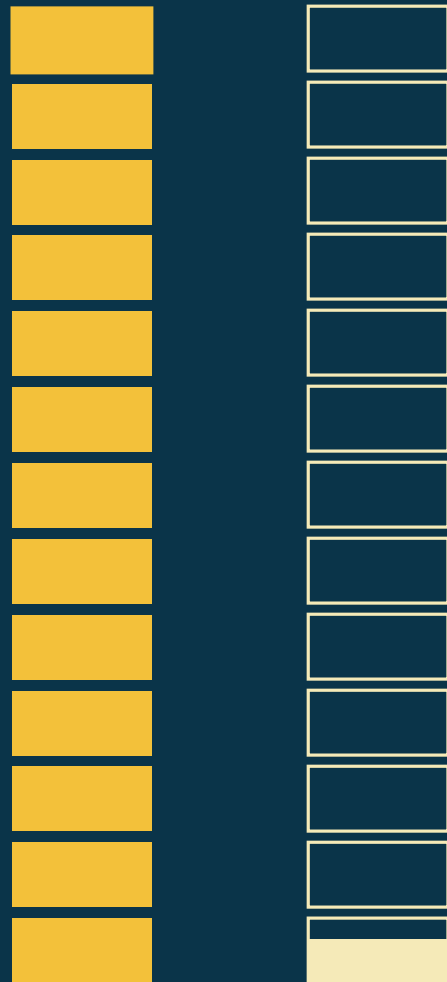
- 1** Lack of compliance with policies and legislation
- 1** Lack of verification/enforcement
- 1** Inefficient operations

Recommendations by NAO 14













- 13** Accepted
- 1** Partially accepted

Actions by the Ministry 41











- 39** Implemented
- 2** In progress




Each box represents 3 units

	Recommendations	Action taken/justification	Status
Key issue	<p>Inaccurate returns submitted to Treasury</p> <p>The Ministry is to give proper ongoing training to its staff to understand the principles of the financial reporting requirements.</p> <p>Accepted</p>	<p>Staff at the Financial Management Directorate within the Ministry for Transport, Infrastructure and Public Works (MTIP) regularly attends training sessions organised by the Treasury Department and other government entities on the Corporate Financial Management Solutions (CFMS) and on various financial reporting procedures.</p>	
		<p>The Ministry identifies and partakes in new training opportunities available on financial reporting and various CFMS modules.</p>	
		<p>MTIP is in continuous communication with the Treasury Department and the Ministry for Finance (MFIN) to organise further specialised training for account keepers.</p>	
	<p>The officers in charge are to ensure that the amounts being reported in the respective returns are accurate and exhaustive.</p> <p>Accepted</p>	<p>MTIP strives to ensure accuracy in the information gathered for the respective returns, as all figures are directly sourced from received invoices.</p>	
		<p>Invoices are received through the Centralised Invoicing Unit's (CIU) generic email. These are initially vetted by the officer in charge and then forwarded to an independent certifying officer for verification. Once certified and verified, the invoices are re-directed to the officer in charge for re-checking and endorsement, before being forwarded to the Accounts Section for payment.</p>	
		<p>Invoices and their corresponding certifications are stored in MTIP's online database to ensure traceability and maintain a comprehensive audit trail.</p>	
	<p>Furthermore, all figures are to be backed by the necessary documentation. A checking mechanism is also to be introduced before the returns are submitted to ensure correctness.</p> <p>Accepted</p>	<p>Accounting Officers classify and submit received invoices as creditors, while uninvoiced services/supplies are recorded as accrued expenses.</p>	
		<p>Timely returns are submitted to the Treasury Department on time, with continuous communication exchanged to confirm accuracy or address discrepancies.</p>	
		<p>An informal checking system between MTIP and Treasury Officers is maintained, allowing for review, amendments, and resubmission if needed.</p>	
		<p>This process has been formalised in a standard operating procedure (SOP).</p>	

	Recommendations	Action taken/justification	Status
Control issues	Reliance on information provided by various account keepers The Ministry is to make better use of the centralised information being gathered to enable effective monitoring and reduce heavy reliance on account keepers.	The Ministry has a system in place to maximise the use of centralised information by ensuring that all purchasing emails, invoices, and statements are directed to a central email address. Account keepers forward any misdirected documents to the proper recipient, while emails are frequently monitored, and invoices requiring clarification are followed up.	
	Accepted	Invoices are recorded in continuously updated spreadsheets, and the CIU oversees the payment process and supplier statements. This structured approach supports effective monitoring, reduces reliance on account keepers, and facilitates accrual accounting. When necessary, such invoices are forwarded to the respective accounting officer for processing.	
		This process has been formalised in a SOP and disseminated amongst pertinent staff.	
	Although spreadsheets cannot be considered as totally reliable, they can provide useful information about balances that remain unpaid at year-end and those paid in the following year.	At year-end, officers review spreadsheets to identify and address any pending invoices by referring them to the respective account keeper for action.	
	Accepted	Invoices are verified for accuracy by cross-checking charged amounts against the relevant period/quarter, with officers conducting peer reviews to validate entries against received statements, commitments in the MTIP financial position and the CFMS portal.	
		CIU Officers regularly review each other's work, ensuring correctness and promptly correcting any emerging discrepancies.	
	Unsubstantiated balances of deferred income The Ministry is to understand the reason behind the amounts included as deferred income and obtain the necessary documentation supporting the balances.	Deferred income and debtor figures will only be reported if supported by proper documentation to ensure accuracy and compliance.	
	Accepted	Revenue Section officers will cross-check each other's work against available documentation both during compilation and before submission of returns.	
		Documentary evidence pertaining to the original Barrakka Lifts deferred income commitment has been identified and made available to MTIP.	

Recommendations	Action taken/justification	Status
<p>Amounts cannot be included unless duly substantiated.</p> <p>Accepted</p>	<p>The Ministry requested the Manufacturing and Servicing Directorate (MSD) to provide documentation for the amount of €343,040, pertaining to 'debtors for below-the-line accounts'. MSD confirmed that all necessary documentation was readily available.</p>	
	<p>Any deferred income figures not substantiated by documentation will be removed from the return.</p>	
<p>Debtor's year-end balance not in agreement with third party confirmation</p> <p>Ideally, the Ministry is to obtain regular statements from all debtors and reconciles the respective balances prior to submitting the pertinent return.</p> <p>Accepted</p>	<p>MTIP follows up on circular letters sent to debtors to confirm outstanding balances and is taking the necessary action based on the responses received.</p>	
	<p>MTIP Revenue Officers maintain ongoing communication with debtors to obtain regular statements and reconcile balances on a monthly basis. Statements are requested via email, verified against internal records and CFMS, and any discrepancies are addressed with the respective debtors.</p>	
<p>Any discrepancies are to be investigated to ensure completeness and accuracy of the related figures.</p> <p>Accepted</p>	<p>MTIP, in collaboration with the Treasury Department, has completed the first phase of an exercise to reconcile payments made in 2020/2021 against issued invoices. MTIP is actively working with the Treasury Department and Infrastructure Malta (IM) to reconcile payments made by IM, to ensure proper offsetting, and to maintain ongoing communication to resolve any discrepancies.</p>	 Dec-2025
	<p>The Ministry will investigate any arising discrepancies to ensure the accuracy of amounts and completeness of returns. Identified discrepancies will be communicated to the respective debtor, followed by negotiations with the debtor to amend and reconcile the balances accordingly.</p>	 Dec-2025
	<p>As a result of such reconciliation exercise, the Ministry has successfully recovered 65% of the outstanding debt.</p>	

Recommendations	Action taken/justification	Status
<p>Invoices not stamped when received</p> <p>When invoices are received by the Ministry, these are to be rubber stamped to record the actual date when these reach the Ministry.</p> <p>Accepted</p>	<p>In most cases, invoices are sent to the MTIP Accounts and Payments section's generic inbox, hence the date of receipt is automatically recorded.</p> <hr/> <p>Any invoices which are delivered to MTIP by hand, are duly certified by a rubber stamp, specifying date of receipt, and reconciled accordingly.</p> <hr/> <p>An SOP on traceability and uniformity of the invoices procedure has been drawn up.</p> <hr/> <p>MTIP has engaged in e-invoicing training as provided by MFIN.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Moreover, a clear distinction is to be made between creditors and accrued expenditure. Invoices dated and received by the Ministry before the cut-off date are to be included as creditors, while expenditure for invoices not yet received are to be accrued for as accurately as possible.</p> <p>Accepted</p>	<p>Accounting Officers responsible for accrual accounting classify invoices at hand as creditors. Meanwhile, committed expenses for which an invoice has not been issued are recorded as accrued expenses.</p> <hr/> <p>The Officer in charge of this exercise sends a quarterly email to all account keepers, requesting them to submit their returns using the provided workbooks. This communication includes reference notes to ensure a clear distinction between creditors and accrued expenses.</p>	<p></p> <hr/> <p></p>

Recommendations	Action taken/justification	Status
<p>Errors in the returns submitted to Treasury</p> <p>The Ministry should implement proper checks and balances to ensure accuracy of amounts reported in the returns, especially given Government's intention to move towards accrual accounting.</p> <p>Accepted</p>	<p>Following the NAO audit, MTIP commissioned an external financial audit, the findings of which have since been communicated to the NAO.</p> <hr/> <p>Returns were revised to reflect the correct accrued expenditure and repayments and resubmitted to the Treasury Department.</p> <hr/> <p>All documentation is being checked according to the reporting period to ensure accuracy of amounts reported in returns.</p> <hr/> <p>MTIP has implemented a double-checking system in the reconciliation of documents received against the figures being reported prior to submitting them to the Treasury Department, thus ensuring the accuracy of reported amounts.</p>	<p></p> <hr/> <p></p> <hr/> <p></p> <hr/> <p></p>
<p>Accounting system not being used properly</p> <p>The Ministry is to liaise with Treasury to make better use of the accounting system.</p> <p>Accepted</p>	<p>MTIP continuously liaises with the Treasury Department for guidance on the maximum of use of the CFMS.</p> <hr/> <p>Moreover, the Ministry is committed to participate in training programmes organised by the Treasury Department.</p>	<p></p> <hr/> <p></p>
<p>Invoices are expected to be entered in the system upon receipt, then recorded as paid once payment is made, automatically updating the balance. This will also help in collecting the necessary information for accrual accounting purposes.</p> <p>Partially accepted</p>	<p>This Ministry had already liaised with the Treasury Department about this matter. Following NAO's initial report, MTIP has contacted the Treasury Department once more. The latter reiterates that since the government budget is cash-based, this measure could not be implemented.</p> <hr/> <p>The Ministry will continue implementing all procedures as required by the Treasury Department, while simultaneously maintaining discussions with the latter to assess any ongoing service-wide advancements in this area.</p> <hr/> <p>All invoices received by the Ministry are recorded in the CFMS and filed accordingly, together with the relevant payment information, to ensure a complete and transparent audit trail.</p>	<p></p> <hr/> <p></p>





Reconstruction of Lascaris Wharf – Capital expenditure

As initially featured in the Financial Estimates 2022 for the then Ministry for Transport, Infrastructure and Capital Projects, Capital Vote IX, Line Item 7479, the project comprised the Reconstruction of Lascaris Wharf, with an allocation of €4.5 million. However, the foregoing was eventually integrated within the extension of Pinto Quays 4 and 5, which fell under the remit of the Maritime Projects Section within Infrastructure Malta (IM).

The main scope of this audit was to determine whether the related procurement was carried out in line with standing regulations and to assess whether //adequate measures were in place to safeguard the Government's interests.

A number of weaknesses, mainly comprising significant project delays and undocumented procedures, were identified in the Reconstruction of Lascaris Wharf, which included the upgrading and construction of Pinto Quays 4 and 5. The delays will eventually impinge upon the project's completion date and budget.

Follow-up action

IM has implemented several actions following the audit to address identified shortcomings. Tender documents now include pre-established parameters for material payments, whether upon delivery to site or at the contractor's plant. A standard operating procedure (SOP) has been issued covering procedures for certifying and paying for materials on site and for the timely endorsement of contracts and addenda. Measures are in place to maintain an adequate audit trail of all decisions taken by IM.

IM is ensuring that competitive procurement procedures compliant with PPR are being applied, supported by the ongoing provision of training on procurement for staff. A contract addendum has also been signed to formalise the required extension of time in line with Public Procurement Regulations. A standardised framework for preparing cost estimates is being introduced for consistent application in future capital projects.

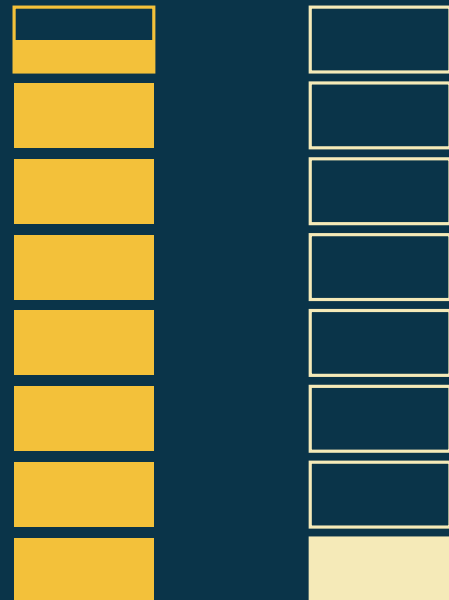
Moreover, IM has liaised closely with its auditors, resulting in the completion of the financial statements for financial years 2022 and 2023, with the audit for financial year 2024 being submitted for approval of the governing board. In this regard, specific timeframes have also been agreed upon with auditors to ensure the timely completion of future statutory audits.

NAO issues by category 3



- 1** Lack of compliance with policies and legislation
- 1** Non-adherence to procurement procedures
- 1** Inefficient operations

Actions by the Ministry 17








Recommendations by NAO 9



- 8** Accepted
- 1** Partially accepted
- 15** Implemented
- 2** In progress

Each box represents 2 units

	Recommendations	Action taken/justification	Status
Control issues	<p>Undocumented procedures</p> <p>Applicable procedures with pre-established parameters are to be formally documented and circulated to all concerned. Besides serving as guidelines, this will promote transparency and accountability as it also provides a basis against which actual payments may be checked.</p> <p>Accepted</p>	<p>Pre-established parameters for the payment of cost of materials, whether upon delivery to the site or at the contractor's plant, are being published in the tender documents.</p>	
		<p>IM has drawn up and circulated a standard operating procedure (SOP) outlining the procedure to be adopted on the certification and payment of materials on site.</p>	
		<p>All decisions taken by Infrastructure Malta (IM) are being adequately documented to ensure a complete audit trail.</p>	
	<p>Engagement of independent supervisors</p> <p>IM is bound by the provisions of the Public Procurement Regulations and should adopt appropriate mechanisms to ensure fair competition and that the best price is obtained.</p> <p>Accepted</p>	<p>IM management is ensuring that appropriate competitive procurement procedures, in compliance with the PPR, are adopted to engage the most suitable contractors where highly specialised technical expertise is required.</p>	
		<p>Management is ensuring that all its staff keeps abreast with adequate procurement training provided by the Department of Contracts, the Institute for the Public Services and other providers which may be engaged to provide high-level training.</p>	
		<p>IM is maintaining a comprehensive and up-to-date record of all procurement-related training attended by its staff.</p>	
	<p>Moreover, agreements are to be endorsed in a timely manner and any changes to the contract are to be reflected through a signed addendum. This creates a clear and verifiable record of the agreed-upon terms.</p> <p>Accepted</p>	<p>IM has drawn up and circulated a procurement and contract management SOP among all staff, outlining clear guidelines on the timely endorsement of contracts and addenda. The management is ensuring compliance.</p>	

Recommendations	Action taken/justification	Status
<p>Project delays</p> <p>An addendum to the contract, clearly outlining how such issues were to be addressed, was expected to be entered into and endorsed by both parties.</p> <p>Accepted</p>	<p>An addendum to the contract was signed to cater for the required extension of time as per PPR procedures.</p> <hr/> <p>The procurement and contract management SOP outlines clear guidelines for signing addendums related to project delays, in line with safeguarding government interests. Management is ensuring compliance.</p>	<p></p> <hr/> <p></p>
<p>Lack of source documents</p> <p>Source documents are vital for a complete audit trail. Hence, the process of verification is to be covered by a formal standard operating procedure, including internal control checklists and endorsement, and duly followed.</p> <p>Partially accepted</p>	<p>The database is the sole official source of data for IM; therefore, any notes taken by independent supervisors could not be considered reliable or authoritative.</p> <hr/> <p>The name and designation of the individual responsible for verifying materials on-site and measuring completed works is recorded in the data sheet to ensure a complete audit trail.</p> <hr/> <p>The process for verifying completed works is included in the SOP for measuring materials on site and completed works.</p>	<p></p> <hr/> <p></p>
<p>Incomplete cost estimates</p> <p>IM is to establish a standardised framework for developing cost estimates that includes all relevant direct and indirect costs, contingencies, and administrative expenses.</p> <p>Accepted</p>	<p>A documented standardised framework for developing complete cost estimates is being developed.</p>	<p></p> <p>Dec-2025</p>

Recommendations	Action taken/justification	Status
<p>It is also to ensure that this framework is consistently applied across all capital projects.</p> <p>Accepted</p>	<p>Management is ensuring that the standardised approach for developing complete cost estimates is consistently applied for future capital projects through the dissemination of a circular.</p> <hr/> <p>Moreover, cost estimates are developed in accordance with the provisions of the framework agreement rates.</p>	<p> Dec-2025</p> <hr/> <p></p>
<p>Non-submission of audited financial statements</p> <p>IM is to investigate these significant delays and take immediate action to ensure that the stipulated timeframes are observed.</p> <p>Accepted</p>	<p>IM liaised with the auditors carrying out the statutory audits and took action to have the audited financial statements in place. The audited financial statements for financial years 2022 and 2023 have been completed.</p> <hr/> <p>The audited financial statements for the financial year 2024 have been completed by the auditors and submitted for approval by the governing board.</p>	<p></p> <hr/> <p></p>
<p>It may also consider changing the auditors if they are the cause of the delays.</p> <p>Accepted</p>	<p>IM liaised with the auditors carrying out the statutory audits and specific timeframes have been established for the timely completion of future statutory audits.</p>	<p></p>



**FOLLOW-UP ON
PENDING ACTIONS**

2024
GA PUBLICATION

Pending actions reported in GA Report 2024	Implementation date in GA Report 2024	Status
Transport Malta – Expenditure		
<p>Lack of segregation of duties</p> <p>The Authority is setting up a risk register through assistance provided by an external advisory. This will enable the Authority to plan, monitor its practices as well as the evaluation of risks in a timely and accurate manner.</p>	Dec-2024	<p>Implemented August 2025</p> <p>TM has engaged an external advisory to carry out a risk assessment exercise, following which a risk register will be drawn up.</p>
<p>Weak internal controls</p> <p>The Authority is in the process of issuing a call for applications to reinforce its Internal Audit Department so that processes and internal controls are strengthened and enforced.</p>	Dec-2024	<p>To be implemented through a different course of action.</p> <p>Following an unsuccessful recruitment process for the appointment of two Managers roles in January 2024, the HR Department commenced internal discussions on the Internal Audit Department's restructuring.</p> <p>As the Department reports to the Audit Committee, a fresh human resources plan will be agreed upon once the Committee's Chairman is appointed.</p> <p>Estimated date of implementation is December 2025.</p>
<p>TM is in the process of drafting an SOP regarding contract management. Management will circulate the SOP among staff concerned and ensure compliance.</p>	Mar-2025	<p>To be implemented through a different course of action.</p> <p>TM is in the process of selecting a service provider to develop and implement comprehensive policies, standard operating procedures (SOPs), and a business process re-engineering (BPR) exercise across all TM directorates.</p> <p>As part of this initiative, the contract management SOP will be included in the exercise.</p> <p>Estimated date of implementation is December 2025.</p>

**2023
GA PUBLICATION**

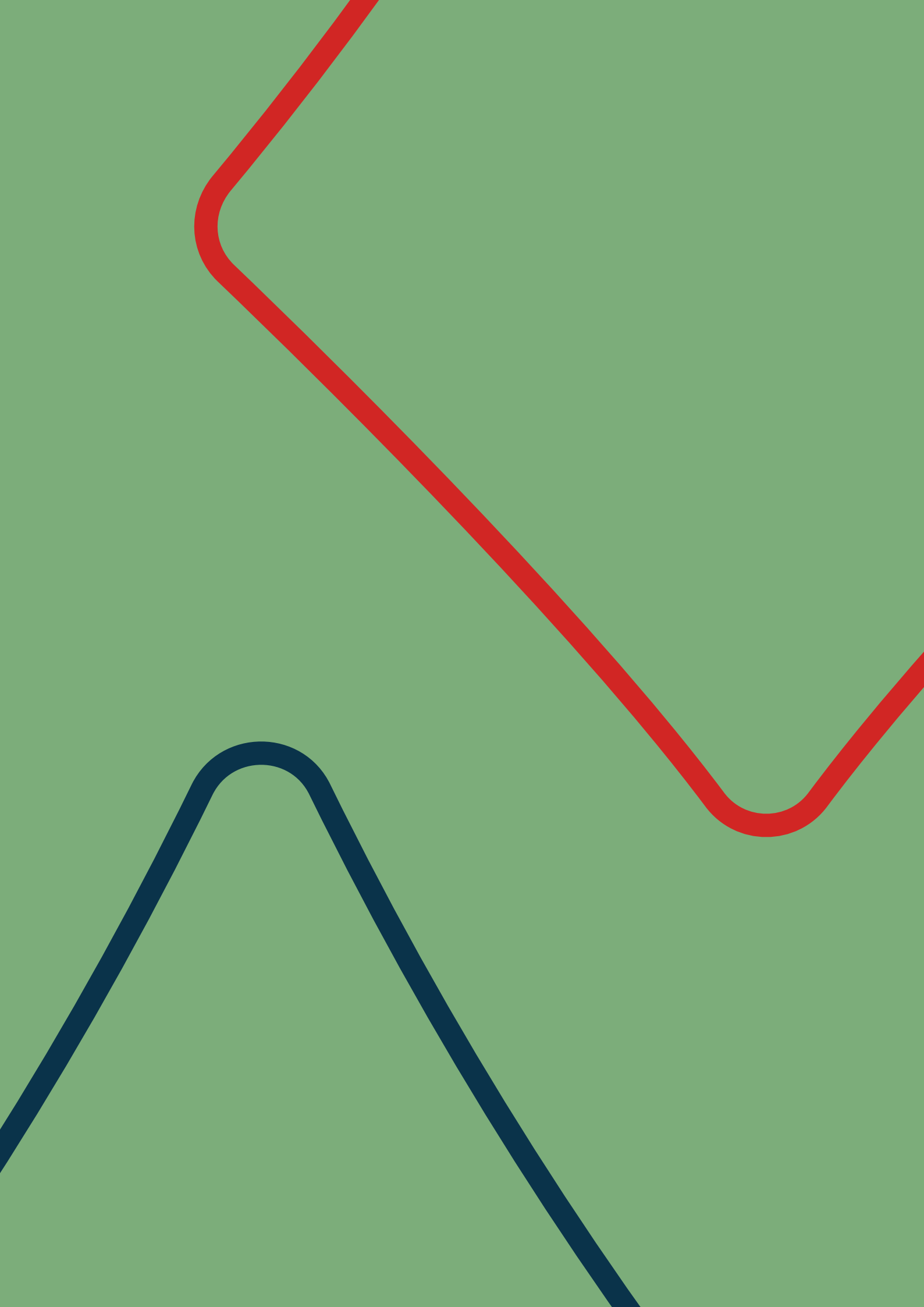
Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Transport Malta - Expenditure			
<p>Irregularities in the procurement of various works provided by a contractor</p> <p>TM will draft and circulate an SOP regarding contract management. Management will ensure compliance.</p>	<p>In progress</p> <p>This action was postponed due to other commitments. The contract management SOP is still being drafted.</p>	<p>Mar-2025</p>	<p>Not yet implemented</p> <p>TM is in the process of selecting a service provider to develop and implement comprehensive policies, standard operating procedures (SOPs), and a business process re-engineering (BPR) exercise across all TM directorates.</p> <p>As part of this initiative, the contract management SOP will be included in the exercise.</p> <p>Estimated date of implementation is December 2025.</p>

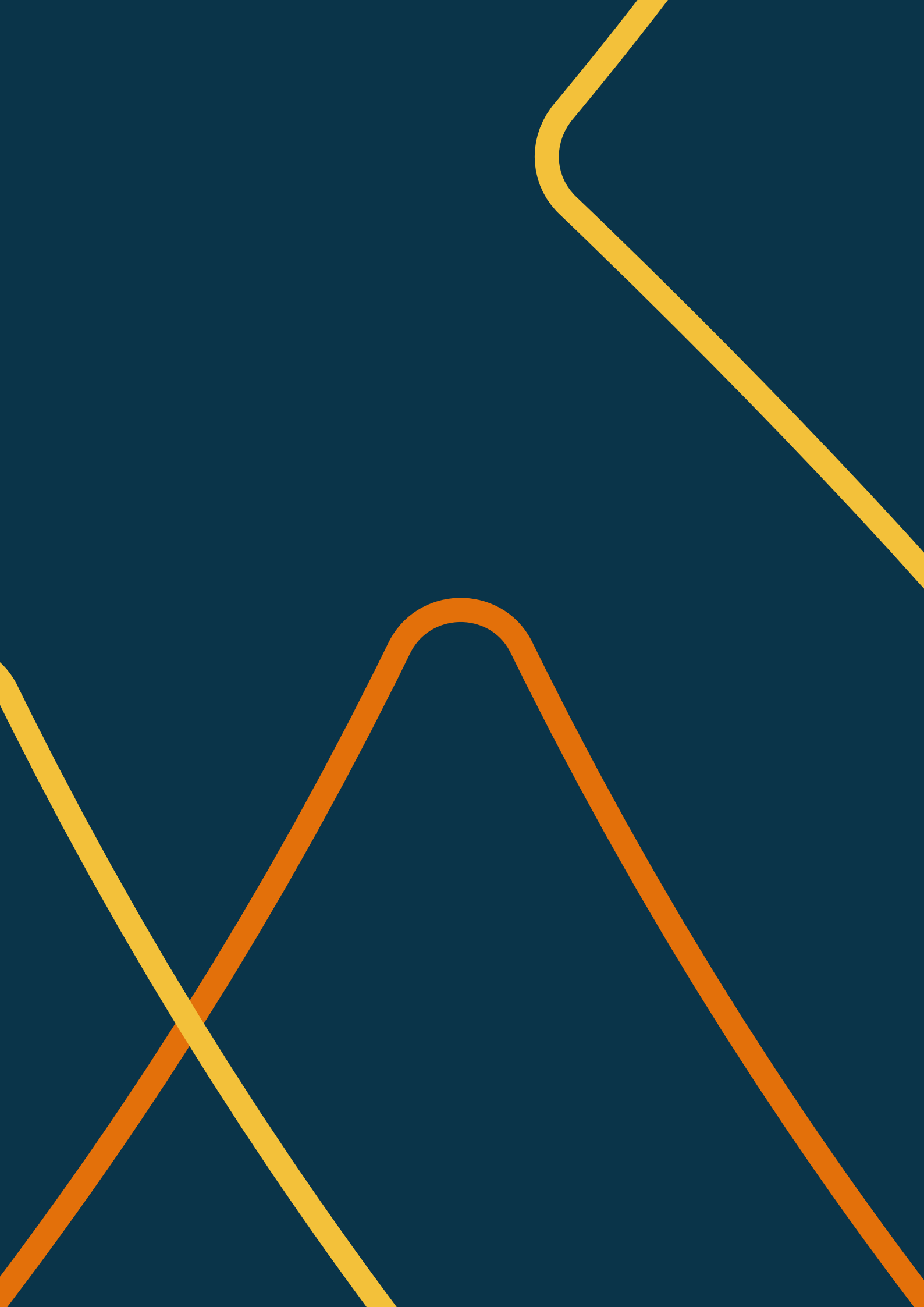
Pending action reported in GA Report 2023	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Foundation for Tourism Zone Development (FTZD) – Expenditure (previously reported under Ministry for Tourism and Public Cleanliness)			
<p>Vacant posts and insufficient financial resource capacity</p> <p>TZRA is in the process of publishing a framework agreement tender to further increase its workforce.</p>	<p>In progress</p> <p>The tender was drafted and sent to DoC for their approval. The DoC recommended certain changes to the tender document and these changes were carried out accordingly. The tender document was resent for DoC approval.</p>	<p>Oct-2024</p>	<p>Implemented through a different course of action in September 2024.</p> <p>Following the transfer of the Tourism Zone Regeneration Agency (TZRA) from the Ministry for Foreign Affairs and Trade to the Ministry for Transport, Infrastructure and Public Works in March 2025, discussions were held with the Department of Contracts (DoC).</p> <p>It was concluded that issuing a tender for the recruitment of a limited number of contract-for-service workers was not advisable. Instead, the matter was addressed through the recruitment of skilled personnel in 2024, as approved by P&SD, which significantly reduced reliance on contract-based workers.</p>
<p>Financial statements not duly prepared</p> <p>The financial statements for year 2023 will be presented to the Minister in line with the pertinent legislation.</p>	<p>In progress</p> <p>The financial statements for 2023 have been finalised and are currently being audited.</p>	<p>Oct-2024</p>	<p>Implemented January 2025</p> <p>The audited financial statements for year 2023 were completed in November 2024, and subsequently submitted to the TZRA Board in January 2025.</p>

**2022
GA PUBLICATION**

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Ministry for Transport, Infrastructure and Capital Projects - Store items			
<p>Inadequate storage facilities and upkeep</p> <p>Plans are in place so that the stores that are currently in containers at Kordin will be relocated.</p> <p>A tender for the construction of a new store at Kordin is planned to be published.</p> <p>MPWP confirms that all compliance requirements with regard to health and safety are included in the site plans for the construction of the new store at Kordin.</p>	<p>In progress</p> <p>Revised layouts have been drawn up and the Ministry has agreed to implement the project in three phases.</p> <p>The Ministry has requested funds for phase 1 in the 2025 budget allocations.</p>	<p>Q4 2025</p>	<p>Not yet implemented</p> <p>Funding for the initiation of Phase 1 of the project was not allocated for year 2025.</p> <p>Estimated date of implementation of Phase 1 is Q4 2026.</p>

Pending action reported in GA Report 2022	Pending action reported in GA Report 2024	Implementation date in GA Report 2024	Status
Regeneration Works - Capital expenditure (previously reported under Ministry for Tourism and Public Cleanliness)			
<p>Procurement by direct order</p> <p>The recently established Regeneration Foundation (ex FTZD) is in the process of carrying out an analysis of expertise required on which basis HR plans will be drawn up. A vacancy for an in-house architect was included in FTZD's HR plan.</p>	<p>In progress</p> <p>The Agency engaged 8 skilled personnel. The tender for a framework agreement was drafted and sent to the Department of Contracts (DoC) for their approval. The DoC recommended certain changes to the tender document and these changes were carried out accordingly. The tender document was re-sent for DOC approval.</p>	<p>Oct-2024</p>	<p>Implemented through a different course of action in September 2024</p> <p>Following the transfer of the Tourism Zone Regeneration Agency (TZRA) from the Ministry for Foreign Affairs and Trade to the Ministry for Transport, Infrastructure and Public Works in March 2025, discussions were held with the Department of Contracts (DoC). It was concluded that issuing a tender for the recruitment of a limited number of contract-for-service workers was not advisable. Instead, the matter was addressed through the recruitment of skilled personnel in 2024, as approved by People and Standards Division, which significantly reduced reliance on contract-based workers.</p>







FOLLOW-UP ACTION ON
**OTHER NAO AUDITS CARRIED
OUT DURING 2024**

Office of the Prime Minister

IT Audit - Document Management Systems across Government

Document Management Systems across Government

In November 2021, the Public Service embarked on a five-year strategy aimed at achieving excellence through a holistic approach centred on people, technology, and service. This initiative embraces three guiding principles—quality, accountability, and sustainability—to modernise operations and enhance efficiency.

One of the key projects under this strategy was the transformation of document management practices within the Public Service. The goal was to move away from traditional paper-based systems and introduce a Corporate Electronic Document Management System (CeDMS), enabling a fully digital, streamlined, and automated working environment.

Leadership and Implementation

To oversee this transition, a Chief Data Officer (CDO) was appointed, leading the Data Governance Unit (DGU), which collaborates with stakeholders such as the Malta Information Technology Agency (MITA) and the Office of the Principal Permanent Secretary to develop ICT policies. Meanwhile, the Data Management Unit (DMU) is responsible for the CeDMS's implementation and serves as the primary point of contact for users, ensuring alignment with best practices and standards.

After rigorous testing and user acceptance testing (UAT), the CeDMS was officially launched in early 2025 with two pilot ministries—the Office of the Prime Minister (OPM) and the Ministry for Transport, Infrastructure and Public Works (MTIP). A phased rollout will follow across all ministries, with full adoption expected by December 2031.

The CeDMS aims to digitise millions of paper records, in accordance with pertinent retention policies, and establish a paperless environment while discouraging informal file storage practices like Microsoft Outlook and the P-Drive System. Oversight of the project is handled by a Project Board appointed by the Principal Permanent Secretary, responsible for guiding implementation and strategic priorities.

Transition and Data Migration

A crucial aspect of this transition has been the migration of data from the Document Registry (DocReg) to the CeDMS, ensuring that file references, subjects, and locations are preserved. Moving forward, all document movements will be recorded exclusively in the CeDMS, with new records being added directly in digital format.

To prepare for migration, a comprehensive cleanup process was undertaken, involving stock-taking of paper files and streamlining record locations. This ensures that transferred data is accurate and of high quality, reducing inefficiencies in document retrieval.

Collaboration with the National Archives is key to developing a retention policy that determines which documents should be preserved and which should be securely discarded. Records Officers play a pivotal role in this process, ensuring compliance with established archiving guidelines. Their main responsibilities include overseeing the transfer of important documents to the National Archives, ensuring compliance with legal retention periods, and preserving records of historical and administrative significance. They collaborate closely with archival authorities to ensure that official documents are properly catalogued, indexed, and stored for future reference.

New Features and Improved Security

The CeDMS introduces a suite of innovative features that were previously unavailable in manual systems, offering benefits such as enhanced accessibility, improved security, and detailed data insights. Key functionalities include:

- Drag-and-drop file uploads and extensive indexing
- Full-text search capabilities for efficient document retrieval
- Storage of scans for 3D objects and video files
- Digital signatures upon upload
- Business-to-Consumer (B2C) authentication for security
- Role-based access controls restricting file visibility to authorised departments

Furthermore, the system ensures full traceability, maintaining audit trails of all changes. Once a document or minute is entered, it cannot be erased, though newer versions may be added. Traditional file naming conventions are no longer necessary due to advanced indexing and search functionalities.

User Support and System Adoption

Training for the CeDMS is a crucial component for its successful implementation across Government Departments. The DMU will ensure that all personnel are well-equipped by offering appropriate training, including system navigation, document digitisation procedures, record classification, and security protocols to maintain data integrity.

To this effect, the DMU has developed comprehensive training resources, including:

- User manuals and Standard Operating Procedures (SOPs);
- Scheduled training sessions and continuous support; and
- Feedback mechanisms to identify and resolve potential issues.

To minimise data loss, a phased migration approach has been adopted, ensuring structured transitions for each department. This process involves user configuration, access rights determination, training, and monitoring, with improvements introduced incrementally.

A Digital Future for the Public Service

The launch of the CeDMS marks a transformational milestone in modernising the Public Service's document management framework and in the process ensuring governance. During the initial rollout in the pilot ministries, only a select number of standard workflows are being implemented, allowing users to gradually familiarise themselves with the system and gain a deeper understanding of its functionalities. As implementation progresses, and users become accustomed to the system, additional automated workflows will be gradually introduced to cater for the dynamic needs of the Public Administration's operations.

Ministry for Home Affairs, Security and Employment

Performance Audit on the Operations of Jobsplus' Law Compliance Unit

The National Audit Office (NAO) carried out a performance audit to assess the operations of Jobsplus' Law Compliance Unit (LCU), which is tasked with the detection and deterrence of irregular employment. While the NAO acknowledged the overall satisfactory performance of the LCU, it also identified areas where the Unit's effectiveness could be further enhanced.

One of the main concerns raised by the NAO was the limited visibility of the inspectorate outside normal office hours. In response, Jobsplus commissioned a comprehensive external review to assess current operations and provide strategic proposals. This review, which has now been finalised, will inform a detailed roadmap incorporating the NAO's recommendations, the European Labour Authority's (ELA) risk-based inspection strategy, and ongoing operational assessments. Jobsplus is currently considering a number of recommendations in this regard.

In parallel, as part of its evolving enforcement approach, the LCU has continued to strengthen its field operations. It has been engaging in joint inspections with the Police Force, Transport Malta, the Department of Industrial and Employment Relations, and the Occupational Health and Safety Authority, contributing to improved coordination and on-the-ground efficiency. Risk-based inspections outside office hours are also being carried out on an overtime basis to improve visibility. Additionally, desk-based compliance checks conducted with the Inspections Coordination Office within the Office of the Prime Minister have reinforced the compliance framework and increased inspectorate presence.

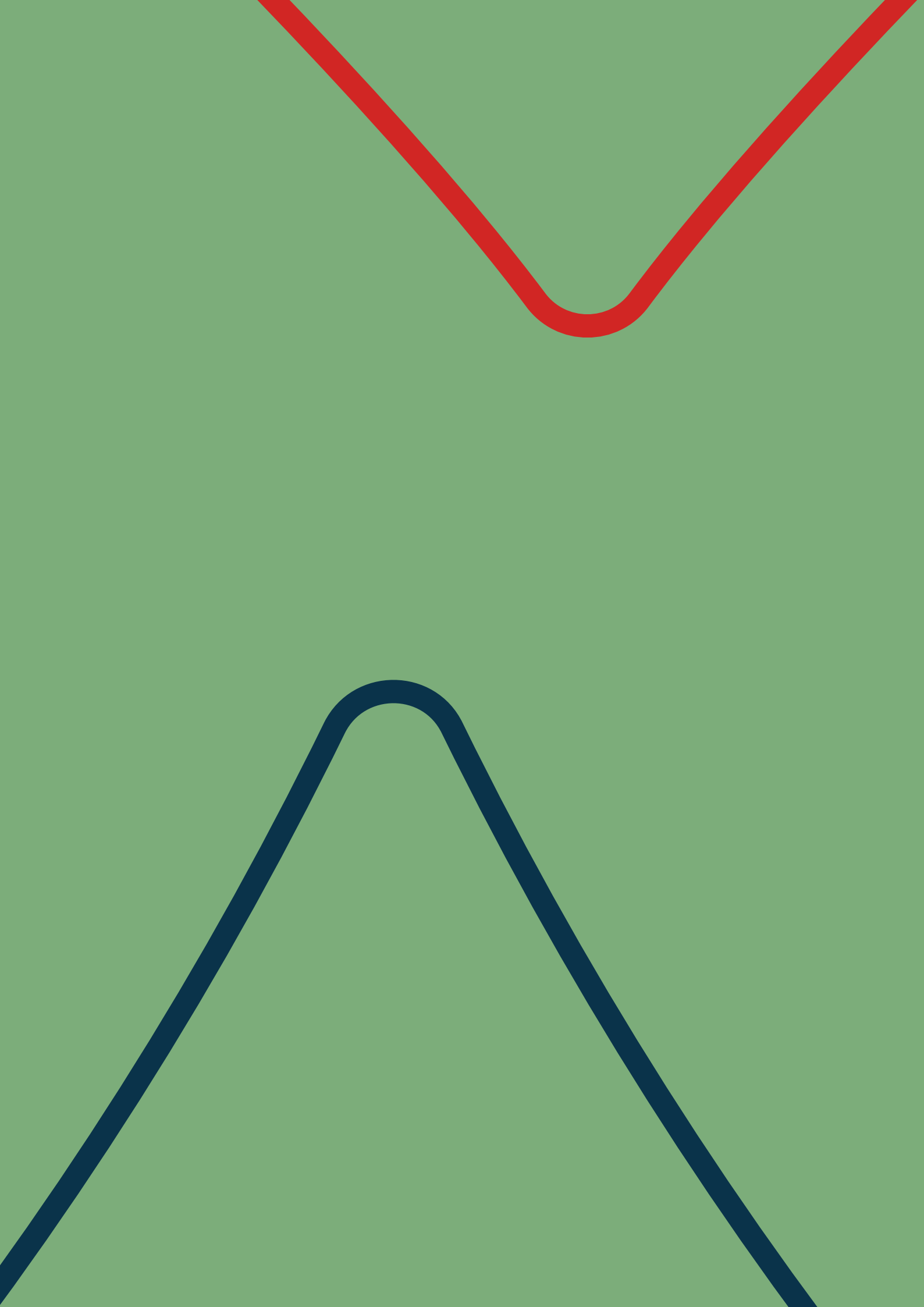
To ensure the LCU is adequately resourced to meet its mandate – an issue highlighted by the NAO – the external reviewer conducted an assessment to determine the optimal number of inspectors required. This process includes a three-month monitoring period to support the shift toward new operational practices and manage potential resistance. Based on the outcome of the review, Jobsplus has made the necessary request for approval of additional manpower to the relevant authorities.

The forthcoming National Migration Policy aims to strengthen compliance and enforcement, with particular attention to high-risk areas. As part of this initiative, Jobsplus is actively contributing to the policy's development, ensuring that enforcement mechanisms are effectively reinforced. Following the issuance of the policy, legislative amendments will be proposed to align with its objectives and further enhance deterrents against persistent infringements.

Jobsplus has taken concrete steps to address the NAO's recommendations for comprehensive IT system upgrades to support the LCU's operations. Enhancements include the integration of risk-based inspection planning tools, improved data capture, and structured recording of inspection outcomes and follow-up actions. These developments aim to reduce operational inefficiencies and extend the Unit's monitoring coverage by enabling more targeted and effective inspections.

To further support the NAO's call for a robust audit trail, Jobsplus is ensuring that each LCU case file is fully documented within a centralised system. Case data, from planning through to enforcement, is now systematically captured in a structured format, with built-in validation checks and guided inputs to ensure completeness. These improvements, alongside new standard operating procedures, regular internal reviews, and officer training are helping to ensure that case information is both consistent and easily retrievable.

Overall, Jobsplus is committed to addressing the NAO's recommendations through a comprehensive set of legislative, operational, and technological reforms. The commissioning of a strategic, all-encompassing review reflects the organisation's dedication to continuous improvement, accountability, and the effective fulfilment of its regulatory mandate.





APPENDIX A
CATEGORIES OF NON-COMPLIANCE
IDENTIFIED THROUGH NAO
RECOMMENDATIONS

Sector of non-compliance	Category of shortcoming	Total
Lack of structure -4	<ol style="list-style-type: none"> 1. Lack of HR planning 2. Insufficient HR 3. Inefficient distribution of HR 4. No structured organigram 5. Inadequate management structure 	4
Inefficient operations -48	<ol style="list-style-type: none"> 1. Insufficient needs identification 2. Lack of adequate risk assessment/management 3. Lack of internal communication and synergy 4. Lack of strategic budgetary and business planning 	5
	<ol style="list-style-type: none"> 1. Inadequate or outdated policies and procedures 2. Ambiguous or outdated legislation which requires updating 3. Set goals not attained 	11
	<ol style="list-style-type: none"> 1. Lack of guidance including lack of written objectives, KPIs, SOPs, policies, mandates, and training 2. Lack of accountability 	10
	<ol style="list-style-type: none"> 1. Incomplete or inaccurate data 2. Lack of documentation necessary to fulfil contractual obligations 3. Inadequate document retention and record-keeping for effective audit trail 	20
	<ol style="list-style-type: none"> 1. Inadequate customer care 2. Insufficient or outdated information to the public 3. Lack of transparency, potentially giving rise to unequal treatment 	2

Sector of non-compliance	Category of shortcoming	Total
Lack of communication - 2	<ol style="list-style-type: none"> 1. Lack of communication, data sharing and synergy between entities 2. Inadequate coordination of entities performing complementary operations 	2
Non-adherence to procurement procedures - 19	<ol style="list-style-type: none"> 1. Lack of compliance with the PPR and related policies and guidelines 2. Contract and/or agreement in place does not safeguard Government's interests 3. Breaches in contract obligations 4. Absence of formal agreements 5. Inadequate strategic procurement planning 6. Procurement directly from the open market rather than through a public call for quotations or tenders 7. Weak negotiation stance 8. Excessive delay in awarding tender 9. Ambiguous contract 	19

Sector of non-compliance	Category of shortcoming	Total
Lack of compliance with policies and legislation - 31	Travel Policies and Procedures	0
	Inventory policies and procedures	2
	Fleet management policies and procedures	0
	Social activities / events policies and procedures	1
	PSMC / manuals / circulars	9
	Public Administration Act, including the Code of Ethics and directives.	1
	Public Finance Management Act and General Financial Regulation and other Financials related guidelines, and Fiscal Responsibility Act and International Public Service Accounting Standards	8
	Other pertinent legislation / regulations	1
	Collective agreements / sectoral agreements	2
	Statutory requirements	7
Lack of verification/enforcement - 25	1. Lack of segregation of duties	15
	2. Lack of reconciliations	
	3. Lack of appropriate certifications / endorsements	
	1. Lack of spot checks	5
	2. No internal audit function	
Lack of enforcement	5	
Inadequate technology - 6	1. Inadequate management information systems	6
	2. Limited functionality of IT systems	
	3. Lack of interoperability between various IT systems	



LIST OF ABBREVIATIONS



AACC	Active Ageing Community Care
ACM	Arts Council Malta
AFM	Armed Forces of Malta
AG	Attorney General
AHWD	Animal Health and Welfare Department
ARMS	Automated Revenue Management Services Ltd
BCA	Building and Construction Authority
BoQs	Bill of Quantities
BPR	Business Process Re-engineering
CA	Collective Agreement
CBA	Cost-Benefit Analysis
CBM	Central Bank of Malta
CCTV	Closed-Circuit Television
CDR	Charge Data Records
CeDMS	Corporate Electronic Document Management System
CFMS	Corporate Finance Management Solution
CfR	Commissioner for Revenue
CIU	Central Invoicing Unit
CMO	Chief Medical Officer
CMS	Collection Management System
COLA	Cost of Living Allowance
CRPD	Commissioner for the Rights of Persons with a Disability
CSA	Correctional Services Agency
CSD	Corporate Services Directorate
CTD	Capital Transfer Duty Department
DCS	Director for Corporate Services
DEH	Director of Environmental Health
DFA	Department of Fisheries and Aquaculture
DIER	Department for Industrial and Employment Relations
DMU	Data Management Unit
DoC	Department of Contracts
DSS	Department of Social Security

ELA	European Labour Authority
EPBD	Energy Performance Buildings Directive
EPC	Energy Performance Certificates
e-PPS	Electronic Public Procurement System
ERP	Enterprise Resource Planning
ERPS	Enterprise Resource Planning Solutions
EU	European Union
EUPA	European Union Programmes Agency
FES	Foundation for Educational Services
FSWS	Foundation for Social Welfare Services
FTS	Foundation for Tomorrow's Schools
FTZD	Foundation for Tourism Zone Development
GA	Governance Action
GCC	General Contracts Committee
GWU	General Workers' Union
HA	Housing Authority
HCN	Head of College Network
HM	Heritage Malta
HMEL	Housing Maintenance and Embellishment Company Limited
HPS	Housing Project Solutions Limited
HR	Human Resources
IAB	Internal Audit Board
IM	Infrastructure Malta
IMU	Information Management Unit
IPS	Institute for the Public Services
IRU	Industrial Relations Unit
IT	Information Technology
ITS	Institute for Tourism Studies
LA	Lands Authority

LC	Local Council
LCU	Law Compliance Unit
LESA	Local Enforcement Systems Agency
LPO	Local Purchase Order
LRA	Lands Registration Agency
LSA	Labour Supply Agreement
LSF	Lino Spiteri Foundation
MAFA	Ministry for Agriculture, Fisheries and Animal Rights
MAM	Medical Association of Malta
MAVC	Mikiel Anton Vassalli College
MBR	Malta Business Registry
MCAST	Malta College of Arts, Science and Technology
MCC	Mediterranean Conference Centre
MCLG	Ministry for Culture, Lands and Local Government
MDH	Mater Dei Hospital
MEEC	Ministry for the Environment, Energy and Public Cleanliness
MEEE	Ministry for the Environment, Energy and Enterprise
MEEP	Ministry for the Economy, Enterprise and Strategic Projects
MEFL	Ministry for the Economy, European Funds and Lands
MEYR	Ministry for Education, Sport, Youth, Research and Innovation
MFA	Malta Food Agency
MFET	Ministry for Foreign and European Affairs and Trade
MFHEA	Malta Further and Higher Education Authority
MFI	Ministry for European Funds and Implementation of the Electoral Programme
MFIN	Ministry for Finance
MFT	Ministry for Foreign Affairs and Tourism
MGI	Malta Government Investments Limited
MGP	Ministry for Gozo and Planning
MHA	Ministry for Health and Active Ageing
MHAL	Ministry for the National Heritage, the Arts and Local Government
MHS	Mental Health Services
MHSE	Ministry for Home Affairs, Security and Employment
MIMCOL	Malta Investment Management Company Limited

MITA	Malta Information Technology Agency
MIV	Ministry for Inclusion and the Voluntary Sector
MIVC	Ministry for Inclusion, Voluntary Organisations and Consumer Rights
MJR	Ministry for Justice and Reform of the Construction Sector
MoU	Memorandum of Understanding
MPWP	Ministry for Public Works and Planning
MSAA	Ministry for Social and Affordable Accommodation
MSD	Manufacturing and Servicing Directorate
MSFC	Ministry for Social Justice and Solidarity, the Family and Children's Rights
MSPC	Ministry for Social Policy and Children's Rights
MTA	Malta Tourism Authority
MTCA	Malta Tax and Customs Administration
MTIP	Ministry for Transport, Infrastructure and Public Works
MUMN	Malta Union of Midwives and Nurses
NAO	National Audit Office
NGO	Non-Governmental Organisation
OCVO	Office of the Commissioner for Voluntary Organisations
OPM	Office of the Prime Minister
OPM-EES	Office of the Prime Minister – European Funds, Equality, Reforms and Social Dialogue
OPR	Office of the President
P&SD	People and Standards Division
PA	Planning Authority
PBS	Public Broadcasting Services Limited
PG	Project Green
PHC	Primary Healthcare
PM	Project Manager
PMMS	Pitkali Market Management System
PPR	Public Procurement Regulations
PREU	Permanent Representation of Malta to the European Union
PS	Permanent Secretary
PSMC	Public Service Management Code

PSO	Public Service Obligation
PSP	Public Social Partnerships
PTR	Pjazza Teatru Rjal
PV	Photovoltaic
QS	Quality Surveyors
REWS	Regulator for Energy & Water Services
SCSA	Social Care Standards Authority
SOP	Standard Operating Procedure
SPH	Superintendent of Public Health
SPML	Social Project Management Limited
SRS	Salaries Reporting System
SSC	Social Security Contribution
STU	School Transport Unit
SVP	St Vincent de Paul Residence
TM	Transport Malta
TOIL	Time-off-in-lieu
TZRA	Tourism Zone Regeneration Agency
UoM	University of Malta
UPE	Union of Professional Educators
VAT	Value Added Tax
VO	Voluntary Organisation
VTS	Vehicle Tracking System

