



GOVERNANCE ACTION

on the NAO's Annual Report on **Public Accounts 2021**
and other NAO reports 2022



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

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FOREWORD

The Governance Action report is an important tool to ensure that, as far as possible, the recommendations made by the NAO are implemented within a reasonable timeframe and in an effective manner.

The exhaustive exercise leading to the publication of this report is further followed up throughout the following year by carrying out compliance checks, to ensure that all public employees involved in the audits carried out by the NAO, are held accountable for their actions and to provide a public service of the highest level to our citizens.

For the first time this year, the issues identified by the NAO have been allocated in different categories of shortcomings, to provide a clear picture of the most prevalent areas that must be given priority for improvement.

This year, the implementation rate of the actions identified to address recommendations made by the NAO stands at 89%, a significantly higher rate than last year's 85%.

This achievement is the result of a public administration upholding the core principles of accountability, transparency and good governance in the services provided to the public, as well as the cooperation and commitment of all ministries to improve their operations. This commendable result is not the destination. The lessons learnt from this exercise shall be applied to ensure continuous improvement through increased coordination across the public administration, streamlining of processes, and ensuring continuity and good practice.

Tony Sultana

Principal Permanent Secretary





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LIST OF ABBREVIATIONS

AACC	Active Ageing and Community Care
AFM	Armed Forces of Malta
ARMS	Automated Revenue Management Services Ltd
BCA	Building and Construction Authority
BCP	Business Continuity Plan
CA	Collective Agreement
CAP	Chapter
CBA	Cost Benefit Analysis
CC	Centre Coordinators
CCN	Change Control Note
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
CFMS	Corporate Financial Management System
CfR	Commissioner for Revenue
CGS	COVID-19 Guarantee Scheme
CIO	Chief Information Officer
CIRSS	COVID-19 Interest Rate Subsidy Scheme
CMS	Case Management System
COLA	Cost of Living Allowance
CoS	Conditions of Service
CPSU	Central Procurement and Supplies Unit
CRM	Customer Relationship Management
CRPD	Commission for the Rights of Persons with Disability
CSA	Correctional Services Agency
CSA	Court Services Agency
CTD	Capital Transfer Duty Department
DAC	Dementia Activity Centre
DCS	Director for Corporate Services
DIT	Dementia Intervention Team
DoC	Department of Contracts
DSS	Department of Social Security
EB	Energy Benefits
ECCP	Environment, Climate Change and Planning
EOI	Expression of Interest
EPC	Energy Performance Certificate
e-PPS	Electronic Public Procurement System
ERP	Enterprise Resource Planning
ES	Executive Secretary
EU	European Union
EV	Electric Vehicle
EWA	Energy and Water Authority
FAR	Fixed Assets Register
FCU	Financial Control Unit
FDRS	Financial Data Reporting System
FES	Foundation for Educational Services
FM	Festivals Malta
FMS	Fleet Management System
FMS	Foundation for Medical Services
FSWS	Foundation for Social Welfare Services
FTS	Foundation for Tomorrow's Schools
FTZD	Foundation for Tourism Zone Development

GCC	General Contracts Committee
GDPR	General Data Protection Regulation
GFR	General Financial Regulations
GPP	Government Printing Press
GRI	Global Review Index
HA	Housing Authority
HM	Heritage Malta
HME	Housing Maintenance and Embellishment Company Limited
HO	Head Office
HPS	Housing Projects Solutions
HR	Human Resources
IA	Internal Audit
IAB	Internal Audit Board
IAID	Internal Audit and Investigations Department
ICO	Inspections Coordination Unit
IM	Infrastructure Malta
IMU	Information Management Unit
INDIS	Industrial Innovative Solutions – Malta
IPA	International Protection Agency
IPS	Institute for the Public Services
IRU	Industrial Relations Unit
ISMS	Information Security Management System
IT	Information Technology
LA	Lands Authority
LC	Local Council
LEMIS	Land and Estate Management Information System
LESA	Local Enforcement System Agency
LGD	Local Government Division
LRA	Land Registration Agency
MAFA	Ministry for Agriculture, Fisheries and Animal Rights
MAT	Malta Air Travel Ltd
MCAST	Malta College of Arts, Science & Technology
MCCAA	Malta Competition and Consumer Affairs Authority
MCH	Mount Carmel Hospital
MCST	Malta Council for Science and Technology
MDB	Malta Development Bank
MDH	Mater Dei Hospital
MDS	Malta Dementia Society
ME	Malta Enterprise
MEDE	Ministry for Education and Employment
MEEE	Ministry for the Environment, Energy and Enterprise
MEFL	Ministry for the Economy, European Funds and Lands
MESD	Ministry for Energy, Enterprise and Sustainable Development
MEYR	Ministry for Education, Sport, Youth, Research and Innovation
MFAA	Ministry for Active Ageing
MFC	Malta Film Commission
MFE	Ministry for Finance and Employment
MFET	Ministry for Foreign and European Affairs and Trade
MFH	Ministry for Health
MFIN	Ministry for Finance
MFJ	Ministry for Justice
MFT	Ministry for Tourism

MGI	Malta Government Investment Limited
MGOZ	Ministry for Gozo
MHAL	Ministry for National Heritage, the Arts and Local Government
MHS	Mental Health Services
MHSR	Ministry for Home Affairs, Security, Reforms and Equality
MIMCOL	Malta Investment Management Company Limited
MIS	Management Information System
MITA	Malta Information Technology Agency
MIVC	Ministry for Inclusion, Voluntary Organisations and Consumer Rights
MPF	Malta Police Force
MPWP	Ministry for Public Works and Planning
MSD	Manufacturing and Services Division
MSAA	Ministry for Social and Affordable Accommodation
MSPC	Ministry for Social Policy and Children's Rights
MTA	Malta Tourism Authority
MTIP	Ministry for Transport, Infrastructure and Capital Projects
MUT	Malta Union of Teachers
NAFFHIS	National Animal, Food and Feed Health Information System
NAO	National Audit Office
NGO	Non-Government Organisation
NLA	National Literacy Agency
NLD	National Livestock Database
NSO	National Statistics Office
OPM	Office of the Prime Minister
ORC	Office of the Refugee Commissioner
ORF	Overtime Request Form
PA	Planning Authority
POYC	Pharmacy of Your Choice
PPP	Public Private Partnership
PPR	Public Procurement Regulations
PREU	Permanent Representation of Malta to the European Union
P&SD	People and Standards Division
PS	Permanent Secretary
PSMC	Public Service Management Code
PSO	Public Service Obligation
PWD	Public Works Department
QSC	Quality Service Charter
RSSL	Resource Support and Services Ltd

SABS	Social Assistance and Benefits System
SAV	Supervised Access Visits
SBN	School Bus Net
SCH	Superintendence of Cultural Heritage
SCSA	Social Care Standards Authority
SLA	Service Level Agreement
SOP	Standard Operating Procedure
SP	Service Pension
SPD	Sectoral Procurement Directorate
SPML	Social Projects Management Ltd
SRS	Salaries Reporting System
SSC	Social Security Contributions
STU	School Transport Unit
SVP	St Vincent de Paul Residence
TM	Transport Malta
TNA	Training Needs Analysis
TOIL	Time Off In Lieu
TORB	Test of Reasonableness Board
TWK	Tax Warehouse Keeper
TZRA	Tourism Zone Regeneration Agency
UoM	University of Malta
VAT	Value Added Tax
VL	Vacation Leave
VRD	Veterinary Regulation Directorate
WP	Widows' pension
WRA	Work Resources Allowance



INTRODUCTION

This eighth edition of the governance action report on NAO recommendations presents a full account of how the Public Administration is implementing recommendations made by the NAO on the management of public funds in his latest annual report issued in December 2022.

Following a risk-based evaluation of management replies regarding actions intended to address NAO recommendations, the assistance of the Internal Audit and Investigations Department (IAID) was requested to recommend actions to improve an organisation's operations and good governance for several audits. IAID also conducted the closure meetings related to audits it reviewed. During closure meetings, which were held for each audit, and led either by the IAID or the Governance Action Directorate, in-depth discussions took place regarding the feedback given by the management to the recommendations put forward by the Auditor General in his report for 2021.

The NAO reported on 36 audits. This publication is reporting on actions regarding 35 audits. Reporting on the audit Construction works in government cemeteries and sale of graves or grave sites is being postponed to next year. The postponement for this reporting was considered necessary as further discussions between stakeholders are required to enable proper and specific actions. Of these 35 audits, three organisations have been identified by the NAO as working with sound internal controls and to be operating according to good practice and good governance for all the verifications carried out by the NAO. These are the Social Care Standards Authority, falling under the remit of the Ministry for Active Ageing; the Malta Development Bank within the Ministry for Finance and Employment, for COVID-19 Guarantee and Interest Rate Subsidy Schemes; and the Gaming Malta Foundation, falling within the remit of the Ministry for the Economy, European Funds and Lands, for its E-Sport Policy. 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 2022.

This year, the issues identified by the NAO have been categorised by the type of shortcoming. The categories of shortcomings are displayed for each audit in the respective introductory page. A holistic picture of shortcomings by category can be viewed after this introduction.

The Auditor General presented 306 recommendations in the annual report on Public Accounts 2021, of which 14 were not accepted by the public administration. From the remaining 292 recommendations, of which 12 recommendations were partially accepted, the public administration identified 689 actions to address risks and shortcomings arising from the various audit findings. 613 of these actions were fully implemented by the end of October 2023.

The Public Administration has implemented 89% of all the actions considered necessary to address the recommendations made by the NAO, while the remaining 11% (76 other actions) are in the process of being implemented, as explained in the report. These results indicate the value given to the exercise of oversight carried out by the NAO, as well as a strong commitment towards the adoption of good practice according to the principles of good governance.


Categories of non-compliance identified through NAO recommendations

Sector of non-compliance	Category of shortcoming	Frequency
A. Lack of structure	Lack of HR planning	4
	Insufficient HR	
	Inefficient distribution of HR	
	No structured organigram	
	Inadequate management structure	
B. Inefficient operations	1. Insufficient needs identification	4
	Lack of adequate risk assessment/management	
	Lack of internal communication and synergy	
	Lack of strategic budgetary and business planning	
	2. Inadequate or outdated policies and procedures	13
	Ambiguous or outdated legislation which requires updating	
	Set goals not attained	
	3. Lack of guidance including lack of written objectives, KPIs, SOPs, policies, mandates and training	9
	Lack of accountability	
	4. Incomplete or inaccurate data	19
	Lack of documentation necessary to fulfil contractual obligations	
	Inadequate document retention and record-keeping for effective audit trail	
	5. Inadequate customer care	4
	Insufficient or outdated information to the public	
	Lack of transparency, potentially giving rise to unequal treatment	
C. Lack of communication	Lack of communication, data sharing and synergy between entities	0
	Inadequate coordination of entities performing complementary operations	
D. Non-adherence to procurement procedures	Lack of compliance with the PPR and related policies and guidelines	11
	Contract and/or agreement in place does not safeguard Government's interests	
	Breaches in contract obligations	

	Absence of formal agreements	
	Inadequate strategic procurement planning	
	Inadequate marketing research	
	Unbalanced partnerships	
	Procurement directly from the open market rather than through a public call for quotations or tenders	
	Weak negotiation stance	
	Excessive delay in awarding tender	
	Ambiguous contract	
E. Lack of compliance with policies and legislation:	1. Travel policies and procedures	1
	2. Inventory policies and procedures	4
	3. Fleet management policies and procedures	0
	4. Social activities/events policies and procedures	0
	5. PSMC/manuals/circulars	7
	6. Public Administration Act, including the Code of Ethics and directives	0
	7. Public Finance Management Act and General Financial Guidelines, Fiscal Responsibility Act, International Public Service Accounting Standards and other Financial Guidelines	4
	8. Other Pertinent Legislation/Regulations	4
	9. Collective agreements/sectoral agreements	2
	10. Statutory requirements	7
F. Lack of verification / enforcement	1. Lack of segregation of duties	21
	Lack of reconciliations	
	Lack of appropriate certification/endorsements	
	2. Lack of spot checks	9
	No internal audit function	
	3. Lack of enforcement	1
G. Inadequate technology	Inadequate management information systems	5
	Limited functionality of IT Systems	
	Lack of interoperability between various IT systems	



STATISTICS

35
AUDITS 

306 
RECOMMENDATIONS



280
ACCEPTED



12
PARTIALLY ACCEPTED



14
NOT ACCEPTED



689
ACTIONS



89%
613
IMPLEMENTED



11%
76
PENDING





FOLLOW-UP ACTION
ON THE NAO REPORT ON
PUBLIC ACCOUNTS 2021





OFFICE OF THE
PRIME MINISTER

OPM

Servizz.gov – Revenue and expenditure

Servizz.gov is an Agency set up through the Servizz.gov Agency (Establishment as an Agency) Order, 2016 (L.N. 171 of 2016). The Agency falls under the remit of the Minister responsible for Public Administration while its supervision is entrusted to the Principal Permanent Secretary. The main objective of the Agency is to provide better accessibility of Government services to the general public. In this regard, the Agency is a bridge between the foregoing and the Malta Public Service.

The main scope of this audit was to assess the adequacy and effectiveness of internal controls over expenditure and income.

The audit revealed that, in view of the changing structure for services rendered in respect of Servizz.gov, coupled with insufficient human resources, the Agency had very limited control over the respective expenditure. Moreover, the financial situation of the Agency was a precarious one. Furthermore, the NAO remarked that the contracted terms for contact centre services did not protect Government's interests adequately.

Follow-up action

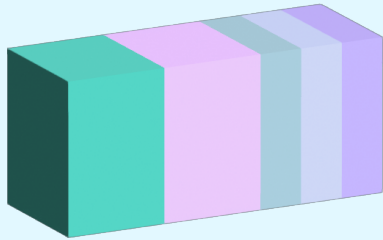
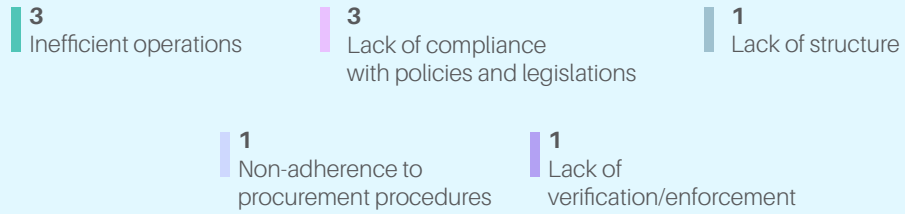
To address the issue of limited control over expenditure, Servizz.gov are reconciling the data extracted from the CRM, the Chatbot, the Livechat systems and the live call statistics with the reports provided by the service provider. Servizz.gov introduced an online attendance verification system in all hubs to reduce manual processing in the recording of attendances and absences.

Servizz.gov have drawn up a financial policy detailing the procurement procedures that must be followed. Prior to entering into a new contract, Servizz.gov will issue a call for quotations to carry out a cost-benefit analysis (CBA) to determine the most advantageous option.

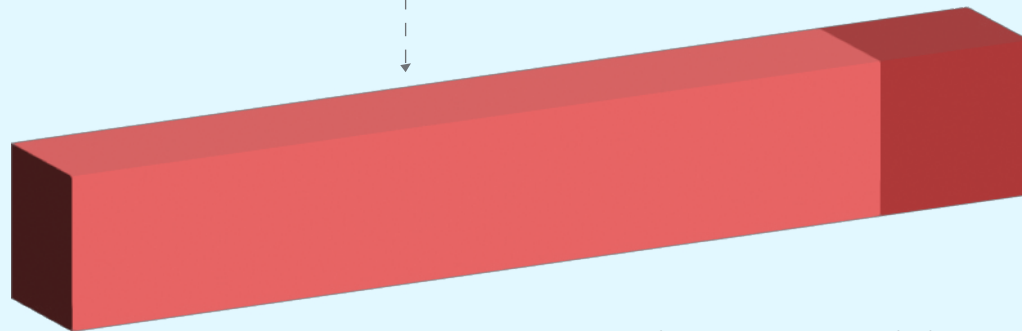
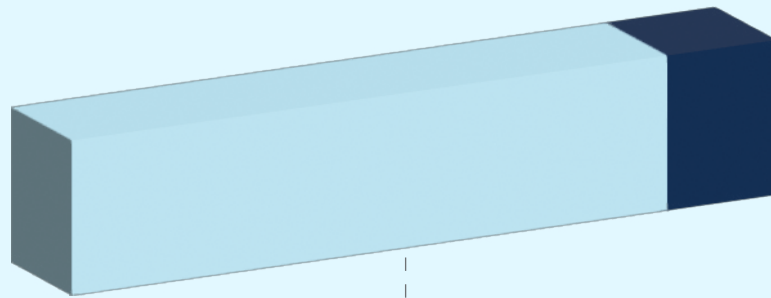
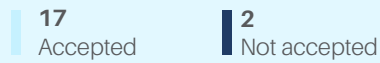
The proposed changes to the organisational structure were approved. As part of the restructuring plan, the Finance & Procurement function has been segregated from the Corporate Department.

The Agency identified and labelled all assets within Servizz.gov sites to finalise the fixed asset register in accordance with the pertinent circular. Any item that is not in line with the circular has been removed.

NAO issues by category: 9



Recommendations by NAO: 19



Actions by the Ministry: 38



Limitation of scope of audit

Despite the requirement for the contact centre subcontractor to maintain attendance sheets and the right of the Agency to request these records, as stipulated in the agreement entered into on 15 July 2020, these were only available from November 2021. As a result, related invoices and payments for January to October, covering 115,750 hours to the value €2,560,0406 excluding Value Added Tax (VAT), were only supported by the rosters. In the circumstances, the accuracy and validity of such payments could not be ascertained.

Billed hours were checked against rosters that were reviewed by the Operations Department against actual attendance. Hence the validity of payments made could be ascertained.

Not accepted

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Limited control over expenditure</p> <p>The Agency is to ensure that negotiated contracts can be duly managed and that there are adequate internal controls in place.</p>	<p>Internal data forecasts are prepared monthly to estimate the number of calls and emails expected to be received. For financial and operational purposes, these forecasts are subsequently compared to the actual calls and emails received.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>To ensure accuracy of the data provided for billing, Servizz.gov are extracting reports from the Customer Relationship Management (CRM), the Chatbot and the Livechat systems on a regular basis and reconciling them against the reports provided by the service provider.</p>	<p>Ongoing</p>
	<p>Servizz.gov records daily live statistics for calls and reconciles them with the reports provided by the service provider for each invoice. All reconciliations are documented and retained in the Agency's accounting system.</p>	<p>Ongoing</p>
	<p>Biannually, the Agency commissions an external auditor to audit the calls received on the service provider's system against billed calls.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Incorrect revenue recognition</p> <p>The Agency is to raise this issue with the independent auditor in order to make the necessary adjustments so that the reported results are accurate and give a true picture of the Agency's state of affairs.</p> <p>Accepted</p>	<p>After discussing the issue with the external auditor, the necessary adjustments were made to the financial statements for 2022.</p>	<p>Implemented</p>
<p>Furthermore, the Agency is to control its spending in order to avoid accumulating losses, hindering the achievement of set goals.</p>	<p>To keep within the allocated budget, Servizz.gov revises the budget for the annual expenditure once the financial estimates are published.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>The management regularly monitors expenditure to ensure that it is within the allocated budget.</p>	<p>Ongoing</p>
	<p>If it emerges that costs will exceed the allocated budget, the Agency is ensuring that an ad hoc request for additional funds is made to MFE.</p>	<p>Ongoing</p>
	<p>Servizz.gov submits its monthly report to MFE on the Financial Data Reporting System (FDRS) in line with MF Circular 2/2010.</p>	<p>Ongoing</p>
Control issues		
<p>Contact centre services: No evidence of competition</p> <p>The Agency is to take the necessary actions to ensure that it does not become reliant on the service provider.</p>	<p>Servizz.gov is collaborating with ministries and entities to develop an extended knowledge base to ensure that correct information regarding government services is provided.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>To ensure uninterrupted service provision, the Agency is formulating a business continuity plan to obtain the ISO Certification 9001: 2015.</p>	<p>December 2024</p>

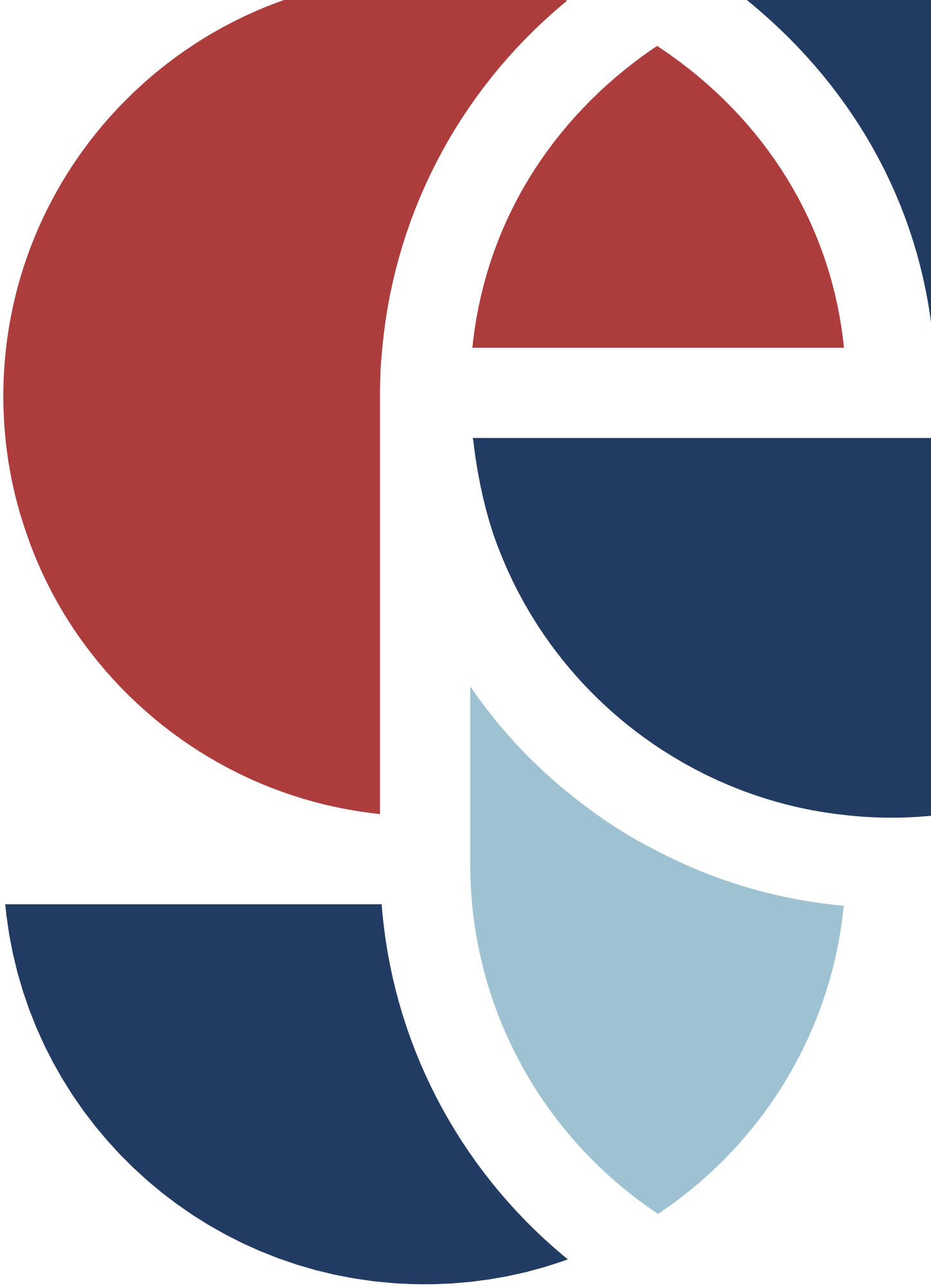
Recommendations	Action taken/justification	Implemented or date by when
<p>Thus, procurement by negotiated procedure is only to be resorted to under the strict provisions stipulated in PPR.</p> <p>Accepted</p>	<p>Since the Covid-19 helpline was integrated into the Servizz.gov system, the fund allocation stated in the contract will be exhausted before the expiration of the contract. Thus, the management will submit a request for approval from the DoC for a negotiated procedure to address this variation.</p> <hr/> <p>Prior to the expiration of the contract, Servizz.gov will issue a call for quotations to carry out a cost-benefit analysis (CBA) to determine the most advantageous option.</p> <hr/> <p>A CBA is compiled prior to procurement of a significant value. Servizz.gov is carrying out market research for all procurement. Market research is being documented and recorded.</p>	<p>September 2023</p> <p>June 2024</p> <p>Ongoing</p>
<p>Government's interests not adequately safeguarded</p> <p>When negotiating agreements, the Agency is to ensure that proposed clauses adequately safeguard the interests of Government.</p> <p>Accepted</p>	<p>Servizz.gov drafted a financial policy in line with the Public Procurement Regulations, detailing the procedures that must be followed.</p> <hr/> <p>The contract following the conclusion of the new negotiated procedure will include the performance guarantee amount in line with the PPR.</p> <hr/> <p>The Change Control Note (CCN) has been revised and thus the rates for employees at Servizz.gov's Regional and Technical Sites will be charged for actual hours deployed including replacement of agents in the case of sickness or vacation leave and excluding leave and sick hours not replaced.</p> <hr/> <p>The Technical Board has been nominated and approved by the Servizz.gov Advisory Board members. The Technical Board will only be appointed if the necessity arises.</p> <hr/> <p>The terms for the new negotiated procedure will include the training component which is to be provided and borne in full by the service provider.</p>	<p>Implemented</p> <p>September 2023</p> <p>Implemented</p> <p>Implemented</p> <p>September 2023</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Lack of resources to ensure effective monitoring</p> <p>Adequate resources are important to ensure that proper monitoring is possible.</p> <p>Accepted</p>	<p>Every year, Servizz.gov draws up and sends the HR Plan for the following two years to the P&SD, for approval.</p>	<p>Ongoing</p>
<p>Moreover, to achieve better administrative control and to ascertain productivity and accuracy in the work carried out, once there are adequate resources, the Agency is to ensure that there is proper division of work between personnel, based on their skills and nature of the respective tasks.</p> <p>Accepted</p>	<p>The proposed changes to Servizz.gov’s organisational structure have been approved and implemented.</p>	<p>Implemented</p>
<p>It is also recommended to undertake the necessary restructuring, where required, to enhance efficiency.</p> <p>Accepted</p>	<p>As part of its restructuring plan, the Finance and Procurement function will be segregated from the Corporate Department.</p>	<p>Implemented</p>
<p>A surprise inspection plan covering all hubs is to be drawn up, and such visits are to be formally documented.</p> <p>Accepted</p>	<p>Servizz.gov is conducting official monthly inspections for each site and keeping official records for these visits.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>Servizz.gov is coordinating with P&SD to utilise their mystery shopping services, on a structured and regular basis.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>All visits and checks are being documented and filed.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Control over contract centre services' billing</p> <p>Given that the cost of the contract is significant, the Agency is to ensure that it has an adequate level of control over all the amounts billed, besides the phone billing.</p> <p>Accepted</p>	<p>To ensure accuracy of the data provided for billing, Servizz.gov are extracting reports on a regular basis from the CRM, the Chatbot and the Livechat systems and reconciling them against the workings provided by the supplier.</p> <hr/> <p>Servizz.gov gathers daily live statistics for calls and reconciles them with the reports provided by the service provider.</p> <hr/> <p>Biannually, the Agency commissions an external auditor to audit the calls received on the service provider system against the bill amount.</p> <hr/> <p>The service provider is carrying out internal quality assessments monthly.</p> <hr/> <p>The agency is carrying out an independent quality assessment on a yearly basis.</p> <hr/> <p>Servizz.gov introduced an online attendance verification system in all hubs to reduce manual processing in the recording of attendances and absences. Invoices provided by the service provider are being verified with the attendance sheets generated by the system.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>
<p>Shortcomings related to hubs' customer relationship officers</p> <p>Moreover, regular inspections are to be carried out and concerns addressed in a timely manner.</p> <p>Accepted</p>	<p>The Agency is carrying out and recording inspections on a monthly basis.</p> <hr/> <p>The Agency introduced hub leaders, to ensure that constant monitoring and supervision is carried out.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>As an interim measure, until the Agency's plans to install punch clocks in the hub materialise, attendance sheets are to be forwarded to the Agency on a daily basis, rather than monthly, in order to identify similar shortcomings.</p> <p>Accepted</p>	<p>Servizz.gov introduced an online attendance verification system in all hubs to reduce manual processing in the recording of attendances and absences. Invoices provided by the service provider are being verified with the attendance sheets generated by the system.</p> <hr/> <p>To ensure timely verification of hours claimed, agents' attendance sheets are being sent to the Agency weekly.</p> <hr/> <p>All attendance sheets are checked against the workings provided by the supplier.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Ambiguous clause</p> <p>The Agency is to seek legal advice to clarify what payments are actually due.</p> <p>Accepted</p>	<p>Legal advice has been sought regarding the interpretation of this clause and it was concluded that emails are sent not transferred to the departments to request additional feedback. The hubs' agents remained the main point of contact for the citizen.</p>	<p>Implemented</p>
<p>Any amounts paid in excess are to be recouped.</p> <p>Not accepted</p>	<p>No amounts were paid in excess.</p>	
<p>Adequate control not exercised through the fixed asset register (FAR)</p> <p>Guided by the provisions of the pertinent circular, FAR is to show full details of the respective asset, enabling easy identification and full audit trail.</p> <p>Accepted</p>	<p>The Agency identified and labelled all assets within sites to finalise the fixed asset register in accordance with the pertinent circular.</p> <p>The Agency issued a call for an Executive (Finance & Procurement) who will have the duty to compile and maintain the FAR amongst others.</p>	<p>Implemented</p>
<p>Moreover, only those assets which meet the criteria of a fixed asset are to be included.</p> <p>Accepted</p>	<p>The Agency removed items from the FAR that were not in line with the circular. These items have been included in a separate sheet.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Non-submission of VAT defaulters' returns</p> <p>Although it was noted that staff at the Agency was striving to comply with standing regulations notwithstanding the limited resources, effort is to be made to request all VAT receipts and submit the necessary returns, including nil returns as applicable, to the VAT Department on regular basis.</p> <p>Accepted</p>	<p>The Agency has assigned an employee to chase suppliers to submit missing VAT receipts.</p> <hr/> <p>The Agency is ensuring that VAT defaulters are reported to the pertinent authorities on a quarterly basis, including nil returns.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>







FOLLOW-UP ON PENDING ACTIONS

Pending actions	Implementation date on GA report 2022	Date of implementation/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>	January 2023	<p><i>In progress</i></p> <p>The tender was published for a new MIS, however the only bid that was submitted did not meet the full requirements. GPP is in discussions with IMU to re-evaluate the list of requirements so that the tender is re-issued with a view that more suppliers can apply for the tender.</p> <p>It is estimated that the new MIS will commence by Q2 2025.</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>	August 2023	<p><i>Change in action proposed</i></p> <p>A new site has been identified by INDIS for GPP, since the former has requested the current premises. Matter is under consideration.</p>







MINISTRY FOR
HEALTH

MFH

Central Procurement and Supplies Unit – Debtors and creditors

To move to an accrual basis of accounting for the purpose of financial reporting, it is imperative for ministries and departments to maintain, on an ongoing basis, accurate and timely information on their debtors and creditors. To this effect, as an introduction to the respective transition, the then Ministry of Finance had issued MF Circular No. 10/2001 – ‘Government Accrual Accounting: Procedures for the Control of Debtors and Creditors’. The circular covered the procedures necessary for the proper management of debtors and creditors within every ministry and their respective departments.

The scope of this audit was to ensure that the amounts reported by Central Procurement and Supplies Unit (CPSU) as due from Government departments and entities were recorded accordingly as payables by the latter and vice versa.

The audit revealed that the provision of medical supplies by the CPSU to St Vincent de Paul Residence (SVPR) and Active Ageing and Community Care was not reported as payables by the latter two entities, giving rise to possible consolidation issues.

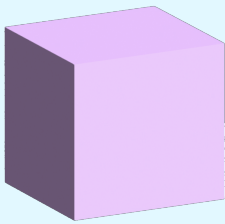
Follow-up action

The CPSU issued a memorandum to explain that CPSU will no longer report transactions relating to supplies to SVPR and other State-run elderly homes, under accounts receivables but as part of the expenditure, as well as the derecognition of accounts receivable disclosed over past years.

Moreover, the CPSU has drawn up and circulated an SOP regarding inter-ministerial stock transfers.

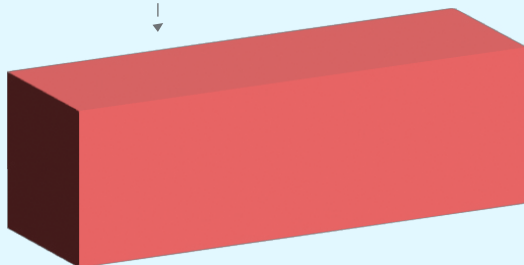
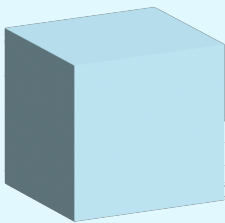
NAO issues by category: 1

1
Lack of compliance
with policies and legislations



Recommendations by NAO: 1

1
Accepted



Actions by the Ministry: 3

3
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Creditors not reported in the respective returns</p> <p>CPSU is to discuss the best way forward with the Ministry for Finance and Employment to establish the accounting treatment for these transactions, in order to report realistic figures of the amounts owed to Government.</p>	<p>CPSU will no longer report transactions relating to supplies to St Vincent de Paul Residence and other State-run elderly homes, under accounts receivables but as part of the expenditure. A memorandum was drawn up to explain the derecognition of accounts receivable disclosed over past years.</p> <hr/> <p>The CPSU has drawn up and circulated an SOP regarding inter-ministerial stock transfers.</p> <hr/> <p>The Management is ensuring compliance</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>







FOLLOW-UP ON
PENDING ACTIONS

GA Publication 2022

Pending actions	Implementation date on GA report 2022	Date of implementation/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>	June 2023	<p><i>To be implemented through a different course of action</i></p> <p>It was decided that rather than responsibilising CPSU with contract management functions, a central contracts management unit would be established and headed by Director (Contracts) MFH. This approach was deemed ideal so as to keep procurement separate and distinct from contract management, thereby upholding the check and balance principle. A Director (Contracts) was appointed in March 2022.</p> <p>Up till now, the long-term goal of the Ministry to build a fully functional Contracts Management Unit has not materialised, owing to the fact that sourcing of human resources has proved difficult, despite the issuance of several calls for application. These circumstances warranted a change of direction and the consideration of outsourcing contract management functions.</p>
<p>A new Director (Contracts) has been appointed with the responsibility to set up a centralised contracts management unit.</p>	June 2023	<p>The first step in this new direction was pursued through the award of an offer for the engagement of a consultant to draft a tender for the procurement of contract management services. The successful bidder will also be responsible to ensure that the tender contract is specific, reliable, accurate, timely and in line with procurement regulations.</p> <p>The designing of the tender for procurement of contract management services is in process. Once this process is completed and the necessary approvals are obtained from the Contracting Authority and the DOC, the Ministry will proceed with the publication of the tender for the procurement of contract management services.</p> <p>Estimated implementation date is June 2024.</p> <p>As regards Performance Guarantees, these are currently being managed by the CPSU, as agreed with the DOC.</p>
Non-medical equipment facilities management - Expenditure		
<p>Negotiated procedures</p> <p>MDH is carrying out an internal review to determine the optimal set-up for a team to support the drawing up of tender specifications, possibly composed of scientific officers.</p>	December 2022	<p><i>Implemented in January 2023</i></p> <p>The carrying out of an internal review to determine the optimal set-up for a team to support the drawing up of tender specifications was implemented in January 2023. A call for applications was issued in June 2023; however, it was unsuccessful. The call for applications was re-issued in October 2023.</p>

Pending actions	Implementation date on GA report 2022	Date of implementation/status
<p>The university consultancy services was appointed to perform a cost benefit analysis to determine the feasibility of upgrading the present system versus a new system.</p>	October 2022	<p><i>Implemented in December 2022</i></p> <p>The UOM was engaged to carry out the CBA on the Building Management System upgrade against it being replaced with a new one.</p> <p>The CBA was completed by December 2022. The outcome was in favour of the upgrade.</p> <p>Hence, a new contract was negotiated with the maintenance contractor and approved by DOC.</p> <p>The new contract for upgrading and maintaining the system came into effect on 1 June 2023.</p>
<p>Service agreements not covered by performance guarantees or insurance policies</p> <p>To strengthen the procurement function, MDH is carrying out an internal review to determine the optimal set-up.</p>	December 2022	<p><i>Implemented in January 2023</i></p> <p>The carrying out of an internal review to determine the optimal set-up for a team to support the drawing up of tender specifications was implemented in January 2023. A call for applications was issued in June 2023; however, it was unsuccessful. The call for applications was re-issued in October 2023.</p>
<h3>Foundation for Medical Services – Personal emoluments</h3>		
<p>Officers carrying out duties with other health entities pegged to the Foundation’s salary structure.</p> <p>The FMS will draw up two separate HR plans and staff lists: one set for employees working at FMS and another for FMS employees who are deployed with entities within the MFH.</p>	December 2022	<p><i>Change in direction by MFH</i></p> <p>The original response to NAO’s recommendation (that FMS should draw up two separate HR plans – one for FMS staff and the other for staff recruited by FMS on behalf of MFH entities) was reviewed, with a view to ensure a streamlined approach across the board.</p> <p>With effect from 20 July 2023, MFH entities requiring the engagement of staff via FMS, will first need to submit a request (with justification) to the People Management Division, MFH. Once these requests are considered to be within the approved headcount and authorised by the Ministry and P&SD (OPM), the approved requests will then be referred to FMS for the publication of the requested calls for application by FMS, on behalf of the respective MFH entity.</p> <p>A distinction between the two genres of FMS employees will be maintained and any related FMS policies will be updated accordingly.</p>

Pending actions	Implementation date on GA report 2022	Date of implementation/status
<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>	June 2023	<p><i>In progress</i></p> <p>The FMS is no longer engaging individuals on person of trust basis. In addition, the FMS has been working on a labour supply agreement between FMS (as the employer) and the respective MFH entity, at which the employee will be deployed, which will help determine FMS's remit as employer, re-structure the current recruitment practices and indicate the FMS/ MFH responsibilities and operational authority when it comes to FMS employees working within various MFH departments / entities. Formalisation of such agreement requires legal input and advice as well as approvals from various stakeholders. Once this agreement is finalised, the recruitment policy and SOP will be drawn up.</p> <p>Estimated implementation date is June 2024.</p>
<p>Divergences from Human Resources Plan</p> <p>This practice will be reflected and formalised in a new recruitment policy.</p>	June 2023	<p><i>In progress</i></p> <p>As indicated above, once labour supply agreement is finalised, the FMS will be in a better position to issue a recruitment policy and SOP.</p> <p>Estimated implementation date is June 2024.</p>
<p>Mount Carmel Hospital – Capital expenditure (2019)</p>		
<p>Weak internal controls</p> <p>SOPs in place are being updated to ensure compliance with established rules and regulations.</p>	December 2022	<p><i>Implemented in Q4 2023</i></p> <p>The following SOPs have been updated and are in the process of being circulated among the relevant personnel:</p> <ul style="list-style-type: none"> • Internal requisitions and allocations • Payment procedures • Budget holders • Stores • Almoner • Salaries
<p>Deferment of payments</p> <p>The funds approved for virement by MFE were used to settle dues with the Cfr. Monthly FS5 payments are now being made regularly. The remaining 3-month arrears dating back to pre-2020 will be settled by the end of 2022.</p>	December 2022	<p><i>Implemented as planned</i></p> <p>The remaining arrears have been settled by December 2022.</p>

Pending actions	Implementation date on GA report 2022	Date of implementation/status
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Weak internal controls in procurement

December 2022

Implemented in Q4 2023

Updates to SOPs related to procurement are being drafted.

The Procurement and Purchasing SOP was updated, endorsed and is in the process of being circulated among the relevant personnel.

Pharmacy of Your Choice Scheme – Expenditure (2018)

Pharmacy level

March 2023

Implemented in July 2023

Patient's data not disseminated to pharmacies

The implementation of the new pharmacy dispensing module will allow pharmacists to view the list of their respective patients and their related entitlements. The module will initially be launched as a pilot project.

A new module was developed within the POYC Patient Entitlement Repository System that provides comprehensive visibility to all community pharmacies, regarding their respective patients and their associated entitlements.

The final rollout of the module is scheduled for the end of next year.

December 2023

Implemented in July 2023

IT system lacks pertinent data

December 2023

In progress

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.

Final rollout to all community pharmacies is scheduled for Q1-Q2 2025.

Estimated date of full implementation is Q4 2025.

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
Mater Dei Hospital: Purchase of supplies and medical equipment - Expenditure			
<p>Unclear tender specifications resulting in substantial variations from budget</p> <p>The capacity plan for the procurement team also provides for the recruitment of four other researchers. A call for applications will be issued to fill the aforementioned vacancies after the engagement of the two project managers.</p>	<p><i>In the process of being implemented through a different course of action.</i></p> <p>A call for Manager I (Contracts) was published in October 2021, but proved unsuccessful.</p> <p>A call for Manager II was published in October 2021 but proved unsuccessful. The call was republished in August 2022. In the meantime, MDH is carrying out an internal review to determine the optimal set-up for a team to support the drawing up of tender specifications, possibly composed of scientific officers.</p> <p>Estimated date of completion is December 2022.</p>	December 2022	<p><i>Implemented in January 2023</i></p> <p>The carrying out of an internal review to determine the optimal set-up for a team to support the drawing up of tender specifications was implemented in January 2023. A call for applications was issued in June 2023; however, it was unsuccessful. The call for applications was re-issued in October 2023.</p>







MINISTRY FOR
FOREIGN AND EUROPEAN
AFFAIRS AND TRADE

MFET

Head Office and Permanent Representation of Malta to the European Union – Personal emoluments

The Ministry for Foreign and European Affairs and Trade is the diplomatic hub of Malta; it coordinates the Maltese missions overseas and offers help to Maltese nationals abroad, issues travel advice and visa information. The Permanent Representation of Malta to the European Union (PREU), at Dar Malta in Brussels, is the main focal point during negotiations that take place in the Council of the European Union and in relations with other institutions, in particular the European Parliament and the European Commission.

The audit focused on allowances and overtime paid by two of the cost centres, namely the Head Office and PREU, which were considered as the most material when compared to the others.

The scope of this audit was to ensure that overtime was justified, approved beforehand from the relevant levels of authority, and supporting documentation was maintained. It was also ascertained that the payment of allowances, in particular to those officers based abroad, were in line with the relevant regulations, Conditions of Service (CoS) and standing policies.

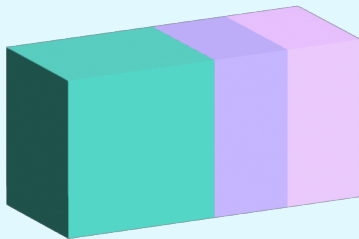
The audit revealed that particular reimbursements of education grants and medical expenses were not in line with the CoS. Furthermore, a clause in the CoS relating to the post adjustment allowance, may be considered as discriminatory and open to interpretation.

Follow-up action

Following the NAO Audit, the Ministry for Foreign and European Affairs and Trade (MFET) is embarking on several initiatives to address the issues identified by the NAO concerning the PREU. MFET has established a permanent working group comprising of five members to discuss any required updates to the CoS. The CoS has been updated with all new information, including allowance thresholds. The new Financial Control Unit (FCU) was set up to monitor compliance to processes. The Ministry is drafting a set of manuals to provide guidance to missions' desk accounts officers and has updated the Manual of Financial Procedures for Missions Abroad. Moreover, the Ministry has also drawn up the FCU Plan and Procedures.

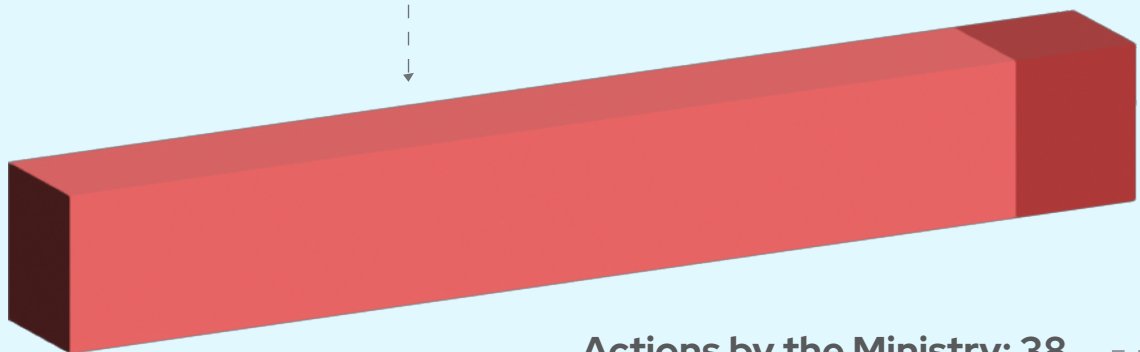
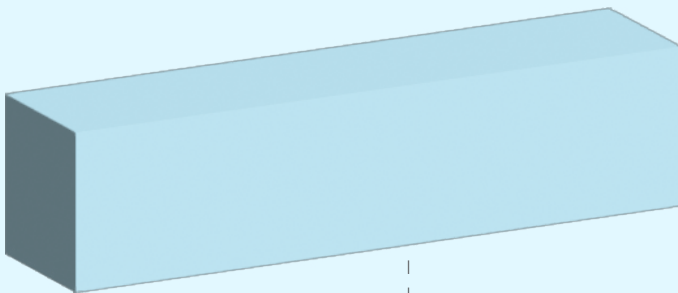
NAO issues by category: 5

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



Recommendations by NAO: 19

- 19 Accepted



Actions by the Ministry: 38

- 33 Implemented
- 5 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Clause in the conditions of service may be discriminatory and open to interpretation</p> <p>Since the intention of this allowance is to cover accommodation costs when living abroad and not actually part of the salary, the related provisions in CoS are to be revised to clarify this anomaly, ie, if living together, irrespective of any other criteria such as the type of relationship, post and respective Ministry, the Personal Accommodation Allowance (PAA) is to be reduced accordingly for each officer concerned.</p> <p>Accepted</p>	<p>A Working Group has been set up comprising of five members. This Working Group has reviewed the CoS accordingly to take on the NAO recommendations and to also take into account any administrative and legislative updates.</p> <hr/> <p>The Conditions of Service (CoS) manual has been revised accordingly.</p> <hr/> <p>Discussions were held between the NAO and MFET regarding the proposed amendments to the CoS, and NAO was in agreement with the proposals made.</p> <hr/> <p>The amendments made to the CoS are to be endorsed by MFE prior to entering into effect.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>January 2024</p>
<p>Fragmented source documentation</p> <p>In order to avoid fragmented source documentation, the CoS is to be duly updated to cover all benefits that officers serving overseas are entitled to, as was also instructed by the Permanent Secretary in July 2022.</p> <p>Accepted</p>	<p>The established Working Group is of a permanent set up.</p> <hr/> <p>The responsibilities of the Working Group include identifying administrative and legislative updates. The reviewing of the CoS Manual is an ongoing task.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Furthermore, revisions not yet included in CoS are expected to be presented to NAO upon request of the related documentation, prior to the commencement of audit testing.</p> <p>Accepted</p>	<p>The CoS Manual was revised and updated accordingly to include all relevant circulars.</p> <hr/> <p>All future revisions will be presented to the NAO upon request.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Allowances pertaining to the missions expensed from head office</p>	<p>A virement policy, detailing the procedure for requesting and approving virements, is in place.</p>	<p>Implemented</p>
<p>All costs of the missions are to be covered by the foregoing, following the necessary virement in line with the said Manual.</p> <p>Accepted</p>	<p>The Manual of Financial Procedures for Missions Abroad has been updated to include the virement policy.</p>	<p>Implemented</p>
<p>Expenditure should thus be allocated to the respective cost centre. This will also ensure consistent treatment throughout all missions and accurate figures for reporting purposes.</p> <p>Accepted</p>	<p>Desk officers are maintaining a record of all the virements requested by missions and the approvals given by management, for accurate reporting and to provide a proper audit trail.</p>	<p>Ongoing</p>
<p>Overtime not formally approved and not always substantiated</p>	<p>Guidance was circulated across all missions, explaining the procedure to request overtime.</p>	<p>Implemented</p>
<p>Approvals to work outside normal hours are to be invariably obtained from the right level of authority prior to performing overtime, when such additional hours are being paid for</p> <p>Accepted</p>	<p>All requests for overtime are being sent in advance for the Permanent Secretary's approval on a quarterly basis, including projected overtime hours, together with a justification for the required extra hours.</p>	<p>Implemented</p>
<p>Furthermore, overtime is to be substantiated with the respective attendance sheets, in order to enhance controls on expenditure.</p> <p>Accepted</p>	<p>HR officers are ensuring that overtime requests are reconciled with prior approvals to enhance controls on expenditure.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>Full documentation, including approvals, are referred to HR, on which basis overtime payments are settled.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>All approvals are filed in a dedicated file for each financial year.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>MFET is ensuring compliance with the PSMC.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Shortcomings related to the recording of transactions</p> <p>For the sake of completeness, NAO reiterates that detailed text description is to be invariably included in CFMS for each transaction.</p> <p>Accepted</p>	<p>Reminders are being sent regularly to missions regarding the procedure in place which must be followed and on the standard text to be inputted for different transactions.</p> <hr/> <p>Inputted text is being monitored by the FCU.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Furthermore, the option of creating sub-accounts in CFMS is to be taken up with the contractor following consultation with Treasury, in order to address this shortcoming.</p> <p>Accepted</p>	<p>A meeting was held between MFET and the Treasury regarding the creation of sub-accounts in the CFMS. At this stage, it is not possible to create sub-accounts within the CFMS.</p>	<p>Implemented</p>
<p>In the meantime, it is important that text is standard throughout, to facilitate reporting thereof. The issue of the actual user not being indicated is also to be followed up with Treasury and resolved with CFMS contractor.</p> <p>Partially accepted</p>	<p>Due to differences between missions, the use of standard text is not always possible.</p> <hr/> <p>The user inputting transactions is being indicated in certain reports.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
Compliance issue		
<p>Reimbursements of education grant and medical expenses not in line with the conditions of service</p> <p>A circular was disseminated during the audit to all the missions' accounts desk officers, emphasising that the education grant shall be paid once proof of payment is provided. However, officers are also to be well-versed with the standing regulations, ensuring that all conditions are adhered to before expenses are reimbursed.</p>	<p>Missions' desk officers are being given the same training undertaken by officers posted abroad.</p> <hr/> <p>A manual is being drafted to guide missions' desk officers in the course of their duties.</p>	<p>Ongoing</p> <hr/> <p>March 2024</p>
Accepted		
<p>If reimbursements of medical care other than those listed in the foregoing document are deemed justified, these are to be duly approved by the Minister for Finance, and CoS updated accordingly.</p>	<p>The procedure recommended by the NAO has been adopted and the CoS Manual was updated accordingly.</p>	<p>Implemented</p>
Accepted		
<p>Claims submitted are to be thoroughly vetted for eligibility and accuracy prior to these being endorsed and processed for reimbursement.</p>	<p>The FCU was set up to ensure that proper procedures are in place and these are adhered to.</p> <hr/> <p>A training programme on audit principles was discussed with MFET's Training Section. This training programme will be available to officers by the end of the current year.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
Accepted		
<p>Any erroneous amounts are to be recouped, evidence of which is to be provided to the NAO's Office.</p>	<p>MFET has taken necessary action to recoup undue payments. All overpayments have been recouped.</p>	<p>Implemented</p>
Accepted		
<p>Forms are also to be endorsed by all the required officials, following assurance that the amounts claimed are correct and that CoS was complied with.</p>	<p>Emails and circulars are being circulated regularly by MFET to guide officers accordingly.</p> <hr/> <p>An internal Manual for Missions' Accounts Officers is currently being compiled to guide officers to follow proper procedures.</p>	<p>Ongoing</p> <hr/> <p>March 2024</p>
Accepted		







FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Ministry for Foreign Affairs and Trade Promotion - Revenue		
<p>Lack of staff and no rotation of desk officers</p> <p>Every two years, the Ministry will start rotating at least two missions for each desk officer at HO responsible for missions abroad.</p>	January 2023	<p><i>Partially implemented</i></p> <p>Due to lack of staff, rotation of desk officers is being partially carried out.</p>
<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>	October 2022	<p><i>Not yet implemented</i></p> <p>The vacancies of the three Assistant Managers have not yet been filled. Fresh calls for applications have been issued, and if vacancies are filled, random monthly checks are estimated to start with immediate effect.</p> <p>Estimated date of implementation is December 2023.</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>	April 2023	<p><i>In progress</i></p> <p>Discussions with IMU started in May 2023, and they are in the process of formulating the online forms.</p> <p>Estimated date of implementation is June 2024.</p>
<p>Divergence from the financial regulations without the necessary approval</p> <p>The Ministry will conclude a study to determine the most feasible amount of money each Mission should hold.</p>	December 2022	<p><i>Not yet implemented due to other priorities</i></p> <p>Estimated date of implementation is December 2023.</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>	February 2023	<p><i>Not yet implemented</i></p> <p>Estimated date of implementation is March 2024.</p>

GA Publication 2021

Pending action/s as on GA Report 2021	Pending action/s as on GA Report 2022	Implementation date on GA Report 2022	Date of implementation/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><i>In the process of being implemented.</i></p> <p>The process of data inputting in a spreadsheet containing assets for CFMS has been initiated. A call for Manager I has been issued in July 2022. The selected candidate will be deployed to perform inventory duties.</p> <p>Estimated date of completion is June 2023.</p>	<p>June 2023</p>	<p><i>In progress</i></p> <p>MFET has purchased the required software and is currently configuring the software in line with the relevant inventory regulations.</p> <p>All inventories will be amalgamated into the new system.</p> <p>A Manager has been assigned the duties of Inventory Officer.</p> <p>Estimated date of completion is Q1 2024.</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><i>In the process of being implemented.</i></p> <p>This exercise was initiated. A call for Manager I has been issued in July 2022. The selected candidate will be deployed to perform inventory duties.</p> <p>In the meantime, MFET is in discussions with CIO-MFET regarding the most feasible solution available to cater for the Ministry's inventory.</p> <p>Estimated date of completion is December 2023.</p>	<p>December 2023</p>	<p><i>Same as above</i></p>





MINISTRY FOR ACTIVE AGEING

reported by the NAO as Ministry for the Senior Citizens and Active Ageing

MFAA

Homes and Institutions for the elderly – Revenue

Active Ageing and Community Care (AACC) is an Agency which offers services of residential and community care to elderly individuals. Apart from Government homes and institutions, residential care is also offered in private homes under the Public Private Partnership (PPP) scheme. The Agency also supports the elderly to continue living in the community who can benefit from services, such as night shelters, handyman and home help, amongst others, in order to reach its aim.

The scope of the audit was to assess the processes and controls in place with regard to the completeness of revenue collected from the contribution from residents of homes and institutions that fall within the remit of AACC.

The audit revealed weak controls over the collection of amounts due and various other limitations hindering the completeness of information about other income received by the respective residents.

Follow-up Action

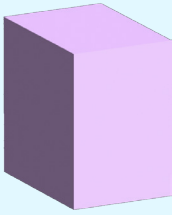
Following NAO's audit, AACC has drawn up guidelines for the monitoring of pending dues. To facilitate the process for debtors, AACC has adopted a non-mandatory bank transfer procedure and residents are being encouraged to adopt this method. Debtors are being sent reminders for payment on a monthly basis. In the absence of a response, legal letters are issued, followed by court proceedings.

AACC has introduced a Contribution Form, to be filled and signed both by the elderly person prior to being admitted in a home or institution falling within their remit, and by a relative/representative/next of kin. The latter, on behalf of the heirs, is held responsible for any bills that are left unsettled by the resident in case they pass away.

SVP Management also ensures that a list is sent to DSS on a weekly basis, providing details of new admissions so that 80% of the Social Security Pension, bonus and cost-of-living allowance is deducted immediately. This helps to keep the overpayments to a minimum.

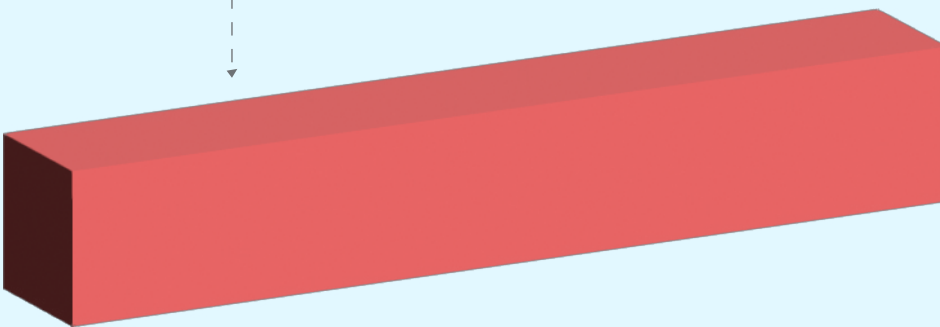
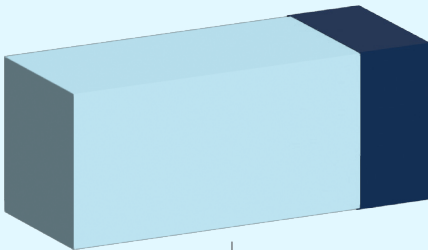
NAO issues by category: 2

2
Inefficient operations



Recommendations by NAO: 6

5 Accepted
1 Partially accepted



Actions by the Ministry: 16

16
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Weak controls over collection of amounts due</p> <p>Debtors are to be monitored and chased in a timely manner. This would not only ensure that the amounts due are collected on time, but also that an equitable system, which is fair on everyone, is maintained.</p> <p>Accepted</p>	<p>Active Ageing and Community Care (AACC) have drawn up a Standard Operating Procedure (SOP) detailing the process for monitoring pending dues from persons who are admitted to residential homes under the Public Private Partnership Scheme (PPP) or Government homes that are managed by the private sector.</p> <hr/> <p>The SOP has been circulated amongst staff concerned and Management is ensuring compliance.</p> <hr/> <p>Management is ensuring that monitoring of pending dues is carried out regularly by the office in charge of debt collection.</p> <hr/> <p>AACC engaged the services of a lawyer to follow up on cases where residents fail to settle their dues.</p> <hr/> <p>AACC is ensuring that its accounts officers monitor the dues monthly by sending reminders. Files with details of those residents who, despite three reminders fail to settle the amounts due, are forwarded to AACC's lawyer for necessary action.</p> <hr/> <p>Legal letters are sent by the lawyer, and if no feedback is received, court proceedings will be initiated, if this is considered feasible.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p>
<p>The Agency is also to look into ways on how to secure payment from those elderly persons who do not receive any local pensions, so as to ensure that the contributions are duly collected. This would avoid the creation of overpayments which might be difficult to recoup.</p> <p>Accepted</p>	<p>Management ensures that as soon as an elderly person is admitted to a government home or in a PPP scheme home, they contribute 60% of their monthly pension to mitigate the amount of any overpayments.</p> <hr/> <p>AACC has adopted a non-mandatory bank transfer procedure and a good number of debtors are using this procedure to settle their monthly contribution. New admissions are being encouraged to adopt this method.</p>	<p>Ongoing</p> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Shortcomings in the collection of information pertaining to other income</p> <p>All homes and institutions are expected to follow the same procedures upon admittance of elderly residents, in order to minimise overpayments and risking these remaining long outstanding or not being collected at all, especially in the case of an elderly's demise.</p>	<p>AACC has introduced a Contribution Form, to be filled and signed both by the elderly person prior to being admitted in a home or institution falling within their remit, and by a relative/representative/next of kin, whereby the latter, on behalf of the heirs, is held responsible for any bills that are left unsettled by the resident in case they pass away.</p> <p>By signing this form the residents will be declaring their total income. The amounts quoted need to be substantiated with official documentation. The form will be used to determine the residents' contributory rate.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>SVPR have a procedure in place which is similar to the one adopted by AACC. The next of kin of new residents are obliged to settle residents' dues in the eventuality that they pass away. This declaration form has rendered the process of collecting dues less problematic.</p>	<p>Implemented</p>
<p>Furthermore, whilst NAO commends DSS for its efforts in collecting information about residents' income, pitfalls still exist within this process. AACC, SVP, as well as DSS are to collect the necessary details at the earliest stage possible, as well as strive to find alternative sources from where information relating to an individual's income could be collected in its entirety and corroborated.</p>	<p>Feedback from the Department of Social Security (DSS) stated that after several consultations with the Malta Bankers Association, as well as a number of other local banks, the latter submit to the Department information relevant to any capital or interests which beneficiaries might be benefitting from. DSS continues to explore the possibility of obtaining investment information from other local corporate sources.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>As from January 2022, those elderly residents who are on a non-contributory pension are not given the declaration form to fill in, as the DSS would already have information regarding their income. This practice upholds the once-only principle regarding requested information.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Delays between admittance into a residential home and benefit deductions</p> <p>The processing time of new admissions is to be reduced as much as possible so as to minimise overpayments being created.</p> <p>Accepted</p>	<p>In order to keep the overpayments to a minimum, SVP's management is ensuring that a list is sent to DSS weekly, providing details of new admissions so that 80% of the Social Security Pension, bonus and cost-of-living allowance is deducted immediately. This procedure usually takes from four to eight weeks from the date of the client's admission.</p> <hr/> <p>Discussions with DSS are ongoing to identify improved procedures, whereby deductions will be effected as early as possible after the admission of an elderly person to a home or institution.</p> <p>Notwithstanding the above, an element of overpayment is generally always present due to the fact that DSS pensions are paid in advance.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Potential of overpayments remaining unpaid</p> <p>The respective Contributions Sections are to be alert to such cases when calculating the amount of deduction, to ensure that a payment plan is in place before the elderly person is actually admitted into the residential home, so that the necessary deductions are made.</p> <p>Partially accepted</p>	<p>A payment plan cannot be drawn up before the elderly person is actually admitted at a residential home. Instead the following process is taking place:</p> <p>Once the necessary verifications are made available by the DSS Information Management Unit (IMU), the assessment is carried out by SVP's Contributions Section. Letters are sent to SVP residents' relatives instructing them to contact the Welfare Committee to effect monthly payments with effect from the date of admission.</p> <p>Subsequently, the Welfare Committee discusses with the residents, or their representatives, the payments that are to be made and agree on a payment plan so payments are effected in a timely, efficient and cost-effective manner.</p> <p>A similar procedure is in place at AACC.</p>	<hr/> <p>Ongoing</p>
	<p>SVP's Contribution Section has drawn up SOPs, explaining its procedures and has circulated them among staff concerned.</p>	<p>Implemented</p>

MFAA

Social Care Standards Authority – Expenditure

The Social Care Standards Authority (SCSA) is a regulatory body set up by Act No. XV of 2018, to take over the work previously carried out by the Department for Social Welfare Standards. The Authority aims in improving quality and standards in social welfare services and to protect and enhance the dignity, safety and welfare of all service users. This is achieved by licensing social welfare providers, establishing Social Regulation Standards in the social welfare sector, as well as inspecting services and taking action to protect people who use these services.

The main scope of the audit was to determine the level of internal controls in relation to the Authority's expenditure and its procurement procedures.

The audit revealed that the procedures and internal controls in relation to the expenditure at the Social Care Standards Authority were found to be adequate and in sound operation.

Good practice

The National Audit Office (NAO) was satisfied that the procedures and controls in relation to the areas tested were adequate and in sound operation. Staff was well versed on their respective areas of work. The SCSA provided the necessary documentation and replied to all audit queries raised by the NAO in a timely manner.

The NAO considered this audit assignment as a fine example of good practice.

**GOOD
PRACTICE**







FOLLOW-UP ON
PENDING ACTIONS

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ 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><i>Partially implemented</i></p> <p>Meetings with Dakar administrators have been ongoing since May 2021.</p> <p>In the interim SVP is using an excel database to keep a record of the employees' TOIL balance manually to be processed for payment after four weeks.</p>	<p>March 2022</p>	<p><i>Partially implemented</i></p> <p>The Excel database has been modified and is being kept on TEAMS in order to share the information between the officers concerned and records are automatically shared with the officer paying salaries so that any amounts due to an officer are paid.</p> <p>DAKAR providers are in the process of analysing data so that the necessary modules are provided to SVP HR Unit. Such modules will include rostering and other personal records.</p> <p>Estimated date of completion is December 2023.</p>
Elderly and Community Care – Debtors and pre-payments			
<p>Ineffective collection procedure</p> <p>A bank account for the AACC will be set up in order to facilitate payments.</p>	<p><i>In the process of being implemented</i></p> <p>The process to facilitate the payment through direct payment has been initiated by using generic bank accounts. AACC intends to have a specific bank account to be used solely to facilitate payments.</p> <p>It is anticipated that this process will be completed by the end of December 2022.</p>	<p>December 2022</p>	<p><i>Action modified and implemented in June 2022</i></p> <p>Instead of opening an account with a commercial bank, AACC adopted the bank transfer procedure by using an IBAN provided by the Central Bank of Malta. Although this is not a mandatory procedure, all newly admitted residents are informed about it and encouraged to use it instead of sending cheques, bank drafts or paying in cash at AACC.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
<p>Overstated balances in the creditors' list</p> <p>Once the CFMS is fully implemented, and the related training regarding reporting is given, reconciliations can be performed more easily.</p> <p>The nominated employees will attend the training programme upon invitation.</p>	<p><i>Not yet implemented</i></p> <p>Training related to CFMS reporting that had to be delivered during October 2021 was cancelled.</p> <p>A fresh invitation for the training is expected.</p>	December 2021	<p><i>Implemented in July 2022</i></p> <p>During July 2022, two officers from the Accounts Unit attended the training provided by Treasury regarding CFMS reporting.</p> <p>Further training shall be attended by AACC officers whenever this is available.</p> <p>Statements from suppliers are being reconciled monthly.</p>
<p>Incorrect ageing of creditors</p> <p>Training in relation to the CFMS will be provided to all staff concerned.</p>	<p><i>Not yet implemented</i></p> <p>Training related to CFMS Reporting that had to be delivered during October 2021 was cancelled.</p> <p>A fresh invitation for the training is expected.</p>	December 2021	<p><i>Implemented in July 2022</i></p> <p>During July 2022, two officers from the Accounts Unit attended the training provided by Treasury regarding CFMS reporting.</p> <p>Further training shall be attended by AACC officers whenever this is available.</p>





MINISTRY FOR
NATIONAL HERITAGE, THE ARTS
AND LOCAL GOVERNMENT

MHAL

Revenue by Local Councils – Revenue

Malta is a unicameral parliamentary republic with two tiers of Government: national and local. Local Government is enshrined in Malta's constitution and is governed by the Local Government Act (Cap 363). The Local Government Division (LGD) is responsible for monitoring the functions and operations of Local Government. Through its three units, the LGD provides guidance and support to Local Councils (LCs) by issuing directives and circulars for the effective and efficient functioning and operations, as well as to ensure uniformity of application and implementation of legislation and procedures. The Local Government system is two-tiered with five Regional Councils and 68 LCs, 54 in Malta and 14 in Gozo.

The main scope of the audit was to ensure that applicable fees were being charged in line with pertinent legislation. Furthermore, the adequacy of the procedures in place for the collection and recording of such income in the books of accounts was also assessed.

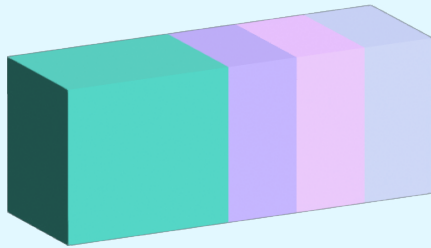
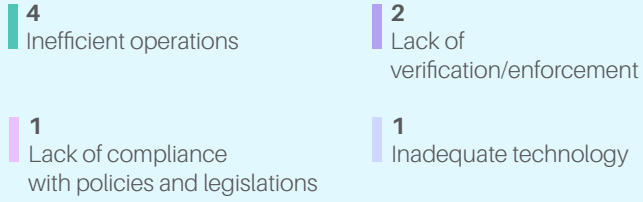
During the course of the audit carried out by the NAO, it was noted that revenue by Local Councils is regulated by multiple subsidiary legislations rather than consolidated under one legal act. Certain fees for activities requiring a permit are considered trivial; however, an inconsistent approach amongst LCs in treating the respective applications was noted. Furthermore, the Online Permit System was not yet implemented in all Local Councils.

Follow-up action

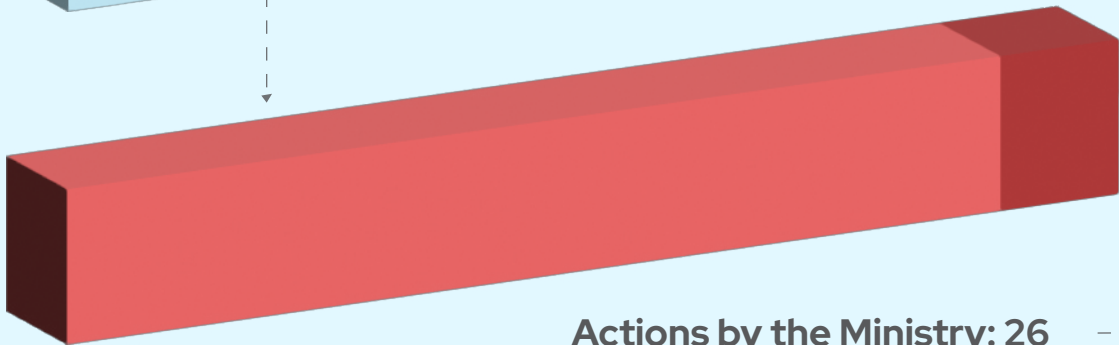
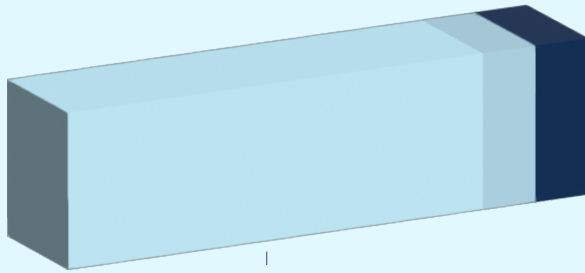
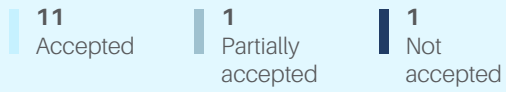
LGD have set up a financial and procurement compliance directorate to monitor the councils' financial operations. The LGD is conducting internal audit reviews specifically targeting processes and procedures aimed at strengthening internal controls. To improve compliance by ESs, LGD have the prerogative to decide on 5% of the ESs' performance bonus, in accordance with the new collective agreement.

LGD implemented the Online Permit System in all local councils. LGD provided training on the system together with detailed guidelines on each function to all local councils' employees. The introduction of the Online Permit System for all LCs helped to mitigate inconsistent approaches. The service provider is carrying regular monitoring of the system and if some inconsistency is flagged, this is discussed and dealt with accordingly. Moreover, enforcement bodies have access to this system.

NAO issues by category: 8



Recommendations by NAO: 13



Actions by the Ministry: 26



Disclaimer

Whilst MHAL and LGD are committed to address the issues highlighted by the NAO, it is important to point out that the Local Government Division (LGD) can only adopt a monitoring role on the functions and operations of the local councils and cannot directly influence and control the operations of the local councils. The function of revenue collection is devolved on local councils.

Issue	Action taken/justification	Implemented or date by when
Limitation on scope of audit		
<p>A number of LCs from the 20 falling within the audit sample, did not provide the requested documentation, thus hindering audit procedures. This lack of collaboration from these LCs is considered unacceptable especially since it goes against the values of accountability and transparency, two main pillars of good governance.</p>	<p>Once an introductory letter is sent by the NAO, LGD is monitoring the process to ensure that audited local councils provide requested documents on time.</p>	Ongoing
Accepted	<p>The LGD is issuing a yearly circular reminding local councils of the financial reporting dates and the procedure to be adopted.</p>	Ongoing
	<p>LGD have set up a financial and procurement compliance directorate to monitor the councils' financial operations.</p>	Implemented
	<p>The new collective agreement provides the LGD with the remit to decide on 5% out the 15% performance bonus applicable to Executive Secretaries (ES). Thus, the LGD will assess the performance of the ES in relation to defaulting local councils accordingly.</p>	Implemented
	<p>The monitoring unit within the LGD is issuing a yearly report on defaulting ESs.</p>	Ongoing

Recommendations	Action taken/justification	Implemented or date by when
<p>Subsidiary legislation not reflecting the operating scenario in place</p> <p>Discussions with the competent authorities and decisive action is encouraged, to revise the respective legal framework so that it will clearly define the operating scenario in place and avoid the possibility of different interpretation.</p> <p>Accepted</p>	<p>LGD started discussions with main stakeholders mainly the LCA, MEFL, MCCA and MHAL to include segments from pertinent current legislation under the Local Government Act, and subsequently to revise the applicable Act.</p> <hr/> <p>Following these discussions, the legislation governing permits issued by LCs will be updated and amended to clearly define one operating process thus avoiding the possibility of different interpretation regarding related fees.</p> <hr/> <p>The introduction of the 'Online Permit System' for all LCs helped to mitigate inconsistent approaches.</p> <hr/> <p>The service provider is carrying regular monitoring and if an inconsistency is flagged, this will be discussed and tackled accordingly.</p> <hr/> <p>LGD issued a circular to Local Councils, clarifying the procedure regarding the issue of permits.</p>	<p>Implemented</p> <p>September 2024</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<h2>Control issues</h2>		
<p>Bypassing of online system's controls</p> <p>LGD is to ensure that once implemented across all LCs, adequate training is provided to ensure that this system is properly operated and that controls embedded in the system are not bypassed in any way.</p> <p>Accepted</p>	<p>LDG started providing local councils' employees and new staff, with training on the online permit system.</p> <hr/> <p>All LCs were provided with detailed guidelines of each function.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>In case of any loopholes, these are to be addressed without delay.</p> <p>Accepted</p>	<p>The system was enhanced so that issued permits cannot be edited by anyone and backdated.</p> <hr/> <p>The system issues a report so that reconciliation between the permits issued and the money collected is carried out by the local council.</p> <hr/> <p>The Local Council are obliged by the Local Council Act to commission an external auditor to verify that the reconciliations between the permits issued and the money collected are carried out adequately.</p> <hr/> <p>An exceptions report is generated monthly, highlighting any deviations or trends.</p> <hr/> <p>Any identified loopholes are immediately discussed with the service provider and addressed accordingly.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Limitations of the online permit system</p> <p>Discussions are to ensue with the service provider to analyse the possibility of upgrading the system's features to include a superior's authorisation as part of the automated system workflow functionality, when changes to the applicable fees are necessary.</p> <p>Accepted</p>	<p>LGD is ensuring that when applicable fees require an alteration or a waiver, the executive secretaries' approval is sought through the system.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>In addition, Councils are encouraged to patrol the locality, at least say once weekly, to identify any ongoing activities that are not covered by a valid permit.</p> <p>Not accepted</p>	<p>Subsidiary Legislation 441.04 obliges Local Councils to issue permits. Enforcement is not within the remit of Local Councils but falls within the remit of LESA.</p> <p>Moreover, LESA and Community Police have access to the public permit list which enables them to enforce compliance.</p>	
<p>Insufficient controls in the application process: <i>Total reliance on data provided by applicants</i></p> <p>Divergencies in the approach adopted by LCs vis-à-vis permit applications might be perceived as indirect discrimination by the local citizen. Hence LGD is expected to initiate discussions with LCs to find a concrete solution to such issues. The concepts of accountability and fairness are to be highlighted at all times.</p> <p>Accepted</p>	<p>LGD started discussions with main stakeholders mainly the Local Councils Association, MEFL, MCCA and MHAL to include segments from pertinent current legislation under the Local Government Act, and subsequently to revise the applicable Act.</p> <hr/> <p>LGD is holding discussions with LESA to set up a process where Local Councils are informed when a permit is incorrect. The applicant will be obliged to change the permit to the correct occupied area.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Insufficient controls in the application process: <i>Onsite inspections lacking</i></p> <p>It is important that checking is performed to ensure that declarations made by the applicant are complete and accurate in every aspect to ascertain that the fees charged are correct.</p> <p>Partially accepted</p>	<p>Subsidiary Legislation 441.04 obliges Local Councils to issue permits. Enforcement is not within the remit of Local Councils but the remit of LESA.</p> <hr/> <p>Community police and LESA were granted access to the permit system to verify whether permits were issued through the system or not whilst patrolling the locality. If onsite machinery is not in line with the permit or a permit is false, a fine will be issued by enforcement officers.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Inconsistent data submitted by local councils</p> <p>LGD is to ensure that the chart of accounts used by LCs is in accordance with the guidance provided. Using the standard accounts and proper categorisation will enhance comparability and will enable comparison between Councils.</p> <p>Accepted</p>	<p>LGD carried out an assessment together with the IMU to introduce a common accounting software.</p> <hr/> <p>Following this assessment, the LGD will issue a tender for a common accounting software for all local councils.</p>	<p>Implemented</p> <hr/> <p>December 2023</p>
<p>In addition, discrepancies in the data maintained in different records are to be analysed and reconciled accordingly.</p> <p>Accepted</p>	<p>A new Finance and Procurement Compliance Directorate has been set up within the LGD.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>The LGD is conducting regular internal audit reviews specifically targeting processes and procedures aimed at strengthening internal controls.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>LGD started conducting meetings with ESs and the local councils' accountants to enquire on primary financial controls and provide remedial action, if necessary.</p>	<p>Implemented</p>
Compliance issue		
<p>Statutory documents not uploaded on the council's website</p> <p>LGD is to take a strict and decisive stance against those LCs that continuously fail to abide by pertinent regulations and guidelines.</p> <p>Accepted</p>	<p>The new collective agreement provides the LGD with the remit to decide on 5% out the 15% performance bonus applicable to ESs. Thus, the LGD will assess the performance of the ES in relation to defaulting local councils accordingly.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>The monitoring unit within the LGD is issuing a yearly report on defaulting ESs.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>A checklist on accounting procedures was provided to all local councils.</p>	<p>Implemented</p>

MHAL

Superintendence of Cultural Heritage – Personal emoluments

The Superintendence of Cultural Heritage (SCH) was established in 2002 by virtue of Article 7 of the Cultural Heritage Act (Cap 445). Its mission is to fulfil the State's duties to ensure the protection and accessibility of cultural heritage. The functions of the Superintendence include the compilation of a national inventory of cultural property, the surveillance of such property, authorising excavations, as well as advising and coordinating with the Planning Authority to safeguard cultural heritage when considering planning applications.

The National Audit Office (NAO) sought to assess the extent and adequacy of internal controls over salary payments effected by SCH during the year under review, and to ascertain compliance with standing regulations and policies.

Additional vacation leave granted to officers at the Superintendence of Cultural Heritage as compensation for overtime, was not according to standing regulations, while requests for overtime work were at times raised and approved after the work was actually performed.

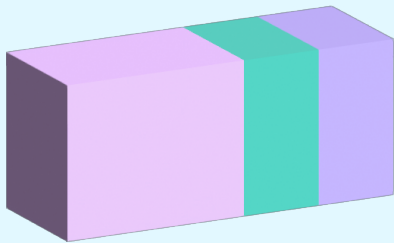
Follow-up action

To address the concerns raised by the NAO in relation to overtime, the SCH regularised the procedure in line with the PSMC. The SCH has also drawn up and circulated an overtime SOP, detailing inter alia the procedure for the approval of overtime and emergency overtime requests.

SCH is ensuring that a contract of employment for new employees and detailed employees is immediately prepared and signed by both parties. The payroll is being reviewed and verified by the SCH accountant, reconciled and certified correct, prior to effecting payment.

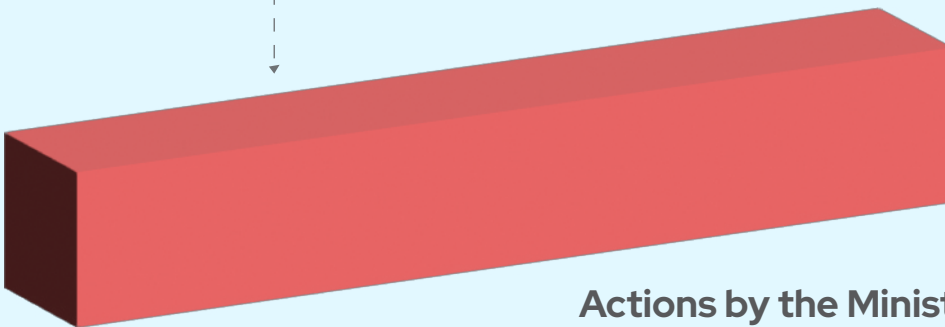
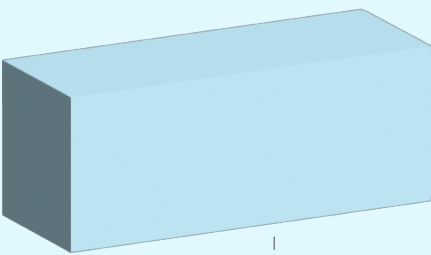
NAO issues by category: 4

- 2 Lack of compliance with policies and legislations
- 1 Inefficient operations
- 1 Lack of verification/enforcement



Recommendations by NAO: 4

- 4 Accepted



11 Implemented

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Additional vacation leave not in line with standing regulations</p> <p>Whilst rectifying the situation for previous years might not be viable, especially since officers who had benefitted from the additional vacation leave might no longer be employed with the Superintendence for Cultural Heritage (SCH), the entity is to regularise its position with immediate effect.</p> <p>Accepted</p>	<p>The SCH regularised the overtime procedure in line with the PSMC.</p> <hr/> <p>The payroll and HR systems have been automated so that any overtime carried out on a public holiday is always computed at double pay.</p> <hr/> <p>In view of the new Collective Agreement, SCH drafted and circulated an overtime SOP.</p> <hr/> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
<p>No agreement supporting salary paid</p> <p>An agreement is to be signed by both parties, clearly spelling out the applicable salary and the terms and conditions regulating the detailing of the officer with SCH.</p> <p>Accepted</p>	<p>Every detailed employee has a contract stipulating the working conditions and applicable salary, in line with the salary structure approved by Industrial Relations Unit (IRU) at OPM.</p> <hr/> <p>SCH is ensuring that a contract for new employees is prepared and signed by both parties within the first week of employment.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Incorrect allowance paid</p> <p>The rates and amounts payable to officers are to be thoroughly checked to ensure correctness in line with the applicable terms and conditions and minimise adjustments in subsequent pay periods.</p> <p>Accepted</p>	<p>To sustain the four-eye principle, the SCH accountant is reviewing the payroll in full before it is issued.</p> <hr/> <p>As an enhanced control, payroll files are being reconciled with payslips, and certified correct and approved, prior to effecting payments.</p> <hr/> <p>All payroll records are being audited monthly to ensure accuracy of records and to provide a reliable and adequate audit trail.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Requests for overtime raised after work was performed</p> <p>SCH is to refrain from paying for overtime unless it is duly authorised in advance.</p>	<p>In line with the new SOP, all overtime hours must be approved by the head of unit and the Director (Support Services) before overtime is carried out.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>The SOP includes a clause relating to emergency overtime requests.</p>	<p>Implemented</p>

General comments

SCH extended its full cooperation throughout the audit. Moreover, except for the issues highlighted in the write-up, controls in place were found to be adequate.





FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Festivals Malta - Expenditure		
<p>No standard operating procedures in place</p> <p>Festivals Malta (FM) will draw up and circulate SOPs detailing the formal administrative and operating processes and procedures for the organisation of each event, the setting of ticket prices, and the parameters for issuing complementary tickets.</p>	October 2022	<i>Implemented as planned</i>
<p>FM will draw up a risk register that will provide preventive controls and corrective actions.</p>	December 2022	<p><i>In progress</i></p> <p>FM is in the process of carrying out an internal study to finalise its risk register, including relevant preventive controls and corrective actions, following which a call for quotations will be issued for the drawing up of the register.</p> <p>Estimated date of implementation is December 2023.</p>
<p>Bypassing of public procurement regulations</p> <p>An internal procurement plan will be drawn up by the end of each year. This plan will be reviewed and updated as required throughout the year.</p>	October 2022	<i>Implemented as planned</i>
<p>Carnival event: Lack of substantiating documentation</p> <p>This standard mechanism will be included in an SOP and communicated to all staff concerned. Management will ensure compliance.</p>	October 2022	<p><i>In progress</i></p> <p>An SOP has been drafted and is being discussed with all pertinent stakeholders. As soon as the process is complete, the SOP will be approved and communicated with the staff and all those involved in the carnival event.</p> <p>Estimated date of implementation is March 2024.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>Carnival event: Shortcomings in the organisation of the Carnival event</p> <p>FM will be commissioning an architect to carry out site visits to rented warehouses to provide a commercial value of rent per square meter. All grants for rent will be worked out accordingly.</p>	January 2023	<p><i>Not yet implemented</i></p> <p>Due to changes in administration this exercise has fallen behind schedule.</p> <p>FM will be seeking the collaboration of an Architect from another Government entity to commence this exercise after Carnival 2024.</p> <p>Estimated date of implementation is June 2024.</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>	June 2024	<p><i>On target</i></p> <p>Construction of the Culture and Arts Complex project is estimated to commence by early 2024 subject to EU funds allocation from the present programme.</p>
<p>Statutory audit not carried out in a timely manner</p> <p>FM is committed to present financial statements for 2022 and subsequent years by the stipulated deadline.</p>	February 2023	<p><i>In progress</i></p> <p>The management accounts for 2022 have been prepared by our external accountants and have been forwarded to our external auditors. Financial statements will be finalised by the end of the year.</p>

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
Heritage Malta – Capital expenditure			
<p>Inventory records not adequate</p> <p>Stages one to five have been fully implemented. Stage six involves the transfer of asset records from the current system into the new Fixed Asset Register's System. In order to ensure completeness and accuracy of the Fixed Asset Register's System, HM is carrying out an exercise across all museums and sites to ensure a complete registration of all fixed assets in the new system.</p>	<p><i>In the process of being implemented</i></p> <p>Physical inventory of fixed assets across all HM museums and sites in Malta and Gozo is currently ongoing.</p> <p>This rigorous exercise is expected to be finalised by June 2023</p>	June 2023	<i>Implemented as planned</i>

GA Publication 2020

Pending action/s as on GA report 2020	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
Malta Libraries – Expenditure			
<p>Malta Libraries will be using the inventory (stocks) module.</p>	<p><i>Not yet implemented</i></p> <p>This action has not yet been fulfilled due to a delay in the recruitment of personnel.</p>	September 2022	<p><i>Not yet implemented</i></p> <p>The entity does not have sufficient human resources to cover this action. The request for new employees has been reiterated in the capacity-building exercise for 2024.</p> <p>Estimated date of implementation subject to the above, is September 2024.</p>







MINISTRY FOR TRANSPORT,
INFRASTRUCTURE AND
CAPITAL PROJECTS

MTIP

Transport Malta – Expenditure

Transport Malta (TM) is the Authority for transport in Malta, regulated by the Authority for Transport in Malta Act (Cap. 499). Through the Authority, Government seeks to promote and develop the transport sector in Malta by means of proper regulation and by the promotion and development of related services, businesses and other interests, both locally and internationally.

The scope of this audit was to assess the controls in place at TM in what relates to procurement and expenditure in general.

Amongst other shortcomings, the audit revealed that procurement regulations were often bypassed by Transport Malta and approvals were mainly sought internally from within the Authority itself notwithstanding the material amounts involved.

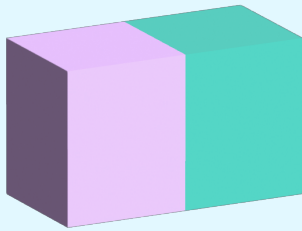
Follow-up action

Transport Malta have taken several actions to increase controls for procurement by drafting a procurement SOP, introducing a checklist that must be completed prior to any procurement approval, drawing up a procurement plan based on an annual budget and revising such plan during the year as necessary. Moreover, requests for quotes, calls for quotes, and calls for tenders are being approved by different levels of authority according to the respective thresholds in line with the PPR. TM's internal audit unit is assisting the organisation in improving the respective procurement department.

TM is committed to discuss large-scale projects with the Departments of Contracts to find the best suited procurement process. TM are formally drawing up cost estimates and documenting them for audit trail purposes. TM is ensuring that variations to contract terms are only being effected if justified and approved by the pertinent level of authority. TM is also checking and endorsing bills of quantities prior to processing the respective payments.

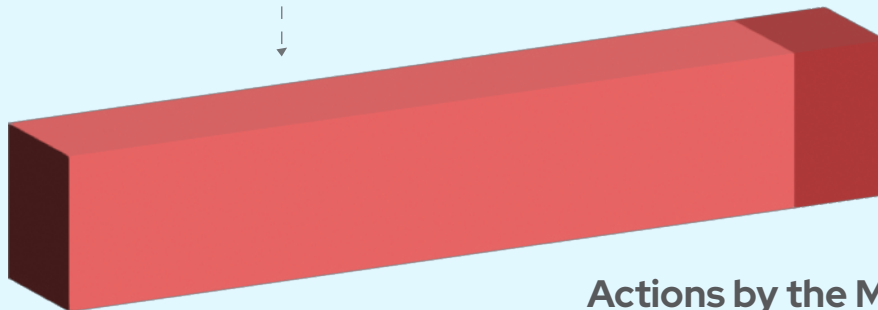
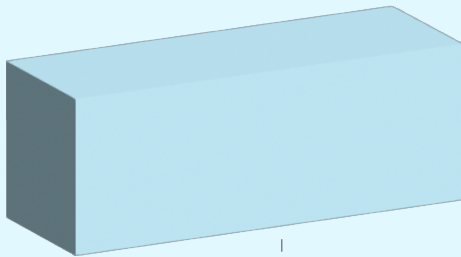
NAO issues by category: 2

- 1 Non-adherence to procurement procedures
- 1 Lack of verification/enforcement



Recommendations by NAO: 17

- 17 Accepted



Actions by the Ministry: 41

- 37 Implemented
- 4 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Weak controls in the procurement of goods and services</p> <p>Transport Malta (TM) is expected to put in place procedures in relation to procurement which are in line with the Public Procurement Regulation (PPR) and other underlying regulations. This would ensure that it reduces, as much as possible, its reliance on direct contracts, and instead seeks to obtain quotations from the open market or issue tenders through the normal accepted channels.</p>	<p>TM has drawn up an SOP detailing procurement procedure in line with the PPR. The SOP also includes a checklist that must be completed prior to approval.</p> <p>The SOP has been approved and communicated to all staff concerned.</p> <hr/> <p>The management is ensuring compliance.</p> <hr/> <p>TM is ensuring that, as far as possible, procurement is effected following a call for quotations or a call for tenders through the Electronic Public Procurement System (EPPS), in line with the PPR.</p> <hr/> <p>Adequate procurement planning is being carried out to ensure compliance with PPR.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Accepted</p>	<p>TM has drawn up a procurement plan based on an annual budget.</p> <hr/> <p>The procurement plan is updated and acted upon during the year as necessary.</p> <hr/> <p>TM is carrying out preliminary market research or market financial analysis as applicable in line with the procurement SOP.</p> <hr/> <p>Market research and analysis carried out are retained in the procurement file.</p> <hr/> <p>Requests for quotes, calls for quotes, and calls for tenders are approved by different levels of authority according to the respective thresholds in line with the PPR. As an additional safeguard, proposed tenders are reviewed by MTIP's Endorsement Committee, prior to forwarding for approval.</p> <hr/> <p>TM's Tendering Committee which includes the Chairman and two board members is exercising a role of oversight, including overseeing expenditure and ensuring that procurement is carried out with fairness, transparency, and accountability.</p> <hr/> <p>TM has an internal audit unit that assists the organisation to accomplish its objectives by evaluating and improving the effectiveness of governance, risk management and control.</p> <hr/> <p>Staff concerned are attending procurement-related training courses.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
	<p>TM are holding discussions with the pertinent authorities to engage the following additional staff:</p> <ul style="list-style-type: none"> • Internal auditors • Legal advisors • Risk manager • Procurement officers 	Implemented
	<p>TM will compile a list of vendors so that when the Agency requires quotations for services and/or supplies below the €5,000 threshold, such requests are made to all identified vendors.</p>	December 2023
<p>Issues of urgency also need to be addressed in line with the regulations. In such exceptional circumstances, approvals for direct order are to be sought from the Ministry for Finance and Employment (MFE) before any procurement is actually carried out. For larger projects, negotiated procedures may be considered in consultation with the Department of Contracts.</p>	<p>In cases of exceptional circumstances, management ensures that all approvals are obtained from the appropriate authorities in accordance with the PPR and the SOP.</p>	Ongoing
	<p>TM is committed to discuss large-scale projects with the Department of Contracts to identify the best procurement process to be adopted in line with the PPR.</p>	Ongoing
Accepted		
<p>Irregularities with contracts for service</p> <p>For fairness and transparency, a sound procurement process should be in place. This would also enable better visibility of the options available in the market, to get the best value for money.</p>	<p>TM has drawn up an SOP outlining the procurement procedures in line with the PPR. The SOP also includes a checklist that must be completed prior to approval.</p> <p>The SOP has been approved and communicated to all staff concerned.</p>	Implemented
Accepted	<p>Adequate procurement planning is being carried out to ensure compliance with PPR based on an annual budget.</p>	Ongoing
	<p>TM is carrying out preliminary market research or market financial analysis as applicable in line with the procurement SOP.</p>	Ongoing
	<p>Market research and analysis carried out are retained in the procurement file.</p>	Ongoing
	<p>TM's internal audit unit is assisting the organisation in improving the procurement department.</p>	Ongoing

Recommendations	Action taken/justification	Implemented or date by when
To this effect, TM is expected to issue a public call for tenders in line with PPR when procurement exceeds the applicable threshold.	TM is ensuring that, as far as possible, procurement is effected following a call for quotations or a call for tenders through the EPPS, in line with the PPR.	Ongoing
Accepted	A public call for tenders for the provision of clerical services has been issued and is being adjudicated.	Implemented
An agreement is subsequently to be entered into with the winning bidder who is also expected to provide a replacement for any absenteeism of the subcontracted employees.	The contract will be signed with the winning bidder once the tender has been adjudicated.	December 2023
Accepted	In accordance with the tender terms and conditions, payments will be effected on the basis of hours of service provided.	Implemented
	To ensure that absenteeism is being taken into account and that no overpayments are charged, invoices are checked against the palm reader system and verified accordingly.	Ongoing
Procurement concerns for cleaning works	Adequate procurement planning is being carried out to ensure compliance with PPR.	Ongoing
Sound planning has to be in place to ensure that the provisions of PPR are followed and a call for tenders or quotations is to be published as appropriate. This would ensure transparency and fair competition.	TM has drawn up a procurement plan based on an annual budget.	Implemented
Accepted	The procurement plan is updated and acted upon during the year as necessary.	Ongoing
Attempts to bypass the underlying regulations should in no way be allowed.	Management is ensuring that controls are in place so that procurement is not split, in accordance with the SOP and PPR. Management is ensuring compliance.	Ongoing
Accepted	Management has issued additional clear instructions to notify all officers concerned that splitting of procurement is against the PPR.	Implemented
Irregularities in the procurement of various works provided by a contractor	TM is committed to discuss large-scale projects with the Departments of Contracts to identify the best suited procurement process in line with the PPR.	Ongoing
NAO reiterates that TM is expected to adhere to the procurement regulations whenever large projects above the established thresholds are required.	TM has drawn up an SOP detailing full procurement processes in line with the PPR. The SOP has been approved and communicated to all staff concerned.	Implemented
Accepted	The management is ensuring compliance.	Ongoing
	TM will draft and circulate an SOP regarding contract management. Management will ensure compliance.	December 2023

Recommendations	Action taken/justification	Implemented or date by when
In case of urgent works, Finance approval is to be obtained beforehand in line with the regulations.	The management is ensuring that in cases of exceptional circumstances, prior approvals are obtained from the pertinent authorities, in line with the PPR and the SOP.	Ongoing
Accepted		
Furthermore, if it is so common that, in such cases, the actual amounts are higher than the amounts bid, a contingency is to be included at the procurement stage. This would ensure that, as far as possible, TM has full visibility of its costs before the contract is entered into.	Instructions on the procedures for estimating the contract value at procurement stage have been included as part of the procurement SOP.	Implemented
	TM is carrying out preliminary market research or market financial analysis as applicable in line with the procurement SOP.	Ongoing
Accepted	Market research and analysis carried out are retained in the procurement file.	Ongoing
	Cost estimates are being formally drawn up and documented for audit trail purposes.	Ongoing
	TM has improved its tender planning process by carrying out a proper needs identification exercise, including any contingencies which are being included in the tender document at procurement stage.	Ongoing
Any variations to the original bid still have to be duly justified and approved accordingly	In accordance with the SOP, variations to contract terms are only being effected if justified and approved by the pertinent level of authority.	Ongoing
Accepted		
TM is also to ensure that it has an adequate performance guarantee in place to safeguard its interests.	The procurement department is ensuring that performance guarantees are received with each contract.	Ongoing
Accepted	The Finance Department is monitoring performance guarantees. Before expiry the contract manager is contacted to verify if the guarantee should be extended or released.	Ongoing

Recommendations	Action taken/justification	Implemented or date by when
<p>TM is to ensure that the bills of quantities are signed and dated before the respective invoices are processed for payment.</p> <p>Accepted</p>	<p>Bills of quantities are being checked and endorsed prior to processing the respective payment.</p>	<p>Ongoing</p>
<p>Control issues</p>		
<p>Shortcomings in the procurement relating to the Malta Metro Exhibition</p> <p>PPR are to be invariably adhered to. In cases of urgency, once deciding to engage particular experienced contractors, procurement is expected to be made following a negotiated procedure.</p> <p>Accepted</p>	<p>The SOPs detail the procedure to be followed in exceptional circumstances, including cases of urgency.</p> <hr/> <p>TM is ensuring that prior entering into negotiated procedures, definite approvals are sought and obtained from the Department of Contracts (DoC).</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Procurement of number plates, licence discs and seafarer cards by direct order</p> <p>As also remarked by the Direct Orders Office in several correspondence, tendering procedures are to commence well in advance, in order to allow enough time for the normal process, as well as any potential delays, before stock is depleted. This will limit the purchases directly from the open market.</p> <p>Accepted</p>	<p>Adequate procurement planning is being carried out in order to ensure compliance with PPR.</p> <hr/> <p>TM has drawn up a procurement plan based on an annual budget.</p> <hr/> <p>The procurement plan is updated and acted upon throughout the year as necessary, including replenishing stock levels in time.</p> <hr/> <p>The procurement unit is monitoring contracts and liaising with the respective units to ensure that calls for tenders are issued on time before contracts expire.</p> <hr/> <p>TM is holding discussions with the pertinent authorities to engage additional procurement staff. The decision for additional staff has been approved by the TM's Board of Directors.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Lack of controls over payments made to Infrastructure Malta</p> <p>The contract with Infrastructure Malta is expected to be formally renewed to ensure that all the payments which are being made between the parties concerned are properly substantiated.</p>	<p>TM renewed the contract with Infrastructure Malta (IM).</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Copies of the underlying contracts that Infrastructure Malta enters into with the suppliers covering work requested by TM, are also to be filed by TM so that it is in a position to ascertain that the amounts claimed by Infrastructure Malta are in line with what was agreed upon.</p>	<p>December 2023</p>
<p>Accepted</p>	<p>An SOP detailing the vetting process of invoices and the filing procedure will be drawn up and circulated. The management will ensure compliance.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>TM is ensuring that fees charged by IM are backed by the supporting contracts.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>TM is retaining and filing copies of contracts to ensure a complete audit trail.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>TM is ensuring that checks are effected, and the required approvals are obtained prior to the processing of any payments.</p>	<p>Ongoing</p>





MINISTRY FOR PUBLIC WORKS AND PLANNING

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

MPWP

Public Works Department – Personal emoluments

Prior to 2022, the portfolio of the then Ministry for Transport, Infrastructure and Capital Projects also included the Public Works Department. The aim of the Ministry was to improve the quality of life of the people, by striving to enable the country to benefit from sustainable development, a revolution in infrastructure, innovative projects, efficient transport, and continuous evolution. Following the general election of 2022, a new Ministry was formed specifically to take responsibility of public works, construction and planning. To this effect, the Public Works Department fell under the new Ministry for Public Works and Planning (MPWP).

The scope of this audit was to ascertain the adequacy of the internal control system in place with respect to the payment of allowances and overtime of the Public Works Department. Verifications, as to whether payments effected were in line with applicable regulations and respective contracts, also formed part of the audit scope. In addition, the audit sought to ascertain that overtime payments were supported by the required documentation, including evidence of the necessary approvals and timesheets.

The audit carried out acknowledged MPWP's continuous effort to maintain up to date records. Nevertheless, some shortcomings, pertaining to certification of attendance sheets and overtime worked in excess of that approved, were noted.

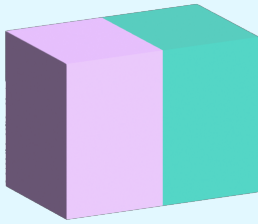
Follow-up action

To address the concerns raised by the NAO, the PWD drew up and circulated a memo and an SOP, detailing the full overtime procedure. The SOP states that all the overtime attendance sheets must be certified correct before these are processed for payment. The SOP also specifies that overtime payments will not be processed if the allocated amount of overtime hours and related funds are exceeded. To ensure that the overtime hours are not exceeded, the management and the salaries section are carrying out two-layer verifications.

NAO issues by category: 2

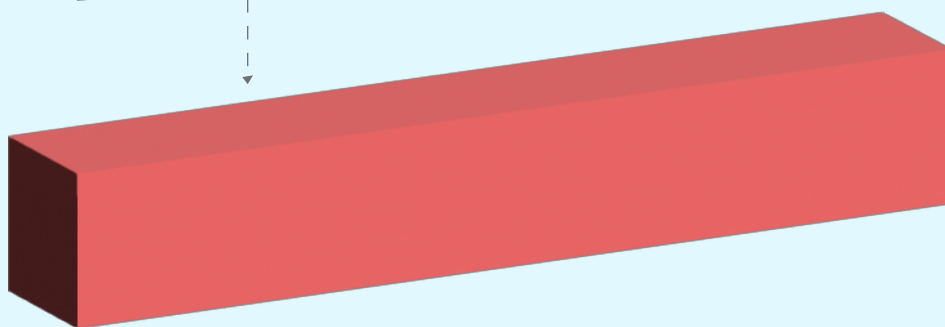
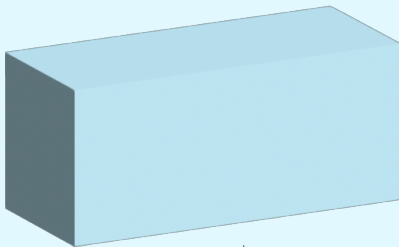
1
Lack of verification/
enforcement

1
Lack of compliance with
policies and legislation



Recommendations by NAO: 3

3
Accepted



Actions by the Ministry: 7

7
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Attendance sheets lacking certification</p> <p>Attendance sheets are to be signed and certified by the respective superior officer, evidencing that the necessary vetting has been undertaken.</p> <p>Accepted</p>	<p>All overtime attendance sheets are being certified correct by the employees' respective Director or Head before being processed for payment.</p> <hr/> <p>An internal memo was issued to the management detailing the revised overtime procedure.</p> <hr/> <p>The overtime procedure has been included in an SOP. The SOP has been communicated to all staff concerned.</p> <hr/> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Overtime worked exceeding preauthorised request</p> <p>Once overtime is preauthorised, the number of hours claimed, and the amounts paid should not be exceeded.</p> <p>Accepted</p>	<p>The salaries office is not processing the overtime return for payment if the funds allocated to a particular Overtime Request Form (ORF) are exceeded.</p> <p>In such cases, a new ORF for that specific month must be raised and approved, including a justification.</p>	<p>Ongoing</p>
<p>MPWP is to strive to take control over the actual overtime hours worked so as not to surpass the budget, unless justified and duly approved.</p> <p>Accepted</p>	<p>By means of the ORF, the salaries office computes and brings forward the remaining balance of overtime hours and allocated funds.</p> <hr/> <p>Senior management and the salaries office are carrying out two-layer verifications to ensure that overtime hours allocated are not exceeded.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>

General comment

Except for the shortcomings mentioned in this write-up, the NAO acknowledges the continuous effort made by MPWP to keep its records up to date, in particular regarding allowances and overtime approved and paid to the respective officers.







FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Ministry for Transport, Infrastructure and Capital Projects – Store items		
Insufficient security	December 2022	<i>Implemented</i>
A counter is to be installed in one of the stores at Mrieñhel Stores. A counter in the other store is not required due to the bulky material stored and, consequently, access by a forklifter would be hindered.		The counter was installed by end of April 2023.
MPWP will publish a tender for the procurement of a CCTV camera system at Kordin Stores.	December 2022	<i>Implemented</i>
		A call for quotations was issued in December 2022 and the CCTV system was operational by the beginning of January 2023.
MPWP is planning for the procurement of an intruder alarm system and fire detection system at both stores.	December 2022	<i>In progress</i>
		A call for tenders was published in September 2023.
		It is estimated that implementation is completed by the end of January 2024.
Inadequate storage facilities and upkeep	December 2024	<i>In progress</i>
Plans are in place so that the stores that are currently in containers at Kordin will be relocated.		A strategy for the provision of adequate office space, workshops and storage facilities at MSD Kordin is being drawn up.
A tender for the construction of a new store at Kordin is planned to be published.	March 2023	
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.	March 2024	The actions indicated will be implemented once the strategy is in place.
MPWP is compiling a document listing the material and quantities currently stored at the Mrieñhel Stores.	December 2022	<i>Implemented as planned</i>
Subsequently, all architects will be instructed to utilise material from the accumulated stock.	December 2022	<i>Implemented as planned</i>
		A memo to all architects was issued.

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
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Statutory stocktake not performed	February 2023	<i>Implemented as planned</i>
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MPWP is ensuring that monthly returns are compiled and that annual returns will be submitted to the NAO and the Treasury in accordance with the pertinent circular directives.

Management is ensuring that monthly reports are compiled, and annual returns are submitted to the NAO and the Treasury.

Energy Performance Certificates - Revenue

Limitations on scope of audit	December 2022	<i>Implemented in June 2023</i>
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The final review of Document 'F' is to be submitted to the EU Commission for approval.

The new document 'F' was sent to the EU Commission and was noted in June 2023.

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.

December 2022

In progress

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.

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.

Weak control environment	June 2023	<i>In progress</i>
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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.

June 2023

In progress

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.

A proposal has been drafted regarding the system to be introduced, and following approval at national level this may be implemented by June 2024.

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>A call for tenders for the procurement of an Enterprise Resource Planning System (ERP) is to be issued.</p>	<p>December 2022</p>	<p><i>In progress</i></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>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>June 2023</p>	<p><i>In progress</i></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>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>December 2022</p>	<p><i>In progress</i></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 triologue 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>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
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.	October 2023	<p><i>In progress</i></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>
A call for tenders is to be issued for the procurement of a Building Passport Information Repository.	December 2022	<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>New proposed implementation date December 2024.</p>
The BCA is to organise a course for interested parties who, upon successful completion, will qualify to perform energy performance assessments.	November 2022	<p><i>Implemented</i></p> <p>The course was carried out and completed in July 2023.</p> <p>A total of 153 professionals have attended and passed the relative examination for Energy Performance of Buildings Assessors.</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>	October 2023	<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>The implementation of this measure is expected in late 2023.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<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>October 2023</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>Proposed implementation date is December 2024.</p>
<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>October 2023</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> <p>New proposed implementation date is October 2024</p>
<p>No control on compliance vis-à-vis certificates required for rented property</p> <p>A legal notice under the BCA Act is to be introduced whereby the BCA can request information from the MTA.</p>	<p>December 2022</p>	<p><i>Implemented as planned</i></p> <p>The BCA Act states that the Authority can request any information from government entities.</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>December 2022</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> <p>New proposed implementation date is December 2024.</p>
<p>No formal agreement with the Notarial Council and commercial banks</p> <p>With a view to maximise compliance, the BCA is communicating with the Notarial Council to clarify and, if necessary, formally agree on the way forward and formulate an MoU with a view to introducing the EPC as a mandatory requirement for the registration of contracts of sale.</p>	<p>October 2022</p>	<p><i>Implemented</i></p> <p>The issue of an EPC is mandatory for the deed registration phase. In the circumstances, the BCA will request the public registry to supply a list of contracts without EPC in the coming months.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>The BCA proposed that a provision is included in the Central Bank of Malta Act, whereby a sanction letter is issued by a commercial bank leading to a purchase of a property or major renovation, only upon the presentation of a valid EPC.</p>	<p>March 2023</p>	<p><i>Implemented</i></p> <p>This measure has been implemented in view that this requirement is effectively self-regulated when banks request an EPC.</p>
<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>June 2023</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>Estimated date of implementation is December 2024.</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>June 2023</p>	<p>Segregation of duties will be incorporated in the ERP.</p> <p>New proposed implementation date is December 2024.</p>

GA Publication 2020

Pending action/s as on GA report 2020	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ 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><i>Not yet implemented</i></p> <p>Following the change in ministerial portfolios, an Administrative Order was issued by Director of Contracts on 2 June 2022, disengaging the entity from MFH's CPSU Schedule 2 category and procurement cycles and granting OHSA the status to operate as a Schedule 16 Contracting Authority.</p> <p>The final draft of the tender, drawn up in consultation with MITA and CPSU, is queued to be reviewed by SPD/DoC. Following the issue of the tender, the development of the project/ implementation is set for 18 months from the date of contract signature. The contract is expected to be signed in the beginning of 2023.</p> <p>In the meantime, as recommended by NAO, in collaboration with IMU-MFH, an interim solution was developed that has the recommended controls, including audit trail and user manual until the MIS is fully operational. This interim database has been live for the last two years.</p> <p>Estimated date of implementation is September 2024.</p>	<p>September 2024</p>	<p><i>In progress</i></p> <p>The contract was signed in May 2023, for an implementation (development) period of 18 months.</p> <p>Estimated full implementation date is December 2024.</p>







MINISTRY FOR SOCIAL POLICY AND CHILDREN'S RIGHTS

reported by the NAO as Ministry for Social Justice and Solidarity, the Family and Children's Rights

MSPC

Service Pensions Section – Debtors and creditors

The main responsibility of the Service Pensions Section includes the computation and issuing of the Treasury pensions and gratuities payable to those eligible Government employees who have been in continuous service since 15 January 1979. Another function within the remit of this Section is the collection of the cost sharing proportions of Treasury pensions from State entities and others which have been partially or fully sold to private enterprise.

The scope of this audit was to ensure that the amounts reported by the Service Pensions Section as due from Government-owned entities were recorded accordingly as payables by the latter. The identification of shortcomings and recommendations thereto are also meant to assist in making the necessary rectifications and get in line with accrual accounting.

The audit revealed that entities were not always being informed by the Service Pensions Section of their outstanding amounts as part of debtors' management and control procedures. At times, incorrect balances were forwarded. There were instances whereby actual balances shown by the Section and those claimed by third parties did not tally, and long outstanding debtors for which no provision was taken.

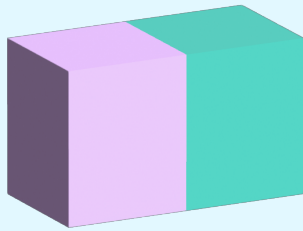
Follow-up action

MSPC has stepped its efforts in reaching an agreement with entities to forward their dues in accordance with the Pensions Ordinance (Cap 92), which states that entities have to contribute to the Government the difference between the pension and gratuity payable at the time of retirement and the pension and gratuity computed had the pensioner retired while still in Government service.

To this effect, the Department of Social Security is in continuous contact with the entities concerned. In cases where outstanding balances were not agreed upon, a re-calculation exercise was carried out. Subsequently, MSPC formalised payment plans with the entities concerned to recoup amounts due and is regularly monitoring progress.

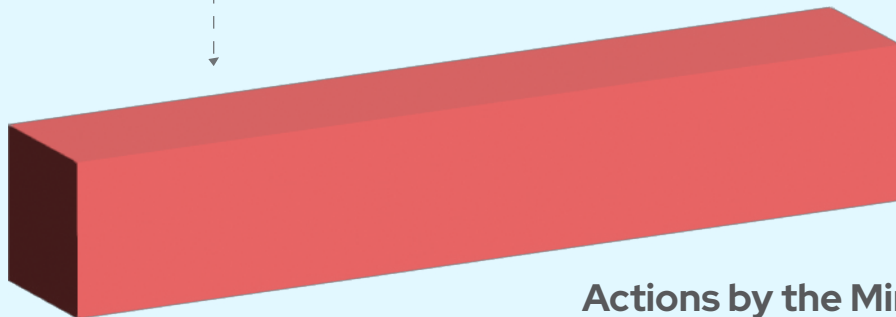
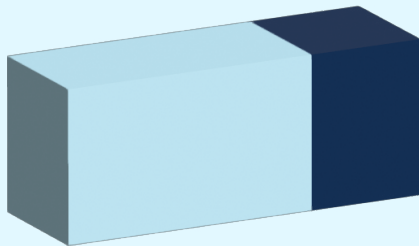
NAO issues by category: 2

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



Recommendations by NAO: 3

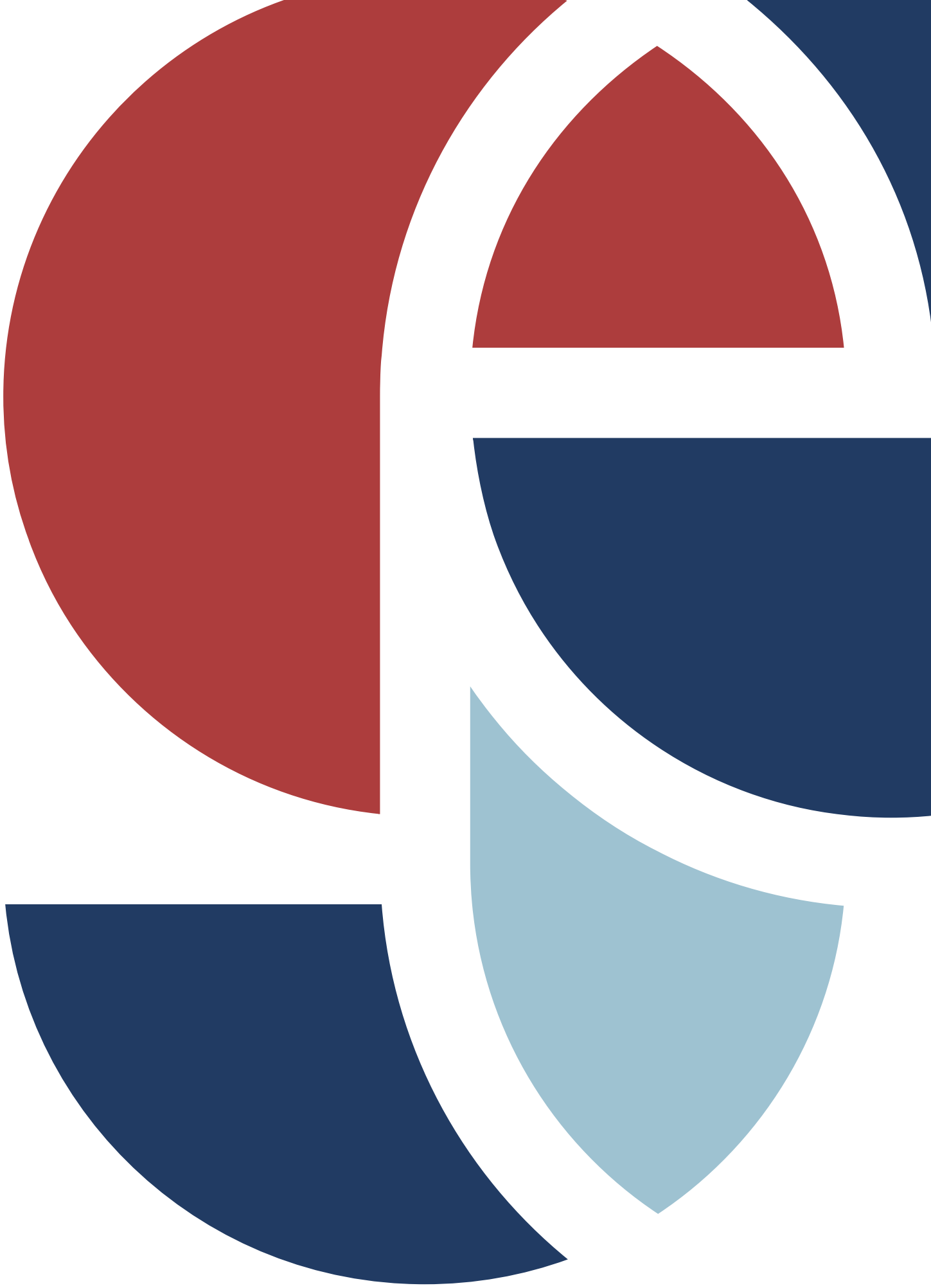
- 2 Accepted
- 1 Partially accepted



Actions by the Ministry: 6

6 Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Insufficient monitoring to collect dues</p> <p>Balances are to be followed up on a periodical basis, until the amounts due are collected. To this effect, Management is also to review its records for any long outstanding amounts to establish the likelihood of collectability and take an adequate provision for amounts estimated as not collectable.</p> <p>Accepted</p>	<p>Each year, MSPC is carrying out an exercise, requesting entities with outstanding balances to verify balances as at December of the previous year.</p> <p>Where balances matched, meetings were held with the entity concerned and a payment plan was established to collect amounts due. In the meantime, a second notice was issued to those entities that did not reply to the first notice.</p> <p>MSPC held meetings with entities that disagreed with the outstanding balances indicated, and a re-calculation exercise was carried out and a payment plan was established.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>If deemed necessary, this issue is to be discussed with the Ministry for Finance and Employment (MFE) to ensure that the service pensions payable are covered by the budget allocated to the respective Government departments and entities and paid accordingly.</p> <p>Partially accepted</p>	<p>MSPC has intensified its efforts in coming to an agreement with entities to persuade them to forward their dues in accordance with the Pensions Ordinance (Cap 92), which states that entities have to contribute to the Government the difference between the pension and gratuity payable at the time of retirement and the pension and gratuity computed had the pensioner retired while still in Government service.</p>	<p>Implemented</p>
Control issue		
<p>Debtors' year-end balances not in agreement with third party confirmation</p> <p>A regular reconciliation is to be carried out to ensure completeness and accuracy of the related figures.</p> <p>Accepted</p>	<p>A reconciliation exercise on balances due by each entity is being carried out once a year.</p> <p>MSPC has sent reminders to those entities who did not confirm or otherwise the amounts due, informing them that if no feedback is sent within the stipulated timeframe it would mean that they were in agreement with MSPC's calculations and a payment plan would be drawn up accordingly.</p>	<p>Ongoing</p> <p>Implemented</p>



MSPC

Short-term benefits – expenditure

The Department of Social Security (DSS) is responsible for the administration of short-term benefits which comprise the following categories:

- Sickness benefit
- Injury benefit
- Unemployment benefit
- Special unemployment benefit
- Marriage grant
- Maternity benefit
- Disablement gratuity
- Parent benefit (COVID-19)

The National Audit Office (NAO) selected two of the most material categories for verification, namely sickness and injury benefits, which together accounted for more than 50% of the total expenditure on short-term benefits during 2021.

The scope of this audit was to determine whether adequate internal control procedures were embedded in the administration system from the assessment of eligibility to sickness and injury benefits, up to the respective payment. Furthermore, the audit assessed whether these benefits were processed in accordance with the provisions laid out in the Act. The NAO also reviewed the most material overpayments created in 2021 under these two categories to identify any areas of concern.

The audit revealed internal control weaknesses over sickness benefit payments which led to a number of overpayments.

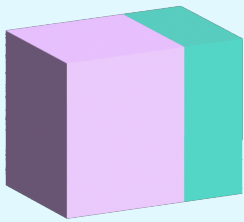
Follow-up action

The Department of Social Security (DSS) coordinated with MITA to solve technical issues in the automated system to avoid the recurrence of errors in payments. Moreover, the management established formal guidelines delineating the process of computing short-term benefits. These guidelines have been clearly explained and disseminated to all officers concerned. The DSS has also strengthened its internal controls by carrying out regular checks on payment reports and any errors detected are immediately acted upon. Furthermore, MSPC is ensuring that proper hands-on training is delivered to new employees.

NAO issues by category: 3

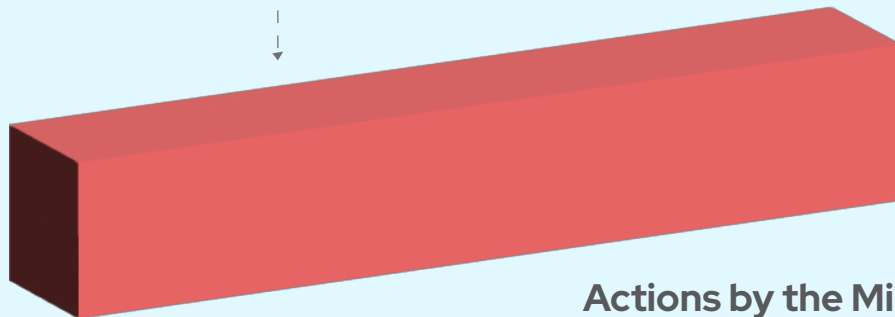
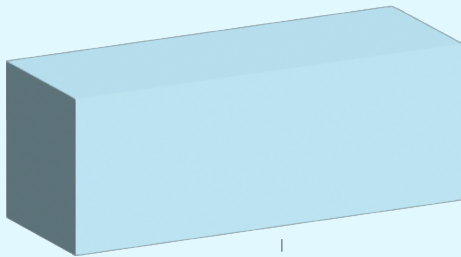
2
Inefficient operations

1
Lack of verification/
enforcement



Recommendations by NAO: 3

5
Accepted



Actions by the Ministry: 13

13
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
Weak internal controls resulting in sickness benefit overpayments	MSPC has carried a review of its processes to identify risks and establish measures to mitigate them.	Implemented
DSS is expected to review its processes in order to identify the risks and establish possible mitigation measures.	Following this review, processes have been adapted. Weekly and monthly checks are being carried out on short-term benefits to mitigate risks.	Implemented
Accepted	MSPC has drawn up and circulated an SOP, detailing the procedure to be followed by officers responsible for the computations of short-term benefits.	Implemented
	Management is ensuring adherence to the SOP.	Ongoing
The possibility of automating internal controls through inbuilt processes needs to be discussed with the system administrators, to prevent similar occurrences.	DSS liaised with MITA to address specific technical issues identified in the system. Enhancements to the system have addressed the issues identified.	Implemented
Accepted		
Control issues		
Concerns arising from overpayments created by the department	MITA has carried out the necessary enhancements to address a lacuna in the system. User acceptance testing on the system has also been performed to ensure that no such errors recur.	Implemented
The Department is to investigate the primary cause of these errors to enable corrective action.	In an effort to improve its internal controls, DSS is carrying out random checks on payment reports which are generated weekly in order to pinpoint errors at an early stage and take immediate corrective action.	Ongoing
Moreover, besides ensuring that the necessary internal controls are in place, adequate training is to be provided to personnel to ensure that officers are made aware of the implications triggered by incorrect payments.	MSPC is ensuring that inhouse hands-on training on the system is given to all new recruits.	Implemented
Accepted	A forum was held with the employees concerned, where the Management made them aware of the reasons leading to incorrect payments and the consequences of such errors. The Management also took note of the employees' comments and suggestions when compiling the SOPs.	Implemented

Recommendations	Action taken/justification	Implemented or date by when
<p>Medical certificates not provided for verification</p> <p>Management is to ensure that every sickness benefit is supported by a medical certificate.</p> <p>Accepted</p>	<p>MSPC maintained that every sickness benefit is supported by a medical certificate except in cases where a medical panel decides that sickness benefit is to continue for a specific period. In such circumstances, the claimant is not required to submit medical certificates to cover the period extended by the medical panel.</p> <hr/> <p>Medical certificates are being submitted either physically to one of the Servizz.gov hubs, by post, or uploaded electronically by claimants on the DSS website.</p> <hr/> <p>DSS has introduced a document repository where medical certificates are electronically stored, considerably decreasing the risk of misplacement.</p> <hr/> <p>DSS is ensuring that no payments are effected unless medical certificates have been keyed in by a DSS officer and verified by another officer. Following verification by applying the four-eye principle, medical certificates are filed according to the date of verification.</p> <hr/> <p>The above procedure is documented in the SOP and has been disseminated to all employees concerned.</p>	<p></p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

MSPC

Widows' pension – Expenditure

The Department of Social Security (DSS) is responsible for the administration of the Widows' Pensions (WP) which is paid every four weeks in advance following the spouse or partner's date of demise. The following are the categories of WP:

- Early Survivors Retirement Pension – awarded to a widow whose husband would have been entitled to a two-thirds pension under the Social Security Act (Cap. 318) at the time of death.
- Survivors Retirement Pension – Granted to a widow whose husband was already in receipt of the aforementioned two-thirds pension at the time of death.
- National Minimum Widows' Pension – Widows whose spouse was already in receipt of a retirement pension, other than a two-thirds pension at the time of death.
- Widows' Pension – Despite bearing the same name, this category is paid to widows who are also entitled to a Service Pension in their own right.

The process for the payment of a contributory WP is automatically initiated by DSS upon the registration of the death of a spouse or partner. The Department sends a notification letter to the prospective pensioner, also requesting any missing details necessary for the award of this pension.

The scope of this audit was to determine whether adequate internal control procedures were embedded in the WP administration system, from the assessment of eligibility, up to the respective payment. The National Audit Office (NAO) assessed whether these benefits were processed in accordance with the provisions laid out in the Act.

The audit revealed that there were no standard operating procedures for the calculation of the Widows' Pensions. Concerns of overpayments arising following the pensioners' admission to state-financed residential care were also noted.

Follow-up action

In 2022, a total of 54,610 reassessments of pensions were carried out, including Widows' Pensions. DSS are carrying out re-assessment of pensions every three years.

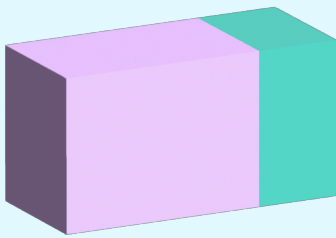
To standardise and enhance its working methods, the management has formalised and disseminated to all officers concerned a set of SOPs on the assessment of different categories of WP.

Pension computations are accessible in the digitised System for the Administration of Social Benefits (SABS), ensuring a complete audit trail.

To reduce overpayments to pensioners who are admitted to state-financed residential care, a provisional deduction rate is applied immediately upon receiving information with details of persons who had been admitted to the residential home.

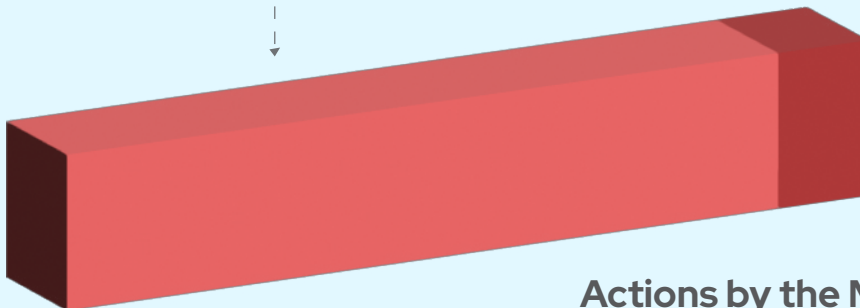
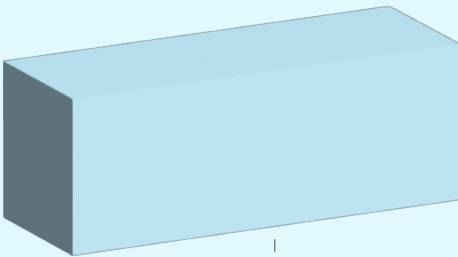
NAO issues by category: 4

- 3 Inefficient operations
- 1 Lack of verification/enforcement



Recommendations by NAO: 5

- 5 Accepted



Actions by the Ministry: 14

- 12 Implemented
- 2 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Inconclusive evidence regarding annual reassessments</p> <p>Whilst NAO acknowledges that, in view of the circumstances, the Department may not be in a position to reassess all widow pensioners on an annual basis, Management is to maintain its recent efforts in the performance of this exercise. In this regard, a formal plan, which ascertains that all pensioners are reassessed periodically, is to be devised and implemented. This will ensure that pensioners are awarded the correct rate, as applicable, whilst avoiding the creation of substantial adjustments at a later stage.</p> <p>Accepted</p>	<p>Every three years DSS carries out a reassessment of all pensions, including the widows' pensions.</p> <p>In 2022, DSS carried out 54,610 reassessments.</p> <hr/> <p>The Management has drawn up an SOP, defining the procedure of reassessments and their documenting in the pertinent information system. The SOP has been communicated to all staff at the Pensions Section.</p> <hr/> <p>Management is ensuring adherence to the SOP.</p> <hr/> <p>As from 2024, the annual cost of living allowance (COLA) reassessment and other reassessments relating to collective agreements will be replaced by one annual reassessment by way of the 70/30 mechanism for persons born on or after 1 January 1962. This change was enacted in 2006 by virtue of the pension reform legal amendments carried out to the Social Security Act.</p> <hr/> <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>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>January 2024</p> <hr/> <p>January 2025</p>
<p>Absence of Standard Operating Procedures</p> <p>Management is encouraged to set comprehensive standard operating procedures, which serve as a step-by-step guide in the administration and management of the different categories of widows' pensions. This will ensure the adoption of a fair and uniform approach, as well as compliance with pertinent regulations, whilst preventing the risk of losing knowledge gained by experienced DSS employees along the years, upon their retirement or termination.</p> <p>Accepted</p>	<p>The management has drawn up SOPs, detailing the procedures for the different categories of widows' pensions. The SOPs have been communicated to all staff concerned.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Concerns arising upon admission to state-financed residential care</p> <p>DSS is to liaise with AACC in order to enhance the respective communication channels and find alternative ways to minimise the delays in the issue of the correct pension deduction. In the meantime, provisional deduction rates are to be invariably applied to reduce the extent of overpayments.</p> <p>Management is encouraged to find ways how to minimise errors and inconsistencies.</p> <p>Accepted</p>	<p>DSS apply a provisional deduction rate immediately upon being notified, on a weekly basis by AACC and SVPR, with details of persons who were admitted to the residential home during that particular week. This practice has been ongoing for several years.</p> <hr/> <p>The final deduction rate is calculated on the total income of the residents. The application of the final deduction rate depends on when this information reaches DSS. Action by DSS is usually concluded within four weeks from the receipt of information.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Undocumented pensions computations</p> <p>Detailed workings of pension rates awarded are to be maintained in the respective pensioner's files for ease of reference and audit trail purposes.</p> <p>Accepted</p>	<p>All workings related to pension rates awarded can be retrieved from the System for the Administration of Social Benefits (SABS), thus guaranteeing a complete audit trail.</p> <p>Thus, a printed version of the computations is not being filed, in line with the DSS paperless policy.</p> <hr/> <p>As from July 2021, the DSS adopted a system to retain all new pension files in a digital format.</p> <hr/> <p>The management is also carrying out an exercise to scan existing paper-based files and these are being stored virtually.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
Compliance issue		
<p>Substantial underpayment</p> <p>Every effort is to be made to ensure that the necessary internal controls are in place to prevent similar occurrences.</p> <p>Accepted</p>	<p>Internal controls have been strengthened through the enhancements carried out on the SABS.</p> <hr/> <p>The management has drawn up an SOP, delineating the process of assessing widows' pensions. The SOP has been disseminated to all staff concerned.</p> <hr/> <p>The management at the Pensions Section is ensuring adherence to the SOP.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>





FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Service Pension - Expenditure		
<p>Questionable eligibility of service pension</p> <p>A few months after the new Service Pension (SP) system has been functional, DSS intends to draw up SOPs setting out clear guidelines in the administration and management of SP.</p>	February 2023	<p><i>All pending actions are in the process of being implemented</i></p> <p>Due to data migration difficulties, the new Service Pension system has not yet been implemented.</p>
<p>Overpayments in pensions recorded on SABS</p> <p>A few months after the new SP system has been functional, DSS intends to draw up SOPs setting out clear guidelines in the administration and management of SP.</p>	February 2023	<p>It is envisaged that the new system will be implemented shortly after a parallel payment process is done to ensure the smooth transition from one system to the other.</p> <p>Estimated date of full implementation of the Service Pension system is June 2024.</p>
<p>Insufficient verification of applications</p> <p>The GP61 will be updated to include reference to article 5(2) of the Pensions Ordinance regarding guilt of misconduct, after consultation with HR personnel from stakeholder departments.</p>	October 2022	
<p>After the new system is tried and tested, an analysis will be carried out regarding enhancements required.</p>	October 2022	
<p>Subsequently, DSS will start discussions with the relevant stakeholders to carry out the enhancements required including electronic documentation.</p>	February 2023	<p><i>Implemented in August 2023</i></p> <p>The final pre-implementation discussions with Government departments and disciplined forces has been submitted in August 2023, for queries and comments from all stakeholders, prior to the development process.</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>	February 2023	<p><i>Not yet implemented</i></p> <p>Estimated date of implementation is September 2024</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Aġenzija għall-Farsien tat-Tfal – Personal emoluments		
<p>Daily duties not recorded for audit trail purposes</p> <p>A module is being added to the electronic payroll system to enable the digital handling and recording of all vacation leave requests and approvals, as well as sick leave.</p>	December 2022	<p><i>In progress</i></p> <p>The electronic payroll system has been enhanced. Currently the system is being customised to suit the Agency's specific requirements, in view of the size of the entity and the irregular working hours.</p> <p>The estimated date of full implementation is June 2024.</p>
<p>Following the digitalisation of vacation and sick leave records, FSWS will gradually introduce the electronic attendance system in its departments.</p>	December 2023	<p><i>Not yet implemented</i></p> <p>Following the completion of the above exercise, another exercise will commence to switch from manual attendance sheets to the electronic system.</p> <p>Estimated date of full implementation is December 2025.</p>
<p>Documented processes not comprehensive</p> <p>FSWS plans to centralise all payroll functions under the responsibility of the Finance and Accounts Department.</p>	December 2023	<p><i>Implemented</i></p> <p>All payroll functions have been assigned to the Finance and Accounts Department.</p>
<p>Overtime operating effectiveness</p> <p>FSWS plans to adopt electronic documenting of overtime requests and approvals.</p>	October 2023	<p><i>In progress</i></p> <p>Following the completion of the customisation of the payroll system, another exercise will commence to switch the manual attendance sheets to the electronic system.</p> <p>FSWS has also updated its overtime policy to cover exceptional circumstances where ad hoc overtime is necessary. In such circumstances, written approval may be obtained through other means of communication, such as electronic messages.</p> <p>Estimated date of full implementation December 2025.</p>

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
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><i>In the process of being implemented</i></p> <p>Following meetings with MITA, MSPC was informed that owing to the implementation of Covid-19 benefits, ongoing budget measures and an overloaded scheduled programme of works, this enhancement had to be postponed.</p> <p>Estimated date of implementation is December 2022.</p>	<p>December 2022</p>	<p><i>Not yet implemented</i></p> <p>Due to the change in the billing system by ARMS Ltd during year 2022, MITA had to postpone this enhancement.</p> <p>As a result, the scheduling of item 'Bills view for Charitable Organisations' has been affected and is currently on hold due to backlog.</p> <p>Estimated date of implementation is December 2024.</p>
Aġenzija għall-Farsien 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><i>In the process of being implemented</i></p> <p>The issue is being discussed holistically with MFE, with the aim of reducing the recurring cost of Supervised Access Visits (SAVs). This would entail the enactment of legal amendments by the Ministry for Justice.</p> <p>Expected date of implementation is December 2023.</p>	<p>December 2023</p>	<p>SAVs procedures state that the first four hours ordered by Court are given for free. Due to current work practices, the billing system does not apply at the moment.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
<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><i>In the process of being implemented</i></p> <p>Additional modules are being added to the system on a unit-by-unit basis.</p> <p>Estimated date of implementation is December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>The electronic payroll system has been enhanced, but given the size of the entity and the irregular working hours and the fact that the Agency must customise its payroll system to suit their needs.</p> <p>The estimated time of full implementation is June 2024.</p> <p>Following the completion of the above exercise, another exercise will commence to switch from manual attendance sheets to the electronic system.</p> <p>Estimated date of full implementation December 2025.</p>





MINISTRY FOR JUSTICE

reported by the NAO as Ministry for Justice, Equality and Governance

MFJ

Court Services Agency – Court fees

The administrative responsibility of the Court Services Agency (CSA), established in August 2019, was placed on the Chief Executive Officer (CEO). Besides the Administration Section, the Agency comprises of three sections Registrars, namely the Civil Courts and Tribunals, the Criminal Courts and Tribunals, and the Gozo Courts and Tribunals. It caters for all civil and criminal proceedings. The Registrars of the Courts are responsible for the registries and the officers attached to them, the filing and service of judicial acts, registration of sitting minutes, execution of executive titles, warrants through Court appointed marshals, judicial sales by auction, trials by jury and other criminal Court procedures.

The main scope of the audit was to verify that there were the necessary internal controls over chargeable amounts and that the collection of revenue from fees was being maximised.

The audit revealed that the CSA encountered difficulties in recouping outstanding court fees, resulting in limited debt collection of amounts falling in arrears. Moreover, collection efforts were lacking at the Gozo Law Courts, with only an immaterial amount having been settled during the year under review.

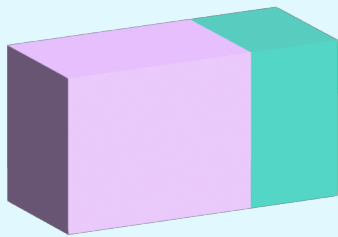
Follow-up action

In its attempt to improve its debt collection process, the CSA formalised an SOP for the collection of registry fees of up to fifty euro (€50). This procedure is being applied by the revenue section of the CSA both in Malta and Gozo. A new procedure has also been implemented to recoup amounts of a higher value.

CSA has reported significant improvement with regard to the collection of registry fees by Gozo Law Courts, following the appointment of an Assistant Registrar for Gozo Law Courts. Moreover, internal discussions are ongoing with the objective of recouping outstanding fees more effectively.

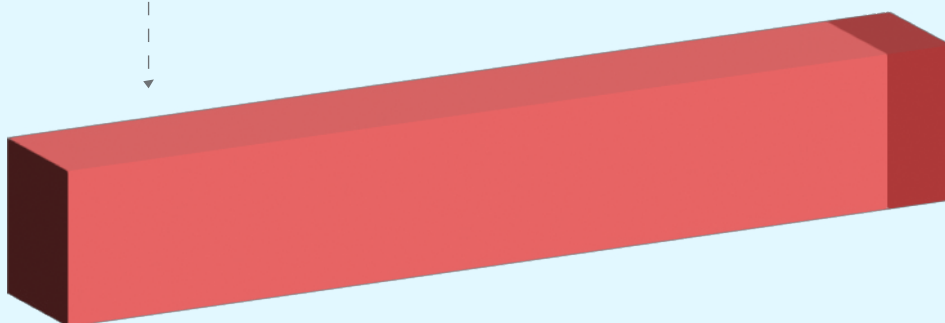
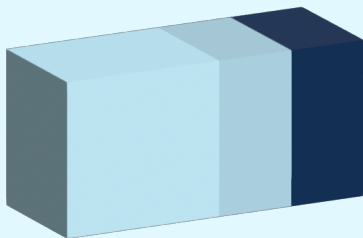
NAO issues by category: 4

3 Inefficient operations 1 Lack of verification/enforcement



Recommendations by NAO: 5

3 Accepted 1 Partially accepted 1 Not accepted



Actions by the Ministry: 16

15 Implemented 1 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Limited collection of outstanding fees</p> <p>Whilst this Office acknowledges the difficulties encountered by the Court Services Agency (CSA) in order to recoup outstanding fees, the latter is to continue its effort in improving its debt collection process, ensuring that the collection of fees is maximised.</p>	<p>In case of deceased defaulters, CSA follows an official legal procedure where searches in the public registry are carried out for a <i>causa mortis</i> to identify the heirs of the deceased. Subsequently, a judicial letter is sent to them and in default of payment an executive warrant is filed.</p>	Ongoing
<p>Accepted</p>	<p>With regard to foreign nationals leaving the island, CSA sends a judicial act to the debtor's foreign address. However, in absence of an overseas address no further action can be taken to serve the judicial letter. The fees are civil debts and not even the police could intervene to trace the debtor.</p>	Ongoing
	<p>CSA has established an SOP for the collection of registry fees, providing guidelines to employees working at the revenue section both in Malta and Gozo, in respect of collection of registry fees due up to fifty euros (€50).</p>	Implemented
	<p>The SOP has been disseminated to all the officers concerned.</p>	Implemented
	<p>Management is ensuring compliance</p>	Ongoing
	<p>Internal discussions are being held to improve the procedure of recouping outstanding fees.</p>	December 2023

Recommendations	Action taken/justification	Implemented or date by when
<p>Lack of collection effort by Gozo Law Courts</p> <p>Whilst acknowledging that action has been taken to improve the debt collection, it is recommended that prior to incurring extra charges in pursuing fees, one checks whether the costs outweigh the respective benefits and also ensures that an adequate provision is taken accordingly.</p> <p>Accepted</p>	<p>CSA recruited an Assistant Registrar who was posted at the Gozo Law Courts.</p> <hr/> <p>A new debt collection process has been implemented as follows:</p> <ul style="list-style-type: none"> • A notice of payment is sent within 20 days of delivery of judgement. • After 20 days following the first notice, a final notice of payment is sent. • After 60 days from the final notice, a judicial letter is filed against the debtor. • Notices of payment and judicial letters are followed upon regularly. • A proper database is being maintained, which includes the details of notices of payment, judicial letters, payments of court fees, and any other related data. <hr/> <p>Regarding dues of €50 or less, Gozo Courts adopted the same procedure as that followed by the Maltese Law Courts, issuing only a notice for payment in terms of the SOP issued in May 2022.</p> <hr/> <p>CSA is ensuring that these procedures are monitored by the Assistant Registrar (Gozo Courts) and that these are being adhered to by all officers concerned.</p> <hr/> <p>CSA confirms that with regard to pending Gozo Court registry fees, as from January 2023:</p> <ul style="list-style-type: none"> • 395 notices of payment were sent • 46 judicial letters were filed • Whilst in 2021 collection of dues stood at 0.19%, as from January 2023, the amount of €55,520.41 has been collected (17.91%). 	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Official documents not retained</p> <p>For the sake of a proper internal control as well as audit trail, the bill of costs retained at CSA is to be duly signed by the Tax Section and countersigned by the Deputy Registrar.</p> <p>Partially accepted</p>	<p>The date when the official bill of tax is countersigned by the Deputy Registrar triggers the one-month timeframe for the parties to the case, or their lawyers, to contest the bill of tax in terms of article 64(1) of Chapter 12 of the Laws of Malta.</p> <p>Thus, the bill of tax cannot be signed by the Deputy Registrar as soon as it is drawn up, but only when it is sent to the parties to the case, upon their request.</p> <hr/> <p>CSA has drawn up an SOP, delineating the procedure to be followed by employees at the Taxation Section both in Malta and Gozo Courts, when issuing an official bill of costs following the closure of a court case.</p> <hr/> <p>The SOP has been approved and disseminated to all officers concerned.</p> <hr/> <p>Management is ensuring compliance.</p> <hr/> <p>An informal copy of the tax bill of costs in pdf format is being uploaded in the IT system.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<p>Insufficient checking</p> <p>It is advisable to check the respective bills prior to countersigning. Controls are also to be enhanced through independent reconciliations in order to mitigate the risk of errors and abuse.</p> <p>Not accepted</p>	<p>Upon termination of a civil court case, registry fees and legal fees (lawyer and legal procurator fees) are taxed by the Deputy Registrar in terms of the respective tariffs in terms of the annex to the Code of Organisation and Civil Procedure (Chapter 12 of the Law of Malta).</p> <p>Subsequently the bill of cost is compiled by employees at the Taxation Section. The bill of cost consists of all the fees that the party losing the case is to pay to the other party. Both parties to the case have a right to request an official bill of cost which is signed by the Deputy Registrar. If any of the parties is in disagreement with the bill of cost, in terms of article 64 of the Chapter 12, they have a right to contest that bill of cost within one month from the date of issue, before the Court by instituting a case against the Registrar of Courts.</p> <p>The Court reviews the bill of cost if any of the parties is in disagreement. Thus, the workings of the Deputy Registrar are scrutinised by a Court of Law and the Court can confirm the bill of cost or else can order the Registrar of Courts to amend it if necessary.</p>	

Recommendations	Action taken/justification	Implemented or date by when
<p>Decision not substantiated and regulated</p> <p>The materiality threshold is to be established following an exercise, whereby the expenses are weighed against the respective benefits. Moreover, decisions not to pursue with a judicial letter to recoup amounts under the established threshold is to be regulated through a formal policy.</p> <p>Accepted</p>	<p>Following a cost benefit analysis and internal discussions, the CSA issued an internal policy, establishing a materiality threshold of €50.</p> <p>A notice of payment is sent to the debtor by the Revenue Section. In default of payment, judicial letters are not sent in such cases, since the costs outweigh the benefits. However, a notice of payment is sent every three months.</p>	<p>Implemented</p>





FOLLOW-UP ON
PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Ministry for Justice, Culture and Local Government – Personal emoluments		
<p>Undated documentation</p> <p>Internal discussions are being held regarding an audit plan to address allowances and overtime in entities falling within the remit of the Ministry for Justice (MFJ).</p>	<p>March 2023</p>	<p><i>Implemented as planned</i></p> <p>During 2023, audits by NAO on these same areas have been carried out on MFJ entities and will continue even in 2024.</p>









MINISTRY FOR
AGRICULTURE, FISHERIES,
AND ANIMAL RIGHTS

reported by the NAO as Ministry for Agriculture, Fisheries, Food and Animal Rights

MAFA

Ministry for Agriculture, Fisheries, Food and Animal Rights – Personal emoluments

The Ministry for Agriculture, Fisheries, Food and Animal Rights has a vast portfolio, comprising of five Departments: Rural Affairs, Fisheries and Aquaculture, Animal Health and Welfare, Public Abattoir, as well as the Agriculture and Rural Payments Agency. This audit covered overtime and allowances of two cost centres, namely the Rural Affairs Department and the Office of the Permanent Secretary.

The scope of this audit was to assess whether adequate controls were in place when approving the allowances, and that overtime was duly approved, attendance records were checked for accuracy in line with the applicable regulations and agreements before the respective payments were effected.

Proper verification on the allowances and overtime was not always being performed by the Ministry for Agriculture, Fisheries, Food and Animal Rights before the respective payments were made.

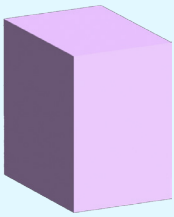
Follow-up action

To address the issues highlighted by the NAO, MAFA is committed to abide by the procedures and timeframes in place when forwarding overtime sheets for payment. The ministry has also enhanced its internal controls by adopting a system to carry out risk-based checks for every pay run. The Ministry has also signed a Service Level Agreement (SLA) with the Ministry for Gozo – Gozo Salaries and drawn up a Standard Operating Procedure (SOP) regarding the checking of payroll.

An exercise was carried out to recoup any overpayments made.

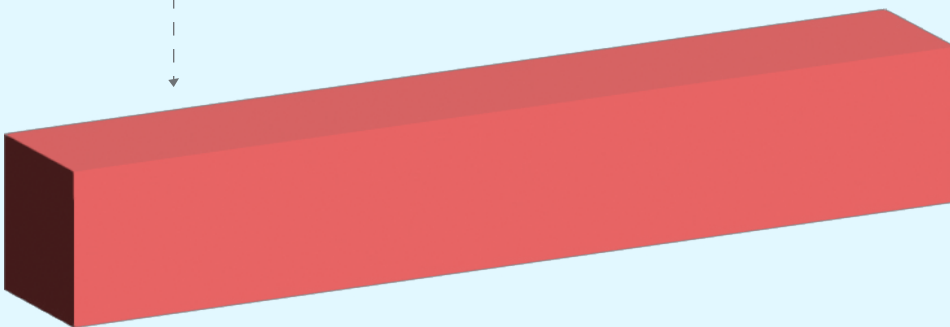
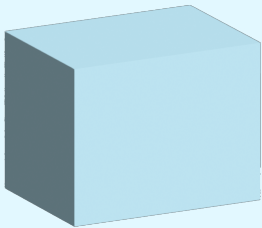
NAO issues by category: 1

1
Lack of verification/
enforcement



Recommendations by NAO: 3

3
Accepted



Actions by the Ministry: 12

12
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Inaccuracies in allowances paid</p> <p>In these cases, the discrepancies were not deemed material. However, when there is manual intervention, it is important that changes are checked independently to ensure accuracy; otherwise, errors may pass by unnoticed.</p> <p>Accepted</p>	<p>A system has been introduced to carry out checks for each payroll. The four-eye principle is being applied since an officer from the DCS Office has been assigned to check the workings of the MGOZ Salaries Section.</p> <hr/> <p>Checks for each payroll are carried out on a risk-based sample in the following areas:</p> <ul style="list-style-type: none"> • Newly engaged employees • Resignations • Deductions • Allowances • Overtime • Changes in work status (Progressions, Reduced, etc.) <hr/> <p>Checks carried out are being monitored by the DCS, documented and filed.</p> <hr/> <p>A Service Level Agreement (SLA) has been signed between the Ministry for Gozo (MGOZ), as the Ministry responsible for Gozo Salaries and MAFA.</p> <p>This SLA establishes and clearly defines the responsibilities between the Gozo Salaries and MAFA.</p> <hr/> <p>After the signing of the SLA, an SOP will be drawn up, detailing the procedure for checking the payroll.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Inaccuracies in overtime paid</p> <p>Manual calculations forming part of salaries, including overtime and allowances, are to be double checked, ideally by another officer, before the respective payment is effected. Any overpaid amounts are to be recouped within a stipulated timeframe.</p> <p>Accepted</p>	<p>Management is ensuring that all overtime hours are forwarded for payment by the DCS within the established timeframes, together with the pertinent approvals.</p> <hr/> <p>To avoid similar errors, the management is ensuring that a proper handover is given to new employees by their superiors.</p> <hr/> <p>A call for the post of Manager II, who will be in charge of the Salaries Section, has been issued.</p> <hr/> <p>Management is ensuring that checks are carried out to ensure compliance, by reconciling overtime hours with attendance sheets.</p> <hr/> <p>An exercise was carried out to identify any errors other than those highlighted by the NAO, to recoup any overpayments.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>
<p>Figures in the salaries' reports are to be checked with every pay run. Moreover, an exceptional report would help to identify such abnormalities, if duly scrutinised.</p> <p>Accepted</p>	<p>MAFA makes use of two forms, one for overtime and one for overtime by employees on reduced hours, to clearly distinguish the hourly rate payable for overtime.</p> <hr/> <p>Management is ensuring that risk-based checks are carried out with every pay run to verify compliance.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>

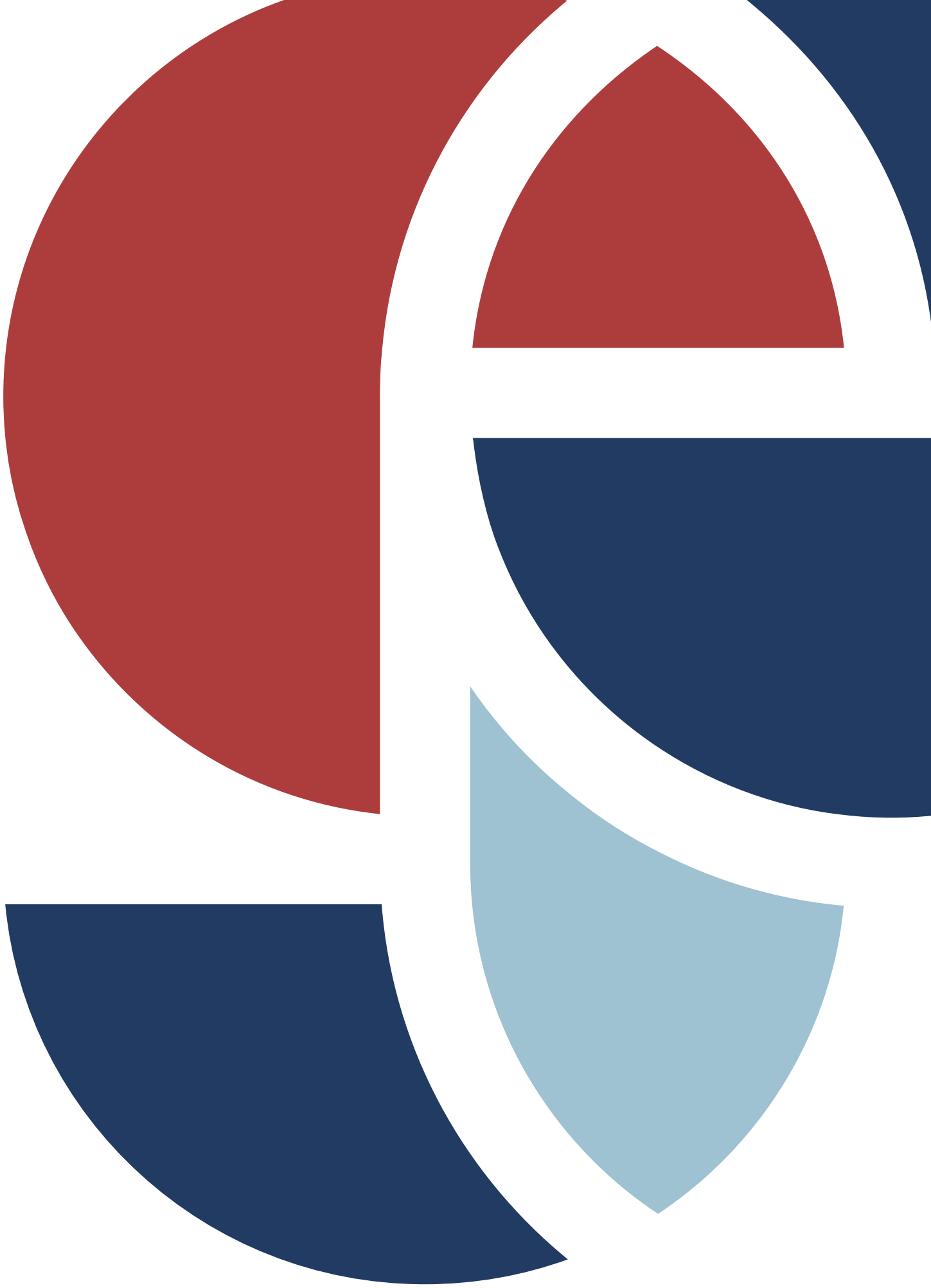




FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action as on GA report 2021	Pending action as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
Veterinary and Phytosanitary Regulation Department – Compliance (now Veterinary Regulation Directorate)			
<p>Shortcomings related to staff</p> <p>Furthermore, for next year's scholarship allocations, the Veterinary Regulation Directorate (VRD) is holding discussions with MEDE on the possibility of undertakings</p>	<p><i>Not implemented</i></p> <p>Alternatively, on the advice of OPM, the VRD is holding ongoing discussions with the Institute for the Public Services regarding the possibility of undertakings.</p>	September 2022	<p><i>In progress through a different course of action</i></p> <p>Discussions with IPS were discontinued.</p> <p>Discussions are now ongoing with several Universities, including the University of Thessaloniki, Greece, to encourage new graduates to come to work in Malta. Following this approach, the Animal Health and Welfare Department (AHWD) is informed that some veterinary surgeons have already submitted the application to the Veterinary Service Council (VSC) to get the temporary warrant to work in Malta.</p> <p>Estimated date of implementation is July 2024.</p>
<p>Limitations in the systems in place</p> <p>The current VRD system (NLD) is being replaced. A call for tender for the provision of an Animal, Food and Feed Health Information System has been published. The tender provides for regular system enhancements to meet the needs of the Department</p>	<p><i>Partially implemented in July 2021</i></p> <p>The tender was awarded, and the contract was signed on 30 July 2021. The system has been deployed in a live environment, and further development is being carried out until December 2022.</p>	December 2022	<p><i>Implemented</i></p> <p>The new NAFFHIS system is finalised and both systems are currently in use until all information is transferred from NLD to NAFFHIS. Enhancements are also ongoing.</p>







MINISTRY FOR
SOCIAL AND AFFORDABLE
ACCOMMODATION

reported by NAO as Ministry for Social Accommodation

MSAA

Social Projects Management Limited – Revenue and expenditure

The Social Projects Management Limited (SPML) is a limited liability company within the Ministry for Social Accommodation, formed in 2016. It is owned by the Maltese Government through Malta Government Investments Limited and Malta Investment Management Company Limited. SPML was incorporated with the main objective to assist in project management services, such as engineering, design, and procurement in relation to construction projects. Its clients are mainly government ministries, departments, public entities and authorities. The Company is governed by a Board of Directors, which is appointed by the Minister, and it follows the pertinent Public Procurement Regulations.

The scope of this audit was to examine SPML's revenue derived from projects undertaken and to verify accuracy of salaries paid to staff. The internal controls in place, with respect to the generation of revenue were analysed to ensure correctness and completeness of income as reported in the 2021 management accounts. This audit also ascertained whether outstanding debtors were being duly monitored.

The audit revealed weaknesses in the collection of revenue, as well as in relation to the management of project agreements.

Follow-up action

It is envisaged that by end of 2023, a merger between the Social Projects Management Limited (SPML) and the Housing Maintenance and Embellishment Limited (HMEL) will be carried out to form a new company, the Housing Projects Solutions Ltd.

As soon as the merger comes into effect, MSAA is committed to compile a Manual of Procedures, establishing guidelines and procedures for all departments within the new company.

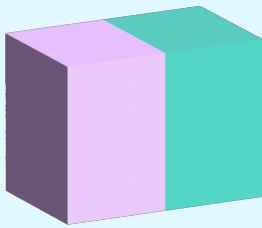
In the interim, to address the shortcomings identified by the NAO, SPML formalised a Debtors Policy intended to step up its efforts to recoup the amounts due.

With regard to contract management, up to its dissolution, SPML was ensuring that all its agreements were properly filed with complete documentation so as to enable a proper audit trail. SPML was regularly monitoring contracts, ensuring that insurance policies and performance guarantees were in place and active.

NAO issues by category: 2

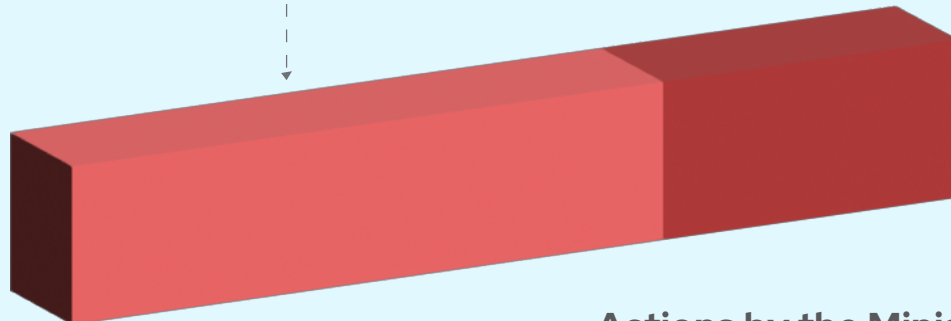
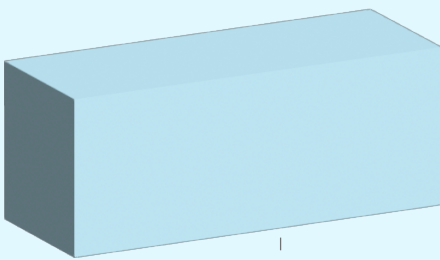
1
Inefficient operations

1
Non-adherence to
procurement procedures



Recommendations by NAO: 5

5
Accepted



Actions by the Ministry: 9

6
Implemented

3
Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>No deposit requirement prior to commencement of works</p> <p>SPML is encouraged to adopt a written policy, making it mandatory to request a standard percentage of the costs involved as a down payment by the client, prior to the commencement of works. This will be deducted from the total amount due once the works are completed in terms of the agreement.</p> <p>Accepted</p>	<p>It is envisaged that by end of 2023, two government companies within the Ministry for Social and Affordable Accommodation (MSAA), namely Social Projects Management Limited (SPML) and Housing Maintenance and Embellishment Limited (HMEL) will be merged into a new company, the Housing Projects Solutions (HPS) .</p> <hr/> <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>March 2024</p>
<p>Issues pertaining to amounts receivable</p> <p>SPML is to introduce a sound debtors' recovery policy to recoup outstanding balances within the agreed credit period.</p> <p>Accepted</p>	<p>HPS Limited will be formalising a Debtors Policy, delineating the recovery procedure to recoup outstanding balances within an agreed credit period. This policy will be included in the manual of procedures.</p>	<p>December 2023</p>
<p>Moreover, SPML is to resume its efforts to collect long outstanding amounts and to eliminate any debtors with outstanding credit balances from the ageing analysis, thus portraying a true and fair view of the amounts actually due to the Company at any point in time.</p> <p>Accepted</p>	<p>The former SPML had a procedure in place whereby debtors were contacted by telephone and in writing (via e-mail) on a weekly basis, to exert pressure on clients to settle long outstanding amounts.</p> <hr/> <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>Ongoing</p> <p>March 2024</p>
<p>Accepted</p>	<p>Former SPML had successfully recouped amounts due. In fact, all amounts due by 2020 had been collected. For the years 2021 and 2022, SPML had recouped two-thirds of the amounts due.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issue		
<p>Issues arising from agreements</p> <p>In the case of additional works being necessary and duly authorised, the revised deadline is to be made official.</p>	<p>The policy for contract management procedures, which SPML had drawn up, stipulated that additional works to the original contract were to be duly authorised and that the revised deadline was to be made official.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Futhermore, SPML was ensuring that all agreements were filed and that they contained all the necessary documentation to enable a proper audit trail.</p>	<p>Implemented</p>
	<p>The above policy will be documented in the manual of procedures for HPS and will be communicated to all officers concerned.</p>	<p>March 2024</p>
<p>Moreover, it is imperative that insurance policies and performance guarantees are extended to duly cover the entire period. This will ensure adequate financial coverage in case of an emergency or accidents on the place of work.</p>	<p>SPML was regularly monitoring contracts to confirm whether insurance policies and performance guarantees were in place and active.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Defaulting suppliers/contractors were contacted via e-mail and were instructed to renew their insurance policy and performance guarantee.</p>	<p>Implemented</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>March 2024</p>





FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/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. 	December 2022	<p><i>Change in policy</i></p> <p>It is envisaged that by end of 2023, two government companies within the Ministry for Social and Affordable Accommodation (MSAA), namely Social Projects Management Limited (SPML) and Housing Maintenance and Embellishment Limited (HMEL) will be merged into a new company, the Housing Projects Solutions Ltd (HPS).</p> <p>Following the merger, a full manual of procedures, establishing guidelines and procedures for all departments within the new company Housing Projects Solutions Ltd will be formalised and will be communicated to all staff at HPS.</p> <p>This information applies for all Actions and the estimated date of completion is March 2024.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/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. 	December 2022	
<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. 	December 2022	

Pending action/s	Implementation date on GA report 2022	Date of implementation/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. 	December 2022	
<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: • 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. 	December 2022	

Pending action/s	Implementation date on GA report 2022	Date of implementation/ 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>	December 2022	
<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>	December 2022	
<p>Memorandum of Understanding signed retrospectively</p> <p>The current MoU between HME and the HA expires in December 2022. The recommendation put forward by the NAO has been noted and will be brought to the attention of the new management, once appointed to ensure that the next MoU is formally signed by the respective parties on time.</p>	December 2022	
<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>	December 2022	
<p>The Board meetings will be minuted, signed by all members, and subsequently filed for future reference.</p>	December 2022	

Pending action/s	Implementation date on GA report 2022	Date of implementation/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>	December 2022	
<p>No fixed asset register</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 ensure that all the assets are tagged with a unique code tallying with the FAR.</p>	December 2022	
Housing Programmes - Expenditure		
<p>Housing Benefit Scheme – Possible undeclared income</p> <p>Applications, together with the respective supporting documentation, are approved and certified by different officers to ensure the four-eye principle. This controlling mechanism enhances transparency.</p>	October 2022	<p><i>Implemented</i></p> <p>This action has been implemented and is being invariably adhered to.</p>
<p>‘Sir sid darek’ scheme – lack of an enforcement policy</p> <p>In addition, the HA will select a random sample of 100 beneficiaries considered low or medium risk, to be inspected.</p>	July 2023	<p><i>Change in policy</i></p> <p>Inspections are currently carried out when there is an indication of a form of abuse.</p> <p>The Housing Authority (HA) will keep inspecting suspected forms of abuse. However, since January 2022, and in line with the new allocation policy, new allocations and tenants who have signed an agreement for an exchange and/or recognition, are not permitted to purchase the property they are residing in.</p>
<p>Based on the feedback received from the inspections carried out, the HA will review its risk-based approach and formalise the methodology in a written policy.</p>	September 2023	<p><i>Implemented</i></p> <p>After evaluating and reviewing the ‘Sir Sid Darek’ Scheme, a written policy was formalised.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/ status
<p>The HA will draft and circulate an SOP detailing the procedure to be followed on physical spot checks.</p>	<p>November 2022</p>	<p><i>Implemented</i></p> <p>The SOP on spot checks has been drawn up, approved, and circulated to the employees concerned.</p>
<p>Equity sharing scheme – independent valuation of property not performed</p> <p>The HA will start carrying out independent valuations on those properties whose sale price exceeds the established minimum valuations by more than 10%.</p>	<p>November 2022</p>	<p><i>Implemented</i></p> <p>An exercise was held to review and update property sale prices for 2022. HA refers to NSO Property Price Index as a reference to cross check whether property being bought exceeds the minimum valuation by more than 10%.</p>
<p>An SOP detailing the procedures to follow regarding property valuations will be drafted and circulated among staff concerned.</p>	<p>November 2022</p>	<p><i>Implemented</i></p> <p>The SOP regarding property valuations has been drawn up, approved, and circulated to the employees concerned.</p>





MINISTRY FOR
EDUCATION, SPORT,
YOUTH, RESEARCH,
AND INNOVATION

reported by the NAO as Ministry for Education

MEYR

Esplora – Revenue and expenditure

(reported by the NAO under Ministry for Research, Innovation and Co-ordination of Post Covid-19 Strategy)

Esplora is an informal educational and recreational facility suited to visitors of all age groups. It reports to the Malta Council for Science and Technology (MCST) and, in 2021, fell under the then Ministry for Research, Innovation and the Co-ordination of Post COVID-19 Strategy. This interactive science centre was officially opened on 28 October 2016 and is located at Villa Bighi in Kalkara. It consists of a number of buildings and outdoor spaces which are all interconnected.

The scope of the audit was to examine Esplora's main sources of revenue and to ensure completeness of such income. Expenditure incurred on contractual services in 2021 was also verified. Moreover, the National Audit Office (NAO) was to ascertain whether both revenue and expenditure were in line with the financial regulations, circulars and policies, as applicable, ensuring efficient use of public funds, and that the necessary internal controls were in place and effective.

The audit revealed that whilst the collection of revenue was found to be in sound operation, various weaknesses were noted on the expenditure incurred related to contractual services, including lack of verification of attendance records, lack of supporting documentation and in certain instances even lack of performance guarantees.

Follow-up action

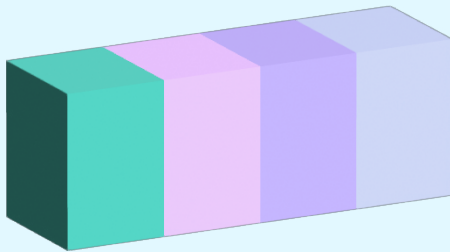
To address the weaknesses identified by the NAO, MCST engaged a Director Corporate Services and Projects whose responsibility is to plan tenders well in advance in line with the Public Procurement Regulations (PPR). A financial controller was also engaged to oversee MCST's procurement planning and budgeting process. In fact, MCST is now preparing an annual internal procurement plan in advance. MCST have amended, approved, and communicated to all officers concerned, its internal public procurement guidelines.

To enhance accountability in time record-keeping, both cleaners and security employees are using the electronic attendance verification system used by other MCST employees. Attendance sheets pertaining to replacement cleaners and security employees are being reconciled with the supplier's invoice and certified correct prior to processing payment.

The management is ensuring that all contracts are signed before commencing work under any given contract. The officer responsible for the management of the contract is monitoring performance guarantees to ensure that these are valid and in line with the provisions of the respective contract.

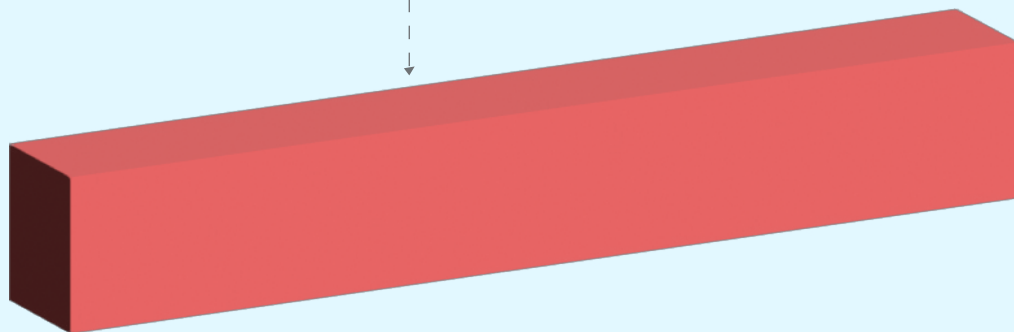
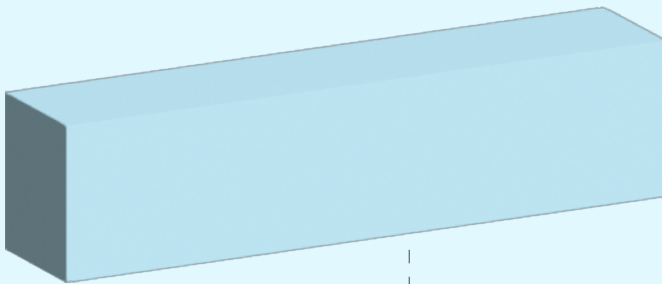
NAO issues by category: 4

- 1 Inefficient operations
- 1 Lack of compliance with policies and legislations
- 1 Non-adherence to procurement procedures
- 1 Lack of verification/enforcement



Recommendations by NAO: 12

- 12 Accepted



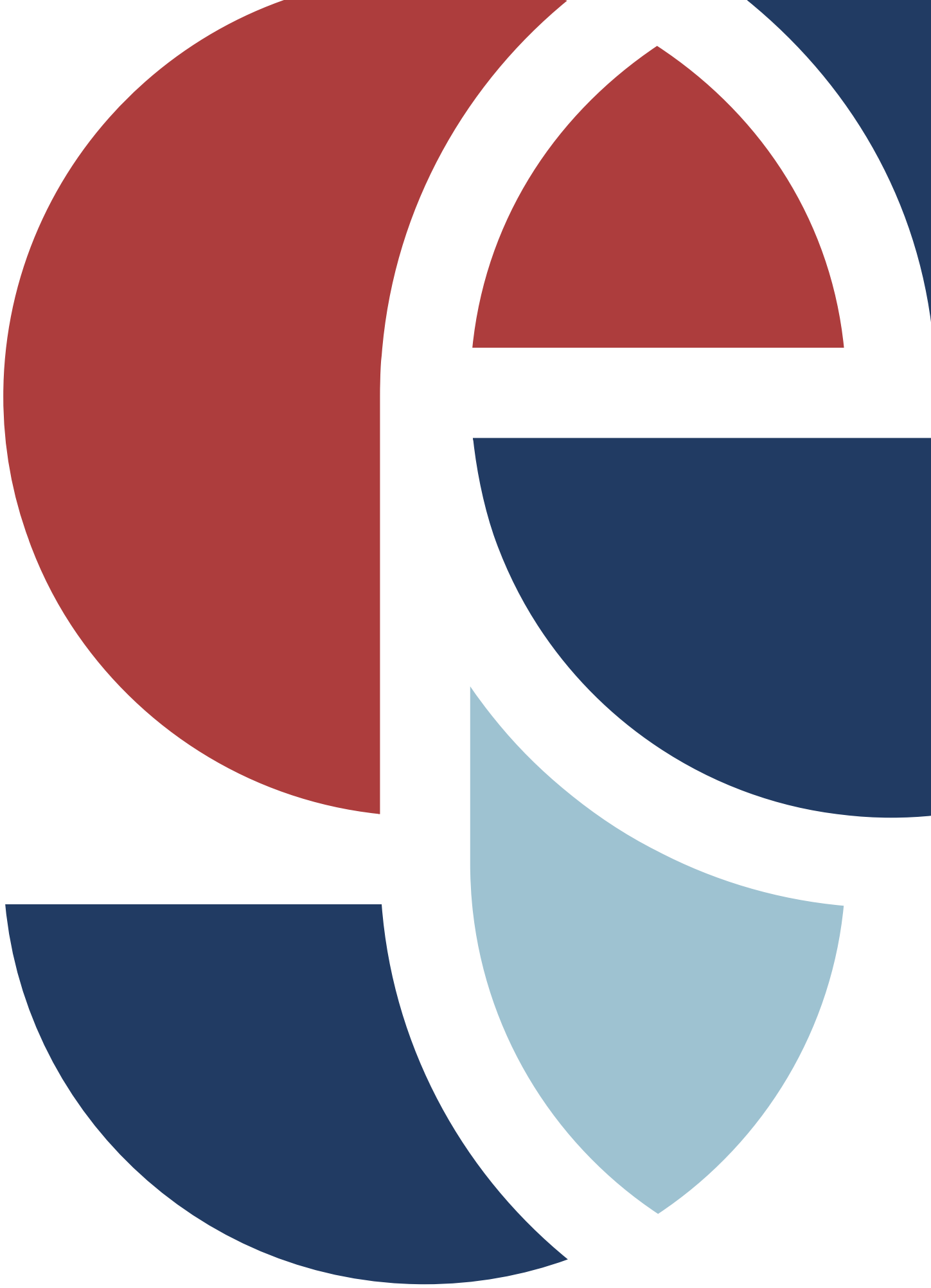
Actions by the Ministry: 23

23 Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Deficiencies in service planning of the foreshore area</p>	<p>MCST engaged a Director Corporate Services and Projects whose responsibility is to plan tenders well in advance in line with the Public Procurement Regulations (PPR).</p>	<p>Implemented</p>
<p>The procurement process has to start well in advance, so that the procurement regulations can be duly followed. This will promote transparency, while also having the opportunity of obtaining better service rates and value for money.</p>	<p>MCST also engaged a financial controller to oversee MCST's procurement planning and budgeting process.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>MCST is ensuring that contracts are being monitored and that internal preparations are made ahead in terms of drafting new tenders, engaging technical experts and obtaining the necessary approvals. This ensures seamless continuity from one contract to another.</p>	<p>Ongoing</p>
	<p>An internal procurement plan is prepared annually in advance to avoid resorting to direct orders.</p>	<p>Ongoing</p>
	<p>The internal public procurement guidelines have been updated, approved, and communicated to all officers concerned.</p>	<p>Implemented</p>
	<p>In-house training on public procurement aspects has been provided to staff concerned.</p>	<p>Implemented</p>
Control issues		
<p>Lack of verification of cleaners' attendance records</p>	<p>To enhance accountability in time record-keeping, all cleaners are using the electronic attendance verification system used by MCST employees.</p>	<p>Implemented</p>
<p>Given that cleaners in charge of MCST and Explora buildings make use of an electronic attendance system, MCST is strongly encouraged to use this system to its advantage and adopt a systematic manner to perform regular checking of attendances, to ensure correctness and completeness</p>	<p>Physical attendance sheets are only used for replacement cleaners. These attendance sheets are being endorsed daily.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Attendance sheets of cleaners are being retained and filed to ensure an adequate audit trail.</p>	<p>Implemented</p>
<p>Documentation evidencing such verification is to be retained for audit trail purposes.</p>		
<p>Accepted</p>		

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, invoices pertaining to the cleaning of the foreshore area are to be supported by the respective attendance sheets, also evidencing that the necessary vetting has been undertaken before payments are effected.</p>	<p>The attendance sheets issued by the electronic system are reconciled with the invoices sent by the supplier.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>All attendance sheets pertaining to cleaners are being certified correct prior to processing payment.</p>	<p>Ongoing</p>
<p>Payments for security services lacking supporting documentation</p>	<p>Security employees are also using the electronic attendance verification system used by MCST employees.</p>	<p>Implemented</p>
<p>Payments are to be backed up by electronic attendance records, supporting the number of hours carried out and invoiced. This will also enhance audit trail, as well as facilitate external verifications.</p>	<p>Security employees are required to use the electronic tagging after certain hours to track their location.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Manual sheets are only used for replacement security employees. These sheets are being endorsed on a daily basis.</p>	<p>Implemented</p>
<p>Moreover, hours and amounts invoiced are to be invariably corroborated and certified correct prior to processing payment.</p>	<p>All attendance sheets pertaining to security employees are being reconciled with the invoices sent by the supplier. Every reconciliation report is being filed with the related invoice.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>All attendance sheets pertaining to security employees are being certified correct before being processed for payment.</p>	<p>Ongoing</p>
<p>Contracts not covered by a valid performance guarantee</p>	<p>According to established policies, before commencing with any given contract, the management is ensuring that all contracts are signed and that a copy is retained by MCST.</p>	<p>Ongoing</p>
<p>Management is to ensure that the contract is signed before commencement of the respective service.</p>		
<p>Accepted</p>		
<p>A performance guarantee secures the fulfilment of the contractor's obligations under the contract. Thus, it is to be ensured that these are valid and in line with respective contracts.</p>	<p>The officer responsible for managing the contract monitors performance guarantees to ensure that these are valid and in line with respective contract provisions. When a performance guarantee is about to expire, the project implementation section is taking timely appropriate action.</p>	<p>Ongoing</p>
<p>Accepted</p>		

Recommendations	Action taken/justification	Implemented or date by when
Compliance issues		
<p>Non-compliance with VAT fiscal requirements</p> <p>VAT receipts are to be invariably requested for every payment.</p> <p>Accepted</p>	<p>The officers concerned are monitoring invoices and are chasing suppliers who did not provide a fiscal receipt.</p> <hr/> <p>Officers concerned were provided with clear written instructions in relation to invoices and receipts.</p> <hr/> <p>Refresher training in relation to invoicing is provided periodically, and the same training is provided to new recruits as part of their induction training.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p>
<p>Furthermore, in line with pertinent circulars, a list of fiscal defaulters, or a nil return as applicable, is to be submitted to the VAT Department on a quarterly basis.</p> <p>Accepted</p>	<p>A list of all defaulters is being compiled and sent to the VAT Department on a quarterly basis. Nil returns are also being submitted.</p>	<p>Ongoing</p>
<p>When possible, purchases from defaulting suppliers are to be discontinued until the matter is rectified.</p> <p>Accepted</p>	<p>MCST will chase the supplier until a fiscal receipt is submitted.</p>	<p>Ongoing</p>
<p>No formal approval for the service provider to subcontract cleaning services</p> <p>In cases of similar eventuality, a formal prior approval is to be sought in line with the conditions stipulated by the Department of Contracts.</p> <p>Accepted</p>	<p>In line with the modified internal procurement guidelines, sub-contracting any part of a public contract is considered as a contract modification, and prior formal approval is required to effect such modification.</p>	<p>Ongoing</p>



MEYR

Afternoon School Programme, SkolaSajf and Klabb 3-16 – Revenue and expenditure

The Foundation for Educational Services (FES) was set up on 24 May 2001 as a public entity within the then Ministry for Education to provide quality educational services through structured contemporary programmes, ensuring financial sustainability and ethical behaviour. In collaboration with the Education Directorate, FES is committed to be a force towards educational equity and excellence, contributing directly to the wider educational systems and to society, especially towards persons at risk of social exclusion and to future generations.

The main scope of the audit was to assess the controls in place for the recording of revenue collected by FES for the attendance to Klabb 3-16 and SkolaSajf.

The audit revealed that control over employees' attendance records at the centres running the Afternoon School Programme, SkolaSajf and Klabb 3-16 was insufficient. At the end of September 2021, there was also a substantial balance of outstanding amounts due from parents or guardians for extra hours utilised. Furthermore, the scope of the audit was hindered in several instances due to lack of audit trail.

Follow-up action

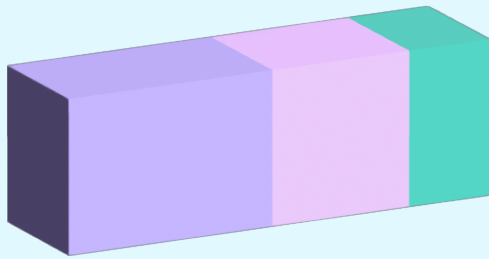
The FES is regularly monitoring negative balances and is chasing clients with pending dues through different means of official communication. Centre Coordinators (CC) are also required to chase parents with negative balances and act accordingly against those who do not settle pending dues. In fact, between October 2022 and January 2023, FES had managed to recoup 85% of the balances due.

As recommended by the NAO, the FES has amended its retention policy and extended the retention period of documents from two months to one year from termination of services. All CCs were provided training in relation to data protection and retention.

In line with the vacation leave (VL) SOP, all vacation leave forms submitted must be signed and approved by the respective CC prior to including such VL on the attendance sheet. The finance unit team members are vetting the timesheets together with the applicable VL forms and sick leave certificates. Moreover, the timesheets of the CC are being endorsed by the respective Programme Coordinator to enhance controls.

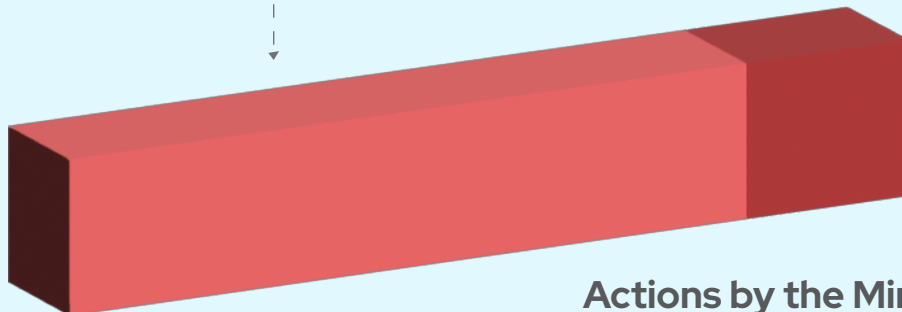
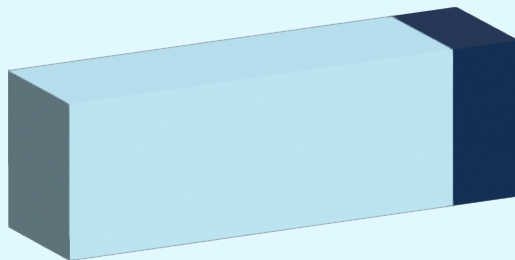
NAO issues by category: 6

- 3 Ineffective operations
- 2 Lack of verification/enforcement
- 1 Inadequate technology



Recommendations by NAO: 13

- 12 Accepted
- 1 Not accepted



Actions by the Ministry: 31

- 25 Implemented
- 6 Pending

Recommendations	Action taken/justification	Implemented or date by when
Limitations on scope of audit		
<p>In line with the Foundation's data protection policy, which was last updated on 29 November 2021, children's manual attendance records and personal data were to be discarded after two months from the service termination. The National Audit Office questioned the brevity of such duration. In the circumstances, whilst data could not be traced back to the original manual records, limiting testing to be based on the data inputted in the system by the respective centre coordinator, this Office could not verify that the necessary information was provided by the respective parents.</p>	<p>The FES has extended its retention policy from two months to one year from termination of services.</p> <hr/> <p>The amended retention policy has been uploaded on the FES website.</p> <hr/> <p>All centre coordinators were provided training in relation to data protection and retention, including destruction of data safely.</p> <hr/> <p>An SOP in relation to the retention policy was drafted and circulated.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p>
Accepted	The management will ensure compliance.	Ongoing
<p>Packages of hours were to be acquired by parents through the electronic portal. The maximum number of hours that could be topped up in one transaction for any of the two foregoing programmes was 120, with the system maintaining only a record of the latest top-up.</p> <p>This was also a limitation for the purpose of the audit since testing could not be carried out to ensure that absenteeism during booked hours was deducted accordingly, unless the centre coordinator was duly informed one day in advance, or a medical certificate was provided.</p>	<p>The system has been maintaining a record of every top up for years, thus ensuring complete audit trail. The system does not maintain a backup of previously booked hours. Once a parent amends the booked days/hours, the system overwrites the previously booked hours.</p> <hr/> <p>The limitation of overwriting booked days has been flagged with the new service provider and an enhancement to the system to track all changes is in the process of being carried out.</p>	<p>December 2023</p>
Partially accepted		

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Utilised extra hours not paid for</p> <p>Management is to take necessary action to collect the pending amounts.</p>	<p>The FES is regularly monitoring negative balances so that immediate action is taken.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>FES chase clients with pending dues regularly and frequently, through different means of official communication such as SMS and letters. In fact, between October 2022 and January 2023, FES managed to recoup 85% of the balances due.</p>	<p>Ongoing</p>
	<p>Centre Coordinators (CCs) are requested to provide regular updates to the FES on the status of balances due. CCs are also required to chase parents with negative balances and act accordingly against those not complying.</p>	<p>Ongoing</p>
	<p>The process how to collect negative balances has been included in the revised SOP.</p>	<p>Implemented</p>
<p>A stricter approach is also expected against those who are violating the system.</p>	<p>The portal will be enhanced to better analyse and monitor the parents' transactions.</p>	<p>December 2023</p>
<p>Accepted</p>	<p>Once the system is enhanced, parents with pending balances will not be allowed to use any FES service, including applying for Skola Sajf, until the pending dues are settled.</p>	<p>March 2024</p>
Control issues		
<p>Extra hours charged to the minute rather than the hour</p> <p>Fees are to be charged on an hourly basis across all the centres.</p>	<p>The error in the system where parents were being charged pro-rata has been resolved. As stipulated in the terms and conditions, parents are being charged to the hour.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>When the system develops an error, FES is immediately notifying the service provider who usually solves the error promptly.</p>	<p>Ongoing</p>
<p>Delays in the updating of the students' attendance records</p> <p>FES is to ensure that the balances on the parent's portal are updated in a timely manner.</p>	<p>FES regularly reminds the CC to fill the attendance sheet on the portal by not later than the following day.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>The programme coordinators are carrying out spot checks at the centres to ascertain that the proper procedures are being followed. Reports on the findings of the spot checks are filed to ensure a complete audit trail.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>FES is to ensure proper monitoring is performed to minimise the risk of running into negative balances, leading to pending payments which might be difficult to recoup.</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>December 2023</p>
<p>Accepted</p>	<p>Once all the necessary enhancements are carried out, the pertinent SOP will be updated.</p>	<p>February 2024</p>
<p></p>	<p>The FES is regularly monitoring negative balances so that immediate action is taken.</p>	<p>Ongoing</p>
<p></p>	<p>FES are continuously chasing those clients with pending dues, through different means of official communication.</p>	<p>Ongoing</p>
<p>Lack of audit trail</p>	<p>Every student working with FES through the MITA Student Placement Programme is required to sign a contract of service which specifies the conditions of employment and related job description.</p>	<p>Implemented</p>
<p>A signed contract of service, clearly setting out the conditions of employment, is also to be in place for each employee.</p>	<p>Unsigned contracts are immediately detected and rectified since the payroll department verifies the employee's contract when inputting a timesheet.</p>	<p>Ongoing</p>
<p>Management is to revisit the retention policy to ensure that it is exhaustive and covers all the data at the entity's end. The established retention period should be sufficient not to hinder audit procedures expected to be carried out following the end of the related financial year. Copies of documentation falling outside the scope of the said policy are to be maintained for a reasonable period of time for future reference.</p>	<p>The FES has extended its retention period from two months to one year from termination of services.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>The amended retention policy has been uploaded on the FES website.</p>	<p>Implemented</p>
<p></p>	<p>All CCs were provided training in relation to data protection and retention policy.</p>	<p>Implemented</p>
<p></p>	<p>FES created a shared calendar to clearly mark the dates for each department when to archive data in adherence with the retention policy.</p>	<p>Implemented</p>
<p></p>	<p>An SOP in relation to the retention procedure was drafted and circulated.</p>	<p>Implemented</p>
<p></p>	<p>The management will ensure compliance.</p>	<p>Ongoing</p>
<p>All pertinent documentation is to be maintained for audit trail purposes.</p>	<p>All required documentation is being filed and retained to ensure a proper audit trail.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Each department will conduct an internal audit against a set checklist to ensure compliance with the data retention policy.</p>	<p>January 2024</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, personal files are expected to be duly updated with all relevant documentation and properly referenced.</p> <p>Accepted</p>	<p>The HR Department is ensuring that when preparing a new personal file, all required documents are inserted and redDED. Whenever a new document needs to be added to a personal file, filing is being carried out in a timely manner, and redDED in accordance with established practices.</p>	<p>Ongoing</p>
<p>Insufficient control over attendance records</p> <p>In line with pertinent guidelines, vacation and sick leave are to be clearly indicated on the respective attendance records. Vacation leave is to be duly authorised prior to its utilisation, properly disclosing approval date on the related application.</p> <p>Accepted</p>	<p>FES is ensuring that vacation leave taken is always supported by a pre-approved vacation leave form attached to the timesheets.</p> <p>The employees are expected to give at least three days' notice prior to the utilisation of the vacation leave. The date of application for leave is also disclosed on the vacation leave form.</p>	<p>Ongoing</p>
	<p>An SOP in relation to vacation leave was drawn up and circulated among staff concerned.</p>	<p>Implemented</p>
	<p>The HR department together with CCs are monitoring the leave entitlement of each employee so vacation leave hours would not be left to accumulate.</p>	<p>Implemented</p>
	<p>Due to irregular hours worked by employees and since timesheets are worked four weeks backwards, FES works on the transfer of remaining hours at the end of each year.</p>	<p>Ongoing</p>
<p>While the attendance records are in themselves an element of internal control, incomplete and inaccurate records thereof will compromise their effectiveness and reliability. Thus, Management is to ensure that all employees record their timings on a daily basis and likewise independently endorsed by an officer in a higher grade to ensure completeness and accuracy. It is also important to note that, when endorsing attendance registers, the respective officers are assuming responsibility that these are correct in every detail, and that all employees falling under their responsibility have been duly accounted for.</p> <p>Accepted</p>	<p>In accordance with the amended procedure, the timesheets of the Centre Coordinator are not being endorsed by the Centre Coordinators themselves but by the respective Programme Coordinator.</p> <p>The finance unit team members are vetting the timesheets disclosing the total number of hours worked. Vacation leave (VL) and sick leave hours utilised are tallied with individual VL forms and sick leave certificates. Moreover, these attendance sheets are being verified with the respective employee's payslip as calculated by the payroll system.</p>	<p>Implemented</p> <p>Ongoing</p>

MEYR

National Literacy Agency – Revenue and expenditure

The National Literacy Agency (NLA), falling under the remit of the Ministry for Education, was established in September 2014, by means of the National Literacy Agency (Establishment) Order, 2014 (L.N. 192 of 2014). The offices of the Agency are located in Hamrun, with a staff complement of 73 during 2021. Its mission is to seek to promote and enhance lifelong and life wide, high quality literacy practices among children, youth, adults, third country nationals and persons with learning difficulties.

The scope of the audit was to focus on the adequacy and effectiveness of the existing controls over revenue and expenditure related to the different programmes offered. Compliance with the procurement regulations and other prevailing legislation, policies and procedures were also verified.

The audit revealed irregularities in the working hours of officers and payments of overtime and allowances which were not in line with standard practices, as also confirmed by the Office of the Prime Minister. Procurement regulations were also bypassed, amongst which the splitting of procurement.

Follow-up action

The NLA installed a hand palm reader device and procured an application for employees working outside the premises. All attendance sheets are being verified and certified correct by a senior officer, before processing payments. The NLA is in the process of drafting an SOP, detailing the procedure regarding attendance verification.

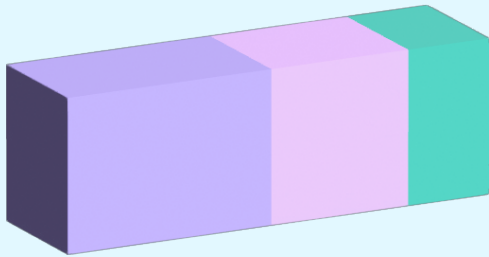
The NLA has also drawn up an SOP covering the procurement process. The NLA started planning well in advance to ensure that procurement cycles are factored in to guarantee the timely procurement of supplies or services. NLA employees have been provided with training in relation to procurement procedures.

The Agency has reorganised the NWAR programme schedule to enable the utilisation of vacation leave without undue disruption of service. Any unutilised vacation leave will be carried forward to the following year.

NLA established a petty cash system based on an imprest system. The Agency has drawn up and circulated an SOP in relation to petty cash. Cheques and cash are being deposited in the respective bank accounts on a weekly basis.

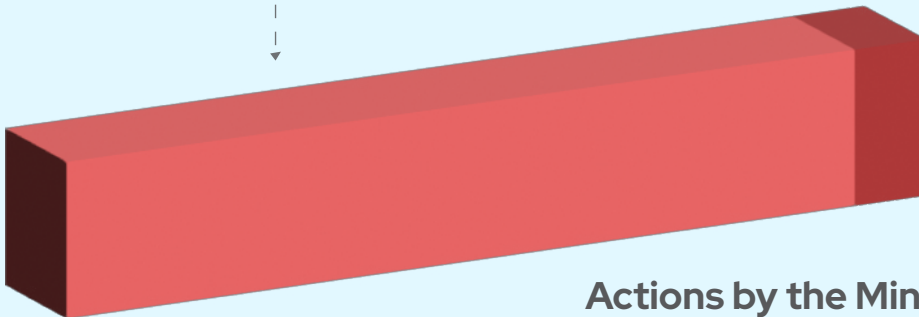
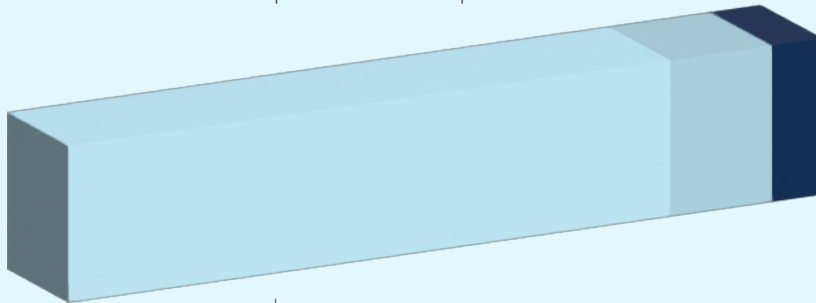
NAO issues by category: 7

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



Recommendations by NAO: 30

- 24 Accepted
- 5 Not accepted
- 1 Partially accepted



Actions by the Ministry: 33

- 32 Implemented
- 1 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Irregularities in the working hours and payments related to detailed officers</p> <p>Following liaison with OPM about working hours of all detailed officers, any respective anomalies are to be rectified without undue delay.</p> <p>Partially accepted</p>	<p>There are no anomalies to be rectified since the officers referred to by the NAO had been detailed by the OPM to the Agency on their substantive grade and on condition that they retain the rights and privileges applicable to their grade.</p> <p>In more recent detailing processes, officers have been detailed with the Agency with the working conditions pertaining to the Agency.</p>	<p>Implemented</p>
<p>The payment of overtime is also to be regularised as this entitlement should apply only to hours worked over the 40-hours in a week</p> <p>Not accepted</p>	<p>In accordance with the pertinent sectoral agreement, as agreed with the recognised Union, teaching staff work 40-hours per week, when taking in consideration the contact and non-contact time. Since the officers referred to by the NAO had been detailed with the NLA on their substantive grade, any extra duties performed were considered over and above the full-time hours of work and were thus paid at overtime rates.</p>	
<p>Allowances introduced for teaching staff are expected to cease as soon as teaching staff is detailed with the Agency. These recommendations are in line with clarifications obtained from OPM.</p> <p>Not accepted</p>	<p>The officers referred to by the NAO had been detailed with the Agency on their substantive grade and on condition that they retain the rights and privileges applicable to their grade, as well as progression and promotion rights arising from the respective classification agreement.</p>	
<p>Furthermore, for control purposes, the introduction of an automated system to enable logging in and out when on duty, is to be actively considered.</p> <p>Accepted</p>	<p>To enhance its controls, the NLA installed a hand palm reader device.</p> <p>NLA procured an application for use by those employees working at schools.</p> <p>Both systems are integrated with the payroll system.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Klabb Naħla personnel paid at overtime rates</p> <p>Whilst acknowledging the substantive work being performed to help children and the problems encountered to engage sufficient tutors to work after school hours, work carried out under the 40-hour week cannot be defined as overtime and paid accordingly, especially during the summer recess.</p> <p>Not accepted</p>	<p>In accordance with the pertinent sectoral agreement, as agreed with the recognised Union, teaching staff work 40-hours per week, when taking in consideration the contact and non-contact time. Thus, the work carried out by educators with NLA is performed over and above their full-time schedule and thus is considered as overtime work.</p>	

Recommendations	Action taken/justification	Implemented or date by when
<p>The options of employing personnel directly with the Agency and paying at established tutor rates are to be considered; this was in fact what had originally been proposed in 2015. Subsequently, the maximum feasible hours that can be claimed on a day and the applicable rate, including that for preparation hours, if agreed to, are to be approved by the Industrial Relations Unit within OPM.</p>	<p>The NLA cannot employ staff directly for the Klabb Naíla programme since it is the decision of individual schools to determine if the programme is required. If a school establishes the need for the Klabb Naíla programme, the school selects the teachers to teach this programme. In view of this, the Advisory Board of NLA, with the Permanent Secretary's approval, decided that educators who participate in Klabb Naíla will be paid overtime rate. These employees are entitled to overtime rates in line with the provisions of the pertinent sectoral agreement.</p>	
Not accepted		
<p>Unutilised vacation leave paid</p> <p>Best practice suggests that, as far as possible, vacation leave is spread throughout the year and not left to accumulate towards the end of the calendar year and taken in its entirety during the respective period.</p>	<p>The Agency has reorganised the NWAR programme schedule to enable the utilisation of vacation leave without undue disruption of service.</p>	Implemented
Accepted		
<p>If, due to work exigencies, vacation leave cannot be availed of, it is to be carried forward to the subsequent year and availability planned accordingly.</p>	<p>In line with established procedures, any unutilised vacation leave will be carried forward to the following year. The procedure also stipulates that employees will no longer be paid for unutilised vacation leave.</p>	Implemented
Accepted		
Control issues		
<p>Standing procurement regulations bypassed</p> <p>The Agency is expected to evaluate all contracts for services in a timely manner and establish the way forward.</p>	<p>All contracts for service were reviewed. Following this review, all legacy contracts for service have been terminated.</p>	Implemented
Accepted		
<p>Procurement is to invariably be made in line with the Public Procurement Regulations (PPR), whereby all potential service providers are to be given equal opportunity, ensuring fair competition and transparency while also guaranteeing the best possible rates.</p>	<p>The NLA has drawn up an SOP detailing the procurement procedure in adherence with the PPR.</p>	Implemented
	<p>The management is ensuring compliance</p>	Ongoing
	<p>The system through which contracts for services are awarded has been revised. All documentation is being retained to ensure complete audit trail.</p>	Implemented
Accepted		

Recommendations	Action taken/justification	Implemented or date by when
<p>Direct orders are only to be used in exceptional circumstances and as a last resort, in which case, formal approval from the Ministry for Finance is to be obtained a priori.</p>	<p>NLA is ensuring that direct orders are only resorted to in exceptional circumstances and once the necessary approval and justification is obtained in line with the pertinent regulations.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>NLA are planning procurement well in advance and are ensuring that procurement cycles are factored in to guarantee timely procurement of supplies or services, thus avoiding the need to procure through direct orders.</p>	<p>Ongoing</p>
<p>Contracts are not to be sub-divided with the intention to bypass PPR but an open call for quotations, in compliance with the legislation, is to be published on the Government's e-procurement platform.</p>	<p>NLA is ensuring that contracts are not sub-divided. Open calls for quotations in line with the PPR are being published on the Government's e-procurement platform.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>NLA employees are attending training related to procurement, including electronic public procurement.</p>	<p>Implemented</p>
<p>The Department of Contracts, in liaison with the Institute for Public Service has, since 2016, provided regular training on procurement, including a hands-on electronic platform approach, which is highly recommended.</p>	<p>NLA is publishing the related procurement information in the Government Gazette in line with the PPR.</p>	<p>Ongoing</p>
<p>Calls for quotations or departmental tenders must be published in the Government Gazette when the estimated value exceeds €5,000 (VAT excl.).</p>	<p>NLA is publishing the related procurement information in the Government Gazette in line with the PPR.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>NLA is publishing the related procurement information in the Government Gazette in line with the PPR.</p>	<p>Ongoing</p>
<p>Hours claimed by individuals for NWAR programme</p>	<p>The attendance sheet template for NWAR tutors and administrators has been revised to include timings.</p>	<p>Implemented</p>
<p>For control and transparency, timings are to be duly recorded on the attendance sheets.</p>	<p>The attendance sheet template for NWAR tutors and administrators has been revised to include timings.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>All attendance sheets are being verified and then certified correct by a senior management official before being forwarded for payment.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>In addition, considering that hours may vary according to exigencies in delivering the programme, the aggregate maximum hours that can be claimed (daily or weekly) by the administrators and tutors, as applicable, are to be revised accordingly. The anomaly concerning the requirement of tutor's presence before the start of each lesson is also to be addressed.</p> <p>Accepted</p>	<p>Hours of work only varied due to the abrupt changes in the delivery of the NWAR programme that were brought about by COVID-19 restrictions. As from September 2022, delivery of the NWAR family literacy programme resumed in person and in small groups, ensuring a standard number of contact hours and corresponding preparation time.</p>	<p>Implemented</p>
<p>Shortcomings related to the services of a part-time senior manager</p> <p>Employees are expected to substantiate the claims for payment with detailed attendance records.</p>	<p>The NLA is ensuring that hours worked are correctly recorded. In fact, attendance sheets, as well as calculations for the award of performance bonuses, are being double checked by different levels of authority and units, to ensure correctness.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>NLA is in the process of drafting an SOP, detailing the procedure regarding attendance verification.</p>	<p>December 2023</p>
<p>Any overpayments are to be duly recouped.</p> <p>Accepted</p>	<p>The overpayment was duly recouped.</p>	<p>Implemented</p>
<p>Qualification allowance paid in retrospect</p> <p>As confirmed by OPM, a qualification allowance is to be paid not earlier than the date of application.</p> <p>Accepted</p>	<p>The Agency is paying qualification allowances as from the date of a valid application requesting this allowance.</p>	<p>Ongoing</p>
<p>No overtime approval</p> <p>Unless the delegation of authority is obtained in writing, the Permanent Secretary is to invariably approve requests for overtime work beforehand, in line with pertinent circulars.</p> <p>Accepted</p>	<p>The Permanent Secretary has delegated authority to the CEO (NLA) to approve overtime carried out by MEYR employees related to NLA programmes.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Incorrect use of the petty cash account</p> <p>A petty cash account is to be maintained on an imprest system. This involves establishing a fixed cash amount which may be regularly replenished against supporting receipts.</p> <p>Accepted</p>	<p>NLA established a petty cash system based on an imprest system.</p> <hr/> <p>NLA has drawn up and circulated an SOP in relation to petty cash, to all staff concerned.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
<p>Cheques and cash received from students are to be posted as revenue and timely deposited in the respective bank account.</p> <p>Accepted</p>	<p>NLA are posting cheques and cash received from parents as revenue.</p> <hr/> <p>Cheques and cash are being deposited in the respective bank accounts on a weekly basis, in line with the pertinent SOP.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
<p>Payments from the petty cash are to be limited only for minor expenses.</p> <p>Accepted</p>	<p>NLA is ensuring that payments from the petty cash do not exceed the threshold as stipulated in the pertinent regulations.</p>	<p>Implemented</p>
<p>In addition, formal authorisation from the Permanent Secretary, Ministry for Finance and Employment (MFE), is to be sought in case of any diversions from the General Financial Regulations (GFR).</p> <p>Accepted</p>	<p>Whenever a deviation from the GFR is necessary, the authorisation from the Permanent Secretary (MFE) will be invariably sought.</p>	<p>Ongoing</p>
<p>Considerable bank charges</p> <p>In order to decrease the bank charges, in particular the cost incurred due to the number of cheques issued, the Agency is to seek alternative electronic payment methods.</p> <p>Not accepted</p>	<p>NLA sought advice from the MFE on alternative payment methods, but no practical solution was found. Besides online payments incur charges when effected to a bank other than that of one's own account.</p>	
<p>Approved amount for negotiated procedure exceeded</p> <p>In future similar cases, ad hoc approval is to be sought to cover the excess amount a priori.</p> <p>Accepted</p>	<p>The NLA is carrying out procurement planning to ensure that any approvals, including approvals to cover variations, are obtained a priori, as necessary.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Compliance issues		
<p>VAT regulations not observed</p> <p>Any person engaged in an economic activity must be registered for VAT purposes, unless solely making exempt without credit supplies in terms of Part 2 of the Fifth Schedule of the VAT Act (Cap. 406).</p> <p>Accepted</p>	<p>NLA is invariably requesting fiscal receipts from suppliers.</p>	<p>Ongoing</p>
<p>When in doubt, guidance is to be sought from the VAT Department accordingly.</p> <p>Accepted</p>	<p>The Ministry is ensuring that, in cases of difficulties in applying the VAT rate, clarifications from the VAT department will be duly sought.</p>	<p>Ongoing</p>
<p>VAT quarterly returns not submitted</p> <p>Defaulters' list, including suppliers who failed to adhere to VAT regulations, as well as nil returns, as applicable, are to be submitted to the VAT Department on a quarterly basis.</p> <p>Accepted</p>	<p>The VAT defaulters return, as well as nil returns if applicable, are being submitted to the pertinent authorities on a quarterly basis.</p>	<p>Ongoing</p>
<p>When possible, purchases from defaulting suppliers are to be discontinued until the matter is rectified.</p> <p>Accepted</p>	<p>The NLA chases the supplier until a fiscal receipt is submitted.</p>	<p>Ongoing</p>

MEYR

School transport – Expenditure

Up to June 2018, free school transport was provided to students attending primary and secondary state schools and residing more than one kilometre away from their respective school. Transport was also provided free of charge to students attending other educational establishments, comprising the National Sports School, Malta Visual and Performing Arts School, Vocational Creative Centre, Learning Support Centres, Msida Education Hubs, Resource Centres and Migrant Hubs. This was extended to students following courses and therapeutic pedagogic programmes not available at their respective middle school or college and those attending after school Klabb 3-16, as well as SkolaSajf. With effect from September 2018, free school transport was also introduced for students attending church and independent schools, both referred to as non-state schools. School transport is managed by the Transport and Logistics Directorate within the Strategy and Support Department at the Ministry for Education.

The main scope of this audit was to assess the adequacy and effectiveness of internal controls in place at the Ministry; ensuring that the funds allocated for school transport were used in an efficient manner, in line with standing rules and regulations.

The lack of internal controls noted in relation to the management of school transport exposed the Ministry to errors and potential abuse. Weaknesses identified ranged from reliance on data provided by service providers in the case of payments for non-state schools transport, to general lack of independent monitoring and ease of manual intervention without any audit trail, leading to significant overpayments.

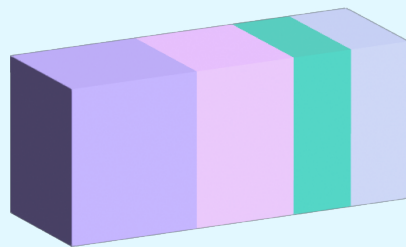
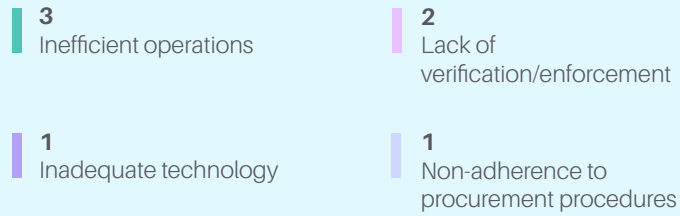
Follow-up action

The Ministry has signed a new contract with the SBN service provider. The Ministry has adopted the system in place for state school transport also for non-state schools, whereby parents must apply directly with the Ministry for school transport instead of with service providers. The system was enhanced so that any manual intervention is registered and recorded in the system with a full audit trail.

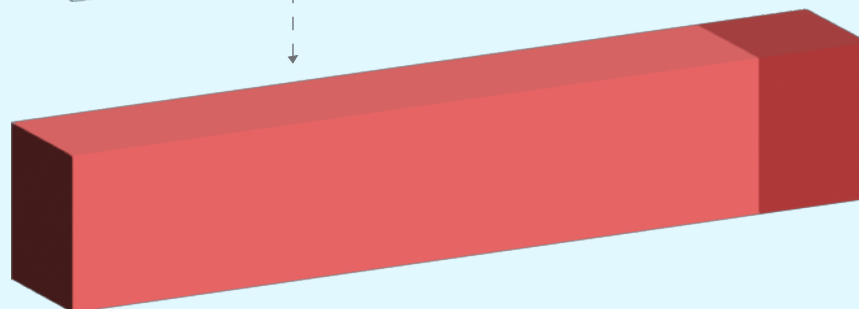
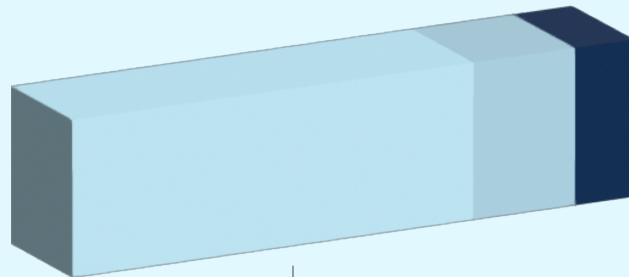
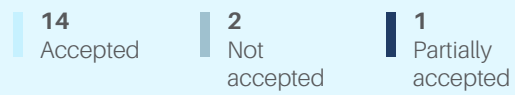
The Ministry set up a compliance unit within the School Transport Unit (STU) to carry out verifications on the payments and ensure compliance and financial diligence. In relation to the overpayments identified by the NAO, MEYR commissioned an external auditor to provide two detailed reports on these cases. Once the second report is reviewed, MEYR will start holding meetings with the service providers to recoup the overpayment.

A senior manager was assigned to carry out spot checks to ensure that recorded routes are being serviced. Reports on the findings of spot checks are being filed to ensure complete audit trail and followed up to address the shortcomings identified. An SOP outlining the procedure for regular spot checks and follow-ups has been drawn up, approved, and circulated among all staff concerned.

NAO issues by category: 7



Recommendations by NAO: 17



Actions by the Ministry: 38



Recommendations	Action taken/justification	Implemented or date by when
Limitation on scope of audit		
<p>Critical data included in records provided for non-state schools, such as the vehicle number and passenger capacity indicated in the statements, was not included in the state schools' records. As a result, testing carried out on non-state data could not be replicated for the state schools.</p> <p>Not accepted</p>	<p>The Ministry asserts that in the case of non-state schools, the necessary checks are in place. For state schools it is not necessary to maintain track of the vehicle number and passenger capacity as, contrary to the process that is adopted for non-state schools, the Transport Unit defines the route registers, the number of students on each route and the respective required vehicle category.</p> <p>The service provider assigns a vehicle that can service the total number of passengers to the respective route from a fleet list of vehicles that is communicated to MEYR at the start of the scholastic year.</p> <p>To reduce the risk of abuse, the Ministry ensures that the vehicle is correctly licensed, registered with the Unit and conforms to the respective vehicle category.</p>	
Key issues		
<p>No control over non-state school transport</p> <p>The same system in place for state school transport is to be adopted for non-state schools, with parents applying directly with the Ministry rather than service providers.</p> <p>Accepted</p>	<p>The Ministry has adopted the system in place for state school transport to non-state schools, whereby parents apply for school transport directly with the Ministry instead of with service providers.</p>	<p>Implemented</p>
<p>The Ministry is also encouraged to assess the School Bus Net (SBN) potential and human resource requirements, ensuring that it is in a position to implement such measure.</p> <p>Accepted</p>	<p>An assessment conducted by the SBN service provider revealed that the system has the required potential for the change-over.</p>	<p>Implemented</p>
	<p>The Ministry entered into a new contract with the SBN service provider, establishing the new terms and conditions.</p>	<p>Implemented</p>
	<p>Following the approval of the HR structure, the Ministry published a call for applications for the filling of vacancies in the post of Assistant Manager.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Errors resulting in overpayments</p> <p>Immediate action is to be taken to ensure that internal controls are strengthened. SBN's access levels are to be assessed and restricted as applicable, following a systems audit.</p> <p>Accepted</p>	<p>The SBN system supports various roles, with each role having access levels limited to the operations for which that officer is responsible. When new user levels are required, these are created accordingly, with the applicable level of restrictions.</p> <hr/> <p>To implement the four-eye principle, one officer enters the data to generate the SBN's financial reports whilst another officer is checking and verifying these reports.</p> <hr/> <p>In accordance with the approved HR plan, the Ministry issued calls for application to engage more staff.</p> <hr/> <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>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>November 2024</p>
<p>The concept of segregation of duties is to be applied also with respect to information technology system. No officer is to have unrestricted access.</p> <p>Accepted</p>	<p>Apart from the Head (STU) and a Senior Manager, no other officer has unrestricted access to the system.</p> <hr/> <p>A Compliance Unit within the STU has been set up to carry out verifications and ensure compliance and financial diligence.</p> <hr/> <p>A senior manager was engaged within the Compliance Unit.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p>
<p>It is also to be ensured, especially on figures that will serve as a permanent basis for payment, that adequate audit trail is embedded in the system.</p> <p>Accepted</p>	<p>The system was enhanced so that any manual intervention is registered and recorded in the system with a full audit trail. The user making changes can be identified. Furthermore, any amendments must be supported by a justification.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, the Ministry is also advised to investigate the highlighted cases as a start, after which a holistic exercise is to be performed. The respective officers are to be held responsible to recoup any overpayments.</p> <p>Accepted</p>	MEYR received a detailed report from the designated external auditor, on the cases highlighted by the NAO.	Implemented
	The external auditor has also concluded a second audit on the same sample chosen by the NAO to investigate any variables which the NAO had identified as sources of potential overpayments. The report was submitted to MEYR.	Implemented
	Once the second report is reviewed, MEYR will start holding meetings with the service providers to recoup overpayments.	December 2023
	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.	December 2023

Control issues

<p>Lack of adequate monitoring on school transport</p> <p>Given that this is the main element of control, the Ministry is to ensure that regular inspections are carried out.</p> <p>Accepted</p>	The senior manager is carrying out regular spot checks.	Implemented
	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.	January 2024
	Reports on the findings of the spot checks are filed to ensure complete audit trail and followed up to address any identified shortcomings.	Ongoing
<p>In this regard, a plan is to be drawn up, covering as many schools as possible, focusing on areas of highest risk.</p> <p>Accepted</p>	An SOP outlining the procedure for regular spot checks and follow-ups was drawn up, approved, and circulated among all staff concerned.	Implemented
	Management is ensuring compliance.	Ongoing
	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 start to end of scholastic year.	January 2024
	A schedule of surprise spot checks is being followed. This schedule is based on reports received, evaluation of risk and randomly selected routes.	Ongoing

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, where possible, repeat spot checks are to be carried out in order to confirm that recommended action was followed through.</p> <p>Accepted</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>January 2024</p>
<p>No means to establish to what capacity school transport is utilised</p> <p>The Ministry is to establish ways to monitor students' use of transport, for both state and non-state schools, not only to be able to enforce the set condition, but also to assess the efficiency and effectiveness of the scheme.</p> <p>Accepted</p>	<p>The MEYR is holding discussions regarding the monitoring of students' use of transport in both state schools and non-state schools, as well as the possibility of introducing any type of enforcement.</p> <p>Any policy change will be communicated to the parents/legal guardians prior to its introduction.</p> <p>MEYR is regularly evaluating the efficiency and effectiveness of the school transport scheme, to enable continuous improvement.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Manual intervention</p> <p>As far as possible, operations are to be automated following the necessary checking of information forming the basis of payment, also mitigating the risk of error and fraud through adequate segregation of duties.</p> <p>Accepted</p>	<p>The Ministry has adopted the system in place for state school transport also to non-state schools, whereby parents apply for school transport directly with the Ministry instead of with service providers.</p> <p>The SBN system supports different roles, granting access only to the operations which the respective officer is responsible for. New user levels can be created at any time as required, with the applicable access and restrictions to the system.</p> <p>To mitigate risks, the four-eye principle is being applied where one officer inputs the data to generate the SBN's financial reports, whilst another officer checks and verifies the respective reports.</p> <p>In line with the approved HR plan, the Ministry issued a call for applications to engage additional staff. Once engaged and trained, the STU will ensure better segregation of duties.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Route maximisation criteria not met</p> <p>When the Ministry modifies or totally changes the terms of a previously established contract, an addendum is to be signed.</p> <p>Not accepted</p>	<p>Following discussions with the legal team regarding the specific case mentioned by NAO, MEYR decided not to elicit an addendum to the existing contract as there was the risk of triggering an unsolicited negotiating process regarding other terms and conditions.</p>	

Recommendations	Action taken/justification	Implemented or date by when
<p>These alterations are also to be compiled in a standard operating procedure to encourage uniformity in the treatment of payments. This will ensure a fair treatment amongst the service providers.</p> <p>Accepted</p>	<p>MEYR has drawn up, approved and circulated an SOP detailing the procedure in place with respect to the downgrading of a route vehicle category for those instances where MEYR approves routes which do not reach the 70% seat occupancy.</p> <hr/> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Lack of standard operating procedures</p> <p>The Ministry is encouraged to draw up standard operating procedures covering all the aspects related to school transport and ensure that these are invariably observed.</p> <p>Accepted</p>	<p>All SOPs have been updated and disseminated amongst staff concerned.</p> <hr/> <p>The management is ensuring compliance.</p> <hr/> <p>MEYR is committed that SOPs are revised at least once a year or as soon as it is felt that operations are to be modified.</p> <hr/> <p>MEYR is holding a workshop regarding new procedures reflected in the revised SOPs.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>November 2023</p>
<p>Inconsistent approach for the payment of guaranteed number of days</p> <p>Given that payment for 165 days is guaranteed, the Ministry is expected to adopt the same strategy as that for non-state school transport, eliminating manual deductions and reconciliations, hence reducing the possibility of errors.</p> <p>Partially accepted</p>	<p>Following discussions held with the SBN service providers, it was agreed that since the contract of state school transport has different provisions, such as but not limited to, infringements and opening of new routes, it is technically difficult to adopt the same strategy as non-state schools.</p> <hr/> <p>To ensure that all interventions are recorded, SBN service providers have included a module in the system to calculate the 165 days compensation for state school providers after taking into consideration any infringements and related deductions.</p>	<p>Implemented</p>
<p>Policy provisions not always enforced</p> <p>Set policies are to leave no room for different interpretations and are to be invariably enforced.</p> <p>Accepted</p>	<p>The Extra Trips Policy was updated and reflected in the School Transport Policy. The updated policies were communicated to all staff and state school transport providers.</p> <hr/> <p>An officer is checking all statements prior to being sent for payment.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>







FOLLOW-UP ON
PENDING ACTIONS

GA Publication 2022

Action	Implementation date on GA report 2022	Date of implementation/status
Investment Fund for Private Schools - Expenditure		
<p>Total reliance on data provided by applicants</p> <p>The Management has reviewed the Standard Operating Procedure (SOP) for compliance visits to include a provision related to the verification of data submitted by heads of schools during compliance visits carried out in non-state schools.</p>	November 2022	<i>Implemented in April 2023</i>
<p>Officers in the team will be assigned to carry out random spot checks to ensure that the claimed goods were received, and services were actually rendered, prior to effecting payment. Spot checks for the year 2022 will be carried out in Q4, as the majority of claims made by schools are received in Q4.</p>	November 2022	<i>Implemented in May 2023</i>

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/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><i>Not yet implemented</i></p> <p>Though the HR Plan was submitted and discussed with P&SD, no approval has as yet been forthcoming, and consequently no engagement can be made until approval is given.</p>	<p>January 2022</p>	<p><i>Not yet implemented</i></p> <p>FTS does not have the necessary approvals to recruit despite regular requests reflecting the new FTS portfolio.</p> <p>Date of implementation depends on statutory approvals.</p>
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><i>In the process of being implemented.</i></p> <p>Currently MCAST and the Malta Union of Teachers (MUT) are discussing the new CA and the college will ensure that all salaries practices will follow the agreed provisions. In the meantime, as from June 2021, a thorough exercise was carried out to update and record each employee's personal file with any salaries adjustments. This is an ongoing exercise.</p> <p>It is anticipated that the CA will be finalised by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>MCAST, IRU and MUT are currently in discussions over the new Collective Agreement (CA).</p> <p>The CA will include Academics, SROs, Directors, Deputy Directors, LSEs, Career Guidance/Counsellors, and Student Mentors.</p> <p>In the meantime, a thorough exercise to update and record each employee's personal file with any salaries adjustments has been carried out and is being updated continuously to reflect any salary adjustments.</p> <p>Estimated date of full implementation is Q2 of 2024.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>Work resources allowance not adequately managed</p> <p>When this exercise is concluded, MCAST management will have in hand the report with the findings, including the methodology to be applied, the viability, the risks MCAST is encountering with the current procedure, and the sample size to be considered during the audit process</p>	<p><i>In the process of being implemented</i></p> <p>MCAST has assigned an external audit company, through a call issued in accordance with procurement procedures, with the task to ensure that the funds being allocated to the various lecturing grades are being utilised in line with MCAST policy and in the most cost effective and efficient manner.</p> <p>In the meantime, a thoroughly detailed operational approach is being undertaken to actually provide a transparent way to handle these allowances.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>After an internal discussion, it was agreed that the sampling methodology be increased to 25% from the previous 5%.</p> <p>The external audit is anticipated to be finalised and the related report submitted to MCAST.</p> <p>Estimated date of full implementation is December 2023.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>A new electronic system will be adopted for the submission of receipts. MCAST will update the respective policy to reflect the new process including the retention of original documentation.</p>	<p><i>In the process of being implemented</i></p> <p>A Work Resource Allowance (WRA) Committee is in place, holding meetings every five weeks. The Committee is composed of two members from MCAST, two members from MUT, and an independent chairperson to monitor and update the policy as required. Moreover, MCAST has been discussing and has agreed on a way forward to upgrade the payroll system to incorporate other services needed by MCAST. The exercise started in September 2021 and the first phase is at conclusion stage. Subsequently, the matter will be presented to MUT, prior to the implementation of the process.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>The part of the electronic system relating to extra duties financial transactions has been implemented .</p> <p>The part related to the WRA is currently being discussed with MUT.</p> <p>Estimated date of full implementation is January 2024.</p>
<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><i>In the process of being implemented</i></p> <p>Currently MCAST and MUT, in the presence of IRU, are discussing the new CA and the college will ensure that all remuneration practices will follow the agreed provisions.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>Not yet implemented</i></p> <p>Discussions are still ongoing between MCAST and the stakeholders concerned.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>Limited control over work resources</p> <p>MCAST will be implementing an electronic system whereby receipts will be uploaded by each lecturer and no physical receipts would need to be presented to the WRA team. MCAST will reserve the right to request the original receipts for audit purposes, in line with the respective policy.</p>	<p><i>In the process of being implemented MCAST.</i></p> <p>MCAST has been discussing and has agreed on a way forward to upgrade the payroll system to incorporate other services needed by MCAST. The exercise started in September 2021 and the first phase is at conclusion stage. Subsequently, the matter will be presented to MUT, prior to the implementation of the process.</p> <p>Full implementation is expected by December 2022</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>The part of the electronic system relating to extra duties financial transactions has been implemented .</p> <p>The part related to the WRA is currently being discussed with MUT.</p> <p>Estimated date of full implementation is January 2024.</p>
<p>The Cost Benefit Analysis (CBA) will cover and assess the scope, methodology, the viability, the relevant risks, and the adequate sample size required for the audit. The report will be concluded by December 2021.</p>	<p><i>In the process of being implemented.</i></p> <p>MCAST has assigned an external audit company, through a call issued in accordance with procurement procedures, with the task to ensure that the funds being allocated to the various lecturing grades are being utilised in line with MCAST policy and in the most cost effective and efficient manner.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>The CBA results are to reach MCAST by December 2023.</p> <p>Thereafter, recommendations will be taken on board and implemented.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>Lack of control on the observance of core hours of work by lecturers</p> <p>Discussions are being held with the MUT regarding the introduction of a proper time and attendance mechanism through the new collective agreement.</p>	<p><i>In the process of being implemented.</i></p> <p>Currently MCAST and MUT are discussing the new CA and the college will ensure that this action is taken in consideration during the discussions.</p> <p>Full implementation is expected by December 2022</p>	December 2022	<p><i>In progress</i></p> <p>The implementation of this action relies on the ongoing discussions regarding the new CA. The existing provisions in the CA, regarding the flexibility approach and the core hours are in conflict and need to be tackled in the new CA discussions.</p> <p>Estimated date of implementation is Q2 of 2024.</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><i>In the process of being implemented.</i></p> <p>Currently MCAST and MUT are discussing the new CA and the college will ensure that this action is taken in consideration during the discussions.</p> <p>Full implementation is expected by December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>MCAST, IRU and MUT are currently in discussions over the new CA.</p> <p>This measure will be implemented on signing the new agreement.</p> <p>Estimated date of full implementation is Q2 of 2024.</p>
<p>No reconciliations between missed and replaced hours</p> <p>MCAST is exploring methods to adopt one coherent system by either enhancing the current systems or purchasing a new system.</p>	<p><i>In the process of being implemented.</i></p> <p>Currently MCAST is upgrading its payroll system throughout, hence the new system will have an inbuilt control whereby no double claiming of the same hours will be possible. MCAST and MUT are discussing the new CA and the college will ensure that such procedures are taken in consideration during the discussions.</p> <p>Full implementation is expected by December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>The first phase of the digitised payroll system has been initiated in June 2023.</p> <p>Currently, MCAST is working on the second phase of the system.</p> <p>Estimated date of full implementation is January 2024.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
<p>A new procedure for timetabling and the methodology that will be applied for core hours, will be discussed for inclusion in the new collective agreement.</p>	<p><i>In the process of being implemented.</i></p> <p>Currently MCAST is upgrading its payroll system throughout, hence the new system will have an inbuilt control whereby no double claiming of the same hours will be possible. MCAST and MUT are discussing the new CA and the college will ensure that such procedures are taken in consideration during the discussions.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>The implementation of this action relies on the ongoing discussions on the new CA.</p> <p>Estimated date of full implementation is January 2024.</p>
<p>No inbuilt validation in the payroll system</p> <p>Discussions are being held with the payroll system provider to incorporate a functionable data validation system.</p>	<p><i>In the process of being implemented.</i></p> <p>Currently MCAST is upgrading its payroll system throughout, hence the new system will have an inbuilt control whereby no double claiming of the same hours will be possible. MCAST and MUT are discussing the new CA and the college will ensure that such procedures are taken in consideration during the discussions.</p> <p>Full implementation is expected by December 2022.</p>	<p>December 2022</p>	<p><i>In progress</i></p> <p>The first phase of the digitised payroll system has been initiated in June 2023.</p> <p>Currently, MCAST is implementing the second phase of the system.</p> <p>Estimated date of full implementation is January 2024.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>Inaccurate payments</p> <p>A cost-benefit analysis to determine the sample size will be finalised.</p>	<p><i>In the process of being implemented.</i></p> <p>MCAST has assigned an external audit company, through a call issued in accordance with procurement procedures, with the task to ensure that the funds being allocated to the various lecturing grades are being utilised in line with MCAST policy and in the most cost effective and efficient manner.</p> <p>Full implementation is expected by December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>Whilst all employees' personal files have been evaluated and show the correct salary package, including qualification and coordination allowances and any other additional payments; as from March 2023, MCAST began to carry out random sampling of 5% for each of the following monthly salary brackets:</p> <ul style="list-style-type: none"> a. 0 to 2500 euro b. 2500 to 4000 euro c. 4000 euro + <p>This is being done as opposed to the prior practice of carrying monthly random sampling of 5% over all salaries.</p> <p>The inaccuracies that were found have been all rectified through this approach.</p> <p>However, MCAST is still awaiting CBA results which are to be finalised by December 2023. Thereafter, recommendations will be taken on board and implemented.</p>





MINISTRY FOR THE ECONOMY, EUROPEAN FUNDS AND LANDS

reported by the NAO as Ministry for the Economy and Industry

MEFL

Lands Authority – Revenue

The Lands Authority was set up in 2017 by virtue of the Lands Authority Act (Cap 563). The Authority is entrusted with the administration and management of the entire land and property owned by the Government of Malta, as well as all remaining land forming part of the public domain, governed by detailed policies drawn up by the Board of Governors. It is also considered as the principal means through which Government seeks to optimise its land and building resources from the economic and social development aspect. Through its various directorates, the Authority issues tenders, carries out property valuations and inspections, prepares rental agreements and collects respective revenue.

The main scope of this audit was to assess the adequacy and effectiveness of internal controls over the revenue process.

The audit revealed that the Government is not aware of the market value of the land and property it holds. Moreover, the Lands Authority (LA) did not carry out regular monitoring to ensure that the provisions in the commercial tenement contracts were observed. The audit also revealed that a significant number of former Church properties, transferred to Government in terms of the agreement, were recorded in the computer system with incorrect details and hence were not being invoiced, resulting in loss of revenue to Government.

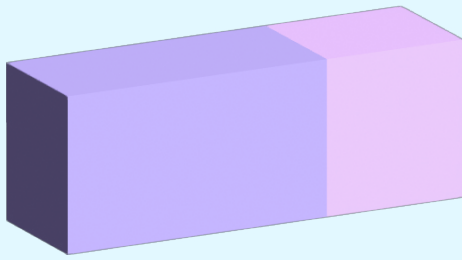
Follow-up action

It is estimated that by June 2024, the LA will have transferred data from all its active physical files to the Land and Estate Management Information System (LEMIS). This exercise will be followed by the digitisation of the archived files. To expedite the scanning process, LA is currently exploring the viability of sub-contracting this process. On completion of the digital conversion exercise, LA would then have a clearer picture of the land and property owned by the Government, and thus it can manage its assets more effectively.

In its endeavour to recoup amounts falling in arrears, LA is carrying out an exercise on unpaid utility bills to identify the current tenant, following which a fresh bill will be issued in the name of the confirmed occupant. LA has also established a Finance SOP, including a procedure on the collection of revenue.

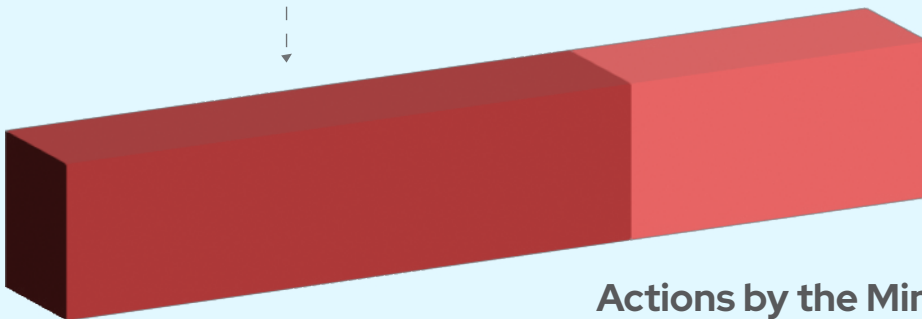
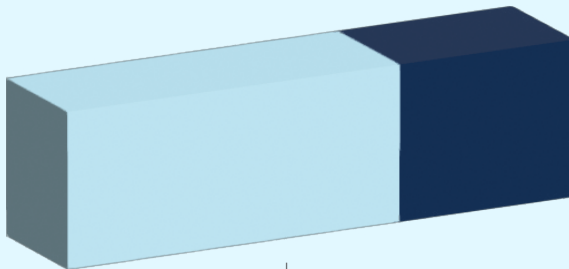
NAO issues by category: 4

3 Inefficient operations 1 Lack of verification/enforcement



Recommendations by NAO: 7

5 Accepted 2 Not accepted



Actions by the Ministry: 14

9 Implemented 5 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>No property register</p> <p>A comprehensive property register is to be drawn up, providing an overview of land and building held at macro level, hence enabling more effective management over such assets.</p> <p>Accepted</p>	<p>LA is carrying out a digital conversion exercise, whereby active physical files are being scanned and uploaded on the Land and Estate Management Information System (LEMIS). LEMIS is an automated system, which originally served for the invoicing procedure, but eventually was modified to include all the relevant data and the related documentation.</p> <hr/> <p>LA employees have scanned over 50% of the active files in circulation.</p> <hr/> <p>Apart from the scanning of active files, LA employees will also be scanning archived files.</p> <hr/> <p>To expedite the scanning process, LA is in discussions to explore options of sub-contracting the scanning process. A preliminary market research has been carried out and a cost benefit analysis is to follow.</p>	<p>June 2024</p> <p>Implemented</p> <p>December 2028</p> <p>Ongoing</p>
<p>Government-owned property not recorded in financial records</p> <p>While acknowledging that this is a matter that cannot be decided solely by the Authority, given that the foregoing was granted the authority to exercise all powers of control over the land in Malta, a plan is to be devised, to clearly identify and recognise all Government-owned property, also establishing its value, as well as record it accordingly without undue delay.</p> <p>Accepted</p>	<p>During the audit it was suggested by NAO that a meeting was to be held with all parties involved, that is MFE, Treasury, NAO and the Lands Authority.</p> <p>A meeting with all the stakeholders involved is envisaged to be held by end of this year, to discuss the matter with all the public entities involved.</p>	<p>December 2023</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Amounts falling in arrears</p> <p>All outstanding revenue due from third parties is to be disclosed in the respective return of arrears, including those related to unpaid utility bills. Moreover, amounts estimated as not collectable are to be indicated accordingly in the return.</p> <p>Accepted</p>	<p>LA is carrying out an exercise on unpaid utility bills where, as a first step, the current tenant is identified. The tenant is then contacted and requested to confirm identity and submit an update of their meter readings. Subsequently, the meter and bill is transferred in the name of the actual tenant and a fresh bill will be issued in their name.</p> <hr/> <p>LA has an SOP in place for the collection of amounts due in line with the Financial Regulations. This SOP is also followed by LA staff when amounts due are deemed uncollectable.</p>	<p>June 2024</p> <hr/> <p>Implemented</p>
<p>No standard operating procedure covering the collection of revenue</p> <p>The respective process is to be documented in an SOP and made available to all those carrying out the related tasks. This will ensure the smooth running of operations when there is any change in staff and will also assist those employed with Local Councils collecting money on behalf of the Authority.</p> <p>Accepted</p>	<p>A Finance SOP was compiled, finalised and approved. This SOP was communicated to the officers concerned.</p> <hr/> <p>Management is ensuring adherence to the SOP.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>



MEFL

Lands Authority – Debtors and creditors

The Lands Authority (LA) is entrusted with the administration and management of all the land and property owned by the Government of Malta. The Authority also carries out property valuations and inspections, prepares rental agreements and collects respective revenue.

The scope of this analysis was to ensure that the amounts reported by the Lands Authority as due from Government ministries, departments and entities were recorded accordingly as payables by the respective debtors.

The audit revealed that the amounts reported by the Lands Authority did not reconcile with the balanced reported by the respective debtors.

Follow-up action

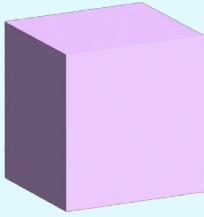
LA has commenced an ongoing estate management exercise with Government departments and entities, with the objective of updating its database, identifying errors and rectifying them accordingly.

Furthermore, to raise awareness throughout the Public Administration that requests by Government departments for a new allocation or a transfer of property must be made through the online form (FORM GOV1), and must bear the endorsements of both the respective Minister and Permanent Secretary, a circular was issued setting out the procedure to be followed.

Meanwhile, LA pursues amounts due by defaulting tenants on a regular basis in accordance with the credit control SOP.

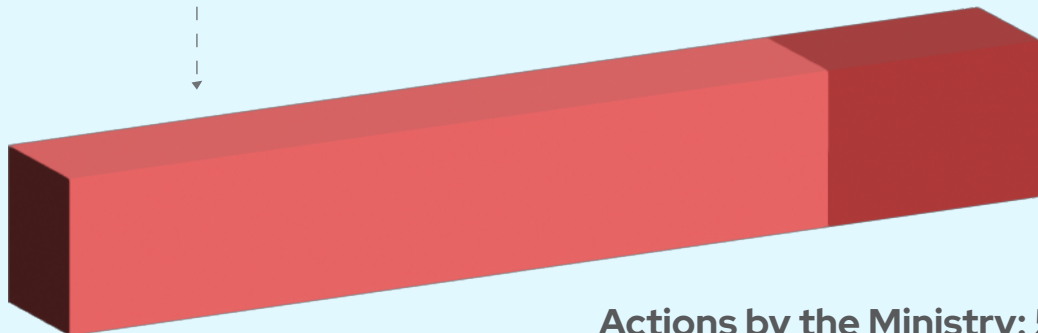
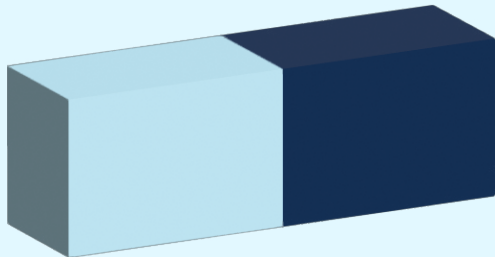
NAO issues by category: 1

1
Lack of verification/
enforcement



Recommendations by NAO: 2

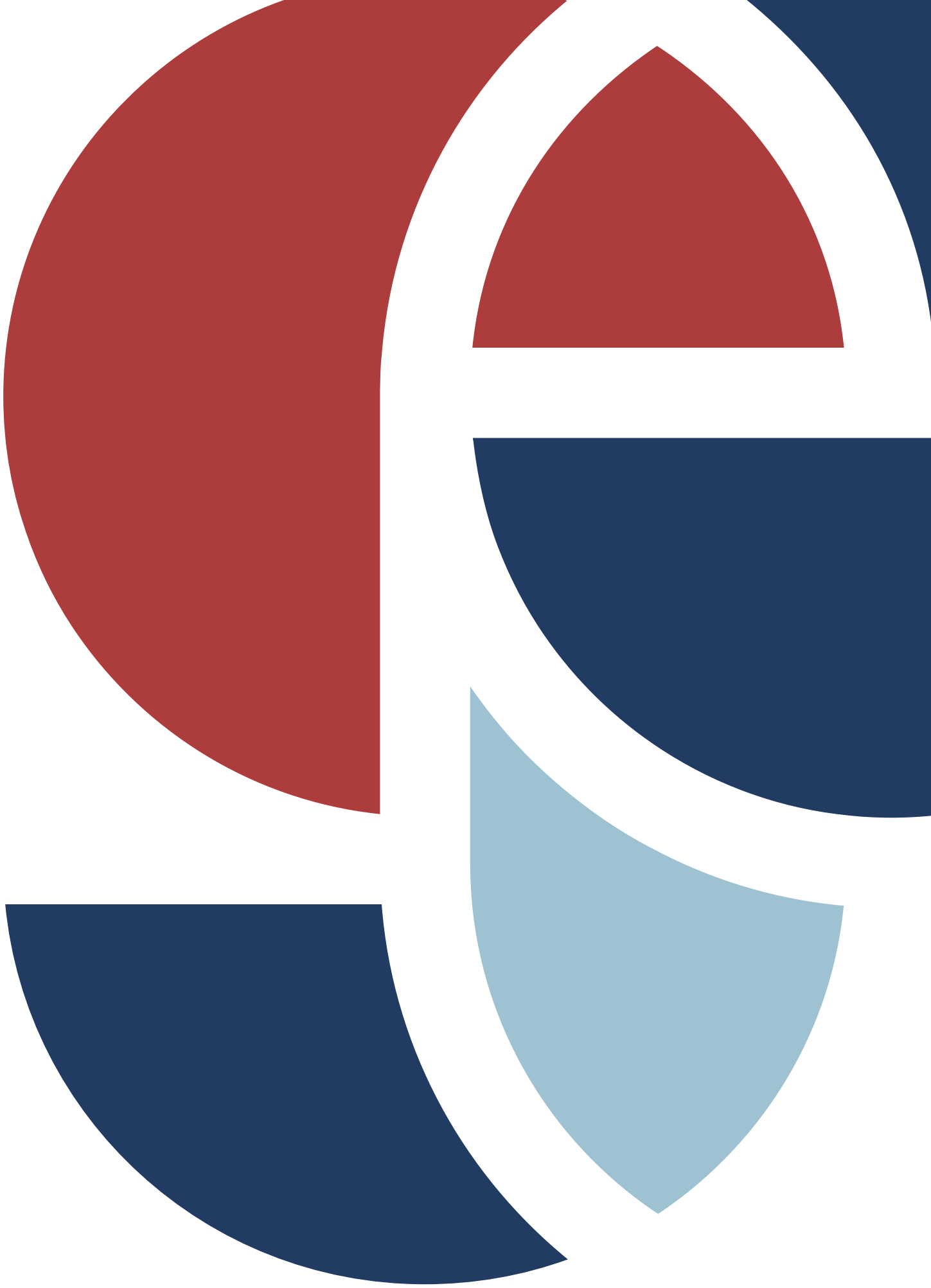
1 Accepted 1 Not accepted



Actions by the Ministry: 5

4 Implemented 1 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Payables not reconciled</p> <p>In view of the transition to accrual accounting, the responsible officials are to ascertain that, payables' balances are reconciled through a debtors' control account to identify any errors and rectify them accordingly.</p>	<p>It is being clarified that most of the amount noted, €7 million, was invoiced following a request by an Authority for expropriation of land, which is not yet confirmed.</p> <hr/> <p>LA has in place an SOP on credit control which stipulates that amounts due are to be chased regularly with the respective tenants, as well as the procedure to be followed.</p> <hr/> <p>In its effort to populate a reliable, updated database of all Government-owned property and which would eventually help in the reconciliation of amounts payable to the Authority, LA has initiated a laborious exercise on estate management with the Government departments/entities.</p>	<p></p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Accepted</p>	<p>LA had also introduced the online application form - FORM GOV1 - to acquire or transfer Government property, which stipulates that such requests must be endorsed by the respective Minister and Permanent Secretary.</p> <hr/> <p>To raise more awareness, LA formulated a circular to be distributed to all ministries and government entities, explaining the process to be followed when an entity needs to be allocated land / building from LA.</p> <hr/> <p>Circular is pending the necessary endorsements and will be effective as from January 2024.</p>	<p></p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>January 2024</p>
<p>Guidance from the Ministry for Finance and Employment is also to be sought to ensure that the rent payable is covered by the budget allocated to Government ministries, departments and entities accordingly.</p>	<p>LA emphasised that the outstanding amounts are not due to negligence on its part. It is the responsibility of the respective ministries to ensure that the amount of rent payable to LA is covered by the budget allocated by the Ministry of Finance.</p>	<p></p>
Not accepted		



MEFL

E-Sport Policy - Expenditure

Gaming Malta, which manages the E-Sport Policy Programme and Initiative, is the Foundation tasked with the remit of promoting Malta as a centre of excellence in the digital and remote gaming sector globally.

This sector is continuously growing in Malta. By the year 2030, it is targeted that income from this segment will increase from 0.1% to 1% of local Gross Domestic Product. This sector is specifically related to online video games, also referred to as E-Sport and does not include gambling.

The main scope of this audit was to verify the extent of compliance with the provisions of the Public Procurement Regulations, as well as pertinent policies and procedures vis-à-vis expenditure incurred on the E-Sport Policy.

The audit revealed that the procedures and internal controls in relation to the E-Sport Policy within the Gaming Malta Foundation were adequate and in sound operation.

Good practice

NAO stated that testing carried out on disbursements made by Gaming Malta with regard to the E-Sport Policy programme, confirmed that appropriate controls were in place and in sound operation. The respective documentation was, in its absolute majority, properly maintained and internal procedures concerning procurement were in place. All payments reviewed by NAO were found to be in line with underlying contracts and were signed off for payment by the pertinent levels of authority.





MEFL

Economic Regeneration Voucher Scheme – Expenditure

The scheme for the second round of Government vouchers was announced during the Budget Speech for 2021. The value of the vouchers had a different apportionment than in the first scheme: red vouchers, to be spent in restaurants, bars, hotels and diving schools, were worth €60 in total, while the blue vouchers, redeemable in retail outlets, gyms, museums, art and culture activities, had a value of €40. As in the first scheme, these vouchers were to be distributed to all those aged 16 and over. The Malta Investment Management Company Limited (MIMCOL) was once again entrusted with the administration of the scheme.

The scope of the audit was to assess the extent and adequacy of internal controls over the 2021 Economic Regeneration Voucher Scheme payments, as well as to verify the completeness and accuracy in both the issuing and redemption of vouchers. The National Audit Office (NAO) also sought to check whether the shortcomings identified in the audit of the first voucher scheme were duly addressed.

Substantial overall improvement was noted in the operation of the Scheme. However, the audit revealed shortcomings relating to the oversight on scanning of fiscal receipts supporting the respective sale by the merchants and compliance with the scheme's requirements.

Follow-up action

Following the first voucher scheme, MIMCOL commissioned an audit on a sample of 500 businesses benefitting from the scheme. When the second voucher scheme was launched, shortcomings identified in the first scheme were avoided.

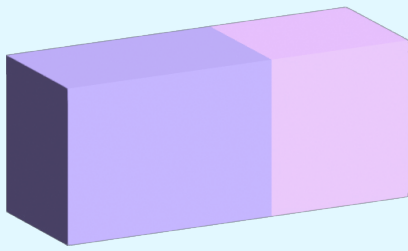
MIMCOL is drafting a Manual of Procedures for the management and administration of future Government schemes, taking into consideration NAO's recommendations.

With regard to the second round of Government vouchers, MIMCOL imposed penalties on identified defaulting merchants in terms of of Legal Notice 263 of 2021. Moreover, MIMCOL is pursuing the collection of overpayments issued.

For future schemes MIMCOL is committed to assign an internal auditor, to provide assurance that effective controls are in place to safeguard the projects it is entrusted with against abuse.

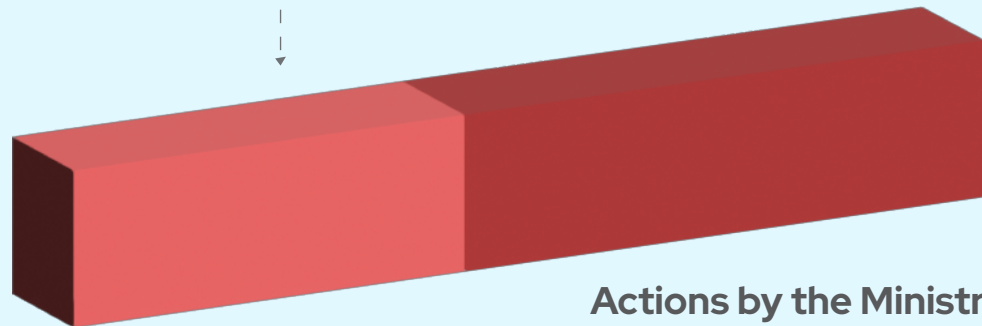
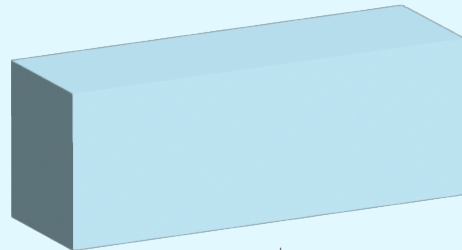
NAO issues by category: 3

- 2 Lack of verification/enforcement
- 1 Inefficient operations



Recommendations by NAO: 5

- 5 Accepted



Actions by the Ministry: 12

- 5 Implemented
- 7 Pending

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Shortcomings in fiscal receipts scanned</p> <p>NAO acknowledges that businesses were made aware of the requirements attached to this scheme; however, compliance thereof was still to be monitored by means of random inspections by MIMCOL and necessary action taken against merchants who fail to comply with the requirements.</p> <p>Accepted</p>	<p>Following the first voucher scheme, MIMCOL commissioned an audit on a sample of 500 businesses benefitting from the scheme. The audit reviewed all transactions and vat receipts, cross-checked vouchers and verified data inputted for all the 500 businesses.</p> <p>When the second voucher scheme was launched, shortcomings identified in the first scheme were avoided.</p> <p>Management is drafting a Manual of Procedures, establishing standard procedures, processes and internal controls, including monitoring, reconciliations, adopting the four-eye principle, and enforcement, for the managing of future schemes.</p>	<p>Implemented</p> <p>December 2023</p>
<p>Physical vouchers and receipts not retained by merchants</p> <p>Since merchants were to retain records for the applicable period of time, thus ensuring transparency and facilitating verification processes, financial sanctions, as stipulated in the pertinent legal notice, are to be considered, especially in cases of repeated defaulters.</p> <p>Accepted</p>	<p>MIMCOL took the necessary action according to Legal Notice 263 of 2021 to address shortcomings concerning the retention of proper documentation by the merchants, and imposed penalties within the parameters of the same law.</p> <p>MIMCOL is ensuring that the remaining merchant who has not yet paid the fine, pays the due amount. All other merchants paid the penalties imposed.</p> <p>The enforcement procedure to be followed in terms of the pertinent legal notice will be embedded in the Manual of Procedures.</p>	<p>Implemented</p> <p>Ongoing</p> <p>December 2023</p>
<p>Ineligible businesses participating in the scheme</p> <p>Eligibility criteria for such schemes are to be clearly defined and whilst ensuring that adequate procedures are in place, these have to be complied with. In order to minimise the possibility of ineligible businesses registering and benefitting from such schemes, any doubtful cases can be corroborated with other pertinent entities.</p> <p>Accepted</p>	<p>MIMCOL is ensuring that for future schemes clear guidelines are established and that financial sanctions within the legal parameters will be implemented against defaulters.</p> <p>When MIMCOL was entrusted to manage the scheme, the details of eligible businesses were forwarded by Government departments/entities. MIMCOL was not in a position to detect any incorrect data.</p> <p>MIMCOL is ensuring that the Manual of Procedures being drafted will include a provision stating that eligibility criteria for future schemes are to be as clear as possible so as to avoid misinterpretation.</p> <p>Another provision in the Manual of Procedures will require Government department/entities providing data to MIMCOL, to enter into a liability contract, shouldering responsibility for the accuracy of the data being forwarded to MIMCOL.</p>	<p>December 2023</p> <p>December 2023</p> <p>December 2023</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>MIMCOL is also to consider recouping the amounts paid to the merchants in question.</p> <p>Accepted</p>	<p>MIMCOL has taken action to recoup overpayments from merchants, and a significant portion has been recouped.</p>	<p>Ongoing</p>
<p>Same fiscal receipt scanned for multiple transactions</p> <p>MIMCOL is to carry out checks on transactions pertaining to merchants and identify cases of abuse.</p> <p>Accepted</p>	<p>Whenever a new scheme is launched, a person is to be identified to perform the function of internal auditing, and to oversee the running of the process to provide assurance that controls are in place to exercise compliance and good governance throughout the process.</p> <p>This practice will be included in the Manual of Procedures.</p>	<p>December 2023</p>
<p>Action is to be taken against defaulters.</p> <p>Accepted</p>	<p>MIMCOL has taken necessary action permitted by law against identified defaulters.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>An SOP on the procedure of following-up on defaulters will form part of the Manual of Procedures.</p>	<p>December 2023</p>

MEFL

Malta Government Investment Limited - Expenditure

Malta Government Investments Limited (MGI) is a Government-owned company, registered in Malta under the Companies Act (Cap. 386) and falling under the responsibility of the Ministry for the Economy and Industry. MGI has developed a diversified portfolio and has signed a number of memoranda of understanding in connection with the modernisation of Government-owned companies. As a holding company, MGI actively seeks to yield consistent returns with the minimum risk possible for the Malta Government. From the international aspect, the Company aims for Malta to be the hub of investment in the Mediterranean. MGI is self-sufficient, with income generated from investments; thus, it does not receive any financial allocation from Central Government for operational purposes.

The main scope of this audit was to ascertain that the operational expenses related to the activities of the Company, amounting to €302,862, were in line with the financial regulations, circulars and policies, as applicable, and to assess whether adequate controls were in place in relation to expenditure and that it was justified and duly backed up with supporting documentation.

The audit revealed that the remuneration and benefits of the Board of Directors of the Malta Government Investment Limited were not in line with the respective regulations. Furthermore, procurement tested during the audit was made by direct order without the necessary approval from the respective Minister.

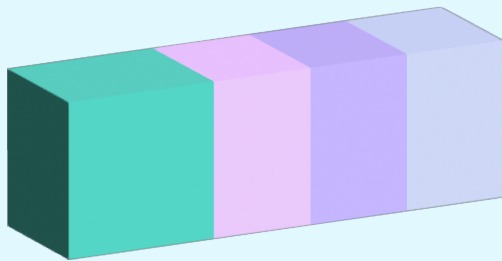
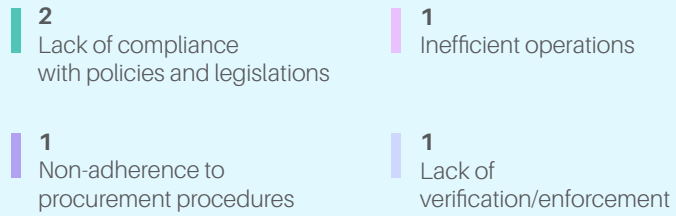
Follow-up action

Following a re-assessment of the classification of the Board of Directors of MGI in line with the Manual for setting the categorisation, classification and remuneration of Government-appointed boards and committees, the board's classification has been established at Commercial Level 3. As a result the Chairperson and Board Members are remunerated accordingly, and any allowances which were not in line with the Manual were discontinued. The Board is meeting on a monthly basis and formal minutes of the meetings are being compiled and endorsed according to the established procedure.

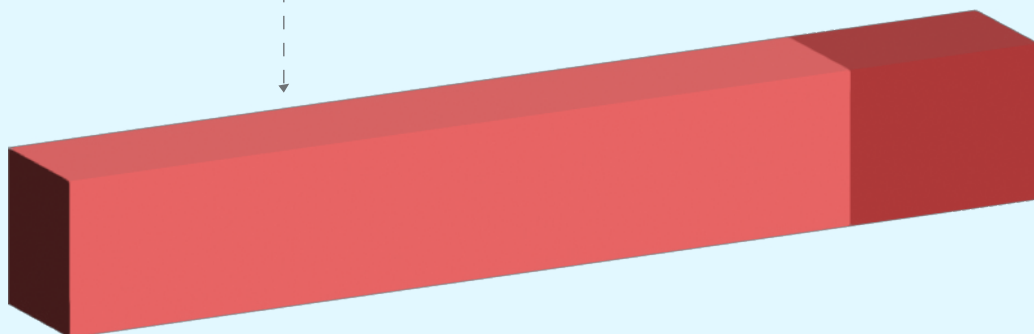
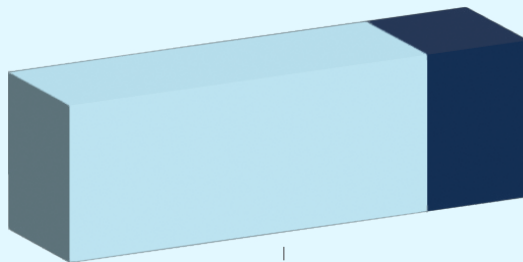
MEFL has commissioned an in-depth review of the objectives, structure and responsibilities of MGI. Following the outcome of the analysis, the Ministry will then act upon the recommendations of the report.

Meanwhile, MGI has enhanced its cost control measures and is ensuring that all expenditure is substantiated with supporting documentation and filed properly, guaranteeing an adequate audit trail. Employees were directed to comply with the PSMC and encouraged to undertake the required training with the Institute for the Public Services (IPS).

NAO issues by category: 5



Recommendations by NAO: 10



Actions by the Ministry: 26



Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Incorrect classification level of the board</p> <p>As also confirmed by the Cabinet Office, OPM, when determining the classification level, MGI is expected to include only its income, assets and employees. Therefore, the respective level is to be revised accordingly, also adjusting the applicable remuneration. In addition, the Cabinet Office, OPM, is to be invariably informed of any revisions.</p>	<p>A re-assessment of the board's classification level has been carried out in line with the Manual for Setting the Categorisation, Classification and Remuneration of Government-Appointed Boards and Committees.</p> <p>MGI's Board of Directors is now classified at Commercial Level 3, and the Chairperson and Board Members are being remunerated accordingly.</p> <p>The Cabinet Office has been informed of the revision in the classification level of the Board in accordance with standard procedure.</p>	Implemented
Accepted	<p>A new grading structure for the entity has been approved by the People and Standards Division.</p>	Implemented
	<p>MEFL has commissioned an in-depth review of the objectives, structure and responsibilities of MGI and MIMCOL.</p>	Implemented
	<p>Any reclassification considered necessary will be submitted for the information of the Cabinet Office, according to the standard procedure.</p>	Ongoing
<p>Additional allowances and benefits to the Board of Directors</p> <p>The entitlement to any benefits and allowances to the Board of Directors is to reflect the provisions outlined in the respective Manual and Framework, keeping in view the provisos in instances of ex-officio included therein. Further guidance to this effect may be sought from the Steering Committee, Cabinet Office. Ad hoc requests relating to remuneration to Board secretary are also to be addressed to the said Committee.</p>	<p>MGI took immediate action and any allowances and/or additional benefits which were not in line with the Manual were discontinued.</p>	Implemented
	<p>The Ministry has issued a circular to all entities under its remit to ensure that any remuneration, including any allowances paid to the respective boards, must be in line with the Manual for Setting the Categorisation, Classification and Remuneration of Government-Appointed Boards and Committees, and that the procedure detailed in the foregoing manual is complied with.</p>	Implemented
Accepted	<p>MGI is ensuring that benefits and allowances being paid to the Board of Directors are in line with the respective manual and framework.</p>	Implemented

Recommendations	Action taken/justification	Implemented or date by when
<p>Remuneration to Investment Committee members</p> <p>Reference is to be made to the respective Manual and Framework, which is intended to serve as a guideline to Permanent Secretaries, in order to establish the categorisation, classification and remuneration of Government appointed Boards and Committees. The NAO reiterates that, where clarification is deemed necessary, direction for the payment of any honoraria to Committee members and secretary is to be sought from the Steering Committee, Cabinet Office, also taking into consideration that some of the individuals may be considered as ex-officio members.</p>	<p>Upon seeking clarification from the Cabinet Office, MEFL was informed that no notification is required for the Investment Committee as it is an internal committee. The Steering Committee's remit covers those Boards and Committees appointed by Ministers.</p> <hr/> <p>A re-assessment of the Investment Committee, being an internal committee, has been carried out in line with the spirit of the Manual for Setting the Categorisation, Classification and Remuneration of Government-Appointed Boards and Committees. The Investment Committee is now classified as Commercial Level 4.</p> <hr/> <p>The current Chairperson of the Investment Committee is considered as ex-officio to the CEO. Thus, no remuneration is being contemplated.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
<p>Partially accepted</p>		
<p>Divergences from the approved remuneration package of the Chief Executive Officer</p>	<p>The contract governing the appointment of the new CEO has been approved by the Board of Directors, the Ministry and the OPM, in line with the established procedure.</p>	<p>Implemented</p>
<p>NAO is of the opinion that any departures from the original remuneration package approved by OPM, are to be endorsed by the latter. Hence, MGI is to regularise its position accordingly.</p>	<p>MEFL has issued a circular to all entities under its remit to ensure that remuneration payable to the respective CEOs, including any allowances, are in line with the contract, as approved by the Ministry and the OPM.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>The Ministry is ensuring that all entities are being compliant with the above-mentioned circular.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Procurement by direct order</p> <p>Procurement is to be invariably made in line with the pertinent regulations so that all potential service providers are given equal opportunity, thus ensuring fair competition and transparency. In exceptional cases, where procurement has to be made by direct order, the approval of the respective Minister or delegate is solicited. Furthermore, in line with PPR Article 28(1), the calculation of the estimated value of procurement is to include the total amount payable (net of VAT), taking into consideration any form of renewal options of the contracts.</p>	<p>A Procurement Manual of Procedures has been compiled, approved by the Board of Directors, and circulated to the employees concerned.</p>	Implemented
	<p>Management is ensuring compliance with the manual.</p>	Ongoing
Accepted		
<p>Miscellaneous benefits and payments</p> <p>Any benefits and payments in addition to those originally approved are considered as irregular. Therefore, the Company is not to grant benefits unless duly approved.</p>	<p>A salary and grading structure, approved by the Industrial Relations Unit, OPM, is in place.</p>	Implemented
	<p>Future recruitment will strictly adhere with the salary and grading structures as approved by the Industrial Relations Unit, OPM.</p>	Ongoing
Accepted		
<p>Limited number of board meetings and minutes not duly endorsed</p> <p>Formal minutes of each Board meeting, including time of adjournment and date of subsequent meeting, are to be prepared and endorsed, both by the Chairman and secretary, in the following sitting. Furthermore, the Permanent Secretary is to be informed accordingly about the estimated number of sittings.</p>	<p>The Ministry issued and circulated an official note to all Boards emphasising the importance of good governance, including proper record-keeping.</p>	Implemented
	<p>As of January 2023, the Board is meeting on a monthly basis.</p>	Ongoing
	<p>Formal minutes of each Board meeting, including time of adjournment and date of subsequent meeting, are being prepared and endorsed, both by the Chairperson and Secretary, in the following sitting.</p>	Implemented
	<p>All meeting minutes are being filed, thus providing an adequate audit trail.</p>	Implemented
Accepted		

Recommendations	Action taken/justification	Implemented or date by when
<p>Revision to agreements not formally documented</p> <p>Agreements are to be formally updated to reflect the necessary changes by means of an addendum, duly signed by authorised representatives of both parties. This will ensure a complete audit trail until new agreements are drawn up. Additionally, agreements are to be entered into prior to commencement and not retrospectively.</p> <p>Accepted</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>December 2024</p>
<p>List to whom hampers were distributed not available</p> <p>For the sake of transparency and good practice, MGI is expected to liaise with MIMCOL, with the aim of avoiding unnecessary costs and to be provided with sufficient details related to expenditure eventually being borne by the former.</p> <p>Accepted</p>	<p>MGI enhanced its cost control measures and no similar expenditure as the one highlighted by NAO is being envisaged.</p> <hr/> <p>Management is ensuring that all expenditure, including recharging of costs, is substantiated with the necessary supporting documentation and retained for an adequate audit trail.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Compliance issue		
<p>Travel payments not in line with the pertinent manuals</p> <p>The pertinent regulations are expected to be followed for visits abroad. Moreover, the Manual of Allowances specifies the steps to be followed for the payment of new benefits, such as disturbance allowance, which requires OPM approval. In addition, copies of agenda and/or programme are to be retained and if these are not available, the purpose of the trip is to be adequately documented. Furthermore, unless covering approval from OPM is obtained as applicable, any ineligible amounts are to be recouped from the respective officers accordingly and evidence provided to this Office.</p>	<p>Management instructed staff concerned to comply with the Manual on Transport and Travel Policies and Procedures, applicable to the Public Service.</p> <hr/> <p>MGI's staff have applied with the Institute for the Public Services (IPS) to attend training on travel procedures in order to ensure compliance with the Manual on Transport and Travel Policies and Procedures.</p> <hr/> <p>MGI is seeking to recover the ineligible amounts of the travel allowances identified by NAO. Claims have been raised with the individuals involved and a significant portion of the amount has been recouped.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
Accepted		



MEFL

Land Registration Agency

(reported by the NAO under the Ministry for Home Affairs, National Security and Law Enforcement)

The main functions of Land Registration Agency (LRA) are to carry out duties of public administration in relation to registration of land, also assisting the Minister responsible in related matters. The LRA is governed by the Public Finance Management Act (Cap 601). Thus, it is required to duly prepare its annual financial statements in terms of the Public Administration Act (Cap 595).

The scope of this audit was to examine LRA's main sources of revenue and to verify correctness and completeness of such income by ensuring that related internal controls were in place.

The audit revealed that basic internal controls, including segregation of duties, audit trail and adequate checking were lacking, thus hindering assurance of completeness of revenue collected.

Follow-up action

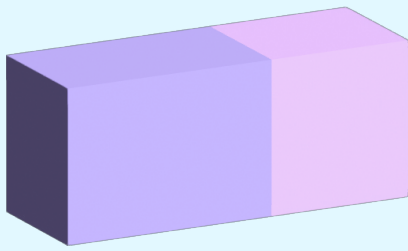
By December 2023, the LRA will have addressed all of the recommendations made by the National Audit Office (NAO), with the introduction of a new, mandatory, online Land Registry Platform which will replace the current manual procedure for the submission, vetting, review, process and approval of applications, with a fully automated system. The benefits are multifaceted; to mention a few, the system will be running at all hours, payments will be done through a secure payment gateway, and it will be offering a complete audit trail.

In the interim, LRA has strengthened its practices by introducing different levels of authorisations throughout its process workflow. All receipts, invoices and cash returns include the name of the officer responsible for generating the respective documents.

The LRA has also drawn up a formal SOP, detailing the procedure of receiving, processing and verifying applications, as well as handling related fees and claims. The SOP was circulated among the staff concerned and management is ensuring that the procedure is followed.

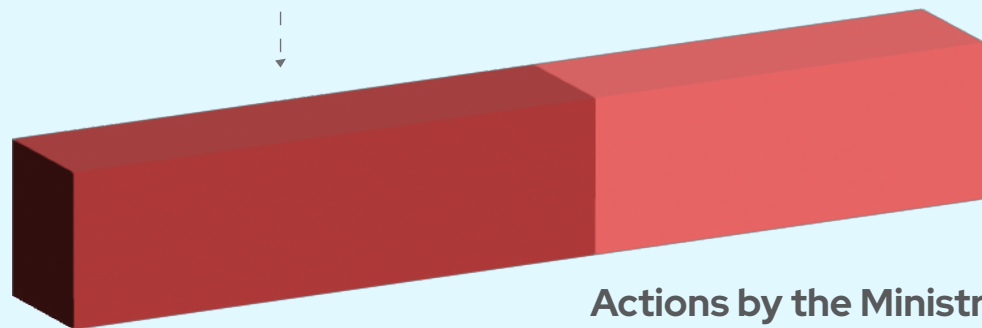
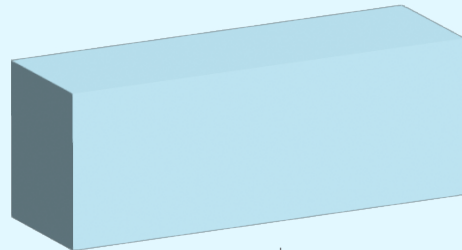
NAO issues by category: 3

- 2 Lack of verification/enforcement
- 1 Inadequate technology



Recommendations by NAO: 5

- 5 Accepted



Actions by the Ministry: 12

- 7 Implemented
- 5 Pending

Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Lack of segregation of duties</p> <p>Segregation of duties is one of the fundamental internal controls that is expected within an entity, especially where the handling of cash is concerned. Thus, LRA is to immediately step up its controls to provide a higher level of comfort with respect to revenue received. This will also minimise inaccuracies, corrections and the possibility of fraud.</p> <p>Accepted</p>	<p>An internal setup, composed of a Junior Administration Officer, a Unit Coordinator and a Senior Manager, are checking the receipt of fees and the reconciliation of applications, practising the four-eye principle, on a daily basis. These actions minimise inaccuracies, corrections and the possibility of fraud.</p> <hr/> <p>Management has established an SOP, delineating the procedure of processing applications and related fees. The SOP has been communicated to all staff concerned.</p> <hr/> <p>Management is ensuring adherence to the SOP.</p> <hr/> <p>Currently, 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>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>December 2023</p>
<p>Moreover, any corrections, leading to cancellations are to be duly authorised by a senior officer and the respective reason indicated, in order to mitigate the risk of abuse.</p> <p>Accepted</p>	<p>The SOP sets out that when claims for refund or cancellations are received, the claim is to be referred to the Unit Coordinator, who checks the application's bill and the required fee, draws up the new bill and submits it to the Senior Manager, who endorses the calculation and issues the refund as required through a bank transfer.</p> <hr/> <p>When the digitised system is launched, any refunds or cancellations will be automatically recorded through the system.</p>	<p>Implemented</p> <hr/> <p>December 2023</p>
<p>Insufficient audit trail</p> <p>The revenue process is to have full audit trail, also identifying the name of the respective user. This should be applicable to all transactions across the board.</p> <p>Accepted</p>	<p>LRA is ensuring that all receipts, invoices and cash returns are now including the name of the officer who generated the respective documents.</p> <hr/> <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>Implemented</p> <hr/> <p>December 2023</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Reconciliation for completeness of revenue not possible</p> <p>To enable a full audit trail, LRA is encouraged to request enhancement to the computer system in order to be able to generate the necessary reports for reconciliation purposes, even at the initial stages of receipt of applications for registration of land and searches. Besides the reference number of each transaction, this is also expected to include some form of monetary value.</p> <p>Accepted</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> <hr/> <p>As an interim measure, LRA has updated the daybook currently in use to record applications received, to also include the related fees paid.</p>	<p>December 2023</p> <hr/> <p>Implemented</p>
<p>Inadequate checking procedures</p> <p>LRA is to perform regular checking in a systematic manner, to ensure correctness of revenue charged and recorded. Documentation evidencing such verification is to be retained for audit trail purposes.</p> <p>Accepted</p>	<p>Two officers at the receiving office are carrying out random checks on a daily basis. Incorrect fees are then brought to the attention of the manager so that the issue is addressed.</p> <hr/> <p>The new 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>Ongoing</p> <hr/> <p>December 2023</p>

General comments

During this audit, LRA fully cooperated and provided all documentation required for testing purposes in a very efficient manner, as all documentation in relation to the audit was readily available and timely submitted.





FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA Report 2022	Date of implementation/status
Malta Investment Management Company Limited - Expenditure		
<p>Limitation on scope of audit</p> <p>In the first Covid-19 Voucher Scheme there were a number of payouts that had to be re-executed because of failed transactions which were not within MIMCOL's control but attributed to third parties.</p> <p>In such context, MIMCOL had to reperform the reconciliations which led to the delay in the submission of data to the NAO.</p> <p>To maximise MIMCOL's success, the entity will develop a risk management function, including the compilation of a documented risk register, identifying any risks and mitigation measures for all its operations. The risk register will be updated with each new project.</p>	March 2023	<p><i>Implemented through a different course of action</i></p> <p>MEFL has commissioned an in-depth re-organisational exercise of the objectives, structure and responsibilities of MIMCOL, following which the ministry will commit itself to ensure that established standard procedures for processes, which are common for all schemes, are adopted.</p> <p>Following the first voucher scheme, MIMCOL commissioned an audit on a sample of 500 businesses benefitting from the scheme where they had to sift in all transactions, VAT receipts, cross check vouchers, and verify data inputted for all the 500 businesses.</p> <p>When the second voucher scheme was launched shortcomings identified in the first scheme were avoided.</p>
<p>Payments to businesses beyond scheme official closing date</p> <p>MIMCOL is in the process of drafting SOPs for all of its internal processes. These SOPs will be circulated to all officers concerned.</p>	March 2023	<p><i>In the process of being implemented</i></p> <p>Management is drafting an internal Manual of Procedures, establishing standard procedures and internal controls for the managing of future schemes.</p> <p>The date of implementation has been revised to December 2023.</p>
<p>Concerns over the operation of the voucher scheme</p> <p>MIMCOL will develop a risk management function, including the compilation of a documented risk register, identifying any risks and mitigation measures for all its operations. The risk register will be updated with each new project.</p>	March 2023	<p><i>In the process of being implemented</i></p> <p>Management is drafting an internal Manual of Procedures, establishing standard procedures and internal controls for the managing of future schemes.</p> <p>The date of implementation has been revised to December 2023.</p>
<p>Unreconciled number of redeemed vouchers</p> <p>Overpayments are being recouped.</p>	October 2022	<p><i>In the process of being implemented</i></p> <p>To date MIMCOL managed to recoup 93.3% of the amounts overpaid for Scheme 1.</p>







MINISTRY FOR
INCLUSION, VOLUNTARY
ORGANISATIONS AND
CONSUMER RIGHTS

reported by the NAO as Ministry for Inclusion and Social Wellbeing

MIVC

Commission for the Rights of Persons with Disability – Revenue and expenditure

(reported by the NAO as National Commission for the Rights of Persons with Disability)

The Commission for the Rights of Persons with Disability is the public regulator in matters regarding rights of persons with disability in Malta and Gozo. The Commission is committed to rendering the Maltese society an inclusive one, in a way that persons with disability reach their full potential in all aspects of life, enjoying a high quality of life thanks to equal opportunities. In fulfilling this mission, CRPD works to eliminate any form of direct or indirect social discrimination against persons with disability and their families, while providing them with the necessary assistance and support.

The main scope of this audit was:

- a. to evaluate the adequacy and effectiveness of internal controls with respect to expenditure, as well as for the collection of revenue;
- b. to ascertain that procurement for the year 2021 was in line with the Public Procurement Regulations (PPR), ensuring efficient use of public funds; however, where necessary, transactions and events pertaining to other periods were also reviewed; and
- c. to assess the accuracy of personal emoluments. The audit also sought to establish whether the Commission is compliant, in all respects, with the provisions of the applicable rules and regulations, including Directive 72, pertinent collective agreements, the Public Service Management Code, as well as internal standard operating procedures and policies relating to Human Resources.

The audit revealed non-observance of standing procurement regulations, inadequate verification of invoices, as well as lack of adequate record-keeping. Operations related to compliance with the Access for All Design Standards were also considered as unsustainable.

Follow-up action

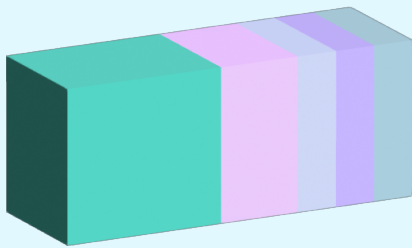
The Commission for the Rights of Persons with Disability (CRPD) in its endeavour to address the weaknesses in its operations identified by the NAO, as a first step, has established a set of SOPs covering, among other areas, procurement, salaries and the maintainance of the fixed assets register.

Management has introduced a mechanism to check ongoing contracts' progress, with a calendar alert set at 6 months prior to expiry date, so that it can easily plan ahead for the publication of new tenders or for extensions. It has also introduced a set of controls enabling audit trails to be carried out and to ensure that the data maintained is correct and complete.

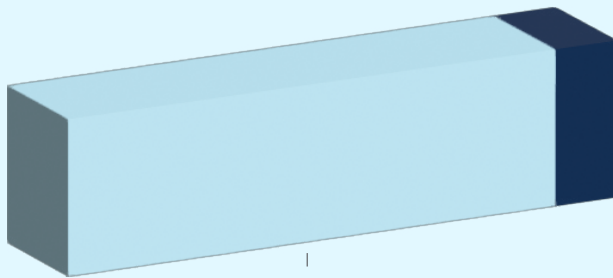
Verification procedures have been strengthened, supported by an SOP outlining step-by-step guidelines as to how to process invoices. The relevant training on PPR and the ePPS has been delivered to the employees assigned on procurement duties.

CRPD is holding internal discussions relating to fees, the Inclusion Fund and the Test of Reasonableness Board (TORB) with the aim to improve its operations. Additionally, regular meetings are ongoing between CRPD and the Planning Authority (PA), to discuss the way forward regarding the scope and objectives of the Inclusion Fund and CRPD's more active involvement in the processing and administration of the fund.

NAO issues by category: 9



Recommendations by NAO: 19



Actions by the Ministry: 59



Recommendations	Action taken/justification	Implemented or date by when
Key issues		
<p>Weaknesses in the control environment</p> <p>These areas warrant a review in order to strengthen the overall control environment and ensure that NCRPD's operations are carried out in line with standing regulations and procedures, maintaining full audit trail and enabling independent verifications.</p> <p>Accepted</p>	<p>The CRPD has drawn up a set of SOPs delineating:</p> <ul style="list-style-type: none"> • the verification process to check contracts' validity and expiry; • the process regarding procurement planning; • the procedure for the monitoring of contracts; • the procedure for processing of invoices; • the procedure regarding salaries; • the procedure to maintain an adequate fixed asset register (FAR); • the procedure related to income received from Planning Authority (PA) site visits; and • the procedure regarding cash payments. <hr/> <p>The SOPs have been approved and disseminated to all the officers concerned.</p> <hr/> <p>Management is ensuring compliance.</p> <hr/> <p>CRPD has introduced a set of control spreadsheets to enable a complete audit trail and to verify that the data in its IT system is correct.</p> <hr/> <p>These spreadsheets are also used to plan ahead, as current contracts are listed, with a calendar alert set at six months prior to the expiry date of the current contract.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>
<p>Double payment</p> <p>To minimise the risk of double payments, the Commission is to ensure that adequate verification procedures are in place before invoices are processed for payment.</p> <p>Accepted</p>	<p>The verification procedures in place have been enhanced to prevent a recurrence of this shortcoming. When approval for payment is sought, the supplier's general ledger report is being provided with the invoice and is backed up with a spreadsheet.</p> <hr/> <p>An SOP detailing the steps involved to process an invoice has been drawn up.</p> <hr/> <p>The SOP has been approved and communicated to all the staff concerned.</p> <hr/> <p>Management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>The Commission is also expected to recoup the extra amounts paid to UoM.</p> <p>Accepted</p>	<p>CRPD has recouped the extra amounts paid to UoM.</p>	<p>Implemented</p>

Control issues

<p>Non-adherence to Public Procurement Regulations</p> <p>The Commission is to invariably acquire goods and services following a competitive procurement procedure in line with the applicable regulations, thus ascertaining transparency and fairness in the selection process, while reaching out to a larger pool of potential bidders through the e-procurement system. Moreover, where applicable, finance approval is to be sought.</p> <p>Accepted</p>	<p>Management is ensuring that internal procurement processes are in line with the Public Procurement Regulations thus ascertaining transparency and fairness.</p> <hr/> <p>Direct orders are only resorted to in exceptional circumstances in line with MFIN Circular 3/2013.</p> <hr/> <p>To ensure compliance with the PPR, three employees who are assigned procurement duties have attended courses on PPR, including training related to ePPS.</p> <hr/> <p>The CRPD has prepared a training plan in order to ensure that training by IPS is provided to all staff members.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
<p>All works and services are to be covered by a valid contract to support the respective payments.</p> <p>Accepted</p>	<p>Management is reviewing all works and services to ensure that these are covered by a valid contract.</p> <hr/> <p>An SOP has been drawn up detailing the verification process to check contracts' validity and expiry.</p> <hr/> <p>The SOP has been approved and communicated to all the employees concerned.</p> <hr/> <p>Management is ensuring compliance.</p> <hr/> <p>A monitoring mechanism has been created, showing current contracts for planning purposes, with a calendar alert for six months prior of expiry date of time limited contracts to ensure timely action for the issue of calls for quotations or tenders, as applicable.</p> <hr/> <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>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>December 2023</p>

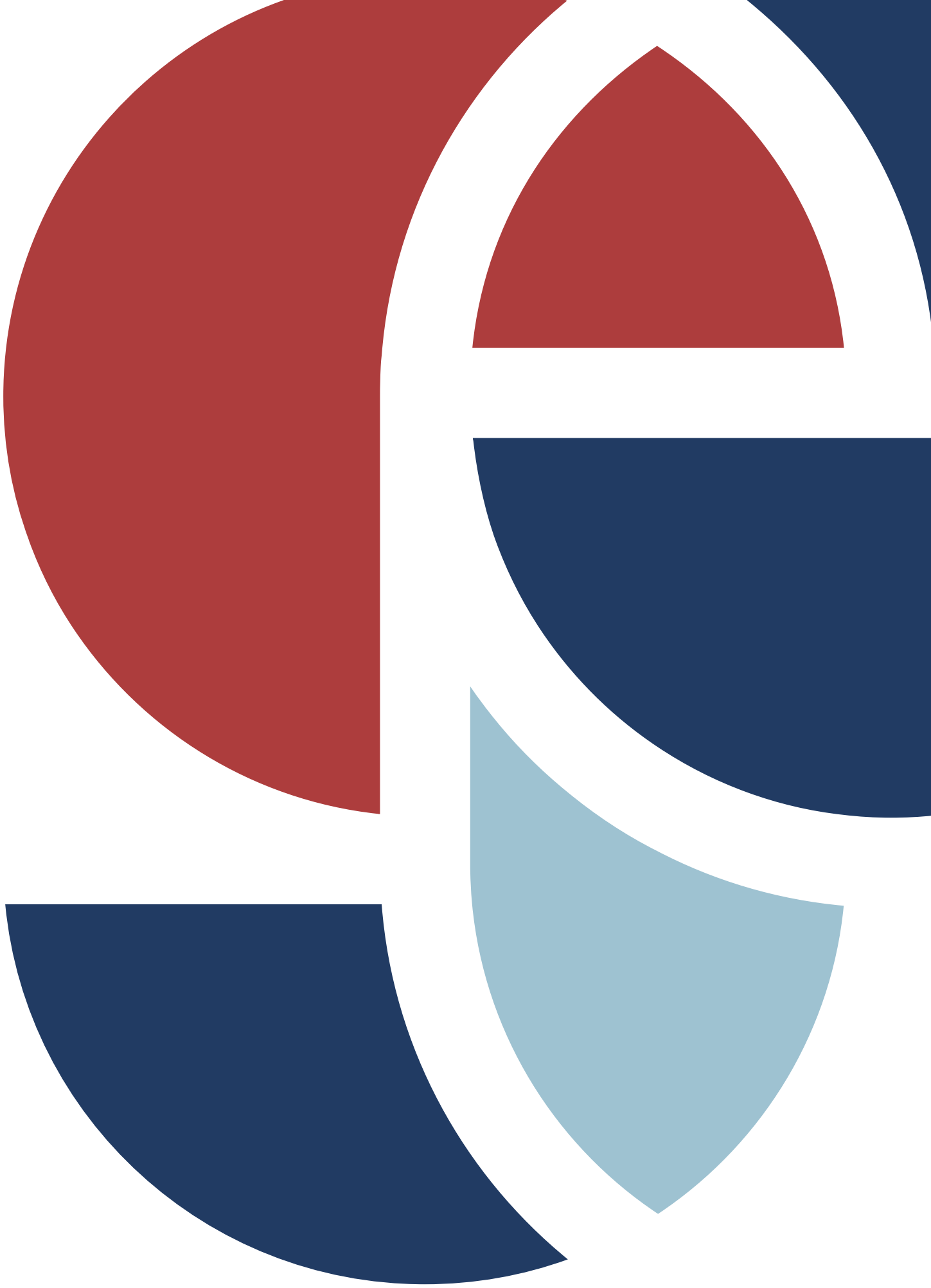
Recommendations	Action taken/justification	Implemented or date by when
<p>Calls for quotations are to be issued in a timely manner and through the e-procurement system, hence increasing the chance of attracting more offers.</p> <p>Accepted</p>	<p>CRPD has drawn up an SOP relating to procurement planning, including how extensions to contracts are formally approved and documented.</p> <hr/> <p>The SOP has been communicated to all the staff concerned.</p> <hr/> <p>Management is ensuring compliance</p> <hr/> <p>A procurement plan is being prepared in advance for the following year and then approved by the right level of authority. The plan will be monitored and acted upon as necessary to ensure timely procurement procedures.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>
<p>Extensions beyond the expiry of the respective contracts are to be formally approved and documented, clearly indicating whether the same terms and conditions apply.</p> <p>Accepted</p>	<p>A database, showing the current contracts in place, is regularly monitored by the Finance Manager to ensure timely resolution regarding the expiry.</p> <hr/> <p>Management is ensuring that extensions beyond the expiry of the respective contracts are formally approved, documented, clearly indicating the terms and conditions, and retained for a complete audit trail.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Contract for an indefinite period</p> <p>A budget for this service, based on the envisaged needs of NCRPD, is to be set in line with the terms of the agreement.</p> <p>Accepted</p>	<p>CRPD entered into a new contract for consultation services for a period of one year and for a fixed amount paid on a monthly basis.</p>	<p>Implemented</p>
<p>Should similar instances arise in the future, whereby the budget triggers the expiry of the contract, the respective budget is to be set at inception and stipulated in the agreement entered into with the service provider.</p> <p>Accepted</p>	<p>An SOP detailing the different procurement methods that should be used for the purchasing of the goods, works or services in line with the thresholds established by the PPR, including the procedure on how to obtain approvals, has been established and approved.</p> <hr/> <p>The SOP has been communicated to all the staff concerned.</p> <hr/> <p>CRPD is ensuring that formal agreements, stipulating the terms and conditions and including the respective budget, are in place.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Inadequate audit trail</p> <p>Records maintained by the Commission are expected to be complete showing full audit trail and enabling independent verifications. This includes sequentially numbered forms for any type of revenue.</p>	<p>A number of SOPs were drawn up in respect of:</p> <ul style="list-style-type: none"> • cash payments received for the replacement of lost EU Disability Cards and the sale of sign language booklets; • income received from PA site visits fees; and • other income received. 	<p>Implemented</p>
<p>Accepted</p>	<p>The SOPs were approved and communicated to all staff concerned.</p>	<p>Implemented</p>
	<p>Management is ensuring compliance.</p>	<p>Ongoing</p>
	<p>CRPD has introduced a set of controls including sequentially numbered forms and spreadsheets to enable audit trails to be carried out to ensure that the data in its IT system is correct.</p>	<p>Implemented</p>
	<p>Records of site visits carried out are being kept ensuring compliance, independent verification and reconciliation of income received to ascertain accuracy and completeness.</p>	<p>Ongoing</p>
<p>Ideally, consultation work is also to be supported by timesheets from the service provider showing the hours worked, which can be duly verified before the respective payment is affected.</p>	<p>Details of work carried out by suppliers is being recorded in the invoice, indicating the number of hours worked.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Before effecting a payment, CRPD is carrying out a verification process, by comparing hours worked obtained from the timesheet to the invoices received from the consultants. Such documentation is being retained and filed in a systematic manner to ensure an adequate audit trail.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Access for all</p> <p><i>Lack of clear provisions regarding the relationship with the Planning Authority</i></p> <p>The parties concerned are to consider entering into a new agreement, whereby their relationship, as well as the modus operandi, are clearly defined, stipulating amongst others the terms of payment to NCRPD.</p> <p>A committee, with representatives from both parties may also be set up, whereby respective applications could be analysed together.</p> <p>Accepted</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>March 2024</p>
<p><i>Undocumented operating policy and applicable fee for site visits</i></p>	<p>An SOP has been drawn up, detailing the procedure regarding income received from PA site visits fees.</p>	<p>Implemented</p>
<p>Procedures are to be formally approved by Senior Management and duly documented.</p>	<p>The SOP has been approved and communicated to all staff concerned.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Management is ensuring compliance</p>	<p>Ongoing</p>
<p><i>Unsustainable Operations</i></p> <p>As far as possible, the Commission is encouraged to use in-house resources, thus limiting the use of external service providers to when absolutely necessary, especially in view of the precarious financial situation.</p>	<p>The position of Architect does not feature in the CRPD's collective agreement.</p> <p>Furthermore, due to the salary structure of CRPD, it is unlikely that architects would be attracted to apply if a call for applications were to be issued.</p> <p>Alternatively, CRPD employs a draughtsperson to assist in the Access for All Design Standards scheme.</p>	<p>Implemented</p>
<p>Partially accepted</p>	<p>In the meantime, CRPD is in discussions with the Kamra tal-Periti to design a course for architects.</p>	<p>Ongoing</p>
	<p>Further internal discussions are underway to improve CRPD's operations' sustainability.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>No specific plans how to utilise the Inclusion Fund</p> <p>The scope and objectives of the Fund are to be formally established. Only related expenditure will then be expected to be charged to this account.</p> <p>Accepted</p>	<p>Following internal discussions with senior management, it was agreed that the balance on the Inclusion Fund will go towards raising awareness of the rights of persons with disability.</p>	<p>Implemented</p>
	<p>Regular meetings are being held between the Commissioner and the PA's CEO, including discussions on changes to the procedure for the Inclusion Fund.</p>	<p>Ongoing</p>
	<p>Following discussions held with the PA, it is envisaged that decisions will be taken:</p> <ul style="list-style-type: none"> a) to establish the scope and objectives of the Inclusion Fund; b) to enhance the procedure by which CRPD will receive payment from the Inclusion Fund; and c) to ensure that CRPD are included in the processing of the Inclusion Fund so that the process is more transparent. 	<p>March 2024</p>
	<p>CRPD will then draw up an SOP detailing the new procedures and the specific expenditure entitled to be charged to this account.</p>	<p>June 2024</p>
	<p><i>Bank Accounts</i></p> <p>The Commission is to assess its requirements and close those bank accounts that it can do without, transferring the respective balances to those accounts in use.</p> <p>Accepted</p>	<p>CRPD has taken the necessary action to close two bank accounts that were not being regularly used. Moreover, management confirms that all open bank accounts are active.</p>

Recommendations	Action taken/justification	Implemented or date by when
Compliance issues		
Shortcomings in the upkeep of the fixed asset register	The CRPD compiled a full fixed asset register (FAR) with identification codes and description which enables the identification of the respective asset in line with MF Circular No. 14/99. The FAR is being updated regularly.	Implemented
The responsibility for maintaining the inventory records and to ensure that rules established to safeguard Government property are rigidly adhered to, is to be delegated by the Commissioner to a specific officer. Guided by the provisions of the pertinent circular, a fixed asset register is to be drawn up, ensuring adequate audit trail and easy identification of all Government-owned assets.	The Finance Manager has been identified as the officer responsible to maintain CRPD's inventory records and to ensure that the rules established to safeguard government property are adhered to.	Implemented
Accepted	An SOP relating to Fixed Asset Inventory has been drawn up, approved and communicated to all the staff concerned.	Implemented
Moreover, regular checks are to be carried out enabling timely identification of any discrepancies.	Management is ensuring compliance.	Ongoing
Accepted	Management is ensuring that regular monitoring of recorded assets, and an assessment of their respective condition is being carried out.	Ongoing
The monitoring and assessment procedure is being documented.	The monitoring and assessment procedure is being documented.	Ongoing
	Details of this procedure and its documenting have been included in the FAR SOP.	Implemented
Non-submission of VAT defaulters returns	An SOP detailing the process with respect to fiscal documentation has been drawn up, including the process to be followed in case of VAT defaulters.	Implemented
NCRPD is expected to ensure compliance with the relevant regulations. Regular returns, including nil returns, are to be submitted to the VAT Department as per standing provisions.	CRPD is ensuring that all purchases which have been paid for are covered with fiscal documentation in line with the applicable regulations.	Ongoing
Accepted	Management is ensuring that defaulters are reported to the Office of the Commissioner for Revenue, in the quarterly list of defaulters. Nil returns are also being submitted as per standing provisions.	Ongoing



MIVC

Malta Competition and Consumer Affairs Authority – Revenue and expenditure

(reported by the NAO under Ministry for Tourism and Consumer Protection)

The Malta Competition and Consumer Affairs Authority (MCCAA) was established on 23 May 2011 with the coming into force of the Act Cap. 510 bearing the same name. The main purpose of the Authority is the attainment and maintenance of well-functioning markets for the benefit of consumers and economic operators. MCCAA's role includes, amongst others, the promotion of competition, safeguarding consumers' interests, encouraging voluntary standards, promoting the national metrology strategy and the smooth transposition and adoption of technical regulations.

The main scope of the audit was to ascertain that revenue generated by these two Sections was covered by relevant supporting documentation, including formal agreements with customers, and that invoices and related costings clearly reflected amounts invoiced. Checks also entailed ascertaining that services subject to fixed pricing were charged in accordance with MCCAA's pre-established price lists.

The audit revealed instances whereby the necessary documentation regarding human resources practices, as well as revenue generating activities, invariably required for audit trail purposes, was lacking.

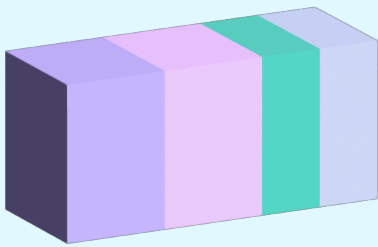
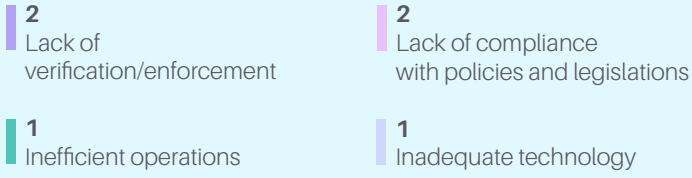
Follow-up action

To address the shortcomings identified by the NAO, MCCAA undertook a series of measures to rectify its processes. It has established a data retention policy, and defined a standard procedure of maintaining and storing data and documentation. The overtime policy has since been revamped to reflect the terms of a new collective agreement. Furthermore, it is in the progress of upgrading its automated system to include all the stages of the overtime procedure, from overtime requests to the final computation of payments. To complement the development on HR functions, a digital performance appraisal mechanism will also be introduced by the end of the current year.

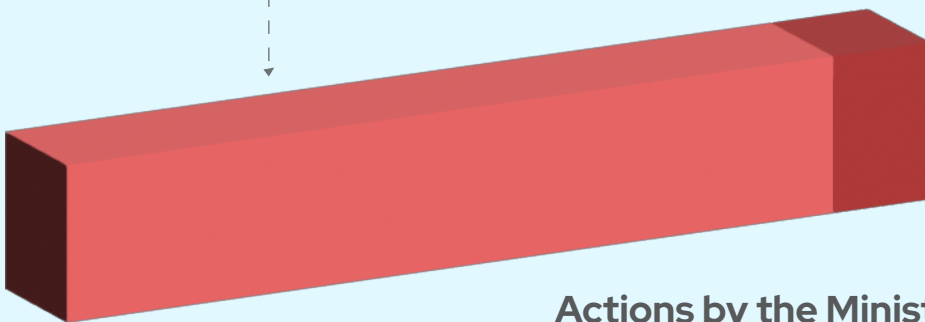
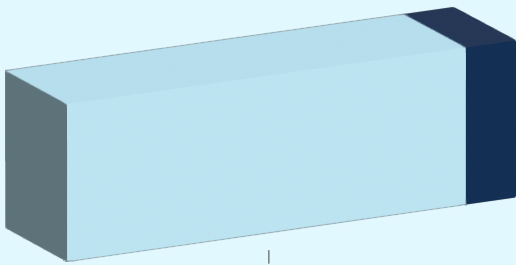
MCCAA has established a Laboratory Services SOP, describing the manner in which requests for testing of materials and the relative invoicing is carried out, including the verification of invoices and the retention of supporting documentation.

Finally, MCCAA has endeavoured to update regularly the data of its clients and has also established a procedure wherein the laboratory issues an annual quotation to its clients and proceeds to execute the work only upon the clients' confirmation.

NAO issues by category: 6



Recommendations by NAO: 14



Actions by the Ministry: 28



Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Lack of audit trail or inappropriate substantiating documentation</p> <p>The Authority is to ensure that there is a proper audit trail supporting pertinent Management decisions, including the employment of personnel and related procedures. This will enhance accountability.</p> <p>Accepted</p>	<p>The Authority has established a Data Retention Policy, delineating the responsibility of each unit, including the Human Resources Department, to retain the documentation and information it processes.</p>	<p>Implemented</p>
Control issues		
<p>Recruitment documentation not available</p> <p>MCCAA is to ensure that official documentation relating to recruitment, as well as detailing of employees, is in place and safeguarded for audit trail purposes.</p> <p>Accepted</p>	<p>A checklist was created by the Human Resources Department to carry out monthly checks on personal files to ensure that appropriate records related to recruitment processes and employees are kept updated and retained, ensuring a proper audit trail.</p> <p>Checklists are signed by the officer carrying out the verification. The checklist associated with a particular recruitment process file is subsequently cross-checked upon completion of the process and retained within the respective file.</p>	<p>Implemented</p>
<p>Moreover, contracts of employment, clearly defining the relationship between the employer and employee, as well as the respective roles and responsibilities, are to be invariably entered into. This is also necessary upon the promotion of officers.</p> <p>Accepted</p>	<p>MCCAA has since modified its modus operandi. In the case of employees being promoted within the Collective Agreement grades, the Authority is informing the successful candidate through an appointment letter, detailing any changes to the initial contract and including the new job description.</p>	<p>Implemented</p>
	<p>The new procedure has been circulated among all HR officers.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Shortcomings in Performance Appraisal Reports</p> <p>This Office acknowledges that MCCAА is committed to start addressing the concerns raised during the audit fieldwork and will also be reviewing the possibility of introducing appropriate automated controls in the performance appraisal form.</p> <p>Accepted</p>	<p>The Authority has introduced a fully-automated control system for the Performance Appraisal process, as well as internal audits on HR processes at regular intervals, sampling Performance Appraisal forms.</p>	<p>Implemented</p>
<p>In addition, MCCAА is to ensure that the performance appraisal forms are duly signed by both the appraiser and the officer concerned, thereby ensuring the endorsement of both parties to the rating provided. These forms are also to be dated and clearly indicate the year of assessment.</p> <p>Accepted</p>	<p>MCCAА is in the process of introducing a digital performance appraisal mechanism, including the digital endorsement by both parties (appraiser and appraisee).</p>	<p>December 2023</p>
<p>Accepted</p>	<p>MCCAА carried out an ISO audit on the performance appraisal form to identify potential improvements prior to introducing the digital system.</p>	<p>Implemented</p>
<p>Overtime policy not in line with the Authority's business practices and collective agreement</p> <p>Clauses within the collective agreement and the overtime policy are to be aligned. Moreover, the overtime policy is also to be revised to reflect the terms of the new collective agreement which MCCAА is negotiating.</p> <p>Accepted</p>	<p>In the interim, MCCAА is carrying regular internal checks to verify that appraisal forms are signed and dated by both parties.</p> <p>The overtime policy has been revised to reflect the terms of the recently signed new collective agreement. The policy has been made available to all MCCAА employees.</p>	<p>Ongoing</p> <p>Implemented</p>
<p>As for overtime approval, Management is to endeavour, as far as practicable, for overtime to be approved ahead of it being performed.</p> <p>Accepted</p>	<p>MCCAА is ensuring that, as far as possible, overtime is approved ahead of it being performed.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>The updated overtime policy details the procedures for approving non-urgent, and extraordinary or urgent overtime.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, MCCAAs procedures performed to attest clients' data shown in the application forms, including the number of employees, are to be invariably documented, thereby enhancing audit trail and facilitating external verification.</p> <p>Accepted</p>	<p>MCCAA has adopted a procedure for certification purposes, which is done every three years, to request organisations to declare in writing the number of their employees.</p> <p>The declaration is verified during the re-certification process. This procedure ensures a proper correlation between the price quoted and the number of employees in each organisation.</p>	<p>Implemented</p>
	<p>MCCAA, as an accredited certification body, is ensuring that the certification documents (MCCAA-SMI-CERT) are retained in a traceable manner and in accordance with the requirements of ISO 17021.</p>	<p>Ongoing</p>
	<p>As a certification body, MCCAA has a separate internal audit plan to ensure that such records are adequately maintained, in accordance with established requirements.</p>	<p>Ongoing</p>
<p><i>Laboratory Services</i></p> <p>Furthermore, considering that laboratory services are provided to a repeat customer of MCCAA, NAO recommends that the works carried out are covered by a contract, also formalising the credit period and prices charged within the period of that agreement.</p> <p>Partially accepted</p>	<p>MCCAA considered that the arrangements with their clients provided the legal basis upon which the requested services were being provided between both parties.</p> <p>In the issue highlighted by NAO, a pricing structure agreed with the client was in place.</p> <p>Notwithstanding the above justification, MCCAA is in discussions with the client to draw up a formalised agreement.</p>	<p>December 2023</p>
<p>Errors in invoices</p> <p>The Authority is to double-check invoices ahead of these being issued to clients to ensure accuracy thereof.</p> <p>Accepted</p>	<p>The MCCAA has established a Laboratory SOP, detailing the procedure regarding requests for testing of materials and related invoicing, including a manual double-checking process of invoices and traceability of the checks performed.</p>	<p>Implemented</p>
	<p>The SOP has been circulated among all officers concerned.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, the price of all services offered is to be established and agreed upon by the respective parties in advance.</p> <p>Accepted</p>	<p>In order to ensure that the price of all services offered is established and agreed upon by the respective parties in advance, the laboratory is issuing an updated quotation on an annual basis to its clients. The laboratory awaits the confirmation of this quotation before any work is carried out.</p>	<p>Implemented</p>
	<p>An SOP delineating the new procedure has been drawn up and is circulated among all officers concerned.</p>	<p>Implemented</p>

Compliance issue		
<p>Rest breaks not deducted from overtime payment</p> <p>MCCAA is to ensure that, where applicable, the break period is deducted from the respective overtime payments.</p> <p>Accepted</p>	<p>MCCAA addressed the issue with immediate effect and is ensuring that break periods are deducted from overtime payments.</p>	<p>Implemented</p>
	<p>The pertinent SOP has been amended accordingly and all officers concerned were made aware of these updates.</p>	<p>Implemented</p>







MINISTRY FOR
GOZO

MGOZ

Ministry for Gozo – Personal emoluments

The vision of the Ministry for Gozo (MGOZ) is to secure economic and social prosperity for Gozo within the context of the island's unique characteristics. This is done through the effective, efficient and economic implementation of the regional and national strategies and policies.

The scope of the audit was to assess the extent and adequacy of internal controls over payments for overtime and allowances effected by MGOZ during the year under review, as well as to ascertain compliance with standing regulations and policies.

The audit revealed that overtime at the Ministry for Gozo was carried out habitually, very often with vague justifications given for its requirement. Attendance sheets supporting overtime claims were also not deemed reliable. Moreover, verifications on allowances could not be carried out since the required documentation was not made available for audit purposes.

Follow-up action

MGOZ strengthened its internal controls by formalising sets of SOPs relating to attendance, overtime and time off in lieu, adopting the four-eye principle. MGOZ is also ensuring that the Verification Unit carries out regular compliance checks on overtime claims and the corresponding payments.

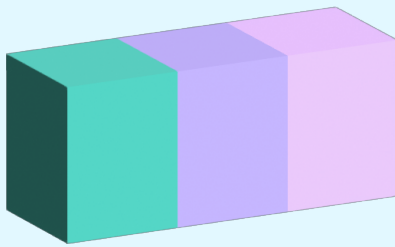
The management is applying mechanisms at its disposal to monitor the staff's productivity and necessary action is being taken when cases of abuse are detected. MGOZ has adopted a procedure to draw up a yearly plan in advance establishing the number of overtime hours required for prescheduled seasonal events. Furthermore, MGOZ is ensuring that in cases where ad hoc overtime is required, justifications are documented and written approvals are obtained in advance.

NAO issues by category: 3

1
Inefficient operations

1
Lack compliance with
policies and legislation

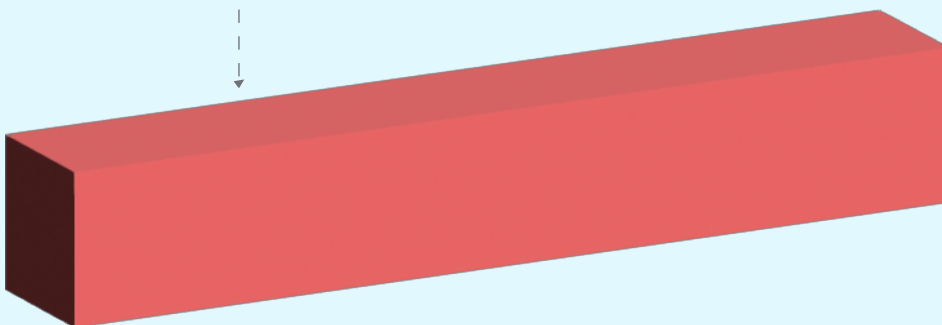
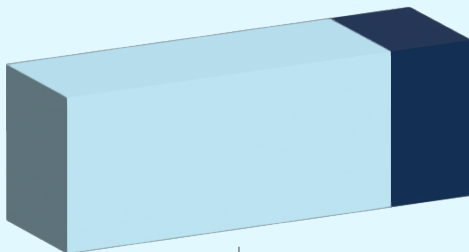
1
Lack of structure



Recommendations by NAO: 10

8
Accepted

2
Partially accepted



Actions by the Ministry: 21

21
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key Issues		
<p>Limitation on scope of audit</p> <p>The Ministry is expected to provide all documentation required for audit purposes in a timely manner.</p> <p>Accepted</p>	<p>Documentation requested by the office of the NAO was sent on 25 October 2022. In future, the Ministry for Gozo (MGOZ) will assign an officer with the responsibility to coordinate timely replies and submission of data to institutions of oversight, keeping in copy the Office of the Permanent Secretary and Director General (MGOZ).</p>	
<p>Unreliable attendance records</p> <p>MGOZ is to ensure that all officers accurately record their attendance on a daily basis, as also outlined in the Public Service Management Code (PSMC). All details are to be clear and legible.</p> <p>Accepted</p>	<p>Management is ensuring that all overtime requests bear the prior approval of the Permanent Secretary on the official PSMC template (2.iv).</p>	Implemented
<p>The information held, especially that relating to overtime, is to be reviewed judiciously and certified correct by a responsible officer, independent from the officers signing for the same records.</p> <p>Accepted</p>	<p>Management is ensuring that all overtime worked is recorded in the attendance sheet.</p> <p>Management is ensuring that attendance sheets including overtime worked are certified correct by the Head of Section.</p> <p>Management is also ensuring that before the Director/DG endorses the overtime claimed, the overtime return form is being reconciled with the attendance sheets.</p> <p>Before processing for payment, the payroll officer ensures that all endorsements are in place.</p> <p>MGOZ is ensuring that the Verification Unit carries out regular compliance checks on overtime claims and the corresponding payments.</p> <p>The management has established a number of SOPs, including the procedure on the upkeep of attendance, overtime and time off in lieu, adopting the four-eye principle. SOPs have been communicated to all officers concerned.</p> <p>The management held an informative forum for its staff to launch the newly established SOPs and to explain in detail the standard procedures to be adopted across the Ministry.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Action is to be taken against those officers who try to abuse.</p> <p>Accepted</p>	<p>Management is committed to be more vigilant and is determined to take disciplinary action against those officers who try to abuse, according to the severity of the case.</p>	<p>Ongoing</p>
<p>Vague justifications for habitual overtime work</p> <p>MGOZ is to exercise full control on overtime work, which is to be resorted to only in exceptional circumstances and, as far as possible, linked to ad hoc assignments with specific targets to be reached.</p> <p>Accepted</p>	<p>MGOZ is planning ahead to establish the number of overtime hours required for prescheduled tasks that must be carried out after the normal working hours.</p> <p>The SOP states that at the beginning of each calendar year, divisions/directorates are to prepare an overtime plan, calculating the number of overtime hours required and setting quarterly thresholds. These calculations are to be based on past experience and taking into account the periodic activities that take place in each quarter.</p> <p>MGOZ is also allocating a number of hours to be used in exceptional circumstances when unforeseen events occur and specific staff would be required for duty after normal working hours.</p> <p>MGOZ is ensuring that in cases where ad hoc overtime is necessary, justifications are documented and written approvals are obtained in advance.</p> <p>These procedures are included in the pertinent SOP.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>
<p>If the work carried out outside normal working hours is deemed routine, MGOZ is to consider revisiting current work practices and seek alternatives which would still be efficient, but at the same time more economically beneficial. The redeployment of employees to other departments and vice versa, depending on seasonal requirements, and shifting working hours, are also to be taken into consideration.</p> <p>Accepted</p>	<p>Management is committed to be more vigilant so as to avoid as much as possible the need to resort to overtime, by keeping heads of units accountable for the performance of the employees under their responsibility.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>The Ministry is also expected to analyse whether continuous overtime work is attributable to underperformance during normal office hours and act accordingly.</p> <p>Accepted</p>	<p>MGOZ has a number of mechanisms in place to monitor the staff's productivity, such as the Salaries Reporting System, the CFMS and spot checks on community workers by district operations staff.</p>	<p>Ongoing</p>
<p>Control issues</p>		
<p>Overtime on Sundays and public holidays</p> <p>Unless specifically required for urgent tasks, MGOZ is to avoid having officers reporting to work for just one or two hours on Sundays and public holidays, as this would be inefficient, both economically and in terms of productivity.</p> <p>Partially accepted</p>	<p>Regarding the issue highlighted by the NAO, MGOZ clarified that the Carcass Loader needs to be available whenever anyone from the public requires to dispose of a dead animal. There is no incinerator in Gozo; therefore, the Carcass Loader is responsible to ensure that all carcasses are immediately stored in an appropriate freezer container which is sent to Malta for incineration.</p> <hr/> <p>MGOZ is ensuring that when urgent work is necessary especially on Sundays, employees who receive an on-call allowance are called for duty instead of resorting to overtime; thus avoiding extra overtime paid.</p>	<p>Implemented</p>
<p>Fixed monthly payment for a specific task</p> <p>Payment for overtime work is to be justified and duly recorded.</p> <p>Accepted</p>	<p>Management is ensuring that before forwarding overtime requests for payment, these are justified, bear a written approval, and that they have been reconciled with the overtime return and attendance sheets.</p> <hr/> <p>Management is ensuring that overtime requests, approvals and payment calculations are being filed for a complete audit trail.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Insufficient information on overtime rate and payments</p> <p>MGOZ is to ensure that, if overtime is really necessary, officers are paid at the correct rate and that each payment is supported by computations for audit trail purposes.</p> <p>Partially accepted</p>	<p>Head Beach Supervisors and Beach Supervisors are engaged by MGOZ for a period of a maximum of four months, to cover the Summer period. Both the heads and the beach supervisors are assigned duties and responsibilities to ensure that all the managed beaches, especially those bearing the Blue Flag, are compliant and honouring the Blue Flag criteria in full. These employees are engaged following the issue of an expression of interest and paid at the rate quoted therein.</p> <hr/> <p>When considering overtime requests, as far as possible, Management does its utmost to match overtime works required with the commensurate grades.</p> <hr/> <p>Management is endeavoring to increase its workforce by regularly issuing calls for applications in the grades most required, to minimise overtime work.</p>	<p>Ongoing</p> <p>Ongoing</p>







MINISTRY FOR TOURISM

reported by the NAO as Ministry for Tourism and Consumer Protection

MFT

Foundation for Tourism Zone Development (FTZD) – Expenditure

(FTZD is being referred to by its current name: Tourism Zone Regeneration Agency)

The Foundation for Tourism Zone Development (FTZD) was established by means of the Deed of Foundation on 23 March 2015. This was a further step in achieving an element of centralised, prioritised and planned tourism zone management.

In coordination with various public entities, ministries, local councils and other nominated representatives of the regional tourism zone committees, the Foundation aims, inter alia, to address and manage any concerns raised by the various stakeholders in the areas; ensure efficient and cost-effective provision and maintenance of public areas and basic services pertaining to each tourism zone; co-ordinate the management of public utilities and works in the zones; and add value and improve the attractiveness of these zones.

In October 2021, through the Tourism Zones Regeneration Agency (Establishment) Order, 2021 (LN 399 of 2021), an Agency was set up with the aim of taking over the role and responsibilities of FTZD. The Agency officially initiated its operations as from January 2023. In the meantime, the Foundation continued to assume the responsibilities for the smooth running of the daily operations.

The main scope of the audit was to verify that Public Procurement Regulations (PPR) were adhered to when incurring expenditure for the short-term upgrading of the Xemxija promenade, which project was selected on the basis of financial materiality.

Serious corporate governance issues, including lack of internal controls in the procurement processes, were noted. The insufficient human and financial resource capacity also hampered the Foundation's operations.

Follow-up action

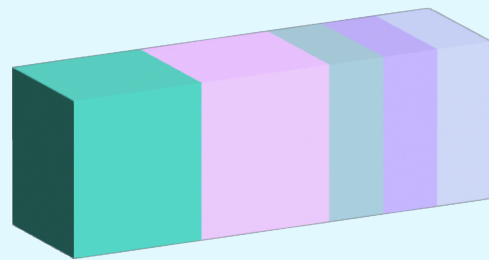
In response to the issues identified by the NAO, the Tourism Zones Regeneration Agency (TZRA) has drawn up several Standard Operating Procedures (SOPs) in the areas of procurement, overtime, and file and record management. The Foundation has also taken measures to increase its workforce by drawing up an HR plan, initiating recruitment processes for both skilled and semi-skilled staff, and for managerial posts. Moreover, FTZD is also aiming to publish a framework agreement tender to enhance its workforce by the end of 2023.

The Foundation is committed to provide training for all its employees, by carrying out a training needs analysis, and drawing up a holistic training plan. Training is provided to staff with the assistance of the Institute for Public Service (IPS) and the Department of Contracts (DoC).

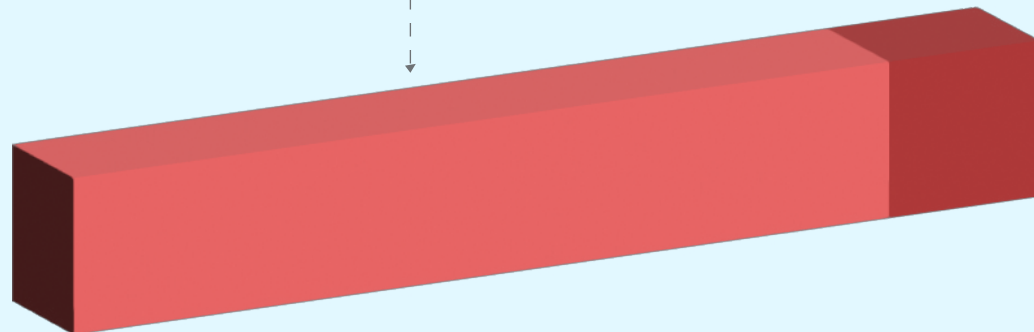
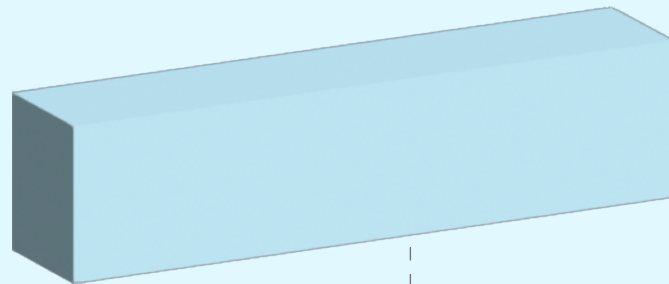
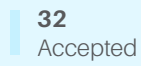
MIMCOL is providing services to TZRA to ensure sound financial management. An agreement, stating the terms and conditions for the provision of this service has been signed by both parties.

Furthermore, TZRA are in discussion with the Ministry for Finance and Employment to adopt and operate the Fleet Management System for its vehicles. In the meantime, TZRA is recording and monitoring fuel consumption of all the vehicles used by the Agency.

NAO issues by category: 11



Recommendations by NAO: 32



Actions by the Ministry: 87



Recommendations	Action taken/justification	Implemented or date by when
Limitation of scope of audit Formal agreements with suppliers, as well as substantiating documentation were not maintained by the Foundation. At times, the auditee had to revert to the respective contractor or the then accountant to obtain copies of the requested data. Besides causing unnecessary delays, this hindered the scope of the audit.	Formal agreements, contracts and any other related supporting documentation are being filed in the respective suppliers' files and purchase order files.	Ongoing
	Management held discussions with the Ministry's Information Management Unit (IMU) to implement a digital filing system.	Implemented
	MFT signed a contract with a supplier to provide the digital filing system. Once implemented, the digital filing system will guarantee a secure and efficient central document repository for the Agency.	March 2024
	The Tourism Zone Regeneration Agency (TZRA) has drawn up an SOP, detailing record management. The SOP has been approved, signed, and communicated to all staff concerned.	Implemented
	The Management is ensuring compliance.	Ongoing

Key issues

Vacant posts and insufficient financial resource capacity

Management is to escalate such issues with the right level of authority. Strengthening both the financial and human resource capacities will enable the Foundation to achieve its objectives within a framework of a sound internal control setup.

Accepted

A detailed HR plan was drawn up and discussions with the pertinent authorities on additional recruitment were concluded and approved.	Implemented
The recruitment process for skilled, semi-skilled staff and management posts has been initiated.	Implemented
TZRA is in the process of publishing a framework agreement tender to further increase its workforce.	December 2023
A warranted architect and an administrative officer joined TZRA workforce in 2022.	Implemented
TZRA has engaged a Head of Projects and a Project Coordinator.	Implemented
MIMCOL is providing financial and payroll services to TZRA. The provision of these services by MIMCOL resulted in significant cost savings to TZRA and improved controls on expenditure.	Ongoing
An agreement was signed between TZRA and MIMCOL to formalise the services rendered by the latter and delineate the respective responsibilities.	Implemented
A financial re-engineering exercise carried out in 2022 has considerably improved the financial position of TZRA.	Implemented
Enhanced cooperation is being achieved with Local Councils in the tourism zones, including co-sharing of financial resources to implement projects.	Ongoing

Recommendations	Action taken/justification	Implemented or date by when
<p>Furthermore, a clear distinction is to be made between the executive and the administrative arm of the Foundation. Proper segregation of duties is also expected.</p> <p>Accepted</p>	<p>In order to improve internal controls on expenditure, the TZRA's CEO is no longer a member of the Board of Directors. This action segregates the executive and the administrative arm of the agency.</p> <hr/> <p>Enhanced segregation of duties between the raising of the purchase order and the certification of works, is in place.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
<p>Lack of strategic planning</p> <p>In this environment, strategic planning is more crucial as it will enable Management to attain optimal use of the limited resources at its disposal. Without a coherent strategy, the Foundation will not be in a position to meet its objectives in an efficient and effective manner.</p> <p>Accepted</p>	<p>In consultation with all stakeholders, TZRA will be formalising its strategy document with the assistance of experts in the field.</p> <hr/> <p>The TZRA and the Malta Tourism Authority (MTA) are actively collaborating to make the best use of financial and human resources available, to efficiently and effectively implement projects and meet set targets.</p>	<p>March 2024</p> <hr/> <p>Ongoing</p>
<p>Lack of internal controls</p> <p>Internal controls are fundamental to the successful operation and day-to-day running of any Foundation. Thus, FTZD is to develop its own internal control procedures to mitigate related risks.</p> <p>Accepted</p>	<p>The TZRA has drawn up a procurement SOP detailing the procedures in place. Internal controls are embedded within the processes.</p> <hr/> <p>The SOP was circulated to all staff concerned.</p> <hr/> <p>Management is ensuring compliance.</p> <hr/> <p>The SOP is updated whenever necessary and any amendments are being recorded.</p> <hr/> <p>The TZRA is ensuring that management accounts are prepared for every quarter to achieve sound financial management and monitoring.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, Management is to ensure that ongoing monitoring of activities, to evaluate and improve the design, execution and effectiveness of internal controls, is duly carried out. Spot checking transactions or checking based on basic sampling techniques can provide a reasonable level of confidence that the controls in place are functioning as intended.</p>	<p>The TZRA is ensuring that all works and services are being verified and certified. This is being achieved through detailed site inspections performed by the TZRA's architect.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>The Ministry for Tourism (MFT) is currently in the process of introducing a Compliance and Assurance Unit to ensure that regulations, policies and procedures are adhered to by the Ministry and all entities falling within its remit.</p>	<p>March 2024</p>

Control issues		
<p>Actual expenditure exceeding the budgeted cost</p> <p>Incomplete valuations will provide distorted project costs which will be considered as meaningless. Thus, it is pertinent that the respective data incorporates all expenditure incurred for the execution of the related project, including the respective labour costs.</p> <p>Accepted</p>	<p>Detailed project estimates are being carried out by professional staff, namely an architect, engineer or a quantity surveyor. These estimates include the bill of quantities for any major projects.</p> <p>Minor projects are estimated by the manager in charge, in consultation with the architect, as required.</p> <p>All project estimates are verified and finally approved by the CEO.</p> <p>TZRA is ensuring that the estimates and actual costs incorporate all the material and services required for the full execution of the project.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<p>Moreover, any divergencies between the estimated and actual costs are to be properly analysed and formally approved.</p> <p>Accepted</p>	<p>A procedure is in place for any unforeseen modifications/ variations to contracts. Any variations are raised by the Project Manager, analysed and authorised by the CEO, and approved in line with standing regulations.</p> <p>Management is ensuring compliance.</p>	<p>Implemented</p> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Non-adherence to public procurement regulations</p> <p>PPR are to be invariably complied with. Management is to ensure that procurement is not intentionally fragmented to bypass procurement regulations. The needs for goods and services are to be determined at an early stage, allowing enough time to follow the appropriate procurement procedures.</p> <p>Accepted</p>	<p>The TZRA has drawn up an SOP detailing filing and recording procedures. The SOP has been approved, signed, and communicated to all staff concerned.</p>	<p>Implemented</p>
	<p>Management is ensuring compliance.</p>	<p>Ongoing</p>
	<p>TZRA has drawn up a procurement SOP detailing the procedures in place, including clear instructions to avoid fragmenting procurement. The SOP was circulated to all staff concerned.</p>	<p>Implemented</p>
	<p>Management is ensuring compliance.</p>	<p>Ongoing</p>
	<p>The TZRA is ensuring that all signed authorisations and approvals are accompanied by the official's name, designation and date. This is also included within the procurement SOP.</p>	<p>Ongoing</p>
	<p>Adequate procurement planning is being carried out in order to ensure compliance with the PPR. In this regard, a yearly procurement plan complementing a three-year rolling business plan is being drawn up. This will be updated and acted upon during the year as necessary.</p>	<p>Ongoing</p>
	<p>In addition to the monitoring being carried out by the TZRA management, prior to effecting payment, MIMCOL is carrying out its checks to ensure that all procurement supporting documentation is in place.</p>	<p>Ongoing</p>
	<p>Procurement training has been provided to the newly-engaged Resource Support and Services Ltd (RSSL) employees.</p>	<p>Implemented</p>
	<p>Moreover, the Institute for the Public Services (IPS) is carrying out a training needs analysis (TNA) for TZRA's staff and management and a holistic training plan will be drawn up. TZRA is committed to investing in and providing training on a yearly basis.</p>	<p>December 2023</p>
	<p>With the assistance the Institute for Public Services and the Department of Contracts, all staff, including the management will be provided with the necessary training.</p>	<p>March 2024</p>
	<p>As regards the procurement or lease of vehicles, the cost benefit analysis has been updated accordingly. Discussions on the matter are currently ongoing with MFE.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Direct orders are to be justified according to the circumstances listed in MFIN Circular No 3/2013 – ‘Public Procurement Regulations – Direct Orders’, Procurement Policy Note No. 32 – ‘Direct Orders below the local threshold’ and approval from the Ministry for Finance is to be sought beforehand.</p>	<p>The TZRA is ensuring that direct orders are resorted to only in exceptional circumstances, and in line with the PPR and the related circulars.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>Any direct orders are being published bi-annually in the Government Gazette in line with standing regulations.</p>	<p>Ongoing</p>
<p>Moreover, agreed procurement terms are to be formalised, endorsed by both parties and filed accordingly.</p>	<p>Procurement terms are being formalised on all procurement documents, whether published or otherwise, and reflected in the respective endorsed agreements.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>Formal agreements, contracts and any supporting documentation, are being filed in the respective suppliers’ files and purchase order files.</p>	<p>Ongoing</p>
<p></p>	<p>TZRA has drawn up an SOP detailing filing and recording procedures. The SOP has been approved, signed, and communicated to all staff concerned.</p>	<p>Implemented</p>
<p></p>	<p>Management is ensuring compliance</p>	<p>Ongoing</p>
<p></p>	<p>Management held discussions with the Ministry’s Information Management Unit (IMU) to implement a digital filing system.</p>	<p>Implemented</p>
<p></p>	<p>MFT signed a contract with a supplier to provide the digital filing system. Once implemented, the digital filing system will guarantee a secure and efficient central document repository for the Agency.</p>	<p>March 2024</p>
<p>Shortcomings in contracts for service</p>	<p>A standard ‘Contract for Service’ template is in place at TZRA.</p>	<p>Implemented</p>
<p>Contracts with service providers are to be duly formalised to ensure that the respective terms and conditions are clear from the outset.</p>	<p>All contracts for service, which include the respective terms and conditions, are being formalised and endorsed by both parties.</p>	<p>Ongoing</p>
<p>Accepted</p>	<p>Management is ensuring compliance.</p>	<p>Ongoing</p>
<p></p>	<p>Once drawn up, contracts for service are vetted by the administrative officer, and submitted for the CEO’s endorsement.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>The number of working hours to be performed, as well as the chargeable rate, are to be included. This will ensure transparency and eliminates any possible disputes between both parties.</p> <p>Accepted</p>	<p>The TZRA reviewed all contracts for service in place to ensure that the working terms, rates and duration of contract are reflected in the agreement.</p> <hr/> <p>Management is ensuring the above-mentioned conditions are reflected in all new contracts.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Seconded employees not covered by an agreement</p> <p>The secondment of employees is to be supported by an agreement, clearly indicating the precise extent of each party's rights, duties and obligations. This will also enhance internal controls and prevents disputes.</p> <p>Accepted</p>	<p>All seconded employees are covered by an agreement.</p> <hr/> <p>RSSL employees are covered by individual contracts. Letters of appointment are issued by the RSSL.</p>	<p>Implemented</p> <hr/> <p>Implemented</p>
<p>Shortcomings in overtime payments</p> <p>Necessary approvals from the right level of authority are to be obtained prior to the commencement of overtime work.</p> <p>Accepted</p>	<p>Requests for overtime are being documented, reviewed against the work schedules, discussed, and approved or otherwise in advance.</p> <hr/> <p>The TZRA has drawn up an SOP detailing overtime procedures, in line with the pertinent guidelines. The SOP has been approved, signed, and communicated to all staff concerned.</p> <hr/> <p>Management is ensuring compliance.</p> <hr/> <p>Adequate internal checks are being carried out on overtime. An official verifies the hours claimed against the request, the approved overtime hours, and the attendance sheets.</p> <hr/> <p>Once overtime hours are certified correct, these are referred to the CEO for approval.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Moreover, a consistent approach is to be applied across the board, whereby the minimum rest break period, as stipulated in section 2.2.71 of the PSMC, is to be respected.</p> <p>Accepted</p>	<p>The TZRA is ensuring that rest breaks are recorded and deducted for hours of duty exceeding six hours, in line with pertinent legislation and the PSMC.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>In exceptional circumstances, where officers are not able to utilise their leave entitlement within the year due to work exigencies or for other personal reasons, the vacation leave accumulated to the following year is to be duly authorised.</p> <p>Accepted</p>	<p>A standard accumulation of leave form has been introduced.</p> <hr/> <p>All requests for the accumulation of leave are submitted for consideration and authorisation by the pertinent level of authority.</p>	<p>Implemented</p> <p>Ongoing</p>
<p>Lack of control on leased vehicles</p> <p>The Foundation is expected to start using the Fleet Management System (FMS) in order to benefit from controlling features embedded in the system. These include an audit trail which logs all trips performed, a record of vehicle odometer readings at the time of refuelling, as well as the details of the employee entrusted with the respective vehicle.</p> <p>Accepted</p>	<p>Discussions are being held with MFE to implement the Fleet Management System (FMS).</p> <hr/> <p>Until the FMS is implemented, TZRA maintain and monitor all vehicles' fuel consumption records.</p> <hr/> <p>Vehicle logbooks have been introduced to keep track of vehicle usage and ensure better control.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>
<p>Transport allowance to service provider</p> <p>If a transport allowance is justified, this has to be granted in line with standing regulations at the established rate.</p> <p>Accepted</p>	<p>The use of personal vehicles for official duties is kept to a minimum by the TZRA.</p> <hr/> <p>In cases where the use of personal vehicles is required and is authorised beforehand by the TZRA Management, compliance with the Manual on Transport and Travel Policies and Procedures is being ensured.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Lack of segregation of duties</p> <p>Segregation of duties is imperative for proper internal control purposes.</p> <p>Accepted</p>	<p>The Management has implemented adequate internal controls, including segregation of duties between the purchase order process and the certification of works.</p>	<p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Moreover, payment for works without the necessary certification is not recommended as it exposes the Foundation to various risks.</p> <p>Accepted</p>	<p>All payments, whether partial or in full, are supported by the certification of works, which are certified by the manager in charge or the architect, depending on the works involved.</p> <hr/> <p>A warranted architect had been employed with the TZRA in 2022.</p> <hr/> <p>Prior to effecting payment, MIMCOL is carrying out the necessary checks to ensure that all procurement supporting documentation is in place.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Proper fixed asset register not maintained</p> <p>Government property is to be adequately safeguarded. To this effect, adherence to inventory control regulations is recommended. This entails the compilation of a proper fixed asset register as stipulated in the respective circular.</p> <p>It is pertinent that such exercise is carried out without further delay.</p> <p>Accepted</p>	<p>The TZRA is compiling its fixed asset register (FAR), including tagging of items to identify each asset.</p> <hr/> <p>Management will ensure that the FAR is adequately maintained.</p>	<p>December 2023</p> <hr/> <p>December 2023</p>
<p>Board meetings not held on a regular basis</p> <p>The Board can only achieve its goals through regular meetings to oversee the accomplishment of the organisation's plan and provide the necessary support to the executive.</p> <p>Accepted</p>	<p>Board meetings are being held regularly, as attested by the minutes related to each meeting.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
Compliance issues		
<p>Financial statements not duly prepared</p> <p>Audited financial statements are an indispensable tool to provide unbiased and objective assessment of whether the accounts show a true and fair view of the state of affairs. Thus, for the sake of good governance, Management is expected to comply with the reporting mechanism in a timely manner.</p> <p>Accepted</p>	<p>Audited financial statements for financial years 2020 and 2021 have been finalised and presented to the Board.</p> <hr/> <p>The financial statements for year 2022 have been finalised and are currently being audited.</p> <hr/> <p>The financial statements for year 2023 will be presented to the Minister in line with the pertinent legislation.</p>	<p>Implemented</p> <p>December 2023</p> <p>June 2024</p>
<p>Misallocation of expenditure</p> <p>Transactions are to be charged to the proper account; otherwise, it would be very difficult to exercise control and determine the total cost within each category of expenditure. This will also avoid the possibility of distorted and misleading financial information.</p> <p>Accepted</p>	<p>Each purchase order is specifying the location of the works. This practice ensures that the expenditure is charged to the proper account.</p> <hr/> <p>The finance section, in collaboration with the tourism zone manager, is following up on any difficulties regarding the allocation of expenditure, to ensure that it is correctly allocated to the appropriate account.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Expenditure not covered by fiscal receipt</p> <p>The Foundation is to ensure that all suppliers, who have received payments, in part or in full, for goods and services provided, adhere to the VAT regulations by issuing a fiscal receipt, as applicable.</p> <p>Accepted</p>	<p>An officer was assigned the duty to check and ensure that all payments are covered with fiscal documentation.</p> <hr/> <p>As a procedure, suppliers are being contacted to provide any missing fiscal documentation in line with the VAT regulations.</p> <hr/> <p>The VAT defaulters list for year 2021 has been submitted to the Office of the Commissioner for Revenue.</p> <hr/> <p>The TZRA is reviewing all payments effected in 2022 to ensure that the necessary fiscal documentation has been submitted.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>December 2023</p>
<p>Any defaulters are to be highlighted to the pertinent authority on a quarterly basis.</p> <p>Accepted</p>	<p>Defaulters are being reported to the Office of the Commissioner for Revenue in line with the pertinent circulars. Nil returns, if any, are also being submitted accordingly.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>Untimely publication of direct orders</p>	<p>Direct Orders relating to the latest period (January to June 2023) have been published in line with the Public Procurement Regulations.</p>	<p>Implemented</p>
<p>For the sake of good governance, Management is to ascertain that regulations and circulars are fully complied with.</p>	<p>The requirement to publish Direct Orders has been included in the Procurement SOP.</p>	<p>Implemented</p>
<p>Accepted</p>	<p>Management is ensuring compliance.</p>	<p>Ongoing</p>







FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA Report 2022	Date of implementation/status
Regeneration Works		
<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>	June 2023	<p><i>In progress</i></p> <p>An Architect was recruited in October 2022.</p> <p>A Project Coordinator and a Head of Projects were recruited in July 2023.</p> <p>The agency is in the process of filling vacancies for skilled/semi-skilled labourers.</p> <p>A tender for a framework agreement for the services of personnel to perform new works and repair/maintenance works in different localities in Malta is being prepared.</p> <p>A strategic plan for the agency will be prepared, estimated to be completed by March 2024.</p>
Malta Film Commission		
<p>Weak control environment</p> <p>An open call for tenders to perform an extensive review of MFC's internal controls and operations will be published this year. It is envisaged that the exercise will be concluded in the first quarter of 2023.</p>	March 2023	<p><i>Implemented as planned</i></p> <p>MFT has engaged an assurance firm to ascertain that MFC's controls and operations are in place. It was confirmed that the controls in place are sufficient.</p>
<p>The operational review will include an HR structure and the drawing up of an HR plan, after holding discussions with the pertinent authorities.</p>	December 2022	<p><i>Implemented as planned</i></p> <p>The HR structure and HR plans have been formalised and approved, and vacancies are open.</p>
<p>A training needs analysis together with a training plan targeting all processes is being drawn up based on the new agreed HR Plan.</p>	October 2022	<p><i>Implemented as planned</i></p> <p>In-house training in procurement and HR was organised and delivered by MFT personnel. Moreover, hands-on training is given on a regular basis.</p>
<p>SOPs, detailing all procedures, will be drawn up based on the exercise related to the review of MFC operations.</p>	March 2023	<p><i>In progress</i></p> <p>SOPs in procurement, HR and other procedures have been formalised.</p> <p>A complete set of SOPs is estimated to be finalised by June 2024.</p>

Pending action/s	Implementation date on GA Report 2022	Date of implementation/status
<p>Once the restructuring exercise is concluded, MFC will draw up a risk register for all its operations, including travel.</p>	<p>March 2023</p>	<p><i>Implemented through a different course of action</i></p> <p>MFC is adhering to MFE Circular 3/2022 and the Manual for Transport and Travel Policies and Procedures.</p>
<p>Negative working capital</p> <p>Through the restructuring exercise, followed by the drafting of SOPs, MFC will have adequate resources and a procurement procedure in place, enabling MFC to monitor the budget and ensure that financial, operational, and capital expenditure plans are drawn up according to best practices and are under control within the approved set budget.</p>	<p>March 2023</p>	<p><i>Implemented as planned</i></p> <p>SOPs for procurement are in place and are being followed.</p> <p>Expenditure and its monitoring are under control and within the approved budget.</p>
<p>No independent monitoring over travel and hospitality expenditure</p> <p>SOPs detailing the procedure adopted by MFC will be drawn up once discussions with MFE are concluded, and procedures established.</p>	<p>January 2023</p>	<p><i>Implemented through a different course of action</i></p> <p>MFC is adhering to MFE Circular 3/2022 and the Manual for Transport and Travel Policies and Procedures. Moreover, travel and hospitality expenditure is being monitored by a major external and independent auditing firm.</p>
<p>Per diem allowance not given in line with standing regulations</p> <p>The MFT is to publish a tender for auditing services to carry out a review of the travel undertaken between 2018 and 2021.</p>	<p>December 2022</p>	<p><i>Implemented as planned</i></p> <p>MFC has commissioned, through a regular procurement process, a major consultancy firm to carry out auditing services.</p>
<p>By the second quarter of 2023, the contractor will conclude the exercise to identify overpayments, if any.</p>	<p>June 2023</p>	<p><i>Implemented as planned</i></p> <p>The exercise was finalised and no overpayments were identified.</p>
<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>October 2022</p>	<p><i>In progress</i></p> <p>Discussions are being held with MFE to resolve the matter.</p> <p>Estimated date of implementation is March 2024.</p>

GA Publication 2021

Pending action/s as on GA Report 2021	Pending action/s as on GA Report 2022	Implementation date on GA Report 2022	Date of implementation/status
Licences 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><i>In the process of being implemented.</i></p> <p>Currently, the new legislation is being discussed and necessary updates are being proposed. The final approval is dependent on the Ministerial review of such legislation.</p> <p>Expected date of implementation is December 2023.</p>	December 2023	<p><i>In progress</i></p> <p>The new legislation process continues at a good pace.</p> <p>MTA is not accepting licence renewals before arrears or debts are settled.</p>

Pending action/s as on GA Report 2021	Pending action/s as on GA Report 2022	Implementation date on GA Report 2022	Date of implementation/status
<p>Evidence of plans for onsite visits not available</p> <p>The Malta Tourism Authority (MTA) will analyse the reports generated by the internal review platforms and will focus enforcement and regulatory measures on low-performing operators.</p>	<p><i>In the process of being implemented</i></p> <p>MTA is currently subscribed to Review Pro with regard to collective accommodation and it is actively monitoring internal review platforms and analysing data accordingly. Post-covid data is expected to be available in December 2022.</p> <p>The performance of operators, through internal review platforms, is being gauged as tourism picks up after the removal of restrictive Covid-19 measures. The Compliance and Regulatory Directorate started the process of inspecting each licenced hotel and guest house as part of its ongoing inspection routine. These inspections will be followed up with proactive monitoring based on the aforementioned internal process.</p> <p>As from January 2023, inspections on hotels and guest houses, based on the findings of the analysis carried out, are expected to increase in frequency.</p> <p>Regarding catering establishments, the MTA is still seeking sources that are financially viable and provide reliable data. In the meantime, the Authority's Compliance and Regulatory Directorate investigates all complaints received and, if such complaints are within its legal remit, an onsite inspection is carried out with followup action as necessary.</p>	<p>December 2022</p>	<p><i>Implemented in September 2023</i></p> <p>The Compliance and Regulatory Directorate compiles monthly reports based on ReviewPro GRI results. The low performers are monitored, and inspections are carried out to address the main causes of the bad reviews. If during inspections the causes of the complaints are confirmed, the MTA gives a timeframe to the licensee of the accommodation establishment to rectify shortcomings in the shortest possible time and proceeds with legal action whenever necessary.</p> <p>Routine inspections are still being performed on a frequent basis for high-performing accommodation establishments.</p> <p>Regarding catering establishments, through the Inspections Co-Ordination Unit (ICO) – Inspections Online Solution, the Compliance and Regulatory Directorate is actively analysing and monitoring data generated from inspections carried out by the Primary Inspectorate (Food Safety Unit).</p> <p>Low-scoring catering establishments are inspected by Compliance and Regulatory officers to address the main causes of the low scores. The MTA gives a timeframe to the licensee of the catering establishment to rectify these breaches in the shortest possible time and proceeds with taking legal action as deemed necessary.</p> <p>The Directorate also acts when a complaint is lodged against any catering establishment. These complaints are investigated by on-site inspections.</p>





MINISTRY FOR THE ENVIRONMENT, ENERGY AND ENTERPRISE

reported by the NAO as Ministry for the Environment, Climate Change and Planning
and Ministry for Energy, Enterprise and Sustainable Development

MEEE

Ministry for the Environment, Climate Change and Planning – Personal emoluments

Ambjent Malta and the Department for the Environment, Climate Change and Planning (ECCP) were two Departments within the Ministry for the Environment, Climate Change and Planning.

Set up in 2018, Ambjent Malta was primarily responsible for protecting and enhancing Malta's natural capital, as well as preserving the country's biodiversity. Amongst other duties, its portfolio included the implementation of green infrastructure projects and habitat restoration measures for maintaining and restoring natural areas and protected sites. Ambjent Malta was also responsible for implementing plans, policies and programmes as prepared by the Environment and Resources Authority.

On the other hand, the ECCP Department had been established as the arm to drive the strategies and policies falling within the remit of the highlighted Ministry. To this effect, the Department aimed to mainstream green and low carbon policies and related practices in all levels of the Government, as well as the society in general.

The main scope of the audit was to ascertain the adequacy of the internal control system in place with respect to the payment of allowances and overtime effected by the two Departments under review, i.e., Ambjent Malta and the ECCP.

The National Audit Office (NAO) was satisfied that the procedures and controls in relation to the payment of allowances and overtime by these two Departments were overall adequate. However, this audit revealed an anomaly in the remuneration for duty on Sunday by workers on a shift basis, deployed with Ambjent Malta from another Government entity.

Follow-up action

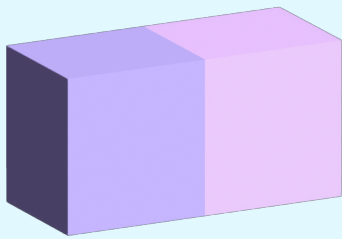
After discussions between MEEE and RSSL, it was agreed that RSSL employees were to benefit from the same terms and conditions applicable to government employees. Thus, shift based RSSL employees were to be paid according to the rates set out in the PSMC.

MEEE invariably ensures that all overtime requests are approved by the Permanent Secretary, a priori, in line with the PSMC. Moreover, a new provision was included in the overtime request form to cater for exceptional situations where the form could not be completed due to urgency of work. In such cases, both the justification and the prior written approval of the Permanent Secretary, obtained through alternative means of communication, are to be attached to the form.

NAO issues by category: 2

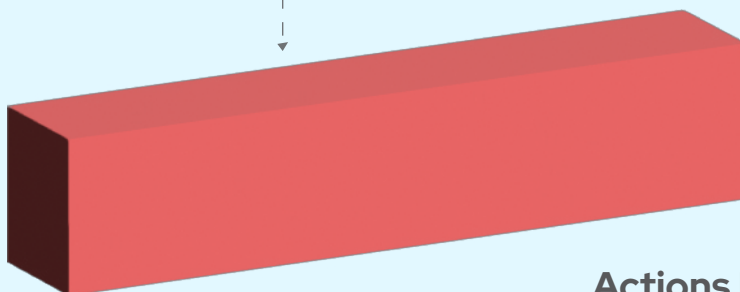
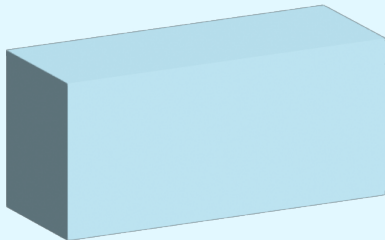
1
Inefficient operations

1
Lack of verification/
enforcement



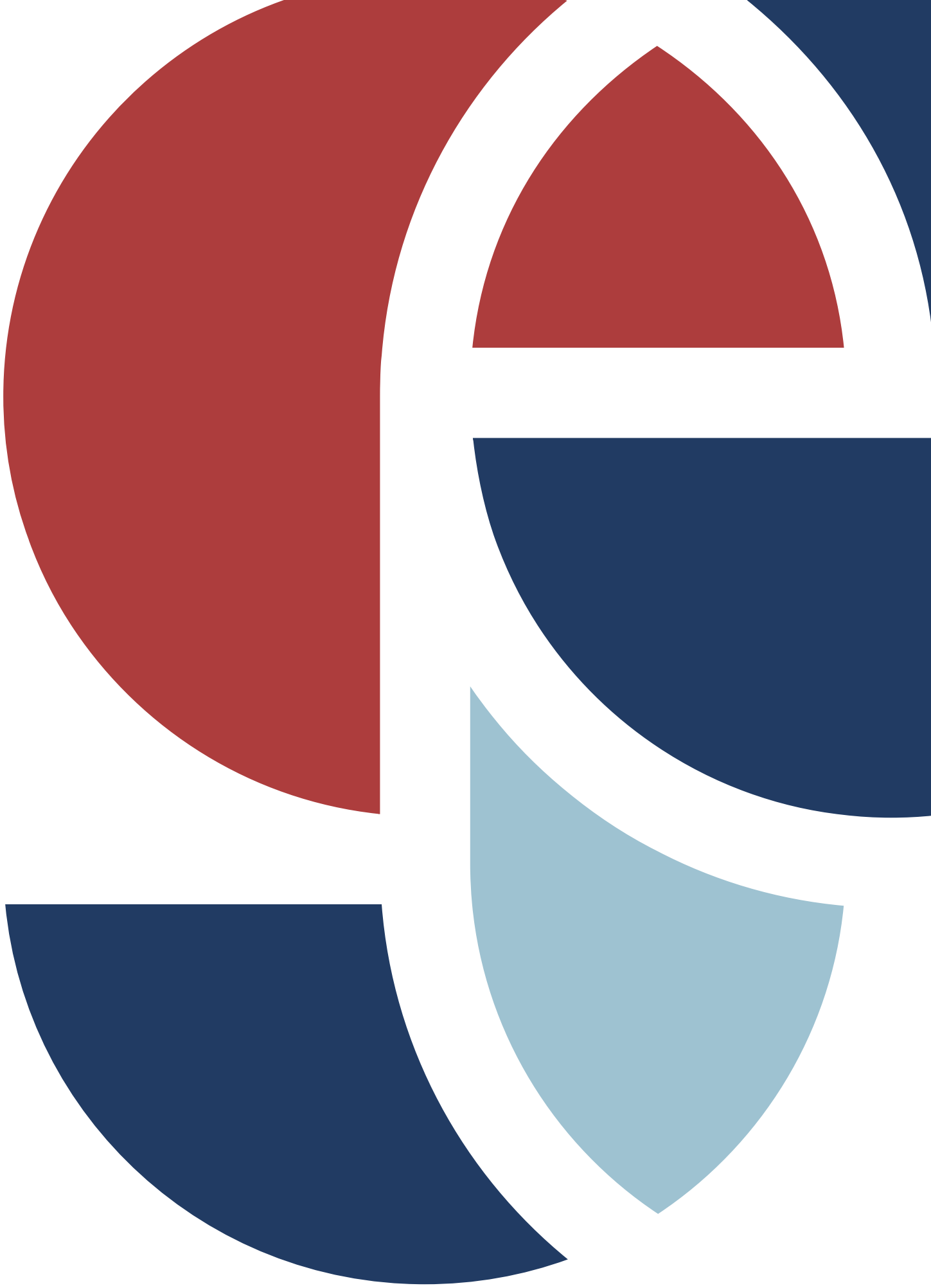
Recommendations by NAO: 2

2
Accepted



Actions by the Ministry: 4

4
Implemented



MEEE

Electric vehicle charging pillars – Expenditure

In April 2016, Malta signed the Paris Agreement which provided a global framework to help countries combat climate change and support their efforts. In view of European Union objectives, Malta aims to reach carbon neutrality by 2050. The availability of electric vehicle public charging infrastructure is considered a key contributor towards reaching this target.

The main scope of the audit was to verify whether procedures adopted in relation to the project were in compliance with the Public Procurement Regulations (PPR), as well as applicable circulars. The National Audit Office (NAO) also sought to determine the level of existing internal controls over the expenditure incurred. The reliability and adequacy of information available for decision-making and accountability purposes were considered.

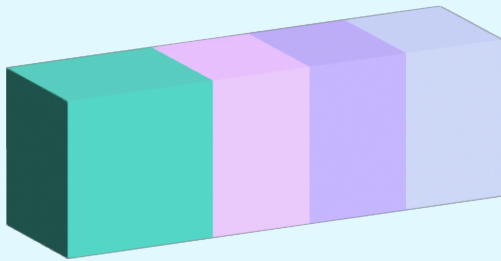
The review of the electric vehicle charging pillars project remained inconclusive due to lack of project ownership by the respective entities involved. Significant delays, resulting in additional costs, were noted in the main contracts relating to the procurement of charging pillars and the respective Network Management System. Moreover, inadequate project planning and execution were noted.

Follow-up action

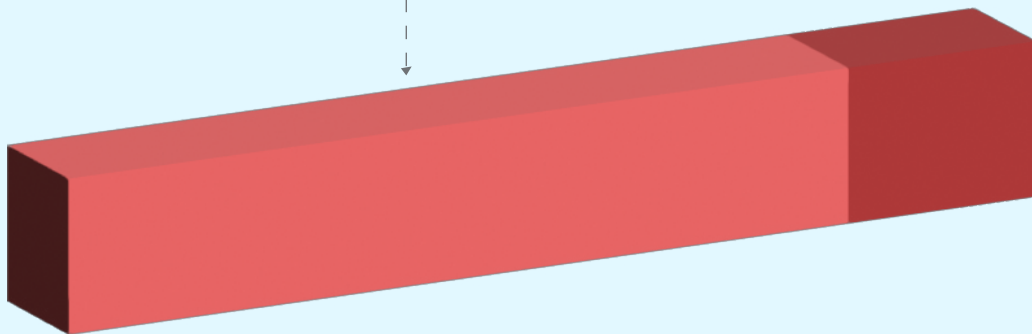
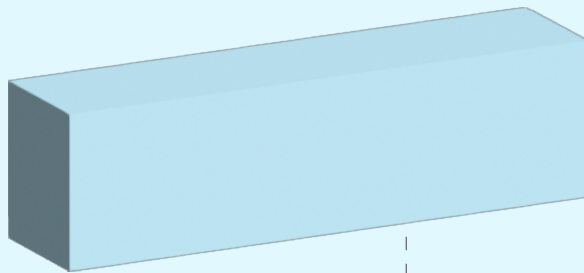
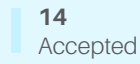
As from August 2022, the Energy and Water Authority (EWA) took over the responsibility of Electric Vehicle Charging Pillars project. Since taking ownership of the project, EWA has proposed a number of actions to ensure that shortcomings identified by the NAO in the areas of procurement, document retention, and approval procedures are addressed. Moreover, EWA has embarked on the new phase of the project which is separate and distinct from the project scrutinised by the NAO.

A high-level master plan is being drawn up to expand the charging infrastructure network by 2025. Discussions were held between EWA and pertinent stakeholders to align stakeholder requirements with the future expansion of the National EV Charging Infrastructure. EWA has also prepared implementation and procurement plans which take into consideration long-term goals and stringent deadlines. EWA published a tender for the procurement of professional services to streamline the project implementation process, incorporating a wider skill base and an independent certification for the scope of the project and contractual requirements. EWA is also exploring the possibility of adopting an automated reconciliation process, to ensure that reconciliations between payments made by EV owners and electricity consumed are carried out on a regular basis.

NAO issues by category: 5



Recommendations by NAO: 14



Actions by the Ministry: 30



Recommendations	Action taken/justification	Implemented or date by when
Limitation on scope of audit		
<p>The expected level of cooperation from the auditee was not forthcoming to enable the smooth performance of this review. Although the respective engagement letter was sent by NAO in November 2021, information was received intermittently. The last batch of information was only received during the last week of August 2022, following several reminders and a number of meetings. In the meantime, the then responsible officers were no longer engaged with the Ministry. Moreover, not all the requested documentation was made available. Due to these significant delays and the tight publication deadlines, the extent of testing was restricted, leading to an inconclusive review.</p>	<p>After August 2022, the responsibility for this project was assigned to the Energy and Water Agency (EWA) within the Ministry for the Environment, Energy and Enterprise (MEEE). The new management engaged with the NAO to provide the necessary documentation to bring the audit to a closure.</p> <hr/> <p>In the event of any future audits conducted by the NAO, EWA will maintain its efforts to collaborate closely with NAO officials.</p>	<p>Ongoing</p>
Accepted		
Key issue		
<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>December 2025</p>
<p>MESD is encouraged to discuss its future requirements with all pertinent stakeholders prior to any commitment.</p>	<p>EWA held several stakeholder meetings, as well as a stakeholder conference in January 2023, to align stakeholders with the requirements for future, long-term expansion of the national electric vehicle (EV) charging infrastructure.</p>	<p>Implemented</p>
Accepted		
	<p>An interim high level master plan for the installation of 600 charging pillars (1200 points) has been drawn up, being the new phase of the project which is being coordinated by EWA. Hence, this plan is separate and distinct from the project scrutinised by the NAO.</p>	<p>Implemented</p>
	<p>The Projects Implementation Unit is embarking on a consultation process with the regional and/or local councils, and the public, to ensure effective siting of charging pillars.</p>	<p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>It is also important that a responsible officer is kept abreast with the comprehensive planning and implementation of the project. Besides enhancing ownership, this will avoid unnecessary costs.</p> <p>Accepted</p>	<p>EWA has set up the Projects Implementation Unit to coordinate the National EV Charging Infrastructure. A head of unit has been identified and a unit structure to cater for the current projects and ongoing operations, as well as future requirements, has been developed.</p> <hr/> <p>EWA is in the process of increasing gradually employees within the Projects Implementation Unit, including support functions, to coordinate effectively all functions of the infrastructure.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
Control issues		
<p>Concerns related to trenching and ancillary works</p> <p><i>Inadequate planning</i></p> <p>Considering the materiality of disbursements, the Ministry is expected to improve upon its project planning and management practices to avoid resorting to short-term decisions, which may ultimately result in cost inefficiencies.</p> <p>Accepted</p>	<p>EWA is ensuring that market research is carried out at agency level as part of its project management procedure.</p> <hr/> <p>In view of the upcoming expansion of the EV Charging Infrastructure, EWA has drawn up implementation and procurement plans, taking into consideration long-term goals and stringent deadlines. These plans are reviewed and updated annually.</p> <hr/> <p>In an extremely short time frame, EWA is ensuring that the necessary resources are available to be able to effectively manage both project and operational requirements of the infrastructure.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
<p><i>Project management concerns</i></p> <p>Variations and/or modifications to the contracted works are to be duly authorised and included as amendments to the original contracts. Such safeguards should be in place prior to the commissioning of works to avoid any misunderstandings, and thus ensure the smooth running of the project.</p> <p>Accepted</p>	<p>Management is ensuring that all employees within the Project Management Unit are provided with inhouse training, including hands on experience, public procurement and other pertinent subjects. Training courses organised by the IPS are also being offered to EWA employees.</p> <hr/> <p>Moreover, Management is ensuring that an audit trail for each procurement process is retained through the digital filing system and internal approval procedures at different levels of authority.</p> <hr/> <p>EWA has updated its manual on procurement procedures, and it has been disseminated to all officers concerned.</p> <hr/> <p>Management is ensuring compliance.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p><i>Undetected errors at bidding stage</i></p> <p>Bids submitted at tendering stage are to be checked thoroughly.</p> <p>Accepted</p>	<p>EWA is ensuring that bids submitted during the tendering stage are being checked thoroughly.</p> <hr/> <p>Management has a centralised procurement team, acting as an internal check and a reference point to ensure that the PPR are being adhered to.</p> <hr/> <p>Market research is being carried out for all tenders of material value, and consultation is taking place prior to listing tender specifications.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>Unrealistic timeframes for trenching works</p> <p>Management is also to strengthen the administration of contracts by ascertaining that respective documentation, including the necessary approvals and extension to contracts, is in order and systematically filed for ease of reference.</p> <p>Accepted</p>	<p>Management is ensuring that respective documentation, including all necessary approvals, and extensions to contracts, is filed systematically through a digital filing system for ease of reference.</p>	<p>Ongoing</p>
<p>Shortcomings related to the provisions of architectural services</p> <p>The Office acknowledges the necessity to meet deadlines for the timely implementation of projects. However, procurement through direct orders is to be resorted to only in exceptional circumstances. Such instances are also to be duly authorised in line with standing regulations prior to commitment.</p> <p>Accepted</p>	<p>Through its central procurement team, EWA is ensuring adherence to the PPR. The use of direct orders is only resorted to in exceptional circumstances and according to the PPR.</p>	<p>Ongoing</p>
<p>Additionally, officers in charge of project management should ensure that contract conditions are fully adhered to.</p> <p>Accepted</p>	<p>EWA is making every effort to reinforce the human resource capacity of the Project Management Unit, including providing training.</p> <hr/> <p>EWA has published a tender to contract professional services to streamline project implementation, having a wider skill base and an independent certification of the project scope and contractual requirements.</p> <hr/> <p>EWA employees are monitoring outsourced services provided, including carrying out spot check as considered necessary.</p>	<p>Ongoing</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>

Recommendations	Action taken/justification	Implemented or date by when
<p>If the Ministry requires the services of an architect on a regular basis, it may also evaluate the possibility of engaging someone inhouse, as besides increasing cost efficiency, this would also enhance project ownership and execution.</p> <p>Accepted</p>	<p>MEEE has provided EWA with six employees through internal resourcing to contribute towards achieving planned targets.</p> <hr/> <p>EWA is requesting additional finance and headcounts through MEEE to continually complement the Implementation Unit.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
<p>Conflicting information regarding revenue collection</p> <p>Better communication is expected amongst Ministry officials to ascertain that revenue in favour of Government is duly collected and recorded.</p> <p>Accepted</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> <hr/> <p>EWA is committed to ensure that reconciliations are carried out on a regular basis.</p>	<p>December 2023</p> <hr/> <p>December 2023</p>
<p>Inadequate record-keeping system</p> <p>Management is expected to enhance its filing system, possibly organising information by supplier.</p> <p>Accepted</p>	<p>EWA has a digital document management system in place which is used for systematic filing in accordance with the agency's internal policies.</p> <hr/> <p>New employees are trained on the use of the filing system and the internal procurement approval procedure. These two functions are integrated electronically through the same system, ensuring a complete audit trail.</p>	<p>Ongoing</p> <hr/> <p>Ongoing</p>
<p>All supporting documentation is to be readily available for verification by third parties.</p> <p>Accepted</p>	<p>Through its digital document management system, EWA ensures that all supporting documentation is readily available when required.</p>	<p>Ongoing</p>
<p>Compliance issue</p>		
<p>Procurement not published in the Government Gazette</p> <p>In compliance with regulation 111(2) of PPR and other pertinent circulars, all contracts whose value exceeds €5000 (VAT excl), as well as all cases involving variations which exceed the original contract value by more than 5%, are to be published in the Government Gazette.</p> <p>Such requirement also applies for procurement effected through calls for quotations and direct order procedures.</p> <p>Accepted</p>	<p>EWA ensures compliance with regulation 111(2) of the PPR. This responsibility has been part of the tasks assigned to its central procurement team for several years.</p>	<p>Ongoing</p>

MEEE

Pandemic Assistance Schemes – Expenditure

A number of schemes were introduced by the Government to assist private enterprises during the COVID-19 pandemic. The most material was the wage supplement scheme which was meant to be the focus of this audit. By virtue of this measure, individuals employed in those sectors of the economy which were most significantly disrupted by the pandemic were to benefit from a basic wage cover, equivalent to the minimum wage for workers in certain economic sectors.

The Government appointed the Malta Enterprise (ME) to manage the wage supplement scheme on its behalf. In order to simplify the administrative processes, ME decided to adopt a procedure whereby it would forward the respective funds to employers, who were in turn obliged to guarantee that the COVID-19 wage supplement was forwarded to the employee.

The scheme was to be modified, amended, or terminated by the Government. In fact, wage supplement payments were effected up till the end of May 2022, following which the scheme was terminated.

The audit aimed to identify whether the minimum requirements of the scheme were complied with in all respects, thereby ensuring that payments were made to beneficiaries in accordance with the established regulations. The audit also sought to determine what checks were carried out by the Malta Enterprise ahead of granting this financial assistance, to confirm authenticity and accuracy of the data submitted by applicants in their application forms.

Although the original intention of the NAO was to carry out and conclude a compliance audit on the Pandemic Assistance Schemes, by the third quarter of 2022, the exercise proved to be more challenging in view of complex processes and more so, due to the fact that ME claimed that by mid-June 2022, it was still fully engaged in providing extended assistance to beneficiaries under the scheme and also in carrying out post grants checks. In the circumstances, and in acknowledgement of the efforts by ME to implement the scheme, it was agreed to extend the audit to a later period to ensure that the assignment is finalised in 2023.

Follow-up action

Several meetings were held between ME and the NAO, discussing the issues raised by the NAO in the preliminary findings. A walkthrough of the system was also provided by ME to the NAO. Meetings between ME and the NAO are being held as required to clarify any queries on the system.

After the wage supplement scheme was closed off, ME engaged an external auditor to carrying out verifications that all beneficiaries of the scheme were in line with the applicable rules and guidelines. A process to recoup undue payments was also initiated.







FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Street lighting and other services - Expenditure		
<p>Responsibility for the management of the street lighting Act of Entrustment has been assigned to the Strategy and Support Directorate within the Ministry for the Environment, Energy and Enterprise (MEEE).</p> <p>A Director (Strategy and Support) was appointed and commenced duties with the Ministry in June 2023. Further recruitment, including the engagement of an Assistant Director and other administrative staff is yet to be realised. A call for an Electrical Engineer has also been published. Once engaged, the officer would be expected to conduct verifications and certifications, give technical recommendations, perform site visits and carry out other duties relating to the management of the Public Service Obligation (PSO).</p> <p>Until this recruitment takes place, a warranted Electrical Engineer has been engaged through a short-term contract for service to carry out certification and the assessment of quotations for new infrastructural projects.</p>		
Limitation on scope of audit	December 2022	<i>In progress</i>
The Ministry is drafting a holistic plan, addressing the restructuring process together with a capacity building plan.		A holistic plan is being drafted and will be implemented by December 2023.
	December 2022	<i>In progress</i>
The recommendations put forward by the NAO will be addressed through a restructuring exercise.		A restructuring exercise holistic plan is ongoing and will be finalised by December 2023.
	July 2023	<i>Implemented as planned</i>
Inspections and maintenance carried out by Enemalta are being monitored.		Inspections are verified against the Inspections Plan provided to MEEE at the beginning of the year, whereas maintenance claims are backed up by maintenance reports.
Ministry lacked pertinent data on the subject matter	October 2022	<i>In progress</i>
The Ministry started the process to identify the pertinent stakeholders and consult them appropriately in the course of drawing up the restructuring plan.		Consultation with Enemalta is ongoing.
		In the last months, the Ministry has also maintained appropriate liaison with ARMS Ltd on billing issues, and the Ministry for Gozo and the Ministry for Finance and Employment on responsibility and funding for street lighting in Gozo. This latter issue is yet to be resolved.
		Revised date of completion is December 2023.

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>The plan will be documented and will include:</p> <ul style="list-style-type: none"> The list of stakeholders; and The purpose and proposed frequency of consultation in relation to implementation. All the minutes, and related documentation will be filed for auditing purposes. 	December 2022	<p><i>In progress</i></p> <p>Revised date of completion is December 2023.</p>
As part of its restructuring plan, the Ministry will conduct an HR capacity building plan.	December 2022	<p><i>In progress</i></p> <p>Revised date of completion is December 2023.</p>
Calls for applications will be issued in accordance with the approved HR capacity building plan.	March 2023	<p><i>In progress</i></p> <p>Revised date of completion is December 2023.</p>
SOPs detailing the full procedures related to contract management are drafted and circulated among the staff concerned.	December 2022	<i>Implemented in September 2023</i>
The Ministry obtains access to records already held by Enemalta.	March 2023	<p><i>Implemented through a different course of action</i></p> <p>The Ministry is being provided with updates of Enemalta's Street Lighting Fixed Assets Register.</p>
A system to conduct independent verifications is implemented.	March 2023	<p><i>Not yet implemented</i></p> <p>Limited verifications are currently being conducted by the external Electrical Engineer. The current verification system will be fine-tuned and extended once an Engineer is employed by the Ministry.</p> <p>A call for an Electrical Engineer was published on 7th September 2023. The call has closed on 25th September and evaluation is ongoing.</p> <p>Estimated date of implementation is Q 4 of 2023</p>
Risk registers covering the whole operations are prepared.	March 2023	<p><i>Not yet implemented</i></p> <p>Risk registers are expected to be in place by end of December 2023.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>Lack of independent regular checks</p> <p>An SOP detailing the procedures to perform adequate verifications is drawn up and circulated.</p>	December 2022	<i>Implemented in September 2023</i>
<p>Works are thoroughly checked by a warranted engineer and certified correct by the DCS.</p>	March 2023	<i>Implemented as planned</i>
<p>Random spot checks are performed to ascertain that inspections and maintenance works are carried out as stipulated by Enemalta.</p>	June 2023	<p><i>Not yet implemented</i></p> <p>Random spot checks will be carried out once additional employees are engaged.</p> <p>In the meantime, inspections and maintenance works are being monitored.</p> <p>Estimated date of implementation is December 2023.</p>
<p>The auditor will complete the audit reviews for 2021-2022.</p>	May 2023	<p><i>Partially implemented</i></p> <p>Audit review for 2021 has been carried out.</p> <p>Audit review for 2022 will be done together with 2023.</p> <p>Estimated date of completion is Q 2 of 2024.</p>
<p>Street lighting: Manual Street lighting meters readings</p> <p>Copies of the meter readings and relevant invoices are provided to the Ministry.</p>	March 2023	<i>Implemented as planned</i>
<p>Pertinent data and documentations are retained and duly filed for future reference and audit trail.</p>	March 2023	<i>Implemented as planned</i>
<p>The HR capacity is increased to be able to carry out the required verifications in accordance with the approved HR capacity building plan.</p>	March 2023	<p><i>In progress</i></p> <p>Revised date of completion is December 2023.</p>
<p>In conjunction with the restructuring exercise, the Ministry, together with Enemalta, will prepare a detailed plan with time frames to ensure that all meters are converted to smart meters and placed on the Automated Meter Management System.</p>	December 2022	<p><i>In progress</i></p> <p>Liaison with Enemalta on this matter is ongoing.</p> <p>Revised date of completion is Q2 of 2024.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
In the interim, an SOP detailing the procedure to be followed to read all non-smart meters over a specific span of time and on a regular basis, is drafted and circulated.	December 2022	<p><i>Not yet implemented</i></p> <p>Reading of non-smart meters, together with random checking of smart meters, may only take place once appropriate staffing is in place.</p> <p>Estimated date of implementation is December 2023.</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.	December 2022	<p><i>In progress</i></p> <p>Liaison with Enemalta on this matter is ongoing.</p> <p>Estimated date of implementation is Q 2 of 2024.</p>
Calls for applications will be issued in accordance with the approved HR capacity building plan.	March 2023	<p><i>In progress</i></p> <p>Revised date of completion is December 2023.</p>
<p>Infrastructure: Record of Infrastructure Inventory not readily available</p> <p>The Ministry was informed by Enemalta that all assets are marked with a unique asset code. The Ministry is in discussions with Enemalta to obtain access to records already held by Enemalta.</p>	March 2023	<p><i>Implemented through a different course of action</i></p> <p>The Ministry is being provided with updates of Enemalta's Street Lighting Fixed Assets Register.</p>
An officer will be assigned duties to maintain and regularly check the fixed asset register	March 2023	<p><i>Not yet implemented</i></p> <p>The Ministry is being provided with updates of Enemalta's Street Lighting Fixed Assets Register.</p> <p>Sample checks by the Ministry will commence once appropriate staff are engaged.</p> <p>Estimated date of implementation is December 2023.</p>
<p>Inspections: Ministry not informed beforehand of planned inspections</p> <p>Inspection reports are analysed to verify that planned inspections were carried out.</p>	June 2023	<p><i>In progress</i></p> <p>Reconciliations are taking place against the annual inspection plan.</p> <p>Full reconciliations will take place once additional employees are engaged.</p> <p>Estimated date of implementation is December 2023.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Justification is sought from Enemalta in case of discrepancies between planned and actual inspections.	June 2023	<i>Implemented as planned</i>
Faults found during inspections are flagged to the Ministry immediately.	December 2022	<i>Implemented as planned</i> Faults are flagged under the maintenance schedule/invoices and forwarded to MEEE for payment.
An SOP detailing the inspection procedures is drafted.	December 2022	<i>Implemented in September 2023</i>
The SOP detailing the inspection procedures, will also include the procedure required should quarterly reports not be forwarded to the Ministry in a timely manner.	December 2022	<i>Implemented in September 2023</i>
Inspections: Concerns on invoices raised All invoices are verified against the actual readings before they are processed for payment.	March 2023	<i>Not yet implemented</i> Such thorough verification requires additional staff to enable implementation. Nonetheless invoices are certified correct by a technical officer prior to processing for payment. Estimated date of implementation is December 2023.
All invoices are checked and approved by different officers.	March 2023	<i>Implemented as planned</i> All payments are subject to certification by a technical officer prior to payment by accounting officers.
An SOP detailing inspection procedures is drafted.	December 2022	<i>Implemented in September 2023</i>
As part of the restructuring plan, in case an anomaly is noted, the related invoice(s) will be referred to the service provider for the necessary revision.	March 2023	<i>Implemented as planned</i> Reconciliations are being carried out on every invoice received. Credit notes will be requested as required.

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Maintenance reports are analysed to determine the charges incurred and ascertain whether these are justified.	June 2023	<i>Partially implemented</i> This action is limitedly performed by a contracted Engineer and will be refined further once an Electrical Engineer is employed by the Ministry. Estimated date of implementation is December 2023.
Calls for applications will be issued in accordance with the approved HR capacity building plan.	March 2023	<i>In progress</i> Revised date of completion is December 2023.
An SOP detailing the maintenance procedures is drafted and circulated.	December 2022	<i>Implemented in September 2023</i>

Enemed Co Ltd - Revenue and receivables

Commission paid not covered by agreement

Agreements will be signed by Enemed and these jobbers at the opportune time.

December 2022

In progress

Enemed has implemented, as a standard practice, contracts with all jobbers with the exception of the Gozitan suppliers which require inter ministerial discussions that are expected to be concluded by the Q4 of 2023.





MINISTRY FOR
FINANCE AND
EMPLOYMENT

MFE

Customs excise duties – Revenue

The Customs Department, within the Ministry for Finance and Employment (MFE), is entrusted with the control of import and export of goods, as well as for the collection of the respective taxes and duties, as mandated through pertinent legislation. It also has a multi-functional border agency role with specific focus on trade facilitation, alongside security and safety border controls.

Most of Customs' clients are Tax Warehouse Keepers (TWKs) who have the faculty to keep merchandise in a bond under duty suspension. Any excise duty becomes due upon releasing of the merchandise, following which TWKs must provide a stock report and pay the related duties.

The main scope of the audit was to determine the level of internal controls over the collection of revenue due to Government from excise duties, with particular focus on physical stocktaking required by standing procedures and stock reporting by TWKs.

The audit revealed that during the year under review Customs did not carry out the required physical stocktakes at the warehouses where clients had the faculty to keep merchandise in a bond under duty suspension until goods are released. Thus, this most important control in the excise regime, which was also outlined in the established standard operating procedures was lacking.

Follow-up action

Regular physical stock controls at every Customs tax warehouse, which had been suspended due to the Covid-19 pandemic, have resumed as from April 2022.

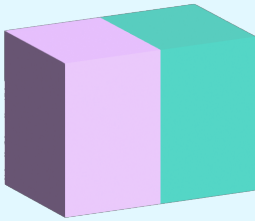
The Excise Directorate is operating the Track & Trace System, in full compliance with the EU Tobacco Products Directive 40/2014. This system plays a pivotal role in monitoring the movement of controlled goods, especially tobacco products. Through this system, Customs Department gain valuable insights into the entire lifecycle of tobacco goods, from their importation to their eventual distribution. Furthermore, the Tobacco Products Unit SOP has been revised to include a provision that states that a physical stocktake should be carried out at least once annually at each warehouse.

Management is also ensuring that reconciliation between the obligatory statements sent by TWKs, the bonded warehouse system, and physical stocktakes, is carried out on a regular basis.

NAO issues by category: 2

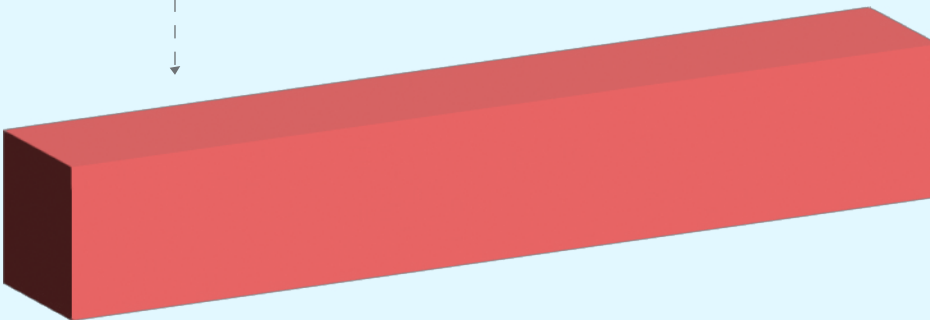
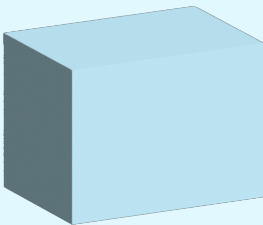
1
Lack of verification/
enforcement

1
Lack of compliance
with policies and legislation



Recommendations by NAO: 2

2
Accepted



Actions by the Ministry: 6

6
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Key issue		
<p>Lack of physical stocktakes</p> <p>Being one of the most important controls included in an excise monitoring regime, Customs is to ensure that regular physical stocktakes are carried out at every tax warehouse, in line with the pertinent SOPs.</p> <p>Accepted</p>	<p>As from April 2022, the Excise Directorate resumed its mandatory regular physical stock controls at every tax warehouse in accordance with the pertinent SOP.</p> <hr/> <p>Customs risks with regard to excise goods is mitigated through several other checks and controls. These controls take effect prior to the importation of goods until final consumption. Moreover, through market surveillance checks carried out by the Enforcement Directorate and the Excise Directorate, excise goods are checked at their point of final sale to ensure adherence to the laws and regulations in force.</p> <hr/> <p>To further enhance Customs inventory management practices, the Excise Directorate has in place a Track & Trace System, in full compliance with the EU Tobacco Products Directive 40/2014. This system is considered to be a very important control to mitigate risks.</p> <p>By leveraging this system, Customs gain valuable insights into the entire lifecycle of these goods, from their importation to their eventual distribution. The Track & Trace System not only facilitates compliance but also enables quick traceability and to address any potential issues or discrepancies that may arise during the product's journey.</p> <hr/> <p>Management has revised its Tobacco Products Unit SOP, establishing that a minimum of one physical stocktake annually is to be carried out at each tax warehouse, in addition to the other controls.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p> <hr/> <p>Ongoing</p> <hr/> <p>Implemented</p>

Recommendations	Action taken/justification	Implemented or date by when
Control issue		
Required stock statements not available	All stock movement is regularly recorded by the tax warehouse keeper in the Bonded Warehouse System.	Ongoing
Management is to resolve the existing impasse and chase the responsible warehouse keeper to submit the reports in question.	The missing stock movement statements were submitted by the tax warehouse keeper in September 2022.	Implemented
Accepted	A reconciliation of the monthly stock movement statements is being carried out regularly.	Ongoing
	Procedural stock takes are being performed monthly, and physical stock takes are carried out in accordance with the pertinent SOP.	Ongoing
General comments		

This Office satisfactorily noted that officers involved were very cooperative and knowledgeable on the respective area of work, and documentation requested was always submitted in a timely manner.

MFE

Malta Air Travel Ltd – Revenue and expenditure

Malta Air Travel Ltd (MAT) is a limited liability Company registered under the Companies Act (Cap. 386). The Company was set up and registered on 10 January 2018 and falls under the responsibility of the Ministry for Finance and Employment.

The Company is commercially known as Malta Med Air, a European based airline registered in Malta and flying under a Maltese Air Operator Certificate. Its operations mainly comprise charter and consultancy services to aviation and non-aviation business customers in Europe and beyond.

The main objective of the audit was to determine the level of existing internal controls over the collection of revenue by the Company, as well as its expenditure.

The audit revealed issues relating to an expired contract of a high-ranking company official, which had also been signed retroactively, and irregularities relating to the remuneration rates of others.

Follow-up action

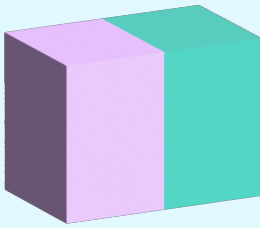
To address the issues highlighted by the NAO, MAT is committed to ensure that all engagements are covered by valid contracts and that these are extended before their expiration. The company is also committed to keep direct orders to the bare minimum and continue to seek a number of quotations prior to procurement. Furthermore, MAT is strengthening its procurement unit.

The remuneration payable to the Chairperson and Directors of the Board was revised according to the direction provided by the Ministry for Finance and Employment.

NAO issues by category: 2

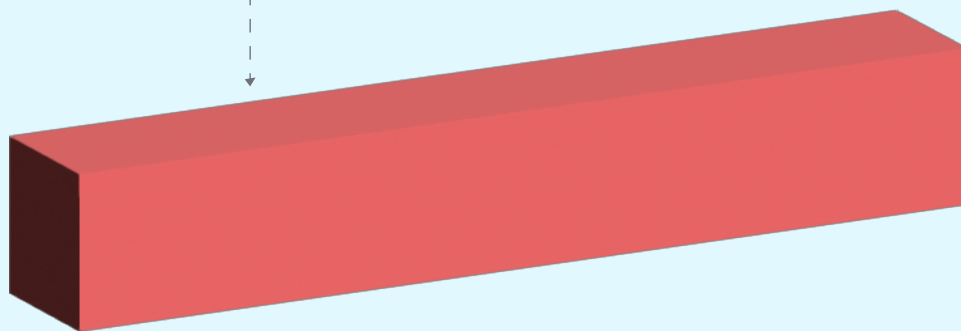
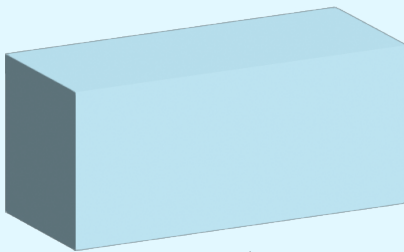
1
Lack of compliance
with policies and legislation

1
Non-adherence to
procurement procedures



Recommendations by NAO: 4

4
Accepted



Actions by the Ministry: 13

13
Implemented

Recommendations	Action taken/justification	Implemented or date by when
Control issues		
<p>Expired employment contract</p> <p>Should the services in question still be required following expiration of contract, a new agreement or renewal thereof is to be signed in order to formalise such positions.</p>	<p>The services rendered by the Company Secretary are covered by a valid contract.</p> <hr/> <p>Management is ensuring that the pertinent contract is renewed as soon as it expires.</p>	<p>Implemented</p> <hr/> <p>Ongoing</p>
Accepted		
<p>Moreover, contracts are to be entered into before the actual term starts and not retroactively.</p>	<p>The upcoming expiration of contracts of other employees is flagged through the payroll system.</p>	<p>Implemented</p>
Accepted	<p>The system is monitored by HR and is used as a checklist to ensure that expiring contracts are dealt with without delay.</p>	<p>Ongoing</p>
	<p>Regular meetings are held regularly between the CEO and HR, to discuss expiring contracts.</p>	<p>Ongoing</p>
Incorrect directors' remuneration		
<p>Direction to this effect is to be sought from the Ministry for Finance and Employment (MFE) to decide the way forward and subsequently inform the Board of Directors accordingly.</p>	<p>Direction regarding the appropriate remuneration to Directors was sought from MFE.</p> <hr/> <p>The Chairperson and Directors are being paid according to the direction provided by MFE.</p> <hr/> <p>Approval for the rate of remuneration to the Chairperson and Directors of the Board is being sought on a yearly basis.</p>	<p>Implemented</p> <hr/> <p>Implemented</p> <hr/> <p>Ongoing</p>
Accepted		

Recommendations	Action taken/justification	Implemented or date by when
<p>Procurement by direct order</p> <p>NAO acknowledges that MAT is not bound to follow the Public Procurement Regulations. However, for good practice and considering the considerable amounts involved, the Company was at least expected to obtain quotes from potential service providers, either locally or abroad to get the best competitive offers.</p> <p>Accepted</p>	<p>Direct orders are only resorted to in cases of emergencies and depending on the experience of available service providers.</p>	<p>Ongoing</p>
	<p>Management is ensuring that justifications are in place when resorting to direct orders.</p>	<p>Ongoing</p>
	<p>Management is ensuring that the company seeks at least three quotations in the case of non-emergency procurement. In the case of scheduled and regular flights different suppliers are considered and prices are negotiated by the company.</p>	<p>Ongoing</p>
	<p>MAT has started the process to strengthen its procurement section.</p>	<p>Implemented</p>
	<p>Regarding its IT system, MAT decided to retain the same service provider because of the infrastructure that was in place. A cost benefit analysis was carried out in this regard, and keeping the same service provider was considered the most viable option, as otherwise a substantial cost would have been incurred.</p>	<p>Implemented</p>

Ministry for Finance and Employment (MFE)

COVID-19 Guarantee and Interest Rate Subsidy Schemes – Expenditure

Following the COVID-19 Response Support Programme announced by the Government on 18 March 2020, an aggregate Guarantee Fund of €350 million was set up to guarantee loans granted by credit institutions in Malta accredited by the Malta Development Bank (MDB) to meet the working capital requirements of undertakings facing liquidity shortages because of the pandemic.

On 16 April 2020, the Government then announced the setting up of a COVID-19 Interest Rate Subsidy Scheme (CIRSS) as an extraordinary budget measure to complement the COVID-19 Guarantee Scheme (CGS). For this purpose, an additional amount of €40 million was allocated by Government through the Interest Fund.

MDB was appointed by Government as the entity responsible for the implementation, administration and monitoring of these two schemes, and was paid a service fee to manage CIRSS. No such fee was payable by Government in connection with CGS.

The main scope of the audit was to assess the adequacy and effectiveness of internal controls over expenditure incurred on CGS and CIRSS in 2021, as well as to establish whether Government resources were used prudently and in a judicious manner. The audit also aimed to assess whether the administrative procedures adopted were in compliance with the applicable terms and conditions, as outlined by MFE.

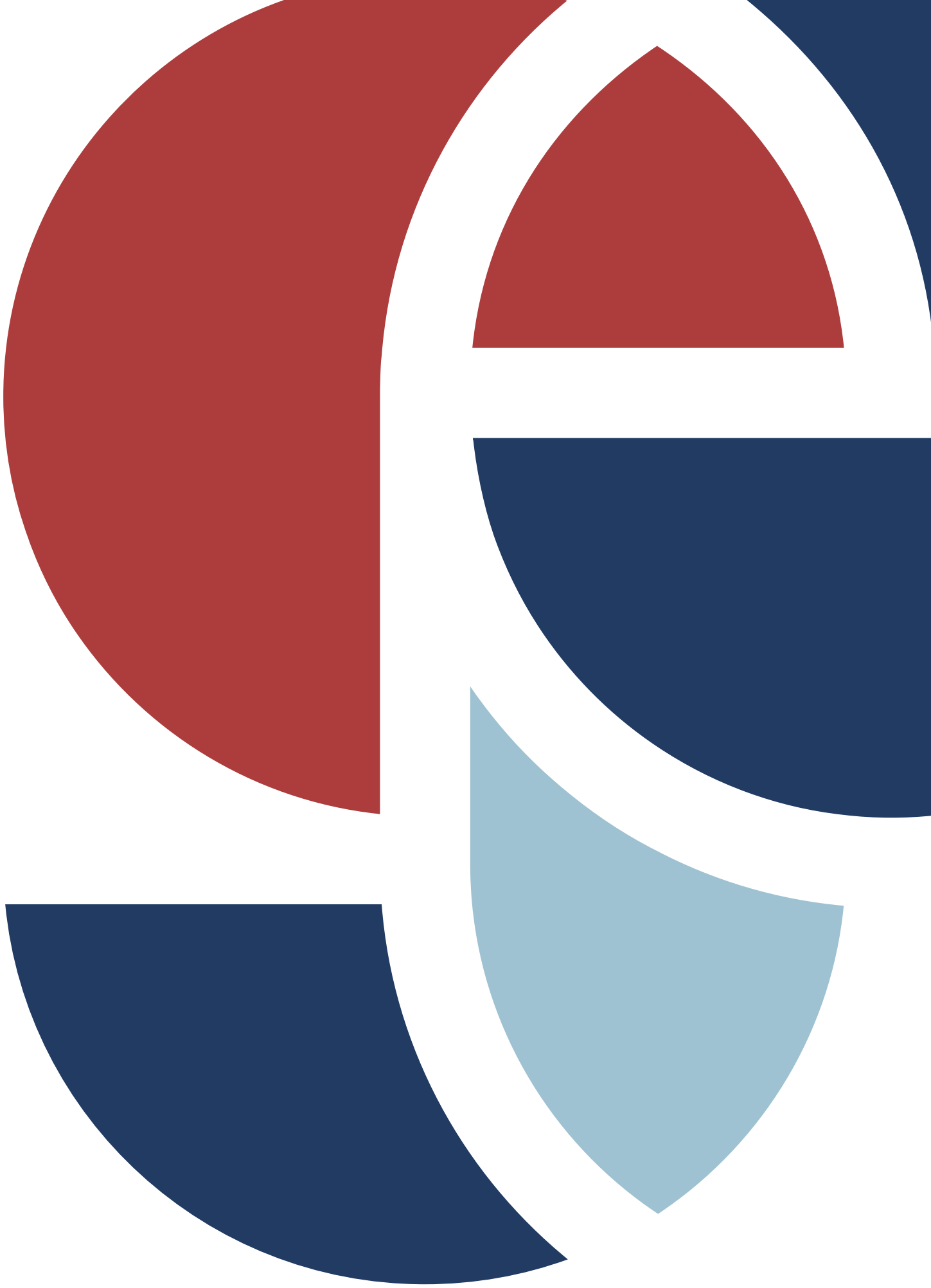
The audit did not reveal any internal control weaknesses or other concerns. Detailed standard operating procedures covering the respective processes were in place and duly followed by MDB. Regular internal audits were also being carried out.

Good practice

No follow-up action was required following the audit. The NAO commented that MFE and MDB invested a lot of time and effort to ensure that a robust governance and internal control system is in place to safeguard the integrity and effectiveness of CGS and CIRSS generally. MDB is very glad that these efforts were duly acknowledged by NAO and that no internal control weaknesses or other concerns were identified.

GOOD
PRACTICE









FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Customs – Revenue		
<p>Inaccurate estimation of amount considered as not collectable</p> <p>The Customs Department will draw up an Operating Procedure detailing a step-by-step process for the purpose of clearance of uncollectable arrears.</p>	October 2022	<i>Implemented in August 2022</i>
<p>Inaccurate arrears of revenue return</p> <p>The set of guiding principles will be included in the respective standard operating procedures.</p>	October 2022	<i>Implemented in August 2022</i>
<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>	October 2022	<p><i>In progress</i></p> <p>During the period under review, the Ministry for Finance embarked on the finalisation of the merger process of the Office of the Commissioner of Revenue and the Customs Department and the creation of the Malta Tax and Customs Administration. The three-year strategy was launched in May 2023.</p> <p>This strategy envisaged legislative changes to create a Board of Governance, and also the creation of an internal audit function supervised by an Independent Audit Committee (IAC).</p> <p>Estimated date of implementation is end of 2023.</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>	October 2022	<p><i>In progress as explained above</i></p> <p>Estimated date of implementation is end of 2023.</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>	October 2022	<p><i>In progress as explained above</i></p> <p>Estimated date of implementation is end of 2023.</p>

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
Malta Financial Services Authority - Expenditure			
Procurement	<i>Not yet implemented.</i>	March 2024	<i>On target</i>
Consolidation of all contracts, including details held on the spreadsheet, will be maintained on the new system, which system is expected to be implemented in October 2021.	Upon further analysis, it was determined that a new contract management system is required as the add-on to the current accounting system would not be a feasible solution. For this reason, an open public tender was considered necessary. The MFSA is currently drafting the technical requirements for the open call for tenders, with the objective of sending it to the Sectoral Procurement Directorate (SPD) for vetting and publishing by end 2022.		The tender was published in February 2023 and awarded in June 2023. The implementation of the procurement system is envisaged to be completed by Q1 2024.
	Estimated date of implementation is March 2024.		
The add-on module interfacing with the accounting system will be completely live in January 2022.	<i>Not yet implemented.</i>	March 2024	<i>Same as above</i>
	This recommendation is connected to the previous one and the same comments as above apply.		
	Estimated date of implementation is March 2024.		
Duty on documents - Revenue			
Arrears of revenue	<i>In the process of being implemented.</i>	December 2022	<i>Not yet implemented</i>
Discussions are being held with the office of the Commissioner for Revenue (CfR) to embed risk-management procedures in the department.	Estimated date of implementation is December 2022.		This action was postponed due to the latest developments in line with the strategy of the Tax & Customs administration, whereby new IT systems are being introduced to cater for this scope. MITA is aiming to implement this by the end of this year. Estimated date of implementation is December 2023

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
<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>	<p><i>Not yet implemented.</i></p> <p>This action had to be postponed by one year due to other commitments by MITA.</p> <p>The project has been re-scheduled and it is estimated to be implemented in December 2022.</p>	December 2022	<i>Same as above</i>
<p>Procurement of architects' services not in line with regulations</p>	<p><i>In the process of being implemented.</i></p> <p>The tender was awaiting clearance from the Department of Contracts.</p>	September 2022	<i>Implemented as planned</i>
<p>CTD is in the process of issuing and subsequently awarding a tender for architects' services, in line with the Public Procurement Regulations.</p>	<p>Estimated date of implementation is September 2022</p>		
<p>Commissioner for Revenue – Collection of class two social security contributions</p>			
<p>No enforcement</p>	<p><i>In the process of being implemented.</i></p> <p>The tender issued under the Taxation and Social Security CONvErGE programme had no bidders. Hence an expression of interest for software development on this project and other initiatives on the existing (legacy) IT systems and modernised IT systems was issued in July 2022.</p> <p>If this procurement is successful, the project is estimated to be finalised by the end of June 2023.</p>	June 2023	<i>In progress</i>
<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>			<p>Two tenders were issued however there were no bidders. The project was subsequently amalgamated with the My Balances Project that is still ongoing. The necessary resources started to be engaged during January 2023.</p> <p>In the meantime, a manual enforcement exercise was carried out where 1614 letters were issued to taxpayers.</p> <p>The project is estimated to be finalised by the end of Quarter 1 2024.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
<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><i>In the process of being implemented.</i></p> <p>The tender issued under the Taxation and Social Security CONvErGE programme had no bidders. Hence an expression of interest for software development on this project and other initiatives on the existing (legacy) IT systems and modernised IT systems was issued in July 2022.</p> <p>If this procurement is successful, the project is estimated to be finalised by end of June 2023.</p>	June 2023	<i>Same as above</i>



MINISTRY FOR
HOME AFFAIRS,
SECURITY, REFORMS
AND EQUALITY

MHSR

During the year under review, none of the entities falling within the remit of the Ministry for Home Affairs, Security, Reforms and Equality (MHSR) as composed on the date of publication was audited by the NAO.

However, this publication is giving an update on actions which were still pending from past audits and which were being followed up by MHSR.





FOLLOW-UP ON PENDING ACTIONS

GA Publication 2022

Pending action/s	Implementation date on GA report 2022	Date of implementation/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>	December 2024	<p><i>On target</i></p> <p>Current progress shows that stipulated timeline remains viable.</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>	March 2025	<p><i>On target</i></p> <p>Provided that the medical officer successfully completes training, AFM will be in a position to start carrying out the planned psychological assessments.</p>
Malta Police Force – Personal emoluments		
<p>Ineffective processes in relation to allowances</p> <p>The audit plan of the IA Office included an internal audit within HR. This internal audit will map out and analyse all major processes and operations within HR, and identify areas for improvement of efficiency and effectiveness, including an assessment of the procedure regarding the payment of allowances.</p>	March 2023	<p><i>Implemented and ongoing</i></p> <p>IA Office provided several tools for deployment at HR. It also assisted HR with processes related to the payment of allowances.</p> <p>Moreover, HR explores ways, on an ongoing basis, to improve on the systems provided whilst taking into consideration the introduction of e-forms by P&SD, which also affect allowances.</p> <p>Periodical auditing is being carried out.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
Applications are being explored to determine whether the Salaries Reporting System (SRS) can be linked to other systems for further automation.	March 2023	<p><i>In progress</i></p> <p>The integration of Microsoft applications with the SRS is still in progress. Coordination with HR and the Digital Police Office for the latest information regarding the situation is ongoing, and discussions will be held with the Ministry for Gozo, as owner of the SRS system.</p> <p>While attempts to merge systems with the SRS have not been successful so far, the HR Section is still working on implementing systems introduced by P&SD. The aim is to identify areas where gaps can be bridged, ensuring that the Police Department's information remains up to date.</p> <p>Estimated date of implementation is March 2024.</p>
<p>Shortcomings in the upkeep of records</p> <p>The MPF is modernising the personal record data by expanding its scope and rendering this data more central to the HR function.</p>	March 2023	<p><i>Implemented as planned</i></p> <p>This action has been implemented.</p>
HR is embarking on a systems modernisation initiative by converting existing paper-based systems to a digital equivalent.	March 2023	<p><i>In progress</i></p> <p>The Digital Police Office is actively engaged in the development of multiple projects associated with this initiative. The modernisation process is being executed in response to specific processes requested by the HR management.</p> <p>One example is interoperability of e-forms to satisfy the requirements of the Police Department, which is being discussed with P&SD.</p> <p>Estimated date of implementation is March 2024.</p>
<p>Allowances not in line with standing regulations</p> <p>The MPF is modernising personal record data by expanding its scope and rendering this data more central to the HR function.</p>	March 2023	<p><i>Implemented as planned</i></p> <p>This action has been implemented.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
<p>Unclear entitlement of allowances</p> <p>Internal discussions are taking place to establish a list of the entitlements for each posting. Once established, these will be included in the new sectoral agreement for police officers.</p>	December 2024	<p><i>On target</i></p> <p>The discussions on the new sectoral agreements are ongoing and are in line with this proposal.</p>
<p>MPF will embark on an exercise in relation to the entitlement of the Special Duty Allowance. The outcome of this exercise will be reflected in the new sectoral agreement.</p>	October 2023	<p><i>In progress</i></p> <p>Discussions are ongoing on the application of the Special Duty Allowance to be reflected in the Sectoral Agreement.</p> <p>Estimated date of implementation is December 2024.</p>
<p>Correctional Services Agency – Capital expenditure</p>		
<p>No systematic approach to manage capital expenditure</p> <p>Security Equipment Project - Shortcomings related to the project</p> <p>Unreliable projections</p> <p>Lack of segregation of duties and standard operating procedures</p> <p>Other procurement issues</p> <p>SOPs detailing the full procurement processes, invoice processing, the segregation of duties, and project management will be drafted and circulated to all staff concerned. The management will ensure compliance.</p>	December 2022	<p><i>In progress</i></p> <p>The new Department of Strategy & Systems within CSA has been set up. SOPs relating to the following processes are being drawn up by this department:</p> <ul style="list-style-type: none"> • The full procurement process • Invoice processing • Segregation of duties • Project management <p>Estimated date of completion is December 2023.</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>	June 2023	<p><i>Not yet implemented</i></p> <p>The risk register will be in place as soon as a project manager will be appointed. The position of project manager features in the CSA HR plan and is awaiting the necessary approvals.</p> <p>Estimated date of implementation is June 2024.</p>

Pending action/s	Implementation date on GA report 2022	Date of implementation/status
A procurement plan will be prepared in advance for the following year and then approved by the Board.	December 2022	<i>Implemented as planned</i> This action has been implemented and will be carried out on a yearly basis.
The plan will be monitored and acted upon as necessary to ensure timely procurement procedures.	January 2023	<i>Implemented and ongoing</i> The plan is being monitored regularly by the CSA's Procurement Unit.
Accounting issues	December 2022	<i>Not yet implemented</i> Management has agreed that CSA will explore more available options on the market which can accommodate CSA's Stores Section requirements in the most efficient way. Currently a market research exercise is being carried out. Estimated date of implementation is March 2024.
The payment process will be reflected in an SOP. The management will ensure compliance.	December 2022	<i>Implemented as planned</i> An SOP for the checking of invoices before payment has been formalised and communicated to all officers concerned.
No fixed asset register in place	June 2023	<i>In progress</i> CSA is in the process of identifying all assets and compiling a fixed assets register (FAR) in line with MF Circular No 14/99. Estimated date of implementation is December 2023.
An officer will be assigned the responsibility to maintain the CSA's assets records. This will ensure that the rules established to safeguard government property are rigidly adhered to.	June 2023	<i>Implemented as planned</i> An officer has been assigned the responsibility to maintain the CSA's assets records.
The CSA will include all assets, whether purchased or manufactured, in the register.	June 2023	<i>In progress</i> The FAR is being compiled and will include all assets, whether purchased or manufactured. Estimated date of implementation is December 2023.

GA Publication 2021

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
Local Enforcement Systems – Agency revenue			
<p>Traffic Management Services</p> <p>Further improvements are planned, mainly including the rostering of officers through the same IT system, thus eliminating possible conflicts.</p>	<p><i>In the process of being implemented</i></p> <p>Software works are in progress. The project had to be delayed due to other urgent IT projects, including the new collision software, multiple payment system, vehicle owner contact information system, and other updates.</p> <p>Expected date of implementation is December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>The new software was available to LESA in November 2022 but further enhancements and fine-tuning were required. The project was put on hold in Q1 2023 due to higher priorities.</p> <p>Work resumed in Q2 of 2023 and the system is targeted to be deployed live in Q4 2023.</p>
<p>Cancelled contraventions</p> <p>LESA is planning to implement a digitised system to ensure that the respective documentation is always recorded and available on its database.</p>	<p><i>In the process of being implemented</i></p> <p>Software works are in progress. The project had to be delayed due to other urgent IT projects. Expected date of implementation is December 2022.</p>	December 2022	<p><i>Implemented in June 2022</i></p> <p>A report of all cancelled contraventions is included and available in the digitised system, complete with a complete audit trail.</p>
<p>Difficulty in collecting long outstanding contraventions</p> <p>The process to fill in the position of the Junior Legal Officer has been initiated.</p>	<p><i>Not yet implemented</i></p> <p>The call for applications was issued but the selection process was unsuccessful.</p> <p>The call for a Junior Legal Officer is temporarily on hold. The position will be reviewed following the recent signing of a new collective agreement.</p>	December 2021	<p><i>Ongoing and being implemented through a different course of action</i></p> <p>Legal services on this matter were outsourced.</p> <p>An exercise was carried out in Q4 of 2022, relating to the collection of fines, and issuing legal letters.</p> <p>In Q3 2023, LESA issued the related garnishee orders.</p> <p>A substantial amount of dues have been recouped.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/ status
<p>Local Enforcement System</p> <p>LESA is holding discussions with a software developer to digitise the debt.</p>	<p><i>In the process of being implemented</i></p> <p>Works on the software are in progress.</p> <p>Expected date of implementation is December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>The system is being developed in stages.</p> <p>The recording of part-payments process was implemented.</p> <p>Currently, LESA is in the creation stage of the repayment agreements and other debt collection processes. Management tools are also being developed.</p> <p>The repayments module is estimated to be completed by December 2023.</p> <p>It is estimated that the system will be fully functional by December 2024.</p>
<p>Financial statements not prepared</p> <p>Subsequently, the auditor will proceed to conclude the financial statements for 2020.</p>	<p><i>In the process of being implemented</i></p> <p>The audit for reimbursement of regional councils has been completed. Regional councils had up to 30 June 2022 to submit their feedback. This feedback affects the accruals of LESA financial statements. Once this exercise is concluded, the audit for financial years 2020 and 2021 will commence.</p> <p>Expected date of implementation is December 2022.</p>	December 2022	<p><i>In progress</i></p> <p>It is envisaged that by the end of 2023, the Agency will finalise and present the financial statements to the House of Representatives for years 2017, 2018 and 2019.</p> <p>Financial estimates for 2020, 2021 and 2022 are estimated to be finalised and presented by Q2 2024.</p>

Pending action/s as on GA report 2021	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
The matter will be facilitated and subsequently rectified with the new accounting software and the engagement of a full-time financial controller.	<p><i>Partially implemented</i></p> <p>The new accounting software was in place in January 2022. A full-time financial controller has not yet been engaged.</p> <p>Full implementation is expected by December 2022.</p>	December 2022	<p><i>Implemented in July 2023</i></p> <p>A full-time Financial Controller has been engaged with the Agency.</p>

GA Publication 2020

Pending action/s as on GA report 2020	Pending action/s as on GA report 2022	Implementation date on GA report 2022	Date of implementation/status
Office of the Refugee Commissioner - Expenditure			
All assets at the new office of the ORC will be assigned an identification number, which number will be affixed to the asset.	<p><i>In the process of being implemented.</i></p> <p>The inventory related to the International Protection Agency (IPA) has been compiled. Tentative date for assigning identification numbers to assets is September 2022.</p>	September 2022	<p><i>Implemented in October 2022</i></p> <p>All of the IPA's assets were assigned an identification number. The inventory labels were affixed to IPA's assets and an inventory list for each room was compiled accordingly.</p>







FOLLOW-UP ACTION
ON OTHER NAO AUDITS
CARRIED OUT DURING 2022

Ministry for Active Ageing

Performance Audit: Assisting individuals with dementia and their caregivers within the community

Dementia Intervention Team

The Dementia Intervention Team (DIT) has been established to be a single point of referral for individuals with dementia and their caregivers, and it assesses and recommends the most appropriate support according to the family’s needs. This multidisciplinary team was set up in fulfilment of the National Strategy for Dementia 2015–2023, which stated that the team will be established to aid individuals with dementia and their relatives by providing information and care coordination throughout the disease progression. The NAO report notes that the service provided by this multidisciplinary team is being received positively by its clients. The management is constantly working to improve the service’s accessibility and performance.

Scerri and Scerri (2012) applied age-specific prevalence rates of dementia as indicated in the EuroCoDe study (Alzheimer Europe, 2009) to the Maltese population – and projected that in 2020 – there were 7175 individuals with dementia (IWD) and these are expected to increase to 9881 by 2030. In Malta diagnosis of dementia can be made in outpatient care (primary care), in private clinics or in specialised memory clinics. International studies have noted that a significant percentage of persons living with dementia go undiagnosed.

Future demands for the DIT are being projected using a combination of data sources – including the projected data by Scerri & Scerri (2012), international rates of persons being undiagnosed and statistical data collected by the DIT itself. The management monitors the number of new referrals, discharges and caseload on a monthly basis and follows trends indicated throughout the years. Using extrapolation of data, the Active Ageing and Community Care (AACC) can project the future demand of the DIT service as depicted in the graphs below for New Cases and Caseload respectively (Fig 1 & 2):

Fig 1: Forecasting of Number of New Referrals 2023-2026

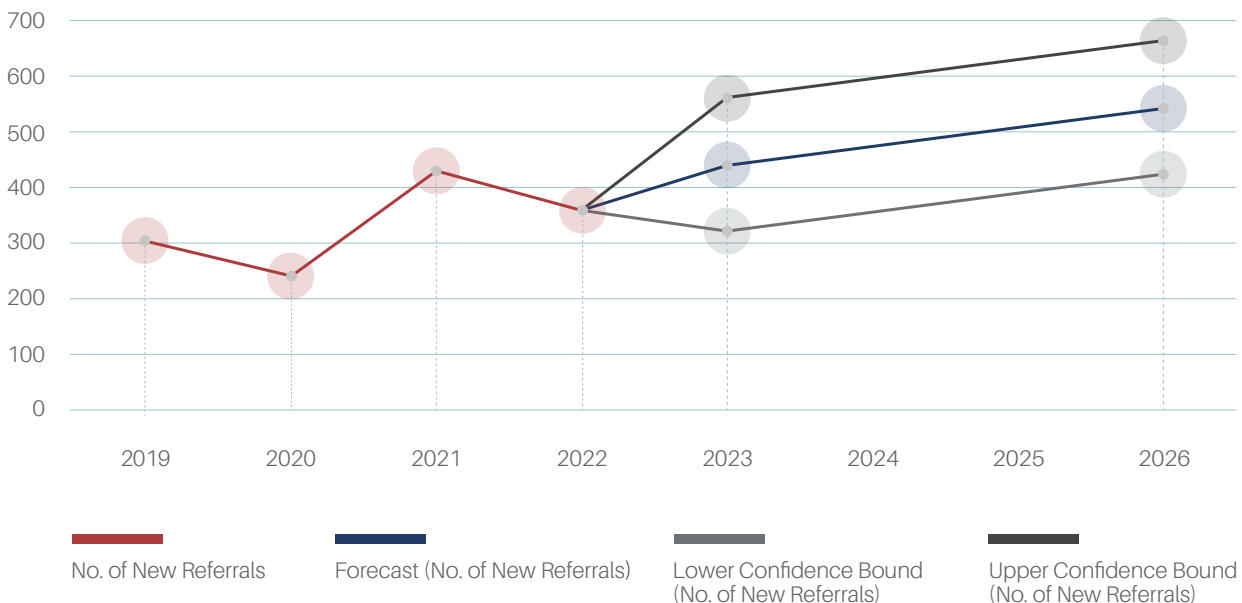
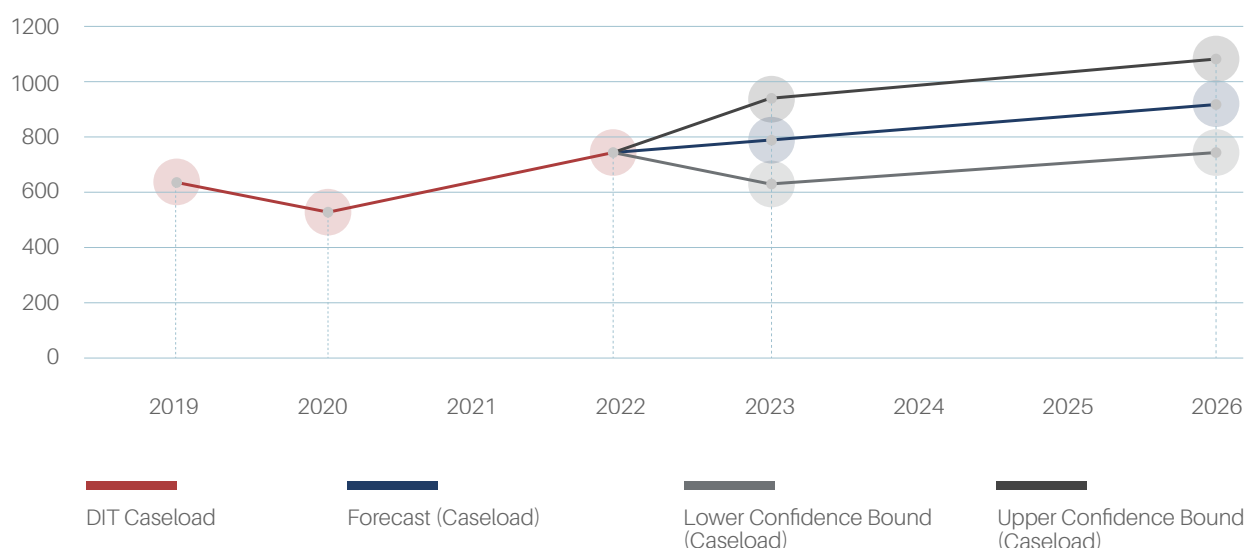


Fig 2: Forecasting the projected DIT Caseload for 2023-2026



What is certain is that an upward trend in the number of cases is highly likely and this has always been the case since this service was established, except for a slight dip in 2020 (mainly due to the pandemic). Investment in human resources was made throughout the years such as additional practice nurses and more recently, recruitment of a General Practitioner to help the team with medical interventions. Unquestionably, the upward trends indicate a need to continue investing in human resources such as additional nursing and allied health professionals to continue delivering a quality service, together with optimisations of interventions. HR plans are in place to steadily expand the service to meet the forecasted demands.

Since the initial phases of the DIT, numerous initiatives took place to expand the number of cases which can be referred to the service. In 2021, referrals started being accepted from General Practitioners via the AACC application form. This change was advertised through live talks for General Practitioners via the Synapse network and through a number of mass media interventions on both television and radio stations. Professionals who work with the team regularly make media appearances and discuss the DIT, the Dementia Helpline, the Dementia Activity Centres and other support services. In 2022, a set of informative brochures were printed on all AACC services to provide those with limited access to the website and social media a way of accessing information.

Standard operating protocols are in place for case management and the online Client Management System (CMS) is now being used by the DIT which has improved efficiency and accessibility. Client information and referrals are recorded automatically through the CMS, replacing the traditional paper files. The work carried out by the DIT is highly specialised and requires a multidisciplinary approach by qualified professionals in the field. Clerical and administration duties are currently being offloaded from the professionals so they can maximize their time on interventions.

Dementia Helpline – 1771

The Dementia Helpline serves as a point of reference for any questions the public might have on the condition and any related support services. The helpline is operated by 4 on-call nurses who work within the DIT. Reference to the helpline made during every media event concerning dementia.

Dementia Activity Centres (DACs)

In 2021 and 2022 two new Dementia Activity Centres (DACs) at Mtarfa and Safi started operating bringing the total amount of centres in Malta and Gozo to four. This year the Day Centre at Dar Padova, Ghajnsielem, Gozo underwent significant investment in refurbishment and upgrade of the facilities that this centre offers. Furthermore, the refurbishment at Paul Cuschieri Day Centre (PCDC) at Saint Vincent de Paul Long-term Facility, is planned.

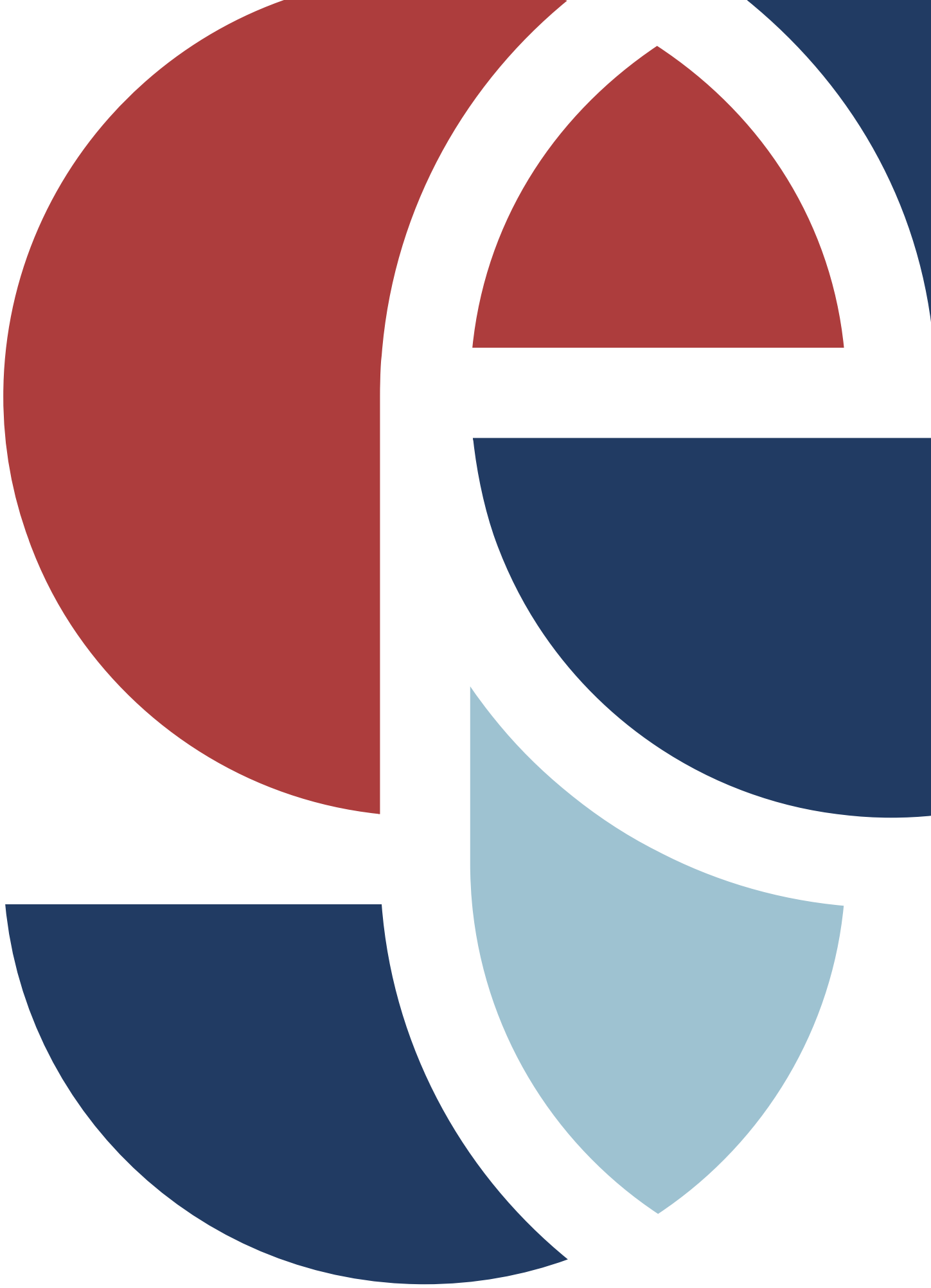
During the fourth quarter of 2022, a feedback questionnaire was administered to caregivers of service users making use of the Safi and Mtarfa DACs. The study aimed to gather information on how the service is being received by the public and obtain recommendations for further improvement. The study showed that the absolute majority of the participants indicated that the service being received was significantly better than expected and that they would highly recommend the service to third parties. The research also provided a number of recommendations from the caregivers such as the introduction of medical reviews at the centre and other additional activities. These recommendations are being implemented in 2023.

Generic support services and NGOs

Support services such as Domiciliary Caring and Respite at Home offer invaluable support for families living with dementia. After a community assessment is carried out by the DIT, liaison with the service provider is ensured so that the client is provided with the service according to their needs. Case managers from the DIT also have the skills to refer to specific services such as Residential Respite, Respite at Home, Telecare on the Move etc. when they perceive cases which would benefit from the service.

AACC has always liaised with NGOs such as the Malta Dementia Society (MDS) in various events throughout the years. Discussions are currently being held for a service-level agreement to be established with MDS, so that they offer their respective services and also set up a voluntary service for older adults in the community for persons with dementia. This agreement should be in place by Q1 2024.

Work has also started to establish a Dementia Care Directorate (DCD) which will have the mission to empower people with dementia and their family carers to receive the support and services they need to fulfil their potential and maintain their identity, resilience and dignity as valued and active citizens in society.



Ministry For Transport, Infrastructure And Capital Projects

Performance Audit: Procuring the public transportation service

In its report the National Audit Office (NAO) recommended that Transport Malta (TM) starts the procurement process for the public transportation service well in advance before the current agreement expires in 2030. Following this audit several actions were taken to address this recommendation.

TM has already developed a high-level action plan which highlights the main tasks and related timelines concerning the procurement of the scheduled public transport service. This plan, which will start to be executed in 2025 (five years before the lapse of the current concession), takes into consideration all the points raised in the audit findings. TM aims to award the next concession without any sense of urgency, as opposed to the award of the previous concession agreement. The action plan also allows for better negotiations and for a longer time span for each stage or activity of the process to take place. The following are the high-level actions planned year by year:

- In 2025, TM plans to appoint legal, financial, and technical teams who will be tasked with preparing the initial requirements to be included in the tender document or request for proposals. These teams would be evaluating the different methodologies that can be applied in procuring the service and to ensure that the tender or request for proposals documents are drawn up in a way to ensure wider participation.
- The following year, TM will review and compile the specifications and requirements in the tender document or request for proposals. Subsequently, TM will publish the intent to issue a new tender in the EU's Online Journal (OJS).
- In 2027, based on the compiled report, TM will engage in a consultation process with the relevant stakeholders including the Department of Contracts. Based on the final direction sought, TM will compile the final tender or request for proposals documents and proceed with the publication.
- The evaluation of bids received, and the identification of the preferred bidder are scheduled to take place during 2028. Unsuccessful bidders will be informed of the outcome of the evaluation, allowing a period for the submission of appeals and their resolution.
- In 2029, the year before the new concession comes into force, TM will start holding discussions with the winning bidder prior to both parties signing the contract of service. The plan provides for a period of five months prior to the termination of the current PSO, for the new operator to take over from the incumbent.

In preparation for this major procurement process, TM is holding discussions with the pertinent authorities to obtain approval to engage additional employees in the procurement department. The engagement of additional officers will ensure timely preparation and vetting of tenders.

Moreover, TM has drawn up a Standard Operating Procedure (SOP) in relation to the public procurement process. After the SOP had been reviewed by the Department of Contracts, it was circulated to staff concerned. The scope of this SOP is to serve as a guidance and provides awareness of TM policies relating to procurement. It also highlights the Public Procurement Regulations (PPR) which must be adhered to. The SOP also includes a checklist that must be completed prior to approving procurement.

Furthermore, action has been taken to ensure that all required documentation relating to procurement is properly filed and provides an audit trail of activity leading to the issue, adjudication and award of any new tender. Tenders/Expressions of Interest/concessions are filed in a dedicated file for each separate process and documents are also kept on an online system, including all related correspondence and documentation.

As stipulated in the concession agreement regulating the service currently being provided, the operator is submitting to the Authority its audited statutory financial statements within 10 months from the end of the financial year.



Ministry for National Heritage, The Arts and Local Government

Performance audit: Covid-19 pandemic – Business continuity within the Public Administration

In this report, the NAO stated 'The evidence elicited through this performance audit showed that, generally, the Ministries assuming leading responsibilities during the pandemic embraced the principles of good governance against predetermined criteria relating to planning leadership, communication and coordination, transparency and accountability as well as efficiency and effectiveness'.

Nonetheless, the NAO put forward several strategic recommendations aimed at the public administration in general, such as the drawing up and/or updating of business continuity plans, including preventive controls and recovery strategies (which are to be regularly reviewed and kept up to date). Ministries were also encouraged to develop Quality Service Charters (QSC), draw up policies and establish key performance indicators to instil a culture of accountability and transparency.

In this audit, the NAO first assessed the whole of Government strategic and corporate approach led by the Office of the Prime Minister (OPM), in conjunction with the Ministry for Health (MFH) and the Ministry for Finance and Employment (MFE), considered by the NAO as 'the main players championing initiatives, providing strategic direction and resources to ascertain that the public service continued with its operations, in terms of service accessibility, public health safety and financial measures as well as arrangements to mitigate the socio-economic impact of the pandemic'.

The Government launched The National Post-Pandemic Strategy in June 2021, with the aim to evaluate and act on the changes and challenges faced by our nation, including to a large extent the public administration, during an unprecedented period of great challenges. The objective of this strategy was to shape a new approach to policy making which is more coherent and integrated, supported by strong governance, coordination and implementation mechanisms, underpinned by a strong evidence base and long-term planning. The then Ministry for Research, Innovation and Coordination of the Covid-19 Strategy (MRIC) was entrusted with the coordination of the strategy's implementation.

The strategy was led by a Steering Committee, comprising of seasoned experts with diverse skill sets and experience. Detailed studies on the impact of the pandemic on specific segments of society were carried out to pinpoint pre-existing and emerging problem areas. These studies were made publicly available to ensure that non-governmental service providers benefitted from the insights gained. Through these studies, efforts will be increased to collect data at a community level to identify and enact tailored actions.

A questionnaire was sent to all government Ministries requesting input on post COVID-19 plans, desired outcomes, issues and concerns, and details pertaining to any planned actions. Follow-up meetings were held with Permanent Secretaries to discuss and elaborate on the vision and challenges for sectors under their portfolios, planned projects and policy initiatives. Research has been carried out on local strategies, action plans and relevant publications.

Ministry for Health

The NAO stated that MFH's communication with line Ministries and Government departments was generally effective and timely when handling the COVID-19 pandemic. The Ministry's directives and guidelines were based on scientific evidence and considered international and European health bodies as well as local circumstances. However, the NAO commented about the lack of transparency as MFH (and other entities) did not have all the minutes of the meetings which were held throughout the pandemic. MFH contended that its extensive and voluminous documentation was available, in the form of working documents, SOPs, public health guidelines and Legal Notices through which pandemic control measures were decided, communicated and implemented. MFH maintained that the effective control of the pandemic was additional evidence of the detailed manner in which meetings and discussions, both internally and externally, had been held.

NAO also questioned why inspections related to COVID-19 measures had not been extended to workplaces, including the public sector. MFH stated that the policy it adopted was that every citizen was obliged to adopt safe practices to mitigate the spread of disease. This was backed by guidelines, standards and legal notices. Workplaces had their own detailed guidelines and the mechanism of a constant open communication with MFH's pandemic control team to maintain business continuity effectively and safely. The control team was constantly liaising with several HR departments both in the public and in the private sectors.

During the three-year pandemic, MFH was constantly assessing risk scenarios through evidence gathered from international sources as well as detailed local surveillance data. This risk assessment guided enforcement efforts, to maximise use of available resources. The main thrusts of enforcement were:

- a. enforcement of quarantine measures for positive cases and their contacts;
- b. the avoidance of crowding in public spaces; and
- c. the control of ports and airport.

For future pandemics the Occupational Health and Safety Authority's (OHSA) mandate may be revised to be able to cater for delegated authority to support this function during a pandemic.

Ministry for Finance and Employment

MFE was responsible for the financing aspect of Government's response to COVID-19. As noted by the NAO, the pandemic was an extraordinary event that required MFE to find the right balance between urgency and competitive procurement to facilitate business continuity without compromising good governance principles. This indicates that the current system is sufficiently robust and flexible to accommodate for extraordinary and exceptional circumstances. In a future, similar situation MFE shall endeavour to adopt a similar approach that would be guided by the principles of good public governance.

Besides OPM, MFH and MFE as lead ministries, the NAO also selected two ministries as case studies for its assessment of the implementation of Government's response to ensure business continuity amidst the COVID-19 pandemic. These two case studies included the Ministry for Social Policy and Children's Rights (MSPC) and the Ministry for Education, Sport, Youth, Research and Innovation (MEYR).

Ministry for Education, Sport, Youth, Research and Innovation

The Information Management Unit (IMU) at MEYR provided all the tools to employees so that the operations would still run smoothly and seamlessly. The MS Teams application was provided to everyone. The responsibility of monitoring performance rested on the line manager of each employee who was to ensure that there were no interruptions in the daily processes and operations.

A total of 530 students attended with success the Summer Catch Up Programme in 2021. Lessons were given in person, in schools and online. Teachers assessed the students both at the start and throughout the programme and they have reported that the majority of students registered considerable improvement. Given the results achieved with the Summer Catch Up Programme, a similar programme was set up to run on Saturdays during the scholastic year.

IMU (MEYR) records the data relating to children's/pupils' progress in its MIS/MySchool system, and it will soon be launching a BI Data Warehouse to enhance these statistics, which will include also predictive analysis.

MEYR has invested in the maintenance of the Teleskola Online Portal. Further to this, a Head of School has been deployed whose duties are exclusively to support the promotion, the use and the development of the platform. A total of 12,613 of recorded lessons, covering all subjects, are available on a dedicated website <https://teleskola.mt>. These range from early years up to Year 11.

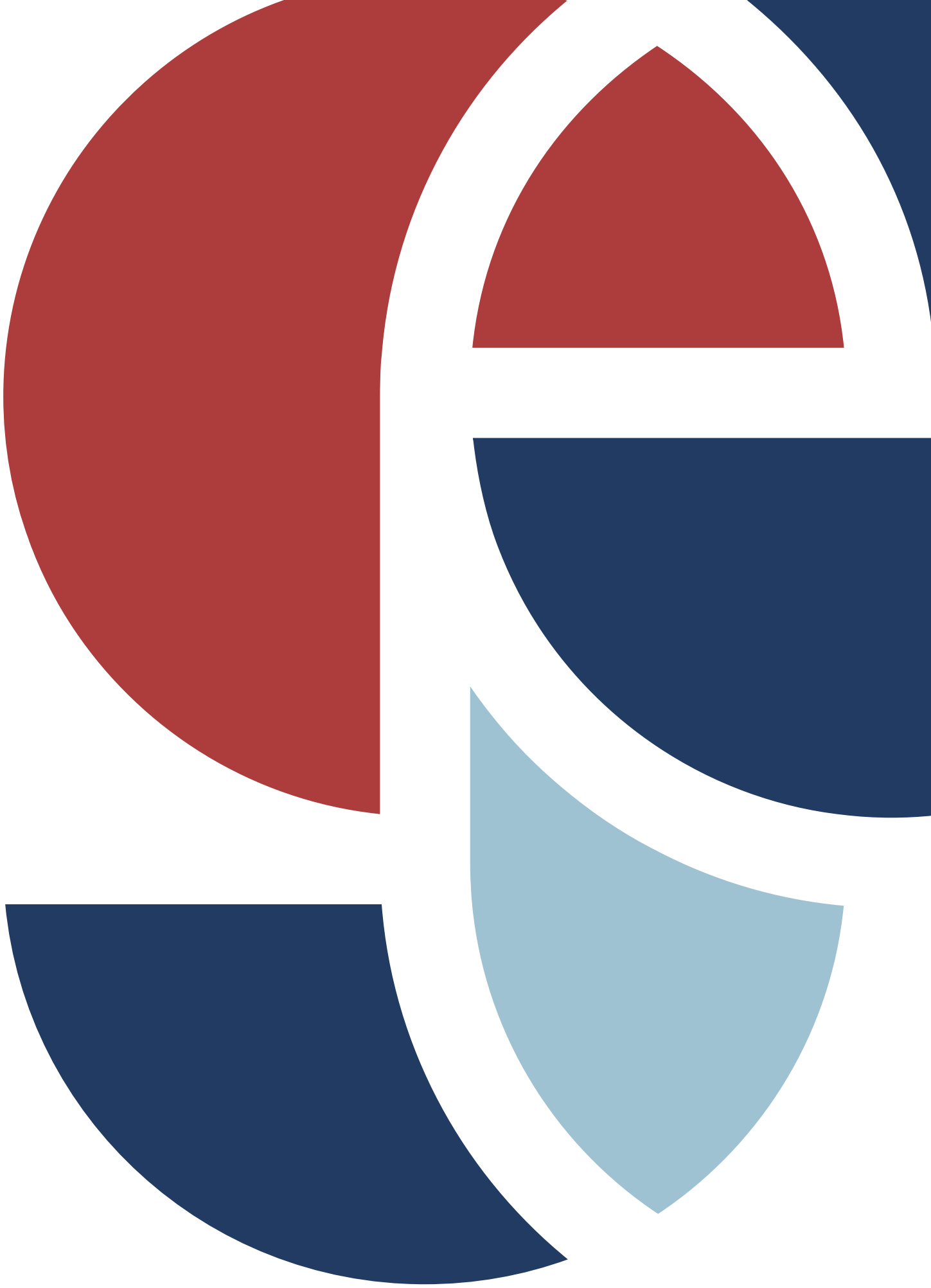
MSPC/SERVIZZ.GOV

The MSPC has formed a working group to create a two-stage Business Continuity Plan (BCP). The first phase will focus on the BCP for the Department of Social Security, while the second phase will focus on extending the BCP to all MSPC directorates. It is intended that the BCP will be implemented by Q4 2023. As regards the QSC, the Ministry has taken note of NAO's recommendation and is willing to discuss the possibility of including QSCs in its upcoming plans.

MSPC's resources were focused on providing an excellent service to individuals who were eligible for the benefits announced by the Government. However, the Ministry has taken into consideration NAO's recommendation regarding carrying out studies to gauge customer satisfaction with the Service delivered by MSPC.

Servizz.gov is finalising a major upgrade of its Customer Relationship Management (CRM) systems which will provide greater flexibility, as well as data visualisation on the queries being handled across all servizz.gov channels. Better categorisation will be in place to further understand the nature of the queries by citizens.

Recently, communication between MSPC and Servizz.gov has been formalised. A Committee composed of members from both entities is in place and meets regularly to discuss day to day issues such as product information, queries, data, etc. Moreover, a workshop is being organised every 6 months to discuss high-level issues with regard to service provision.



Ministry For Health

Performance audit: A follow-up on the 2018 – Strategic Overview of Mount Carmel Hospital

A major concern in the 2018 NAO audit report had been Mount Carmel Hospital's (MCH) structural condition and ambience. A follow-up audit was carried out by the NAO in 2022 to assess the Government's progress in implementing the related recommendations made in 2018.

The structural design, safety and ambience of Mount Carmel Hospital (MCH) is being addressed through a two-pronged approach. The first approach is based on the application of an interim solution to provide an alternative premises, whereby a tender for the leasing of premises to house inpatient psychiatric services was issued in April 2023. The second approach concerns the continued work on various refurbishment projects in Block 1 and Female Wards (FW) 2 and 8. In this instance, progress is being reported during bimonthly meetings held with the Foundation for Medical Services (FMS), who is responsible for project management and for all refurbishment projects. Several design briefs for the complete reconfiguration of Block 6 and FW7 at MCH were successfully concluded.

FMS mapped out the structural classification of the various buildings within the MCH footprint. Areas with the greatest structural risk are being vacated and migrated to other areas until the identified areas are rendered safe. Meanwhile, to continue to improve the general ambience of the wards, specifications are being drawn up for the acquisition of anti-ligature beds, mattresses and armchairs to replace those items in poor condition.

On 1 March 2023, MHS recruited a Senior Principal, whose main responsibilities include liaison with the CPSU, as the managing authority in terms of the Financial Regulations and the requirements of the Department of Contracts on procurement and contract management matters.

MHS is in the process of changing the IT infrastructure of MCH so that this can accommodate the required IT infrastructure for increased video surveillance. Meanwhile, the specifications of CCTV cameras were drafted and the process of upgrading CCTV cameras is ongoing.

To address existing security gaps, and at the same time safeguard patients' safety, inpatients who are relatively stable and at low risk are allowed to go out in the main garden. Other patients may participate in the activities organised by the various members of the multidisciplinary team in the Social Centre or at ward level. Meanwhile, in the tender for alternative premises that was issued in April 2023, the need for a safe, outdoor space was included in the specifications.

MHS management team plans the budget well ahead and always prioritises those projects which are the most cost effective and yield quality outcomes for service users. Nonetheless, delays are inevitable, particularly for large projects.

Regarding recruitment, MHS operates in terms of the applicable procedures:

- a. drawing up of updated HR plans;
- b. submission of HR plan to the Director General (People Management) for approval;
- c. publication of approved internal/external calls for application; and
- d. management of the recruitment process in terms of the authority delegated by the Public Service Commission.

Management does its utmost to encourage student placements within the MHS, for the pursuit of a career in the field of mental health once students graduate. MCH is in regular contact with the University of Malta (UoM) and MCAST to try to attract students to choose a career in the mental health professions that are most in demand. In the case of social workers, students are being offered excellent hands-on placements with MHS senior social workers.

MHS management endeavours to improve communication and trust between management and staff, encourages teambuilding activities and also supports the financial expense associated with such activities. MHS management also invests substantially in the personal development of staff. Most of the training is of a clinical nature, focused either on general skills or specialised areas of care and therapy, or the latest developments in mental health care. The organisation of training in various areas of expertise is ongoing. In 2022 training on the identification of suicide risk and de-escalation techniques was offered. In October 2023, training in Cognitive Behavioural Therapy (CBT) was carried out, whilst training on data protection and CPR training is being rolled out amongst all professional staff.

Following NAO's 2018 audit, MFH drew up a strategic plan titled Building Resilience, Transforming Services – A Mental Health Strategy for Malta 2020 – 2030. This strategy was launched in July 2019 and rests on the following 4 main pillars:

1. A re-configuration of the mental health service framework with an increasing shift towards community service. The objective is to deliver mental health services as close as possible to the patient. To this end, in 2020 psychiatric outpatient services at MDH were discontinued and the service was transferred to the peripheral community mental health clinics, in a setting which is accessible and co-located with mainstream health services.
2. Refurbishment and re-purposing of Mount Carmel Hospital and designing a fit-for-purpose facility for the treatment of acute mental health disorders. The site for the new Psychiatric Hospital was acquired, whilst the contract for the design and building project for the new hospital has been awarded with ongoing discussions to finalise the medical brief. Meanwhile, as already mentioned, there are several ongoing total refurbishment projects of a number of MCH wards.
3. De-institutionalisation and re-location of patients from MCH to community settings This is an ongoing process, with patients being relocated either to appropriate long term care facilities provided through Public-Private partnerships or into sheltered accommodation in partnership with various NGOs such as the Richmond Foundation and Suret il-Bniedem.
4. Collaboration with a variety of NGOs, Government authorities and other Ministries This practice is ongoing with a number of NGOs (Richmond Foundation, Suret il-Bniedem, Mental Health Association, Friends of MCH, Sedqa, Corradino Correctional Facility, Ministry of Education, and the Ministry for Active Ageing, to develop a seamless and holistic approach to fill in gaps both on prevention of mental health issues as well as gaps in service provisions.

The timeline for the implementation of the strategy is a ten-year period – 2020 till 2030. MHS management is committed to achieving the strategy's objectives by ensuring that (i) its implementation is in line with the guiding principles and recommendations and (ii) the elevation of mental health and the treatment of mental illness are placed at the heart of Malta's health policy agenda.

In the meantime, the MHS continues to strengthen its chain of community services. In November 2022, the Mental Health Services Helpline (1579), was launched with the intention of offering 24-hour professional help for persons undergoing a mental health crisis. The callers are provided with immediate and free emotional support by specialised psychologists, together with practical guidance as required at any time of the day. This service does not stop at the helpline, but extends to other services offered from MCH, from where this service operates.

The new Vincent Moran Regional Hub, which will be inaugurated in the coming months, will be hosting a number of mental health services. The Mental Health community team will be providing such services as mainstream adult psychiatry, an adolescent and young adult service to address the mental health needs of patients falling within the 15-to-25-years cohort, as well as a perinatal mental health service for women experiencing mental health challenges during pregnancy and in the first year after childbirth.

In addition to the migration of part of the services to the Vincent Moran Regional Hub, a tender for the leasing of new premises for the Floriana Mental Health Clinic has been drafted and sent to the CPSU for referral to the Department of Contracts. The MHS also proposed the opening of an additional Community Mental Health Clinic for better service provision to the northern region.

Ministry for Gozo

Performance audit: Care for the Elderly in Gozo

This report will be addressing the actions taken or that will be taken by the Services Gozo Directorate within the Ministry for Gozo (MGOZ), with regard to the implementation of the recommendations put forward by the NAO following the performance audit regarding the care for the elderly in Gozo.

Home Help service

The NAO report pointed out that around 30 per cent of the Home Help service provided was not in private residences of community-based clients. MGOZ explained that at the time of the audit, there was one Social Assistant who had been working with a Non-Governmental Organisation (NGO) since 2001. This placement has since been revoked. Other Social Assistants are placed at Santa Marta Day Centre for persons with disability and at the Active Ageing Centres around Gozo which fall directly under the remit of the Ministry for Gozo (MGOZ). This practice has been in place since the inception of the first day centres dating back to 1999.

The Home Help service entails various duties, such as personal care, running errands and domestic work. A grocery and medicine shopping service was introduced during the COVID-19 pandemic when day centres were closed and staff provided this service to vulnerable people. Day Centre staff have now resumed their normal duties. However, this service is still being offered free of charge to housebound elderly persons and persons with disability who do not benefit from the Home Help service. This service is limited to shopping for medicine and groceries, delivery of oxygen cylinders from Gozo General Hospital to residences and distributing medicines from POYC to households. This service does not include other errands or cleaning.

Monitoring of the Home Help Service is an ongoing process and is carried out by Supervisors.

Meals on Wheels

Statistics showed a surge in demand for the Meals on Wheels service over the years. This upward trend was the basis for the increase in capping related to the value of the new contract covering the period 2022 to 2025. During the COVID-19 pandemic, less meals were being supplied to clients than the actual capping stipulated in the original contract, particularly in Day Care Centres which were closed at the time. However, in normal circumstances the demand for the Meals on Wheels service is on the increase.

Monitoring of the Meals on Wheels service is carried out through surveys commissioned through a private statistician who, subsequently, presents the results to the MGOZ. The Care for the Elderly Section started conducting a survey twice a year. To date, the satisfaction level of this service has remained stable. To regularly monitor client satisfaction, discussions are being held with the office of the Chief Information Officer (CIO) to issue a tender for a new database system to record all complaints lodged at the Unit.

Villa San Lawrenz

Preparations to install the air conditioning system at Villa San Lawrenz are underway. MGOZ has been informed that by the end of 2023, a call for tenders for the provision and installation of air conditioners at Villa San Lawrenz will be published by the management of Villa San Lawrenz.

With regard to the recommendation for more robust monitoring, MGOZ started to monitor this service. A team consisting of a social worker and a nurse are conducting surveys with service users and their relatives to gauge client satisfaction for the service. This survey is based on Consumer Assessment of Healthcare Providers and Systems (CAHPS) questionnaires.

MGOZ will also be issuing an Expression of Interest for the services of a doctor to enhance the monitoring of the service.

Downtown Hotel used as a home for the elderly

The NAO report stated that no documentation was provided justifying the choice of Downtown Hotel as the most suitable and cost-effective residence for the elderly.

The Ministry had sought approval from the Department of Contracts to resort to a negotiated procedure in line with pertinent legislation. This procedure was applicable for public works contracts in instances; “where in so far as is strictly necessary, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted or competitive procedures with negotiation cannot be complied with. The circumstances invoked to justify extreme urgency shall not, in any event, be attributable to the contracting authority”.

The Ministry for Health (MFH) and MGOZ considered the options available at the time. The main factors that were considered for the choice of premises were the following:

- Proximity: it was the only available facility of the size located in Victoria Gozo with proximity to Gozo General Hospital. This facilitated the migration and continuous care of the elderly in the facility.
- 80 bed spaces readily available.
- The facility was isolated from any adjacent building, making it ideal to contain any hazards of virus transmission – considering the COVID-19 scenario at the time.
- The facility was an active hotel, fully licensed and insured to accommodate residents.
- From the market research carried out, this was the only fully accessible (wheelchair and bed-bound residents) facility at all levels and all rooms where the residents were to reside.
- It included a well-equipped kitchen, foyers, and waste management areas.
- It had an underlying parking area.

The original price included only the leasing of rooms. Following further negotiations, even when seeking the feedback from the Health Authorities, the additional costs negotiated covered additional services which were required for the smooth operation of the service, including:

- Provision of reception, cleaning, and maintenance services on a 24/7 basis
- Increased sanitary services - a bath/shower and toilet available for every two beds, which facilitated the care and management of the residents
- The contractor had to make several upgrades in order to repurpose the use of a hotel to a residence for the elderly, and these upgrades had to be completed within a very short time span (few days).

MGOZ continued to operate this service in adherence with the COVID-19 guidelines and instructions that were issued at the time by the Health Department and the Superintendent for Public Health.

Dar San Gużepp

Finishing works on Dar San Ġużepp have started and the first clients will start entering this home in the first quarter of 2024.

Casa Amalia

The new contract, which entered into effect on the 1st of January 2023, includes provisions relating to incentives and penalties to safeguard the vulnerability of patients.

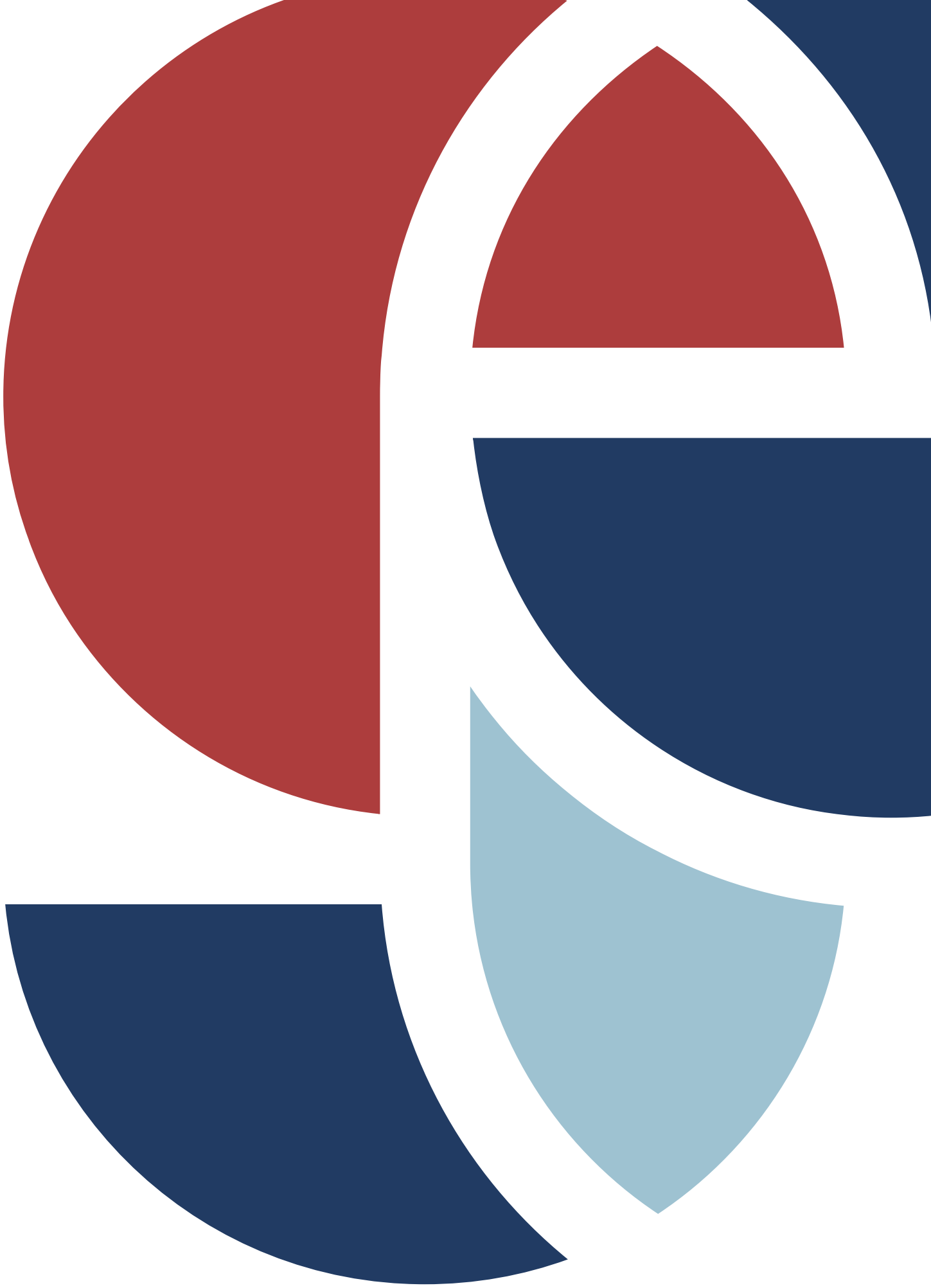
MGOZ confirms that staff at Casa Amalia are trained in dementia care and attend the following courses:

- Dementia Training programme
- Dementia Awareness
- Dementia Care with the European Reminiscence Network.

Training for the staff is ongoing. Moreover, an outreach programme for relatives of those who suffer with dementia was held on 15 May 2023 by Casa Amalia in collaboration with the MGOZ. This programme was greatly appreciated by the relatives of the elderly and similar programmes are being planned.

MGOZ is committed to strengthen its monitoring processes. For this purpose, an expression of interest (EOI) for the engagement of a medical practitioner has been issued. A call for tenders for the supply of a database to record all information related to elderly services, including any complaints lodged, has also been issued.

Furthermore, internal discussions are ongoing to formulate a set of SOPs with the aim of improving all the processes concerning elderly services, adopting a timeline approach to ensure a seamless and consistent process when it comes to managing the residential homes, the dementia night shelter and day centres, as well as other services offered by MGOZ to Gozo's elderly community.



Ministry for Finance and Employment

IT audit: Online Malta Census of Population and Housing 2021

The 'Census of Population and Housing 2021' marked a shift from conventional to electronic methods of information gathering. Before the last census was held, this development was tested on the 'Census of Agriculture 2020', where tablets were used to collect data from farmers and breeders. Following the success benefited from the test, the 2021 Census paved the way for further innovation being web participation through an online census questionnaire.

During the planning phase of the requirements document for the census project, the National Statistics Office (NSO) studied the best practices adopted by national statistical institutions within the European Union. The requirements document identified the set-up needed, the key players involved and their specific roles, and the design of all the IT systems that will be used.

The IT systems for the last census were designed to include the online census questionnaire, a data processing system, the creation of a dedicated census website, programming the tablets that were used by interviewers, a system for follow-up audits of telephone calls and a system dealing with logistics and payments. Moreover, the hardware and software were developed in line with the NSO's policies covering such areas, additional information security measures were also implemented for the 2021 census on top of the measures implemented for all the other statistical exercises. A related risk assessment was carried out, as required by the ISO 27001 certification and the NSO's own Information Security Management System (ISMS) parameters. Once the Census process was concluded, tablets used were allocated as follows: 63 to the Ministry for Finance and Employment, 120 to the Ministry for Education, Sport, Youth, Research and Innovation, 156 to MITA and 31 to OPM. The rest were being deployed internally for data collection and operational tasks. All the tablets at the NSO have been included in the inventory.

Keeping in mind that the last census held was the first ever census featuring an online submission, the NSO considers the positive response rate as a big success. As a result, the NSO plans to build on its achievements to strengthen the relevance of the 'Census of Population and Housing' as an official source of information to guide policy development and decision making, as well as to support research and the needs of expert and general users.

As most European Union Member States are carrying out register-based censuses, it is being envisaged that the methodology and technology planned to be used in the 2031 Maltese census will be completely different from the ones used in 2021, where administrative registers and administrative records will be the primary factor. In other words, the bulk of data collection will involve having access to administrative sources, in contrast to the traditional method of data collection where the resident population are required to fill out a census questionnaire.

In the past few years, the NSO has been working towards this direction for many different statistical domains, including this project. The NSO and the Malta Statistics Authority regularly meet with the Permanent Secretaries of various ministries to promote embodying statistical needs when designing and/or improving administrative registers. Most importantly, the NSO while constantly identifying relevant administrative sources, is also being proactive in discussing ways of improving pertinent registers and aligning them with the needs of official statistics.

With the forthcoming European Union Regulation on population and migration statistics, entering into effect in 2026 with reference to the year 2025, the NSO has analysed the current situation. Following such an evaluation, the NSO considered that the best option is to create an internal persons and dwellings register. By taking such an approach, the NSO will be able to meet the requirements of quality statistics. The methodology that will be adopted involves basing the register on the data collected through the Census 2021, supplemented by internal social statistics databases built throughout the years and by external resources such as the Common Database. This register would still be subject to updates from administrative registers, as well as assumptions and biases inherent to administrative data.

As the project is demanding and presents operational and methodological challenges, the NSO is funnelling its investment and resources to be able to tackle such challenges. Additionally, it will continue with its participation in European high-level meetings to keep updated with developments and to share knowledge with its counterparts in the European network. In addition to the above, the NSO is investing in an Electronic Data Management System and plans to provide training to all staff to raise awareness regarding the importance of complete and timely documentation of processes and projects.

