

GOVERNANCE

ACTION

on the **NAO's Annual Report**
on **Public Accounts 2019** and
other **NAO Reports 2020**

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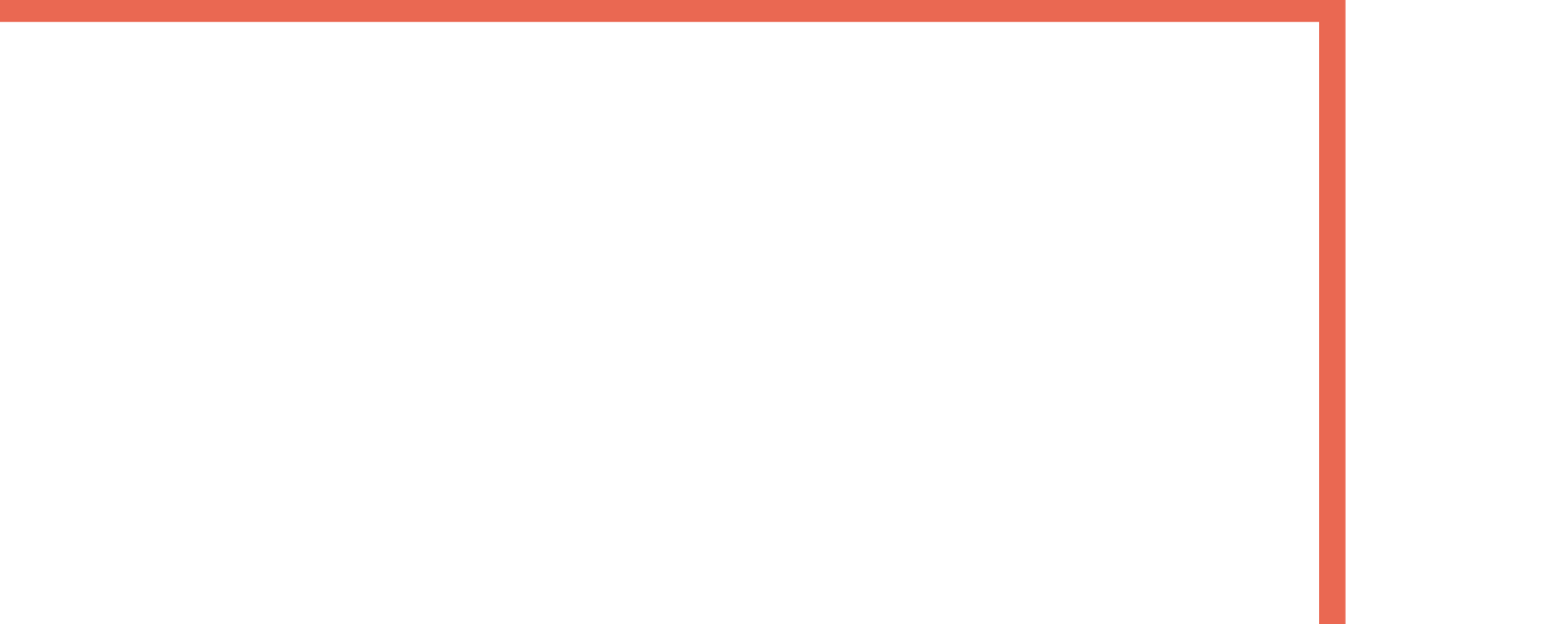
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GOVERNMENT OF MALTA
OFFICE OF THE PRINCIPAL PERMANENT SECRETARY
OFFICE OF THE PRIME MINISTER

GOVERNANCE ACTION
on the NAO's Annual Report on Public Accounts 2019
and other NAO reports 2020





FOREWORD



I will open this year's introduction by referring to the obvious, the turmoil and the fast-paced transformation brought on by the pandemic, which it seems is far from over. I must say that the last eighteen months have changed the way we look at and how we do many things, bringing to the fore a range of important national strengths, one of them being the flexibility and adaptability of the public administration.

The Maltese public administration continued to provide a full range of public services while improving service delivery channels to enhance accessibility without compromising accountability and transparency.

The achievements of the public administration in integrity and governance in the last months, despite the unprecedented challenges, are notable. In April 2021 we launched the Integrity Awareness and Assessment Programme, a means to further uphold and promote the highest standards of ethical behaviour. Undertaking this programme is mandatory for categories of employees whose role and responsibilities are considered to be susceptible to high risk - Directive 15 sets out the governance policy for integrity promotion, awareness, and assessment. Setting high integrity standards is essential for the Public Administration and it not only needs to endorse such standards, but it should also have the attributes to adhere to them and to be able to take appropriate decisions in the face of dubious instances and possibly unethical decisions and behaviour. This programme is therefore an important milestone for public integrity.

Integrity is essential for building strong institutions and assures citizens that the government is working in their interest. Integrity is not just a moral issue, it is also about making economies more productive, public sectors more efficient, societies and economies more inclusive. It is about enhancing trust, not just trust in government, but trust in public institutions, regulators, banks, and other public entities.

Hence, we are also in the process of developing a risk-based integrity strategy and a conflict-of-interest resolution policy. These two initiatives, together with the Integrity Awareness and Assessment Programme, and the already implemented Revolving Door Policy (Directive 14 - June 2020) are intended to cultivate a culture of integrity across the Public Administration and strengthen our core values.

The challenges we faced with the verification exercise of the follow up actions leading the previous governance publication were once

again evident in this sixth edition. The constraints brought on by the pandemic, and limited resources within the Internal Audit and Investigations Department (IAID), necessitated a shift from onsite verification visits to a sample of desk-based consulting activity by IAID. During this exercise, management replies regarding actions intended to address recommendations were evaluated and reported upon by IAID, noting which of these actions added value, improved an organisation's operations and good governance. IAID also provided facilitation services and participated in closure meetings during which, in-depth discussions were held with respect to feedback given by the management to the recommendations put forward by the Auditor General in his report for 2019.

The full account of how the Public Administration is implementing recommendations made by the National Audit Office on the management of national public funds can be found in this publication. The report also tackled the performance and investigative audits carried out in 2020, where one can find a high-level account of any actions being taken or already taken.

The Report by the Auditor General on Public Accounts 2019 made 331 recommendations, of which 12 were not accepted, while another 4 were partially accepted. From these recommendations the public administration designed 714 actions to address risks and shortcomings arising from the various audit findings. 643 of these actions were fully implemented as at the end of September 2021. Only 71 actions were still pending at this same date.

Despite the many challenges, the evidence shows that the public administration still managed to successfully implement 90% of all actions designed to address the recommendations in the Report by the Auditor General on Public Accounts 2019.

The drive to continue to develop a greater and more mature public accountability has not waned. The Public Administration sought to improve accountability through robust regulations and directives, along with structures which give permanence to such measures.

Unfortunately, the same cannot be said for certain institutions entrusted with public scrutiny. Trust would be stronger if certain institutions of oversight focused on their remit and made public their operating standards and procedures including those relating to recruitment procedures within these institutions, and on the procedures adopted to conclude investigations. Conclusions should invariably be based on facts not perceptions and should be made within acceptable timeframes. Such standards are lacking in the institutions at present, or at best these are not readily available to the public. The example of the National Audit Office should be a beacon to lead other institutions to reach high standards in both oversight operations and organisational ethics.

I cannot conclude without referring to the Strategy for the Public Service for the coming five years and which enters into effect as from 2022. This Strategy aims to lead the Public Service to new heights, foremost amongst these is to deliver a service of excellence as the default option. The strategy will focus on three important elements Technology, People and Service. The three key principles underpinning the strategy are Quality, Accountability and Sustainability.



The strategy will build on our strengths, particularly resilience and adaptability. It will promote innovative solutions to the challenges we face, both through emerging technologies as well as through collaborative working. It will support development of new capabilities and the application of strategic foresight throughout the entire governance infrastructure, leading to better policy development and decision making. Thus, transforming the Public Service into an organisation well equipped to meet the expectations of our country and its citizens.

MARIO CUTAJAR

Principal Permanent Secretary
and Secretary to Cabinet



CONTENTS

List of Abbreviations	12
Follow-up Action on the NAO Annual Report 2019	17
Office of the Prime Minister	19
Malta Financial Services Authority – Expenditure <i>(now under the Ministry for Finance and Employment)</i>	21
Ministry for Health	31
Mater Dei Hospital – Maintenance and Medical Equipment – Expenditure	33
Mater Dei Hospital – Purchase of Supplies and Medical Equipment – Expenditure	39
Primary Health Care Directorate – Creditors and accruals (2018 NAO report)	47
Refunds from the European Union Health Scheme – Revenue (2018 NAO report)	57
Ministry for the Economy, Investment and Small Businesses	65
<i>(now Ministry for the Economy and Industry)</i>	
Malta Industrial Parks Ltd - Inventory	67
Ministry for Education and Employment	75
<i>(now Ministry for Education)</i>	
Foundation for Tomorrow's Schools – Capital expenditure	77
Institute for Education – Revenue and expenditure	89
Malta College of Arts, Science and Technology – Personal emoluments	95
Malta National Shooting Range – Capital expenditure <i>(now under the Ministry for Inclusion and Social Wellbeing)</i>	109
Ministry for Energy and Water Management	119
<i>(now Ministry for Energy, Enterprise and Sustainable Development)</i>	
Energy and Water Agency – Expenditure	121
Water Services Corporation – Expenditure	127
Ministry for European Affairs and Equality	137
<i>Now Ministry for Foreign and European Affairs</i>	
Malta-European Union Steering and Action Committee – Financial and Compliance <i>(now under the Office of the Prime Minister)</i>	139
Ministry for Finance	145
<i>(now Ministry for Finance and Employment)</i>	
Duty on Documents – Revenue	147
Commissioner for Revenue – Collection of Class Two Social Security Contributions	157
Department of Customs – Debtors and prepayments	163
Financial Intelligence Analysis Unit – Expenditure	169

Ministry for Tourism	175
<i>(now Ministry for Tourism and Consumer Protection)</i>	
Licences to Hotels and Catering Establishments – Revenue	177
Ministry for Home Affairs and National Security	185
<i>(now Ministry for Home Affairs, National Security and Law Enforcement)</i>	
Police Department – Capital expenditure	187
Agency for the Welfare of Asylum Seekers – Expenditure	197
Malta Police General Fund – Expenditure (2018 NAO report)	205
Ministry for Justice, Culture and Local Government	213
<i>(now Ministry for the National Heritage, the Arts and Local Government)</i>	
Heritage Malta – Capital expenditure	215
Local Enforcement System Agency – Revenue	221
<i>(now under the Ministry for Home Affairs, National Security and Law Enforcement)</i>	
Ministry for the Environment, Sustainable Development and Climate Change	235
<i>(now Ministry for the Environment, Climate Change and Planning)</i>	
Waste Separation – Organic Bag – Expenditure	237
Ministry for the Environment, Sustainable Development and Climate Change – Store items and fixed assets	245
Veterinary and Phytosanitary Regulation Department – Compliance	257
<i>(now under the Ministry for Agriculture, Fisheries, Food and Animal Rights)</i>	
Ministry for Foreign Affairs and Trade Promotion	265
<i>(now Ministry for Foreign and European Affairs)</i>	
Trade Malta Limited – Expenditure: Trade Promotion Scheme	267
<i>(now under the Ministry for the Economy and Industry)</i>	
Madrid Embassy – Revenue and expenditure	275
Ministry for Transport, Infrastructure and Capital Projects	285
Infrastructure Malta – Expenditure	287
Infrastructure Fees – Revenue	293
<i>(now under the Ministry for the Environment, Climate Change and Planning)</i>	
Planning Authority – Cash management	299
<i>(now under the Ministry for the Environment, Climate Change and Planning)</i>	

Lands Authority - Expenditure <i>(now under the Ministry for the Economy and Industry)</i>	305
Ministry for Transport, Infrastructure and Capital Projects – Creditors and accruals	313
Transport Malta - Debtors	321
Ministry for Gozo	327
Residential Services in Gozo for Older People – Expenditure	329
Ministry for the Family, Children’s Rights and Social Solidarity <i>(now Ministry for Social Justice and Solidarity, the Family and Children’s Rights)</i>	335
Energy Support Measures – Energy benefits	337
Aġenzija għall-Ħarsien tat-Tfal – Revenue and expenditure	345
St Vincent de Paul Residence – Personal emoluments <i>(now under the Ministry for Senior Citizens and Active Ageing)</i>	355
Elderly and Community Care – Debtors and prepayments <i>(now under the Ministry for Senior Citizens and Active Ageing)</i>	365
Elderly and Community Care – Creditors and accruals <i>(now under the Ministry for Senior Citizens and Active Ageing)</i>	373
Follow-up Action on other NAO audits conducted during 2020	381
Performance audit: Community care for older persons	382
Performance audit: Assessing the public transport contract and Transport Malta’s visibility on the service	384
A review of the ethical framework guiding public employees	385
Performance audit: Tackling child abuse	386
Performance audit: A follow-up on the 2016 analysis on OHSA’s operations – a case study on the construction industry	387
An audit of matters relating to the concession awarded to Vitals Global Healthcare by Government tender process	388
Information Technology audit: Planning Authority	389
Performance audit: An analysis of Malta Medicines Authority recruitment process	390
Information Technology audit: Malta Industrial Parks Ltd	391
A review of implementation of Sustainable Goal 1 – Malta’s efforts at alleviating poverty	392

Follow-up on pending actions reported in 2020	397
Ministry for the Economy and Industry	398
Ministry for Education	399
Ministry for Health	400
Ministry for Gozo	401
Ministry for the National Heritage, the Arts and Local Government	402
Ministry for Home Affairs, National Security and Law Enforcement	404
Ministry for Inclusion and Social Wellbeing	405
Ministry for Justice and Governance	407
Ministry for Social Justice and Solidarity, the Family and Children's Rights	408
Ministry for Tourism and Consumer Protection	409
Ministry for Transport, Infrastructure and Capital Projects	410

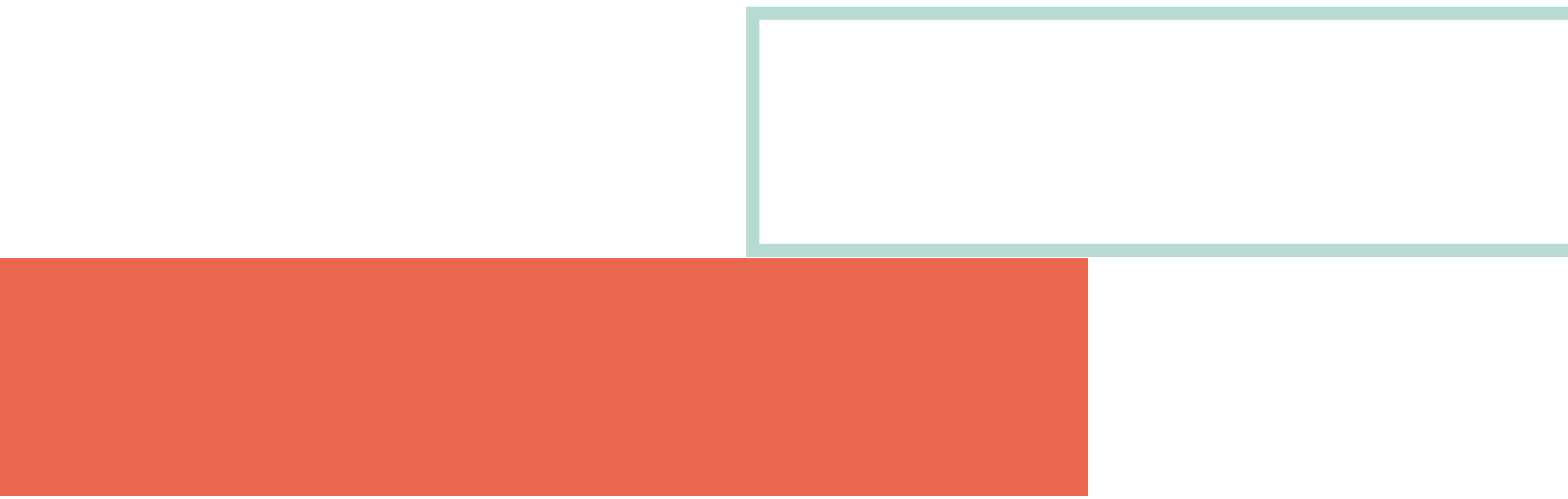
LIST OF ABBREVIATIONS

AACC	Active Ageing and Community Care
AHT	Aġenzija għall-Ħarsien tat-Tfal
AHWD	Animal Health and Welfare Department
ARMS	Automated Revenue Management Services Ltd
ARR	Arrears of Revenue Return
ASM	Assessments Application
AWAS	Agency for the Welfare of Asylum Seekers
AWPSD	Animal Welfare, Promotion and Services Directorate
BICC	Building Industry Consultative Council
CA	Contracting Authority
CAP	Chapter
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
CFMS	Corporate Financial Management System
CfR	Commissioner for Revenue
CNF	Construction Notification Form
CPS	Child Protection Services
CPSU	Central Procurement and Supplies Unit
CSS	Child Safety Services
CTD	Capital Transfer Duty Department
DAC	Directorate, Alternative Care
DAS	Departmental Accounting System
DC	Department of Contracts
DLG	Department for Local Government
DO	Direct Order
DOC	Department of Customs
DSS	Department of Social Security
EB	Energy Benefit
EBU	Energy Benefit Unit
EPPS	Electronic Public Procurement System
EU	European Union
FAR	Fixed Assets Register
FIAU	Financial Intelligence Analysis Unit
FMS	Foundation for Medical Services
FSWS	Foundation for Social Welfare Services
FTS	Foundation for Tomorrow's Schools
GL	General Ledger
GRN	Goods Received Note

HC	Health Centre
HCFD	Health Care Funding Directorate
HM	Heritage Malta
HO	Head Office
HR	Human Resources
IAID	Internal Audit and Investigations Department
IM	Infrastructure Malta
IMU	Information Management Unit
IPSAS	International Public Sector Accounting Standards
IRD	Inland Revenue Department
ISC	Infrastructure Services Contributions
IT	Information Technology
LA	Lands Authority
LC	Local Council
LEP	Locally Engaged Personnel
LES	Local Enforcement System
LESA	Local Enforcement System Agency
LSE	Learning Support Educator
MAFA	Ministry for Agriculture, Fisheries and Animal Rights
MBO	Malta Based Officer
MCAST	Malta College of Arts, Science & Technology
MCH	Mount Carmel Hospital
MCRB	Minor Care Review Board
MDH	Mater Dei Hospital
MEAE	Ministry for European Affairs and Equality
MECP	Ministry for The Environment, Climate Change and Planning
MEDE	Ministry for Education and Employment
MESDC	Ministry for the Environment, Sustainable Development and Climate Change
MEUSAC	Malta-European Union Steering and Action Committee
MEW	Ministry for Energy and Water
MFCS	Ministry for the Family, Children's Rights and Social Solidarity
MFEA	Ministry for Foreign and European Affairs
MFH	Ministry for Health
MFIN	Ministry for Finance
MFTP	Ministry for Foreign Affairs and Trade Promotion
MFSA	Malta Financial Services Authority
MG2I	MCAST Gateway to Industry
MGOZ	Ministry for Gozo
MHAL	Ministry for National Heritage, the Arts and Local Government

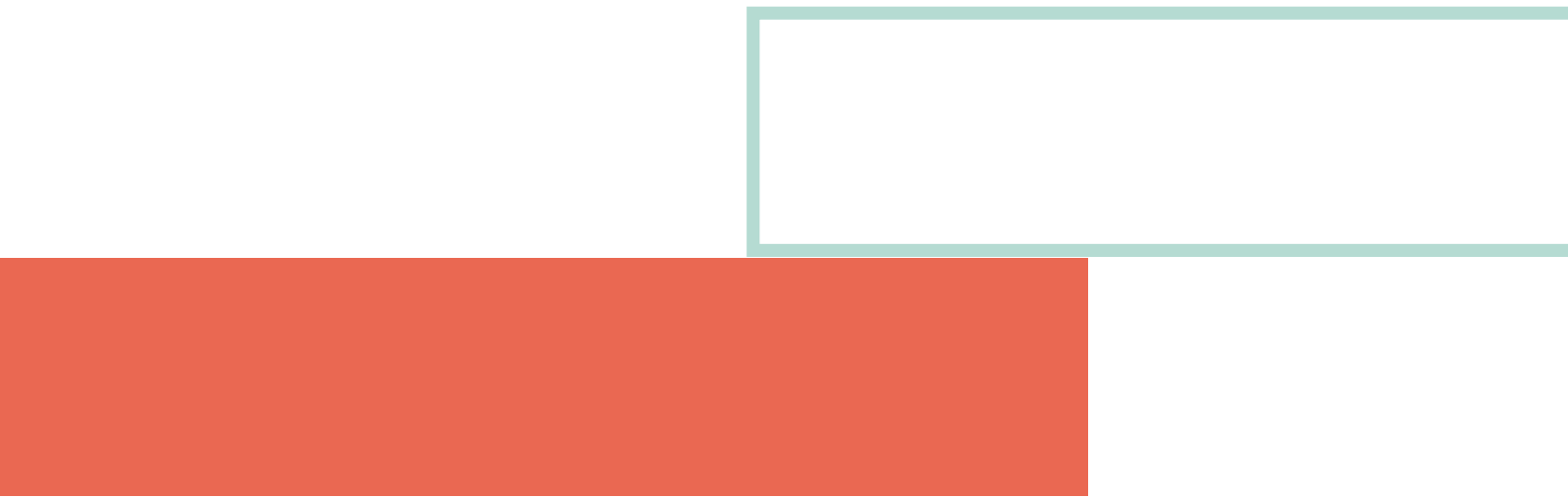
MHAS	Ministry for Home Affairs and National Security
MHSE	Ministry for Home Affairs, National Security and Law Enforcement
MIP	Malta Industrial Parks Ltd
MIS	Management Information System
MITA	Malta Information Technology Agency
MJCL	Ministry for Justice, Culture and Local Government
MMA	Malta Medicines Authority
MOU	Memorandum of Understanding
MPF	Malta Police Force
MPU	Ministerial Procurement Unit
MS	Member State
MTA	Malta Tourism Authority
MTCP	Ministry for Tourism and Consumer Protection
MTIP	Ministry for Transport, Infrastructure and Capital Projects
MUT	Malta Union of Teachers
NAO	National Audit Office
NGO	Non-Government Organization
OHSA	Occupational Health and Safety Authority
OPM	Office of the Prime Minister
PA	Planning Authority
PCRB	Public Contracts Review Board
PD	Police Department
PHC	Primary Health Care
PML	Projects Malta Limited
PO	Purchase Order
POYC	Pharmacy of Your Choice
PPR	Public Procurement Regulations
PS	Permanent Secretary
PSMC	Public Service Management Code
PSP	Public Social Partnership
RfP	Request for Proposals

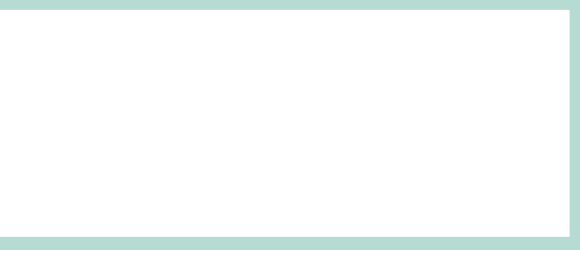
SABS	Social Assistance and Benefits System
SAMB	State Aid Monitoring Board
SAV	Supervised Access Visits
SCSA	Social Care Standards Authority
SL	Sick Leave
SOP	Standard Operating Procedure
SSC	Social Security Contributions
SVPR	St Vincent de Paul Residence
TM	Transport Malta
TML	Trade Malta Limited
TMS	Traffic Management System
TOIL	Time Off In Lieu
TR	Treasury
UHM	Union Haddiema Magħqudin
VAT	Value Added Tax
VL	Vacation Leave
VO	Voluntary Organisation
VRD	Veterinary Regulation Directorate
WAN	Wide Area Network
WRA	Work Resources Allowance
WSC	Water Services Corporation
WSM	WasteServ Malta Ltd



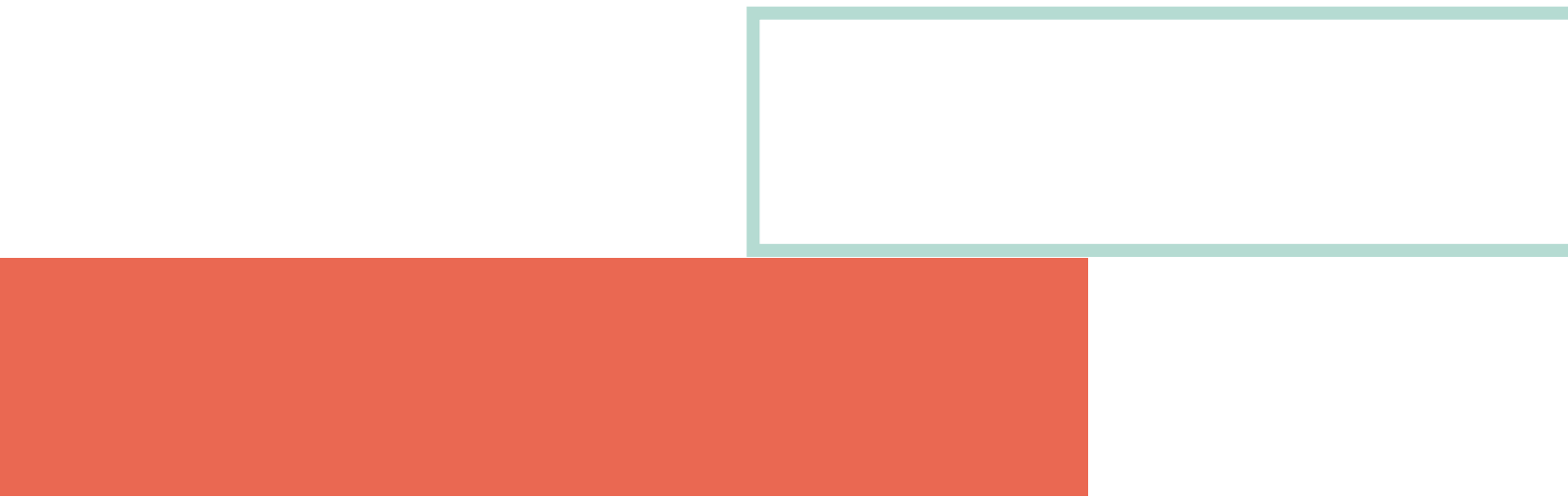


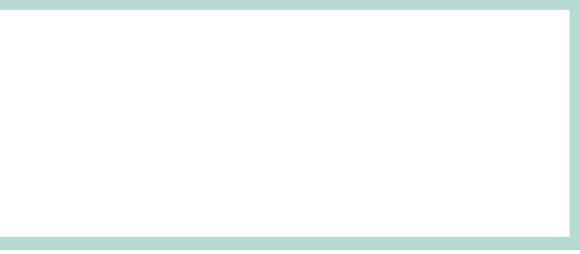
**FOLLOW-UP ACTION ON THE NAO
ANNUAL REPORT 2019**



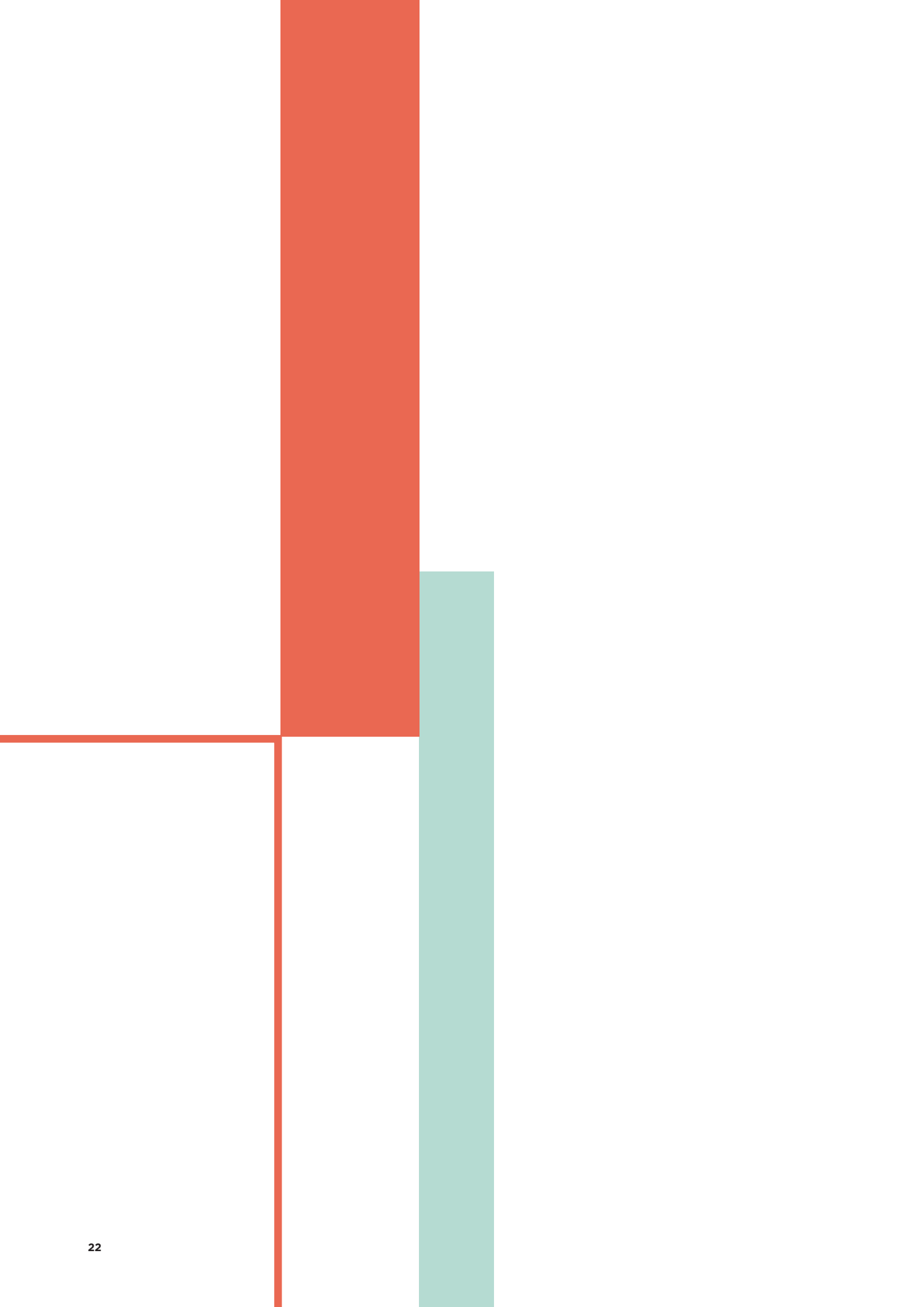


OPM
OFFICE OF THE PRIME MINISTER





OPM
MALTA FINANCIAL SERVICES AUTHORITY - EXPENDITURE
(now under the Ministry for Finance and Employment)



OPM

Malta Financial Services Authority – Expenditure

(now under the Ministry for Finance and Employment)

The Malta Financial Services Authority (MFSA) was established in 1994, essentially to act as the single regulator of financial services in Malta. Its main functions include the protection of consumers, integrity of financial markets, financial stability, and the supervision of all financial services activities. MFSA also holds an advisory role to Government in the formulation of policies on matters relating to the financial services industry.

The main scope of the audit was to verify whether procurement procedures adopted by MFSA complied with the Public Procurement Regulations (PPR), to determine the level of existing internal controls over travel-related expenditure.

The audit revealed concerns related to procurement. Governance issues were also identified in so far as donations to various beneficiaries were concerned.

Follow-up action

To address the concerns raised by the NAO regarding procurement, MFSA introduced new procurement procedures to improve procurement governance and controls, in line with the PPR.

With regard to the governance issues related to donations, MFSA amended its donations policy, which was approved by the Authority's Board of Governors in December 2020.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Resorting to direct orders without the necessary approvals</p> <p>Bypassing procurement regulations results in unfair competition between other potential service providers. Thus, procurement by DO should be limited to exceptional cases and, if deemed justified, approval is to be invariably sought from MFIN before any commitment is entered into.</p>	<p>✓</p>		<p>In November 2019, the MFSA introduced new procurement procedures to improve procurement governance and controls. These procedures, which were implemented in line with the Public Procurement Regulations (PPR), have enabled the MFSA to have a set of SOPs to govern all procurement with the respective system of escalation and approvals.</p> <p>The management is ensuring compliance.</p> <p>A fully dedicated team has also been assigned on procurement governance.</p> <p>Direct orders will only be resorted to in line with the pertinent regulations and circular.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>

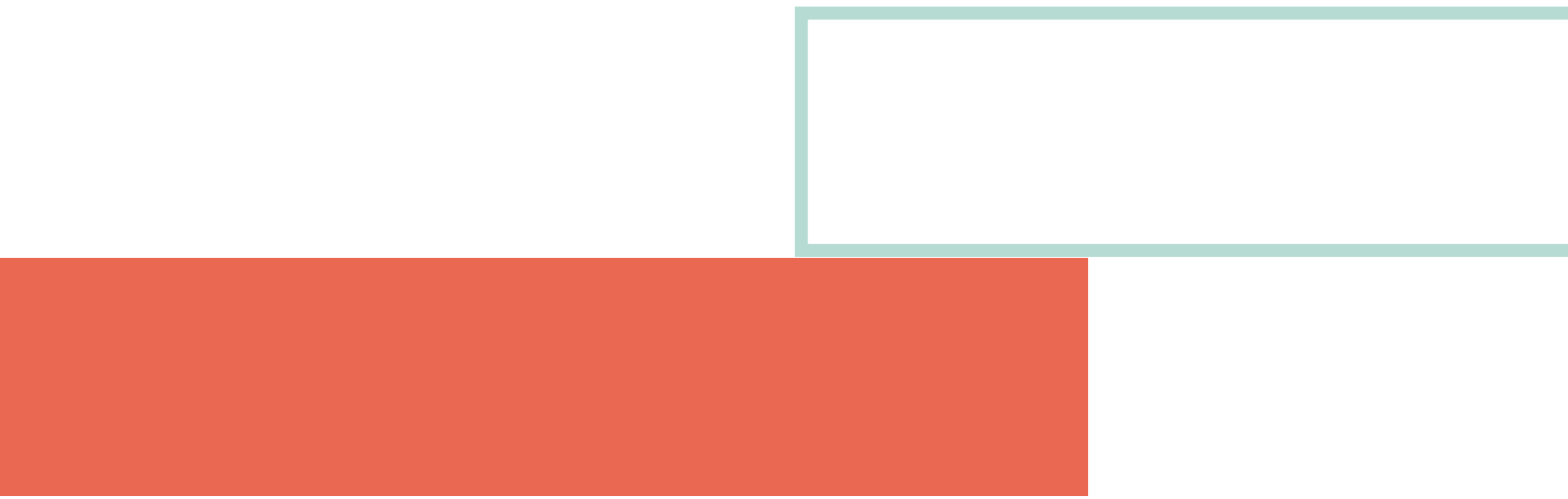
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Procurement</p> <p><i>No agreements in place for services provided</i></p> <p>An agreement with the service provider is to be in place to regulate the provision of the respective service, highlighting the applicable terms and conditions.</p>	✓		<p>Relevant terms and conditions are being included with purchase orders or letters of engagement.</p> <p>Procurement over €5,000 is being governed by a contract which includes the pertinent terms and conditions.</p> <p>An exercise was carried out to ensure that any services, supplies, and/or works of a particular value are properly governed by valid contract agreements.</p> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>
<p><i>Procurement through expired contracts</i></p> <p>Expiry dates of all contracts are to be monitored for the provision of services to be acquired in line with the PPR, which is then expected to be duly backed up by a valid agreement.</p>	✓		<p>The procurement process for a procurement system involving an add-on module interfacing with the accounting system has been initiated. This system will include contract management.</p>	<p>Implemented</p>

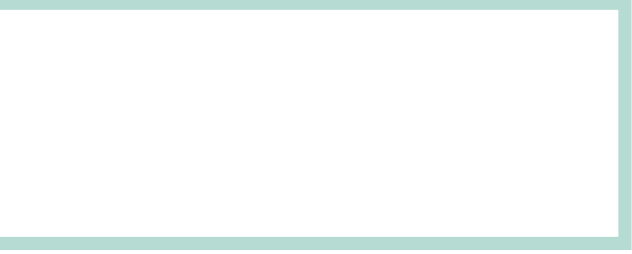
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Until the procurement system is in place, the authority has created a contracts management database (Excel workbook) containing this information and a conditional formatted expiry field that is highlighted four months before a contract expires.</p> <p>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.</p> <p>The add-on module interfacing with the accounting system will be completely live in January 2022.</p> <p>Procurement plans are being prepared in advance—yearly. After consolidating budgets, these are referred to the procurement team so that they are prepared for the tenders which are envisaged for the following year. The related documentation is in place.</p>	<p>Implemented</p> <p>October 2021</p> <p>January 2022</p> <p>Implemented</p>
<p><i>Performance guarantee not in place</i></p> <p>MFSA is to ensure that a valid performance guarantee is in hand for the duration of the contract, to provide adequate safeguards in case of default by the contractor.</p>	<p>✓</p>		<p>MFSA has compiled a database to monitor performance guarantees in order to be in a position to take timely appropriate actions if and when a performance guarantee requires renewal.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Donations by the Authority</p> <p>MFSA is to ensure that good governance is safeguarded at all times when effecting disbursements from public funds. The authority is reminded that the Good Causes Fund, now named Social Causes Fund, was specifically created for this purpose. NAO feels that such donations, which should ideally be kept to a minimum, should be duly regulated.</p>	✓		<p>The authority's board of governors revised the policy in place. No donations and sponsorships will be provided for.</p> <p>The decision of the board of governors was disseminated to the MFSA executive committee so that no donations are authorised.</p> <p>The authority has also drawn up a social policy and this has been disseminated to all concerned.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Travel</p> <p>MFSA is expected to adopt the travel policy applicable to the public sector in general.</p>	✓		<p>The MFSA plans to review its travel policy so that this is aligned with the Public Sector's travel guidelines.</p>	November 2021
COMPLIANCE ISSUE				
<p>Fiscal receipts obtained during audit</p> <p>MFSA is to ascertain that appropriate fiscal documentation is obtained upon making the respective payments for the purchase of goods and services in line with VAT legislation.</p>	✓		<p>MFSA is ensuring that it is invariably issued with fiscal documentation by suppliers who have been paid for goods or services provided.</p> <p>MFSA has drawn up an SOP detailing the procedure to be undertaken regarding the fiscal documentation process. The SOP was communicated to all concerned.</p> <p>The management is ensuring compliance.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>

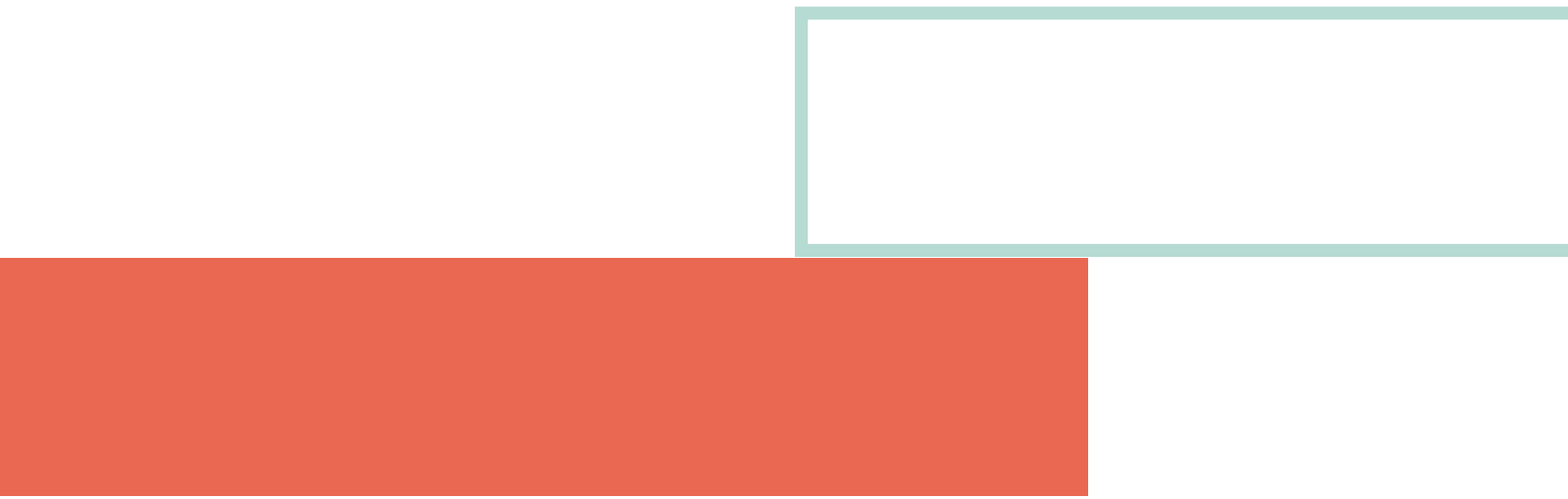
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>List of defaulters not compiled</p> <p>Quarterly returns with details of defaulters are to be submitted to the VAT Department on a quarterly basis, as required by the circulars.</p>	✓		<p>As from September 2020, the MFSA started to chase after missing fiscal documentation and those who are in default are being automatically reported in the quarterly list of defaulters, submitted to the Audit and Assurance Section of the VAT Department. A nil return is also being submitted in case of no defaulters.</p>	Implemented
<p>Awarded contracts not published in the Government Gazette</p> <p>For transparency purposes, variations are expected to be published in the Government Gazette.</p>	✓		<p>All variations which exceed the original contract value by more than 5% are being published in the Government Gazette.</p> <p>The management is ensuring compliance to regulations.</p> <p>The MFSA is assigning a project manager for each tender to monitor contract execution, including variations. This requirement is reflected in the revised MFSA Procurement Procedures.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>





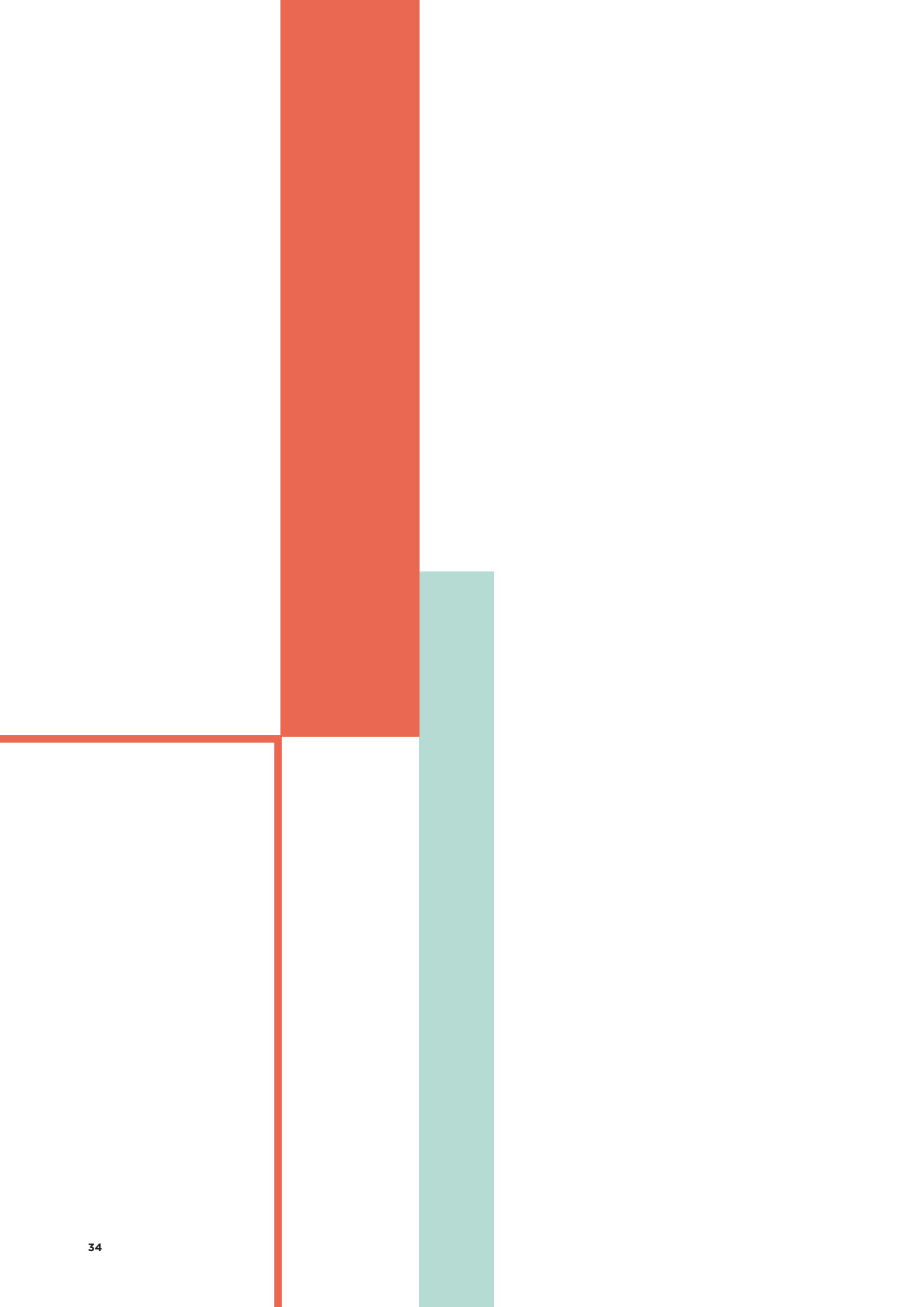


MFH
MINISTRY FOR HEALTH





MFH
MATER DEI HOSPITAL:
MAINTENANCE OF MEDICAL EQUIPMENT - EXPENDITURE



MFH

Mater Dei Hospital: Maintenance of medical equipment – Expenditure

Mater Dei Hospital (MDH) is the main entity providing acute health care services within the Maltese public health care system. Apart from inpatient services, the hospital also offers an extensive range of specialised services as well as emergency, day care, outpatient, and diagnostic services, many of which are carried out through the use of specialised medical equipment.

The main purpose of the audit was to ascertain whether state expenditure incurred during 2019 with respect to the maintenance of medical equipment located at MDH was carried out in line with the provisions of the Public Procurement Regulations (PPR).

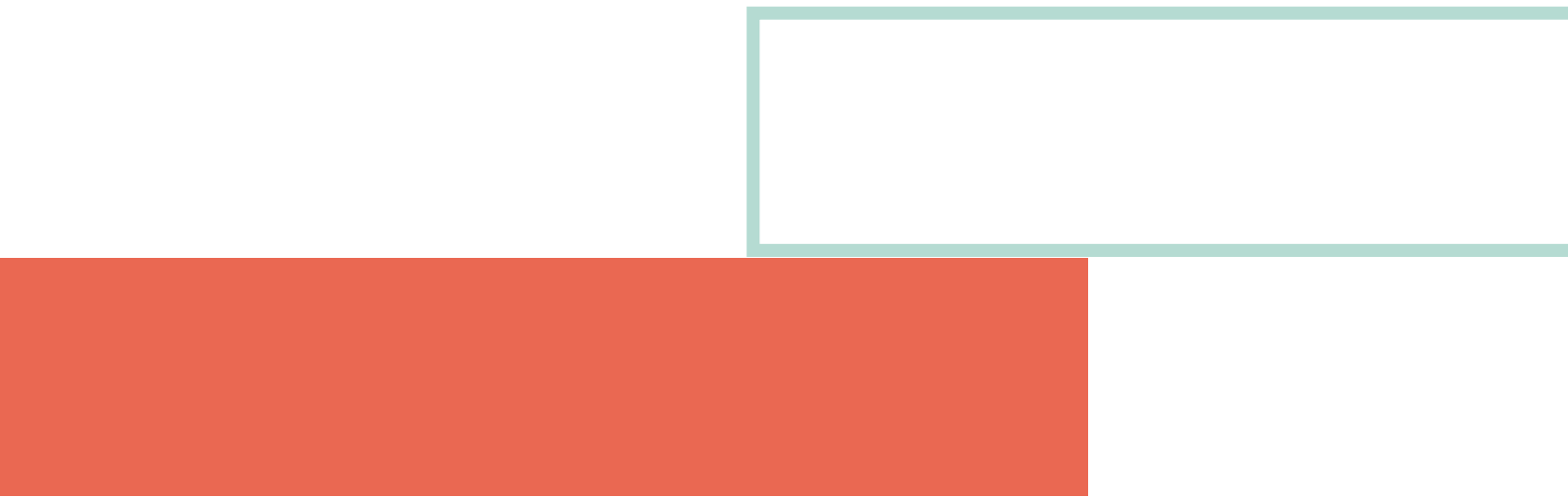
The NAO was satisfied that procurement relating to the Maintenance of Medical Equipment located at MDH was carried out in line with the requirements of the PPR. However, the audit revealed instances of lack of certification of invoices prior to effecting payments.

Follow-up action

To address the concerns raised by the NAO regarding lack of adequate verification, MDH have updated the SOP detailing the inspection of goods received, the filing of the GRNs, and the vetting of invoices. Moreover, an internal control mechanism was adopted whereby invoices require the endorsement of the Director (Biomedical Engineering) prior to processing payments.

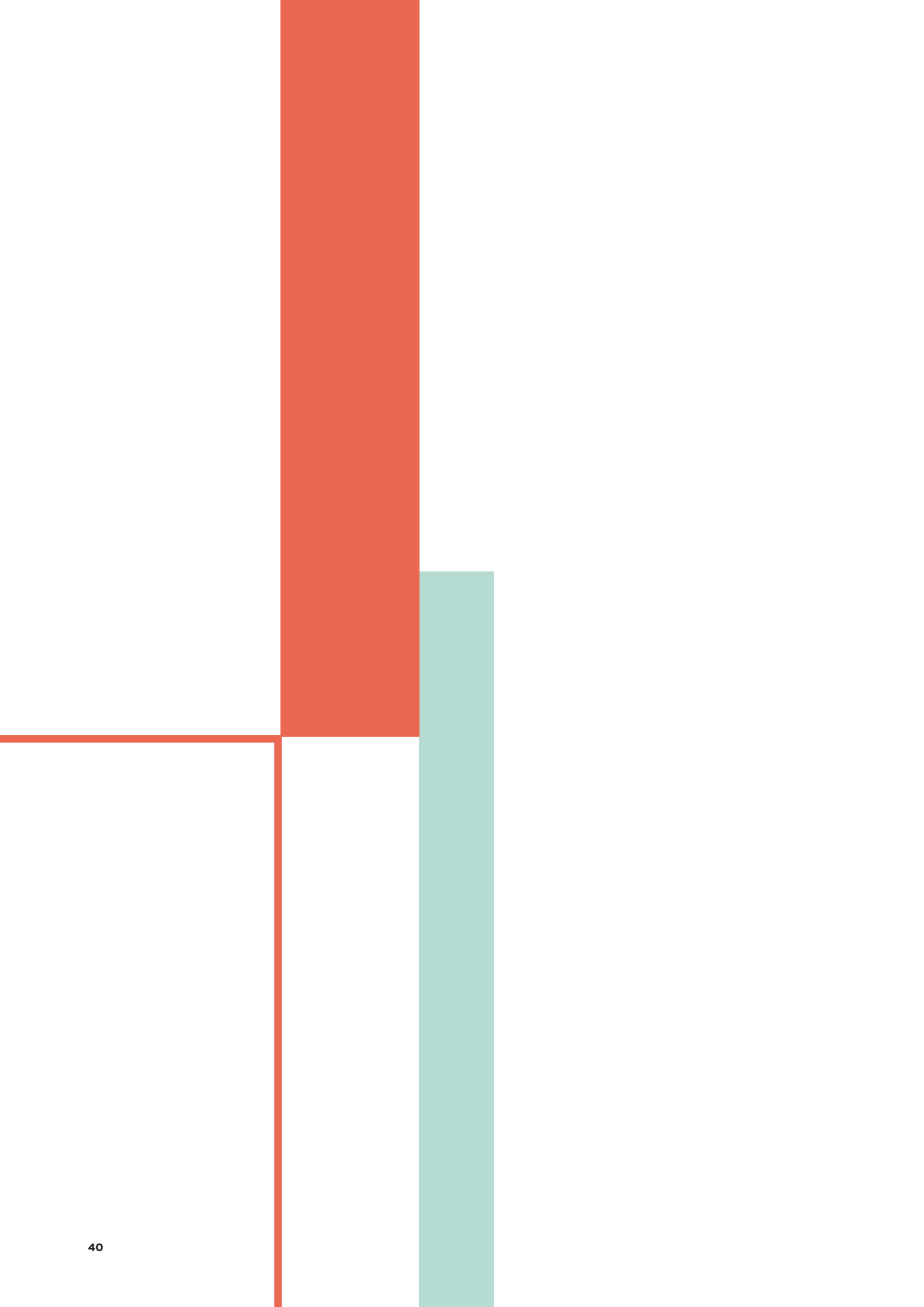
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Lack of adequate verification</p> <p>Documentation supporting payments expensed from public funds is to evidence that the necessary vetting has been undertaken. This will also enhance audit trail as well as facilitate external verifications.</p> <p>Moreover, amounts invoiced are to be invariably verified and certified correct by the responsible officers prior to processing payments.</p> <p>Ideally, all procurement is backed by a GRN, confirming that all goods and/or services ordered and invoiced have actually been received.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>The SOP detailing the inspection of goods received, the filing of the Goods Received Notes (GRNs) and the vetting of invoices has been revised in 2020. The SOP has been communicated to all staff concerned.</p> <p>The management is ensuring compliance.</p> <p>The Director of Biomedical Engineering at MDH is endorsing all invoices related to medical equipment and the respective maintenance once all the pertinent paperwork is duly completed. This provides assurance that the works/supplies/services have been received and are to the Biomedical Department's satisfaction. Only endorsed invoices are subsequently forwarded for payment.</p> <p>All goods received are being backed up by a GRN, in accordance with the applicable SOP.</p> <p>Invoicing records, including evidence of the required checks, are being maintained in the respective files.</p> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>







MFH
MATER DEI HOSPITAL:
PURCHASE OF SUPPLIES AND MEDICAL EQUIPMENT -
EXPENDITURE



MFH

Mater Dei Hospital: Purchase of supplies and medical equipment – Expenditure

The present health service in Malta can essentially be considered as hospital-based, with Mater Dei Hospital (MDH) being the main service provider.

In addition to inpatient services, the hospital offers an extensive range of specialised services, as well as emergency, day care, outpatient, and diagnostic services.

The main purpose of the audit was to assess whether expenditure incurred during 2019 with respect to the purchase of routine supplies and medical equipment was compliant with the provisions of the Public Procurement Regulations (PPR).

The NAO was satisfied that, with a few exceptions, procurement relating to the purchase of supplies and medical equipment at MDH was carried out in line with the requirements of the PPR.

Follow-up action

To address a concern raised by the NAO, MDH has strengthened the procurement function by conducting market research and documenting the findings for budgeting purposes. The capacity building plan for the procurement team provides for the engagement of two project managers and four researchers.

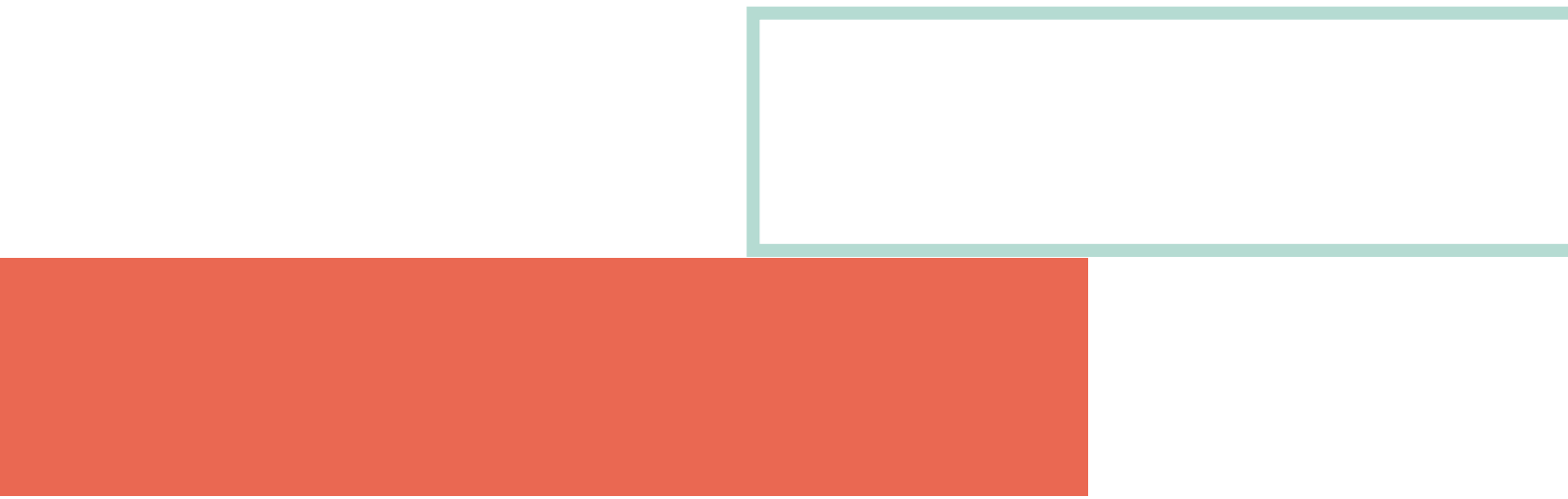
MDH has also implemented an online portal to keep track of expiring contract performance guarantees. CPSU has taken a monitoring role in the direct order process. An exhaustive list of awarded DOs is being submitted for publication in the Government Gazette every six months, in line with the Public Procurement Regulations.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>CONTROL ISSUE</p> <p>Unclear tender specifications resulting in substantial variations from budget</p> <p>Once technical specifications are published in the tender document, these cannot be changed unless the tender in question is cancelled and a new tender is issued. This will ensure transparency and fairness.</p>	<p>✓</p>		<p>Mater Dei Hospital (MDH) agrees that changes in specifications or requirements should trigger a cancellation and republication of a call for tender. Secretaries to Evaluation Boards are ensuring that evaluation takes place in line with the published tender documents and guidelines issued by the Department of Contracts.</p> <p>MDH is invariably carrying out market research before publishing calls for tenders. The findings are being documented and filed to ensure an adequate audit trail. The findings of the market research are being used to set budgets.</p> <p>In order to strengthen the procurement function, a call for two Project Managers has been issued.</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>Ongoing</p> <p>Implemented</p> <p>Implemented</p> <p>October 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>All secretaries to Evaluation Committees are trained Procurement Officers, appointed to ensure that procurement policies are invariably followed. When policies and SOPs are issued or updated by the Department of Contracts, a notification is communicated to all EPPS users. Management is ensuring compliance.</p> <p>Whenever procurement-related courses are organised by IPS and the Department of Contracts, MDH and CPSU are notified accordingly and officers are requested to attend the National Public Procurement Regulations Course and/or the subsequent follow-up courses as applicable.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Agreements covered by an expired performance guarantee</p> <p>Valid bank guarantees are to be duly provided and filed accordingly, since the lack of such documentation would limit the action which may be taken by the contracting authority in cases of default by service providers.</p>	<p>✓</p>		<p>MDH has developed an online portal to support the function of contract management. Once desk officers to manage contracts are in place and the Corporate Financial Management Solution (CFMS) is fully implemented, the latter will replace the current portal and is expected to serve as a robust internal control system to alert officers automatically when performance guarantees are due to expire. In the meantime, monitoring on the upcoming expiry of performance guarantees is being managed manually.</p>	<p>Implemented</p>

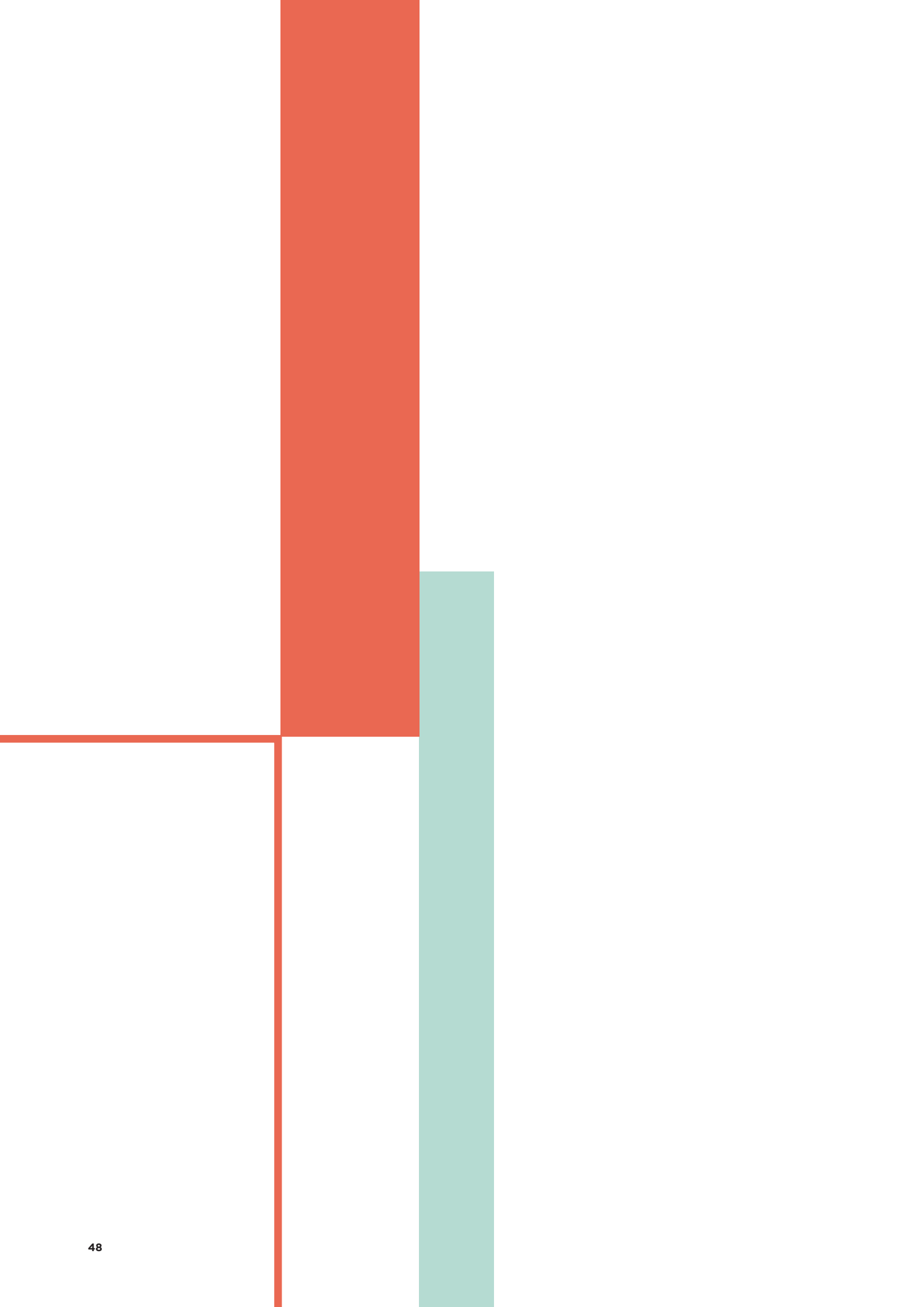
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Procurement effected under an expired agreement</p> <p>Public procurement regulations are to be invariably adhered to.</p>	<p>✓</p>		<p>MDH has checked all payments made under the pertinent contract and confirms that the last invoice under this contract was issued by the contractor on 25 June 2019. This invoice was settled in 2020. This is considered to be a cogent justification.</p>	<p>Implemented</p>
<p>Approval to purchase by direct order is expected to be obtained before the actual commitment. This would ascertain transparency and fairness, as well as ensure that, as far as possible, the most competitive prices are obtained.</p>	<p>X</p>	<p>With regard to the case referred to by the NAO, MDH disagrees that procurement took place after the expiry of the contract, 25 June 2019.</p>	<p>A new tender for Deep Brain Stimulators was issued in August 2019. The tender was subsequently awarded, and effective from 20 August 2019 up to 19 August 2022.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Direct order not published in the Government Gazette</p> <p>For the sake of transparency, it is to be ensured that a comprehensive list of direct orders awarded is published in the Government Gazette as per standing regulations.</p>	<p>✓</p>		<p>The Direct Order (DO) process in respect of publication has been revised to implement more stringent controls.</p> <p>CPSU has taken a monitoring role in the DO process. CPSU is being notified about all DOs and an exhaustive list of awarded DOs is being submitted for publication in the Government Gazette every six months, in line with the Public Procurement Regulations.</p>	<p>Implemented</p> <p>Ongoing</p>





MFH
PRIMARY HEALTH CARE DIRECTORATE -
CREDITORS AND ACCRUALS (2018 NAO REPORT)



Primary Health Care Directorate – Creditors and accruals (2018 NAO report)

The Primary Health Care (PHC) Directorate includes 54 peripheral clinics and 10 health centres distributed over Malta and Gozo, providing free primary health service. This Directorate was chosen as one of the pilot sites for the Corporate Financial Management Solution (CFMS) project. The financial and accounts section is situated within the Head Office in Floriana.

The main purpose of the audit was to ensure compliance with pertinent circulars relating to accrual accounting for balances reported as at year-end, and that there were the necessary internal controls to confirm the accuracy of the amounts recorded.

Testing of the accrual accounting returns prepared by the Primary Health Care Directorate revealed that both the amounts of creditors and accruals were inaccurate. This was mainly due to limited human resources with accounting knowledge.

Follow-up action

To address a concern raised by the NAO, financial management and internal controls have been strengthened. All staff deployed within the accounts department attended the CFMS training courses held by the Treasury department. Moreover, calls for applications have been issued to boost the team with three new employees.

The shortcomings identified by the NAO regarding creditors and accruals have all been accepted and rectified, partly through the implementation of CFMS.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>LIMITATION OF SCOPE OF AUDIT</p> <p>Eleven out of the sixteen creditors selected for the creditors' circularisation exercise did not submit their feedback to this Office indicating the balances due to them by the PHC Directorate as at 31 December 2018. As a result, the existence, completeness, and accuracy of the respective amounts could not be confirmed.</p>	✓		<p>The PHC Directorate introduced mechanisms such as staff training and engagement of employees to improve financial management and internal controls.</p> <p>The introduction of CFMS facilitated the quality of output and has been instrumental in assisting the PHC Directorate to achieve improvement goals.</p>	<p>Implemented</p> <p>Implemented</p>
KEY ISSUE				
<p>Limited accounting knowledge and lack of staff</p> <p>Officers in charge are to be well-versed with accrual accounting, particularly through adequate training and pertinent circulars, in order to ensure that the related provisions are invariably followed. Furthermore, the number of accounting staff is to be sufficient in view of the transition to accrual accounting.</p>	✓		<p>All employees in the Accounts Section have been given training on the CFMS.</p> <p>Two calls for applications for Assistant Managers (Accounts and Finance) and Manager I (Accounts and Finance) were issued.</p>	<p>Implemented</p> <p>Implemented</p>

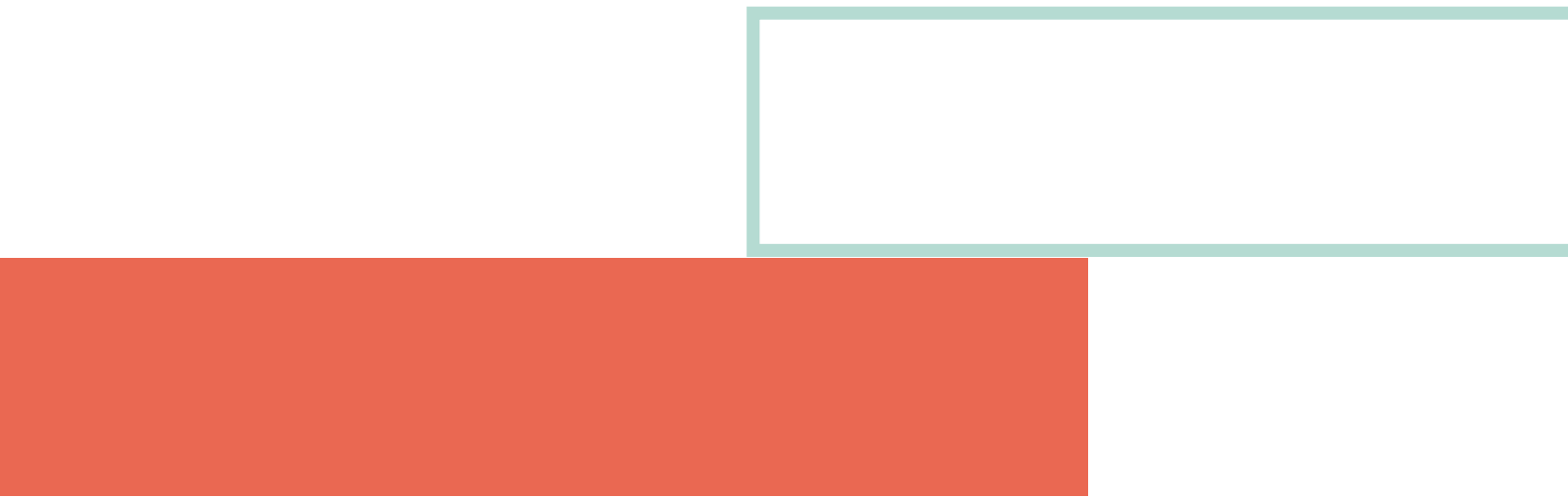
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Inaccurate provision for accrued expenses</p> <p>In view of the government's transition towards accrual accounting, the exercise on accrued expenditure at the year's end should be thorough to ensure that amounts not yet invoiced are accurately accrued for. Furthermore, accrued expenditure for the goods and services received is to be estimated as accurately as possible. Retention money is also to be invariably included.</p> <p>Reference is to be made to TR Circular No 3/2003 - 'Government Accrual Accounting: Procedures for the Management of Prepayments, Accruals and Capital Commitments', to be guided accordingly.</p>	✓		<p>Until CFMS is fully functional, invoices are being registered in the CFMS and individual suppliers excel sheets, to compute and account for accrued expenditure.</p> <p>The PO for the awarded tender is inclusive of the retention money. This will be matched on the invoice received after the acceptance certification of work.</p> <p>PHC is managing and maintaining appropriate control of the prepayments, accruals, and capital commitments in accordance with Circular No. 3/2003 by extracting the required data from CFMS and excel sheets.</p>	Ongoing Ongoing Ongoing
<p>Incorrect amounts of creditors</p> <p>Invoices are to be recorded as creditors based on the date of the invoice. It is also important to inform suppliers and service providers not to send invoices before the respective goods and services are delivered.</p>	✓		<p>Through the CFMS, PHC are reporting invoices based on the date of invoice.</p> <p>The procurement cycle commences with the LPO followed by the goods received note, quality assurance where applicable and, finally, by registering the supplier invoice once accepted or certified by the respective end user.</p>	Implemented Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Furthermore, the finance section is to coordinate with all clinics and health centres to ensure that all invoices are forwarded in a timely manner, especially at end of period.</p>	✓		<p>At the end of each quarter, all pending LPOs are checked for their current status.</p>	Ongoing
<p>Regular reconciliations are to be carried out so that creditors' records reflect accurate details of the respective amounts.</p>	✓		<p>For goods that have been delivered, the PHC Directorate is requesting suppliers and clinics to send an invoice to the accounts section.</p> <p>On a quarterly basis, statements sent by suppliers are reconciled with the CFMS.</p>	Ongoing
<p>In addition, records for each creditor are to be individually listed, showing the invoice number, amount, and date. This will also enable the Directorate to analyse the ageing of its creditors.</p>	✓		<p>Invoices are being registered in the CFMS.</p> <p>Until the CFMS reporting facility is fully functional, invoices are being registered in the CFMS and, until funds are available, they are recorded in individual suppliers' excel sheets. At the time of reporting, ageing analysis is being extracted from excel sheets.</p>	Ongoing
<p>As also required in terms of MF Circular No. 10/2001 – 'Government Accrual Accounting: Procedures for the Control of Debtors and Creditors', goods and services that have been received but which have not been invoiced are to be recorded as accruals and not in the creditors' list.</p>	✓		<p>Services which have been delivered and not yet invoiced are being estimated and entered in excel sheets. These are being recorded as accruals in quarterly submissions.</p>	Ongoing
<p>Results of third-party confirmations</p> <p>Periodic statements are to be requested from creditors in order to crosscheck the outstanding balances and confirm the accuracy of the information held at the PHC Directorate.</p>	✓		<p>Suppliers have been instructed to send their respective statements on a monthly basis.</p> <p>The PHC directorate is ensuring that all suppliers' statements are reconciled on a quarterly basis.</p>	<p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Any discrepancies are to be checked and the necessary action is to be taken in a timely manner.</p>	✓		<p>When discrepancies are identified, these are being addressed immediately.</p>	Ongoing
<p>Amounts not shown as contested</p> <p>The PHC Directorate is to refrain from using the present template; future submissions are to be invariably made in the required format. This should include amounts that are subject to contestation in a separate column, which is to be exhaustive.</p> <p>Furthermore, unless invoices are contested, they are to be settled on time, in order to avoid any possible late payment interest charges.</p>	✓		<p>The correct templates are being used and submitted to the Treasury on a quarterly basis.</p> <p>Contested amounts are being flagged in the CFMS.</p> <p>The PHC directorate is ensuring that all pending invoices are settled within 60 days from the date of receipt of invoice.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>
<p>Other matters</p> <p>Invoices are to be allocated to their respective ageing bracket to enable accurate reporting.</p> <p>The PHC Directorate is also to ensure that there are the necessary controls to establish the number of creditors and accruals at any particular date.</p>	<p>✓</p> <p>✓</p>		<p>Through the CFMS, all invoices are being processed in their respective ageing bracket.</p> <p>All invoices are being registered through CFMS (subject to availability of funds in the respective vote) and amounts due are being extracted through the CFMS-Accounts payable—open items listing. If invoices cannot be registered through CFMS (during the transitory period), these are recorded and accounted for as accruals in individual suppliers excel sheets.</p>	<p>Implemented</p> <p>Ongoing</p>

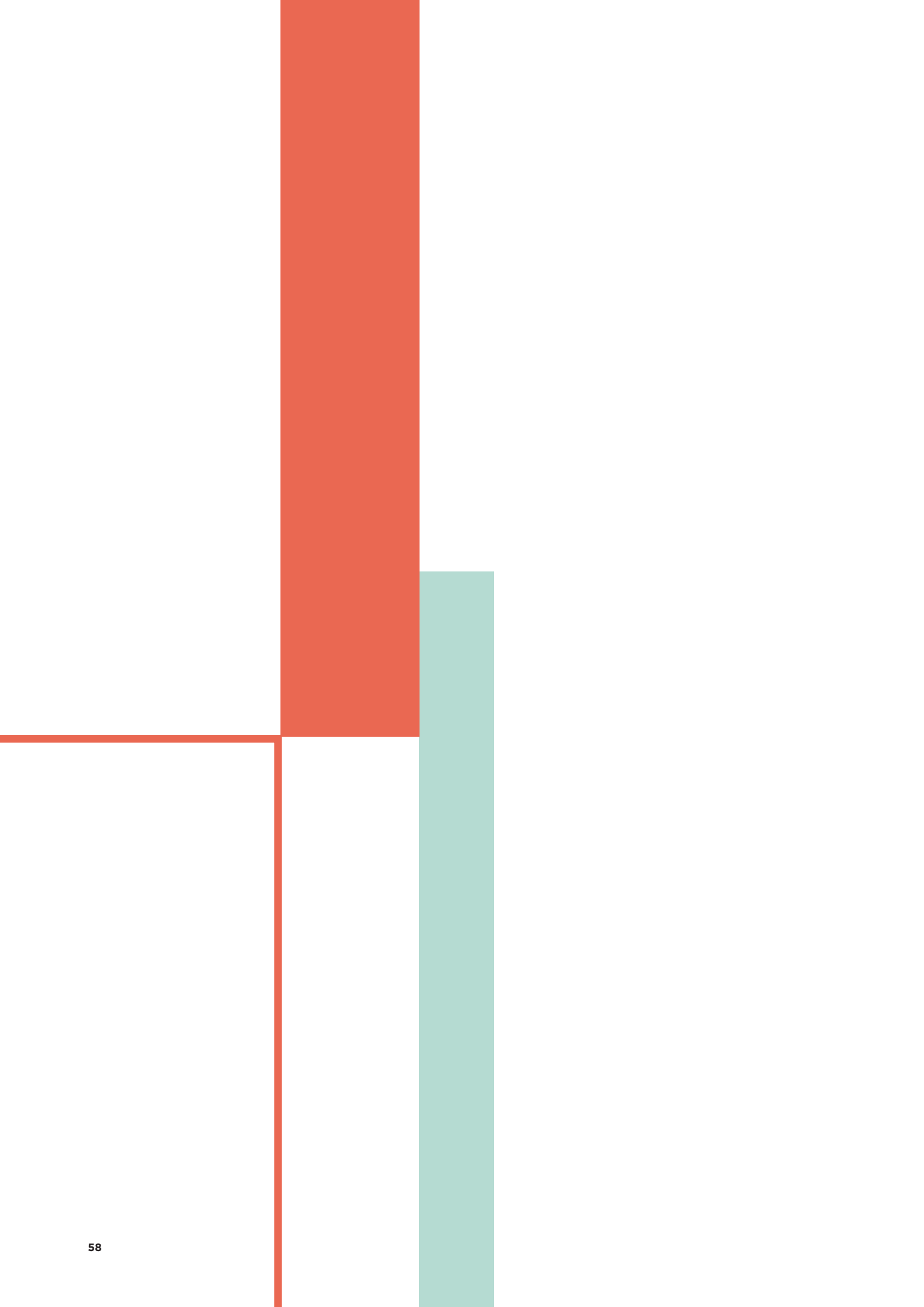
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The use of rubber stamps is recommended to facilitate the process and establish the exact date when the invoices are received, duly certified, and authorised by the appropriate level of authority.</p>	✓		<p>All invoices are being rubberstamped with the date of receipt.</p>	Implemented
<p>Reference is to be made to the Explanatory Notes on Standard Objects of Expenditure featured in the Financial Estimates, which give an indication of what certain titles of expenditure comprise to ensure consistency and that creditors are appropriately categorised.</p>	✓		<p>All products within the procurement module are being matched with the respective vote in the CFMS.</p>	Implemented
			<p>All other invoices are being processed through their respective category votes.</p>	Implemented







MFH
REFUNDS FROM THE EUROPEAN UNION HEALTH SCHEME -
REVENUE (2018 NAO REPORT)



MFH

Refunds from the European Union Health Scheme – Revenue (2018 NAO report)

The Health Care Funding Directorate (HCFD) was set up in 2005 as the national liaison body for healthcare benefits-in-kind in terms of European Union (EU) regulations. These entitle individuals hailing from the EU and those from countries forming part of the European Free Trade Association for free medical treatment or hospitalisation in public hospitals and health centres (HCs), as well as the necessary free medicine.

The main purpose of the audit was to verify the adequacy of the procedures in place for the collection of revenue from Member States (MSs), in reimbursement for free healthcare given to foreign patients in the Maltese Islands.

The audit revealed that revenue from refunds from the European Union Health Scheme was not maximised, mainly due to HCs not being adequately equipped to service the scheme, and the lack of proper maintenance of debtors' data.

On a positive note, the NAO commended the initiative taken by the Billing Section at MDH, which was carrying out an exercise to identify costs that were overlooked between 2016 and 2018. To this effect, an aggregate amount of approximately €20,000 was due to be claimed up to end 2020. The NAO urged other healthcare entities to follow in MDH's footsteps.

Follow-up action

To address the concerns raised by the NAO, the PHC intend to embark on a pilot project to boost its capacity. PHC have made marked improvements in cash collection and refunds claimed. PHC have also launched the Electronic Patient Record (EPR) system, which will include a module to populate and generate the data required for claims/payments regarding foreign patients. This module will be launched later this year.

Mount Carmel Hospital (MCH) have adopted a system whereby wards are to inform the finance unit in a timely manner of all admissions and discharges of foreign patients. MCH regularly liaises with the Entitlement Unit so that funds for treatment given are recouped.

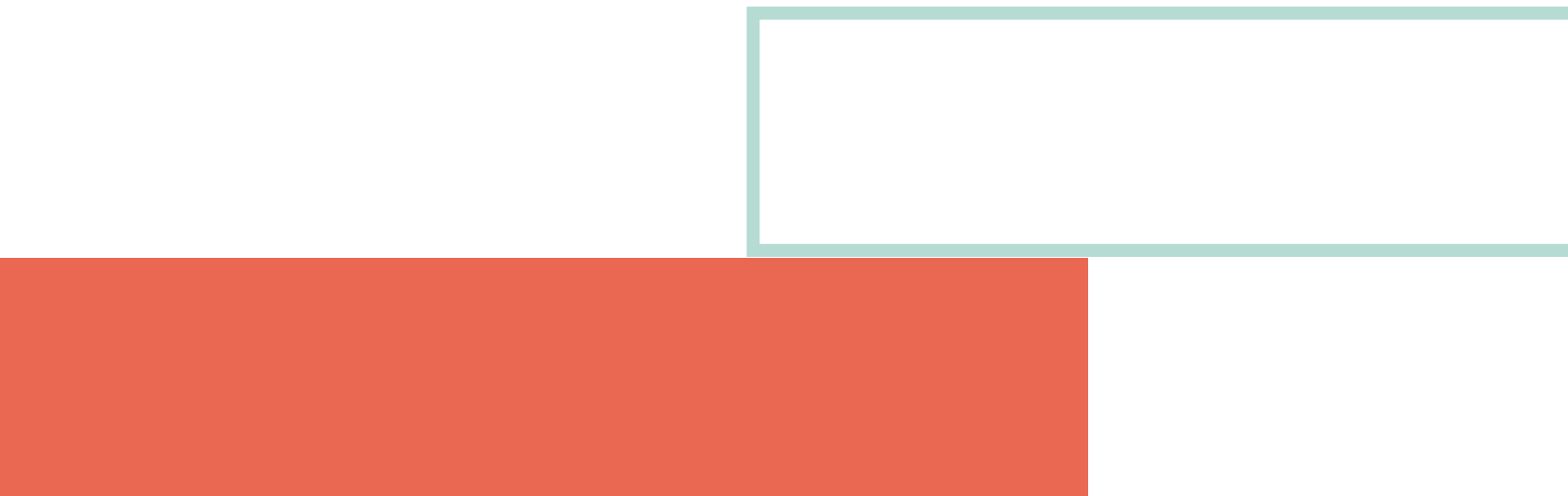
Gozo General Hospital, and Mater Dei Hospital, have adopted systems to ensure that full details of debtors are obtained upon admission, and during their stay in hospital.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Records at the Primary Health Care Directorate not always kept</p> <p>The PHC Directorate is to take action to ensure that all foreign patients visiting any of the health centres (HCs) around the Maltese islands are invariably asked to provide the necessary documentation.</p> <p>Moreover, an official is to be responsible to manage the billing system during all opening hours.</p> <p>The PHC Directorate is also expected to immediately discuss with the sub-contractor the level of service being provided by the latter's employees, to ensure that the staff deployed with the PHC Directorate is competent and reliable.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>A marked improvement has been made by PHC in cash collection and refunds claimed for previous years. This notwithstanding, a pilot project has been launched in the three 24x7 health centres (Paola, Floriana, and Mosta), through which a clerk is available 24/7 on a roster basis in these health centres to obtain the necessary details from foreign patients and manage the billing system. This pilot project will serve to gauge the actual revenue generated from this initiative, and a platform for informed future decisions on the way forward.</p> <p>Moreover, PHC will be including a module in the Electronic Patient Record (EPR) to populate and generate the data required for claims/payments regarding foreign patients</p> <p>An official from the Finance Unit is monitoring and managing the operations of the billing system.</p> <p>A series of meetings were held with the top management of the contractor providing human resources to identify any shortcomings and to set up a re-training programme.</p> <p>As a first step, a Train the Trainer session was held for the management at the Entitlement Unit, Primary Healthcare, and the contractors.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Evidence of eligibility not obtained by Mount Carmel Hospital</p> <p>In the absence of supporting documentation, a provisional replacement certificate is to be invariably obtained for in-patients, considering that the issuance thereof is not a lengthy process.</p>	✓		<p>As a preliminary clarification, MCH cannot refuse treatment to patients. In cases where no documentation is provided, and a replacement certificate cannot be obtained for reasons beyond their control, such as no tax or contributions paid in the patient's country, MCH obtains details about the patient from the pertinent Embassy. Invoices are invariably issued and handed to the patient, even if no valid certificate is provided.</p>	Ongoing
<p>If not attained, MCH is to ensure that full patient details are provided so that relative costs are included in a debtors' list and chased accordingly.</p>	✓		<p>SOPs detailing the procedure of billing to foreign patients have been drawn up. The management is ensuring compliance.</p>	Implemented
<p>It is also imperative that every effort is made to ensure that, whenever possible, the healthcare costs that the government can recoup are duly collected.</p>	✓		<p>An on-call allowance is being paid to the billing officer to draw up invoices to patients who are discharged after office hours or during weekends/public holidays. Moreover, the billing officer is inputting pertinent data in the Entitlement National Application System. Requests for payment are sent through the software. The Entitlement Unit verifies whether or not the patient is entitled for a free service.</p>	Implemented
<p>Any difficulties encountered in this regard are to be communicated to higher levels of authority as deemed necessary in order to maximise the amount of revenue due to the government.</p>	✓		<p>Certificates are issued from the Entitlement Unit when the patient is registered in Malta ex: a foreign pensioner who registers the S1 certificate issued by another EU member state. In these cases, member states are issued with an invoice for the care provided. The Entitlement Unit recovers the funds due.</p>	Ongoing

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Debtors' lists lacking essential detail</p> <p>Whilst it is understandable that foreign patients requiring healthcare cannot be turned away at any of the local healthcare entities, it is important that, whenever possible, they are either asked for payment or provide full personal details before they are allowed to leave the premises.</p>	✓		<p>There are patients who provide a certificate but claims to their country of origin are refused. In such cases, the MCH billing officer escalates the issue to the Entitlement Unit which in turn assists with the resolution of these matters.</p>	Ongoing
			<p>The Gozo General Hospital has adopted a "Treatment First" approach in emergency cases with billing issues handled during the patient's hospital stay, including the payment of a deposit and gathering patients' details.</p> <p>With regard to elective admissions, treatment is being paid for beforehand unless exemption documentation according to legislation is provided.</p> <p>Training on the procedure has been given to all frontdesk clerks so that correct patient information is gathered and documented before patients leave the premises.</p> <p>Mater Dei Hospital has adopted a system which fully addresses the recommendation made by the NAO. This function falls under the remit of MDH Billing Section.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Low treatment costs</p> <p>The NAO encourages the management to proceed with the costing exercise to ensure that the necessary amendments are put into effect as early as possible.</p>	X	Treatment prices are in line with current legislation.		
<p>Positive observation</p>				
<p>During the audit, the NAO was informed that officials at the Billing Section at MDH were carrying out an exercise to identify costs which were overlooked during the previous three years, i.e. 2016 to 2018. To this effect, up to the date of this publication, an aggregate amount of approximately €20,000 was due to be claimed.</p> <p>In view that the provisions of the pertinent regulation allow for claims to MSs to be made within 12 months from when they are recorded in the accounts of the creditor's institution, the respective amounts can still be claimed. The NAO highly commends the initiative taken by the MDH and recommends that such an exercise is carried out by the other healthcare entities.</p> <p>The NAO also noted the sharp increase of 81.8% in the amount claimed by the MDH during 2018 in this regard, when compared to the previous year. Although more effort is required to ensure that amounts due to the government are recovered, especially with regard to emergency cases, the efforts made thus far were encouraging.</p>				

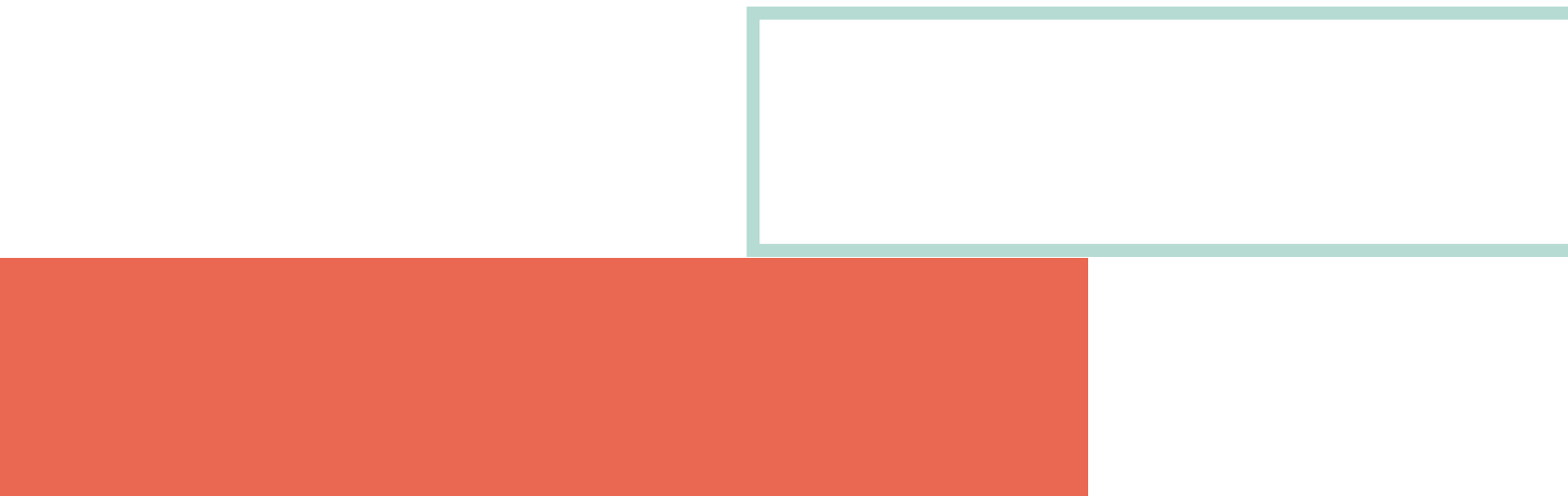




MEIB (now MEI)

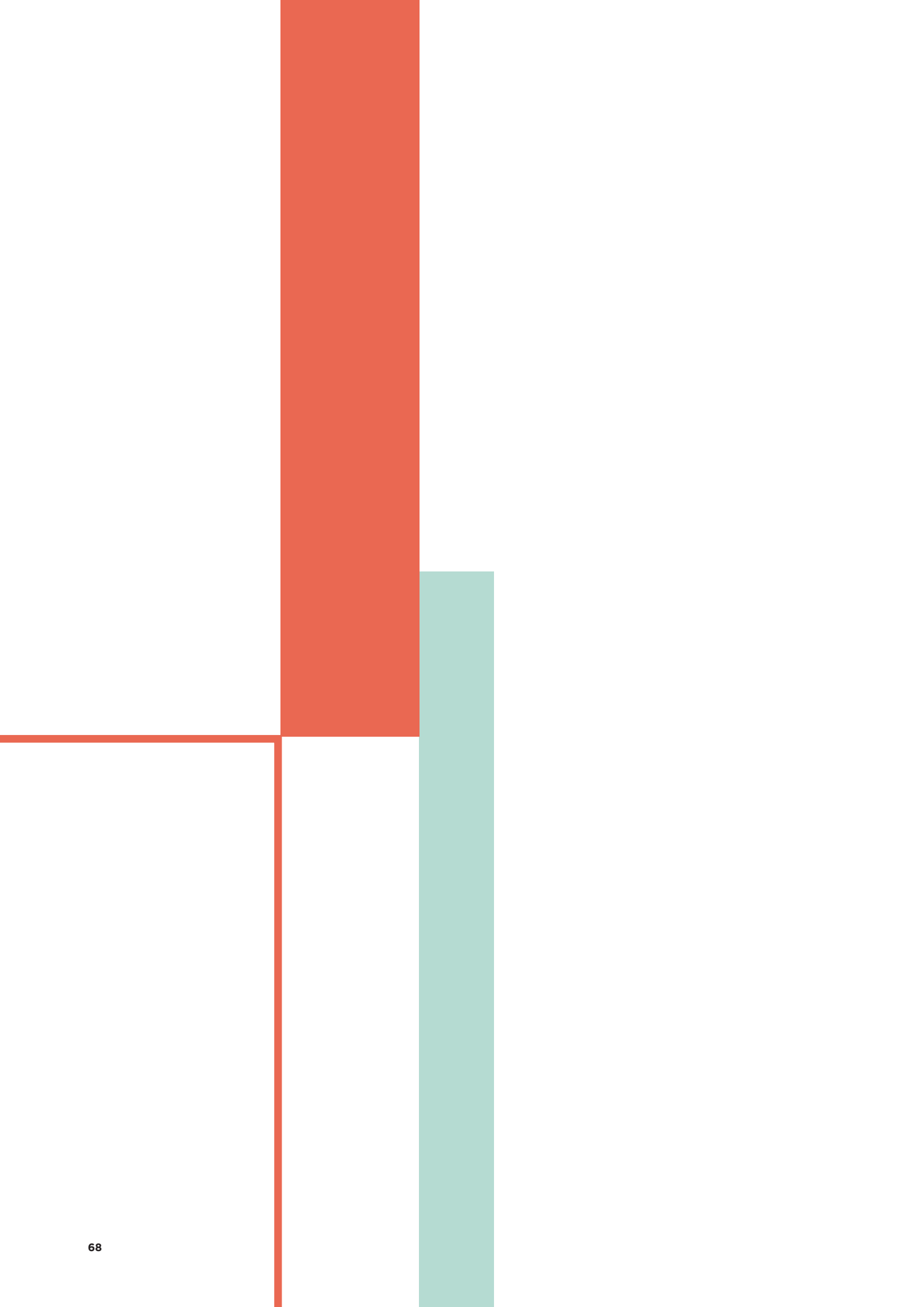
**MINISTRY FOR THE ECONOMY, INVESTMENT AND
SMALL BUSINESSES**

(now Ministry for the Economy and Industry)



MEIB (now MEI)

MALTA INDUSTRIAL PARKS LTD - INVENTORY
(now INDIS Malta)



MEIB (now MEI)

Malta Industrial Parks Ltd - Inventory (now Indis Malta Ltd)

Malta Industrial Parks Ltd (MIP) was registered in Malta as a limited liability company under the Companies Act (Cap. 386) in November 2001, and commenced its operations in January 2004. It is responsible for the allocation and management of Government-owned industrial estates located across Malta and Gozo. The Company administers 16 industrial zones, spread over a footprint of approximately four million square metres, with more than 800 tenants operating within these zones. MIP undertakes its activities predominantly through empty/teutical deeds and lease agreements.

The main purpose of the audit was to assess whether the necessary controls were in place to ensure that all invoices raised by MIP in respect of leases, ground rent, and encroachment fees were issued in a timely manner and in line with the pertinent regulations, that the revenue collection process was adequate, and the respective revenue was appropriately accounted for.

The audit revealed a number of control issues relating to the drawing up of contracts and monitoring of contract obligations.

Follow-up action

To address the concerns raised by the NAO, Indis Malta Ltd took the necessary action relating to the individual cases identified in the audit. SOPs detailing the procedures for contracts have been drawn up.

A Compliance Committee has been set up to monitor compliance to provisions in contracts.

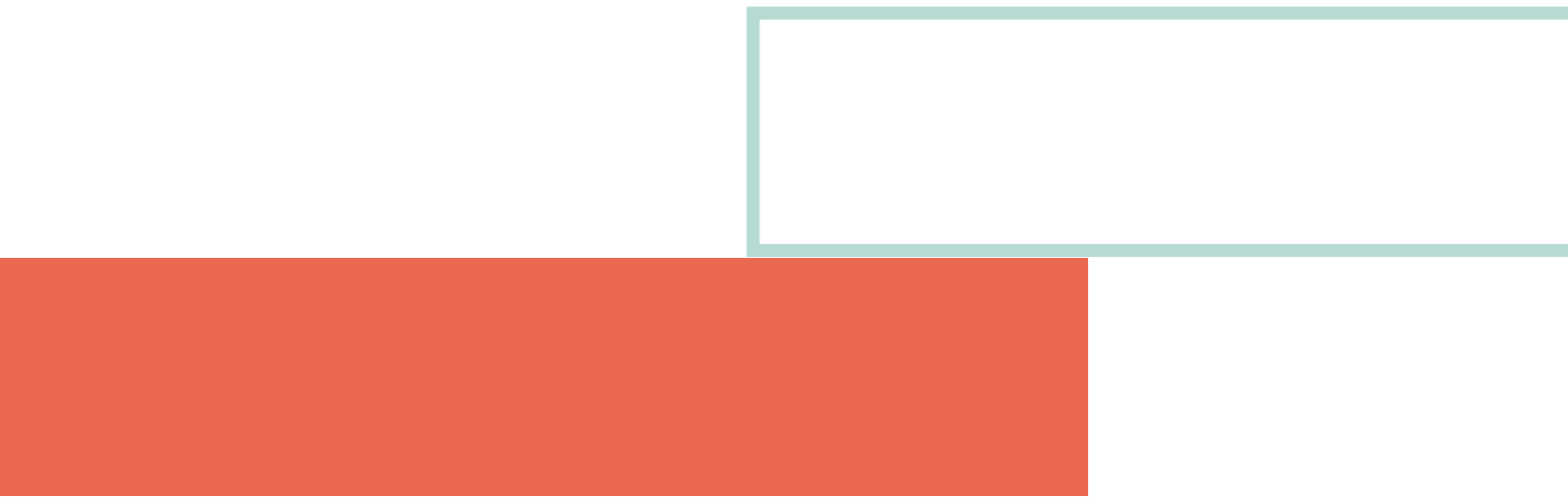
Furthermore, Indis Malta Ltd undertook to update their systems to increase efficiency and accuracy regarding the collection of revenue.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>Aged analysis not made available</p> <p>An aged analysis of debtors, amounting to €12,226,911 as at year end, was not made available for audit purposes. From the information provided, NAO could not establish the actual ageing of amounts which were due before 2019.</p>	✓		<p>INDIS is providing a detailed report on the aged analysis of debtors to the Board of Directors on a monthly basis.</p> <p>The function relating to the ageing of the debtors have been updated to generate a more detailed analysis of the amounts due by more than a year.</p>	<p>Ongoing</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Contract not in line with the allocations and compliance committee approval</p> <p>Management is to ensure that all the terms and conditions of the contracts are duly supported by the approval of the Allocation and Compliance Committee.</p>	✓		<p>INDIS is ensuring that no agreements are proceeded with unless these are formally authorised and approved by the Committee.</p> <p>INDIS is ensuring that agreements are signed only if these are supported by the Committee's approval.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Lease contracts not drawn up</p> <p>MIP is to ensure that valid contracts are in place throughout the entire occupancy. This also applies whenever there is a change in tenant, even when it is a Government entity.</p>	✓		<p>Termination and new encroachment agreements will be signed with Transport Malta, and Infrastructure Malta, respectively.</p>	<p>October 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Once the agreement is signed, Infrastructure Malta will pay the rent due retrospectively from the date it occupied the building.</p> <p>INDIS is ensuring that outgoing tenants sign a termination contract, and that new tenants sign a lease agreement. Possession is only granted when an agreement is in place.</p> <p>Contracts are being uploaded in the system, thus giving access to all internal stakeholders.</p> <p>When a contract expires, the tenant needs to go through a process of compliance. If an extension is contemplated in the original contract, the term of lease is extended on the same conditions, provided that the tenant is confirmed to be compliant.</p>	<p>October 2021</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Lack of monitoring on the obligations emanating from contract.</p> <p>Effective monitoring to confirm that the tenants adhere to the conditions of the contract is solicited. This would ensure that any problems are identified at an early stage and corrective action taken immediately.</p>	<p>✓</p>		<p>Management is ensuring that all details relating to amounts and timeframes for development, as stipulated in the contract, are complied with.</p> <p>The Compliance Committee is meeting monthly to monitor compliance with provisions in contracts.</p>	<p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Legal action is being taken if contract obligations are persistently breached.</p> <p>SOPs detailing the procedures for contracts have been drawn up and circulated among staff concerned.</p> <p>The management is ensuring compliance.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>
<p>Inaccurate information</p> <p>MIP is to act upon inconsistencies in a reasonable time in order to ensure that management information is as accurate as possible.</p>	✓		<p>Discussions were held with the software provider, and the anomaly referred to by the NAO has been resolved.</p>	Implemented
<p>No revision of estate scoring</p> <p>When it is agreed that a revision of the estate scoring is not deemed necessary, the respective decision between the parties involved is to be documented. This will confirm that the matter has been revisited periodically to consider any developments.</p>	✓		<p>Discussions held on estate scoring are being invariably recorded.</p> <p>INDIS will publish an economic impact study report in relation to rental rates.</p>	<p>Implemented</p> <p>December 2021</p>

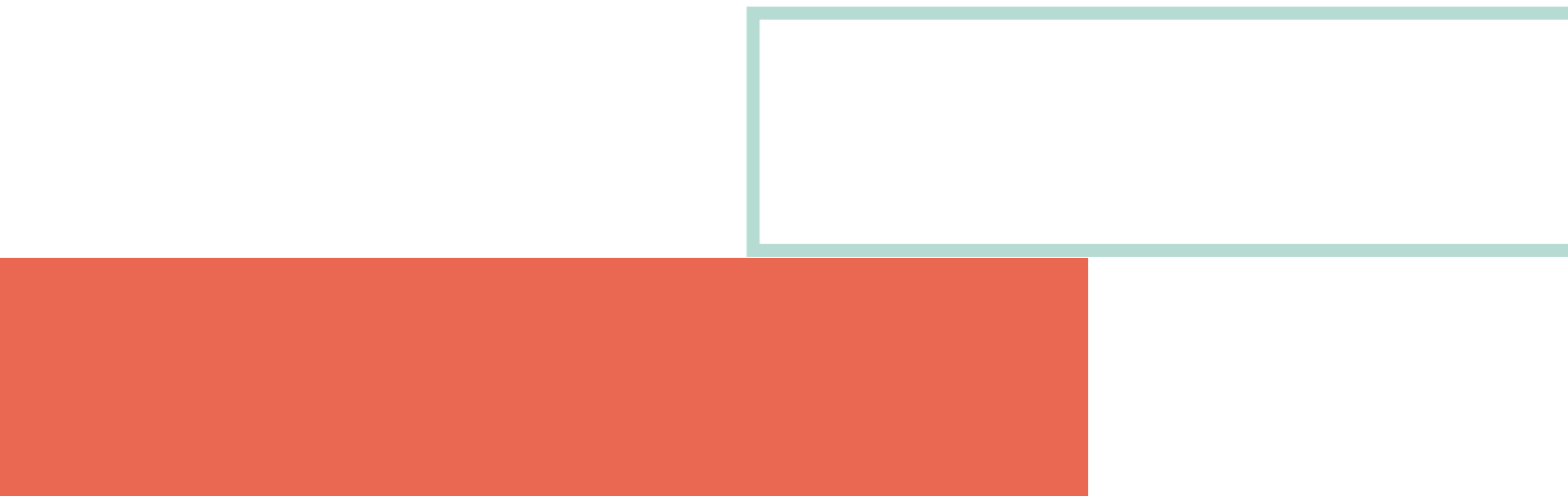
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
COMPLIANCE ISSUE				
<p>Late approval of annual accounts</p> <p>Management is expected to comply with the reporting requirements accordingly.</p>	✓		<p>An internal memo was issued to ensure that financial statements are concluded by the stipulated deadlines.</p> <p>The audited financial statements for 2019 have been concluded and shall be signed once the valuation exercise is concluded.</p> <p>The audited financial statements for 2020 shall follow after the statements for 2019 are signed.</p>	<p>Implemented</p> <p>September 2021</p> <p>October 2021</p>





MEDE (now MFED)

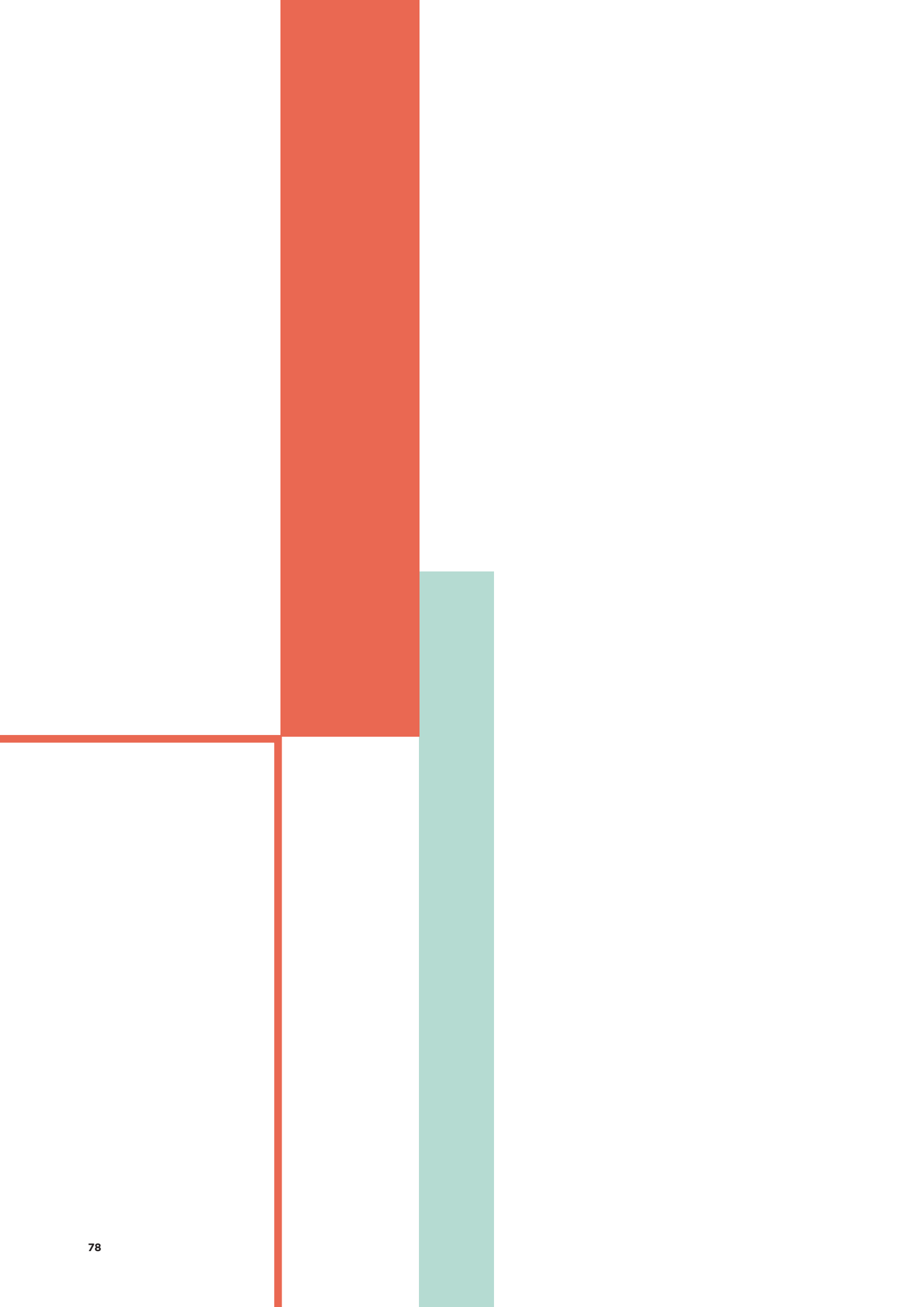
MINISTRY FOR EDUCATION AND EMPLOYMENT
(now Ministry for Education)





MEDE (now MFED)

FOUNDATION FOR TOMORROW'S SCHOOLS
- CAPITAL EXPENDITURE



MEDE (now MFED)

Foundation for Tomorrow's Schools – Capital expenditure

The Foundation for Tomorrow's Schools (FTS) was set up in May 2001 by the Government to design and build new schools. It is also tasked with refurbishing and maintaining state-owned schools as required from time to time, and to undertake minor projects at various educational facilities. The Foundation's involvement starts from the conceptual stage of the respective schools up to the eventual commissioning and handover to the Department of Education. However, it is not involved in the decision of where schools are to be built. One of the latest projects designed and built by FTS related to St Joachim Primary School in Marsascala, which was inaugurated prior to the commencement of the audit.

The main purpose of the audit was to verify that public procurement procedures were adhered to when incurring capital expenditure for the construction of this primary school.

The audit revealed that the PPR were not always followed by FTS when designing and building the new primary school in Marsascala. Furthermore, by end of September 2020, the respective school had not yet been officially transferred to the Ministry for Education and Employment, despite being inaugurated in February 2019. This resulted in several shortcomings in the respective assets control management.

Follow-up action

To address the concerns raised by the NAO, FTS have drawn up and adopted an internal policy for better control of variations, thus allowing for proper adherence to the PPR. A Manual of Procedures, streamlining the SOPs detailing procurement and contract management has been compiled. The MOP details the whole process of the procurement cycle.

The handover process of the school in question, including all its assets, has been completed.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>LIMITATION ON SCOPE OF AUDIT</p> <p>The documentation requested for audit purposes in April 2020 was provided relatively late, at the end of September 2020 when the audit was concluded; thus, the foregoing documentation was not reviewed. These related to transactions for soft flooring, amounting to €46,365, representing 43% of total payments made to a local supplier.</p>	✓		<p>Documentation is being maintained and filed in an organised and systematic way to ensure completeness, transparency and an adequate audit trail.</p> <p>Covid-19 measures had a direct impact on the transmission of documents. The amount of documentation requested, along with the fact that the audit was not carried out on-site, did not facilitate the timely transmission of the documentation requested. Nonetheless, the Liaison Officer will ensure that future requests from the NAO are complied with in a timely manner.</p>	<p>Implemented</p> <p>Ongoing</p>
KEY ISSUE				
<p>Non-adherence to Public Procurement Regulations</p> <p>PPR are to be invariably complied with and the terms and conditions in the respective agreement duly followed. Proper needs for goods and services are to be determined at an early stage, allowing enough time to follow the established procurement procedure.</p>	✓		<p>The management is ensuring that the Public Procurement Regulations and the principles of procurement are followed.</p> <p>The FTS is holding weekly project management meetings to address any matter of concern in due time. Project meetings are being minuted, approved by all officers, and filed following each project meeting.</p> <p>A Standard Operating Procedure (SOP) has been drawn up to reinforce the control mechanisms in place to ensure compliance with Public Procurement Regulations. The SOP has been circulated to all concerned and the management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>A Manual of Procedures (MOP), streamlining the SOPs detailing procurement and contract management, has been compiled. The MOP details the whole process of the procurement cycle. The MOP has been circulated to all employees concerned.</p>	<p>Implemented</p>
<p>Official hand-over not yet given</p> <p>Unless MEDE is fully aware of all the related assets, it cannot exercise adequate control over them as required by pertinent regulations. Thus, FTS is expected to hasten the handover process. The inventory list is to be invariably compiled and updated, ensuring accountability and ownership, even in view of the government's transition towards accrual accounting and in order to be readily available for the eventual transfer.</p>	<p>✓</p>		<p>With regard to the Marsascula school, the transfer of assets from FTS to MFED, then MEDE, has been completed. It has been noted that, due to the complexities and substantial amounts of the quantities of items, bills of quantities (BOQs) are only certified as correct once FTS issues the relative final payment certificate, including all certifications and documentation in accordance with contractual terms and conditions. The inventory is then populated from the BOQs. This process requires a substantial period of time for reconciliation and closure.</p> <p>FTS relinquishes its remit on the school upon handing over the FBOQs documentation. The remit on the population of the inventory database and its updating with reference to any additions, write-offs, and disposals rests with MFED.</p>	<p>Implemented</p> <p>November 2021</p>
<p>CONTROL ISSUE</p>				
<p>Memorandum of Understanding not in place</p> <p>A memorandum of understanding is beneficial to both parties as it will outline the applicable rights, obligations, and procedures to be followed, whilst reducing potential disputes.</p>	<p>✓</p>		<p>An MoU has been signed between the FTS and MFED wherein the rights, obligations, responsibilities, and procedures are clearly delineated. The procedure for the transfer of assets has been included in the MoU.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Shortage of Staff</p> <p>Considering the number of projects requested from MEDE and their magnitude, measures must be taken to address staff turnover and attract new entrants. This will enable the management to meet its targets while limiting payments on account. FTS is to consider employing architects which is likely to be more cost-effective.</p>	✓		<p>In 2020, human resources were increased with five architects detailed on the drafting of plans and BOQs for the holistic plan projects.</p> <p>FTS finalised and communicated the 3-year capacity building plan to the pertinent authorities. The capacity-building exercise is carried out on a rolling year basis.</p> <p>Once and as approved, additional architects, project managers and quantity surveyors will be engaged accordingly.</p>	<p>Implemented</p> <p>Implemented</p> <p>January 2022</p>
<p>Variations not authorised by the Department of Contracts</p> <p>Necessary approvals are to be invariably obtained prior to the implementation of additional works. In addition, every effort is to be made in order to minimise the number of variations.</p>	✓		<p>Procedures for better control of variations have been adopted in the beginning of 2021, as outlined above. Requests for variations to contracts are made only if these are fully justified and in line with the PPR.</p> <p>FTS is holding weekly project management meetings to address any matter of concern in due time.</p> <p>An SOP has been drawn up to reinforce the control mechanisms in place to ensure compliance with the Public Procurement Regulations and that the principles of public procurement are followed. The SOP has been circulated to all concerned and the management is ensuring compliance.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

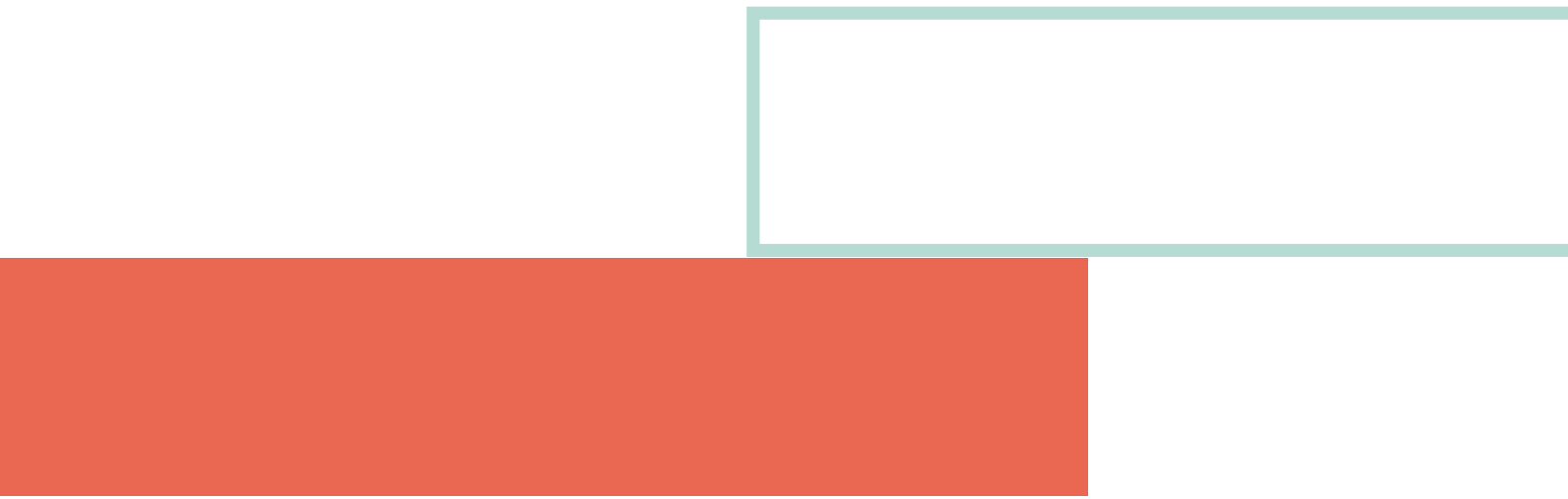
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Invalid justification for direct order</p> <p>Foreseeable works are to be properly planned for and direct orders are only to be resorted to in exceptional cases. FTS could have benefitted from better prices had a tender been issued, covering both areas. This would have also enabled transparency and fair competition in public procurement.</p>	✓		<p>Adequate procurement planning is being carried out annually in advance to avoid resorting to direct orders. The procurement plan for 2021 was submitted at the start of the year.</p> <p>The plan is being monitored and acted upon as necessary to ensure timely procurement procedures.</p> <p>The management is ensuring that direct orders, if required, are kept to the absolute minimum and that these are in line with the applicable circular and Public Procurement Regulations.</p> <p>FTS is holding discussions with all stakeholders to ascertain that all needs are included in the tenders. In this regard, procurement estimates are incorporating all works, materials, and services necessary for the full execution of the project.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Shortcomings in the construction contract</p> <p>Pertinent regulations and guidelines are to be invariably complied with. For good governance, projects are to be properly planned so that modifications are kept to a bare minimum and envisaged at an early stage. This would avoid unnecessary delays whilst ensuring that these are properly approved in due time prior to the execution of the related works.</p>	✓		<p>SOPs have been drawn up to reinforce the control mechanisms in place to ensure compliance with the Public Procurement Regulations and that the principles of public procurement are followed. The SOPs have been circulated to all concerned and the management is ensuring compliance.</p> <p>Procedures for better control of variations have been adopted in the beginning of 2021, as outlined above.</p> <p>Adequate procurement planning is being carried out annually in advance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>If checks are not in place to ascertain that the obligations on the bidder are being honoured, they will be rather meaningless. Hence, the Foundation was expected to request a copy of the related insurance policies and ensure that these were duly renewed upon expiration so that FTS would not be exposed to unnecessary risks, such as in case of accidents.</p>	<p>✓</p>		<p>FTS is holding weekly project management meetings to address any matter of concern in due time.</p> <p>FTS has adopted a procedure whereby the Grand Total in the Financial Bid Form includes the applicable insurance premium. FTS takes out an insurance cover in the joint name of the principal and/or contractors and/or the sub-contractors and/or other parties for their respective rights and interest. The related contractual provisions are included a priori in the tender document. The insurance cover is effective from the date of commencement of the works and remains in force until the provisional acceptance (handing over) of all the works. This management decision was conveyed to the Procurement Office for implementation.</p>	<p>Ongoing</p> <p>Implemented</p>
<p>Issues relating to the procurement of security services</p> <p>For the sake of transparency and good governance, agreements are not to be extended beyond their validity period. Besides losing on more favourable terms that other potential service providers could be willing to provide, unfair discrimination could be claimed by the latter. Thus, FTS is to ensure that PPR are duly followed by planning ahead as far as possible.</p>	<p>✓</p>		<p>SOPs have been drawn up to reinforce the control mechanisms in place to ensure compliance with the Public Procurement Regulations and that the principles of public procurement are followed. The SOPs have been circulated to all concerned and the management is ensuring compliance.</p> <p>Adequate procurement planning is being carried out annually in advance.</p> <p>FTS is holding weekly project management meetings to address any matter of concern in due time.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Performance guarantee not requested or extended</p> <p>Performance guarantees are a means to ensure that the contractor fulfils his obligations in terms of the contract. Hence, in line with pertinent guidelines, it is important that this is in place prior to the commencement of works and continues to be renewed until the contract is fully honoured.</p> <p>Given that a performance guarantee mitigates certain inherent risks, it is not to be considered as an option in the contract, since retention monies do not always suffice in case of default.</p>	✓		<p>FTS is ensuring that all performance guarantees are submitted by the various contractors.</p> <p>SOPs, detailing contract management procedures including the vetting of performance guarantees, have been drawn up to ensure that the respective contract requirements are respected. The SOPs have been circulated among all management and staff. The management is ensuring compliance.</p>	<p>Ongoing</p> <p>Implemented</p>
<p>Penalties for delays in the execution of the contract not imposed</p> <p>The management is expected to penalise those suppliers who do not abide by the agreed terms.</p>	✓		<p>SOPs, detailing contract management procedures including the imposition of penalties on non-performing contractors, have been put in place. The SOPs have been circulated to all concerned.</p> <p>The FTS is ensuring that defaulters are penalised as stipulated in the respective contracts; the management is thus ensuring compliance with contract terms at all times.</p>	<p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Hall built on the top floor</p> <p>Proper plans are expected to be made at the outset to avoid unnecessary disbursements from public funds while also being more practical.</p>	X	<p>Plans were made according to site restrictions.</p> <p>The hall area will be used as classrooms for extracurricular subjects.</p> <p>The conversion will be made once the project with the Archdiocese of Malta is implemented.</p>		
<p>Prior approval for the working of overtime not traced</p> <p>Necessary approvals from the right level of authority are to be obtained prior to the commencement of overtime work. Furthermore, unless the Permanent Secretary approves overtime, delegation of authority to this effect is to be obtained in writing from the foregoing to suitable public officers within the ministry, not below salary scale 5.</p>	✓		<p>FTS has adopted MFED's procedure so that overtime is approved in line with the PSMC. Overtime is being pre-approved, both internally and through MFED on a three-monthly basis. Timesheets confirming actual overtime performed are being duly signed by the officers carrying out the overtime, endorsed by their superior and sent to the finance section on a monthly basis.</p>	Implemented

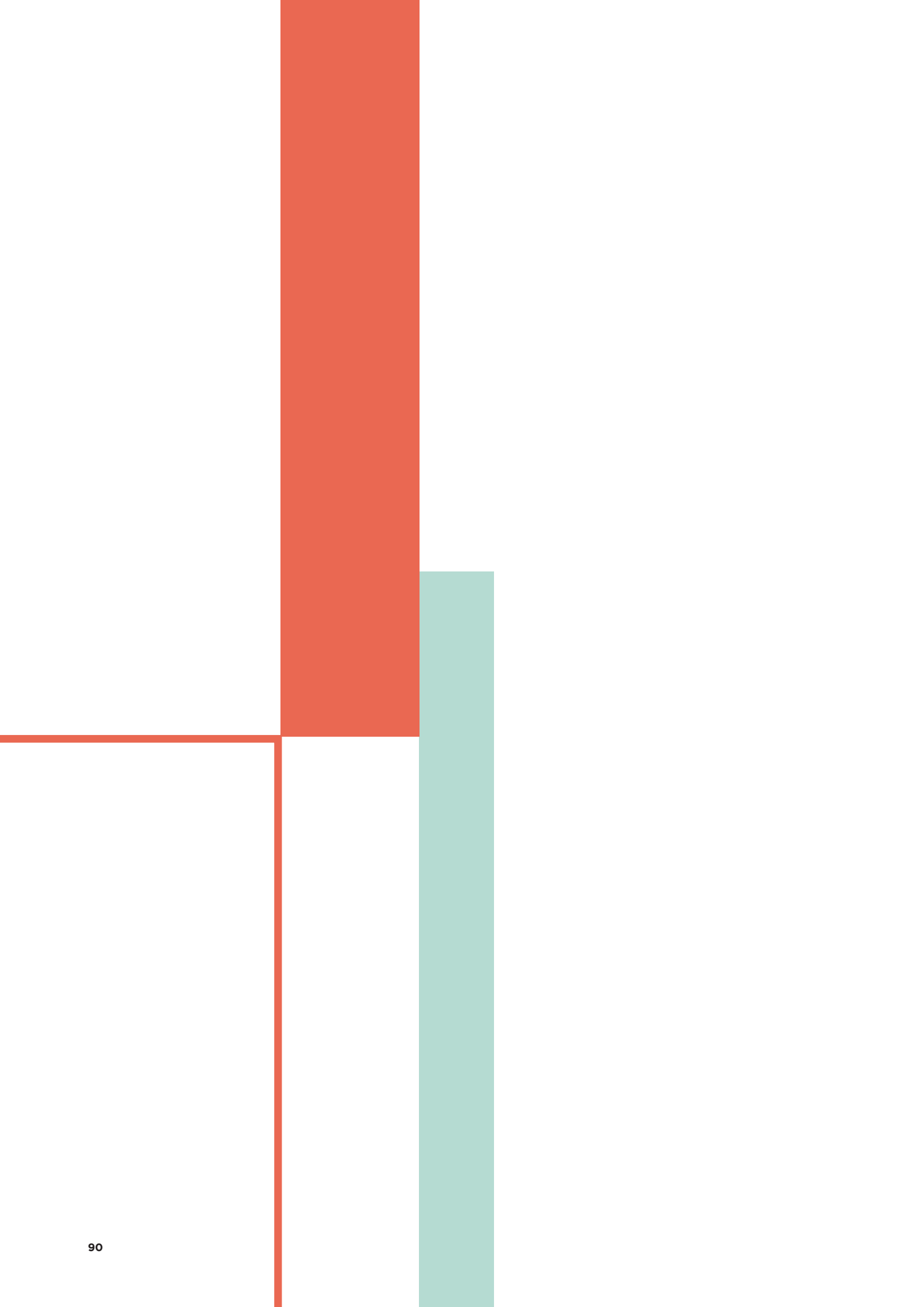
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
COMPLIANCE ISSUE				
<p>Returns of VAT defaulters not submitted</p> <p>A list of defaulters, or a nil return as applicable, is to be submitted to the VAT Department on a quarterly basis in line with the pertinent circulars. The FTS is also to consider discontinuing purchases from defaulting suppliers until the matter is rectified.</p>	✓		<p>FTS communicates regularly with suppliers to ensure that all payments are covered with fiscal documentation. In the absence of fiscal documentation, all defaulters are being reported to the pertinent authorities on a quarterly basis. A nil return is being submitted in case no suppliers are found in default.</p>	Implemented





MEDE (now MFED)

INSTITUTE FOR EDUCATION - REVENUE AND EXPENDITURE



MEDE (now MFED)

Institute for Education – Revenue and expenditure

The Institute for Education was originally set up in 2015 as an Institute. It was subsequently reconstituted as an Agency managed by a Chief Executive Officer (CEO), and falling under the direct responsibility of the Permanent Secretary within the Ministry for Education and Employment (MEDE). The role of the Agency is to create high-level accredited and non-accredited courses, while collaborating with the Education Department, colleges, and other schools and institutions. It provides initial teacher training, as well as professional development to enhance skills and competences to educators at all levels of leadership, while infusing equity and social justice within all programmes. Its programmes are flexible, and are provided through different modes of delivery, such as face-to-face lectures, online, and blended learning.

The scope of the audit was to determine the level of internal controls in relation to income and expenditure relating to the organisation of courses, as well as direct and administrative expenditure.

The audit revealed lack of action taken against defaulters of fiscal obligations, as well as insufficient verification in the payment of subsistence allowances, which resulted in overpayments. Furthermore, income from course fees was not being recognised on an accrual basis.

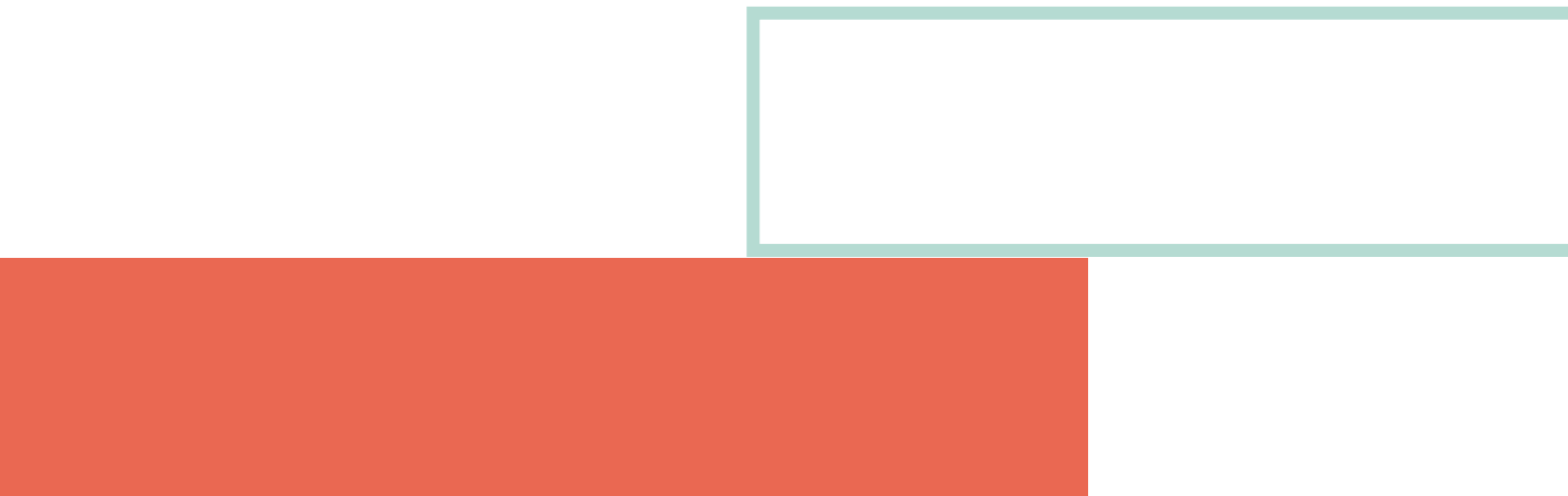
Follow-up action

The Institute of Education has implemented all recommendations made by the NAO. The Institute has drawn up and circulated a Funding Policy and Procedures, detailing the payment of the subsistence allowance. Income from course fees is being reported on an accrual basis.

The Institute is ensuring that all payments are covered by fiscal documentation by including provisions in contracts, and publishing guidance in the form of an FAQ on its portal.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Inaccurate subsistence allowance</p> <p>The Manual on Transport and Travel Policies and Procedures, which is to be invariably adhered to, regulates official travelling and incorporates entitlements for officers while travelling abroad on official duty.</p> <p>Ideally, allowances paid are to be independently checked for accuracy. Refunds of any overpaid subsistence allowance are to be requested.</p>	✓		<p>The Institute has drawn up and circulated a Funding Policy and Procedures detailing the procedure required by personnel employed within the education sector to attend seminars/courses/conferences locally or abroad.</p> <p>Training was provided to staff on travel procedures.</p> <p>The subsistence allowance is calculated by the administrative officer in charge of the funding policy. The workings are checked by Head of Finance, prior actual disbursement. The subsistence allowances due are duly calculated in accordance with the Manual on Transport and Travel Policies and Procedures.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
COMPLIANCE ISSUE				
<p>Income from course fees recognised on a cash basis</p> <p>The Institute is expected to recognise all its income based on the accruals concept.</p>	✓		<p>The Institute for Education started reporting income from course fees on an accrual basis of accounting.</p>	Implemented
<p>VAT regulation not adhered to</p> <p>Accounting officers are to ensure that they are invariably issued with a fiscal receipt by suppliers who have been paid for goods and services.</p>	✓		<p>Suppliers and service-providers are being reminded of their obligations in relation to fiscal receipts and tax invoice.</p>	Implemented

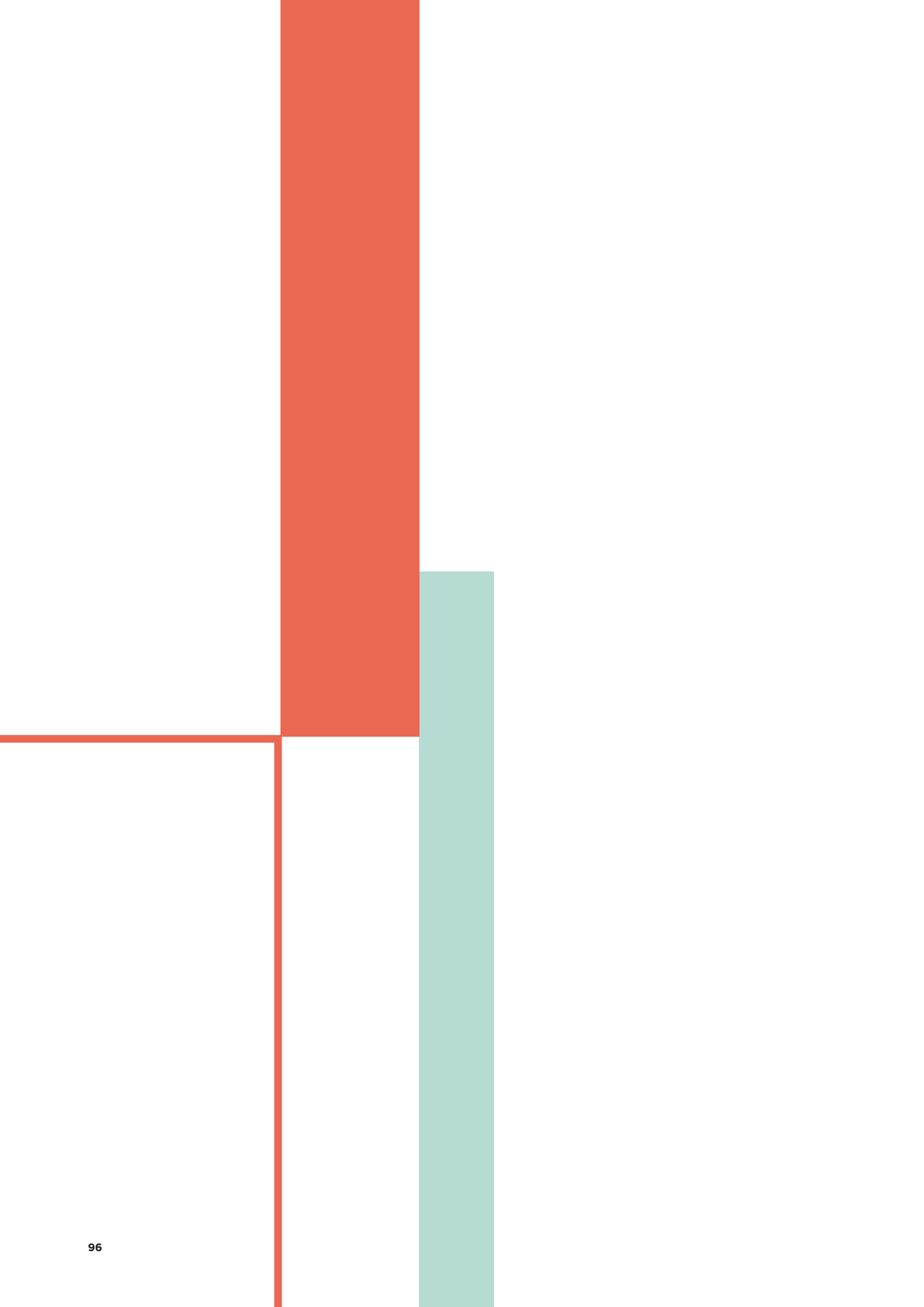
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Suppliers who are exempted from registering for VAT are to be requested to furnish a declaration with any other type of receipt, confirming also that they are exempt for VAT purposes.</p> <p>The Institute is obliged to report any defaulting suppliers to the Inland Revenue Department on a quarterly basis.</p>	<p>✓</p>		<p>The Institute has published guidance in the form of FAQs on its portal to facilitate adherence by service-providers in this regard.</p> <p>Service providers are requested to furnish a declaration with respective receipts confirming that they are exempt from registering for VAT.</p> <p>The Institute is adhering to MF Circular 2/2012, and is submitting the respective return to the competent Authority on a quarterly basis.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>
<p>Public Procurement Regulations not strictly followed</p> <p>Considering that most refurbishment works are projected in advance, the Institute is expected to plan ahead and issue a departmental call for tenders, whereby more bids are likely to be received, possibly resulting in better prices while ensuring compliance with PPR.</p>	<p>✓</p>		<p>Based on the approved three-year Business and Financial Plans, an internal procurement plan is being prepared annually. This plan is reviewed and updated as required throughout the year.</p> <p>The Institute has recruited a Procurement Manager, to ensure best practice in line with PPR.</p>	<p>Implemented</p> <p>Implemented</p>





MEDE (now MFED)

MALTA COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY -
PERSONAL EMOLUMENTS



MEDE (now MFED)

Malta College of Arts, Science and Technology – Personal emoluments

The Malta College of Arts, Science and Technology (MCAST) was established in 2001 to provide vocational and professional education and training with an international dimension, heeding the needs of its students and the economy at large. The college offers both full-time and part-time courses ranging from certificates to master's degrees through the six Institutes in Malta and the Gozo Campus.

The purpose of the audit was to determine the level of internal controls in relation to the calculation and payment of personal emoluments to employees covered by the collective agreement between MCAST and the Malta Union of Teachers (MUT).

The audit revealed various shortcomings, including a lack of internal controls on the number of hours worked and inaccurate payments, among other issues. Weaknesses were also noted with regard to the Work Resources Allowance (WRA), which entitles academics to buy devices and supplies related to their work.

Follow-up action

MCAST is committing that any future agreements with the Union are in line with the current collective agreement. MCAST and MUT formalised an agreement with respect to progressions and payment of salaries during a meeting presided by the Industrial Relations Unit (IRU).

To address the concern regarding inaccurate payments, MCAST has drawn up an SOP so that the payroll process will be fully documented. Moreover, a restructuring is being undertaken by MCAST with a view to ensuring segregation of duties related to the payroll. With regard to the payment of the WRA, MCAST had drawn up a policy and SOP to better manage and control the payment of this allowance. A travel and expenses policy has also been formulated and adopted in accordance with the NAO recommendation.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Discrepancies and undocumented changes in basic salary payments</p> <p>A collective agreement, which is usually concluded after long negotiations between the respective parties, is considered to be binding and, generally speaking, should not be envisaged to be altered within a short period of time.</p> <p>Furthermore, any progressions in salary scales are expected to be in line with the practice applicable for the public service.</p> <p>Timely negotiations of the collective agreements will avoid retrospective adjustment for salaries and the related risk of errors.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>MCAST is committed that any future agreements with the Union are in line with the current collective agreement.</p> <p>MCAST and MUT formalised an agreement with respect to progressions and payment of salaries, during a meeting presided by the Industrial Relations Unit (IRU).</p> <p>MCAST is committed to negotiate and conclude future agreements before the lapse of the current collective agreement.</p> <p>The current collective agreement stipulates that the respective financials agreement is covered up to the end of December 2022.</p> <p>MCAST intends to commence discussions with MUT to agree upon and finalise a new collective agreement, effective from January 2023.</p>	<p>December 2022</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Work resources allowance not adequately managed</p> <p>MCAST is to ensure that it implements adequate internal controls in order to mitigate misuse of WRA from public funds.</p>	<p>✓</p>		<p>MCAST has drawn up a Standard Operating Procedure (SOP) detailing the procedures in place to ensure adequate verifications on a sample-based approach regarding the Work Resource Allowance (WRA).</p> <p>The SOP has been approved and has been uploaded on the MCAST intranet website. All the SOPs are accessible to all employees. The management is ensuring compliance.</p> <p>A call for quotations for a Cost Benefit Analysis (CBA) has been issued. The CBA will cover and assess the scope, methodology, the viability, the relevant risks, and the adequate sample size required for WRA audits.</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>In the meantime, MCAST has informed the members of the WRA Committee that the sample size of receipts to be audited has been increased to 25%. Moreover, the size of the sample is dependent on the outcome of the audit conducted and that MCAST reserves the right to increase the sample size as it is deemed necessary.</p> <p>An independent officer has been selected, and confirmed for appointment through the WRAC, for the purpose of the audit sample selection.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			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.	December 2021
<p>Payment of information technology related allowance not duly substantiated</p> <p>If the payment of this allowance, which was discussed 14 years ago, is still justified, an addendum to the collective agreement is to be endorsed to this effect for the sake of transparency. This is to include effective dates, eligibility, amounts and the related terms and conditions.</p>	✓		<p>MCAST will raise the issue for consensus in the upcoming collective agreement.</p> <p>In the meantime, MCAST has drafted a policy detailing the current methodology being used for the payment of this allowance, including amounts payable.</p>	<p>December 2022</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Limited control over work resources allowance</p> <p>In view of the highlighted concerns and in order to strengthen controls, MCAST is to reconsider the adoption of the refund method following timely submission of the report and supporting documentation to back up the expenditure in question.</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>	December 2021

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>NAO acknowledges that verifying every claim is time consuming, especially since this expenditure is increasing. However, ideally all documents are to be checked in order to ensure that only expenditure set out in the policy is ultimately expensed from public funds.</p>	<p>✓</p>		<p>A call for quotations for a Cost Benefit Analysis (CBA) has been issued.</p> <p>The 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>Implemented</p> <p>December 2021</p>
<p>The policy is also expected to include reasonable limitations regarding the frequency certain items can be purchased, especially when these fall under the same category, such as the purchase of a laptop and a notepad.</p>	<p>✓</p>		<p>In the meantime, MCAST has informed the members of the WRA Committee that the sample size of receipts to be audited has been increased to 25%. Moreover, the size of the sample is dependent on the outcome of the audit conducted and MCAST reserves the right to increase the sample size as it is deemed necessary. Moreover, an independent officer has been selected, and confirmed for appointment through the WRAC, for the purpose of the audit sample selection.</p> <p>The WRA policy has been updated to include a clause that limits the purchase of multiple devices of the same nature within the same calendar year. If a justification is provided, this will be considered by the Committee on a case-by-case basis. The management is ensuring compliance.</p>	<p>Implemented</p>
<p>Inadequate monitoring to check timely submission of reports</p> <p>Employees who fail to file the necessary report or submit it late and/or overspend funds should be requested to return their allocation to MCAST. The shortcomings can be avoided if a reimbursement system is adopted.</p>	<p>✓</p>		<p>Once information is received that an employee will be retiring or resigning, the entitlement to the last working day is calculated pro rata and the remaining funds are withdrawn from the WRA account. The same applies for new engagements and changes in working hours.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Employees who either fail to file the necessary report or due to retirement, resignation or a change in working hours exceeding their allocation of the WRA, are being requested to refund the overspent amount.</p> <p>The policy has been updated to reflect the current procedures. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Incorrect allocation of funds</p> <p>If the use of the debit card system is to be retained, it is to be ensured that allocations are properly calculated at the outset and any changes in the eligible amount of WRA is to be communicated instantly with the bank so that the respective amounts are adjusted accordingly.</p> <p>Moreover, MCAST is expected to recover any overpayments following a comprehensive exercise in this respect.</p>	<p>✓</p> <p>✓</p>		<p>A new system has been adopted whereby changes to the WRA related to reduced hours, maternity leave, and progressions are effected immediately in real time. The calculation of the funds is being done pro rata from the effective date of employment, progression or promotion, or change in hours.</p> <p>The policy has been updated to reflect the current procedure. The management is ensuring compliance.</p> <p>MCAST has recouped all the overpayments. The amounts overpaid in 2019 have been deducted from the employees' WRA entitlement for 2020.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Lack of segregation of duties</p> <p>MCAST is to step up its internal controls and address the issue of lack of segregation of duties without undue delay. Continuation of the key process in case of absenteeism is also to be invariably ensured.</p>	<p>✓</p>		<p>MCAST has drawn up an SOP fully documenting the payroll process.</p>	<p>Implemented</p>

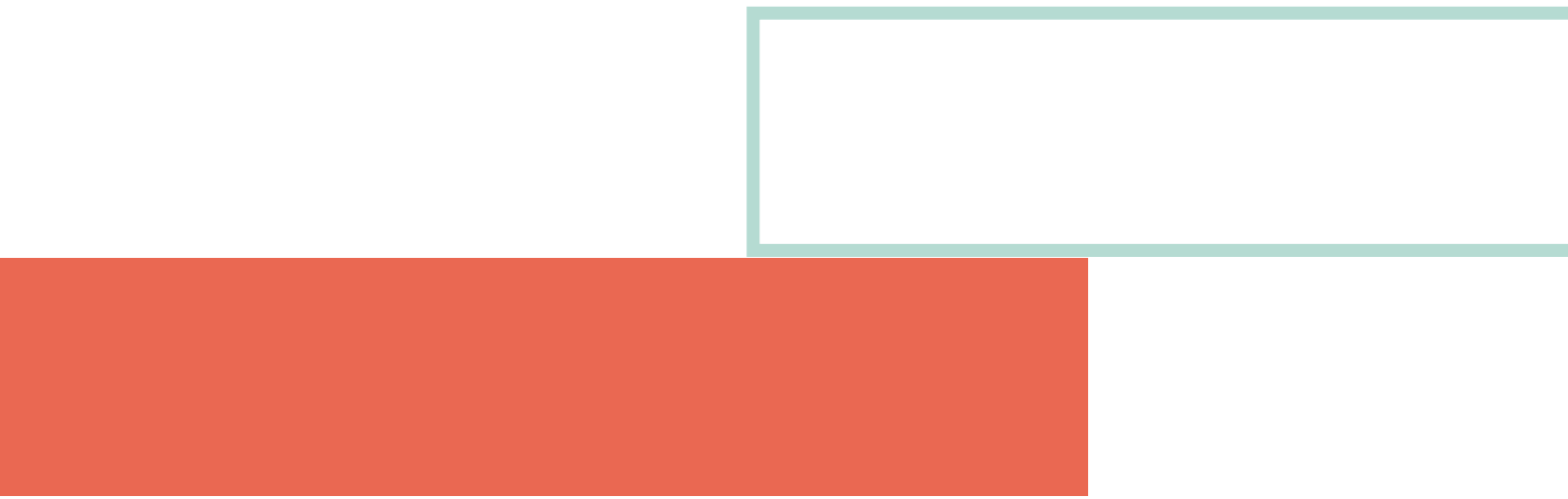
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>The SOP is available to all staff on the MCAST intranet.</p> <p>The management is ensuring compliance.</p> <p>The Finance Office employed a person to be responsible for data preparation. This data is subsequently inputted by the payroll officer.</p> <p>Three employees were recruited and assigned payroll duties in the Payroll Office to address the lack of segregation of duties.</p> <p>On-the-job training has been provided to the new recruits, including training on the payroll software.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Lack of control on the observance of core hours of work by lecturers</p> <p>For internal control purposes, MCAST is to consider introducing a proper time and attendance mechanism to ensure that core hours as stipulated in the collective agreement are actually adhered to and flexibility afforded is within the parameters established in the said agreement.</p>	<p>✓</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>In the new collective agreement, MCAST will be proposing flexible hours to meet the dynamic management of the college's timetable.</p>	<p>December 2021</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>No reconciliations between missed and replaced hours</p> <p>Due to the large number of lecturing staff employed at MCAST, stricter controls are to be in place to ensure that in such instances, full-time students do not miss any lessons. Reconciliations, ideally on a monthly basis, between hours missed and those replaced are to be carried out as a normal procedure and signed by the lecturer and the Institute's co-ordinator.</p>	<p>✓</p>		<p>Each institute director has the responsibility to monitor any lectures that require a replacement. A 'Substitution during Leave of Absence' form was introduced to ensure that MCAST fulfils its obligations to its day-time students by providing any missed lectures.</p> <p>Institutes are monitoring lecturers' timetables on a regular basis to ensure that the full core hours are being worked.</p> <p>Institute directors are carrying out a reconciliation on a monthly basis, between missed and replaced hours.</p> <p>Two electronic systems are in place to assist institute directors in the monitoring and reconciliation functions and alert them if a lecturer misses a full-time course lecture to work on a lecture for which he will be paid at an established rate.</p> <p>MCAST is exploring methods to adopt one coherent system by either enhancing the current systems or purchasing a new system.</p> <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>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>No inbuilt validation in the payroll system</p> <p>It is important that a functional data validation system is in place to check the accuracy and quality of source data and any significant differences are investigated before the data is processed.</p>	✓		<p>A system is in place to provide checks and balances for recording all hours performed by the lecturers.</p> <p>The procedure is detailed in the Manual of Procedures and is available to all staff on the MCAST intranet.</p> <p>Discussions are being held with the payroll system provider to incorporate a functional data validation system.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p>
<p>Inaccurate payments</p> <p>Internal controls are to be enhanced in order to ensure correctness of amounts paid.</p>	✓		<p>MCAST carried out a task to ensure that all employees are receiving their correct salary package. The exercise has been documented and endorsed.</p> <p>A Payroll Unit has been set up. This unit is independent of the Finance and HR Office.</p> <p>To sustain the four-eye principle, an internal payroll audit is being performed every month prior to submitting information to the bank.</p> <p>The procedure is detailed in the Manual of Procedures and is available to all staff on the MCAST intranet.</p> <p>A cost-benefit analysis to determine the sample size will be finalised.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Furthermore, every effort is to be made to recover any overpayments, while also settling amounts underpaid to the respective employees.</p>	<p>✓</p>		<p>MCAST has settled all underpayments identified.</p> <p>From an exercise carried out, MCAST identified 27 overpayments of which 20 have been recouped in full, while for the remaining 7 cases, the outstanding amounts are being paid back by instalments, on the basis of legal agreements signed between both parties.</p> <p>In the presence of the IRU, MCAST and MUT have agreed on the correct interpretation of the salaries' structures that facilitate the agreements required to settle these overpayments.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>No policy for travel expenses</p> <p>An internal policy, in line with the Public Service Management Code, is recommended to be drawn up and duly endorsed by the officials at the right level of authority, in order to establish an efficient use of public funds for travelling, as well as to exercise effective internal controls thereto.</p>	<p>✓</p>		<p>MCAST has drawn up an internal travel policy in line with the Manual on Transport and Travel Policies and Procedure. This forms part of the MCAST Manual of Administrative Procedures.</p> <p>The policy was uploaded on the MCAST intranet and is available to all staff. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p>

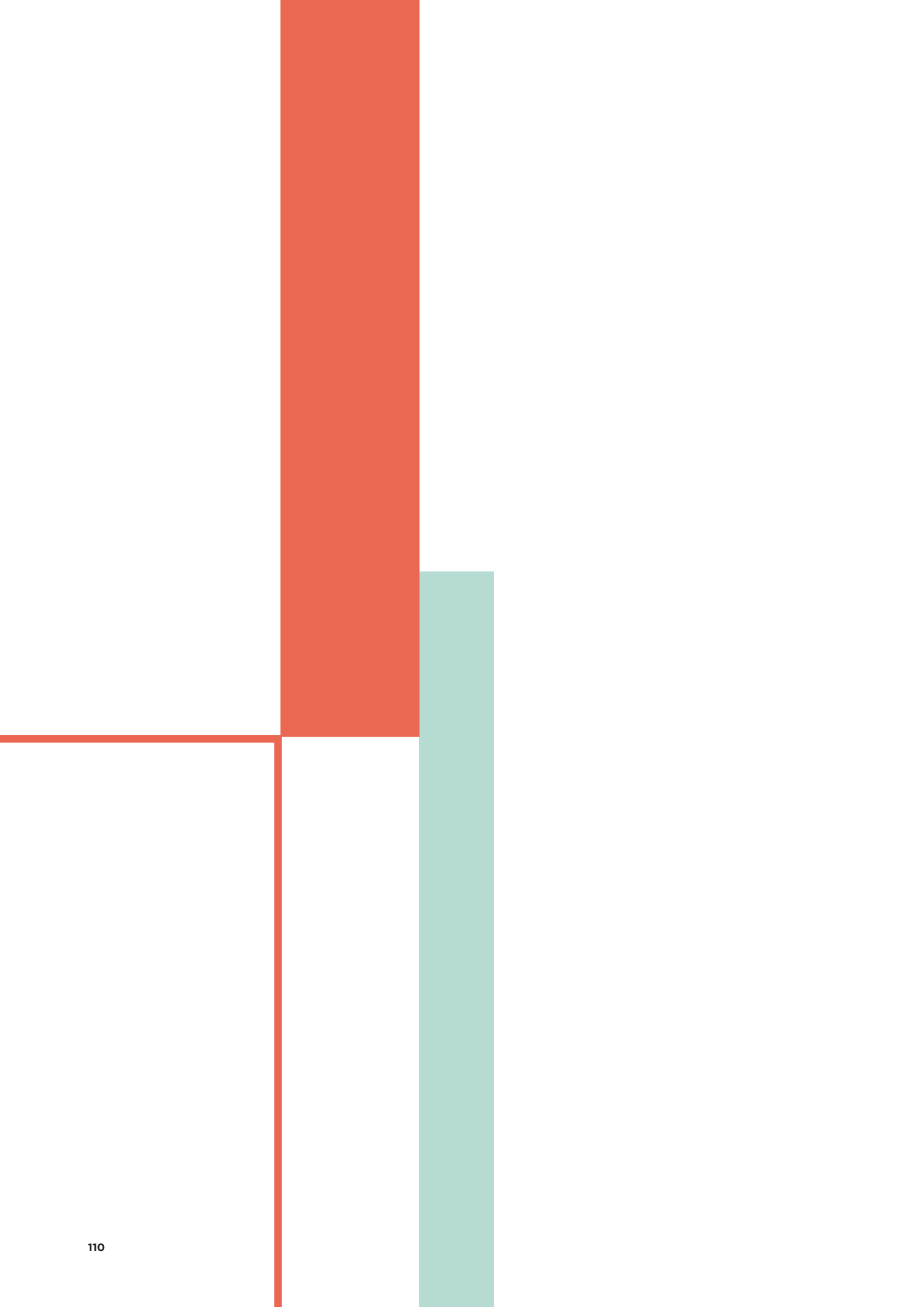
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
COMPLIANCE ISSUE				
<p>Different rate of reimbursement when using personal cars for official duties</p> <p>MCAST is to ensure compliance with the respective provisions, namely that of paying officials the rate as established by Government, with immediate effect.</p>	✓		<p>Employees are being paid the rate established by the government: €0.32 per km. Such a rate is detailed in the Travel and Expense Procedure in the MCAST Manual of Administrative Procedures.</p> <p>The policy was uploaded on the MCAST intranet and is available to all staff. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p>



MEDE (now MFED)

**MALTA NATIONAL SHOOTING RANGE
- CAPITAL EXPENDITURE**

(now under the Ministry for Inclusion and Social Wellbeing)



MEDE (now MFED)

Malta National Shooting Range – Capital expenditure

(now under the Ministry for Inclusion and Social Wellbeing)

The Malta National Shooting Range is situated in Ta' Kandja, limits of Siggjiewi. It was built in line with an Olympic size model, and the range is certified by the International Shooting Sport Federation. The site is managed by SportMalta, the Agency responsible for ensuring the provision of resources, services, and facilities for sport promotion in Malta.

The construction and administration of this project fell under the responsibility of SportMalta in June 2017. The building of the 300 metres ranges, under extremely tight deadlines, was successfully completed in time for the hosting of the World Cup in June 2018. In 2020, SportMalta commenced works on the second phase of the project, which entailed the setting-up of indoor 25 metres and 50 metres target shooting ranges.

The main purpose of the audit was to verify whether procurement procedures adopted by SportMalta complied with the PPR. The NAO also sought to determine the level of existing internal controls over this project, including the adequacy of certification prior to effecting the respective payments.

The audit revealed lack of ownership over the Malta National Shooting Range project. This shortcoming was attributed to lack of administrative capacity. Weak internal controls and procurement issues were also noted.

Follow-up action

To address the concern regarding lack of ownership, SportMalta has taken measures to increase the capacity within the Projects Department. Project Management SOPs have been drawn up, detailing the full procedure, including the filing of documentation for each project, and contracts management and monitoring. Documentation is also being kept in a centralised manner, and filed to provide accurate and complete information and proper audit trail.

Regarding the shortcomings identified relating to procurement, SportMalta has drawn up SOPs, reflecting the provisions of the PPR, including procedures for procurement planning.

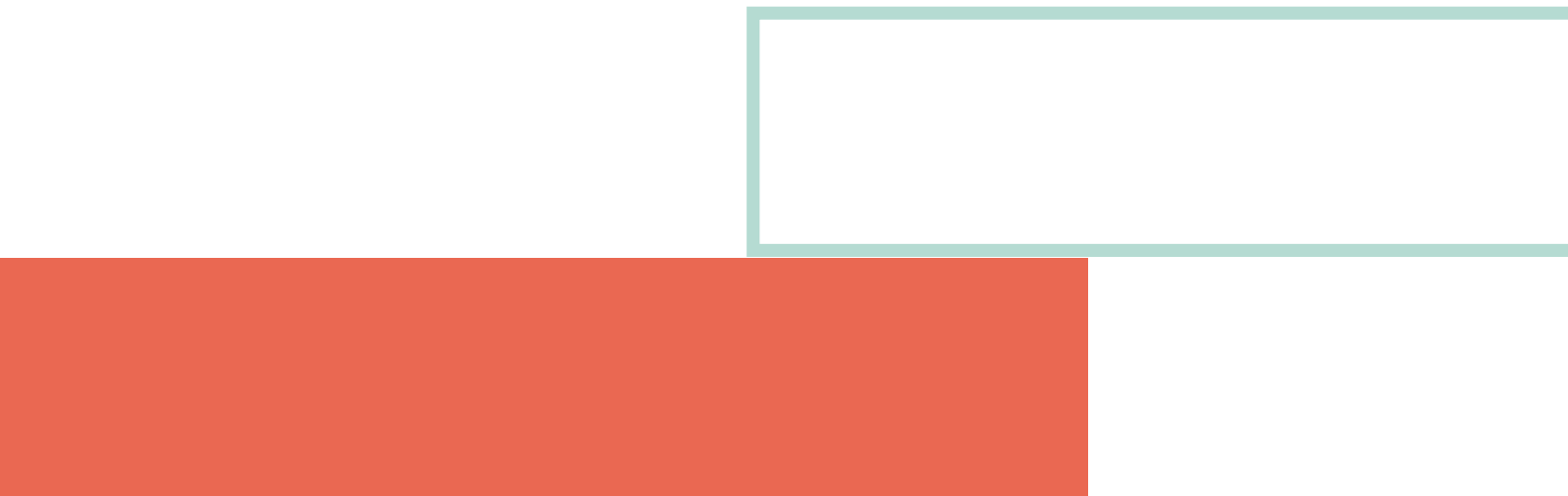
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Lack of ownership over the shooting range project</p> <p>SportMalta is expected to take ownership and assume control over the projects falling under its responsibility.</p> <p>All documentation pertaining to any project, including that prepared or held by consultants, site managers, architects, etc. engaged by the agency, is to be centralised, thus facilitating future reference thereto.</p> <p>The responsible SportMalta officials are also to be duly kept in copy with all correspondence.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>SportMalta carried out a reorganisation process. As a result of this exercise, a redistribution of work was carried out and employees employed by SportMalta have been fully or partly allocated to the Projects Department and assigned projects-related duties.</p> <p>SportsMalta has a standard operating procedure (SOP) in place giving guidance on public procurement procedures.</p> <p>The Project Management SOP has been recently updated to reflect the new procedure relating to filing and centralisation of documentation. The updated SOP was circulated to all staff concerned. The management is ensuring compliance.</p> <p>The procedure was revised to ensure that SportMalta officials are kept in copy in all correspondence with and from third parties. All documentation is being saved by the Projects Department in a shared folder. This update was detailed in the SOP and communicated to all concerned. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Weak internal controls</p> <p>Apart from being in control of the projects for which it is responsible, SportMalta is to have adequate internal processes in place to ensure that all payments are duly authorised beforehand.</p>	<p>✓</p>		<p>No payments are being effected unless these are duly authorised.</p>	<p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The agency is also expected to constantly monitor its projects, thus ascertaining that these are delivered according to the terms and conditions laid down in the respective agreements, which are to be entered into prior to the commencement of works, as well as that all contract clauses are adhered to.</p> <p>Performance guarantees or single bonds (in the case of multiple agreements with the same contractor) are to be submitted in a timely fashion as specified, thus ensuring that the agency is covered in case the contractor fails to perform his contractual obligations in full. In the absence of guarantees or single bonds, SportMalta is not to effect any payment to the service provider.</p>	<p>✓</p>		<p>SportMalta has revised its internal controls. SportMalta's Projects Team are conducting weekly progress meetings to give updates on the progress of projects. Moreover, project leaders make site visits as considered necessary to monitor works being done. All meetings and site visits are being documented.</p> <p>SportMalta has appointed an officer to monitor post-contract checks to confirm that all documentation required by the contract has been received and has been filed in the project's hard copy file.</p> <p>The Projects SOP was updated accordingly and circulated among the employees concerned.</p> <p>The Projects Department has adopted an internal control to ensure that no commencement notice will be issued before all documentation required by the contract is in hand. This is reflected in the updated SOP.</p> <p>The procedure regarding performance guarantees has been updated so that no contract is being signed unless the supplier provides a performance guarantee signed and stamped by the contracting authority. Only after SportMalta signs and stamps the performance guarantee from the supplier can the supplier refer the contract to the Sectoral Procurement Directorate (SPD)/Department of Contracts (DoC) for their signatures.</p> <p>The payments SOP has been updated and communicated to all concerned staff. The management is to ensure compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The management is also expected to obtain in a timely fashion all the necessary approvals for modifications, repetition of works or services, and variations, in line with the applicable contract, as well as in accordance with procurement regulations.</p>	✓		<p>A procurement plan is being prepared in advance for the following year. The process for procurement planning is documented in the pertinent SOP.</p> <p>An SOP is in place to ensure that the necessary approvals from DoC are sought for variations, modifications, and repetition of works only when duly justified and in accordance with PPR and applicable contracts. The SOP was circulated to the concerned staff. The management is ensuring compliance.</p>	Ongoing
<p>Furthermore, in order to ensure ongoing management overview, officers entrusted with the execution of projects, including outsourced service providers, are to compile all necessary documentation in line with the respective contracts. The documentation is to be reviewed by SportMalta and duly filed for future reference.</p>	✓		<p>Monitoring procedures are in place to ensure adequate oversight. In addition, filing procedures have been adopted to ensure a systematic and complete audit trail is being maintained.</p> <p>Officers entrusted with the execution of projects, including outsourced service providers, are compiling all necessary documentation, in line with respective contracts.</p> <p>SportMalta is ensuring that all contracts are signed prior to the start of services/works. The commencement order is being issued by the project leader only after the contract is signed and all the post-contract documentation, such as the programme of works, site plans etc., have been received and approved.</p> <p>SportMalta is carrying out spotchecks on its present projects in order to ensure that projects are being undertaken in line with procedures documented in its SOP.</p> <p>The Project Management SOP has been updated to reflect the above procedures. The management is ensuring compliance.</p>	Implemented
				Ongoing
				Ongoing
				Ongoing
				Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>With respect to the Shooting Range project, SportMalta is to review all contracts, identify any payments for unauthorised variations and modifications, and take corrective action as may be necessary.</p>	<p>✓</p>		<p>A review to identify any payments for unauthorised variations and modifications was carried out. Some other unapproved variations were found which have been paid. SportMalta confirmed that both with regard to variations identified by the NAO and those identified by SportMalta, necessary action was taken with the respective contractor.</p> <p>The management is ensuring that any request for variation, if necessary, is fully justified and approved as per the standing regulations prior to entering any commitment.</p>	<p>Implemented</p> <p>Ongoing</p>
<p>Shortcomings related to procurement procedures</p> <p>The NAO acknowledges that SportMalta faced tight deadlines for the execution of the shooting range project. However, since procurement was done through negotiated procedure, the agency was expected to attempt to negotiate prices, particularly in those cases where these exceeded the estimates prepared by its quantity surveyors.</p>	<p>✓</p>		<p>At the end of each year, the procurement section prepares a procurement plan for the coming year which is being referred to the respective authorities.</p> <p>The management is ensuring that the negotiated procedure is used as a last resort and only in line with the PPR. At every stage of a negotiated process, SportMalta seeks the advice of the DoC and collaborates with the respective ministry to ensure transparency.</p>	<p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>CONTROL ISSUE</p> <p>Conflicting or inconclusive information on timeline of project works</p> <p>The management is to invariably request all relevant documentation, as well as information, from its outsourced service providers to ensure that an adequate audit trail and complete records are kept. It is also important to keep track of notification to start works, as well as acceptance certificates, in line with the relevant clauses of the respective contracts.</p>	<p>✓</p>		<p>SportMalta's projects are being assigned to a responsible officer (project leader) to ensure that all relevant documentation from outsourced service providers are obtained. The project leader is responsible to monitor the progress and implementation of the project and is making sure that all the required documentation is filed for future reference, thus ensuring an adequate audit trail and completion of records.</p> <p>Notifications to start work and acceptance certificates are being issued and documented, in line with the relevant clauses of the contract.</p> <p>Monitoring procedures are in place to ensure adequate oversight and a complete audit trail. SportMalta is imposing penalties on service providers, if necessary, as stipulated in the projects contracts and as directed by PPR.</p> <p>The projects' SOP has been updated accordingly to document these procedures.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Implemented</p>

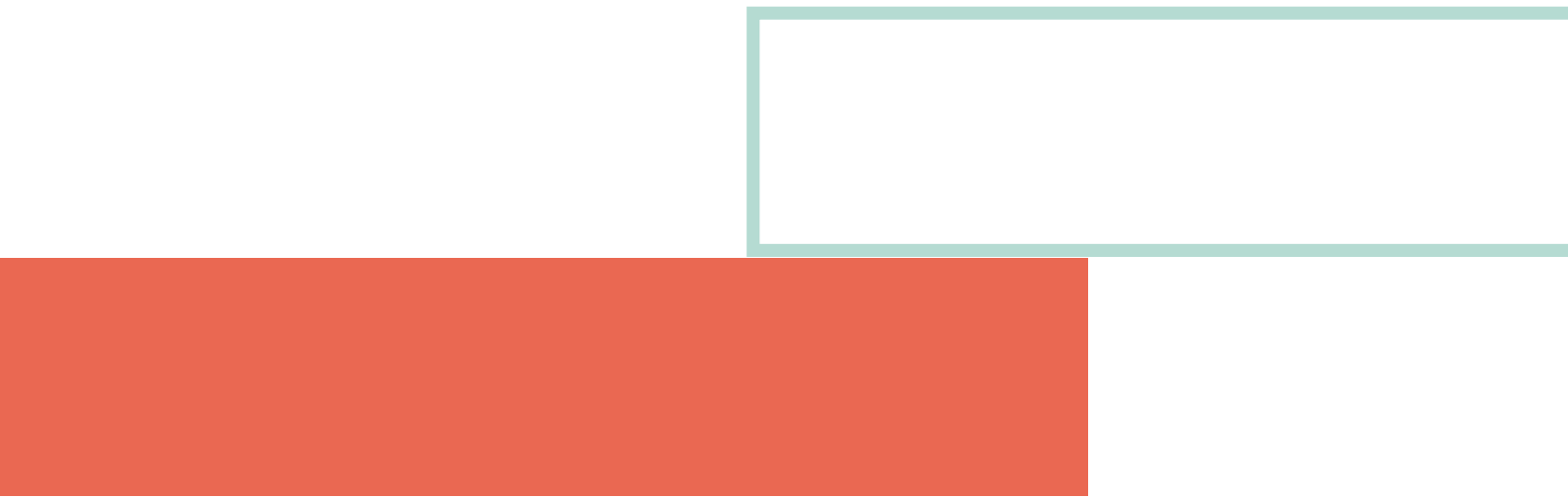




MEW (now MESD)

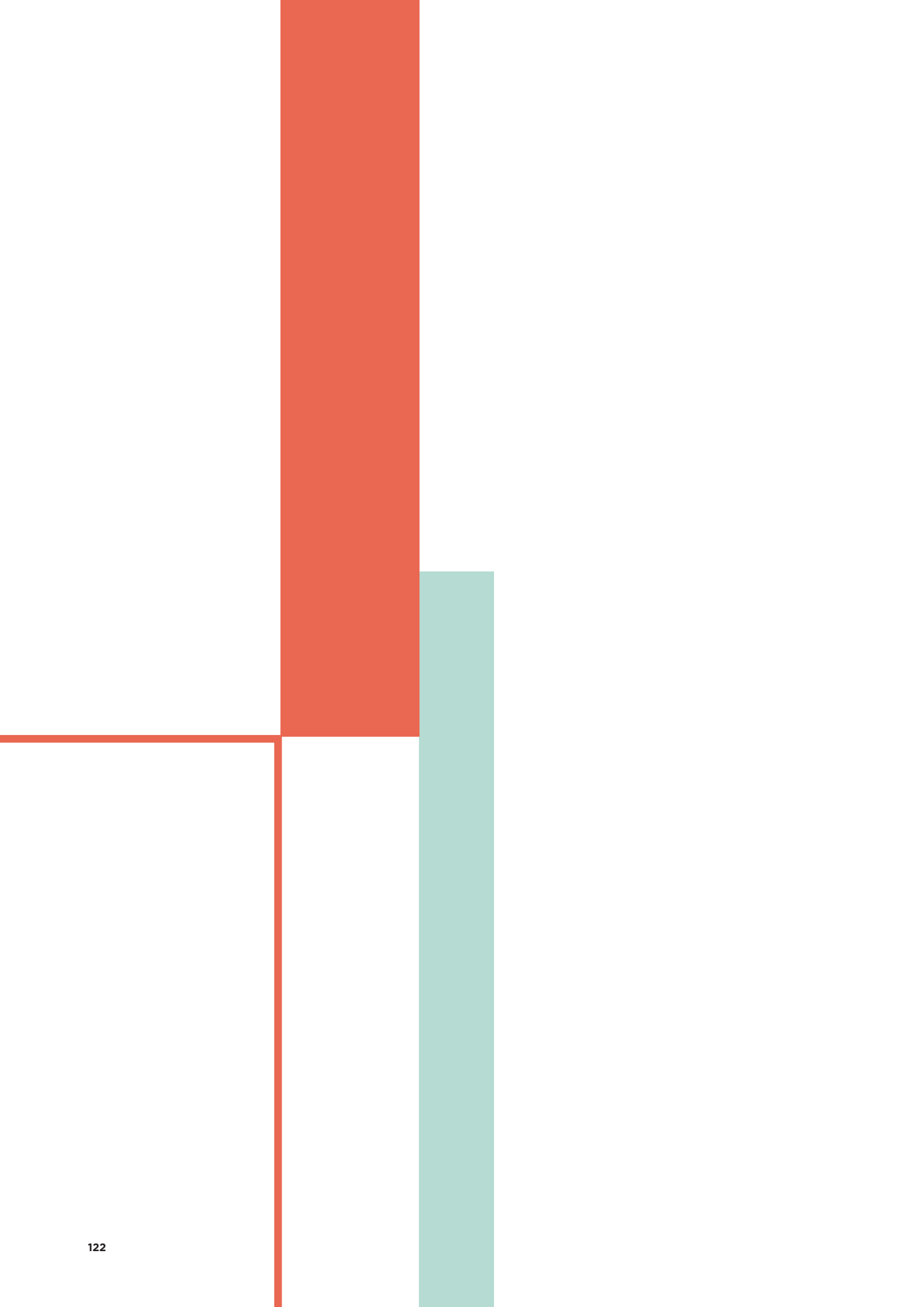
MINISTRY FOR ENERGY AND WATER MANAGEMENT

(now Ministry for Energy, Enterprise and Sustainable Development)



MEW (now MESD)

ENERGY AND WATER AGENCY - EXPENDITURE



MEW (now MESD)

Energy and Water Agency – Expenditure

The Energy and Water Agency within the Ministry for Energy and Water Management was established in terms of Legal Notice 340/2016 – ‘Sustainable Energy and Water Conservation Unit (Establishment as an Agency) (Amendment) Order, 2016’. Set up in 2014, the Agency was tasked with formulating and implementing Government’s national policies in the energy and water sectors, aimed at ensuring security, sustainability, and affordability of energy and water in Malta.

During 2019, the Agency’s operations included three main units, namely Water, Energy, and Gas. Each of these units headed a number of projects, most of which were financed by the European Union.

The main purpose of the audit was to verify whether procurement procedures adopted by the Agency were in sound operation and complied with the Public Procurement Regulations (PPR). The National Audit Office (NAO) also assessed the adequacy of internal controls and ensured validity of specific elements related to personal emoluments.

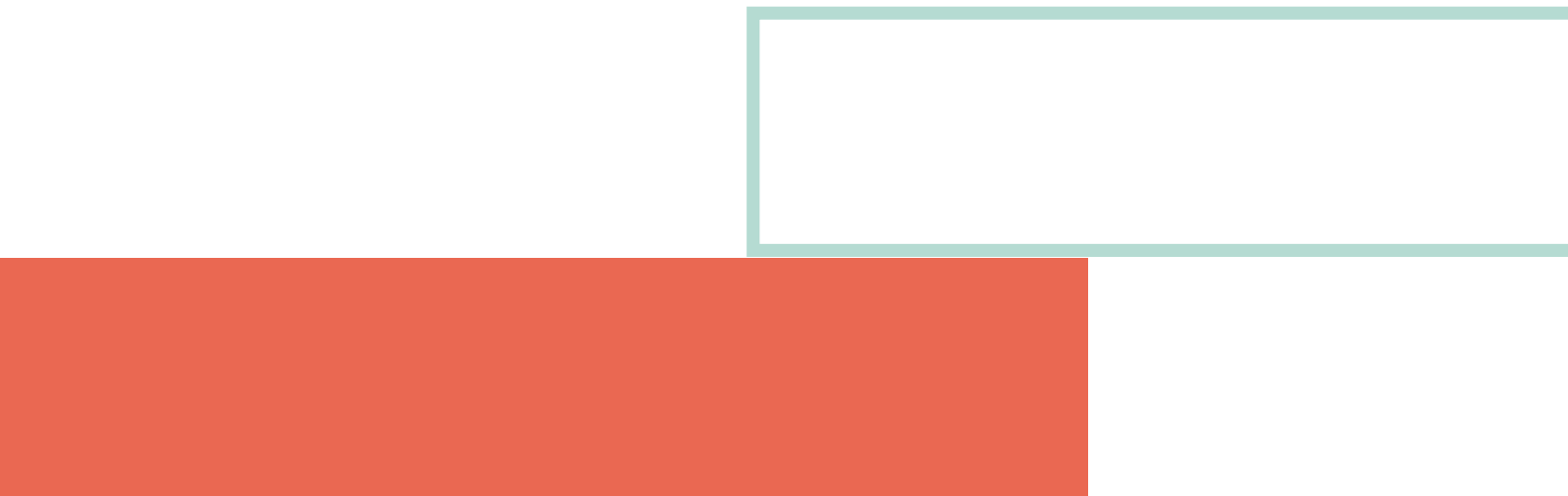
The NAO positively noted that, with the exception of minor shortcomings with respect to travel expenses, no other irregularities were found during the audit on recurrent expenditure at the Energy and Water Agency.

Follow-up action

To address concern raised by the NAO, the officers handling travel claims within the Agency attended specific training on the subject, and internal procedures were revised to ensure improved adherence to the standing regulations.

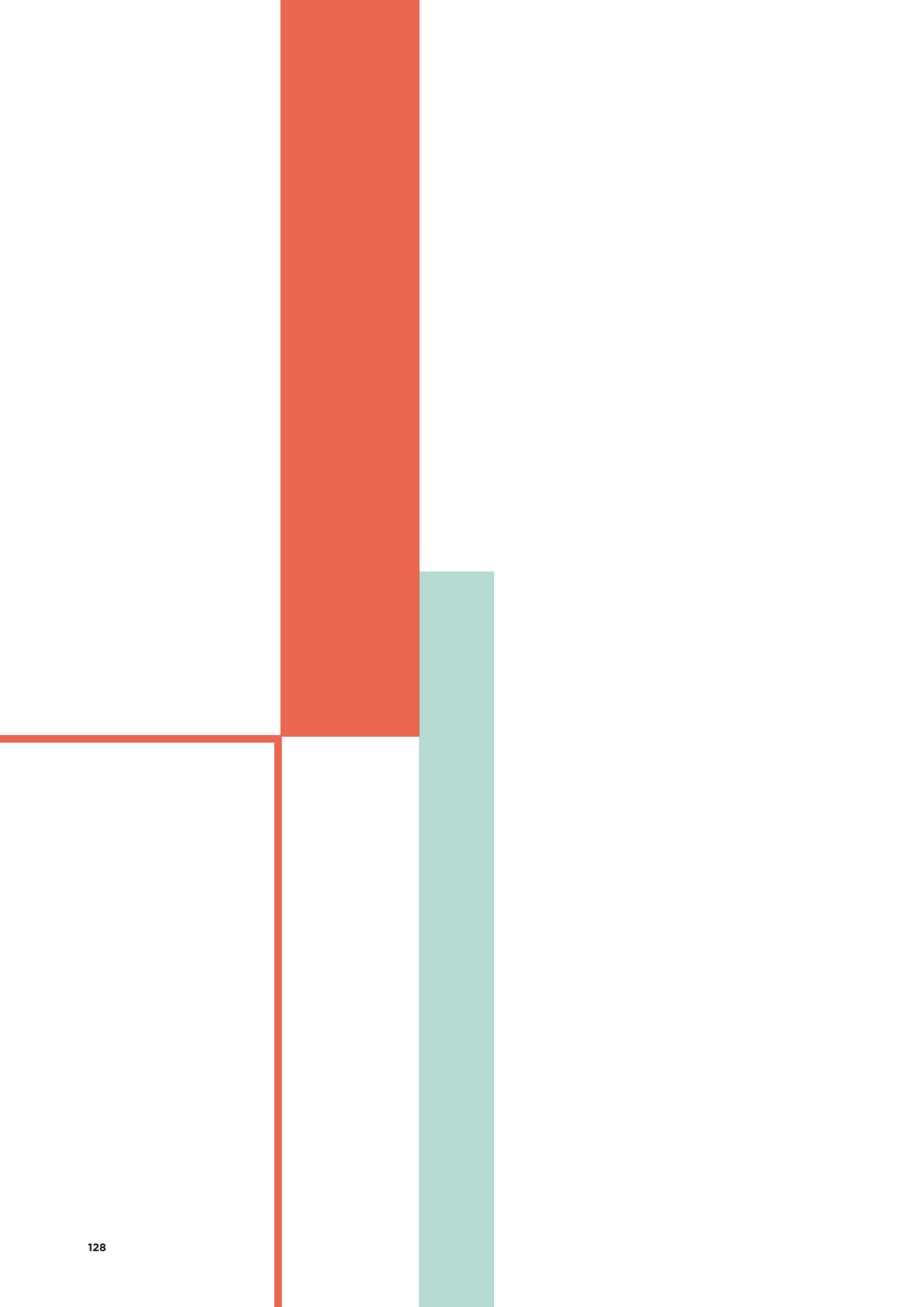
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
Control Issue				
<p>Shortcomings related to Travel Expenses</p> <p>Whilst acknowledging that the above shortcomings are not of a material nature, better understanding of the standing regulations regarding travelling is solicited. This includes the calculation of subsistence allowance due to travelling officers, as well as some fine-tuning in the upkeep of travel documents.</p>	✓		<p>During the course of the audit, the officers handling travel claims within the Agency attended specific training on the subject and internal procedures were revised to address the issues highlighted. The upgraded internal procedures ensure an improved adherence to standing travel regulations applicable to public officers, including the per diem allowance.</p>	Implemented





MEW (now MESD)

WATER SERVICES CORPORATION - EXPENDITURE



Water Services Corporation – Expenditure

The Water Services Corporation (WSC) was set up in January 1992 by virtue of Act of Parliament No. XXIII of 1991 to produce and distribute potable water in the Maltese islands. In 2004, it also became responsible for the collection and treatment of wastewater. As at December 2019, WSC had 1,162 employees on its payroll.

The main purpose of the audit was to verify whether procurement procedures by WSC were in compliance with the Public Procurement Regulations (PPR), as well as with standing internal policies. The National Audit Office (NAO) also sought to assess the level of internal controls over payments effected during 2019.

The audit revealed insufficient verification prior to the payment of allowances by WSC, as well as a lack of control on overtime. Extensions to contracts for the lease of vehicles by the corporation were not in line with regulations.

Follow-up action

To address the concerns raised by the NAO, internal procedures were updated to ensure more control over the payment of overtime. Performance analysis relating to overtime expenditure is being carried out periodically. WSC have also implemented controls to monitor the payment of allowances.

The procedures in place now require authorisations and endorsements from two heads, together with regular monitoring and justification for the payment of allowances.

Furthermore, a car-leasing tender has been issued to rectify the situation of expired contracts.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>LIMITATION ON SCOPE OF AUDIT</p> <p>Whilst testing the amounts charged for leased vehicles by one of the suppliers, various discrepancies were noted. When brought to the Corporation's attention, the latter claimed that the information forwarded to NAO held incorrect details, providing a second and even a third list of leased vehicles. However, the information was still deemed unreliable. It was only at a later stage that WSC indicated that it checks invoices received for leased vehicles against a database, which included information related to each vehicle and the applicable rates "<i>... as stipulated prior 1 December 2018 ...</i>".</p> <p>Since by then the audit was drawing to a close, this database was not requested; thus, NAO was not in a position to establish whether the information held was correct and if the discrepancies initially noted were factual.</p>	<p>✓</p>	<p>When the NAO was auditing the Water Services Corporation, the corporation was going through a change in management, and this was the reason for the delay in submitting the correct information.</p>	<p>It is being ensured that information requested by the NAO is forwarded as soon as possible.</p>	<p>Ongoing</p>

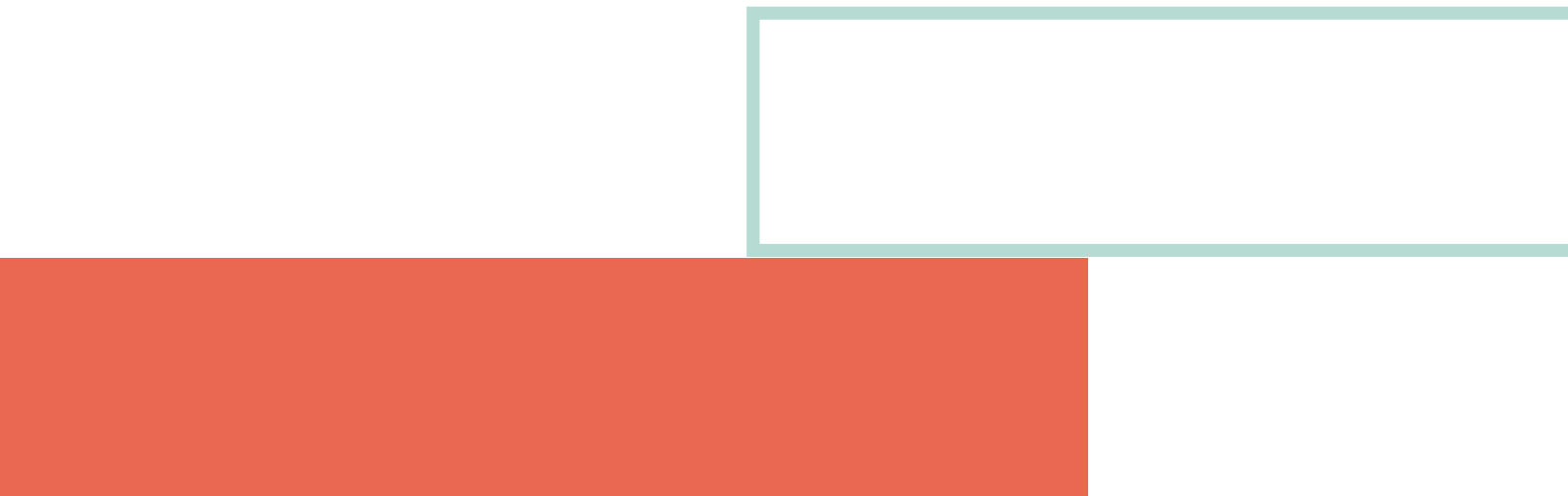
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Lack of control on overtime paid to seconded employee</p> <p>WSC is to ensure that overtime paid to seconded employees on its payroll is based on accurate information that is supported by reliable documentation and certified correct accordingly before the salary is processed for payment.</p> <p>Furthermore, the management is to ensure that the conditions and terms of pre-retirement leave, as per the Corporation's collective agreement, are duly followed.</p>	<p>✓</p> <p>✓</p>		<p>For better control, loaned and seconded employees have been included on the payroll of the receiving entity. Thus, the receiving entity is approving and verifying the overtime of the seconded employee.</p> <p>The Overtime of WSC employees requires the approval of two different higher officials.</p> <p>WSC enhanced its internal controls to ensure that conditions of pre-retirement leave are followed, eliminating the possibility that a person on pre-retirement leave performs overtime.</p> <p>WSC is performing the necessary monitoring on its employees' database and is drawing the attention of receiving entities when a loaned or seconded employee is approaching retirement by providing the commencement date of the pre-retirement leave.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Extension to the contracts for the lease of vehicles not in line with the regulations</p> <p>If, as a temporary measure, the Corporation urgently requires to continue making use of service providers after the expiry of their contracts, the necessary MFIN approval is to be obtained and the current agreements are to be formally extended, duly reflecting any changes agreed upon. Agreements are to be duly signed by all parties and filed for future reference.</p>	✓		<p>WSC is ensuring that the necessary MFIN approval is obtained prior to signing an extension contract.</p> <p>WSC is ensuring that the procurement regulations are adhered to.</p> <p>A tender for car leasing was issued through e-PPS.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Overtime budget exceeded</p> <p>Considering the substantial increase in overtime expenses, WSC is to verify whether all overtime work is being performed in a cost-effective manner and is unavoidable.</p> <p>The possibility of less costly alternatives (for example, shifting working hours) are also to be considered.</p>	<p>✓</p> <p>✓</p>		<p>Controls are in place to strictly limit overtime as necessary according to the corporation's work exigencies.</p> <p>WSC is carrying out periodical performance analysis relating to overtime expenditure.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Furthermore, to enhance control over this expenditure, divergences from the set budgets are to be analysed and duly authorised.</p>	<p>✓</p>		<p>WSC is ensuring that overtime is recorded on physical timesheets and verified manually with the report generated by the electronic palm reader.</p> <p>WSC is ensuring that overtime occurrence is scrutinised by the payroll and finance office.</p> <p>For reporting purposes, each payroll is including only overtime performed during the previous four weeks.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Insufficient verification before payment of allowances</p> <p>Allowances paid to officers are to be reviewed periodically to ascertain eligibility and that the circumstances triggering such payments are still in place.</p> <p>Management is also to ensure that all allowances are duly and timely authorised. In case of those allowances that are not specifically mentioned in employment contracts, the respective officers' entitlement is to be formally documented. Furthermore, verification is to be stepped up; prior to endorsing documentation forming the basis for allowance payments, the responsible officers are to ascertain correctness of the information held.</p>	<p>✓</p> <p>✓</p>		<p>WSC is ensuring that requests for the payment of allowances are verified periodically and endorsed by the section head and chief officer.</p> <p>Internal controls are in place to monitor and review fixed and variable allowance payment claims.</p> <p>The Payroll Office has been absorbed as a function of the Human Resources Department.</p> <p>Allowances are only authorised if these are included in the collective agreement, or the contract of engagement, or approved by the board of directors. These entitlements are formally documented.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Rates charged by co-operative performing emergency works and other ancillary services not formalised</p> <p>The procurement of goods and services of substantial value is to be supported by an agreement between the contracting parties, clearly indicating the chargeable amounts and/or rates, method of payment, as well as other relevant terms and conditions.</p>	✓		<p>An agreement binding WSC and the Crossroads co-operative has been updated to revise terms and conditions.</p> <p>For a wider selection of contractors offering emergency rates, the WSC published the Dynamic Procurement System to better cater for emergency works.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Insurance policy not made available for audit purposes</p> <p>WSC is to ensure that it is duly covered with the respective insurance policy. All relevant documentation is to be retained and duly filed for future reference.</p>	✓		<p>WSC is ensuring that all contractors are covered by an adequate insurance policy.</p> <p>WSC is ensuring that relevant documentation is filed and available for audit purposes.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Inappropriate recording of expenditure</p> <p>Expenditure is to be properly classified to facilitate budgeting and control while assessing the Corporation's financial performance for decision making.</p>	✓		<p>The 'other contracted services' account is now being used solely for operational subcontracting services. Administrative expenditure has been re-classified to more relevant general ledger accounts.</p>	<p>Implemented</p>



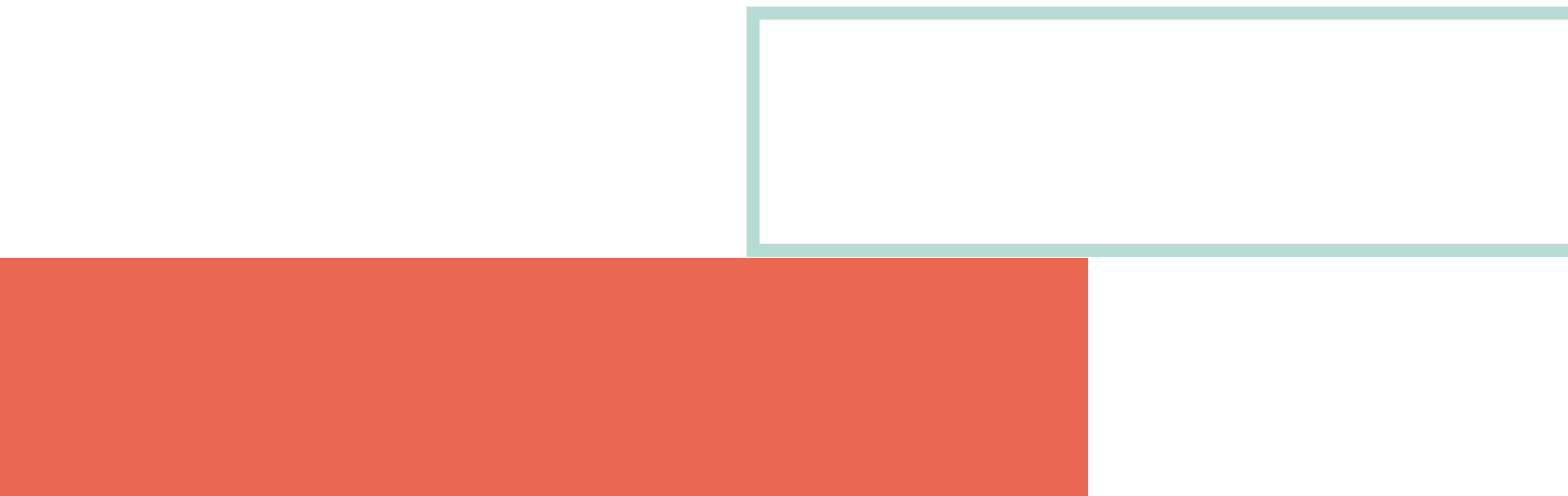




MEAE (now MFEA)

MINISTRY FOR EUROPEAN AFFAIRS AND EQUALITY

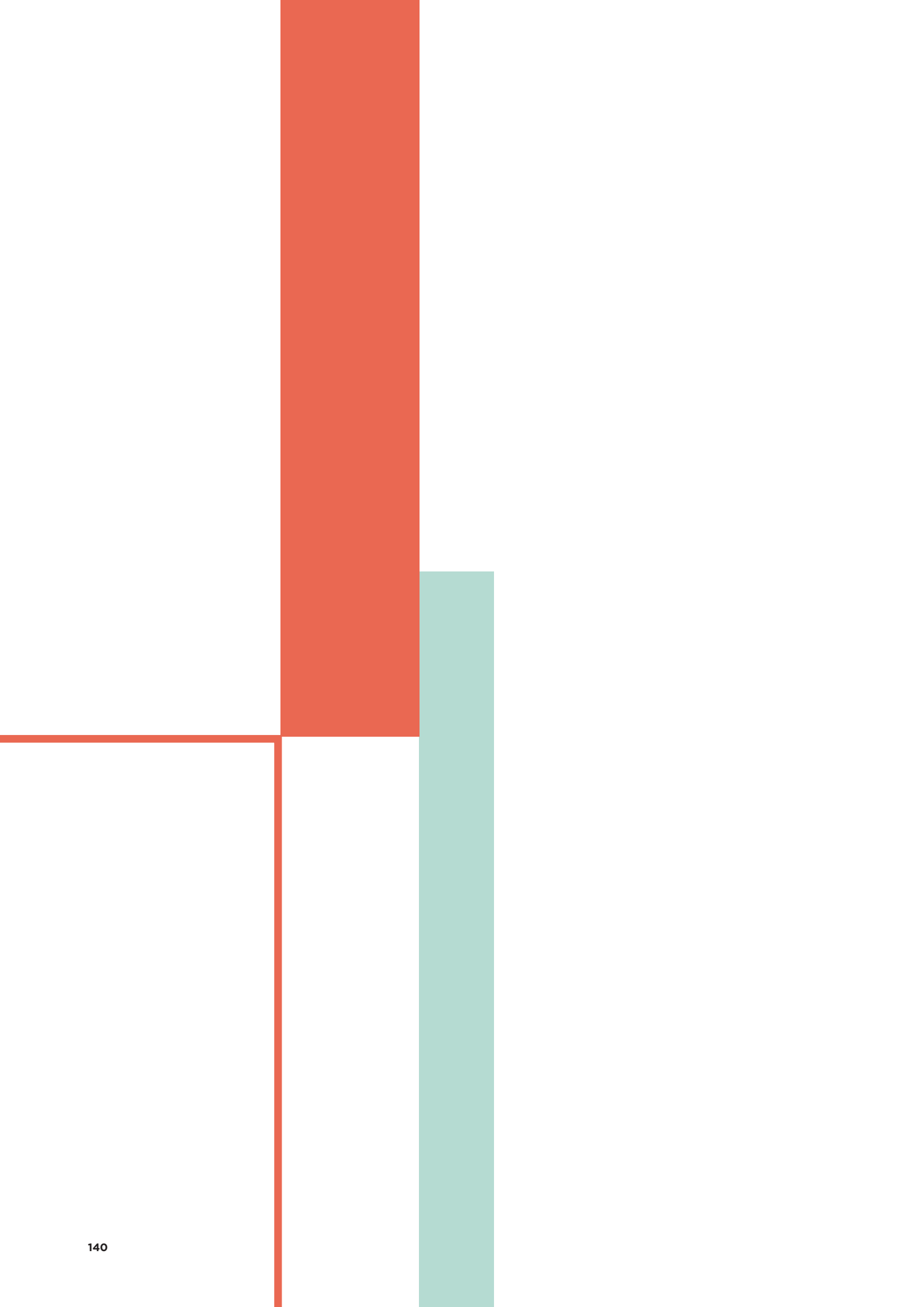
(now Ministry for Foreign and European Affairs)



MEAE (now MFEA)

**MALTA-EUROPEAN UNION STEERING AND ACTION COMMITTEE
- FINANCIAL AND COMPLIANCE**

(now Servizzi Ewropej f' Malta under the Office of the Prime Minister)



MEAE (now MFEA)

Malta-European Union Steering and Action Committee – Financial and compliance

(now Servizio Ewropej f'Malta under the Office of the Prime Minister)

The Malta-European Union Steering and Action Committee (MEUSAC) was initially set up in 1999 to engage stakeholders in the negotiations on Malta's accession to the European Union (EU). Reactivated in 2008, MEUSAC has also been entrusted with the role of disseminating EU-related information and with assisting local councils and non-governmental organisations to access EU funds.

In July 2017, MEUSAC was reconstituted as an Agency in terms of the Public Administration Act (Cap 497)¹, Legal Notice 154 of 2017 Malta-EU Steering and Action Committee - MEUSAC (Establishment as an Agency) Order, 2017. It seeks to bring the European Union closer to civil society, citizens, and other stakeholders in Malta by steering a consultation process on EU policy and legislation, circulating EU-related data, and providing assistance on EU funding programmes.

The scope of the audit was to obtain reasonable assurance on the adequacy and effectiveness of governance and control procedures to ensure that revenue and expenditure were properly accounted for. The adequacy of procedures in the payroll process, as well as the safeguarding of assets, was also determined.

The NAO was satisfied that the procedures and internal controls in relation to the areas tested were adequate, and in sound operation, at MEUSAC.

Follow-up action

The only recommendation made by the NAO, relating to an individual case, has been implemented. No other follow-up action as required.

¹ In 2019, this Chapter was updated and replaced by Chapter 595 of the Laws of Malta

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>CONTROL ISSUE</p> <p>Employee assigned to Agency not on payroll</p> <p>The Agency is to persevere with its attempts to obtain a copy of the contract from the Ministry in order to substantiate the appointment and include the driver on its payroll. Besides providing a complete audit trail, this will also ensure that the applicable employment terms are adhered to.</p>	<p>✓</p>		<p>Employment contract was obtained from MEAE and was sent to NAO on 10 June 2020.</p>	<p>Implemented</p>



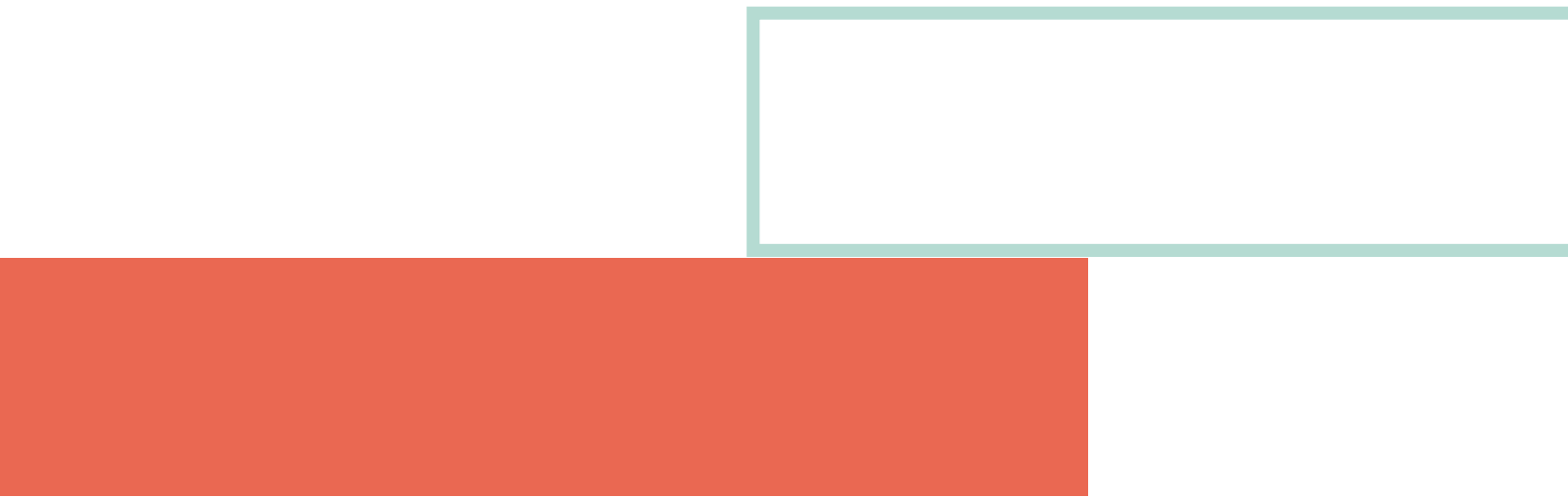




MFIN (now MFE)

MINISTRY FOR FINANCE

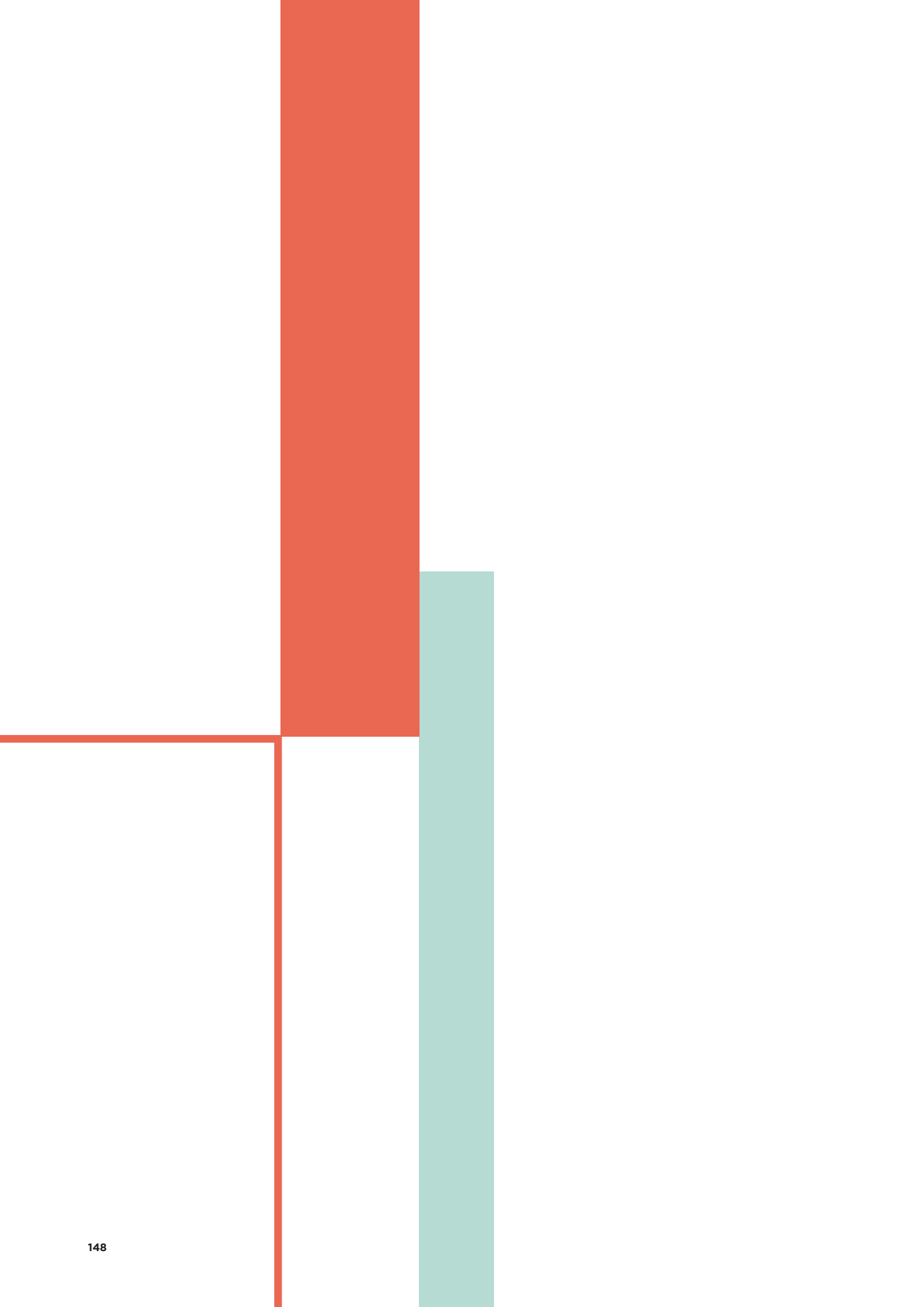
(now Ministry for Finance and Employment)





MFIN (now MFE)

DUTY ON DOCUMENTS - REVENUE



MFIN (now MFE)

Duty on documents – Revenue

The Duty on Documents and Transfers Act is administered by the Capital Transfer Duty Department (CTD). It caters for transfers of immovables done by way of a deed inter vivos and by a declaration causa mortis. CTD also receives duty paid on share transfers and insurance policies, as well as revenue from legal fees, penalties, and late filing by notaries.

The main purpose of the audit was to determine the level of controls over the collection of revenue due to the government from duty on documents, ensuring that revenue is correctly recorded and processed by CTD.

The audit revealed that timely enforcement action by the CTD in the collection of revenue from duty on documents was not always performed effectively during the last years. Insufficient control over the assessment of property transfers documentation was also noted.

Follow-up action

To address the shortcomings identified during the audit, CTD are discussing enhancements to its information systems so that pending claims and assessments reports would be generated automatically on a regular basis, thereby giving the required information to render these systems effective enforcement tools. Moreover, CTD has increased its HR capacity on enforcement duties.

In line with the NAO's recommendations for CTD to exercise increased control over its functions, CTD are compiling a register of active agreements. Furthermore, procedures for the review of promise of sale registrations are now regulated by an official standards of procedures (SOP) document. CTD has also introduced compulsory online registration of contracts by notaries. In addition, CTD have addressed the concern for the safekeeping of cheques and cash received.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Arrears of revenue</p> <p>Primarily, the Department should address any human resources shortages in this area and ensure proper segregation of duties without undue delay.</p>	✓		<p>SOPs on all operations of the department are now in place. The SOPs have been consolidated in a manual of procedures for the department and its staff. The manual has been circulated to all employees concerned.</p> <p>Management is ensuring compliance.</p> <p>Discussions are being held with the office of the Commissioner for Revenue (CfR) to embed risk-management procedures in the Department.</p> <p>With the introduction of the compulsory online system for the registration of contracts by notaries, present employees have been deployed to carry out assessment, collection and enforcement duties.</p>	<p>Implemented</p> <p>Ongoing</p> <p>December 2021</p> <p>Implemented</p>
<p>CTD are encouraged to request the pending claims report from MITA on a regular basis and implement the appropriate measures to ensure that enforcement is made in a timely manner.</p>	✓		<p>The current computerised system provides for timely collection of revenue, reducing the risk of errors.</p> <p>Discussions are being held with MITA to enhance the pending claims report and to be automatically generated on a quarterly basis.</p> <p>The SOP for the collection of revenue has been updated with the processes that need to be followed, particularly until the enhancement to the pending claims report is implemented.</p> <p>Discussions with MITA are being held to ensure that the required enhancements to the ASM application are carried out.</p>	<p>Ongoing</p> <p>December 2021</p> <p>Implemented</p> <p>November 2021</p>

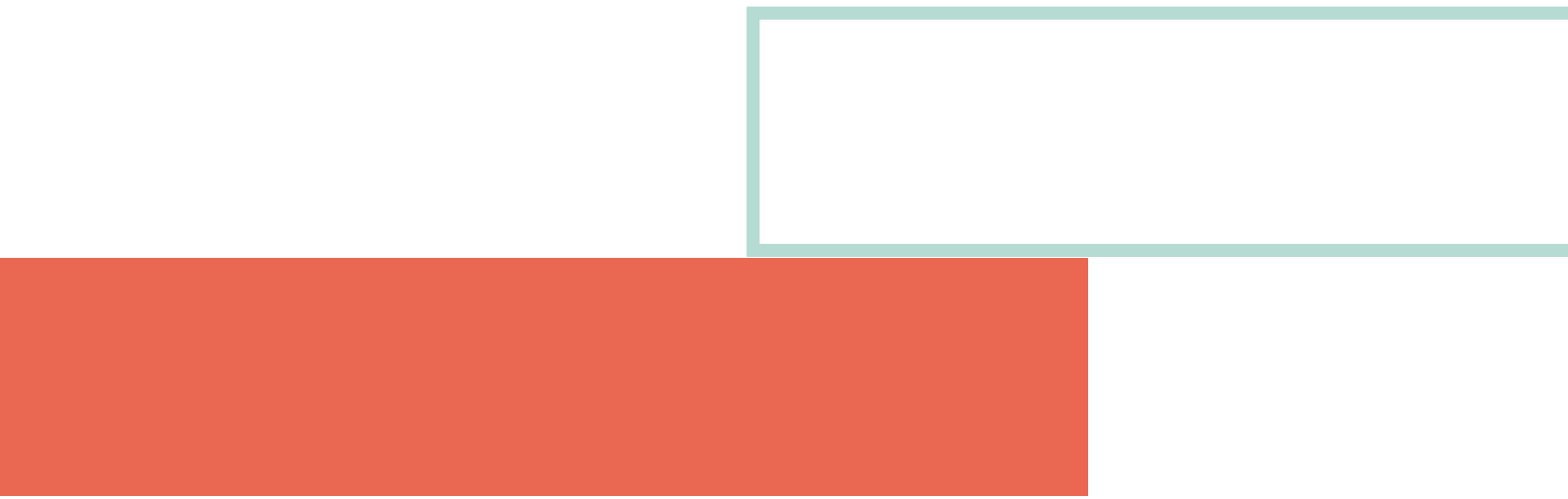
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Incorrect balances in the system are also to be rectified.</p>	<p>✓</p>		<p>The required enhancements to the ASM applications will be implemented once discussions are concluded.</p> <p>CTD and MITA are working to ensure that the source from which the ASM system reads is correct and accurate at all times.</p> <p>CTD is ensuring that incorrect balances in the system are rectified without any further undue delays.</p> <p>The system will be able to generate a report showing outstanding amounts and indicate the amounts that are close to become statute-barred. The report will be automatically communicated to CTD's management for any necessary action.</p> <p>In the meantime, as a mitigation action, CTD has introduced a procedure whereby an officer goes through the history of each claim to monitor outstanding balances in order to avoid the possibility that dues become statute-barred. This procedure will be retained even after the recommended report starts to be generated. The report will be an additional security check.</p>	<p>December 2021</p> <p>December 2021</p> <p>December 2021</p> <p>December 2021</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Register of active agreements not in place</p> <p>CTD is expected to have a register listing all active agreements, which should be properly updated for monitoring and control purposes, as well as complete audit trail.</p>	✓		<p>CTD is compiling a register of new agreements drawn as from 1 January 2021. It is being ensured that all new agreements are included in the register.</p> <p>CTD will ensure that past agreements will be compiled in the new register for monitoring and control purposes.</p> <p>SOPs have been drawn up detailing the processes related to compiling, updating, monitoring, and controlling all active agreements. The SOPs have been circulated among all staff concerned.</p> <p>Timely necessary action is being taken against individuals not honouring the agreements in place. The management is ensuring compliance.</p>	<p>Implemented</p> <p>December 2021</p> <p>Implemented</p> <p>Ongoing</p>
<p>Property transfers</p> <p>Proper procedures for the review of promise of sale agreements are to be established and documented accordingly.</p>	✓		<p>The official standing SOP relating to the reviewing of promise of sale registrations has been updated to include the process of the compulsory online filing of all promise of sale agreements. The SOP has been circulated among all staff concerned. The management is ensuring compliance.</p> <p>Checks on the promise of sale agreements are being carried out by newly deployed back-office staff.</p> <p>CTD is rectifying incorrect balances in the system without any undue delays.</p> <p>The SOP is constantly being updated according to any changes in the legislation.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
Storage procedures are to be enhanced to facilitate the retrieval of documents from stores.	✓		It has become mandatory that the registration of promise of sale agreements be submitted to the CTD online, mitigating the storage related issues.	Ongoing
CTD is to encourage notaries to use the automated option as much as possible, since such submission will be verified by means of embedded system controls, thus reducing the possibility of errors.	✓		<p>The online filing system is facilitating access to the required documents, and the process has been included in the pertinent SOP.</p> <p>In April 2021, CTD launched a full online system whereby it has now become mandatory for notaries to register contracts online.</p> <p>Contracts submitted online are being checked and verified by back-office staff.</p> <p>Once the submission is approved by CTD, data and documents are locked in the system and no further amendments can be carried out by notaries.</p> <p>If the need arises, the Commissioner for Revenue may, at any time, request the original documents from notaries for further checks.</p> <p>An SOP has been drawn up detailing the processes related to the registration of contracts and promise of sales. The SOP has been circulated among all employees. The management is ensuring compliance.</p>	Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Cash management</p> <p><i>Daily safekeeping of cash and cheques received</i></p> <p>It is recommended that the safe is replaced with one which includes modern functionalities, rendering it more reliable.</p> <p>The alarm system switch ideally is to be located in a safer place.</p>	<p>✓</p> <p>✓</p>		<p>CTD is promoting the take-up of online payments, in order to mitigate risks associated with cash management.</p> <p>Another safe, having modern functionalities, is being used for safekeeping of cash by the cash office.</p> <p>The switch of the alarm system has been relocated to a more suitable location.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
COMPLIANCE ISSUE				
<p>Procurement of architects' services not in line with the Regulations</p> <p>Procurement is to be in line with the regulations to ensure fair competition and transparency. Thus, in order to give equal opportunity, at least, calls for quotations are to be published.</p>	<p>✓</p>		<p>CTD is in the process to issue and subsequently award a call for tender for architects' services, in line with the Public Procurement Regulations.</p>	<p>December 2021</p>

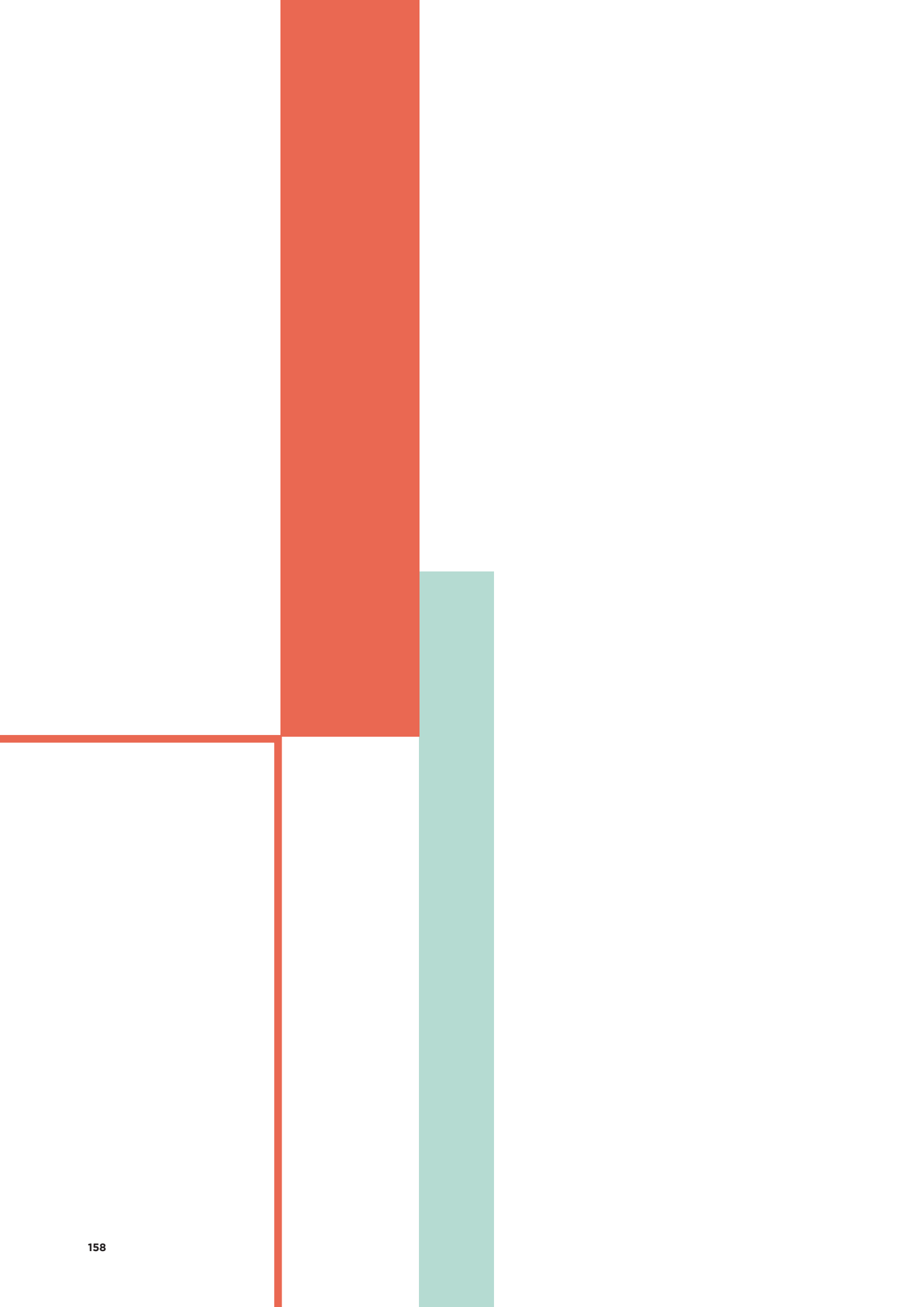






MFIN (now MFE)

COMMISSIONER FOR REVENUE - COLLECTION OF CLASS
TWO SOCIAL SECURITY CONTRIBUTIONS



MFIN (now MFE)

Commissioner for Revenue – Collection of Class Two social security contributions

In terms of article 10(1) of the Social Security Act, 1987, self-occupied and self-employed persons are liable to pay Social Security Contributions (SSC), defined under the same act as Class Two contributions.

The Commissioner for Revenue (CfR) is responsible for the collection and enforcement of such contributions. Provisional tax claims, which also include Class Two contributions, are issued by CfR every year in April, August, and December. Once information concerning any National Insurance credits and exemptions applicable to taxpayers is received from the Department of Social Security (DSS), the Inland Revenue Department (IRD), now CfR, initiates collection enforcement.

The main purpose of the audit was to determine the level of internal controls over the collection of revenue due to the government from Class Two SSC. The assignment also aimed to ascertain that appropriate and timely enforcement action is taken to collect outstanding contributions.

The audit revealed that no enforcement with respect to Class Two Social Security Contributions arrears due to the government was carried out in the last three years.

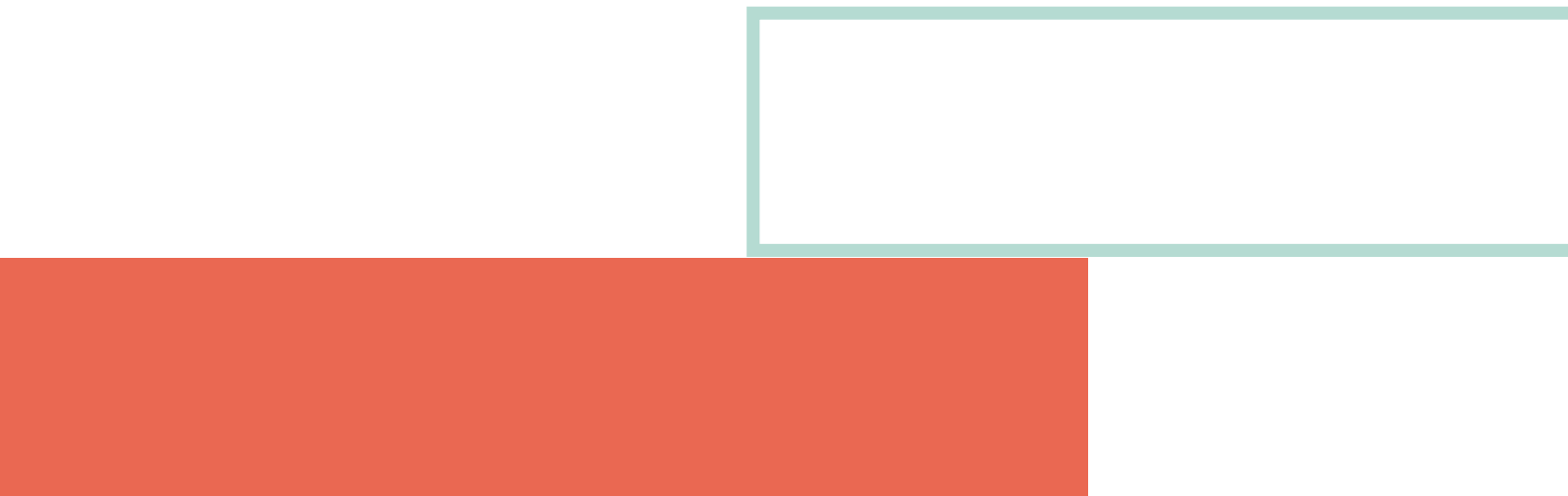
Follow-up action

CfR has obtained credits and exemptions data from the Department for Social Security (DSS) and is now able to proceed with enforcement action. The data sharing mechanism between CfR and DSS has been established and will remain ongoing for the issue of subsequent enforcement and reminders in a timely manner.

As a long-term measure, a web-based data sharing arrangement between CfR and DSS is being developed under the Taxation and Social Security CONvERGE programme with a view to automate the process.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION OF SCOPE OF AUDIT				
<p>No enforcement</p> <p>No enforcement in respect of Class Two SSC due to Government was carried out by CfR in the last three years, thus hindering the objective of the audit, as detailed further down in this write-up.</p>	✓		<p>CfR has obtained credits and exemptions data from the Department for Social Security (DSS) which will enable enforcement action.</p> <p>CfR will be proceeding with enforcement action which will be followed up as necessary.</p> <p>Discussions are being held between CfR, DSS and MITA to develop an automated mechanism to issue reminders for the collection of Class II SSC with the aim to ensuring the timely collection of amounts due to the government. This is a project under the Taxation and Social Security CONVERGE programme.</p>	<p>Implemented</p> <p>December 2021</p> <p>December 2022</p>
KEY ISSUE				
<p>No enforcement action to collect outstanding Class Two SSC</p> <p>Given the substantial amounts that are outstanding, managing arrears is crucial to ensure that all SSC are duly paid. This is even more relevant because, by virtue of the Social Security Act, Class Two SSC which are due for more than five years are time-barred, thus not collectible.</p>	✓		<p>The data sharing mechanism between CfR and DSS has been established and will remain ongoing for the issue of subsequent enforcement and reminders in a timely manner.</p>	Implemented

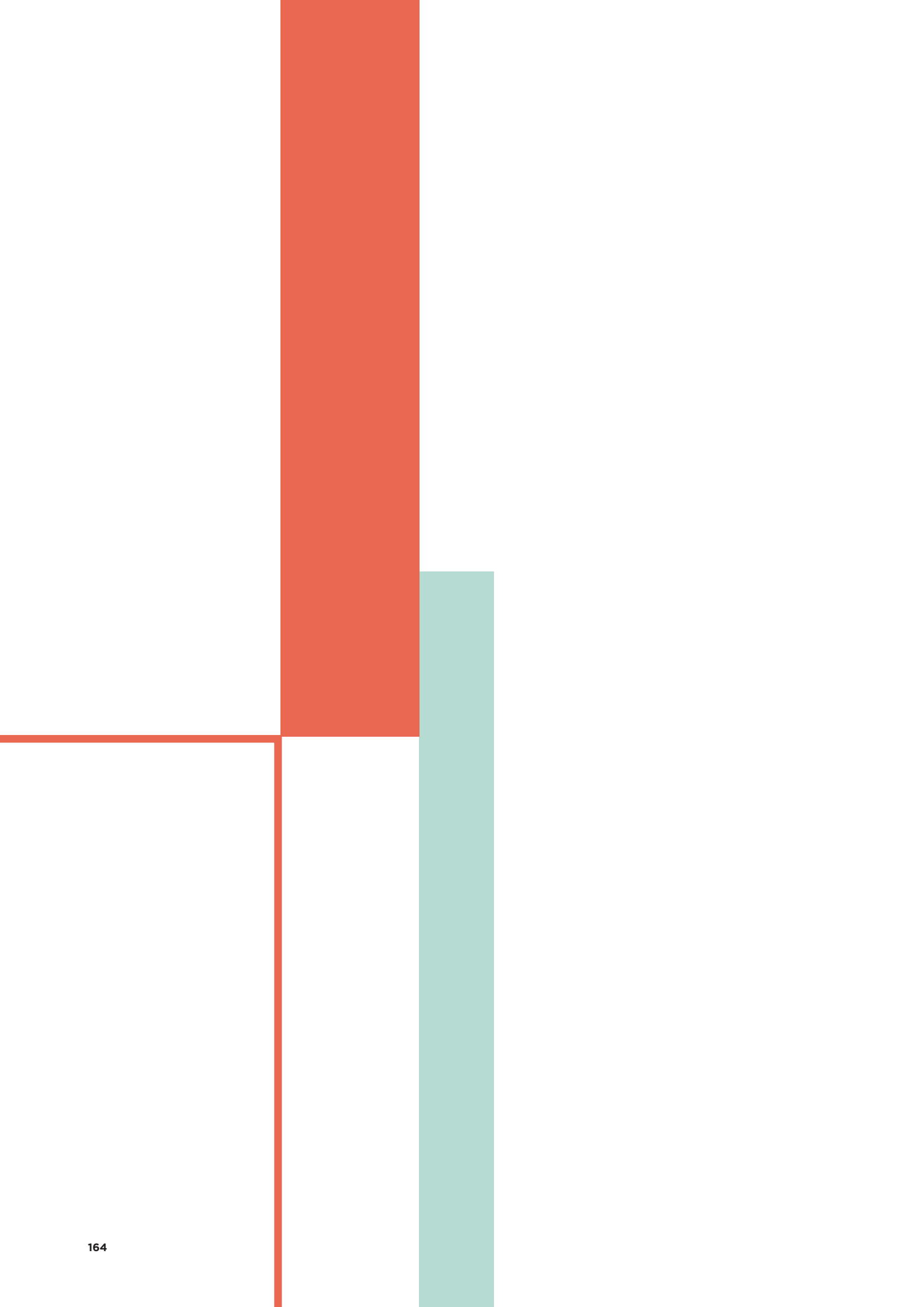
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Liaison between CfR, DSS and Malta Information Technology Agency (MITA) needs to be stepped up so that enforcement action is resumed without further delay and in order to prevent loss of revenue. The prompt pursuit of outstanding contributions will signal that unpaid obligations will be followed up by the respective Department.</p>	<p>✓</p>		<p>CfR initiated discussions with DSS to clarify and solve certain issues.</p> <p>The discussions are progressing well and issues should be resolved by December 2021. The IT team is also working to finalise the implementation required so that CfR issues the enforcement notices accordingly.</p>	<p>Implemented</p> <p>December 2021</p>
<p>Furthermore, CfR is to follow-up on its request to create a common source from where the required information may be accessed by both Departments to collaborate with DSS in order to attain accurate records through on common online system.</p>	<p>✓</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>December 2022</p>





MFIN (now MFE)

DEPARTMENT OF CUSTOMS - DEBTORS AND PREPAYMENTS



MFIN (now MFE)

Department of Customs – Debtors and prepayments

The Department of Customs (DOC) within the Ministry for Finance is entrusted with the control of imports and exports of goods, as well as for the collection of the respective taxes and duties, as mandated in the relevant acts. It also has a multi-functional border agency role with a specific focus on trade facilitation, alongside security and safety borders controls.

The purpose of the audit was to ascertain the accuracy and validity of recorded debtors, as at 31 December 2019. The National Audit Office (NAO) intended to assess whether uncollectable balances were properly identified to ensure that the allowance for doubtful debts was adequate.

The audit also covered prepayments where it was ensured that the reported figure accurately reflected the amounts paid by the department in advance for goods and services.

The audit on the debtors and prepayments reported by the Department of Customs at the year's end revealed an inadequate record-keeping system. Certain debtors' balances could not be validated. Moreover, the provision for doubtful debts was not sufficient to cover balances with a low chance of recoverability.

Follow-up action

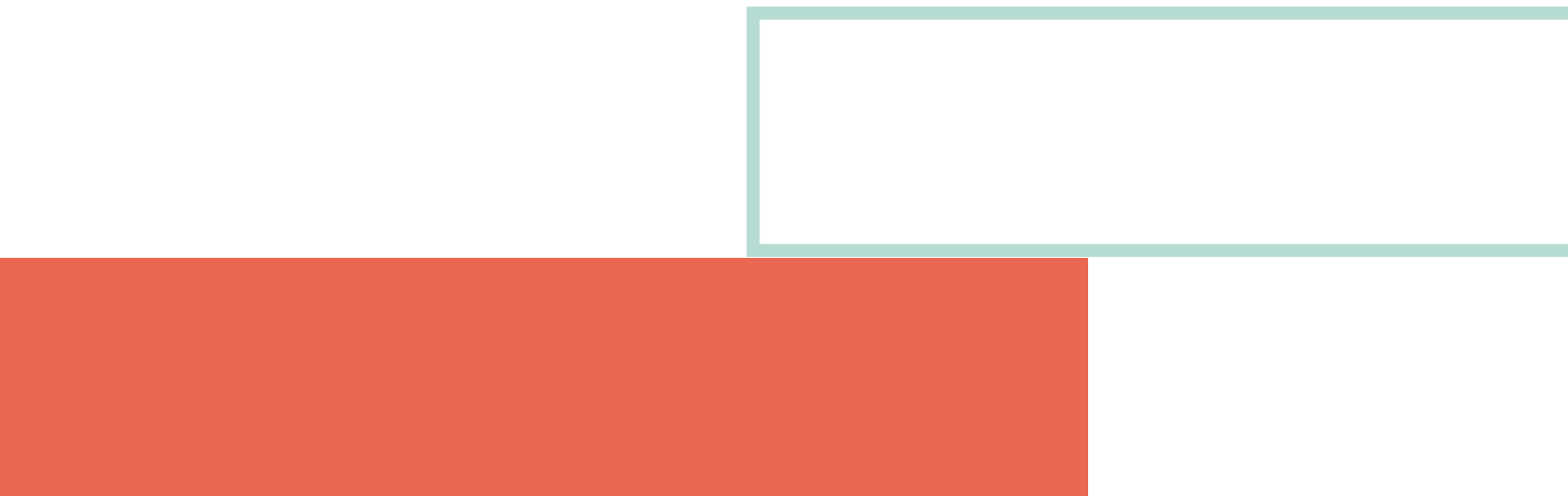
The DOC has implemented all the recommendations made by the NAO.

The management is reviewing its records annually to establish the actual amount of potential collectible debts and the amount of uncollectible arrears.

The department is taking all necessary actions to recoup the amounts due, in accordance with amended legislation, including legal action, if necessary.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Inadequate record-keeping system for trade receivables</p> <p>Management is to maintain records of all debtors' balances, for the entire revenue categories, in a centralised record-keeping system, which should be able to generate reports as at required dates. This will provide reliable and accurate information to chase outstanding amounts in a timely manner. With the introduction of the Corporate Financial Management Solution, such process should be facilitated.</p>	✓		<p>Until the CFMS is fully functional, the department introduced a shared folder among all revenue-collection sections in order to maintain records of all debtors' balances.</p> <p>Each section is inputting the required documentation and data on this shared folder on a monthly basis.</p> <p>The employees concerned will attend training in relation to CFMS upon invitation from the Treasury Department.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p>
CONTROL ISSUE				
<p>Lack of documentation confirming debtor's substantial year-end balance</p> <p>Detailed records confirming each trade receivable recorded in the debtors' return should be maintained for future reference, especially when the Department intends to take action to recover debt in its favour.</p>	✓		<p>The Department of Customs is ensuring that a detailed record-keeping of all debtors' dues is maintained and filed for future reference and audit trail purposes.</p>	Implemented

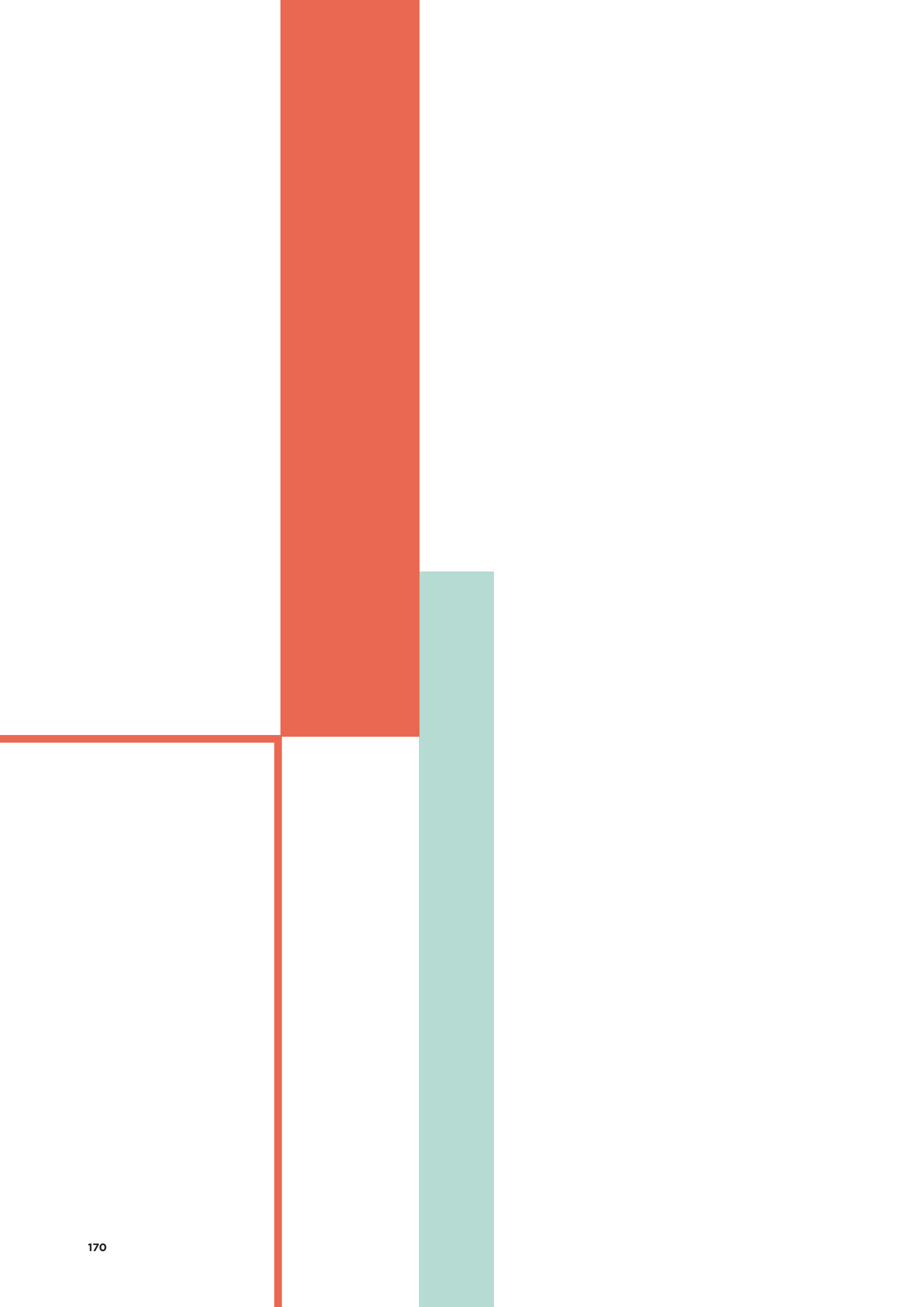
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Inadequate provision for doubtful debts</p> <p>On an annual basis, Management is to review its records for any long outstanding amounts or instances which are highly probable that the debtor (or respective heirs) will not settle his or her debts in order to take an adequate provision for amounts estimated as not collectable. The Department of Customs is also to perform the necessary verifications to ensure timely collection of dues to Government.</p>	<p>✓</p>		<p>The management is reviewing its records annually to establish the actual amount of potential collectible debts and the amount of uncollectible arrears.</p> <p>Discussions are being held with the MFE regarding uncollectible arrears.</p> <p>The department is taking all necessary actions to recoup the amounts due. Legal action is taken if necessary.</p> <p>In cases where an importer fails to pay the amount due after legal action is taken, the importer is denied access to the electronic system of the Department of Contracts, in accordance with the amended legislation.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>





MFIN (now MFE)

FINANCIAL INTELLIGENCE ANALYSIS UNIT - EXPENDITURE



MFIN (now MFE)

Financial Intelligence Analysis Unit – Expenditure

Established by virtue of Article 15 of the Prevention of Money Laundering Act, the Financial Intelligence Analysis Unit (FIAU) is the government agency responsible for:

- the receipt and analysis of information on transactions or activities suspected to involve money laundering or funding of terrorism;
- the exchange of information and cooperation with foreign financial intelligence units and other authorities, both locally and overseas; and
- the oversight and monitoring of compliance by persons and institutions subject to relevant regulations.

The unit is an autonomous agency within the Ministry for Finance and Financial Services and is governed by the policies established by its board of governors, appointed in terms of the Prevention of Money Laundering Act.

The main purpose of the audit was to determine the level of existing internal controls over expenditure incurred by the FIAU in 2019. It was also verified whether the entity complied with the Public Procurement Regulations (PPR) and if it adhered to its own policies.

The audit revealed expenditure incurred by the Financial Intelligence Analysis Unit which was not in line with government regulations and policies. Lack of timely and formal authorisations for the accumulation of vacation leave and the carrying out of overtime work were also noted.

Follow-up action

The FIAU have updated their internal policies regarding overtime, accumulation of leave and travel, and have implemented all recommendations made by the NAO following the audit.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Expenditure not in line with government regulations and policies</p> <p>Whilst staff meetings and team building events are encouraged, costs incurred are to be kept at a minimum if these are financed from the taxpayer's money.</p> <p>FIAU's attention is also brought to OPM Circular No. 13/2019 - 'Christmas Staff parties, Christmas cards and gifts', which states that staff parties and lunches can be organised as long as these are not paid out of, or partly sponsored by, public funds.</p>	<p>✓</p> <p>✓</p>		<p>The FIAU drafted a policy to keep team building events to the minimum in the circumstances.</p> <p>The FIAU are ensuring compliance to OPM Circular 13/2019.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Untimely authorisation for accumulation of vacation leave</p> <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 VL accumulated to the following year is to be duly authorised, in line with standing policies and regulations, prior to year-end.</p>	<p>✓</p>		<p>Requests to carry forward unutilised vacation leave to the subsequent year are being made in writing and in a timely manner to the respective director. Only approved requests for accumulation of vacation leave are being carried forward.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>No formal authorisation prior to carrying out overtime</p> <p>Management is to ensure that all paid overtime is formally authorised prior to its performance.</p>	<p>✓</p>		<p>The hours of accumulated vacation leave are being kept to a minimum.</p> <p>In line with the FIAU Staff Handbook, all overtime work is approved in writing before it is carried out.</p> <p>All authorisations for overtime work are being filed and HR are monitoring approvals.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>COMPLIANCE ISSUE</p>				
<p>Travel standing regulations not followed</p> <p>FIAU's travel policy is expected to be in line with standing regulations and policies.</p>	<p>✓</p>		<p>The FIAU developed a new FIAU travel policy in line with the travel policy applicable to public officers.</p> <p>The policy has been circulated to all employees.</p> <p>The FIAU assigned an employee the responsibility of verifying travel claims.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

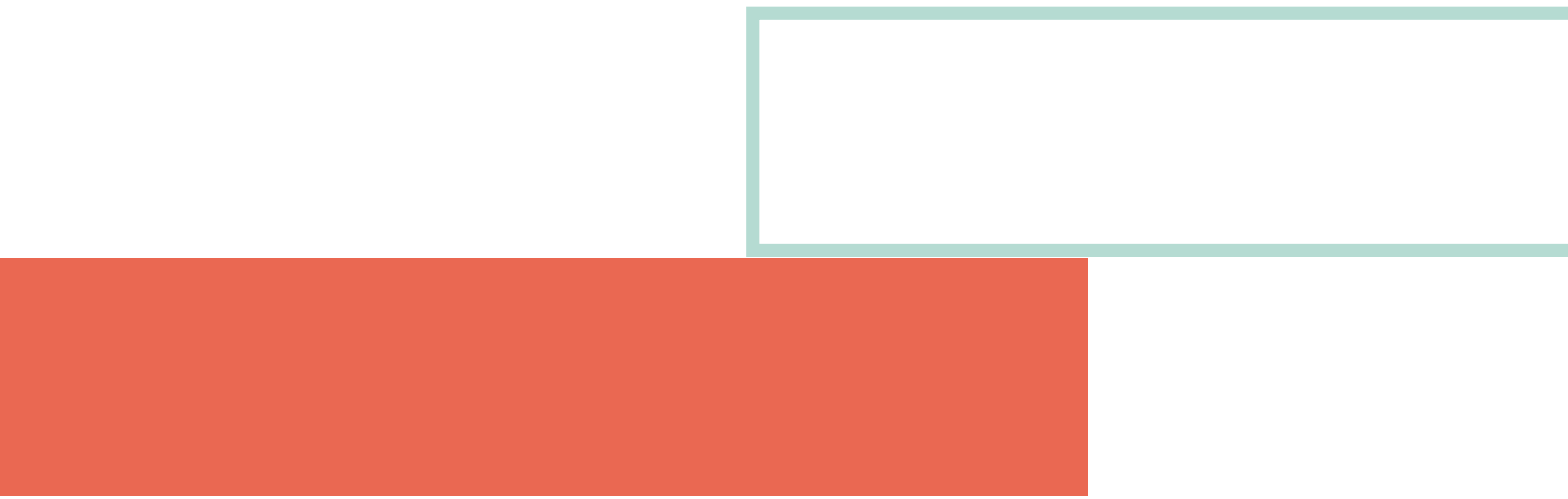




MOT (now MTCP)

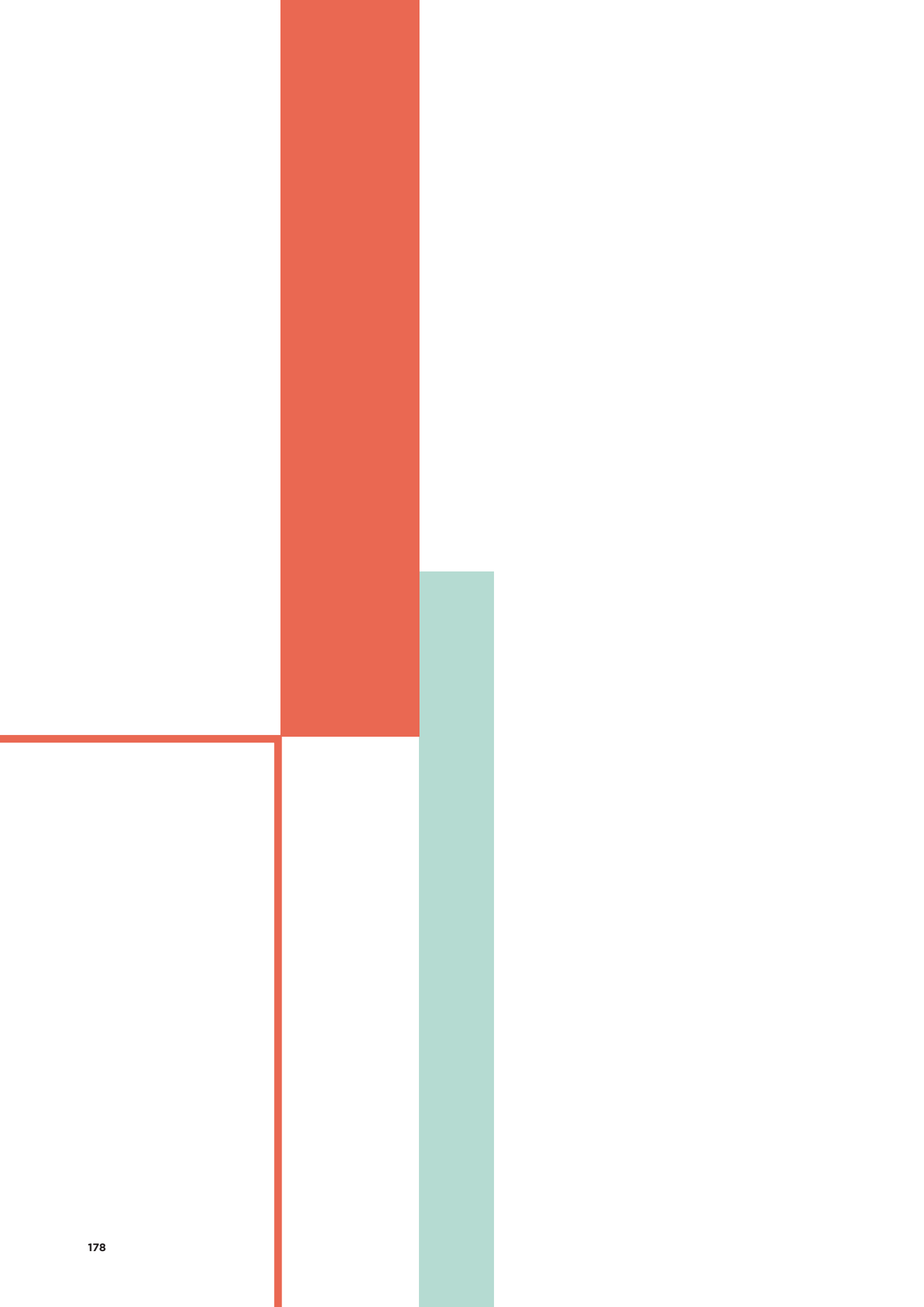
MINISTRY FOR TOURISM

(now Ministry for Tourism and Consumer Protection)



MOT (now MTCP)

LICENSES TO HOTELS AND CATERING ESTABLISHMENTS -
REVENUE



MOT (now MTCP)

Licences to hotels and catering establishments – Revenue

The Malta Tourism Authority (MTA) falls under the responsibility of the Ministry for Tourism and was formally set up by the Malta Travel and Tourism Services Act (Cap. 409). Its functions are to promote and cultivate Malta as a tourism destination, and to issue licences under the Act. MTA also contributes towards the improvement of the human resources level in the tourism industry. MTA advises government on tourism operation and the planning and development of the tourism industry, as well as on the infrastructure supporting the industry. MTA assists and advises on any tourism-related issues, and undertakes activities and projects to fulfil its role.

The main scope of the audit was to assess whether the necessary controls were in place to ensure that all invoices related to licences were issued in a timely manner and in line with the prevailing regulations, that the revenue collection process was adequate, appropriately accounted for, and transferred in its totality to the Government. In this regard, the procedures in place were analysed to assess their adequacy, completeness of revenue, and compliance with the applicable regulations. The audit also sought to establish whether MTA's efforts to collect long-outstanding licences were sufficient.

The NAO found that the licence management system which was planned to be in place by the first quarter of the year 2018 had not been implemented by March 2020. Various concerns relating to the management of debtors arising from licences to hotels and catering establishments were also identified.

Follow-up action

The Licence Management System has been implemented and is being utilised by MTA. A more consolidated filing system was developed, as recommended by the NAO. MTA is using a cloud-based shared folder to digitally save all pertinent documentation.

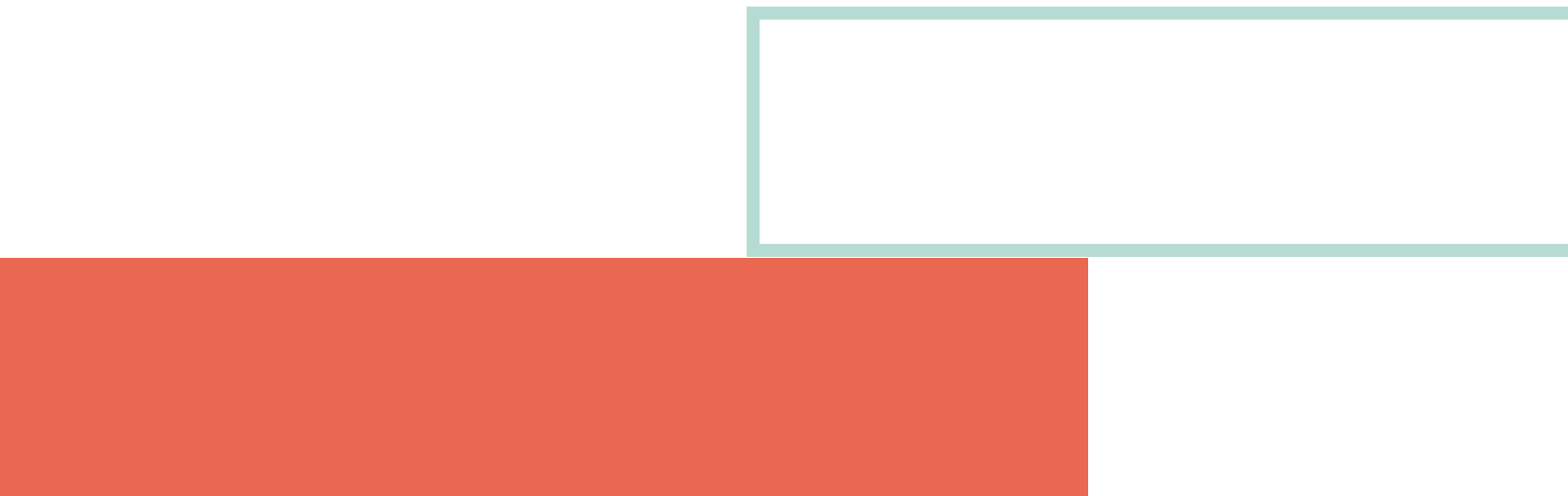
Reconciliations on debtors' records are being carried out periodically, and SOPs for the Arrears Division have been drawn up. MTA has implemented a set-off procedure to recoup pending debts due to the Authority. Moreover, a Committee has been set up with the specific function of analysing bad debts which have been due for over five years.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
As reported last year by the National Audit Office (NAO), the Authority does not have a systematic method of filing, whether manual or otherwise, to ensure that documents are managed and stored efficiently and effectively for ease of traceability. As a result, the auditors could not obtain reasonable assurance that information made available for review was complete.	✓		All pertinent documentation is being digitally filed in order to provide access to information across all departments within MTA.	Implemented
KEY ISSUE				
Licence Management System				
Given that this project should have been completed in February 2018, the management is expected to bring the implementation of the new system to a close without further delays. Furthermore, the documentation substantiating expenditure from public funds is to be invariably available upon request for proper accountability.	✓		MTA has implemented and is utilising the new Licence Management System. MTA is committed to issue invoices pertaining to licences when due. MTA is ensuring that all documentation related to expenditure incurred is in place.	Implemented Implemented Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Management of Debtors Concerns</p> <p>The authority is encouraged to implement a system that facilitates the proactive management of debtors in order to safeguard public funds.</p>	✓		<p>With the 'Restaurants & Snack Bar Support Scheme', a set-off procedure was established in order to settle pending debts due to the authority. The authority has launched a number of schemes to help the industry. Before issuing any payments, it is being verified that the applicant has no dues to the government. If the applicant has any dues these are deducted from the payment related to the scheme.</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>A committee has been set up with the specific function to analyse bad debts which have been due for over five years and negative balances.</p> <p>The accounting system in place provides for a 4-column analysis of ageing debtors: current year, last year, previous year and prior year. The 'prior years' can be further analysed through the individual debtor statement.</p>	<p>Implemented</p> <p>March 2022</p> <p>Implemented</p> <p>Implemented</p>
<p>In this respect, the system in place should cater for a detailed analysis of debtors in order to improve collection, the early identification of problematic dues and the creation of the necessary provisions.</p>	✓			

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Additionally, until suitable alternative arrangements are in place, MTA is to ensure that all debtors' records are periodically reconciled.</p> <p>Formalising standard operating procedures would also promote uniformity when dealing with similar cases.</p>	<p>✓</p> <p>✓</p>		<p>MTA is ensuring that debtors' records are periodically reconciled.</p> <p>SOPs for the Arrears Division have been drawn up and circulated among officers concerned.</p> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>
<p>Information maintained by different departments not consolidated</p> <p>MTA is to ensure that a proper information management system is in place whereby relevant information is available across all departments to enable timely action.</p> <p>Additionally, the authority's objectives are to be clearly communicated and converged into specific targets, such that each department's efforts are aligned towards a common goal.</p>	<p>✓</p> <p>✓</p>		<p>MTA is digitally saving all pertinent documentation on shared folders, providing access to all departments.</p> <p>The MTA's objectives have been assigned to the respective directors.</p> <p>MTA is ensuring that each department's specific targets are aligned with the authority's objectives.</p> <p>MTA is carrying out a review of all the directors' objectives and progress made towards the achievement of results every six months.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Evidence of plans for onsite visits not available</p> <p>A periodic plan covering on site visits across all tourism operations is expected to be in place to ensure adherence to the regulating provision.</p>	<p>✓</p>		<p>Documentation related to onsite visits is being adequately filed for a complete audit trail.</p> <p>Internal review platforms are analysing the accommodation industry on a number of review sites.</p> <p>MTA will analyse the reports generated by the internal review platforms and will focus enforcement and regulatory measures on low-performing operators.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p>

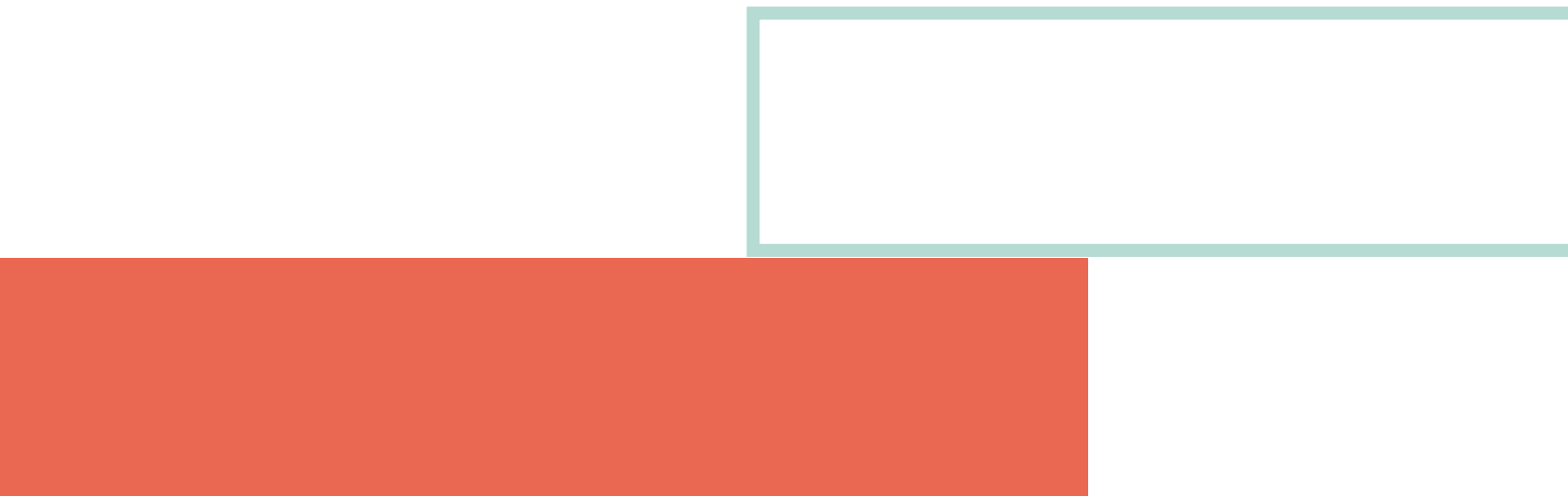




MHAS (now MHSE)

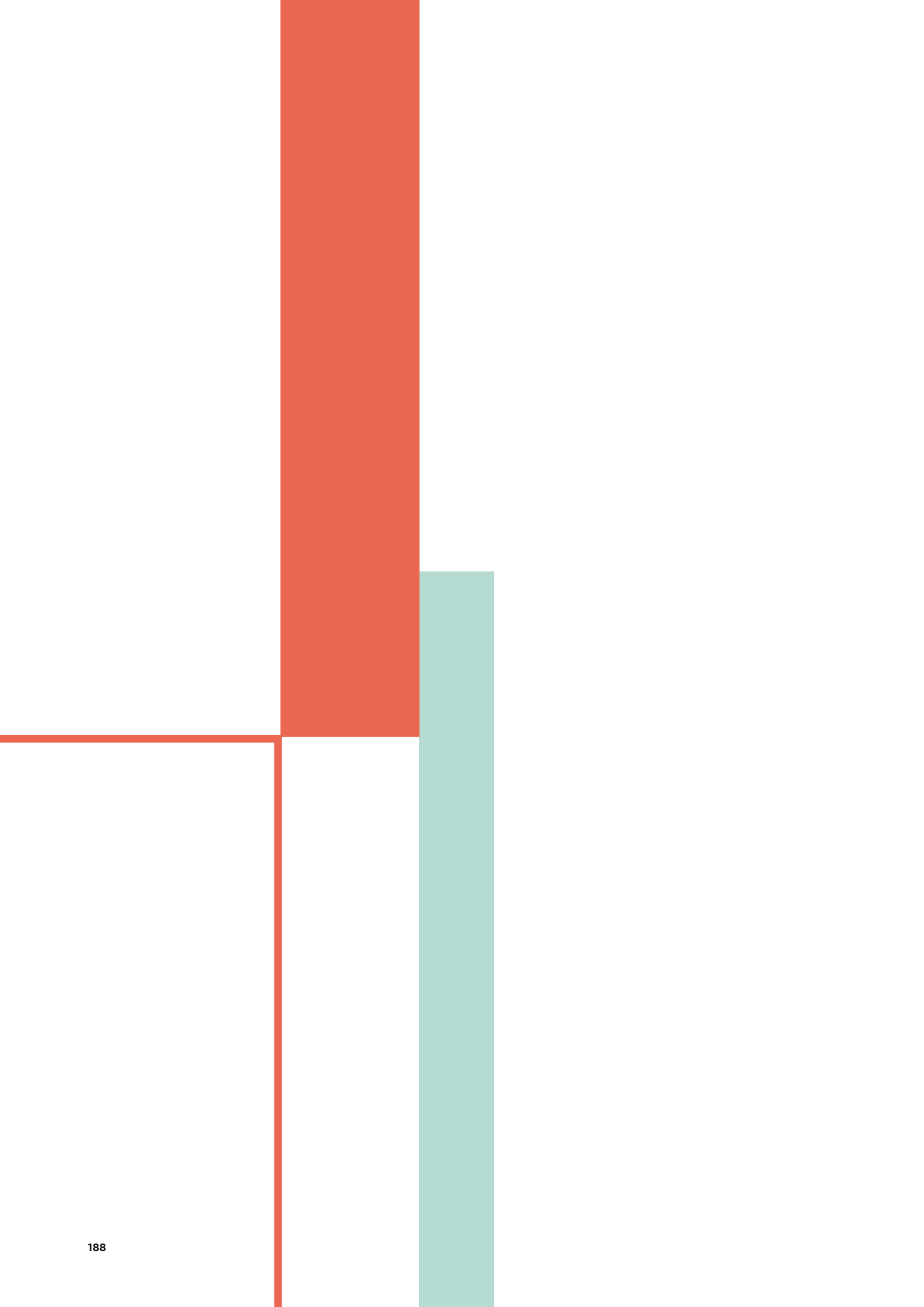
MINISTRY FOR HOME AFFAIRS AND NATIONAL SECURITY

(now Ministry for Home Affairs, National Security and Law Enforcement)



MHAS (now MHSE)

POLICE DEPARTMENT - CAPITAL EXPENDITURE



MHAS (now MHSE)

Police Department – Capital expenditure

The Police Department (PD) is a contracting authority listed under Schedule 16 of the Public Procurement Regulations (PPR), administering its own public procurement up to the value of €250,000 excluding Value Added Tax (VAT) for each purchase. During 2019, procurement was somewhat decentralised when it came to the required goods or services acquired by the respective Units, while the Administration Unit oversaw payment. Significant expenditure related to capital projects was processed by the Ministerial Procurement Unit on behalf of PD.

The main scope of this audit was to evaluate the adequacy and effectiveness of internal controls with respect to the procurement process, assessing in particular whether needs were adequately defined, and whether the award was in line with the regulations, thus giving equal treatment to suppliers through fair competition and transparency, and that the management of contracts was duly monitored.

Weak internal controls within the Police Department were noted in all the three phases related to procurement, namely the definition of needs, the award of contract, and its monitoring.

Follow-up action

The PD has drawn up SOPs, detailing the full procurement process, and giving clear mandates which indicate respective roles and responsibilities in both procurement activities and monitoring thereof, together with approval thresholds. A training plan has also been formulated for officers on procurement duties.

To address the concern regarding needs identification, the PD is requesting the services of a professional architect/engineer to submit a Bill of Quantities, prior to the commencement of a project. This document serves as a benchmark to compare offers received following calls for tenders. Moreover, the PD is holding regular meetings with senior management so that needs are identified, and financial plans are drawn up accordingly.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Non-compliance with Procurement Regulations</p> <p>Procurement above the established threshold is to be carried out in line with the procurement regulations, intended to promote fair competition and transparency, as well as to reduce risks, particularly those related to reputational damage, which would arise from non-compliance. The use of DOs is to be limited to strictly unavoidable cases, so as to provide equal treatment to all interested bidders and ensure that the interests of Government are duly safeguarded.</p>	✓		<p>Being a contingency department, the Management evaluates direct order requests on a case-by-case basis, and a request for direct order is only submitted for approval to the pertinent authority if it is not possible to procure items through the procurement procedure applicable for the respective value and if a sound justification is provided in line with MFIN Circular 3/2013.</p> <p>The approval of the Ministry for Finance is invariably sought when it is necessary to resort to DOs. Nonetheless, DOs are being limited to instances when no other option is available.</p> <p>Moreover, the Police Department submits a report to the Ministry Procurement Unit every six months, listing DOs exceeding €5000 in value, to be published in the Government Gazette in terms of Contracts Circular No 2/2017.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Lack of clear procurement guidance and mandates</p> <p>A more centralised approach is to be considered, with the current guidelines reviewed to incorporate the provisions of PPR therein.</p>	✓		<p>PD has drawn up an SOP regarding the full procurement process, including the use of the electronic public procurement system and departmental tenders. Procurement exceeding €5000 through ePPS and procurement by a public call for tenders is centralised.</p>	Implemented

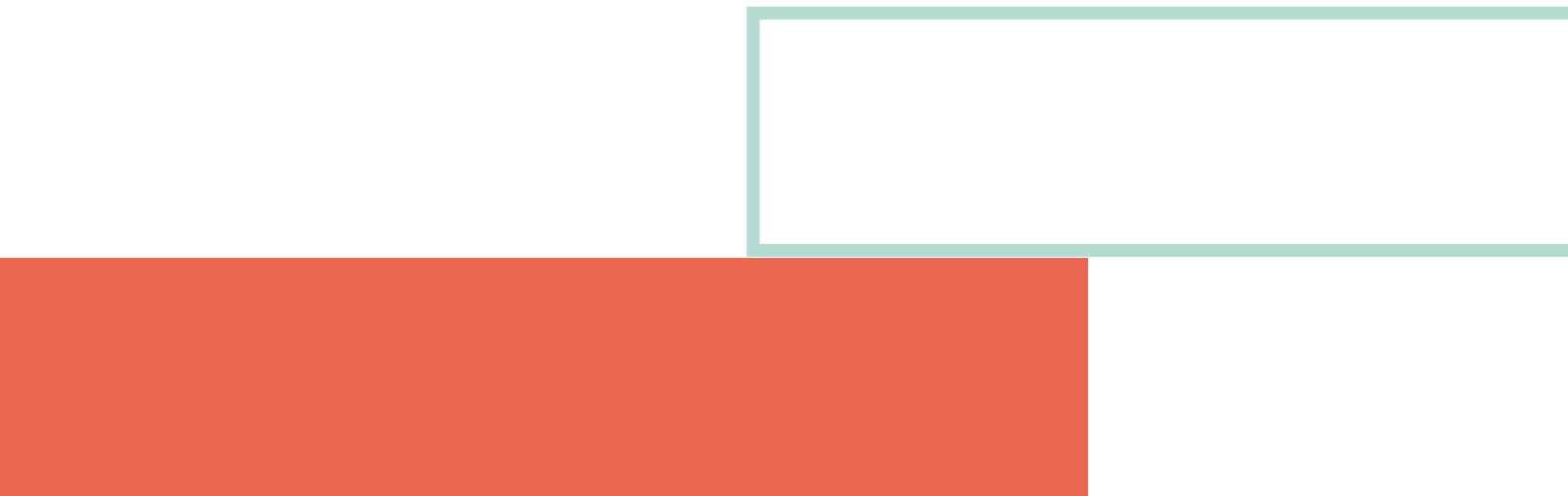
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Moreover, procurement officers are expected to have clear roles and responsibilities in both procurement activities and monitoring thereof, with complex procurement assigned only to experienced staff, as far as possible.</p>	<p>✓</p>		<p>The SOP gives clear mandates indicating respective roles and responsibilities in both procurement activities and monitoring thereof, together with approval thresholds. The SOP has been circulated to all employees concerned. Management is ensuring compliance.</p> <p>A training plan has been formulated for the six officers on procurement duties. The HR Unit identified procurement-related training courses and procurement employees have been nominated to attend. Five officers have been nominated for the two-day course Procurement by Contracting Authorities, while an officer has been nominated for the five-day course Continuous Development Award in Public Procurement Regulations which is classified at MQF Level 4.</p>	<p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>No evidence of proper needs identification and modifications</p> <p>Professional cost estimates are to be drawn up and formally documented, giving evaluators a clear idea of what would be a fair and reasonable price to bid, and provide PD with a basis against which to assess the respective submissions.</p> <p>Moreover, while PPR provides for modifications to cater for unforeseen circumstances, this procedure is not to be used without limitations.</p>	<p>✓</p>		<p>Prior to the commencement of a project, the Department is requesting the services of a professional architect/engineer to submit a Bill of Quantities. This document serves as a benchmark to compare offers received following calls for tenders. Moreover, a Commitment Form showing price estimates is always drafted prior to the issue of a public call for tenders. The measures taken to estimate costs are all being documented in the pertinent project file. This requirement has been included in the SOP, and management is ensuring compliance.</p> <p>The PD, in consultation with various professionals, drafted a Framework Agreement to encapsulate all minor construction and refurbishing works. A call for tenders for this Framework Agreement has been published.</p>	<p>Ongoing</p> <p>October 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>All needs are to be identified in a timely manner, documented and clearly communicated to prospective bidders.</p>	✓		<p>The management is ensuring that variations are kept to the absolute minimum and strictly in line with PPR. There are instances where variations are inevitable, particularly in construction/refurbishing works.</p> <p>The necessary internal controls are in place to ensure that prior to entering into any commitments, variations are approved as per standing regulations.</p> <p>The PD is holding regular meetings with senior management so that needs are identified, and financial plans are drawn up accordingly. Nonetheless, the nature of the PD is such that it caters for emergency services, and there may be instances where needs would not be anticipated.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Non-observance of conditions imposed by the Ministry for Finance and other award issues</p> <p>Internal procurement processes need to be enhanced. The use of the electronic public procurement system for calls for quotations is encouraged to ensure that all interested bidders are given the same opportunity.</p> <p>Moreover, quotes requested by PD through email are expected to include all details related to the works or services required and clearly indicate the closing date for submission of bids.</p>	✓		<p>PD has drawn up an SOP regarding the full procurement process, including the use of the electronic public procurement system and departmental tenders. The ePPS is used for procurement exceeding €5000.</p> <p>Detailed specifications drafted by technical personnel, are being submitted with every request for quotes or public call.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>It is also recommended that the quotes are submitted to an officer not involved in the purchasing activity, and these are only forwarded together to the project leader on the bid opening day.</p> <p>Works are to be evaluated by professional staff, ideally independent from the respective procurement, and the evaluation is to be duly documented and filed for future reference.</p>	<p>✓</p> <p>✓</p>		<p>Bids/offers following a call for quotations are being channelled through one generic email address which is managed by the procurement office. Offers received are opened at a fixed date and time.</p> <p>Market research is being carried out prior to procurement processes. This gives clear guidance on whether costs are deemed fair and reasonable. For projects of considerable value, engineers, architects, and personnel from MTIP are always consulted and professional advice is solicited. Any communication/information obtained from technical persons within the department, MTIP and other entities is being documented in the pertinent project file to ensure adequate audit trail.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Two different service providers contracted for the same job</p> <p>More central control is to be exercised in order to ensure that similar instances, which could have significant financial implications, do not arise again.</p>	<p>✓</p>		<p>Communication between different sections has been enhanced by holding regular meetings with senior management so that needs are identified, and financial plans are drawn up accordingly. Procurement planning is linked to annual detailed financial plans submitted to the Ministry of Finance. These plans are submitted following consultations with all sections within the PD.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Evaluation issues</p> <p>Deadlines, especially those related to co-financed projects, have to be rigidly respected. Failure to do so will not only result in the loss of European Union funds, but it would also impinge upon the Department's budget as a result of unplanned expenditure from local funds.</p> <p>In order to achieve its scope, the declarations of impartiality and confidentiality are to be filled during the first evaluation committee meeting as per standing provisions.</p> <p>Adequate segregation of duties is also of paramount importance in any organisation to reduce risks and enable the identification of errors, whether unintentional or otherwise, in a timely manner. The possibility of using the services of independent evaluators approved by the Department of Contracts further strengthens the evaluation process.</p>	<p>✓</p>		<p>Officers who usually sit on Evaluation Boards have attended training on ePPS and procurement in general. In this manner, management is ensuring that Evaluations Boards are familiar with the guidelines for Tender Evaluation Committees. Moreover, Evaluation Boards are informed of the four-week time limit upon nomination.</p> <p>Moreover, penalties are being imposed on contractors who fail to abide by contractual obligations.</p> <p>Emphasis regarding the adherence to the four-week evaluation period and the importance that declarations of impartiality and confidentiality are completed and signed during the first evaluation committee meeting have been included in the SOP. Management is ensuring compliance.</p> <p>The PD is making use of independent technical officers, whenever possible.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>

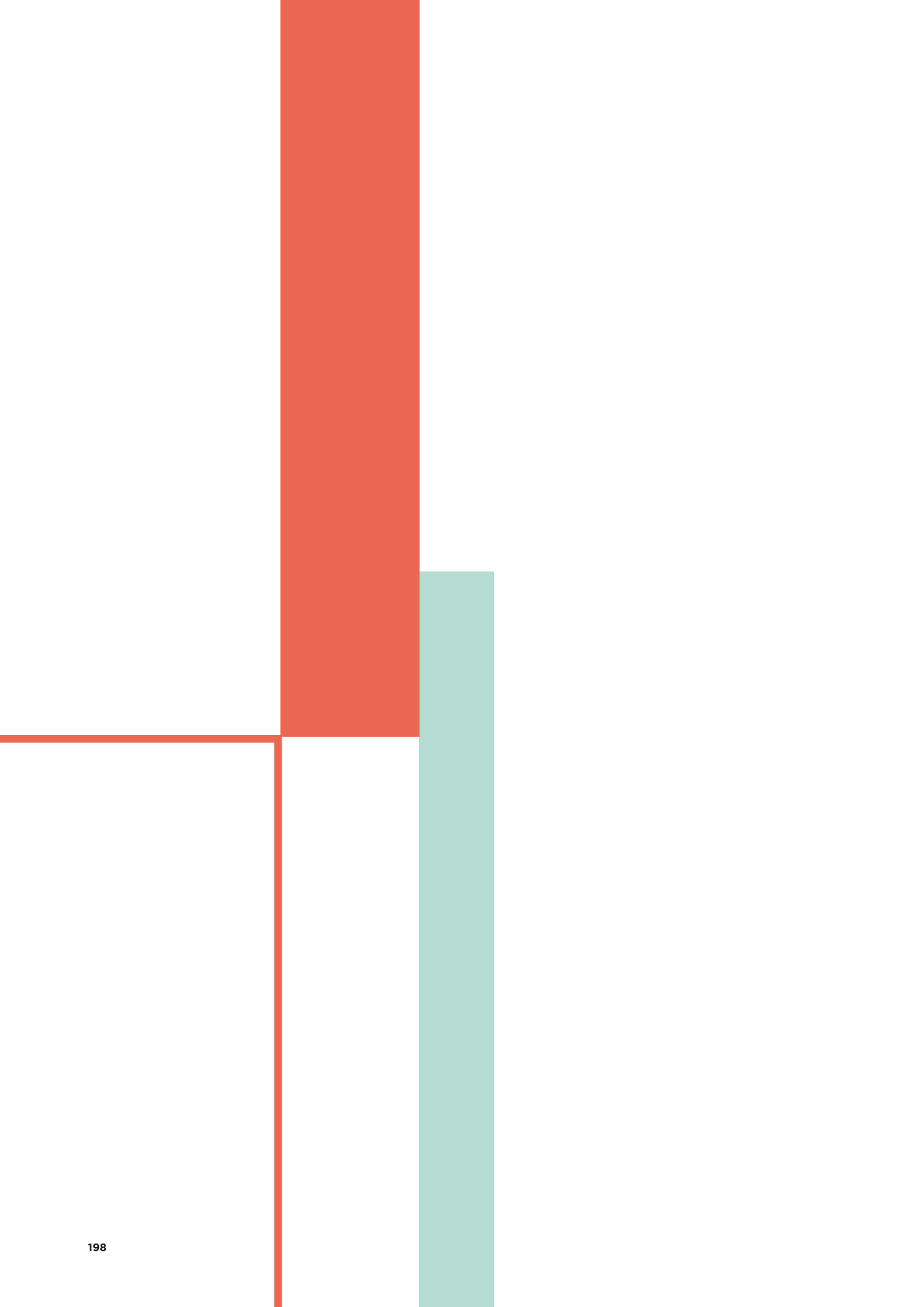
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Retrospective approval for variations</p> <p>Approval for additional works is to be sought as soon as the need is identified before the actual works are carried out.</p>	✓		<p>Requests for variations are being evaluated by technical personnel and adequate justifications for the required modifications need to be submitted before any approvals are sought.</p> <p>Monitoring of complex procurement is being assigned to the Senior Procurement Manager.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Inventory management - insufficient details in Fixed Asset Register</p> <p>PD is to compile a detailed inventory database, using the principles of MF Circular No 14/99 - 'Government Accrual Accounting: Revised Inventory Control Regulations', as guidelines. Periodical assessment of the recorded assets and their respective condition is to be carried out by Management.</p>	✓		<p>The discrepancies identified by the NAO were duly reconciled and entered in the inventory system. MF Circular 14/99 has been disseminated again among officers responsible for the inventory to ensure adherence.</p> <p>Management is ensuring compliance.</p> <p>Management confirms that inventory records for all sections within the PD are now in compliant with the pertinent circular.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>





MHAS (now MHSE)

AGENCY FOR THE WELFARE OF ASYLUM SEEKERS -
EXPENDITURE



MHAS (now MHSE)

Agency for the Welfare of Asylum Seekers – Expenditure

As mandated by Legal Notice 205 of 2009, the Agency for the Welfare of Asylum Seekers (AWAS) is responsible for the implementation of national legislation concerning the welfare of refugees, persons enjoying international protection, and asylum seekers. It also manages reception facilities and provides information programmes related to employment, housing, health, welfare, and education.

The main scope of the audit was to verify whether the purchasing procedures adopted by AWAS complied with public procurement regulations, as well as with the Agency's standing internal policies. The National Audit Office (NAO) also sought to assess the level of existing internal controls over payments effected in 2019.

The audit revealed that the extension to contracts for security services at AWAS was not in line with regulations. The procurement of medical services was not supported by any documentation. The audit also identified instances where procurement regulations were bypassed due to claimed urgency.

Follow-up action

AWAS have drawn up a Procurement Policy and Procedure and conducted an exercise to analyse existing contracts. A procurement department for bulk-buying was set up, and procurement is being carried out in line with the PPR, after obtaining the necessary approvals.

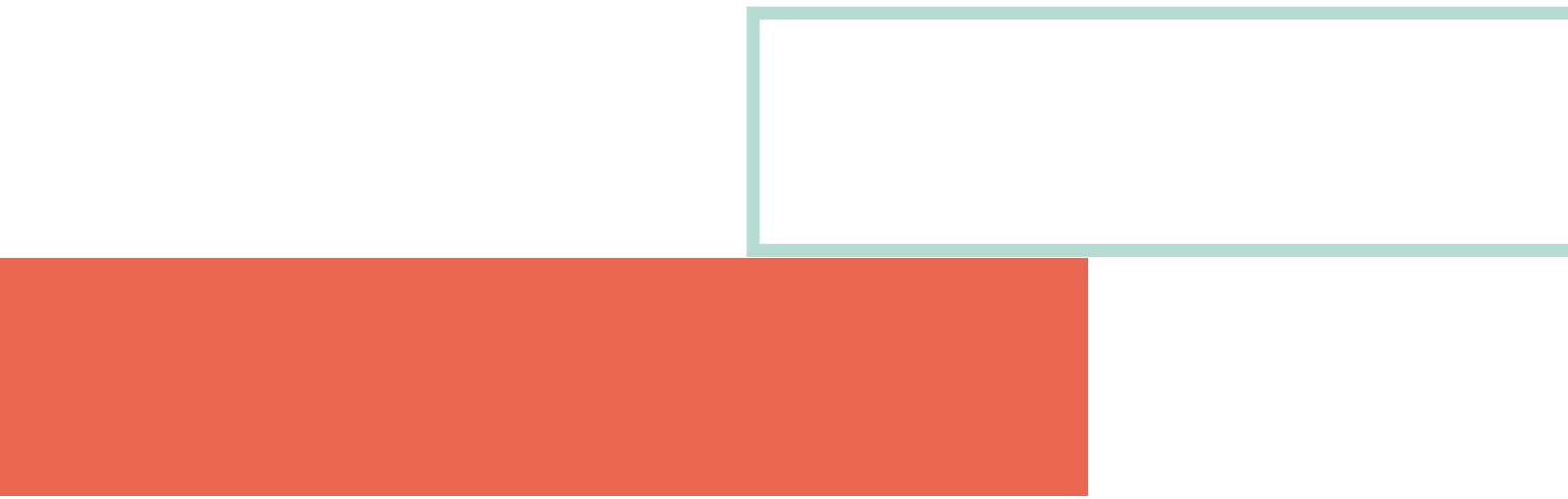
AWAS also issued internal policy documents to address petty cash and mobile phone billing concerns raised by the NAO.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUES				
<p>Extension to the Contracts for Security Services not in line with the regulations</p> <p>Tendering process is to commence well ahead of the expiry of contracts, so as to avoid extending agreements for an indeterminate period of time.</p> <p>If, due to unforeseen exceptional circumstances, the Agency needs to continue making use of service providers after the expiry of a particular contract, the necessary Ministry for Finance or DC approval is to be obtained, as applicable, covering all amount involved. Moreover, the respective agreement is to be formally extended.</p>	<p>✓</p> <p>✓</p>		<p>A new Procurement Department for bulk-buying has been established.</p> <p>A tender for security services has been awarded.</p> <p>In cases where expiring contracts need to be renewed, the necessary MFIN or DC approvals are being obtained.</p> <p>AWAS is monitoring all agreements to ensure that before expiry of the term of an agreement, necessary action is taken.</p> <p>AWAS has drawn up and circulated a Procurement Policy to the employees concerned.</p> <p>Training in relation to the Procurement Policy has been provided to all employees concerned.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>No documentation on the procurement of medical services</p> <p>Procurement regulations are to be invariably followed. AWAS is also to ensure that the provision of services of a substantial value are covered by an agreement signed by both parties, clearly stipulating the applicable rates and other relevant terms and conditions. All pertinent documentation is to be retained and adequately filed for future reference.</p>	<p>✓</p>		<p>The tender for medical services has been awarded.</p> <p>AWAS is ensuring that the Public Procurement Regulations and the principles of procurement are followed.</p> <p>AWAS concluded an exercise and identified those services of substantial value that are not backed by an agreement.</p> <p>For such services, AWAS is issuing new calls for tender or obtaining quotations, as applicable.</p> <p>For agreements due to expire, suppliers are being contacted by AWAS to sign an extension agreement.</p> <p>AWAS is ensuring that the necessary documentation is filed and available for auditing purposes.</p> <p>SOPs relating to procurement have been drawn up as part of the Procurement Policy, and have been circulated to the employees concerned.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Weaknesses in the administration of petty cash</p> <p>The petty cash procedures are to be revised to reduce the types of goods which can be purchased, whilst the respective sheets are to clearly distinguish between expenses made by or on behalf of residents and those pertaining to the centre itself</p>	<p>✓</p>		<p>An updated Petty Cash policy has been drawn up and circulated amongst all staff.</p> <p>Management is ensuring compliance.</p> <p>AWAS provided training in relation to the new procedures of petty cash to employees concerned.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Ideally, the petty cash float is to be kept at a minimum, as a large amount increases the risk of misappropriation of funds, whilst reducing control over purchasing. AWAS is expected to monitor such purchases to ensure that all goods bought are legitimate and that there is no wastage. Reconciliation of the balance as recorded in the petty cash sheets and the physical cash balance is to be performed regularly and duly endorsed.</p>	✓		<p>In line with the updated policy, the petty cash float has been reduced and a number of different petty cashes have been amalgamated.</p> <p>AWAS is ensuring that reconciliation of petty cash is carried out on a monthly basis.</p> <p>AWAS is carrying out petty cash spot checks every two months.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Furthermore, the Agency is to consider alternative ways to meet the residents' daily needs rather than through petty cash. Items having a long shelf life, and which are frequently required, can be purchased centrally and distributed according to needs. While exercising more control over purchasing, AWAS is also likely to benefit from discounted rates.</p>	✓		<p>AWAS is ensuring that bulk-buying is carried out in accordance with the procurement regulations.</p>	Implemented
<p>Expenditure on medicine and pharmaceuticals from private pharmacies is also be kept to a minimum, especially when these can be acquired from the Government Pharmacy. Based on past experience, AWAS can identify which over-the-counter medicine is usually required by asylum seekers and the Agency is to try to obtain these at wholesale prices.</p>	✓		<p>AWAS is ensuring that certain pharmaceuticals are obtained through POYC at no cost unless an urgent situation arises where the Agency will be required to obtain them by other means.</p> <p>After carrying out an exercise to determine the amount of medication needed for a whole year, certain pharmaceuticals have been bought at wholesale prices.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Bypassing of procurement regulations for urgent purchasing</p> <p>Since bedding and mattresses are needed on a regular basis, the Agency is encouraged to issue a tender for the provision of such items and enter into an agreement with the successful bidder with call offs as necessary. This should ensure constant pricing, whilst avoiding resorting to direct orders in case of urgency.</p>	✓		<p>The procurement department within AWAS is ensuring that procurement of beds, mattresses, blankets, and bed linen is done in line with the pertinent regulations, and upon obtaining the necessary approvals.</p> <p>AWAS is also ensuring that direct orders are resorted to only in exceptional circumstances, such as a sudden mass influx of residents, in line with the pertinent rules and regulations.</p> <p>AWAS has issued a call for tenders for the procurement of beds and mattresses.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Insufficient verification over mobile bills</p> <p>Proper verification is to be performed, particularly when AWAS is billed for amounts higher than the contracted monthly rates.</p>	✓		<p>The Mobile Device Policy has been updated to increase control.</p> <p>AWAS is carrying out verification on monthly basis for itemised bills sent by the service provider.</p>	<p>Implemented</p> <p>Ongoing</p>



MHAS (now MHSE)

MALTA POLICE GENERAL FUND - EXPENDITURE
(NAO REPORT 2018)

MHAS (now MHSE)

Malta Police General Fund – Expenditure (NAO report 2018)

The Malta Police General Fund (MPGF) was set-up in November 1919. In accordance with article 12 of the Malta Police Regulations, all members who join the Malta Police Force (MPF) are required to make a contribution every three months. The amount of the contribution varies according to grade. The principal aim of the MPGF, as stipulated in Internal Circular No. 79 of 1980 is the welfare of officials who, for some reason or other, pass through hard times and require assistance, as well as for other activities for the benefit of the Force, such as the learning of foreign languages.

The aim of the audit was to ascertain that the Statement of Comprehensive Income and Statement of Financial Position represent a true and fair view of the financial position of the MPGF as at 31 December 2018, and of its operations for the year then ended, and that adequate internal controls exist for the detection and prevention of material misstatements and safeguarding of assets.

The NAO found that the 2018 Final Accounts of the Malta Police General Fund have been prepared on the accrual basis of accounting. However, no provision was made for a substantial liability; thus, resulting in the financial statements not representing a true and fair view.

Follow-up action

The Police Force introduced long-term and current provisions in the 2019 Final Accounts to cater for the short- and long-term liabilities under the Refund Scheme.

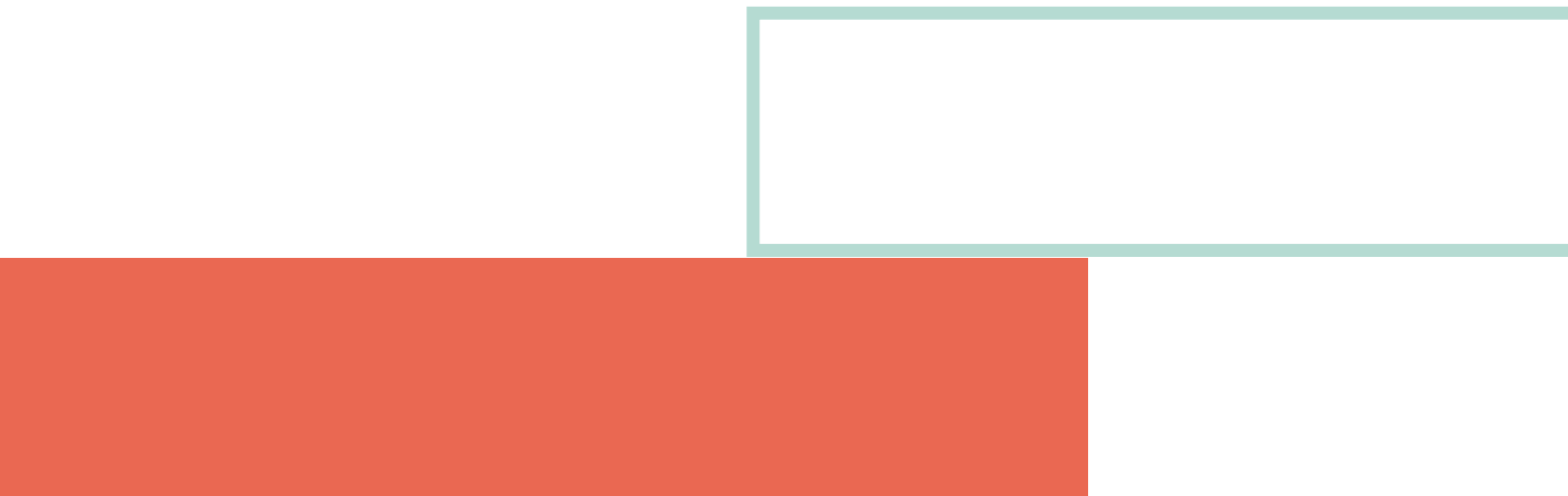
Invoices related to social activities are supported by respective delivery notes, and payments are only effected after supporting documentation has been produced, together with a fiscal receipt.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Substantial liability not provided for</p> <p>In accordance with IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets, a provision is to be made if:</p> <ul style="list-style-type: none"> • a past event has created a present legal or constructive obligation; • an outflow of resources embodying economic benefits or service potential is required to settle the obligation is probable; and • the amount of the obligation can be estimated reliably. <p>As a result, the amount in question has to be included as a provision in the accounts to show a true and fair view.</p>	<p>✓</p>		<p>The Police Force introduced long-term and current provisions in the 2019 Final Accounts to cater for the short- and long-term liabilities under the Refund Scheme.</p> <p>Payments for the oldest claims are being made to pensioners or the heirs of deceased serving members from the apportionment allocated.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Pending contributions</p> <p>The MPF is to step up action to recoup these outstanding contributions.</p>	X	<p>In accordance with Cap 164 of the Laws of Malta, disciplinary proceedings will be instituted within three months from the date of the commission of the offence against discipline. These outstanding contributions for the period 2015 to 2017 are prescribed by law.</p> <p>The ad hoc committee approved the motion to deem these contributions as bad debts since legal letters and Judiciary letters are costlier than the amount due of each defaulter.</p>		
<p>Christmas and Police Day social activities</p> <p>All invoices are to be supported by a delivery note endorsed at the receiving end and thoroughly checked so as to ensure their correctness prior to the respective payment.</p>	✓		<p>The MPF is ensuring that all invoices of Other Ranks Canteen (ORC) activities are supported by respective delivery notes.</p>	Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The MPF is also expected to endorse the invoices, evidencing verifications carried out.</p> <p>Every payment is also to be invariably supported by a fiscal receipt.</p>	<p>✓</p> <p>✓</p>		<p>Internal controls are in place to ensure that no payments are issued unless supporting documentation has been produced.</p> <p>Two different officers have been assigned the task to carry out a stocktake of the items in place prior and after a social function. This action ensures segregation of duties.</p> <p>The MPF is ensuring that all purchases are covered with fiscal documentation.</p> <p>Those suppliers not issuing a fiscal receipt are being reported to the pertinent authorities on a quarterly basis, in line with standing regulations.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Malta Police Association</p> <p>Considering that this material amount has long been due and was relinquished on the premise that the MPF financed a project beneficial to the police, an action plan needs to be drawn up and the project financed accordingly.</p>	<p>✓</p>		<p>The full outstanding amount has been refunded to the Malta Police Association.</p>	<p>Implemented</p>



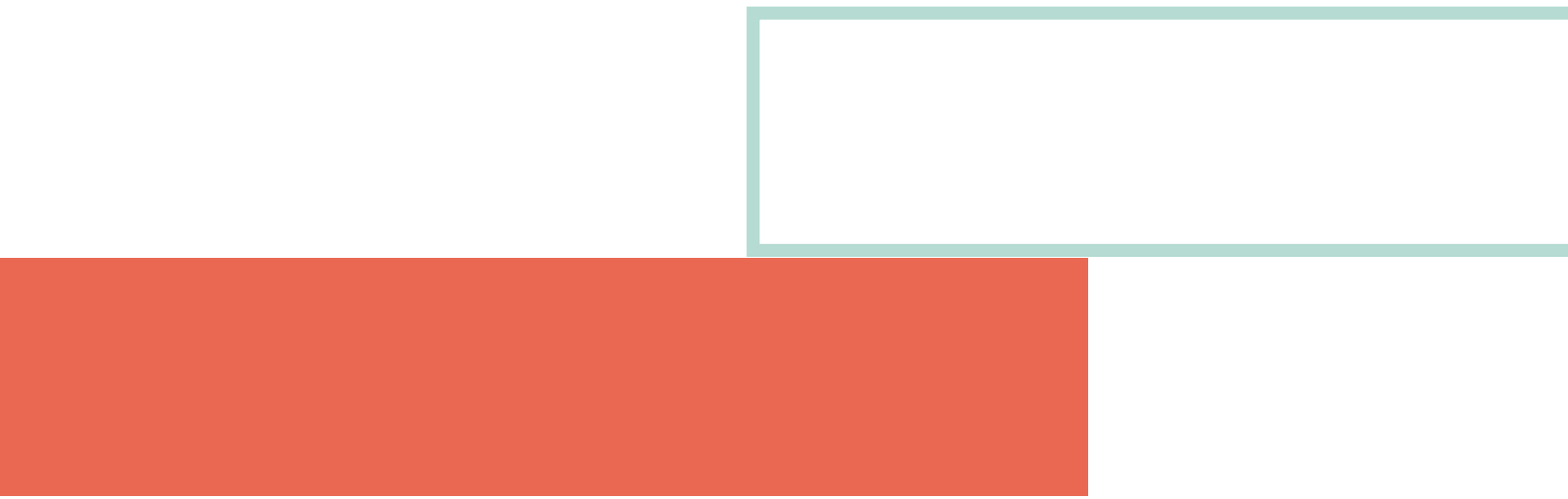




MJCL (now MHAL)

MINISTRY FOR JUSTICE, CULTURE AND LOCAL GOVERNMENT

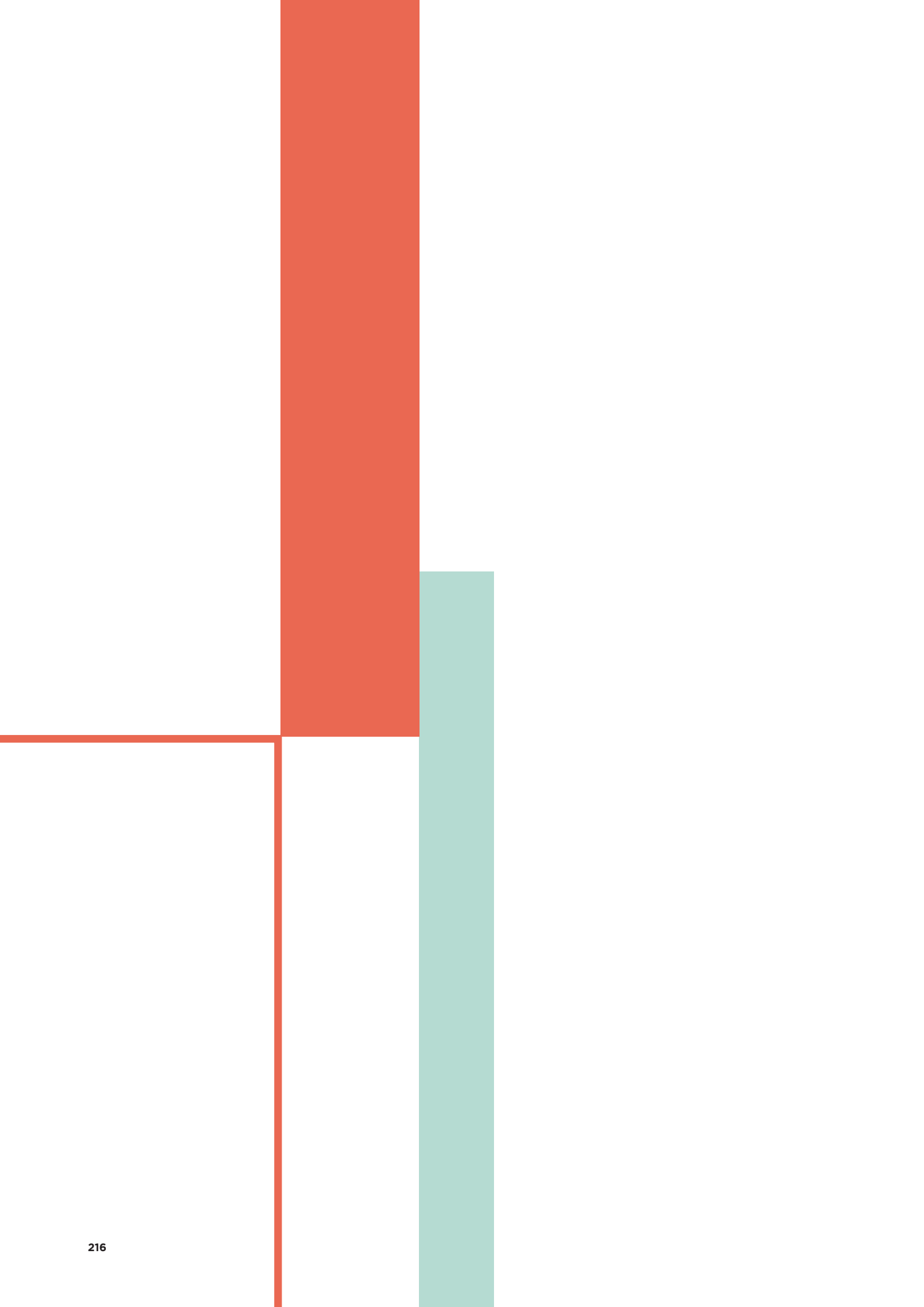
(now Ministry for the National Heritage, the Arts and Local Government)





MJCL (now MHAL)

HERITAGE MALTA - CAPITAL EXPENDITURE



MJCL (now MHAL)

Heritage Malta – Capital expenditure

Heritage Malta (HM) was set up in terms of the Cultural Heritage Act, 2002. It replaced the former Museums Department and was entrusted with the management of national museums and heritage sites, as well as their collections of artefacts. In 2005, the Agency's responsibilities increased when it took over the former Malta Centre for Restoration.

HM is responsible for ensuring that those elements of cultural heritage entrusted to it are protected and made accessible to the public, whilst conserving and restoring cultural property within its portfolio. The Agency provides training to conservators and conservation scientists, as well as educational programmes by means of organised school visits. It also strives to cultivate public awareness through temporary exhibitions, public lectures, heritage trails, or other specialised events.

The main purpose of the audit was to establish the level of internal controls over the procurement of items of a capital nature, and to ensure efficient administration of public funds in line with standing laws, regulations, and policies. In this regard, the procedures in place, including those with respect to contract management, were analysed to assess adequacy, completeness, and compliance.

The audit revealed sporadic contract management concerns. Moreover, inventory records maintained were deemed inadequate.

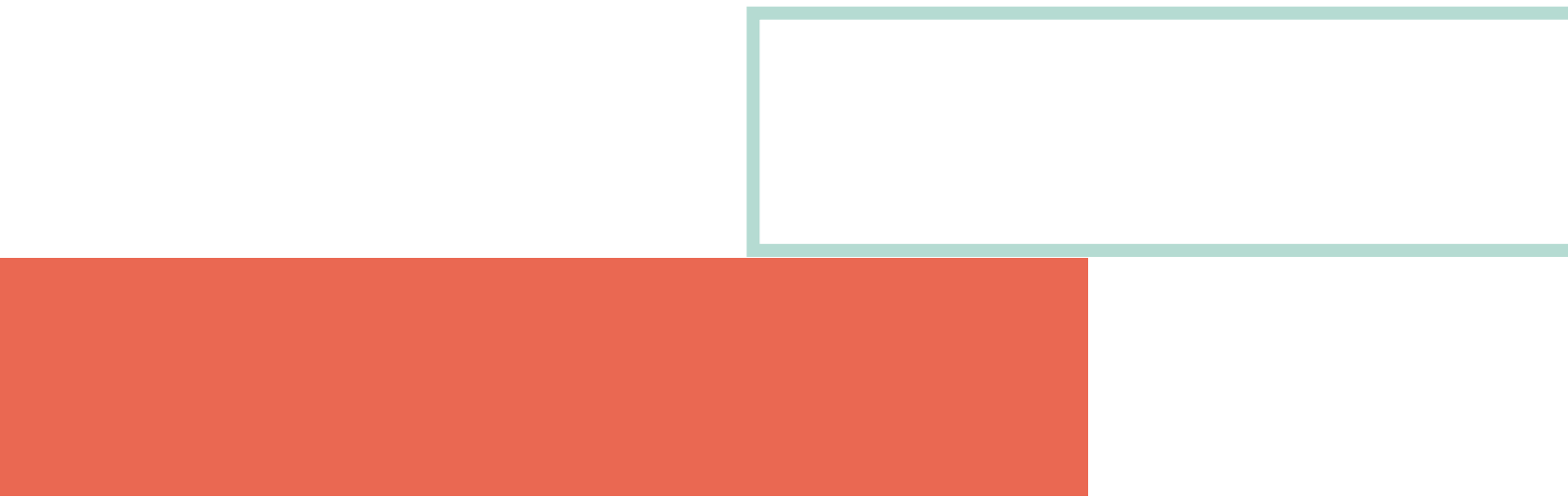
Follow-up action

HM devised an action plan to increase control on the management of assets. This plan included the purchase of a Fixed Asset Register system, and officers were trained and assigned the responsibility of compiling and managing the system.

With a view to addressing the shortcomings identified relating to contract management, a new information management system has been adopted for increased monitoring and control. Moreover, a new head of finance was engaged in early 2021 to oversee the procurement and payment process.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Inventory records not adequate</p> <p>In order to enhance control on the management of assets, Heritage Malta (HM) management is to separate records of tangible fixed assets from those relating to stock.</p> <p>Furthermore, the information held on the system should be complete, accurate, and updated in a timely manner. This would also simplify the computation of assets' depreciation.</p>	<p>✓</p> <p>✓</p>		<p>HM have drawn up an action plan, consisting of six stages, to increase control on the management of its assets.</p> <p>The action plan was sent to the NAO for information purposes.</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 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>Implemented</p> <p>Implemented</p> <p>June 2022</p>
<p>Procedure for the procurement of artefacts not formalised</p> <p>The management is encouraged to formalise the procedure for the identification and procurement of artefacts.</p> <p>Documentation substantiating research, consultations, and recommendations received from third parties are to be filed for future reference.</p>	<p>✓</p> <p>✓</p>		<p>HM have drawn up a policy detailing the procedure to be followed for the acquisition of artefacts. The policy has been approved by the permanent secretary and circulated among the officers concerned. The management is ensuring compliance.</p> <p>HM will continue to retain as much documentation as possible relating to acquisitions for future reference, including the recording of any research performed.</p>	<p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Shortcomings in contract management</p> <p>Contracts with service providers are to be duly formalised to ensure that the respective terms and conditions are clear from the outset, thus avoiding potential disputes.</p>	✓		<p>Heritage Malta is ensuring that every procurement is duly covered by a formal contract.</p> <p>Heritage Malta has implemented a cloud-based project information management system-JIRA—whereby all projects are now managed and documented via this system. The system is also being used to automate workflows. In addition, JIRA is being used for internal service requests, thus increasing accountability, efficiency, and the effectiveness of all service-based departments.</p>	<p>Implemented</p> <p>Implemented</p>
<p>The management is also to ensure strict adherence to the provisions of the contracts to safeguard the interests of the agency. Thus, a valid performance guarantee is to be retained throughout the duration of the contract. Communication regarding contractors' personnel assigned on a project is also to be made in writing.</p>	✓		<p>The system, JIRA, is being used for scheduling and contract management, including ensuring that a valid performance guarantee is retained throughout the duration of the contract.</p>	<p>Implemented</p>
<p>Payment for works without the necessary certification is to be strictly prohibited as it exposes HM to various risks.</p>	✓		<p>A head of finance has been engaged to oversee the procurement and payment process.</p>	<p>Implemented</p>





MJCL (now MHAL)

LOCAL ENFORCEMENT SYSTEM AGENCY - REVENUE
(now under the Ministry for Home Affairs, National Security and Law Enforcement)

MJCL (now MHAL)

Local Enforcement System Agency – Revenue

(now under Ministry for Home Affairs, National Security and Law Enforcement)

The Local Enforcement System Agency (LESA) is an executive Agency set up by virtue of Legal Notice 153 of 2015 - 'Local Enforcement System (Establishment as an Agency) Order, 2015', under the terms of Section 36 of the Public Administration Act, Chapter 4971. Its primary function is to administer the enforcement of any law, regulation, or byelaw, the accomplishment of which has been delegated to Regional Councils, Local Councils, or to such other local regional authorities as designated by the Local Government Act, Chapter 363. The Agency also administers the Traffic Management System (TMS) and operates the vehicle collision system within the Maltese islands.

The main scope of the audit was to assess the adequacy of the procedures in place for the collection of outstanding balances. It also investigated whether fines imposed were being honoured within the prescribed timeframe, and that income received was duly recorded in the books of account.

LESA experienced difficulties in the collection of pending fines, and to a certain extent has limited control thereon. With respect to contraventions issued between 1 October 2015 and 31 December 2019, outstanding debtors totalled more than €9 million. Internal control weaknesses hampering the Agency's operations were also noted.

Follow-up action

LESA has upgraded both its TMS software and filing system. All requests for TMS are being channelled through the IT system, and all requests for services are filed digitally and a hardcopy is filed numerically according to the order number respectively. LESA has introduced an online payment solution for the payment of contraventions in order to mitigate risks of having cash and cheques on premises.

LESA has drawn up and circulated SOPs on traffic management, the process for the cancellation of contraventions, and the procedure related to the collection of debts.

LESA is entering into debt repayment agreements with offenders when substantial amounts are due. Agreements to settle the respective balances by instalments are being monitored. LESA has devised a detailed action plan to issue legal debt collection letters against defaulters. The process has been initiated, and several legal letters have already been issued.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>Traffic Management Services</p> <p>Clients requests for Traffic Management Services (TMS) rendered during the sampled period, i.e. March 2019, were not always traced. In a number of instances, hours invoiced by LESA were also understated when compared to the respective requests. The National Audit Office (NAO) sought clarifications to this effect from the auditee on 4 December 2019. However, by mid-August 2020, a reply on the subject matter was not yet received.</p>	✓		<p>The Agency took the necessary steps to rectify the shortcoming, by upgrading the TMS software, as well as the filing system.</p> <p>The Agency eliminated the previous method of manual / paper system, to the extent that manual applications are not being accepted. All requests for TMS are being channelled through the IT system, ensuring adequate audit trail and supporting documentation.</p> <p>A Standard Operating Procedure (SOP) on traffic management has been drawn up by LESA regarding the process for TMS booking. This was communicated to all staff concerned.</p> <p>Further improvements are planned, mainly including the rostering of officers through the same IT system, thus eliminating possible conflicts.</p> <p>The filing system has been upgraded. All requests for services are filed digitally and a hardcopy is filed numerically according to the order number.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>Cancelled contraventions</p> <p>During the year under review, contraventions totalling €73,354 were cancelled. However, testing on this area was likewise hindered since the respective requests and authorisations were only retained scattered in various email threads on personal computers, rather than duly filed for future reference.</p>	✓		<p>Cancelled contraventions are recorded by code on the Local Enforcement System (LES) by the service provider.</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>Until the system is fully digitised, all transactions are being referenced on a manual database to facilitate retrieval of information.</p> <p>A SOP has been drawn up by LESA detailing the due process for the cancellation of contraventions. Internal controls are embedded in the procedure, such as authorisations from higher levels. Thus, the process is transparent and ensures equal treatment.</p>	<p>Ongoing</p> <p>December 2022</p> <p>Ongoing</p> <p>Implemented</p>
KEY ISSUE				
<p>Difficulty in collecting long outstanding contraventions</p> <p>Management is encouraged to assess the situation and take the necessary action by initiating discussions at Ministerial level to devise stricter enforcement mechanism for the collection of pending fines, especially where there is no possibility of further penalty enforced for non-compliance.</p>	✓		<p>LESA has devised a detailed action plan to issue legal debt collection letters to the individuals. The process has been initiated and a number of legal letters have already been issued.</p> <p>A new clerk has been employed to assist in the collection process.</p> <p>A new position of a Junior Legal Officer has been approved to strengthen this unit.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>The process to fill in the position of the Junior Legal Officer has been initiated.</p> <p>LESA has drawn up SOPs detailing the procedure related to the collection of debts. The SOPs have been communicated to all management and staff. Management ensuring compliance.</p>	<p>December 2021</p> <p>Implemented</p>
<p>No details on the Information Technology Audit of the Local Enforcement System</p> <p>Without further delays, LESA is expected to request an IT audit of the system as per article 7.16 of the special conditions of the contract agreement, which would review data, processes and controls of the system post 2015.</p>	<p>✓</p>		<p>LESA requested an IT audit of the system in accordance with the standing contract.</p> <p>The IT audit has been concluded. Outcome was discussed with NAO. No particular issues that directly affect the operations of the agency resulted from the audit.</p> <p>Based on the recommendation included in the IT audit, frequent clean-up of past users from the system will be carried out.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p>
<p>Shortcomings in the issue of manual traffic offences</p> <p>Management at LESA is to escalate this issue in order to abolish the current manual system. This will ensure that a consistent approach is adopted by all stakeholders, whereby tickets are issued electronically. This would provide an enhanced level of internal control.</p>	<p>✓</p>		<p>LESA operates the issue of traffic offence tickets only through a digitised system. Other stakeholders, such as the Police Department, have started to introduce a digitised system with positive results.</p> <p>As a short-term solution, the stakeholders concerned have agreed on a memorandum of understanding (MoU) to standardise operations, defining timeframes, and thus, reduce the current negative factors. The MoU shall be retracted once the long-term plan of abolishing the manual system is implemented completely.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Insufficient human resource capacity</p> <p>Strengthening the human resource capacity, especially the Accounts Department, will improve the internal control setup, as well as assist in reducing inherent risk, whilst providing a vital step towards the growth of the Agency.</p>	✓		<p>LESA has recruited the following officers:</p> <ul style="list-style-type: none"> • Communications Officer • Training Officer • IT Officer • Clerk (Debt Unit) • 2 Accounts Clerks <p>Calls for applications are being issued throughout the year.</p>	<p>Implemented</p> <p>Ongoing</p>
<p>Local Enforcement System</p> <p><i>Disparity between outstanding balances and agreements in place for the respective repayments</i></p> <p>Given that motor vehicle licences are expected not to be renewed unless outstanding fines have been lifted once an agreement to pay by instalments is in place, a plausible explanation for the substantial unpaid balance is yet to be given.</p> <p>Furthermore, LESA and Transport Malta are to jointly address the concern of contravention tickets which remain pending, to ensure the timely collection of fines.</p>	<p>✓</p> <p>✓</p>		<p>The total of outstanding fines quoted by the NAO comprises all fines, including fines related to education, littering and other offences. A debt analysis was sent by LESA to the NAO.</p> <p>LESA is entering into debt repayment agreements with offenders when substantial amounts are due. An action plan has been drawn up and legal action has been initiated and is currently ongoing against individuals who do not come forward for the signing of the contract.</p> <p>LESA and Transport Malta are holding discussions in respect of pending contraventions to ensure that a system is in place which contributes to the collection of fines. Legal action is being taken for dues related to offenders who have repeatedly failed to pay such dues.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p><i>Agreed payment terms not honoured</i></p> <p>Agreements are expected to be periodically followed up to ensure that these are being honoured. A stricter stance is to be taken against those failing to comply.</p>	✓		<p>Agreements to settle the respective balances by instalments are being monitored. Measures adopted include:</p> <ul style="list-style-type: none"> • Recurrent offenders are not being given extension on contracts, and neither new contracts, unless older contracts are settled. • A rigorous follow-up exercise on non-compliant offenders has started following the engagement of a new clerk. This task is being carried out on a monthly basis. <p>LESA is holding discussions with software developer to digitise the debt collection system.</p> <p>A new position of a Junior Legal Officer has been approved to strengthen this unit.</p> <p>The process to fill in the position of the Junior Legal Officer has been initiated.</p>	<p>Implemented</p> <p>December 2022</p> <p>Implemented</p> <p>December 2021</p>
<p><i>Renewal of licences despite outstanding contraventions</i></p> <p>Both Transport Malta and LESA are expected to invariably abide by article 56 of Traffic Regulations Ordinance, Chapter 65, which stipulates that the road licence is not to be renewed in the case of pending settlement of fine or penalty.</p>	✓		<p>The case referred to by the NAO has been investigated and LESA confirms that contract dues were respected, and balances paid.</p> <p>LESA is ensuring that pending dues are settled within a set period of time. Legal action is being taken against defaulters.</p> <p>LESA has confirmed with Transport Malta that no vehicle licences are being renewed if there are any previous pending contraventions.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p>

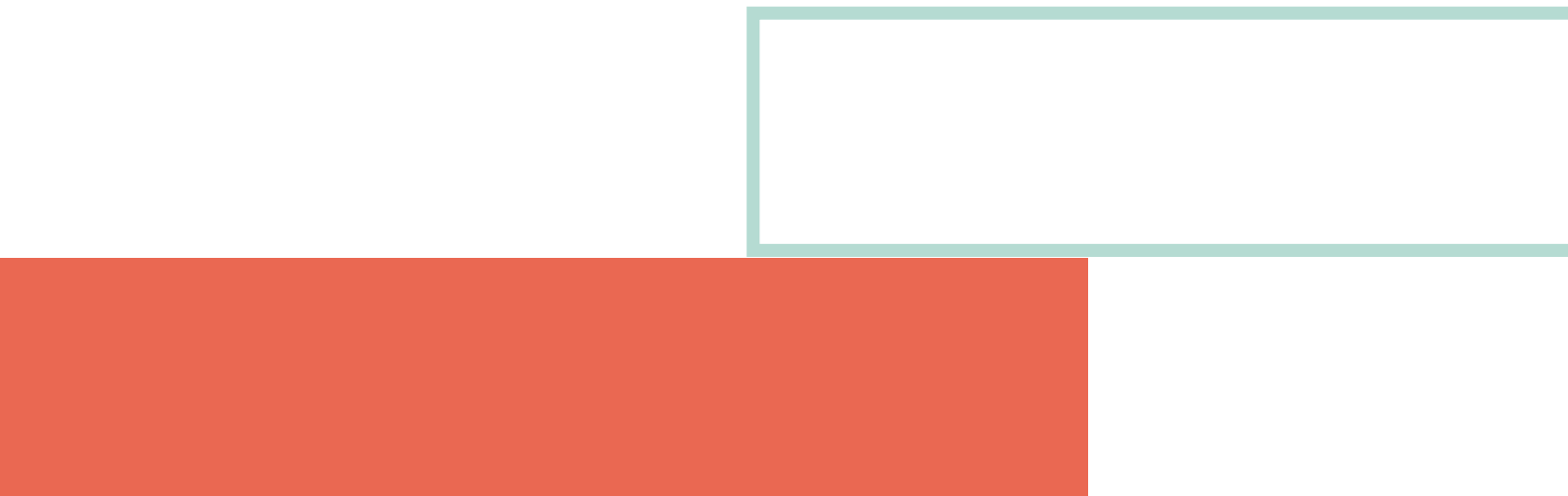
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p><i>Uncashed payments resulting from stale cheques</i></p> <p>The Agency is to consider the possibility of introducing the direct debit system so that payments in relation to agreements are deposited in a timely manner. This would also be one of the safest ways to handle payments.</p>	✓		<p>No post-dated cheques are being accepted by LESA.</p> <p>LESA has introduced an online payment solution for the payment of contraventions.</p> <p>Reconciliations are being carried out between payments received and the agreements in place.</p> <p>Discussions on the implementation of a direct debit system, including the payment on account concept, are being held with the service provider.</p> <p>Legal action has been initiated against the bike owner referred to by NAO.</p> <p>LESA agrees that trivial amounts are a burden and that these are ideally paid off immediately. Immediate payment is being enforced unless the offender produces evidence of financial hardship.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>
<p><i>Issues with respect to deposits in the Agency's bank account</i></p> <p>As the Agency set up to specifically regulate the payment of fines for contraventions, LESA is encouraged to initiate discussions with higher authorities so that online payments are directly received in its bank account. In the meantime, Management is encouraged to negotiate more favourable terms so that the current two-month timeframe is decreased to a minimum, in order for LESA to enhance its cashflow position.</p>	✓		<p>LESA has implemented an EPOS system for the general public, in order to mitigate risks of having cash and cheques on the premises.</p> <p>Fees by the Local Councils Association are being remitted within one month.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Whilst acknowledging that in these particular circumstances the threshold of €100 as set by standing regulations may be considered as too low, it is recommended that Permanent Secretary's approval is sought if a higher threshold is deemed necessary. Furthermore, the Agency is urged to hasten the process for the procurement of an insurance cover.</p>	<p>✓</p>		<p>A call for tender for the provision of insurance cover has been issued.</p> <p>Permanent Secretary has approved that the limit be set to €1,500.</p> <p>Cash collection services are being done daily.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p><i>Documentation not readily available</i></p> <p>It is in the Agency's interest to ensure that the contribution by the contractor is provided as agreed in the negotiated procedure. It is also important to keep an updated record of the respective inventory so that in the event that the contract is not renewed for further periods, it would be in a position to claim the assets that it has title to back.</p>	<p>✓</p>		<p>LESA is ensuring that all contractual obligations are being adhered to. Furthermore, LEESA has secured further contributions, such as development of additional new software related to the Traffic Management System to completely digitise the process. It is confirmed that the secured contribution is in line with article 6.5.1 of the terms of reference.</p> <p>Inventory control procedures with respect to the contract have been introduced.</p> <p>Management is ensuring that the inventory database in relation to the contract is being accurately maintained.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Collision reports</p> <p><i>No audit trail for cancelled collision reports</i></p> <p>LESA is expected to request an enhancement to the system to include an application that enables audit trail from origin. Besides internal control, this would offer a number of other benefits, including transparency, integrity and the protection of the system from misuse.</p>	✓		<p>Discussions are being held with the software developer to enhance the system to ensure an adequate audit trail regarding cancelled collision reports. The system should be in place by end of year.</p> <p>In the meantime, a manual audit trail of cancelled collision reports and other services, is being maintained.</p>	<p>December 2021</p> <p>Implemented</p>
<p><i>Delays in raising invoices</i></p> <p>LESA is to recognise the importance of raising invoices in time, as time lags can have a negative impact on its cashflow.</p>	✓		<p>LESA is ensuring that invoices for the provision of services of community officers to third parties are being issued every month, in accordance with the standing contract.</p> <p>Two accounts employees have been recruited to the accounts department.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Traffic Management System</p> <p><i>Unsubstantiated payments hindering reconciliation</i></p> <p>For a complete audit trail, the Agency is to request Local Councils to start forwarding a detailed breakdown supporting the respective payments.</p>	✓		<p>Payments by Local Councils in respect of the provision of traffic management are being supported with a detailed breakdown.</p> <p>An officer is responsible for reconciliations and these are being documented.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Others</p> <p><i>Invoices issued manually</i></p> <p>In order to enhance efficiency, accuracy, as well as maintaining complete accounting records, Management is to consider adopting an electronic based invoicing system which will be integrated with the accounting package.</p>	✓		<p>LESA has adopted a new and complete Accounting Package (software). A contract has been awarded after the publication of a call for tenders and the system is currently being used by the Agency.</p>	Implemented
COMPLIANCE ISSUE				
<p>Financial statements not prepared</p> <p>The submission of timely audited financial statements is a statutory obligation of the Agency.</p> <p>It is also pertinent that management accounts are compiled in a timely manner as these are necessary to assist Management in the day-to-day operations of the Agency.</p>	✓		<p>The issue regarding the reimbursement of administrative expenses claimed by the Regional Councils, which was hindering this process, has been solved.</p> <p>The auditor selected has concluded the financial statements for years 2017, 2018 and 2019.</p> <p>Subsequently, the auditor shall proceed to conclude the financial statements for 2020.</p> <p>The matter shall be facilitated and subsequently rectified with the new accounting software and the engagement of a full-time Financial Controller.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Agency agreement not formulated</p> <p>It is in the interest of the Agency to ensure that the agreement in question is concluded and endorsed by the responsible parties without further delay. This will set the applicable rights, obligations and procedures to be followed, whilst reducing potential future dispute.</p>	<p>✓</p>		<p>The formal agreement between LESA and the Ministry has been drawn up.</p> <p>The agreement will be endorsed and in place to define the rights and obligations in the provision of the services.</p>	<p>Implemented</p> <p>Implemented</p>

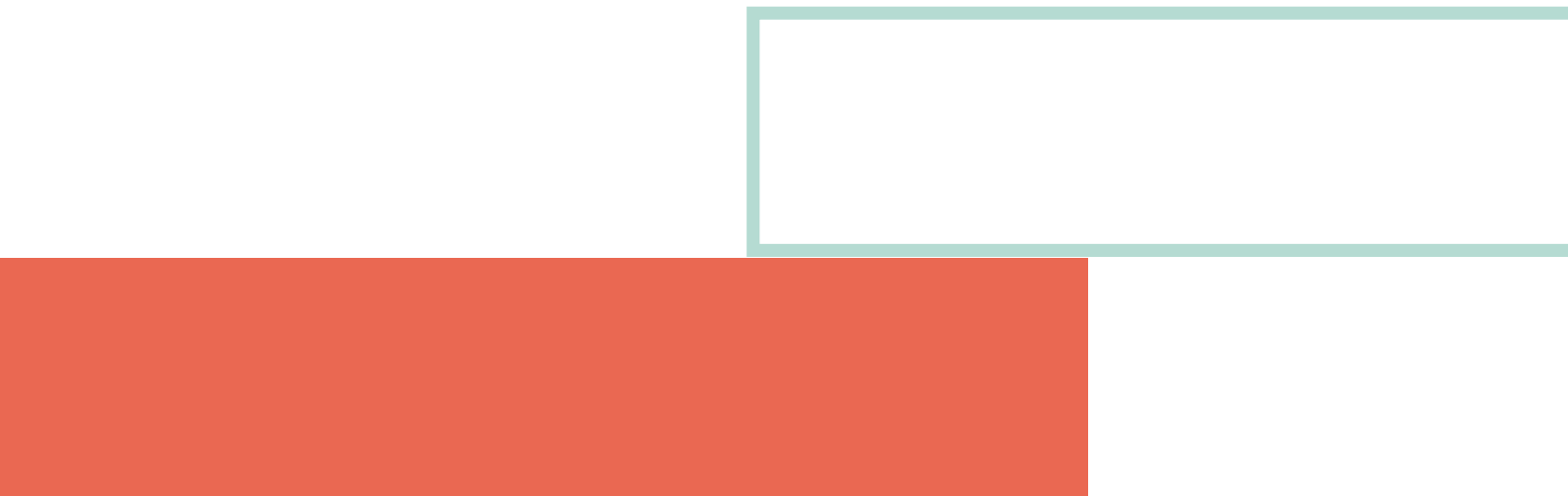




MESDC (now MECP)

**MINISTRY FOR THE ENVIRONMENT, SUSTAINABLE
DEVELOPMENT AND CLIMATE CHANGE**

(now Ministry for the Environment, Climate Change and Planning)



MESDC (now MECP)

WASTE SEPARATION: ORGANIC BAG - EXPENDITURE

Waste Separation: Organic Bag – Expenditure

WasteServ Malta Ltd (WSM), established in November 2002, is a Government-owned company responsible for organising, managing, and operating integrated systems for waste management. During 2019, the entity fell within the remit of the then Ministry for the Environment, Sustainable Development and Climate Change.

In 2015, WSM embarked on a pilot project to introduce the use of organic bags, and raise awareness on the concept of waste separation. An informative campaign was initiated with the cooperation of five Local Councils (LCs). In subsequent years, the number of localities participating in this project increased, with WSM continuously monitoring and analysing the outcome. By 2018, all localities in Malta and Gozo were participating in this campaign.

The main scope of the audit was to verify whether procurement procedures adopted by WSM complied with public procurement regulations. The National Audit Office (NAO) also sought to determine the level of existing internal controls over the related payments effected during 2019.

The audit revealed that claims for reimbursement by Local Councils settled from allocation for the Waste Separation – Organic Bag were not made on a regular basis, while substantial reimbursements were still outstanding by end of 2019. Shortcomings were also identified in the procurement of advertising services, and in the management of the contract for compostable bin liners.

Follow-up action

WSM have implemented a deadline of three months for LCs to submit a claim for reimbursement. Regarding reimbursements for organic waste, WSM has adopted a Standard Operating Procedure (SOP) to establish that Local Councils would only be reimbursed for the number of organic waste collections delivered to WSM facilities on the same day of collection. Outstanding claims are being addressed through an invoicing and set-off procedure with Local Councils.

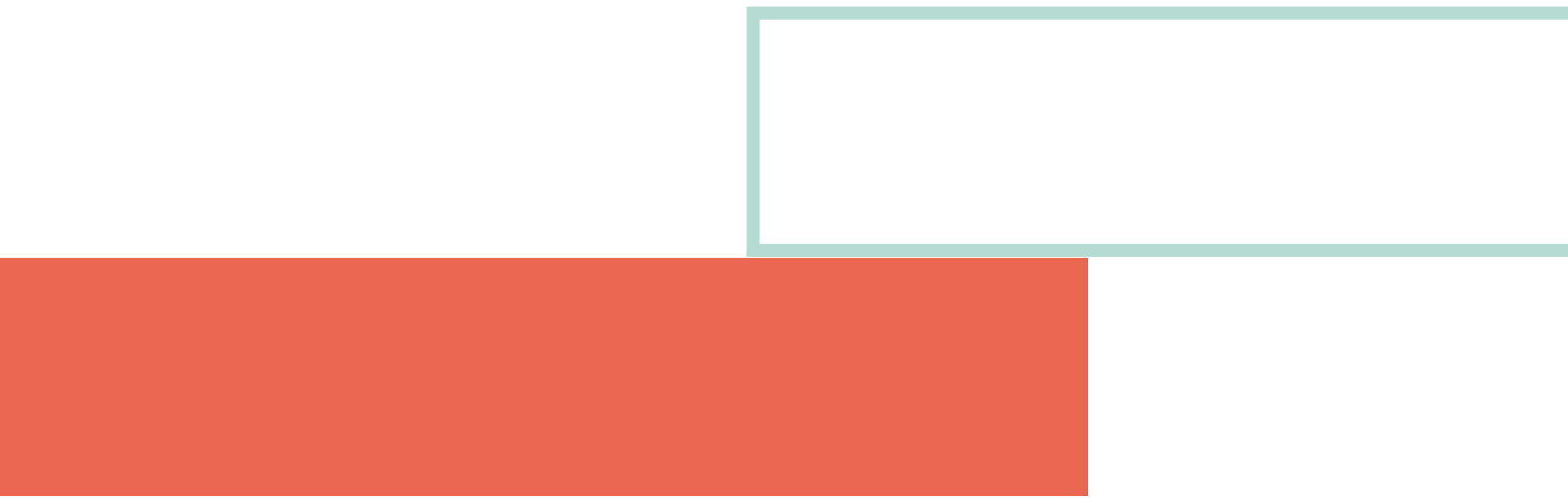
WSM have also drawn up a Manual of Procedures detailing the procurement process in accordance with the PPR. WSM worked to reduce direct orders and for services procured, and agreements have been signed with the supplier. WSM remarked that it had obtained a proper insurance policy from the supplier of compostable bin liners.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Delays by local councils claiming reimbursements</p> <p>Management is to maintain its efforts in liaising with the Local Councils Association (LCA) and the Department for Local Government, to urge LCs to send their claims for reimbursement within the stipulated timeframes, thus facilitating budget planning.</p> <p>If the situation is not improved, WSM may also consider imposing financial deterrents in cases of non-compliance.</p>	✓		<p>Following an agreement between WasteServ Malta (WSM) and the LCA, WSM will start implementing a deadline of three months instead of 30 days. WSM will send the data to LCs related to weighbridges by not later than 1 month. The LC will then have two months to present an invoice.</p> <p>Under this agreement, invoices sent after the two-month deadline will not be processed by WSM.</p>	<p>December 2021</p> <p>December 2021</p>
CONTROL ISSUE				
<p>Substantial reimbursements still outstanding</p> <p>Management is encouraged to liaise with the Department for Local Government in order to address the matter of outstanding tipping fees, to ascertain timely payments both towards WSM and the Councils.</p>	✓		<p>WSM has established a data management unit which is tasked to identify an EPR software to automate and link most of the procedures at WSM.</p> <p>WSM held discussions with LC's representative, Director General (Local Government) and the NAO, to establish an invoicing and set-off procedure with Local Councils. The modus-operandi was agreed upon by all parties.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Procurement of advertising services not in compliance with regulations</p> <p>Procurement directly from the open market is to be resorted to only in exceptional circumstances, and provided that adequate justification exists. Moreover, this may solely be done after obtaining written approval from the Ministry for Finance and Financial Services. Commitments with service providers are only to be entered into once this authorisation is obtained.</p> <p>WSM is also to ensure that services procured, especially those of a relatively substantial value, are backed by an agreement endorsed by the contracting parties, clearly laying down the applicable terms and conditions.</p>	<p>✓</p>		<p>An organic marketing plan was established and approved by WSM top management.</p> <p>A Manual of Procedures (MOP) on procurement has been compiled and circulated among employees. The Manual details the competitive procurement process, and that direct orders are to be resorted to only in justified circumstances.</p> <p>The management is ensuring compliance so that procurement procedures are consistent and standardised.</p> <p>WSM is ensuring that all procurement is backed by an agreement, as detailed in the MOP.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<p>Transportation of organic waste to facilities not in line with agreements</p> <p>Claims made by LCs are not to be settled in their entirety unless WSM confirms that the organic waste was deposited in its facilities on the day it was collected, as required by the respective agreements entered into with the Councils.</p>	<p>✓</p>		<p>SOPs in relation to transportation of organic waste have been drawn up and communicated to all staff concerned.</p> <p>The management is ensuring compliance.</p> <p>In accordance with the SOP, WSM is only settling claims with LCs for organic waste collections delivered to the proper facilities on collection day.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Shortcomings in the management of the contract for the supply and delivery of compostable bin liners</p> <p>WSM is expected to ensure that the required insurance policy is in place.</p>	✓		<p>The contractor of compostable bin liners provided the necessary insurance certificates.</p> <p>In line with contract conditions, contractors are obliged to provide insurance certificates.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Regular monitoring, to ascertain that all the related conditions are duly respected by suppliers, is also solicited to safeguard the former's interests. Relevant documentation is to be retained and duly filed for future reference.</p>	✓		<p>WSM is conducting regular monitoring on the contract of compostable bin liners to ascertain that all conditions are being met, including quality assurance through spotchecks.</p> <p>WSM is ensuring that all documentation is filed for future reference and audit trails.</p> <p>A Contract Management Officer has been engaged to ensure uniformity across contracts.</p> <p>WasteServ's electronic filing system is facilitating proper storage of documents and contract management.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>



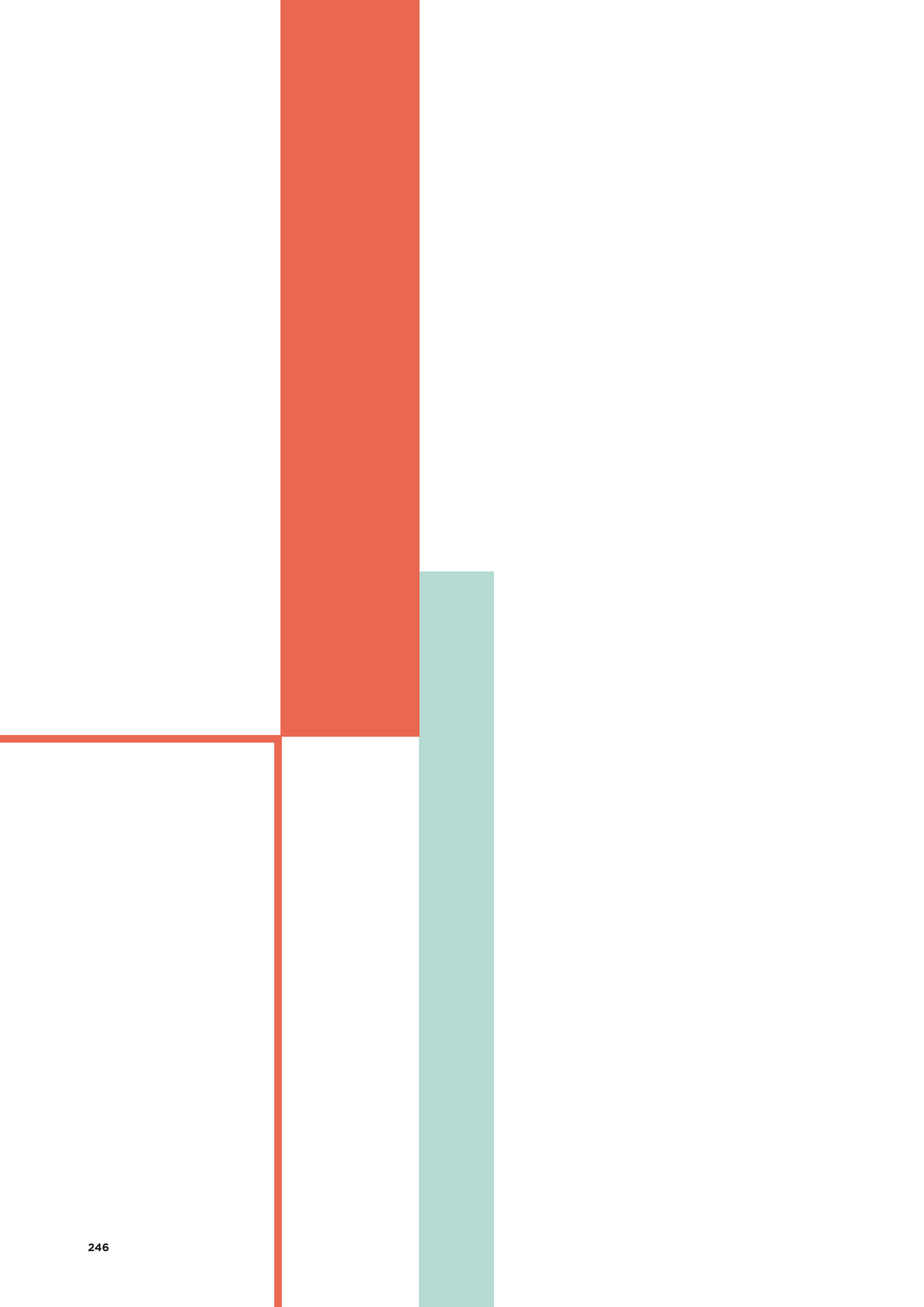




MESDC (now MAFA)

STORE ITEMS AND FIXED ASSETS

(relating to the current Ministry for Agriculture, Fisheries, Food and Animal Rights and the Ministry for Energy and Sustainable Development)



MESDC (now MAFA)

Store items and fixed assets

(relating to the current Ministry for Agriculture, Fisheries, Food and Animal Rights and the Ministry for Energy and Sustainable Development)

Following the reshuffling of ministerial portfolios in January 2020, the Veterinary and Phytosanitary Regulation Department, the departments of Fisheries and Aquaculture, as well as the Rural Development were incorporated within the Ministry of Agriculture, Fisheries and Animal Rights (MAFA), whilst Ambient Malta has been redesignated as Parks Malta and now falls under the remit of the Ministry for Energy and Sustainable Development. Previously, all the aforementioned departments formed part of the Ministry for the Environment, Sustainable Development and Climate Change. Through their diversified roles, these departments work together towards the overarching goal: that of conservation and sustainable use of local genetic resources.

The main scope of the audit was to assess the level of existing internal controls over store items and fixed assets falling under the remit of these departments, and to assess whether there was adequate stores and inventory management in line with pertinent regulations.

The NAO concluded that adequate control procedures were lacking with respect to store items and fixed assets maintained by the Departments of Fisheries and Aquaculture, Rural Development, and the then Veterinary and Phytosanitary Regulation, as well as Ambient Malta. This was mainly due to formal standard operating procedures not being in place. Moreover, provisions laid down in pertinent circulars, ensuring proper monitoring of fixed assets, were not fully complied with.

Follow-up action

The aforementioned departments have implemented several actions to address the shortcomings noted by the NAO, such as assigning officers to carry stocktaking tasks, and by providing training.

Both MAFA and Parks Malta have drawn up SOPs relating to recording and monitoring stock, including procedures for physical stocktaking and addressing discrepancies.

A CCTV system has been installed to capture stores and the dog pens areas. Moreover, only authorised employees have access to stores.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>No specific recommendation.</p> <p>Limitation was related to the audit methodology.</p>				
KEY ISSUE				
<p>Standard operating procedures not in place</p> <p>SOPs will enable officers at the different departments to have a clear understanding of how stock records are expected to be maintained, thus leading to an efficient and effective way of recording and safeguarding Government assets. Thus, Director Corporate Services is to draft operating procedures to be followed by all departments falling under the responsibility of the respective Ministry, to enhance consistency and comparability.</p>	✓		<p>SOPs detailing the maintenance of stock records have been drawn up, in conjunction with the migration to CFMS, and approved.</p> <p>The SOPs have been made available to employees managing stocks in all Departments.</p> <p>Management is ensuring compliance.</p> <p>Parks Malta have drawn up SOPs in conjunction with the migration to CFMS, which includes the application module of Inventory. The SOP includes all related procedures and guidelines pertaining to animal husbandry and physical stocktaking exercises.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<p>Fragmented data</p> <p>Management is responsible for the monitoring and safeguarding of stock items falling under its remit and thus compliance with pertinent regulations is of utmost importance. To this effect, stock records are to be consistently reviewed and updated.</p>	✓		<p>Stock records and the stock taking procedure have been reviewed on the basis of the SOP. A standard and transparent system was introduced to record and monitor stock movement across the Ministry.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Officers managing stocks have been trained on the use of the new system.</p> <p>Random compliance spot checks are being held at regular intervals by an officer who has been assigned this specific duty.</p> <p>Parks Malta are recording stock and inventory items, carrying out the necessary physical checks, and recording balances.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Stocks</p> <p><i>Weak controls on the management of stocks</i></p> <p>Stock control procedures, as stipulated in Treasury Circular No. 6/2004 - 'Stock Control Procedures', are to be adopted. The recording process is expected to be through a computerised stock management system. This will enable a proper audit trail for each transaction and also mitigate related problems.</p>	✓		<p>Personnel of all departments within the Ministry have started training on familiarisation and use of the CFMS. The system has the facility of recording stock and inventory items.</p> <p>All sections within the AHWD have entered all store items in a customised excel database. This system will be retained until the CFMS module enters into effect.</p> <p>The National Veterinary Laboratory have issued a tender for the procurement of a laboratory information management system.</p> <p>At Parks Malta, stock levels are being recorded in accordance with the formalised feeding guidelines as provided by nutritionist/veterinarian experts.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2021</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Furthermore, a physical check of all stock items is to be carried out on a regular basis, in line with the requirements of the general financial regulations.</p>	✓		<p>A periodical stocktake is being conducted in line with the provisions of the SOP.</p>	Ongoing
<p>Any discrepancies between the physical stock count and the stock records are to be scrutinised and reported in line with the regulations and pertinent circular.</p>	✓		<p>The Aquaculture Directorate within the FAD has carried out a physical check of the store items, and updated stock records.</p> <p>The sections within the RAD have carried out a physical check of available stocks.</p> <p>As a result of physical stocktaking, Heads of Department are ensuring that the balances of stores on charge are actually in stock. A report on each physical check of stores is being sent to the Permanent Secretary, stating the date on which the stocktaking was held, the stores examined, and the results obtained. This report is being copied to the Auditor General in terms of regulation 103 of the General Financial Regulations.</p> <p>Any discrepancies between actual stock quantities and stock records are being reported to the Permanent Secretary. In such cases, the Permanent Secretary appoints a Board of Survey, in terms of regulation 111 of the General Financial Regulations.</p>	Implemented

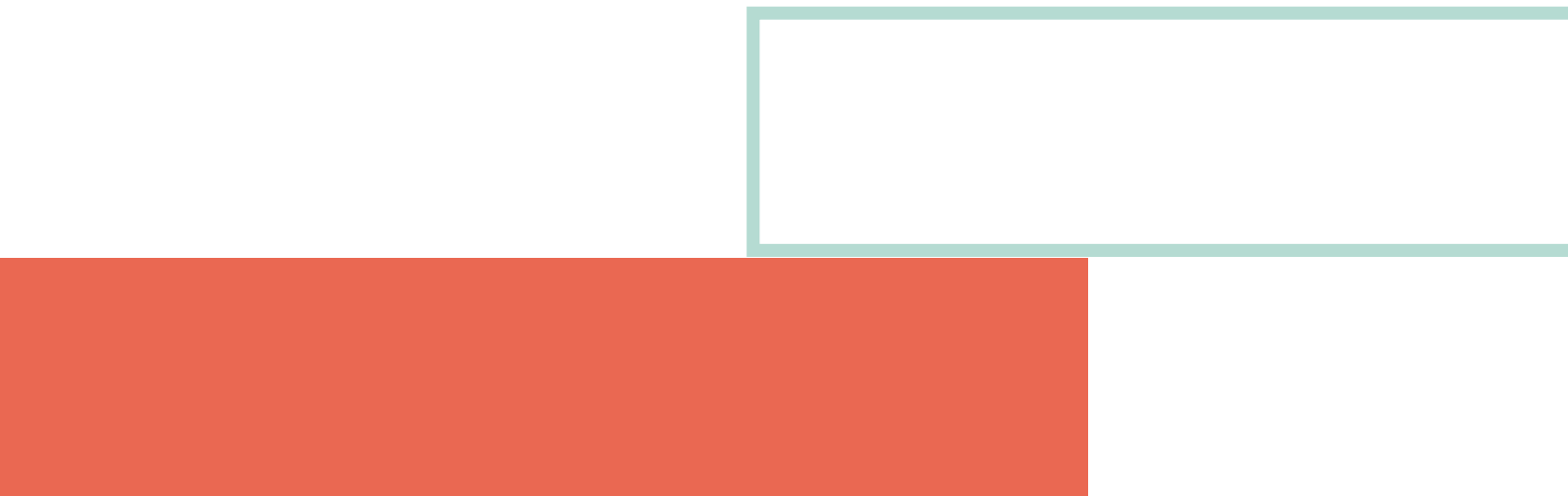
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p><i>No valuation for livestock</i></p> <p>Management is to ensure that all stocks falling under its remit is properly valued and accounted for in line with the applicable accounting framework, i.e. International Public Sector Accounting Standards. Livestock which does not fall under the definition of current assets should be treated as fixed assets and accounted for accordingly. In case of any difficulty, the respective departments are to consult with the Treasury Department for further guidance.</p>	✓		<p>The FAD completed the valuation of the livestock held, and this has been recorded.</p> <p>SOPs have been drawn up, detailing the procedure for the selling of livestock by bidding calls through DOI whereby the highest bid wins the animal. The value of the livestock on the farm is being updated as this depends on market prices, the gender of the livestock in question, age, breed, and so on.</p> <p>FAD have completed the valuation of the livestock held, and this has been recorded.</p> <p>Parks Malta has consulted with Treasury on the valuation of livestock at the Petting Farm and at the Marsaskala Family Park. These animals fall under IPSAS 17: Property, Plant and Equipment, since the animals are not being used for production or to be sold. On the basis of the direction by Treasury, Parks Malta have identified those animals, having a value greater than €350 when bought, and these have been capitalised.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p><i>Feeding quantities not in line with the feeding schedule</i></p> <p>For the sake of transparency and as a control measure, feeding provisions are to be in line with the recommended daily feeding schedule.</p>	✓		<p>Within the AWPSPD, daily feeding schedules and headcounts are being monitored and updated regularly. At the end of every quarter, request books and issue notes are being counterchecked by a Veterinary Officer at AWPSPD.</p> <p>A feeding worksheet has been introduced by FAD.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>It is important that from time to time the schedule is reviewed for any necessary amendments, not to render it meaningless.</p>	<p>✓</p>		<p>Market research was carried out to identify an adequate feed stock management and feeding software based on the needs of the department. The new software has been procured, installed and is being used by RAD.</p> <p>Feeding schedules at the Petting Farm and Marsaskala Family Park are based on veterinary advice, which varies according to the state of the ageing animals.</p>	<p>Implemented</p> <p>Implemented</p>
<p><i>Closed circuit television not installed</i></p> <p>To minimise the risk of possible intrusion and theft, as well as to enhance accountability, Management is to ensure that only assigned officers have physical access to specific areas. Entry by outsiders is to be strictly forbidden.</p> <p>Management at AHWD is expected to hasten the process for the installation of the camera system, which item is also, to be included in its inventory as this fall within the category of fixed assets.</p>	<p>✓</p> <p>✓</p>		<p>AWPSD installed a CCTV system to capture the stores and the dog pen areas.</p> <p>The other departments have an officer assigned and authorised to enter stores. A list of authorised officers to enter stores has been drawn up.</p> <p>The CCTV system has been installed, and its monitoring function has been extended through the installation of additional monitors.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Fixed assets</p> <p><i>Lack of effective control of fixed assets</i></p> <p>Director Corporate Services is to assign personnel to co-ordinate the maintenance of fixed asset registers amongst the different departments as well as to ensure that items are physical checked on a perpetual basis and any discrepancies reported immediately.</p>	✓		<p>An officer from the Logistic and Transport Unit (Strategy & Support Directorate) has been assigned duties to coordinate the maintenance of the fixed assets registers for the different directorates.</p> <p>All directorates updated their respective fixed assets registers and forwarded the updated records to this officer in-charge.</p> <p>The updated records were submitted to the Treasury.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Inventory database not updated following the re-assignment of Ministerial portfolios</p> <p>Management is expected to give priority to the updating of its records of fixed assets.</p>	✓		<p>An officer from within the RAD had been appointed to follow up the inventory at department level.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
COMPLIANCE ISSUE				
<p>Shortcomings noted in the Departmental inventory Database</p> <p>The officer responsible for the management of fixed assets is to ensure that records are thoroughly checked to identify any entries that are inconsistent with standing regulations and these are to be amended accordingly.</p> <p>It is important that assets are recorded under the correct category, especially at this stage when the Ministry is expected to prepare a set of financial statements based on International Public Sector Accounting Standards in due course and thus account for depreciation on its fixed assets. Moreover, MF Circular No. 14/99 is to be adhered to in order to ensure that more effective control is maintained on Government-owned items.</p>	<p>✓</p> <p>✓</p>		<p>An officer from within RAD was assigned the responsibility to be in charge of the fixed assets register at departmental level and to update the fixed assets register as required.</p> <p>All shortcomings in the inventory system within the RAD have been addressed, in accordance with the pertinent circular.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Statutory returns not submitted to NAO</p> <p>Management is to make sure that officers in charge of the respective tasks are aware of the statutory returns which are to be accurately compiled in line with MF Circular No. 14/99 and submitted to NAO on a regular basis.</p>	<p>✓</p>		<p>An officer from within the Transport and Logistic Unit (Strategy & Support Directorate), MAFA, has been assigned to coordinate FAR, has drawn up pertinent SOPs, and is submitting returns to the NAO on a regular basis.</p> <p>Returns for the year 2020 have been submitted to the Treasury.</p> <p>Parks Malta are ensuring compliance to the regulations in place.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>





MESDC (now MAFA)

**VETERINARY AND PHYTOSANITARY REGULATION DEPARTMENT
- COMPLIANCE**
(now Veterinary Regulation Directorate)

Veterinary and Phytosanitary Regulation Department – Compliance (now Veterinary Regulation Directorate)

The Animal Health and Welfare Department (AHWD) under the remit of the Ministry for Agriculture, Fisheries and Animal Rights (MAFA), co-ordinates and regulates activities to ensure compliance with the requirements of animal health, animal welfare, and feed and food law.

This Department comprises two Directorates, namely the Veterinary Regulation Directorate (VRD), and the Animal Welfare, Promotion and Services Directorate (AWPSD), as well as a National Veterinary Laboratory, Administration and Operations, and Technical Co-ordination Office. VRD is responsible for the welfare of farm, dangerous species, and zoo animals, among others. The main responsibility of AWPSD is to promote and safeguard the welfare of domestic animals, mainly through inspections, and rescue by its ambulance service.

The main scope of the audit was to assess the internal controls at the foregoing two Directorates during 2019, focusing on compliance with the regulations, mainly related to electronic identification of dogs, owning and keeping of dangerous species, and keeping of wild animals in zoos. Control over revenue received by AHWD and the type and frequency of inspections carried out were analysed.

The audit at the then Veterinary and Phytosanitary Regulation Department mainly revealed lack of staff, accumulated balances in the bank account not transferred to the consolidated fund, and revenue not reported in the respective returns. It also transpired that no legal action was taken against illegalities with regards to owning of dangerous animals.

The NAO reported good practice on a number of process within the Department.

Follow-up action

AHWD had taken action to redress the lack of appropriate reporting on revenue by identifying all revenue, and this revenue had been featured in the respective returns via DAS to the Central Bank of Malta.

Requests for payment have been sent to veterinarians in relation to the microchipping of dogs. An enhancement to the National Livestock Database was made so that arrears are categorised by age.

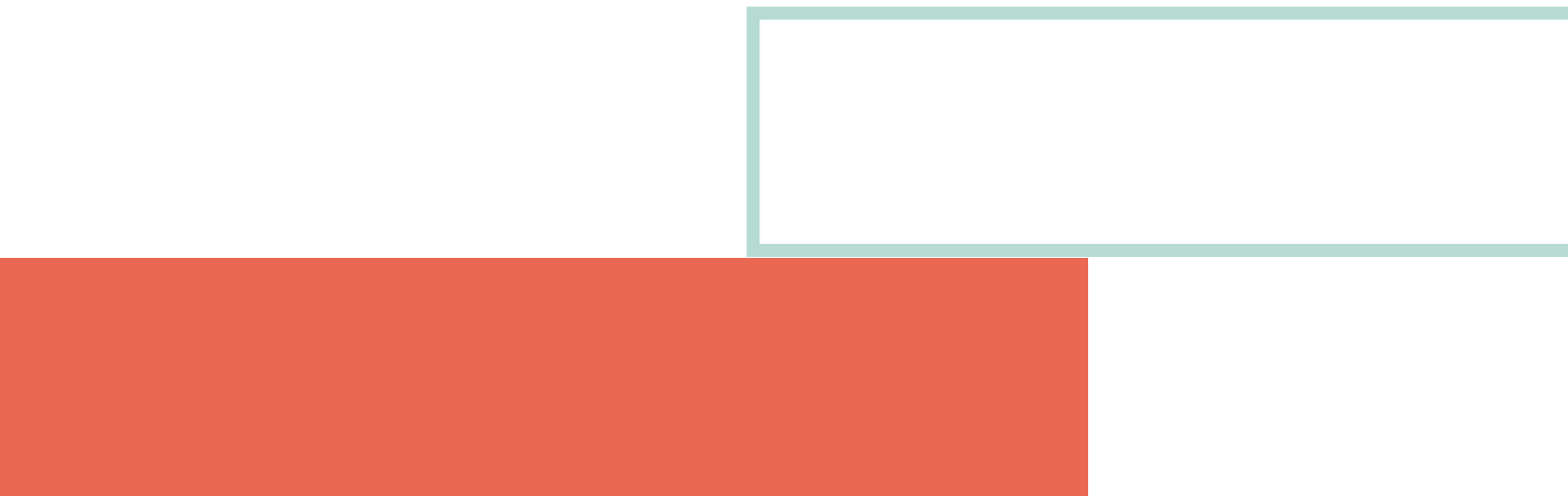
AHWD have issued several calls for applications and engaged employees through contracts for service, to increase its capacity. AHWD have also drawn up and implemented an internal training plan for all AHWD employees and provided training on accrual accounting.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Revenue not reported accordingly</p> <p>All revenue due to Government is to be identified, featured in the respective returns as applicable and timely submitted, especially in view of the imminent transition to accrual accounting. Outstanding amounts are also to be categorised by age.</p>	✓		<p>All revenue is being identified and featured in the respective returns via CFMS to the Central Bank of Malta.</p> <p>An enhancement to the National Livestock Database was made so that when a request for payment is sent to the Veterinarians, arrears are categorised by age.</p> <p>Regarding microchipping of dogs, requests for payment were sent to Veterinarians. Reminders were sent when applicable, including interest due in accordance with Government Notice 943 dated 13 August 2020.</p> <p>Arrears of Revenue Returns are being sent regularly by the AHWD in line with Treasury Circular 3/2021.</p> <p>Training on accrual accounting has been provided to the employees concerned.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Shortcomings related to staff</p> <p>AHWD is to raise the highlighted concerns with respective Ministry, so that calls to start filling in the current vacancies are issued without undue delay.</p>	✓		<p>The Ministry has published calls for Assistant Manager (Animal Welfare), Manager I (Animal Welfare) and Manager II (Animal welfare). Moreover, a Senior Clerk and a Manager I have been transferred to the AWPSD and have been assigned procurement/accounts duties.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Training is also to be provided accordingly.</p> <p>The Department is further encouraged to initiate discussions with MEDE, in order to compel Maltese graduates, who are given a scholarship, to work for a stipulated number of years as veterinarians within VRD as an undertaking.</p>	<p>✓</p> <p>✓</p>		<p>A number of vacancies were filled during 2020, including a legal officer, legal procurator, three veterinary officers, a principal veterinary support officer, and veterinary support officers.</p> <p>A capacity building exercise has been conducted by AHWD to ensure that the requirements of the Department are met.</p> <p>In the meantime, to mitigate against an acute shortage of staff in particular positions, the services of procurement officers, veterinary assistants, and veterinary care are being provided through contracts for service.</p> <p>An internal training plan for all AHWD staff (including AWPSD and VRD) has been drafted for 2021 and is being implemented. Tailor-made customer-care accredited training is being provided through IPS. 24 employees have been trained so far.</p> <p>A questionnaire has been sent by the Veterinary Regulation Department (VRD) to veterinary students to determine why they do not apply to government posts.</p> <p>VRD prepared an informative brief for veterinary and MCAST students regarding various related posts that that exist within the Department.</p> <p>Furthermore, for next year's scholarship allocations, VRD is holding discussions with MEDE on the possibility of undertakings.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>September 2022</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Accumulated balance not transferred to consolidated fund</p> <p>Any excess balance is to be transferred to revenue in the consolidated fund in line with the conditions on which approval was granted.</p>	✓		VRD is monitoring and carrying out reconciliations with bank accounts. The bank informed the department that funds were transferred to the Consolidated Fund.	Implemented
<p>Penalisation for illegality</p> <p>Confiscation of dangerous species kept on illegal premises does carry various limitations, including the wellbeing of the animals, lack of adequate resources at the Department and the financial costs involved. Thus, NAO recommends that the possibility of imposing penalties on the defaulting keepers should be considered to act as a deterrent.</p>	✓		The legal framework relating to administrative fines needs to be updated. A legal notice is being drafted, establishing administrative fines for specific offences.	March 2022
<p>Limitations in the systems in place</p> <p>Whilst acknowledging that discussions are underway to upgrade and develop both systems, the current limitations are expected to be addressed accordingly and their implementation is rolled out without undue delay, in order to enhance the controls and operations in place.</p>	✓		Upgrades related to inspections and enforcements have been carried out to the AWPSP system (AWIS).	Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Moreover, enhancements to the system are ongoing as required, as provided for in the contract with the supplier.</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>Ongoing</p> <p>March 2022</p>
<p>Good practice</p>				
<p>Documentation requested was always submitted in a timely manner, and officers involved during meetings and onsite visits were very cooperative and knowledgeable on the respective area of work. NAO satisfactorily noted that detailed standard operating procedures covering the processes within both Directorates were in place.</p> <p>In line with pertinent regulations, registered dogs and persons authorised to keep dangerous species were correctly included in the livestock database. This Office also commends the initiatives taken by both Directorates in order to enhance the two systems in use.</p> <p>In addition, all six licensed zoos in Malta featured in the database and the required annual inspection of enclosure was carried out during the year under review. In mid-October, the Government launched a period of consultation for proposals so as to amend the respective legislation.</p> <p>Moreover, logs of incoming animal ambulance phone calls were maintained and updated accordingly following a visit to the reported location. Furthermore, documentation with respect to inspections carried out following reports received was held in an organised manner and was readily available upon request, covering 833 inspection reports during 2019. It was also positively noted that the amount of refundable deposit in connection with lending of cat traps was reasonable when compared to the respective cost. Supporting documentation in this regard was also readily available.</p> <p>NAO acknowledges that substantial work was carried out by AWPSD to transfer the dogs under its care to the new animal recovery facilities and that plans were underway to build new ones for the benefit of cats. A committee was specifically appointed for the new rehoming centre at Ta' Qali and an application in this regard was already filed with the Lands Authority in order to assign land for this purpose.</p>				

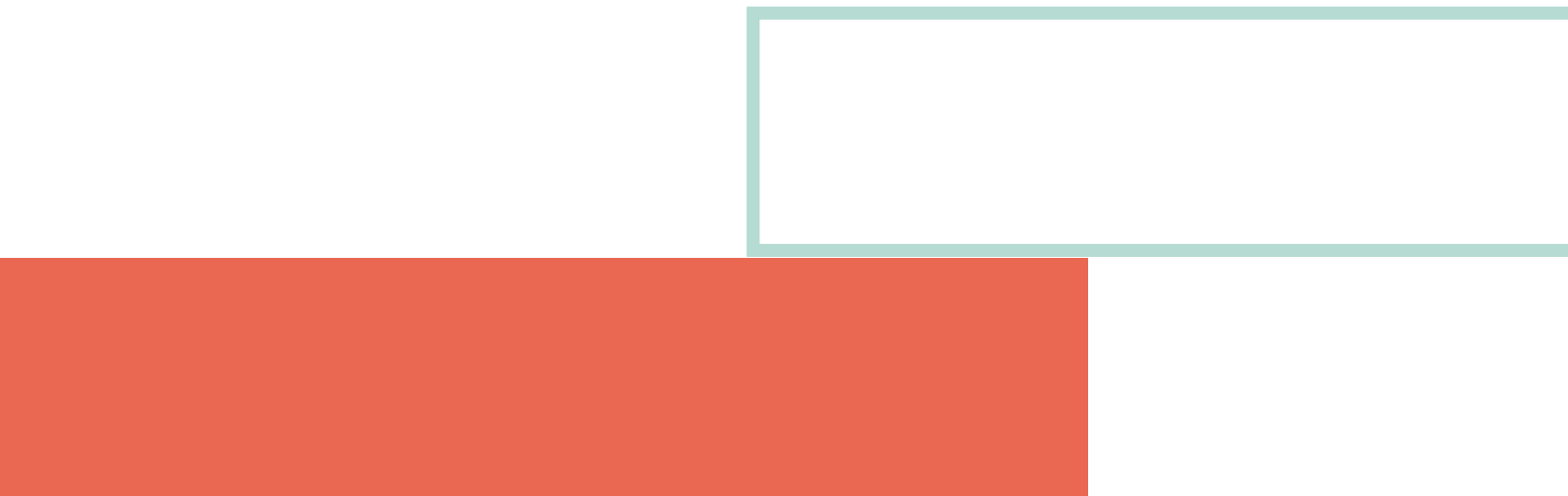




MFTP (now MFEA)

MINISTRY FOR FOREIGN AFFAIRS AND TRADE PROMOTION

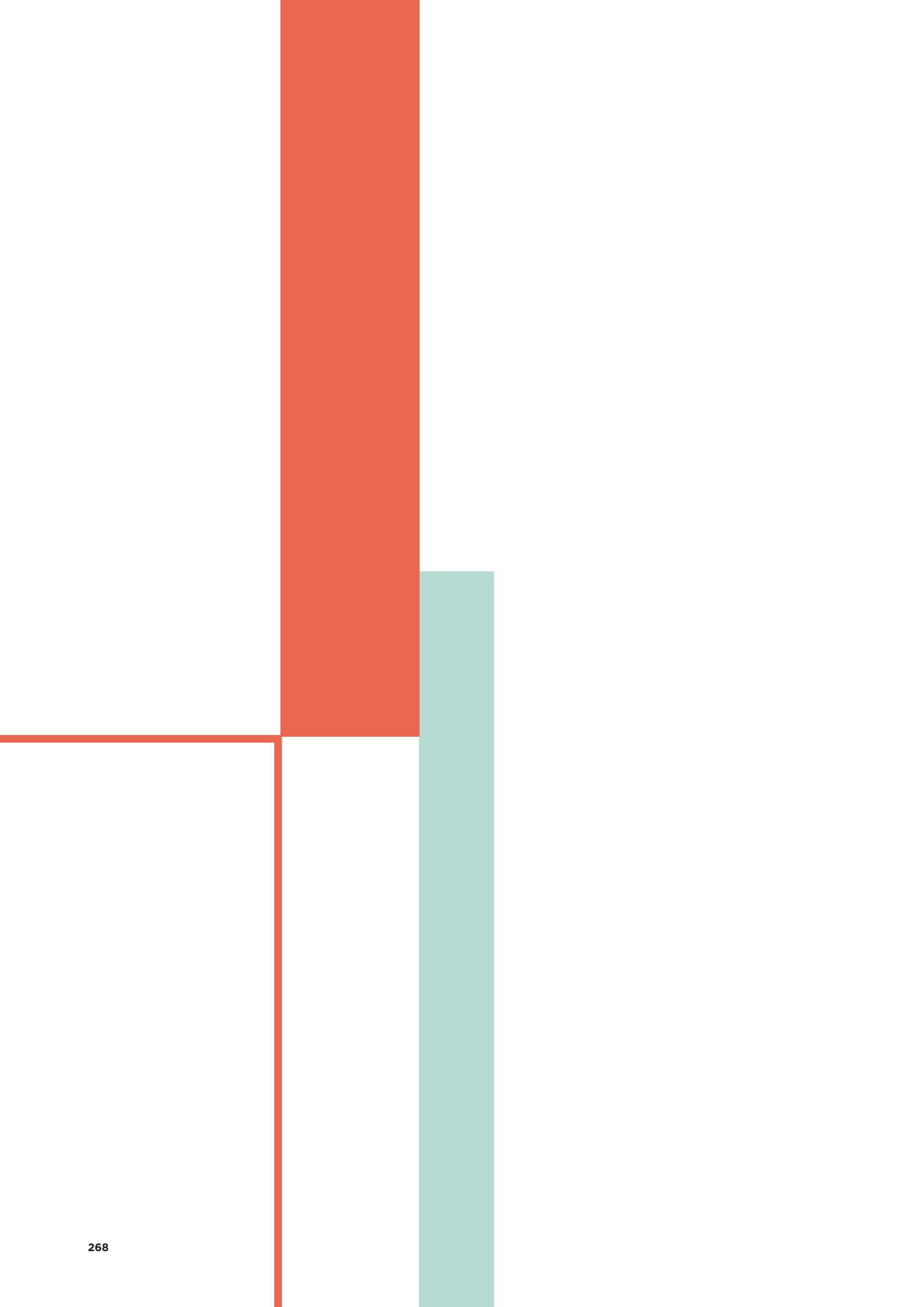
(now Ministry for Foreign and European Affairs)





MFTP (now MFEA)

TRADE MALTA LTD - EXPENDITURE
(now under the Ministry for Economy and Industry)



MFTP (now MFEA)

Trade Malta Limited – Expenditure: Trade Promotion Scheme

(now under Ministry for the Economy and Industry)

Formed as a public-private partnership between the Government of Malta and the Malta Chamber of Commerce, Trade Malta Limited (TML) is mainly responsible for assisting Malta-based businesses in their efforts to reach international markets with their goods and services. Through TML's Trade Promotion Scheme, local businesses can currently receive support to participate in business-to-business international trade events and fairs, thus facilitating the development of trade between business undertakings established in different regions. Local businesses can receive support to attend trade missions organised or endorsed by TML to nurture collaboration and business development and are helped to address market preparedness and development capabilities to enter a specific market.

The main scope of the audit was to assess the adequacy of internal controls in place with respect to assistance granted to local undertakings for the purpose of intensifying their international activities. The audit also sought to establish whether this assistance was granted in line with standing rules, namely the Incentive Guidelines for Trade Promotion and TML's internal processes.

The audit on the Trade Promotion Scheme operated by TML revealed that, whilst the entity is focused, with positive results, on assisting Malta-based business to reach international markets, there were instances of internal control weaknesses. These included, amongst others, lack of compliance with applicable incentive guidelines and the entity's internal processes, inadequate verifications at both application and claim stages, as well as poor monitoring.

Follow-up action

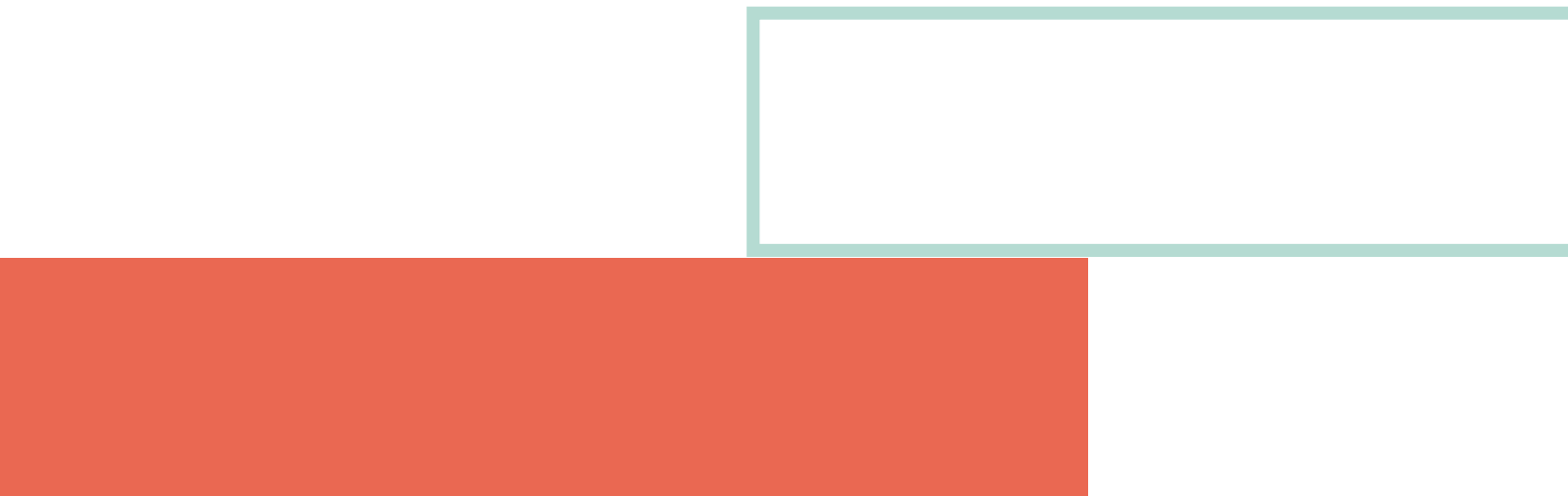
To address the issue concerning the lack of administrative control and poor verification processes, TML updated its workflows for the online application process and introduced an improved checklist, requiring the officers involved in the vetting of the applications and claims to ensure that requests are in line with established guidelines. The checklist is subsequently verified by two other officers and approved by the CEO. All decisions are being filed.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Lack of administrative control</p> <p>TML is expected to strengthen its internal verification processes, at both application and claim for reimbursement stages, thereby ensuring that assistance is only granted to eligible and compliant undertakings.</p> <p>Procedures and decisions undertaken by TML are to be formally documented. This will ensure audit trail and enhance accountability.</p>	<p>Partially Accepted</p> <p style="text-align: center;">✓</p>	<p>Whilst the applicants are required to send the claims for reimbursement within the three-month timeframe following the event, TML does not want to preclude claims sent after the deadline especially if late submissions are out of the applicants' control.</p>	<p>Workflows for the online application process have been updated to be in line with the newly-published guidelines.</p> <p>Established workflows and guidelines set minimum requirements and timeframes that must be adhered to.</p> <p>TML drafted and circulated an improved checklist that must be followed for the evaluation of applications and claims.</p> <p>All applications are verified to ensure that the requirements included in the applicable checklist are satisfied.</p> <p>All procedures and decisions in relation to applications and claims are filed accordingly.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Poor verification process</p> <p>TML is to invariably ensure that thorough counterchecks are performed at application stage, thereby ensuring that assistance is only granted to compliant undertakings. It is also encouraged to adopt a more formalised evaluation approach through the establishment of sound metrics. This will facilitate the selection process and render it more transparent.</p>	✓		<p>All applications and claims are processed and vetted by two separate officials. Final approval is granted by the CEO or the Board of Directors, depending on internal governance structures, as established in the guidelines.</p>	Ongoing
<p>Applications for incentive schemes not adequately substantiated</p> <p>TML is expected to invariably verify that applications are administratively compliant and only accept qualifying submissions.</p>	✓		<p>In accordance with the updated guidelines, applications with a tax compliance certificate, which has been previously submitted with another application but is within the validity period of one year, are considered compliant.</p> <p>TML has adopted a procedure that requires companies to submit an online application to attend a trade mission abroad.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Decisions and/or procedures carried out not duly documented</p> <p>Board minutes are to disclose discussions undertaken with respect to each application exceeding €10,000, detailing valid explanations behind each decision taken.</p>	X	<p>For applications exceeding €10,000, a detailed board paper is prepared and circulated prior the meeting. Hence, there is no need for the board minutes to detail discussions on each application unless there is a point that needs to be clarified.</p>		
<p>Moreover, minute sheets, as well as any claims requiring Board's approval, are to be invariably signed by all Board members, as an indication of agreement to the details therein.</p>	X	<p>The minutes of the previous board meeting are circulated days before the next meeting is summoned and are subsequently, approved or declined at the start of each meeting. The minutes are then signed by the Chairperson of the Board</p> <p>All the minutes, board papers and related documentation are filed for auditing purposes.</p>		

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The formal documentation of the outcomes of visits to beneficiaries' premises is also recommended, thus avoiding situations whereby relevant market intelligence is left unrecorded.</p>	✓		<p>TML implemented a Customer Relationship Management system to assist with the outreach programme.</p>	Implemented
<p>Claims for reimbursement not in line with standing requirements</p> <p>TML is expected to thoroughly verify the administrative compliance of claims, ensuring that established procedures are invariably adhered to by beneficiaries.</p>	✓		<p>In the case flagged by the NAO, the beneficiary had provided the required documentation for reimbursement claims.</p> <p>Regarding overpayments, TML have informed the beneficiaries and issued invoices to recover funds.</p> <p>Refunds for overpayments have been recouped.</p> <p>A checklist denoting the procedure related to claims has been drawn up, and management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Insufficient monitoring of amounts reimbursed</p> <p>Lack of adequate monitoring could result in a potential risk of fraud from the side of the applicant. Thus, more rigorous checks are to be performed on the amounts being reimbursed by TML, including verification of clients' documentation and ad hoc audit inspections. Increased formal communication with the SAMB will definitely help in this regard.</p>	X	<p>TML does not have access to the national register of state aid that is managed by the SAMB.</p> <p>TML has opted to adopt the self-declaration form which holds every applicant responsible and liable for any instance of fraud.</p> <p>In case of fraud, SAMB has the necessary mechanism in place to recover any excess funds.</p>		



MFTP (now MFEA)

MADRID EMBASSY - REVENUE AND EXPENDITURE

MFTP (now MFEA)

Madrid Embassy – Revenue and expenditure

Malta and Spain share a historical legacy, a European identity, and a Mediterranean vision. Malta has an Embassy in Madrid and Honorary Consulates in Barcelona, Bilbao, Oviedo, Palma de Mallorca, Santander, Seville, Valencia, and Vigo. Besides tourist and trade information, the Embassy provides routine consular services, mainly passports, citizenship, authentication of documents, legalisation, marriage in Malta, visas, public registry certificates, information related to residence schemes, and administration of oaths and affidavits.

In 2019, apart from the Ambassador, the Embassy of Madrid employed one Malta Based Officer (MBO), and six locally engaged personnel.

The main purpose of the audit was to verify that expenditure incurred from public funds was in line with standing laws, regulations and policies, ensuring the efficient administration of the amounts involved, and that there were the necessary internal controls over the collection and accounting of revenue due to Government.

As in previous years, the audit revealed that the Head Office continued to place high reliance on the Missions and limited checking was performed on the respective accounts filed by the latter. Other shortcomings noted during the audit included those related to inventory management, as well as hours of attendance and time-off in lieu.

Follow-up action

MFEA accepted all recommendations made by the NAO and has published and circulated a Manual of Financial Procedures at Missions Abroad, which serves as a reference to officers both in Missions and Head Office. In addition, a circular was issued instructing all Missions to document all hours worked, including TOIL for LEPs, ensuring 40 hours worked are logged and that due breaks are given as required by regulations. A further circular concerned the procedure to be followed when forwarding payments to Government departments or agencies.

To avoid a recurrence of the shortcomings identified by the NAO, an internal training programme, consisting of 26 modules, has been devised and is being delivered to public officers before being deployed in Missions abroad.

A new Infrastructure and Security Unit was also established which took over the management of inventory and fixed assets at Head Office and Missions.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Limited checking by Head Office due to high reliance on the Mission</p> <p>NAO reiterates the need that internal controls to oversee the operations of the Embassies are strengthened.</p>	<p>✓</p>		<p>The Ministry has published and circulated a Manual of Financial Procedures at Missions Abroad, which serves as a reference to officers both in Missions and Head Office (HO). This Manual encompasses all circulars and policies issued throughout the years.</p> <p>A Senior Manager was engaged to oversee postings in Missions abroad and organise training for all officers posted abroad.</p> <p>The Ministry has started a formal training programme for all diplomatic officers who shall be posted abroad, made up of 26 Modules, including financial, procurement and HR matters. A schedule of training has been drawn up.</p> <p>Missions' officers will be trained to monitor the Embassies' operations more closely. This training will be an ongoing initiative and will be held twice a year.</p> <p>In order to strengthen internal control within the HO, MFEA have taken the following actions:</p> <ul style="list-style-type: none"> Discussions with the Institute for the Public Services have been initiated to coordinate ad hoc training for the Missions' Desk Officers at Head Office on different areas, including government financial regulations and procurement. To enhance monitoring and audit Missions' accounts, a call for applications for Manager I (Missions Accounts) has been included in MFEA HR Plan for 2022. Missions are being requested to respond to HO queries by set deadlines, and failure to abide by set deadline, will result in disciplinary action. 	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Ongoing</p> <p>Implemented</p> <p>Q1 2022</p> <p>Ongoing</p>

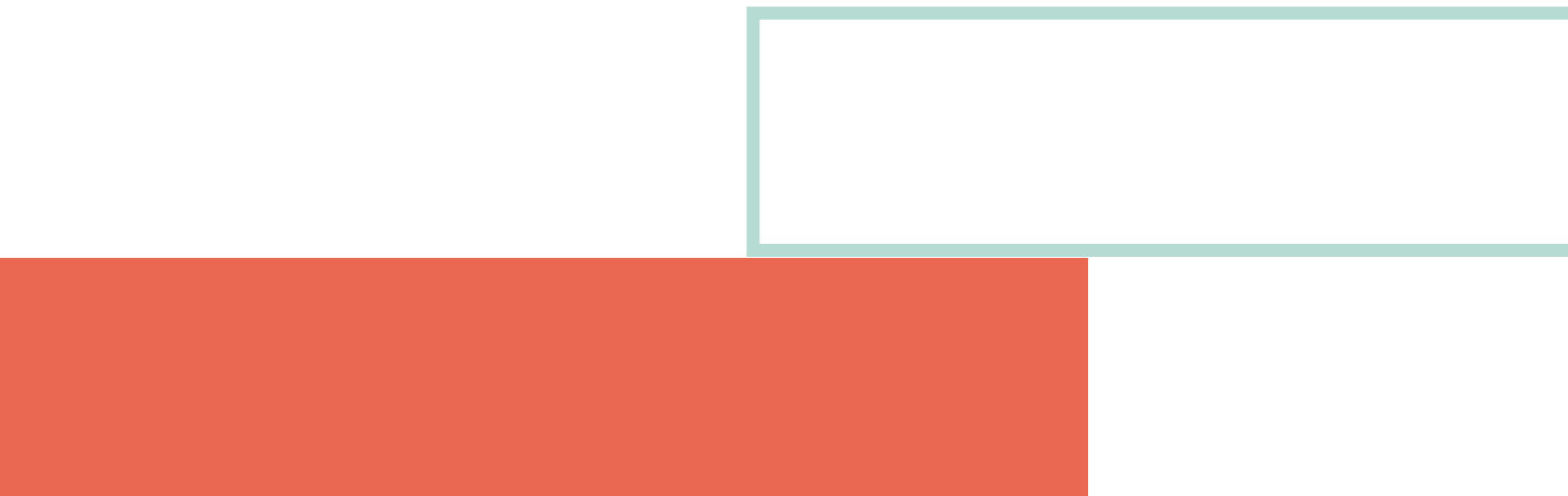
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Total hours of work not attained</p> <p>The anomaly in working hours is to be rectified. It is also recommended that rest break period is deducted when working more than six hours. In line with the provisions at law, contract of employment should stipulate the entitled daily rest break, including its duration and the terms on which it is granted.</p>	✓		<p>Circular No XX/2020, Appendix to the Manual of Financial Procedures at Missions Abroad was issued to all Missions, instructing respective Missions to document all hours worked, ensuring 40 hours worked are logged and due breaks are given in accordance with standing regulations.</p> <p>Training is being given by HR on this area, as part of the formal training programme to all diplomatic officers who shall be posted abroad.</p> <p>HR officers at HO are monitoring more closely the Embassies' operations. All attendance sheets of Missions are being checked with the leave portal for MBOs, and with the vacation leave record sheet, in case of LEPs.</p>	<p>Implemented</p> <p>Ongoing twice a year</p> <p>Ongoing</p>
<p>Hospitality budget exceeded</p> <p>Whilst the NAO appreciates the initiatives taken by Embassies in order to extend hospitality, it is to be ensured that the respective expenses are kept within the budget allocation.</p>	✓		<p>Manual of Financial Procedures, section 4.8.1 - Hospitality, states that any authorisation of hospitality expenditure over €250 should be approved by the Permanent Secretary through the Director (Corporate Services).</p> <p>Missions' officers are being trained to monitor the Embassies' operations more closely, through a formal training programme for all diplomatic officers posted abroad. This area is covered in Module 23: CFMS Accounting System.</p>	<p>Implemented</p> <p>Ongoing</p>

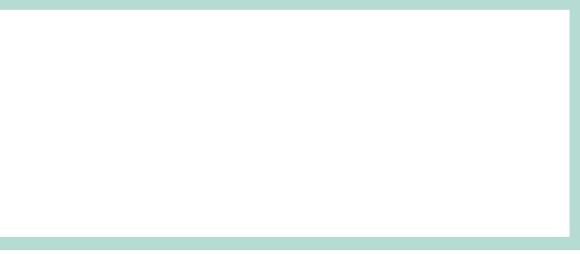
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Shortcomings related to cash at hand</p> <p>Respective circulars are to be updated to address any inconsistencies, copies of which are to be forwarded to this Office. Authorisation from the Permanent Secretary is to be sought in case of necessary departures from established procedures.</p> <p>Whilst acknowledging that as from January 2020, the Embassy acquired a debit card, the stipulated cash allocation is to be observed and cash payments are to be limited only for minor expenses.</p>	✓		<p>The Manual of Financial Procedures, section 5.1 was updated to reflect the General Financial Regulations. This update was circulated to all officers concerned through MFEA internal circular 12/2021.</p> <p>Missions' officers are being trained to monitor the Embassies' operations more closely through a formal training programme, for all diplomatic officers who will be posted abroad. This area is covered in Module 23 CFMS Accounting System.</p> <p>An internal Policy on Bank Accounts and the use of Debit Cards, in conformity with MFE Circular 3/2020, has been implemented and circulated to all Missions</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>
<p>Inaccurate charging for consular services</p> <p>Officers in charge are to be well-versed with the applicable legislation in order to ensure conformity of the rates charged. Any changes in the chargeable rates that are requested to be made by third parties are to be given in writing, making reference to the respective regulation.</p>	✓		<p>Implemented through Section 5 - 'Monies Received' of the Manual of Financial Procedures at Missions Abroad.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>Missions' officers are being trained to monitor the Embassies' operations more closely. During training, these areas are covered in Modules 3 and 23, and attention shall be drawn to the requirement that any changes in the chargeable rates requested by third parties are to be given in writing, referring to the respective regulation.</p>	Ongoing
<p>Cancelled receipts not requested</p> <p>In order to ensure completeness of revenue, HO is to request both the original and duplicate receipts. HO may also consider including this requisite in the respective circular, in order to introduce such practice across all Missions.</p>	✓		<p>Implemented through Section 5.1 - 'Revenue' of the Manual of Financial Procedures at Missions Abroad.</p> <p>Management is ensuring compliance.</p> <p>This area is being covered during the formal training to the diplomatic officers who will be posted abroad in Module 23.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Payments forwarded in bulk</p> <p>All payments forwarded to the Agency are expected to be invariably substantiated with detailed reports.</p>	✓		<p>Each Mission prepares a report with detailed information on each transaction of revenue. This report is submitted to HO.</p> <p>MFEA Circular No 03/2012 was issued to all Missions instructing them that all payments forwarded to a Government Department/Agency are to be invariably substantiated with detailed reports.</p> <p>Management is ensuring compliance.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>
<p>Shortcomings regarding Time Off in Lieu</p> <p>TOIL records are to be kept at the Embassy for control, as well as for audit purposes.</p>	✓		<p>Circular XX/2020, Appendix to the Manual of Financial Procedures at Missions Abroad, was issued to all Missions instructing them that TOIL records of all LEPs shall be regulated by the Mission.</p>	Implemented

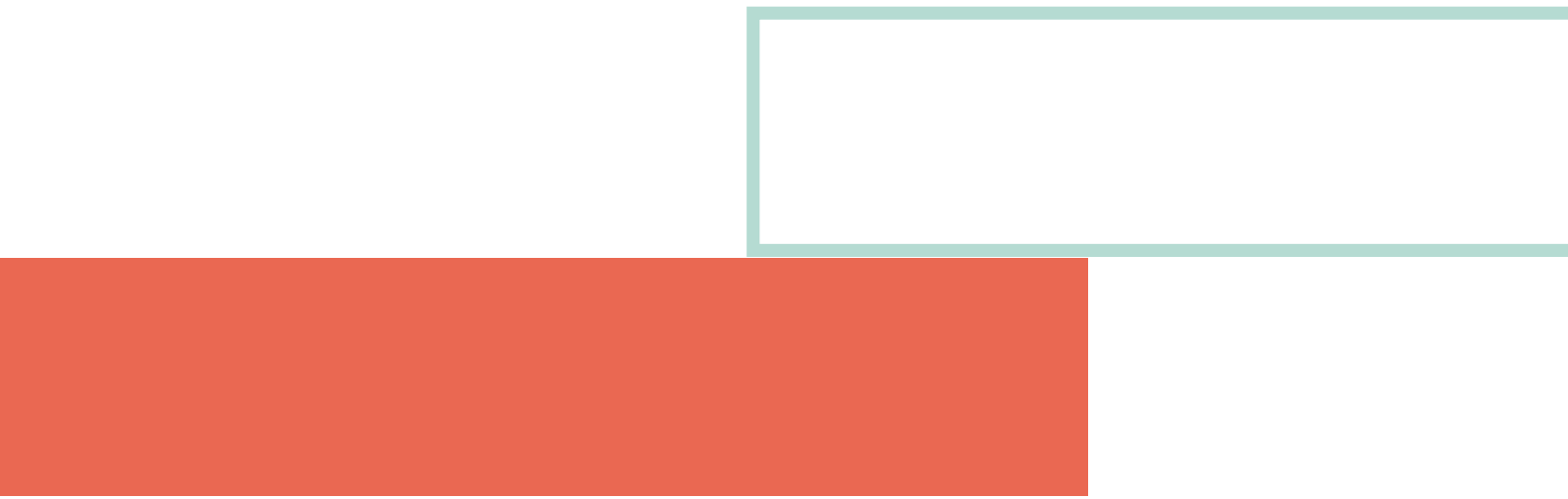
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Furthermore, where applicable, Missions are to have a policy in place indicating the respective ratio to be given as TOIL for every hour worked by locally engaged personnel, including a template to record it, the frequency of verification, by whom and space for the necessary endorsements.</p>	✓		<p>Head Office is ensuring that copies of the approved TOIL are submitted together with certified attendance sheets in line with clause 9.3 of the addendum to MFEA Circular XX/2020.</p>	Ongoing
COMPLIANCE ISSUE				
<p>Procurement not in line with the applicable regulations</p> <p>Quotes and the applicable approvals are to be invariably obtained prior to procurement in line with the foregoing circular.</p>	✓		<p>Missions are obtaining a minimum of three quotations, in accordance with the procurement regulations. This requirement has been included in Section 3 - 'Procurement' of the Manual of Financial Procedures at Missions Abroad.</p> <p>Training on this area is also being given to all diplomatic officers who will be posted abroad, through the formal training provided by the Ministry, specifically in Module 22 - Procurement at Missions Abroad.</p>	<p>Implemented</p> <p>Ongoing</p>
<p>Inventory control regulations not adhered to</p> <p>In order to ensure proper control over Government-owned assets, the provisions laid down in the applicable circular are to be invariably followed.</p>	✓		<p>A new Unit, 'Infrastructure and Security Unit' was established in 2020. This unit is responsible for the infrastructure, buildings, inventory/assets and security of all overseas mission and also HO Inventory.</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>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>Implemented</p> <p>December 2021</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Statutory information not submitted to the Auditor General</p> <p>Statutory information is to be duly forwarded to NAO as required by standing regulations, ensuring that monitoring of assets is not hindered.</p>	✓		<p>MFEA has taken necessary action and committed to submit the end of year inventory report to the NAO, in accordance with the pertinent Regulations.</p>	December 2021
<p>Payment vouchers endorsed after the actual payments</p> <p>All payment vouchers are to be endorsed by the Ambassador before the actual payment as a sign of approval for any purchase. For internal control purposes, circulars are to be adhered to. This will also ensure conformity between the different Missions.</p>	✓		<p>This issue has been superseded with the introduction of CFMS.</p> <p>Section 4 - 'Payments' of the Manual of Financial Procedures at Missions Abroad highlights the payment process, including the endorsement required prior to a payment.</p> <p>Training on this area is being given to all diplomatic officers posted abroad through the formal training programme, specifically in Module 23.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>





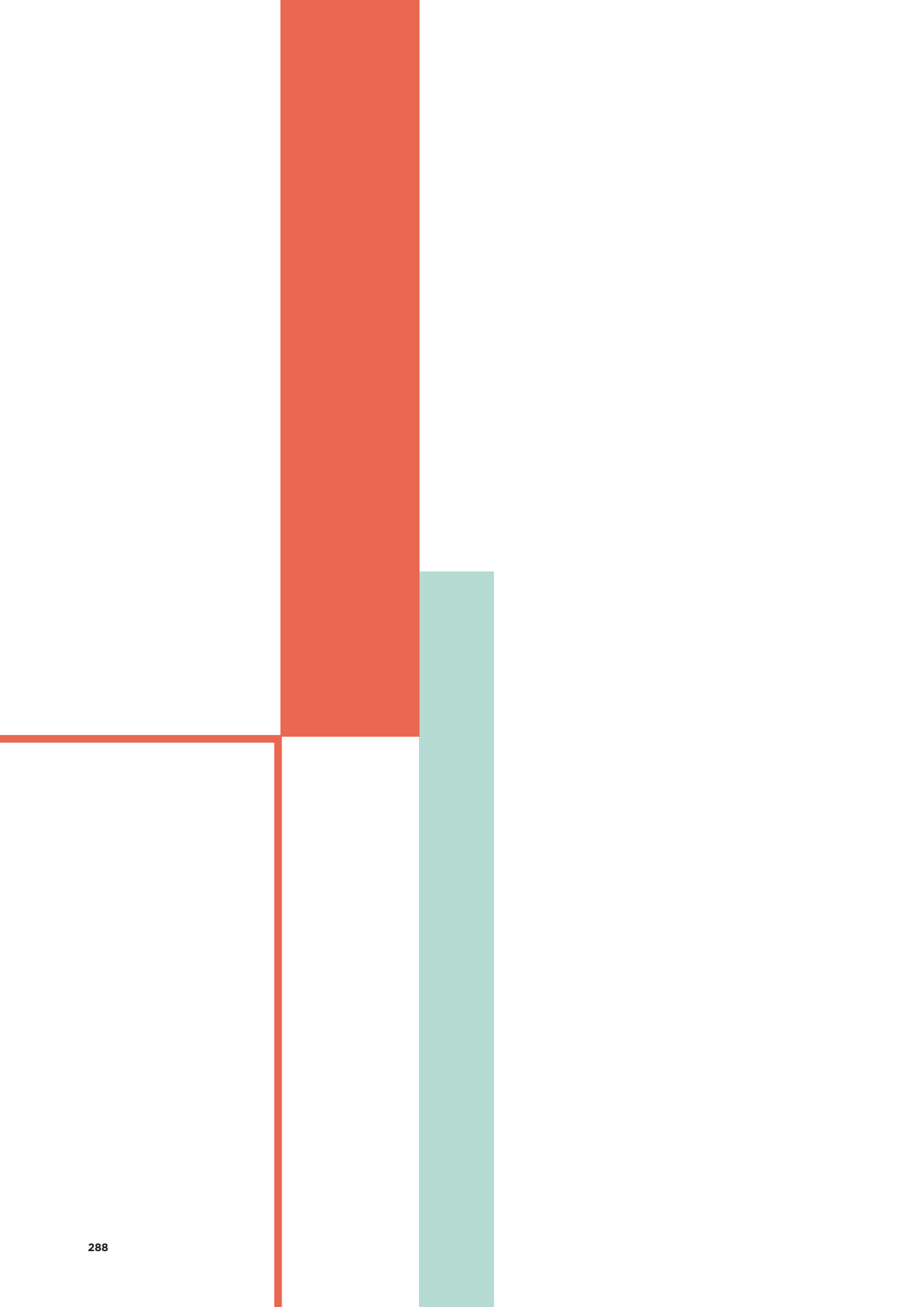
MTIP
MINISTRY FOR TRANSPORT, INFRASTRUCTURE
AND CAPITAL PROJECTS





MTIP

INFRASTRUCTURE MALTA - EXPENDITURE



MTIP

Infrastructure Malta - Expenditure

Infrastructure Malta (IM) was established in 2018 by virtue of the Agency for Infrastructure Malta Act (Cap. 588), to gradually implement the Government's plan for development, maintenance, and upgrading of the road network and other public infrastructure in the Maltese islands. The following year it was also entrusted with the development and maintenance of maritime infrastructure in local ports and other coastal locations.

The main purpose of the audit was to ensure that project costs incurred by IM during 2019 were in line with the Public Procurement Regulations 2016 and in compliance with the pertinent financial regulations and standing policies. The audit also sought to determine the level of existing internal controls to ensure good governance and efficient administration of public funds.

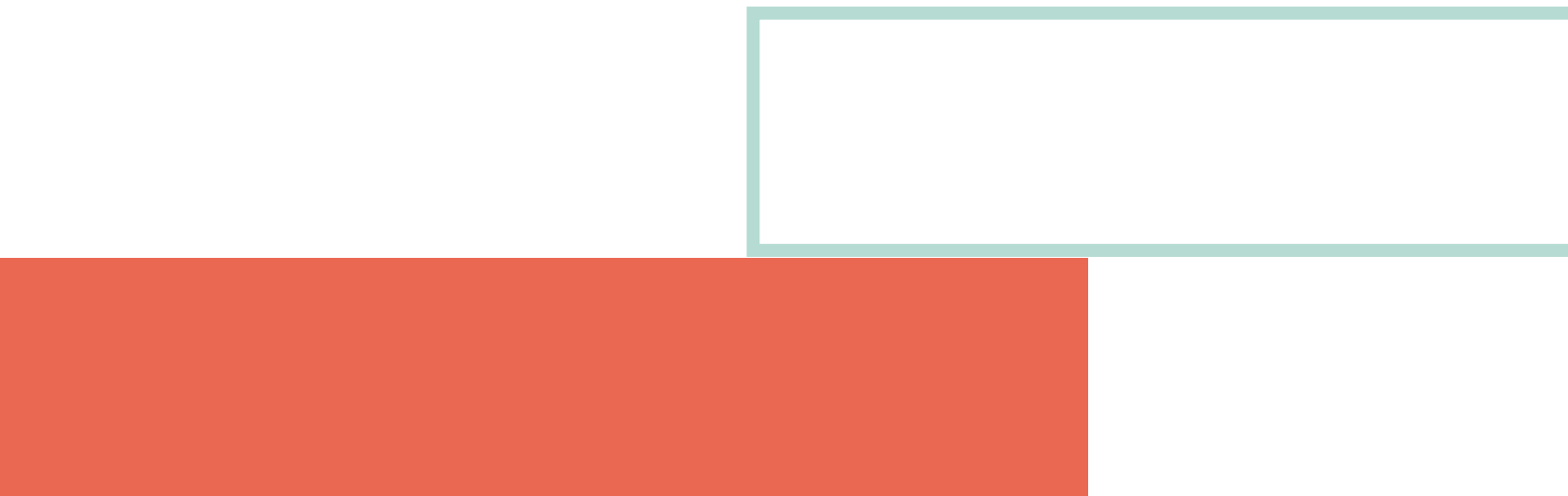
The audit revealed that a number of lump-sum payments on account were effected by Infrastructure Malta for works that had not yet been certified, thus incurring unnecessary risks.

Follow-up action

To address the concern regarding certification of works, MTIP engaged a Quantity Surveyor and outsourced for the provision of this service. Moreover, a Standard Operating Procedure was circulated to all employees in the finance directorate, so that payments are not processed before the certificate of payment is issued and endorsed. Internal measures for checking all invoices have been implemented.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Lump sum payments on account prior to certification of works</p> <p>IM is expected to adhere to the conditions laid down in the contract and tender document by ascertaining that it has sufficient resources to certify works in a timely manner. Besides avoiding substantial amounts paid in advance, this would also provide comfort that the required standards have been met and that the amounts charged are justified and accurate.</p>	✓		<p>IM engaged a quantity surveyor and outsourced a company to provide the service of certifying works before issuing payment. Each project is being certified in a timely manner.</p> <p>IM has drawn up and circulated SOPs among the employees concerned, detailing the procedure that payments are only made after the certificate of payment is issued and duly endorsed. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>No contract agreement available</p> <p>IM is to ascertain that once arrangements are agreed upon, a formal agreement is signed with the other party involved before the actual works commence and payments are effected. This is to ensure that the applicable terms and conditions between the contracting parties are clearly and formally laid down beforehand.</p>	✓		<p>An agreement regulating the arrangements between IM and TM was signed. This agreement accounts for the takeover of the Maritime Authority by Infrastructure Malta, in accordance with Act VI of 2020, amending the Agency for Infrastructure Malta Act (Cap 588).</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Delays in contract agreement and performance guarantee</p> <p>Agreements with contractors are to be signed in a timely manner.</p> <p>A valid performance guarantee, covering the whole contract period is also to be in place to ensure adequate coverage in case of defaulting by the contractor.</p>	<p>✓</p> <p>✓</p>		<p>It is IM's practice to sign agreements with contractors in a timely manner. In instances when a retrospective agreement is signed so that works are not delayed, a letter of intent is being issued and the performance guarantee is requested.</p> <p>There are instances where the contractor is given a concession to submit a performance guarantee at a later date due to the delays being faced by contractors when they apply for a guarantee. To mitigate the risk, no payment is made to the contractor unless a performance guarantee is in place.</p> <p>When the same contractor is awarded a second contract, the contractor is required to draw up a single bond to cover any future awards.</p> <p>These procedures have been communicated to the employees concerned by means of an internal circular in the shared folder.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>
COMPLIANCE ISSUE				
<p>Payments not supported by appropriate fiscal documentation</p> <p>Proper fiscal documentation is to be obtained for every purchase of goods or services, in line with standing VAT regulations.</p>	<p>✓</p>		<p>Internal controls regarding the checking of all invoices are in place. IM is operating in line with established VAT requirements.</p> <p>IM has set up its own accounting system to verify that every invoice includes a VAT number in line with standing regulations.</p> <p>An internal auditor has been engaged to oversee and advise on the operations of the agency.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>





MTIP

INFRASTRUCTURE FEES – REVENUE

(now under the Ministry for the Environment, Climate Change and Planning)

MTIP

Infrastructure fees - Revenue

(now under Ministry for the Environment, Climate Change and Planning)

Infrastructure Services Contributions (ISC) are levied on areas requiring permission for development from the Planning Authority (PA), and are charged in line with Schedule 1 of SL 552.12 Development Planning (Fees) Regulations. A portion (60%) of these funds is forwarded to the Ministry for Transport, Infrastructure and Capital Projects (MTIP), at the time of writing, in quarterly tranches. These funds are now being forwarded to the Ministry for the Environment, Climate Change and Planning.

The main scope of the audit was to verify whether the collection of ISC was in line with the relevant legislation and that the amounts forwarded to MTIP were complete and accurate. The National Audit Office (NAO) also assessed whether the control procedures in relation to the billing and collection of these funds were adequate and in sound operation.

Income due to Government from Infrastructure Fees was traced to the Planning Authority's accounting records. However, weak controls over cash management were noted. Moreover, no double checking was being carried out by the receiving Ministry on the respective amounts forwarded by the Planning Authority.

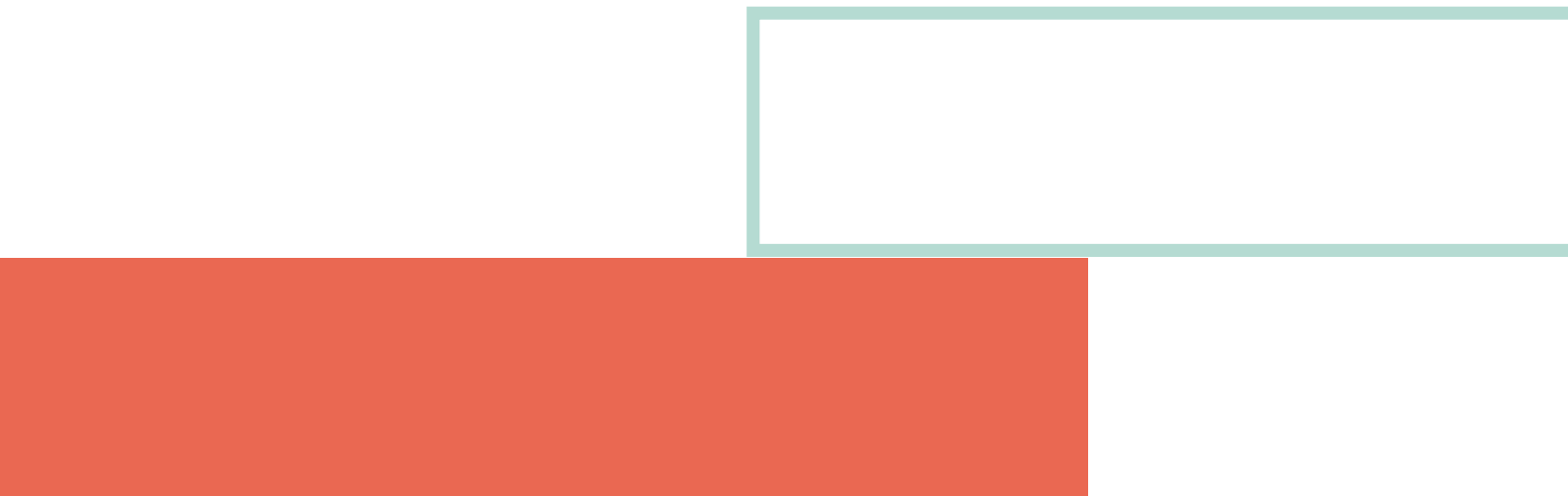
Follow-up action

In order to address the NAO's recommendation, the PA has set up adequate internal controls, that include segregation of duties and supervision which are now embedded in the procedures relating to the receipt and deposit of revenue.

Every quarter, the PA is providing a report with every payment forwarded to the Ministry. The Ministry is reconciling the revenue received from the PA with the respective supporting documentation.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>No comfort over the completeness of revenue</p> <p>Considering the large amounts of money received by the Planning Authority (PA), it is strongly recommended that all the processes relating to cash and its handling are streamlined and that a robust system of internal controls is in place.</p>	✓		<p>This report should be read in conjunction with the report named 'Cash management operations' carried out at the PA.</p> <p>This recommendation is taken on board and the mitigation actions taken by the PA are reflected in the aforementioned report.</p> <p>The PA has set up adequate internal controls, that include segregation of duties and supervision which are now embedded in the procedures relating to the receipt and deposit revenue.</p>	<p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>No double checking by the Ministry</p> <p>Additional scrutiny on the receipt of funds is tantamount to good accounting practice. It is therefore recommended that the Ministry in receipt of these funds puts in place procedures to ascertain the completeness and accuracy of the amounts it receives.</p>	✓		<p>The funds collected and transferred to the Ministry are being supported with adequate documentation to ensure adequate audit trail, completeness and accuracy of revenue transferred to government. A report is being provided with every payment effected by the PA to the Ministry, every quarter.</p> <p>Workings, together with payment and a covering letter showing how such payment needs to be allocated to the different revenue votes, are being received with each payment made to the Ministry.</p> <p>The Ministry is reconciling the revenue received from the PA with the respective supporting documentation.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>







MTIP

PLANNING AUTHORITY – CASH MANAGEMENT

(now under the Ministry for the Environment, Climate Change and Planning)

MTIP

Planning Authority – Cash management

(now under the Ministry for the Environment, Climate Change and Planning)

The Planning Authority (PA) is the national Authority responsible for land use, planning and environmental regulation in Malta. It was established under the Development Planning Act (Cap. 552) and, as from January 2020, it fell under the Ministry for the Environment, Climate Change and Planning. As part of its remit, the Authority issues planning permits for local development, be it of a residential, or commercial, nature.

Following a number of concerns encountered during the National Audit Office's (NAO) audit on revenue from Infrastructure Fees collected by PA on behalf of the respective Ministry, this audit was planned to assess the controls in place over the collection process of cash and cheques within PA in greater detail.

The audit revealed that internal controls on cash management at the Planning Authority were weak. Substantial cash was being handled by one person and not reconciled to bank deposits; thus, there was no comfort of completeness of revenue.

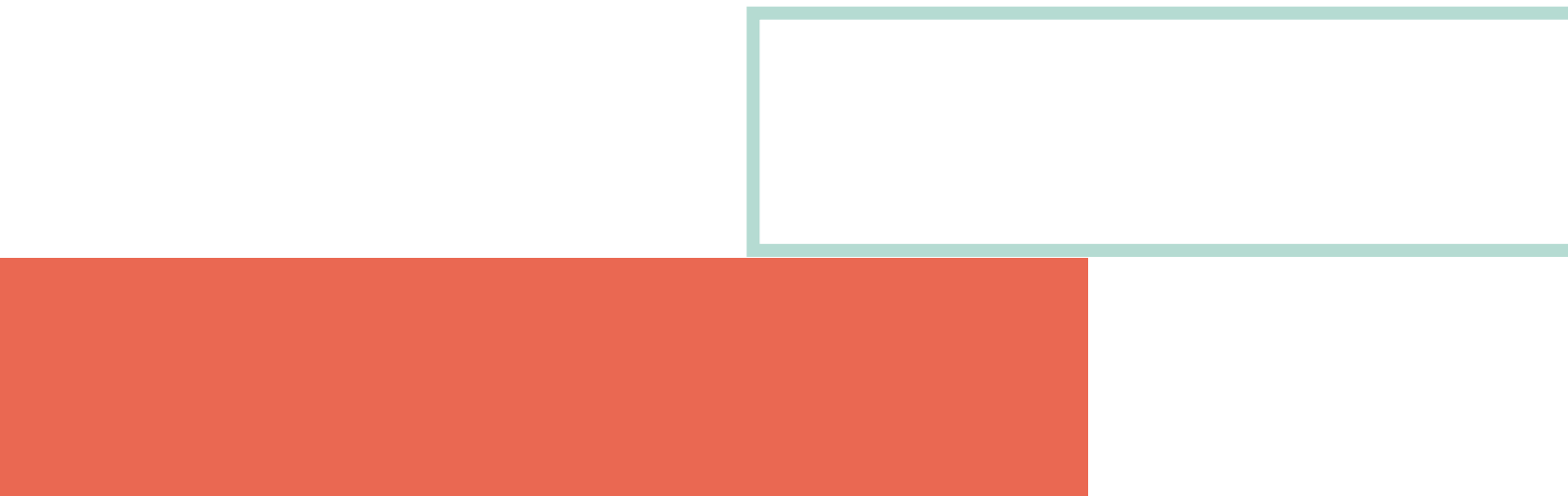
Follow-up action

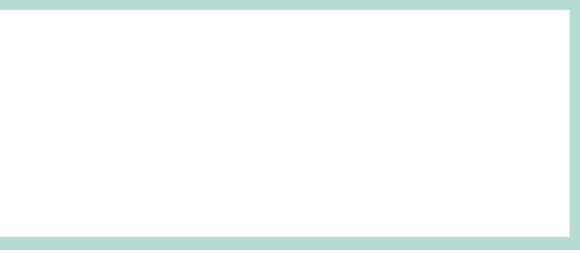
Management has set up adequate internal controls that include segregation of duties and supervision, which are now embedded in the procedures relating to the receipt and deposit of revenue. SOPs have been drawn up detailing the process for the collection of revenue, as well as the reconciliation process, reflecting the provisions of the General Financial Regulations SL 601.01.

Management is also promoting the use of online facilities for internet banking payments to mitigate risks associated with cash.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Weak controls on cash and cheque deposits</p> <p>The Authority is to ensure that a robust system of internal controls is set up to address the lack of segregation of duties in the cash handling process.</p>	<p>✓</p>		<p>Management has set up adequate internal controls that include segregation of duties and supervision, which are now embedded in the procedures relating to the receipt and deposit of revenue.</p> <p>SOPs have been drawn up detailing the process for the collection of revenue, as well as the reconciliation process, reflecting the provisions of the General Financial Regulations SL 601.01.</p> <p>The SOP has been approved by the Executive Council.</p> <p>The SOP has been circulated among all concerned staff. Management is ensuring compliance.</p> <p>Training on the new processes has been provided to the employees concerned.</p> <p>Management is also promoting the use of online facilities for internet banking payments to mitigate risks associated with cash.</p> <p>In March 2021, the PA extended its agreement for over-the-counter payments at Maltapost branches, including payments sent by mail, to reduce the volume of payments handled at the PA cash offices.</p> <p>A Request for Quotations (RfQ) for cash handling services has been concluded and a service provider has been chosen.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

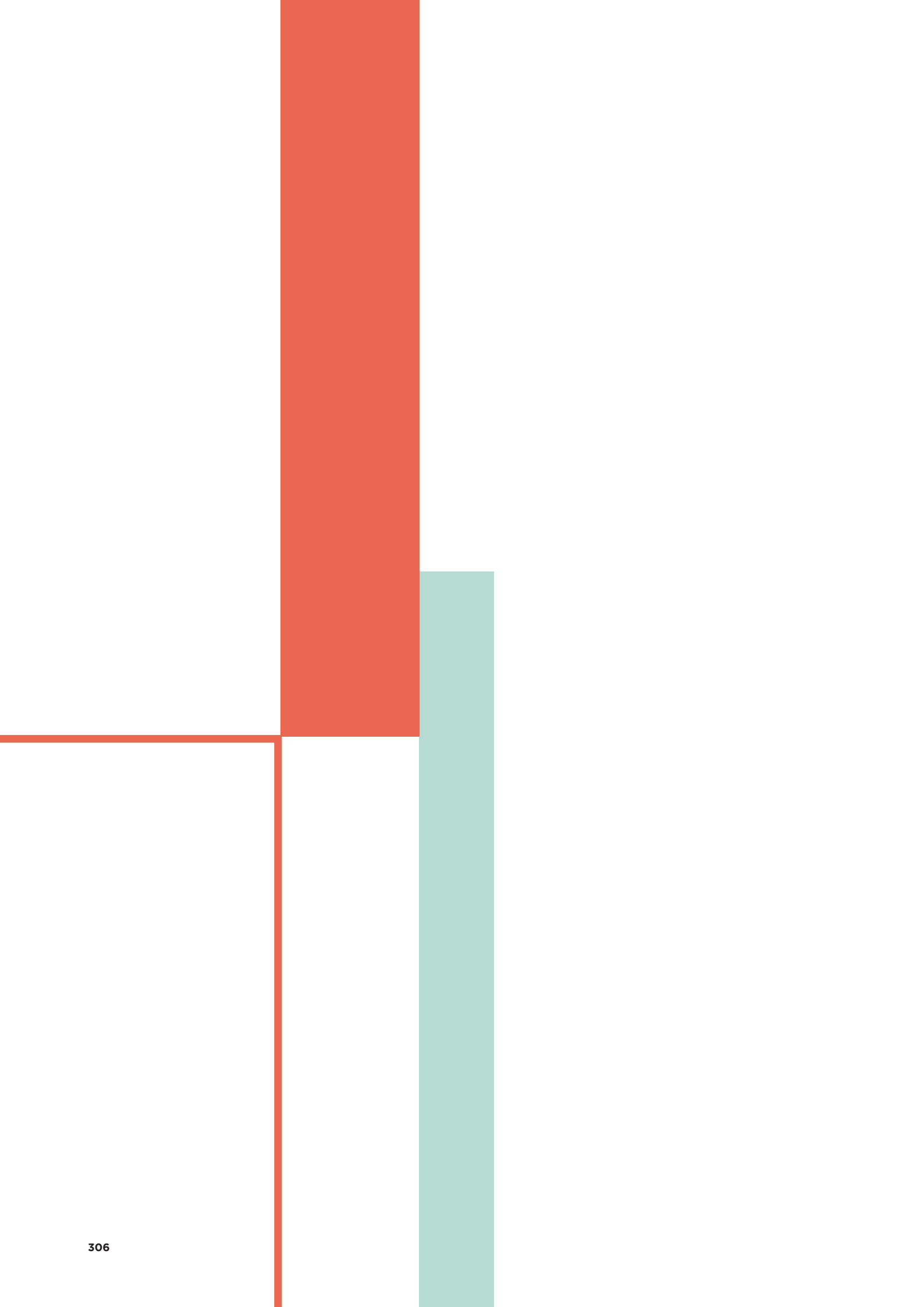
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>The contents of daily reports are to be reconciled with the respective deposit sheets to ensure that the amounts collected are banked in their entirety.</p>	<p>✓</p>		<p>Revenue received is being deposited as per standing procedures, after having ensured daily reconciliations, by an independent officer, between receipts and respective deposits.</p> <p>Payments at the PA's cash office are on the decrease in view of alternative payment channels.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Receipts not reconciled to entries in the accounting system</p> <p>A reconciling exercise is to be carried out at the end of each day to ensure that amounts collected are deposited in their entirety.</p>	<p>✓</p>		<p>The PA is carrying out daily reconciliations between the receipts issued and the deposit sheets.</p> <p>Another reconciliation is being carried out, every two weeks, between the receipts issued and the accounting system. Discrepancies, if any, are being adequately looked into to determine the cause, and any necessary action is being taken.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Concerns on the collection of amounts in excess of the established thresholds</p> <p>The relevant policies are to be made public so as to ensure that the amount of cash payments do not exceed the stipulated threshold which is also to be lowered to mitigate relevant risks.</p>	<p>✓</p>		<p>A notice, indicating that payments for over-the-counter services in excess of €10,000 are to be made by cheque or bank draft, has been affixed at every payment station and included on the PA website under the Methods of Payments section. The threshold of €10,000 reflects the limit introduced in LN 81/2021 for similar types of transactions.</p>	<p>Implemented</p>





MTIP

LANDS AUTHORITY - EXPENDITURE
(now under the Ministry for the Economy and Industry)



MTIP

Lands Authority – Expenditure

(now under Ministry for the Economy and Industry)

The Lands Authority (LA) was established in February 2017 with the enactment of the Lands Authority Act (Cap 563). This replaced what then used to be the Government Property Division. The mission of the Authority is to promote and maintain the best use of Government's immovable estate, as well as to ensure an equitable process for the acquisition of property that may be required for public purpose.

The main scope of the audit was to verify whether procurement procedures adopted by LA complied with Public Procurement Regulations (PPR), as well as to provide recommendations to use Government funds prudently and in a judicious matter where warranted.

The audit at the Lands Authority revealed instances where services were procured directly from the open market without the necessary approval from the Ministry for Finance.

Follow-up action

A Contracts Management Unit has been set up to verify that the procurement regulations are being adhered to, that all services are backed up by a valid agreement, and that contracting parties are adhering to the contractual clauses. In-house training was provided by the senior manager responsible for procurement to the employees concerned.

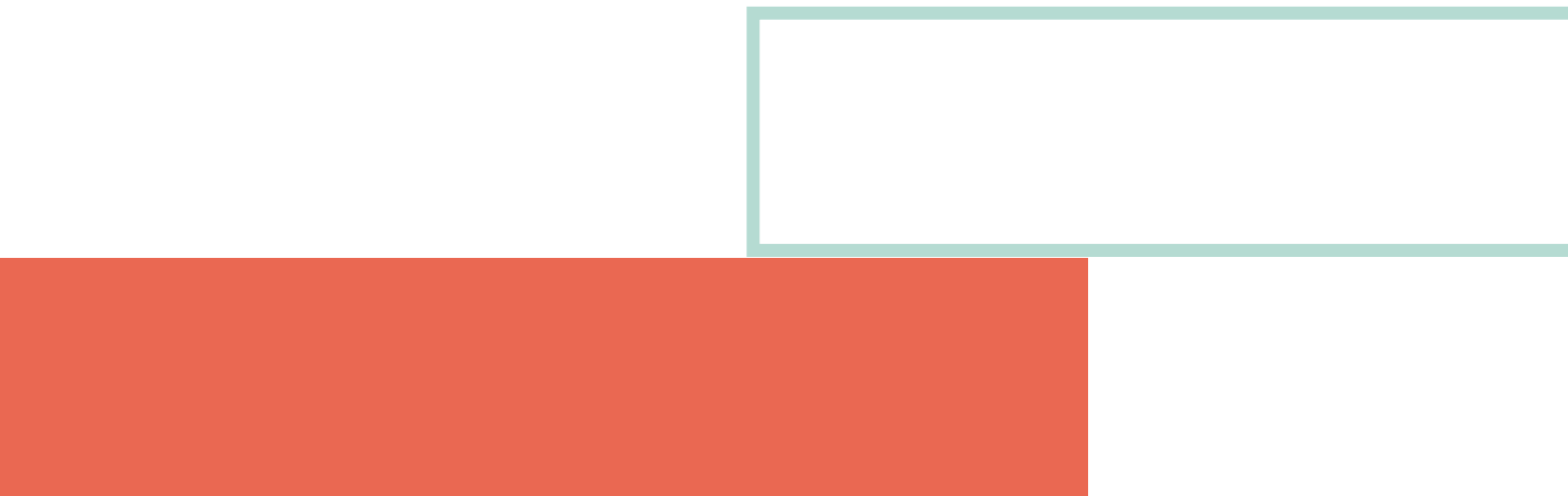
The Lands Authority is ensuring that direct orders are resorted to only in exceptional circumstances, and has drafted a number of Framework Agreements for the provision of different services.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Resorting to direct orders without the necessary approvals</p> <p>Bypassing procurement regulations is considered as unfair competition with other potential service providers. Thus, procurement by DO should be limited to exceptional cases and, if justified, approval is to be sought from MFIN before any commitment is entered into.</p> <p>Furthermore, contracted services are also to be duly backed up by a valid agreement and any necessary changes thereto are to be properly documented by means of an addendum signed by both parties.</p>	<p>✓</p> <p>✓</p>		<p>A Contracts Management Unit has been set up to verify that the procurement regulations are being adhered to.</p> <p>In relation to procurement, LA is seeking advice from the Department of Contracts (DOC)</p> <p>The Lands Authority is ensuring that direct orders are resorted to only in exceptional circumstances.</p> <p>In-house training was provided by the senior manager responsible for procurement to the employees concerned.</p> <p>The Contracts Management Unit is ensuring that all services are backed up by a valid agreement, and that contracting parties are adhering to the contractual clauses.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>The Authority has issued a call for lawyers to carry out litigation and other ancillary work to minimize outsourcing.</p> <p>LA has drafted a framework agreement for the provision of surveying services.</p> <p>LA has finalised a framework agreement for the provision of contractors to carry out repair works for government properties.</p> <p>LA has drafted a framework agreement for the provision of architect services.</p> <p>LA has drafted a framework agreement for the provision of legal and notarial services.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Recognition and valuation of assets owned by the Government of Malta</p> <p>In view of the transition to accrual accounting by Central Government, it is of utmost importance that the Authority identifies all Government's land and building that it administers and assigns the related opening values. Acknowledging the magnitude of this assignment, NAO reiterates that it is imperative that this exercise is initiated as early as possible.</p>	<p>Partially accepted</p>	<p>The Authority is merely the administrator of Government Property, and not the actual owner. This role is reserved for the Government. Thus it is not the LA's remit to commission such an extensive exercise.</p>	<p>LA has a record of all the amounts of land and properties owned by the government and where such land and properties are located.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
		<p>Embarking on an exercise which would give a one-time comprehensive outlook on the extent and value of Government Property would not in itself be conducive to achieving an improvement of the LA's accounting practices.</p>		
COMPLIANCE ISSUE				
<p>Fiscal receipts not obtained</p> <p>The Authority is to ascertain that appropriate fiscal documentation is obtained in line with VAT legislation, upon payment for the respective goods or services.</p>	✓		<p>LA is ensuring that all purchases and services are covered with fiscal documentation in line with the applicable regulations.</p>	Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Lists of defaulters not compiled</p> <p>Quarterly returns with details of defaulters are to be submitted to the VAT Department on a quarterly basis, as required by the circulars.</p>	✓		<p>The VAT defaulters return is being submitted to the pertinent authorities on a quarterly basis.</p>	Implemented
<p>Awarded contracts not published in the Government Gazette</p> <p>For the sake of transparency, LA is to ensure that it publishes in the Government Gazette, the full list of contracts awarded, as per standing regulations, within the stipulated deadlines.</p>	✓		<p>LA is ensuring that it publishes the full list of contracts awarded in the Government Gazette.</p>	Implemented





MTIP

MINISTRY FOR TRANSPORT, INFRASTRUCTURE AND CAPITAL PROJECTS
- CREDITORS AND ACCRUALS

MTIP

Ministry for Transport, Infrastructure and Capital Projects – Creditors and accruals

At the time of the audit, the Ministry for Transport, Infrastructure and Capital Projects (MTIP) was responsible for Malta's infrastructure, transport, capital projects, lands, and construction. It strives to improve the quality of life of the Maltese and Gozitan people through sustainable development, a revolution in infrastructure, innovative projects, efficient transport, and continuous evolution.

The main purpose of the audit was to assess the Ministry's compliance with the pertinent circulars regulating the collation and reporting of creditors and accrued expenses as at 31 December 2019, together with a financial audit of the figures submitted to the Treasury Department.

The audit revealed a number of shortcomings in the data-collection process, as well as reporting of incorrect amounts. These shortcomings are attributed to the reliance placed by MTIP on its various Directorates and Sections for information to compile the quarterly creditors' and accruals return.

Follow-up action

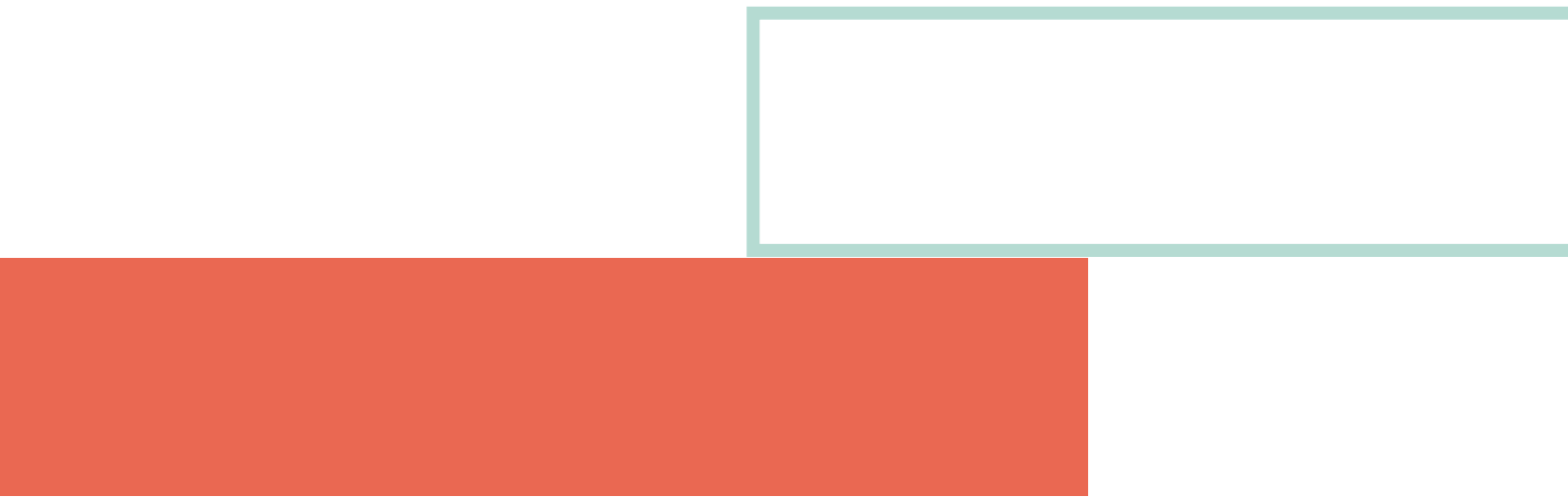
MTIP have taken on board all recommendations made by the NAO. MTIP have set up a Centralised Invoices Unit and have drawn up an action plan, and SOPs, to regulate the functions of the Unit. One of the functions of this Unit is to obtain statements from all suppliers to reconcile the balances prior to submission of the creditors' return.

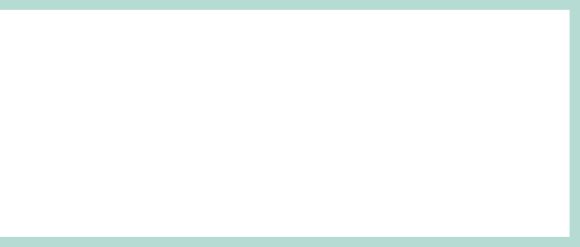
Recommendation	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Weaknesses in the data collection procedure</p> <p>Management is to consider adopting a more centralised system for receiving purchase invoices. This would facilitate the reporting of creditors' balances in the respective returns, while safeguarding the accuracy and reliability of the information recorded. Invoices received, or at least copies thereof, are to be kept centrally by the ministry's Accounts and Payments Section.</p>	✓		<p>MTIP has set up a Centralised Invoices Unit. An action plan for this unit is in place.</p> <p>SOPs for the Centralised Invoices Unit have been drawn up and circulated among the staff concerned. The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p>
CONTROL ISSUE				
<p>Shortcomings in the compilation of creditors' returns</p> <p>MTIP is to ensure that a clear distinction is made between creditors and accruals. Invoices dated before the cut-off date are to be included as creditors, while expenditure for bills not yet received is to be accrued for as accurately as possible.</p>	✓		<p>Returns are being compiled and submitted in a timely manner.</p>	<p>Ongoing</p>

Recommendation	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>CFMS is being utilised to issue a report detailing all transactions from the General Ledger for each quarter:</p> <ul style="list-style-type: none"> For creditors: all invoices dated throughout the reporting period and paid in the subsequent quarter are being reported as creditors; For accruals: commitments in CFMS still due for payment are taken as accrued expense. <p>In accordance with directions received from the Treasury, the commitments template (Excel workbook) is being kept updated so committed funds will be apportioned according to the reporting quarter.</p> <p>A template on an Excel workbook has been introduced and is being used to facilitate the distinction between creditors and accruals.</p> <p>MTIP have held a meeting with the accounts and payable staff to explain the distinction between creditors and accruals. One-to-one meetings with account keepers are held regularly.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>
<p>Creditors' year-end balances not in agreement with third party confirmations</p> <p>In order to ensure the completeness and accuracy of reported figures, the ministry is to obtain statements on a regular basis from all suppliers and reconcile the respective balances prior to submitting the creditors' return. This will enable MTIP to report a more accurate figure.</p>	<p>✓</p>		<p>Through the Centralised Invoices Unit, MTIP is requesting and obtaining statements from all suppliers. Balances are being reconciled prior to submission of the creditors' return.</p> <p>The entire process is detailed in the SOP in place which has been circulated among the staff concerned. The management is ensuring compliance.</p>	<p>Ongoing</p> <p>Implemented</p>

Recommendation	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Inaccurate amount of accrued expenditure</p> <p>In view of the government's move towards accrual accounting, the exercise on accruals at the year's end should be thorough to ensure that amounts not yet invoiced are, as much as possible, accurately accrued for.</p>	<p>✓</p>		<p>Commitments in CFMS still due for payment are being recognised as accrued expenses.</p>	<p>Implemented</p>







MTIP

TRANSPORT MALTA - DEBTORS

MTIP

Transport Malta – Debtors

Transport Malta (TM) is the Authority in charge of transport on the Maltese islands. It aims to promote and develop the local transport sector by means of proper regulation, as well as by the promotion and development of related services, businesses, and other interests, both locally and abroad.

For the year ended 31 December 2019, the Authority submitted a detailed breakdown of arrears of revenue, as well as a return for accrued income as required by the pertinent Treasury circulars.

The main scope of this audit was to provide reasonable assurance that the balances reported were complete and that effective management controls were in place to ensure that amounts due were paid on time.

The audit revealed that despite efforts by TM to recoup outstanding debts, an effective plan is required to ensure that, as far as possible, all revenue due to Government continues to be followed up.

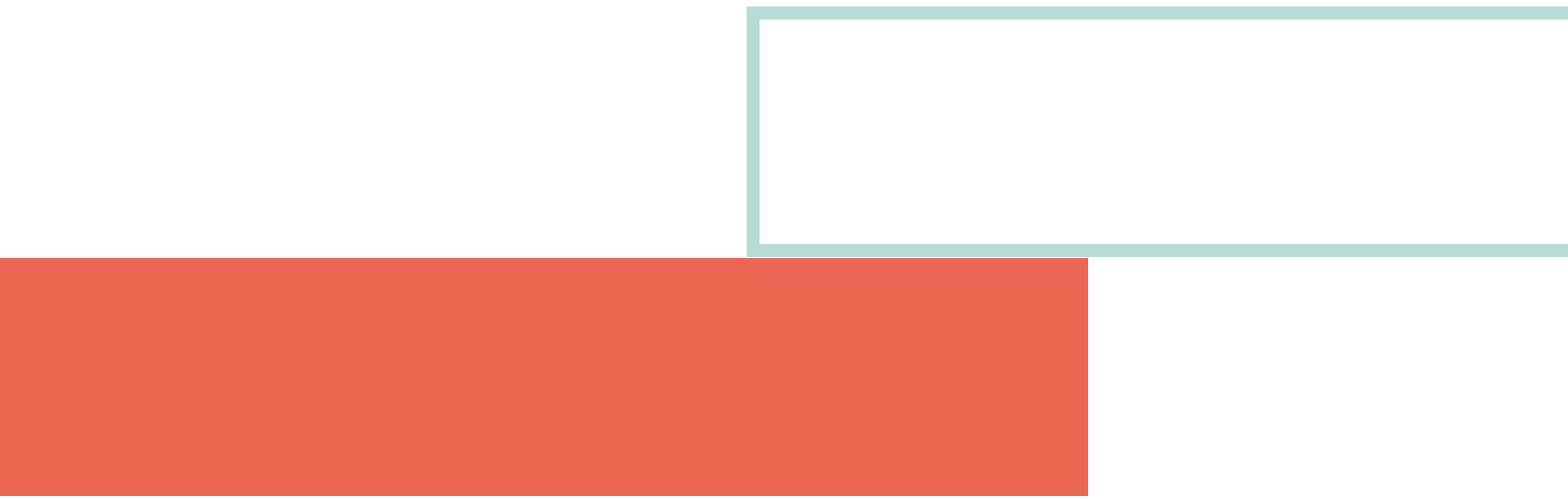
Follow-up action

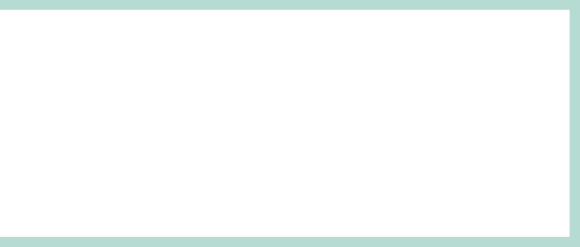
To address the recommendations made by the NAO, TM have drawn up an action plan to chase defaulters and recoup outstanding amounts. Legal letters are being sent to long-term defaulters.

An exercise has been conducted to establish the actual amount of potential collectable debts, the amount of uncollectible arrears, including reasons, and a detailed analysis of defaulters.

Recommendation	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>During the course of the audit, the National Audit Office (NAO) was informed that due to circumstances which were beyond TM's control, access to the two systems in use could not be granted to NAO officers. This limited the NAO's audit scope since the planned testing in this area could not be conducted. Therefore, the accuracy of the sampled balances as at 31 December 2019, as well as the amount of write-offs pertaining to driving licences, could not be conducted.</p>	Partially accepted	<p>Transport Malta (TM) did not have access to its systems for a long period of time. This hindrance impeded TM from granting the NAO access to these systems.</p>	<p>TM will do its utmost to give the NAO any documents/ access requested.</p>	Ongoing
KEY ISSUE				
<p>Minimal action on overdue amounts</p> <p>A well-documented plan to follow up long outstanding dues is required.</p> <p>This is also expected to include a methodology to assist TM in arriving at a fair estimate of uncollectable arrears so that the respective amount is reported accordingly.</p>	<p>✓</p> <p>✓</p>		<p>TM are sending reminders to persons in possession of a registered vehicle, one month before the expiry date of the vehicle licence, so that they are alerted that payment of their vehicle licence is due.</p> <p>The authority is sending letters to persons with arrears on their vehicle licence.</p> <p>An exercise was conducted to identify defaulters who have not renewed their licence for eight years. Legal letters are being sent to these defaulters. An increase in the collection of arrears has been registered.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Implemented</p>

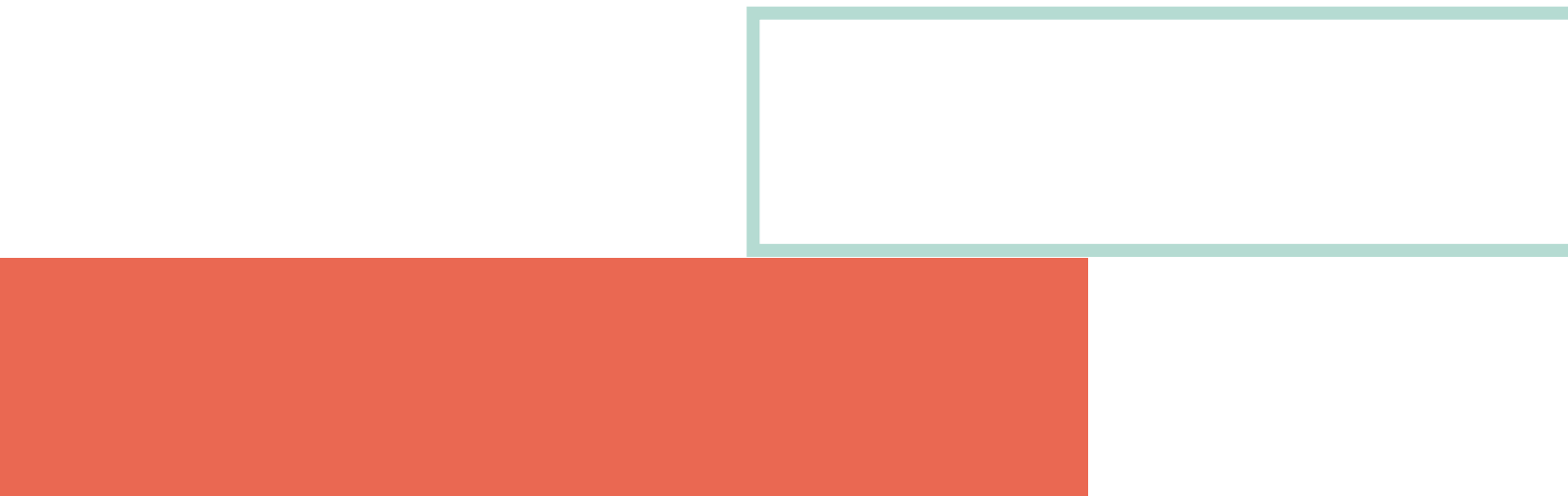
Recommendation	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>This is also expected to include a methodology to assist TM in arriving at a fair estimate of uncollectable arrears so that the respective amount is reported accordingly.</p>	<p>✓</p>		<p>The authority has submitted the list of aged debtors to Director (Financial Management), MTIP.</p> <p>An exercise has been conducted to establish the actual amount of potential collectible debts; the amount of uncollectible arrears, including reasons; such as companies which have been struck off, deceased persons with no heirs or will; and a detailed analysis of defaulters. The first draft of the report following this exercise has been drafted.</p> <p>Every quarter, TM sends updates to the Ministry for Finance with the return on arrears of revenue.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>





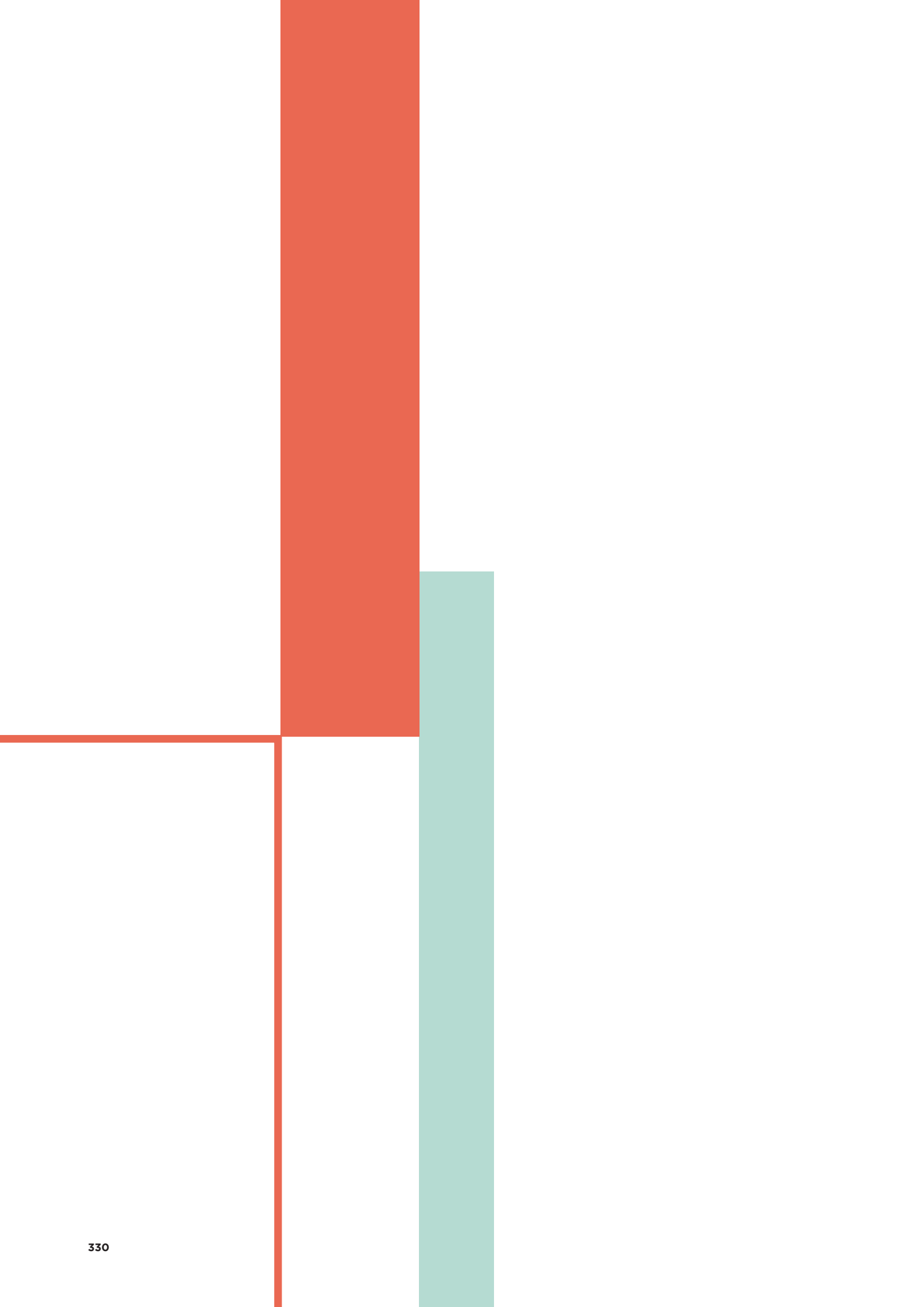
MGOZ

MINISTRY FOR GOZO





MGOZ
RESIDENTIAL SERVICES IN GOZO FOR OLDER PEOPLE
- EXPENDITURE



MGOZ

Residential services in Gozo for older people – Expenditure

The Care for the Elderly Section within the Ministry for Gozo (MGOZ) is responsible for providing community care services for elderly and disabled persons in Gozo. These services are provided from a number of locations, among which are the Villa San Lawrenz for respite and other accommodation services, a night shelter for the elderly at Ċentru Ġesù Nazzarenu in Xaghra, and a day centre for elderly suffering from dementia at Casa Amalia in Victoria, which serves also as a night shelter.

The main scope of the audit was to ensure that state expenditure on the provision of residential services for the elderly in Gozo during 2019 was within the approved limits and in line with the applicable rules and regulations. The audit also sought to ascertain that payments made by MGOZ in respect of these services were duly substantiated, and that necessary verifications were being carried out before the respective payments were made. Pension deductions in respect of residents admitted to Villa San Lawrenz were also assessed.

An audit on the Residential Services in Gozo for Older People revealed that overpayments with respect to pension deductions were created due to delays in the processing of information provided by the Ministry to the Department of Social Security.

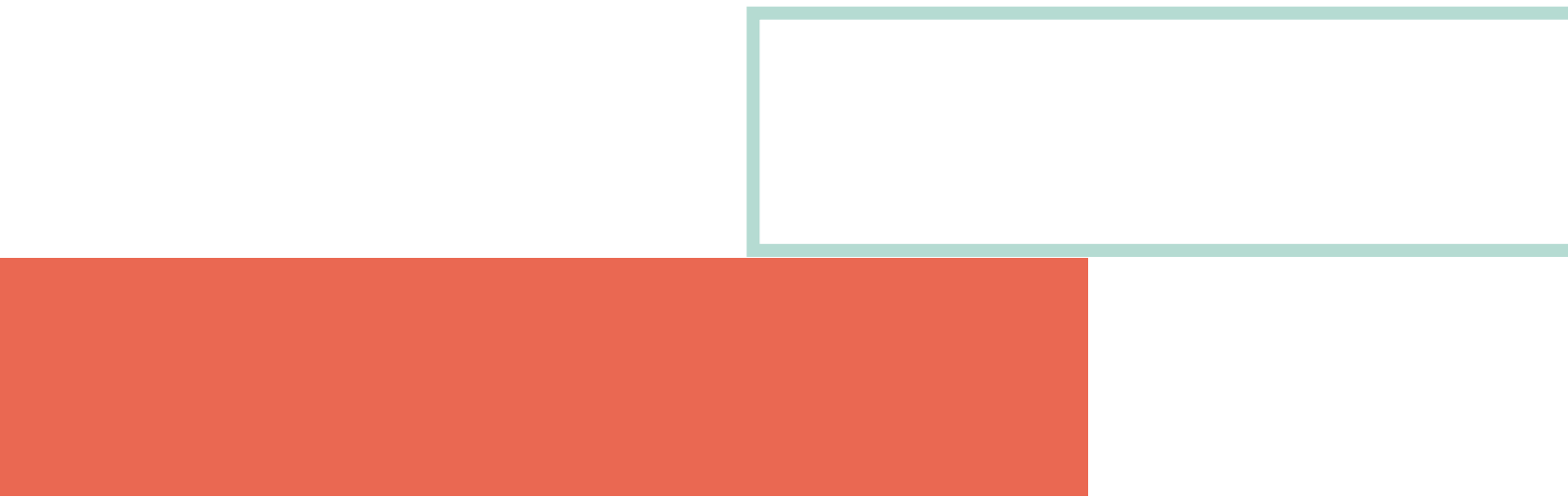
Follow-up action

MGOZ immediately forwards necessary information to DSS. However, it is beyond its remit to ascertain when such data is processed. Nonetheless, mitigating measures are in place to avoid significant overpayments.

The MPU at MGOZ is ensuring that awarded contracts are published in the Government Gazette within the set timeframe.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>CONTROL ISSUE</p> <p>Delays in pension deductions</p> <p>Once MGOZ gathers information on prospective residents in a timely manner and this is passed on to DSS accordingly, the latter is expected to ensure that the information is processed without delay to avoid any possible overpayments.</p>	<p>X</p>	<p>MGOZ has no remit on this action which falls within the responsibility of DSS.</p> <p>Nonetheless, once DSS are notified of a new admission in a state financed institution, a provisional 60% deduction rate is immediately effected to the resident's pension. This procedure was adopted to mitigate against pension overpayments until the assessment of the new resident is done.</p> <p>Once the actual assessment is done, and DSS are informed of the official deduction rate, this is processed immediately, and any resulting overpayments are deducted from the following pension payment.</p>		

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
COMPLIANCE ISSUE				
<p>Retrospective approval</p> <p>MGOZ is to ensure that any requests for direct order approvals are sent to the Ministry for Finance prior to commencement of the period in question. This will enable ample time for the Direct Orders Office to issue the respective approval.</p>	✓		MGOZ is monitoring all agreements to ensure that prior to the expiry of the term of an agreement, the Department of Contracts is informed through the Procurement Unit.	Ongoing
<p>Awarded contracts not published in a timely manner</p> <p>MGOZ is to ensure that the full list of contracts awarded is published in the Government Gazette as per standing regulations, within a reasonable time, but not exceeding the six-month timeframe.</p>	✓		The MPU at MGOZ are publishing contracts in the Government Gazette within the stipulated timeframe.	Implemented

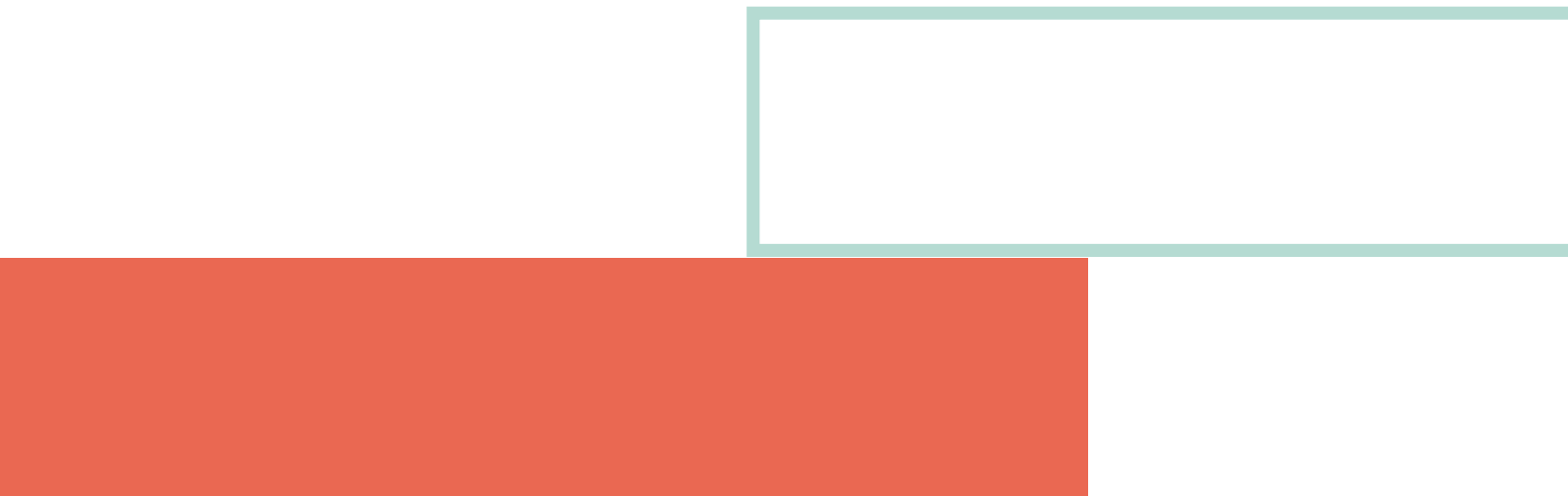




MFCS (now MSFC)

**MINISTRY FOR THE FAMILY, CHILDREN'S RIGHTS
AND SOCIAL SOLIDARITY**

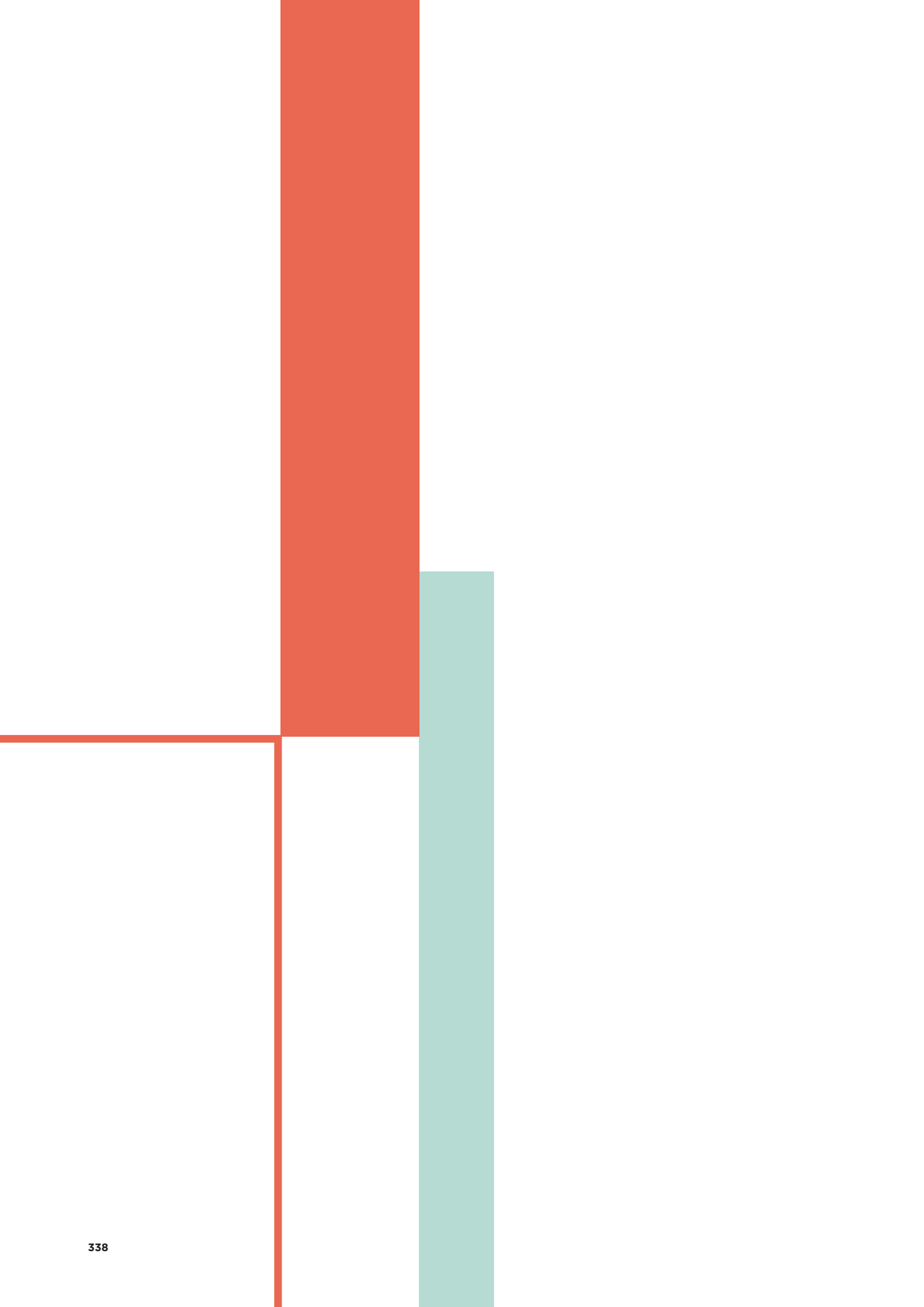
(now Ministry for Social Justice and Solidarity, the Family and Children's Rights)





MFCS (now MSFC)

ENERGY SUPPORT MEASURES - ENERGY BENEFITS



MFCS (now MSFC)

Energy Support Measures – Energy benefits

The Energy Benefit (EB) is a non-contributory benefit, administered by the Department of Social Security (DSS), which was launched by the then Ministry for the Family and Social Solidarity in 2007. This benefit is aimed at assisting low-income families to mitigate the effect of the increase in expenditure on water and electricity bills.

This financial assistance is granted automatically to persons who qualify as social cases, or through an income means test, or on humanitarian grounds. According to DSS, as at 31 December 2019, approximately 30,000 people and 135 charitable organisations were benefitting from this measure. Data provided showed that the highest EB granted during the year under review was approximately €4,000 and €66,000 to an individual and a charitable organisation respectively. In 2019, the total amount expensed was €5,059,765.

The scope of this audit was to determine whether adequate internal control procedures were embedded in the administration of the EB scheme, from the assessment of eligibility up to the respective payment process.

The audit revealed that there were control weaknesses related to energy benefit entitlements.

Follow-up action

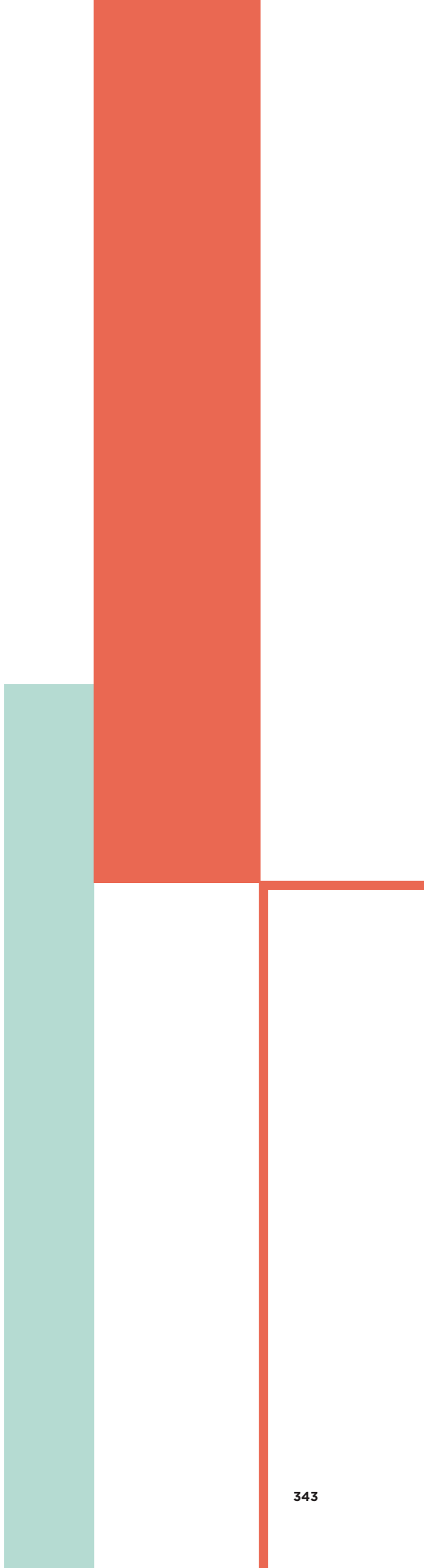
Discussions are being held with MITA so that full utility bills data is available to the EB Unit to ensure greater visibility and scrutiny.

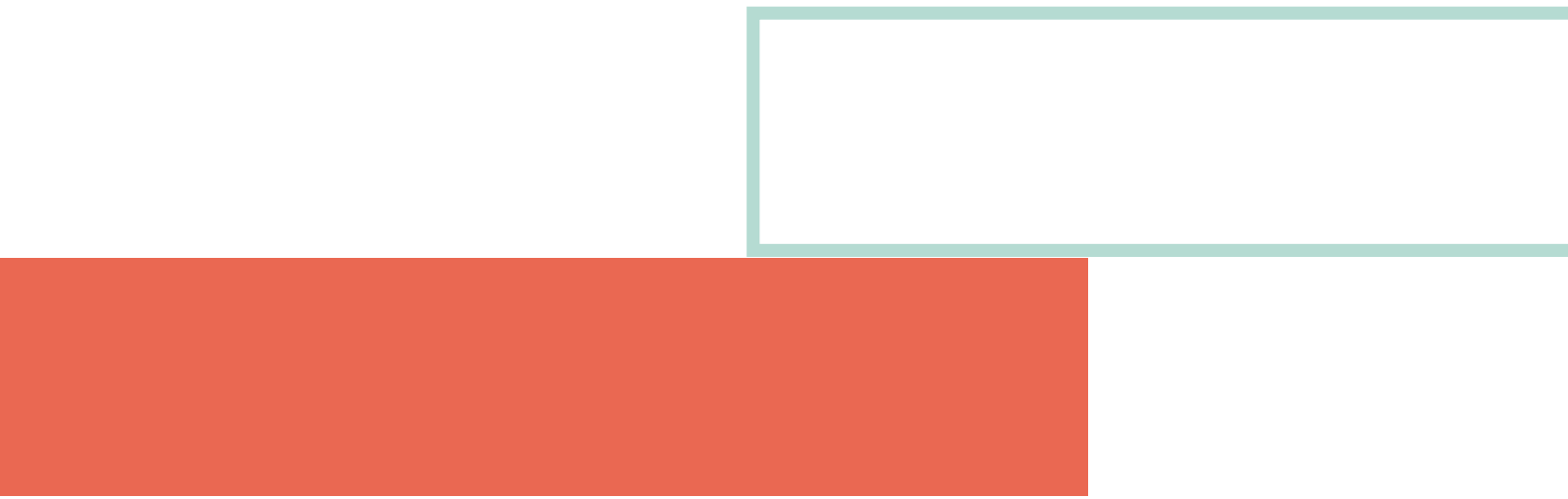
Following the NAO's recommendation, MSFC are carrying out periodical reviews to verify the eligibility of EB humanitarian cases. Information about the required documentation for the processing of the Energy Benefit is available on the Social Security website, and missing documents are invariably being requested prior to processing the application.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION ON SCOPE OF AUDIT				
<p>Energy benefit report overstated</p> <p>A close examination of the report received from MITA revealed that the related total of EB of €4,507,480 differed from the balance featuring in the DAS as at end December 2019, amounting to €5,059,765 – thus, a discrepancy of €552,285. The NAO was informed that the majority of this balance (€476,158) consisted of payments effected in February 2019, but which related to the prior year.</p>	Partially accepted	The discrepancy highlighted by the NAO results from DAS, which was a cash-based accounting system.	Energy Benefit (EB) is paid once ARMS submits the bill to DSS.	Ongoing
<p>Subsequent testing of social assistance and means-tested categories also revealed that the report included several multiple beneficiaries and/or claimants who formed separate households that were registered on the same account for utilities. The foregoing factor was not taken into consideration when the report was generated, and consequently, the total EB for the year under review in certain cases was captured more than once, depending on the number of beneficiaries or claimants registered to the same account number. This resulted in a sample that was not technically accurate since the report in question was overstated.</p>	✓		Multiple beneficiaries listed under one water and electricity account number relate mostly to extended families, eligible for Energy Benefit (EB), living under one roof. In such cases only the head of household receives compensation for the meter rent.	Ongoing

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Lack of documentation</p> <p>With respect to social assistance and means-tested cases, the highest ranked beneficiaries dated back to 2007. Enquiries revealed that applications were uploaded onto SABS after the previously introduced voucher system ceased. However, in some cases, no documents were available to support the application while in others only a DSS notification confirming EB entitlement was filed. Due to the lack of audit trail, the benefits in question could not be verified.</p>	Partially accepted	The application for EB in 2007 did not require any documentation, except an FS3 or the equivalent document at the time.	Beneficiaries of the EB are mostly persons benefitting from other social benefits.	Ongoing
CONTROL ISSUE				
<p>Entitlements of charitable organisations not verifiable</p> <p>The Income Support and Compliance Division is to evaluate its procedures to improve the applicable control function on these benefits.</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.	March 2022

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>In the interim, it is advisable to obtain scanned copies of the water and electricity bills which may be saved online for audit purposes, thus enabling verification of EB entitlements.</p>	✓		<p>NGOs need to be authorised by the Department of Social Security to receive the EB, and the applicable rate of deduction from their utility bills. The amount to be deducted from each bill is calculated by ARMS. Although the full utility bills data is not visible on the SABS, MITA has full visibility of this data.</p>	Ongoing
<p>Missing documents relating to humanitarian cases</p> <p>Besides ensuring that all necessary documents are submitted upon application, in order to update records relating to past applications, it is recommended that beneficiaries are periodically requested to submit a declaration, endorsed by their general practitioner, confirming that the equipment in question is still in use.</p>	✓		<p>Information about the required documentation for the processing of the Energy Benefit is available on the Social Security website.</p> <p>Missing documents are invariably being requested prior to processing the application.</p> <p>If the required missing documentation is not submitted, the application is rejected.</p> <p>Periodical reviews are being carried out to verify the eligibility of EB humanitarian cases.</p> <p>The Department is mailing letters to eligible humanitarian beneficiaries to submit a medical certificate/official declaration to confirm the continued usage of equipment to assist them in their medical condition.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Equation not formally substantiated</p> <p>EBU is to formally request supporting documentation from ARMS to substantiate the calculation of EB, also ensuring that a complete audit trail is available.</p>	X	<p>The calculation of EB is based on the rates listed in the Government Gazette, dated 20 January 2009.</p>		







MFCS (now MSFC)

AĠENZIJA GĦALL-HARSIEN TAT-TFAL - REVENUE AND EXPENDITURE
(now Directorate Alternative Care)

MFSC (now MSFC)

Aġenzija għall-Harsien tat-Tfal – Revenue and expenditure

(now Directorate Alternative Care)

The Aġenzija għall-Harsien tat-Tfal (AHT) was set up in 2017 with the main aim of providing social welfare services to vulnerable children. During the year under review, AHT recorded a total income of €3,053,046 but the administrative expenses during 2019 totalled €3,313,3674, an increase of 11% over the previous year's expenditure. Thus, AHT ended financial year 2019 with a deficit of €260,321. As at 31st December 2019, outstanding loan balance stood at €730,095, an increase from €421,778 as at end of 2018.

The objective of this audit was to evaluate the adequacy and effectiveness of internal controls related to income and expenditure, as well as fixed assets. The procurement process was outside the scope since this was undertaken centrally by Head Office at FSWS.

NAO found weak internal controls at Aġenzija għall-Harsien tat-Tfal.

Follow-up action

Since the budget of the AHT was merged with the FSWS global budget, financial concerns raised by the NAO have been addressed. Supervised Access Visits (SAVs) are being requested in writing, and travel claims are being reconciled with the supervisor's assignments. A new procedure is now in place to address the ever-increasing number of SAVs.

In relation to NAO's concern on chauffeur-driven vehicles, the FSWS had issued and awarded a tender for the procurement of transport.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>KEY ISSUE</p> <p>Internal control weaknesses</p> <p>Audits can only provide an added value if timely corrective action is taken to address highlighted shortcomings. Thus, management letters are to be duly analysed and corrective action taken without unnecessary delays.</p>	<p>✓</p>		<p>Agencija għall-Harsien tat-Tfal (AHT) implemented all recommendations of the external auditors' management letter. A number of recommendations could not be addressed as these were superseded when all the entities within FSWS were merged.</p> <p>In principle, all points listed in any management letter, whether produced by the NAO or AHT's external auditors are taken on board and implemented where it is possible, practical, and necessary.</p>	<p>Implemented</p> <p>Ongoing</p>
<p>CONTROL ISSUE</p>				
<p>Fees of court assessments and supervised access visits not substantiated</p> <p>Since AHT is the entity invoicing and collecting the money, it must ensure that the applicable fees are officially substantiated and made publicly available.</p>	<p>Partially accepted</p>	<p>Fixed fees would increase costs to government's finances.</p>	<p>The fees applicable for SAVs are officially substantiated. These vary, depending on the hourly rate paid to the employee supervising the visit, in accordance with the pertinent collective agreement.</p>	<p>Implemented</p>

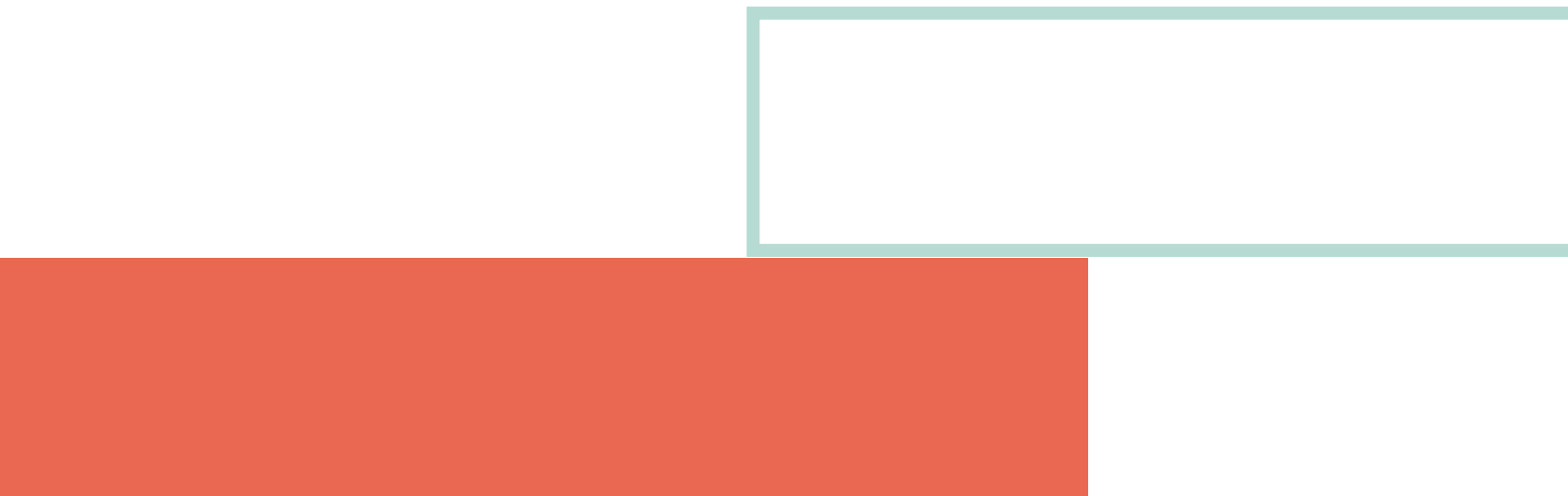
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>The number of SAVs have increased significantly in recent years. For SAVs relating to children under a care order, AHT held meetings with the Minor Care Review Board (MCRB) and it was agreed that, in accordance with Cap 602, the Director, Alternative Care (DAC) will determine the type of access. This will lead to a decrease in SAVs and the amount of resources used.</p> <p>For SAVs mandated by the Court in separation cases, AHT held discussions with the members of the judiciary serving in the Family Court. It was acknowledged that action was required to alleviate the burden of unnecessary SAVs. It has been agreed that:</p> <ul style="list-style-type: none"> • The Court is requesting AHT's professional assessment before ordering indefinite SAVs. • AHT is reviewing all pending cases to advise the Court on cases where supervised access can be stopped and substituted by free access. • 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>Implemented</p> <p>Ongoing</p> <p>Ongoing</p> <p>December 2022</p>
<p>Moreover, any tacit agreement in place related to reimbursement of SAV ought to be duly formalised, clearly indicating the terms of service and the respective payment.</p>	<p>X</p>	<p>The MCRB is against entering into agreements with third parties due to its quasi-judicial status.</p>		

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>No record of supervision service requests and non-verifiable travelling time</p> <p>Requests for services are to be invariably placed in writing.</p> <p>Moreover, payment should ideally be based on quantifiable and measurable metrics, enabling independent verification.</p> <p>The agency may also draw up a travel time list, agreed with the respective supervisor, which could serve as the basis of payments.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>Supervisors are informed of their case load in writing.</p> <p>Travel claims are being reconciled with the supervisor's assignments.</p> <p>Further to the above, payment for travel expenses is made in accordance with the provisions of the pertinent collective agreement.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
<p>Shortcomings with regard to chauffeur-driven vehicles for supervised access visits</p> <p>The tender for the procurement of transport that is underway by FSWS is to be concluded without further delay since it would enable the agency to benefit from potential savings resulting from economies of scale, while bringing the same procurement in line with the provisions of the public procurement regulations.</p>	<p>✓</p>		<p>The tender for procurement of transport has been concluded, and the service is being utilised.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Requests for service are to be in a format that is easy to retrieve, reconcile to other substantiating records, and provide a full audit trail. The booking system is also to be enhanced through an internal booking form, wherein officers requesting the transport will forward the relative details to the transport officer, who eventually forwards such requests to the contractor. Where possible, trips are to be grouped.</p>	✓		<p>Chauffeur-driven vehicles are not being used frequently due to COVID-19 restrictions. When this service is required, internal processes are in place for all requests to be documented. The procedure in place requires logistics coordinators to send an email to the contractor on the day of the booking, copying the service administration executive. Invoices received are checked by AHT administration. These are subsequently reconciled with bookings to confirm that the trips actually took place. Once invoices are confirmed correct, these are referred for payment.</p> <p>The SAV service has records of all invoices and booking emails and they are grouped according to the contract number.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Manual record of hours worked</p> <p>AHT is encouraged to adopt a more reliable control system to ensure that time records are adequately kept while reducing the risk of erroneous data entries, as well as any discrepancies which may arise during manual calculation of wages.</p>	✓		<p>FSWS have partially adopted an electronic payroll system which currently provides an electronic record of vacation leave and sick leave.</p> <p>Training on the system has been provided to the employees concerned.</p> <p>Additional modules will be added to the system to record time and attendance. The system will be implemented gradually, starting with Head Office.</p>	<p>Implemented</p> <p>Implemented</p> <p>December 2022</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Invoices not in the name of the agency</p> <p>Invoices paid by the agency are expected to be issued in the name of AHT.</p> <p>Moreover, contracts entered into by FSWS, covering other entities under its portfolio are to include the respective entities as applicable, at least by means of a side letter to the agreement.</p>	<p>✓</p> <p>✓</p>		<p>All budgets for entities under the remit of FSWS have been merged under one global FSWS budget.</p> <p>Instructions have been communicated to all administrative staff that all invoices should now be addressed to FSWS, this being the main entity entrusted to conduct business.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Related party loans and internal recharges not documented</p> <p>Guidance regarding related party loans is to be sought from the Ministry for Finance and Financial Services. If such loans are approved, a formal agreement is to be in place.</p> <p>Recharges are also to be documented, clearly indicating the basis, where applicable, to provide a full audit trail.</p>	<p>✓</p> <p>✓</p>		<p>A procedure was in place to address this recommendation; however, this recommendation has been superseded when budgets for all entities falling within the remit of FSWS have been merged into one budget for FSWS.</p> <p>This shortcoming was rectified as soon as it was flagged, through a ratification by the Board of Directors.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Agency not set up as a separate legal entity</p> <p>This set-up made it unclear as to who was responsible for accountability purposes during the year under review, whether it was the AHT Board of Directors or the FSWS Management. Prior to the setting up of similar entities, long-term planning and analysis is recommended to ensure that such set-ups add value and are in line with the overall organisation's goals and strategy.</p>	<p>Partially accepted</p>	<p>The comment and recommendation are agreed to, yet these have been superseded by events.</p> <p>AHT was created as a temporary agency until the Minors Protection (Alternative Care) Act (Chapter 602 of the Laws of Malta) came into effect.</p>	<p>Upon approval of the legislation by Parliament on 19 July 2019, the Director (Alternative Care) assumed office on January 1, 2020, following a public call for applications and a selection process as provided in the Act.</p> <p>AHT is now known as the Directorate Alternative Care (DAC) set up in accordance with the Minors Protection (Alternative Care) Act (Cap 602). DAC falls within the remit of FSWS and its budget forms part of the FSWS global budget.</p>	<p>Implemented</p> <p>Implemented</p>





MFCS (now MSFC)

**ST VINCENT DE PAUL RESIDENCE -
PERSONAL EMOLUMENTS**

(now under the Ministry for Senior Citizens and Active Ageing)

MFCS (now MSFC)

St Vincent de Paul Residence – Personal emoluments

(now under the Ministry for Senior Citizens and Active Ageing)

St Vincent de Paul Residence (SVPR) is Malta's largest state-funded residence for the elderly. It offers specialised geriatric care and a wide range of services to support the quality of life of highly dependent persons.

The audit focused on allowances and overtime paid to SVPR employees during 2019, since these were deemed substantial. The procedures in place regarding balances of Time Off In Lieu (TOIL) were also assessed, since a number of employees had a significant number of hours accumulated.

The audit revealed a lack of monitoring and control on overtime. High accumulation of balances of time off in lieu was also noted.

Follow-up action

SVP have revised its procedure for approval of overtime, including setting thresholds of overtime hours performed by different categories of staff. SOPs have been drawn up detailing the revised procedure. A cost-benefit analysis in relation to the viability of overtime when compared to an increase in headcount in the health care stream is being carried out.

Procedures have also been adopted to limit accumulated hours of TOIL.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>LIMITATION ON SCOPE OF AUDIT</p> <p>In view of the COVID-19 constraints and given that, as soon as the respective documentation reached NAO, SVPR was placed under lockdown, as expected, testing was neither comprehensive nor exhaustive. Observations and recommendations in this write-up were based on enquiries made and other shortcomings noted during audit testing.</p>	Noted	SVP fully cooperated with the NAO notwithstanding the difficulties associated with COVID-19 restrictions.		
KEY ISSUE				
<p>Lack of monitoring and control over overtime</p> <p>In order to ensure transparency and accountability, as well as a complete audit trail, SOP and PSMC provisions are to be adhered to without any exception or fail.</p>	✓		<p>SVP has updated the SOP related to overtime detailing the revised procedure. All overtime is being approved by the CEO before the overtime is actually worked.</p> <p>The SOP has been communicated to all staff concerned.</p> <p>The management is ensuring compliance.</p>	<p>Implemented</p> <p>Implemented</p> <p>Ongoing</p>

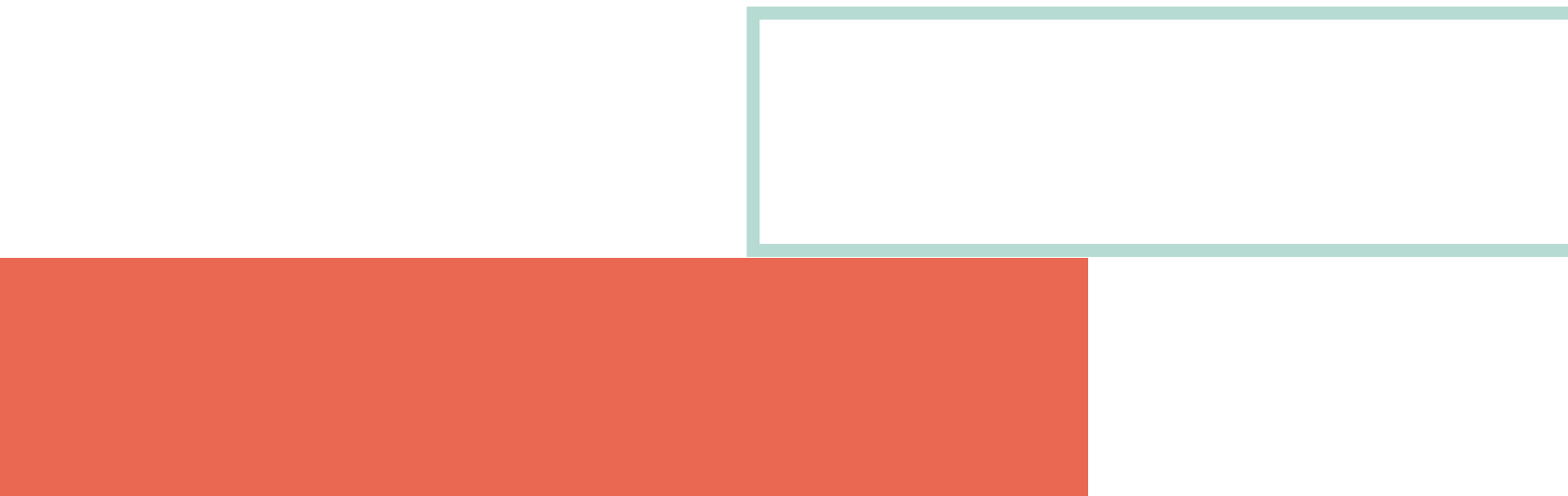
Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Management is also to conduct periodic reviews of overtime work and establish long-term effective cost saving measures to keep the respective expenditure to the minimum possible.</p>	<p>✓</p>		<p>Each head of section is responsible to ensure that employees do not exceed the threshold of overtime hours stipulated in the SOP. Furthermore, HR will also monitor any cases of defaulters and will notify the respective head of section.</p> <p>SVPR reached an agreement with a local agency to provide caring staff according to residence needs, with the aim of reaching the daily staff complements without resorting to overtime. To ensure cost effectiveness, the agreement allows for flexibility to increase or decrease the workforce as required.</p>	<p>Implemented</p>
<p>Habitual absenteeism by employees is to be investigated. Monitoring over sick leave is required in order to identify any cases of abuse.</p>	<p>✓</p>		<p>SVP has issued a request for quotations for an external audit company to draw up a cost-benefit analysis in relation to the viability of overtime when compared to an increase in headcount in the health care stream, and also to conduct a study on overtime capping for each category of employees.</p> <p>SVP is monitoring sick leave by sending doctors to employees reporting sick to certify their sick absence. Identified defaulters are being monitored by their respective superiors.</p>	<p>Implemented</p>
<p>It is advisable to refer to the Hospitals and Clinics Wages Council Wage Regulation Order SL 452.54 article 7(1) for guidance regarding the minimum daily rest period.</p>	<p>✓</p>		<p>Individuals who are availing themselves of long-term sick leave are being referred to the Medical Board.</p> <p>Discussions were held concerning the minimum daily rest with MUMN. An agreement has been reached for Normal Duty (night) and Night Managers.</p>	<p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
Requests for the approval of overtime are to be invariably submitted to the Permanent Secretary or an authorised delegate.	✓		SVP has formalised in writing, in line with the PSMC, the delegation of authority to authorise overtime. The Permanent Secretary has delegated this authority to the CEO.	Implemented
CONTROL ISSUE				
<p>Inadequate allowances breakdown</p> <p>Subject that it is not possible to generate a report from the present payroll system, SVPR is to compile a spreadsheet containing a breakdown of all the fixed and variable allowances. In each case the relative source should also be included in order to ensure a complete and reliable audit trail.</p> <p>Additionally, SVPR Payroll Section is expected to reconcile the various payroll data sources after each payroll run and amend as necessary, to ensure that all amounts tally.</p>	✓		<p>A meeting was held with the Chief Information Officer (CIO) - MSCA to assist and update the payroll system.</p> <p>Until the update to the payroll system is operational, SVP is checking payslips with the payroll system to limit errors in payslips as much as possible. In this regard, SVPR compiled a spreadsheet that includes a breakdown of all the fixed and variable allowances.</p> <p>Reconciliation of various payroll data sources is being carried out between the content of various documents, the Paypoint Analysis, and the Final Paylist. During every salary period, the salary - including allowances of each employee - is being checked and documented by the HR Salaries Section, to ensure that the salary paid, including allowances, conforms with the conditions set out in the contract of engagement and/or the classification agreement as applicable for each public officer.</p> <p>The reconciliation exercise is being endorsed and documented to ensure adequate audit trail.</p> <p>SOPs detailing the reconciliation process are being compiled.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>March 2022</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>It is also advisable to exploit the advantages of the automated payroll system, in order to reduce the manual work, simplify the payroll process and mitigate human error.</p>	<p>X</p>	<p>Recommendation has been noted. An assessment is being carried out on the viability and feasibility of implementing such a system, particularly in view of Industrial Relations. If the introduction of such a system is included in the collective agreement, the SVP will consider its implementation.</p>		
<p>Procedures of Time Off in Lieu not formalised</p> <p>It is important to formalise the procedure on TOIL and bring it to the attention of all employees. Appropriate action is to be taken in order to, as far as possible, keep the situation under control.</p>	<p>✓</p>		<p>A memo was issued detailing the procedure in the PSMC that TOIL not taken after 4 weeks will be paid as overtime, unless different conditions prevail. The memo was circulated to all employees and management is ensuring compliance.</p> <p>A Manual of Procedures for HR is being compiled.</p>	<p>Implemented</p> <p>December 2021</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
			<p>A meeting was held with the Chief Information Officer (MSCA) to update the DAKAR system, including the TOIL balance, which will be processed for payment after four weeks.</p> <p>In the meantime, SVP will be using an excel database to manually input employees' TOIL balance, which will be processed for payment after four weeks for any TOIL which has not been utilised in the four-week period. This system will serve as a control measure to limit the instances of employees having a negative balance of TOIL.</p> <p>The DAKAR system will also be updated for HR by introducing new modules and modifying existing modules to include TOIL.</p>	<p>March 2022</p> <p>Implemented</p> <p>December 2021</p>
COMPLIANCE ISSUE				
<p>No job plans</p> <p>SVPR is expected to adhere to the contractual requirements of the contractual agreement and draw up job plans specifying the period covered, as well as carry out reviews accordingly. Apart from ensuring compliance and transparency, this will provide a complete and reliable audit trail.</p>	✓		<p>Management is ensuring that the requirements of the agreement between MAM and Government are adhered to.</p> <p>Job plans specify the period covered, and reviews are carried out accordingly.</p> <p>Job plans are being renewed every 12 months.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Nursing Premium deductions not in accordance with guidelines</p> <p>Discussions are to be held between the parties concerned in order to align this issue in accordance with PSMC. Such clarification is also to feature in future agreements which are drawn up between the Government of Malta and the respective Union.</p>	X	SVPR have forwarded NAO's recommendation to the pertinent authority.		

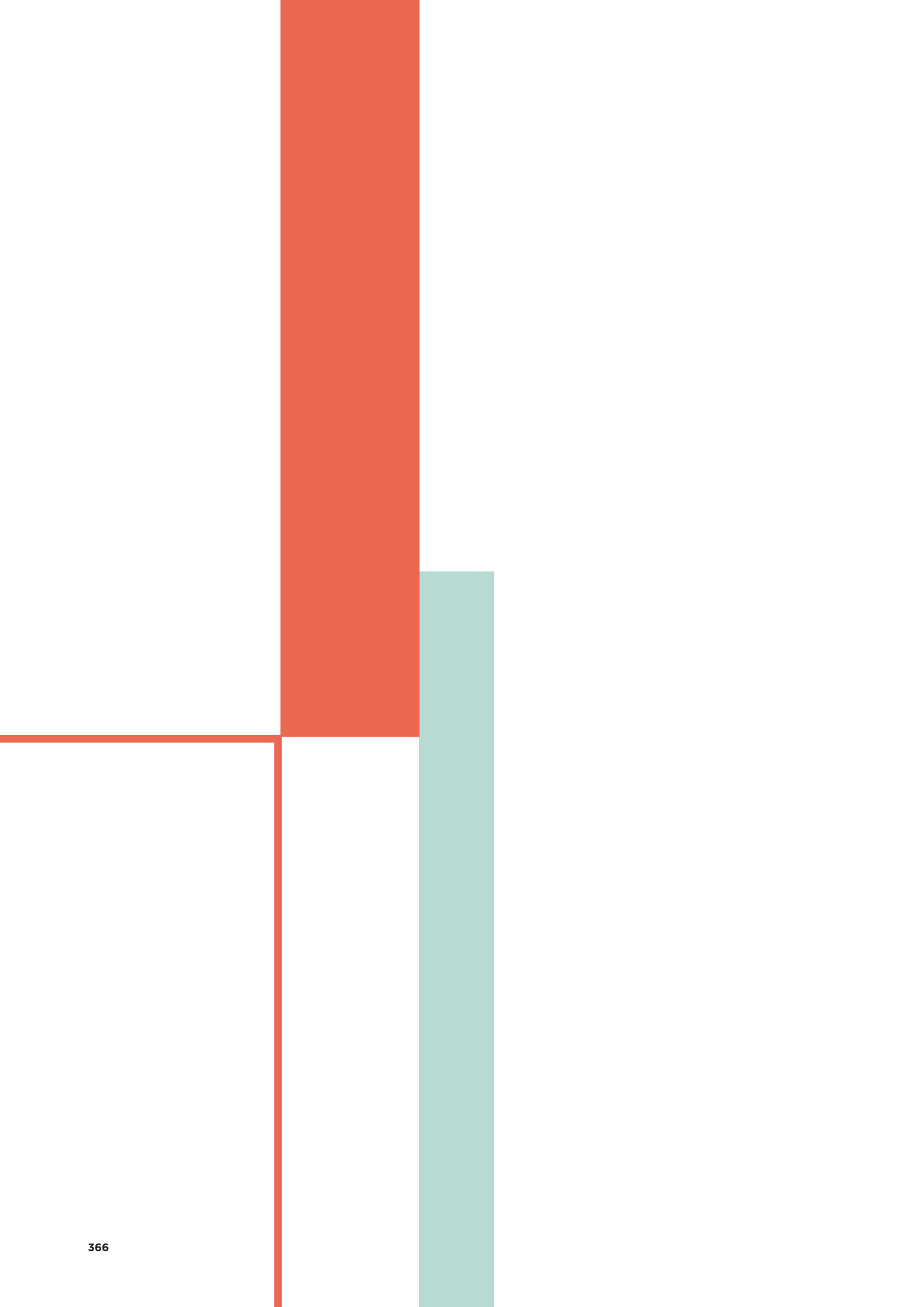




MFCS (now MSFC)

**ELDERLY AND COMMUNITY CARE -
DEBTORS AND PREPAYMENTS**

(now under Ministry for Senior Citizens and Active Ageing)



MFCS (now MSFC)

Elderly and Community Care – Debtors and prepayments

(now under the Ministry for Senior Citizens and Active Ageing)

Total debtors reported by the Elderly and Community Care, known as Active Ageing and Community Care (AACC) within the Ministry for the Family, Children's Rights and Social Solidarity, as at 31 December 2019 amounted to €281,261. Prepaid expenses of €30,136, 83 per cent of which pertained to rent and the balance relating to contractual services, were also accounted for by AACC.

The main purpose of the audit was to provide reasonable assurance that the balances due to AACC were correct and that there were effective management controls in place to ensure completeness of the amounts in question and eventual payment. Compliance with the pertinent circulars issued by the Treasury Department was also taken into consideration.

The identification of shortcomings and recommendations thereto were also intended to assist AACC to make the necessary rectifications and get in line with accrual accounting.

The audit revealed a lack of understanding of the accrual concept.

Follow-up action

AACC have taken up all recommendations made by the NAO, including the opening of a bank account to facilitate payments by direct debit and the engagement of a lawyer to pursue debtors. Note has been taken of compliance issues, ensuring that such shortcomings do not recur.

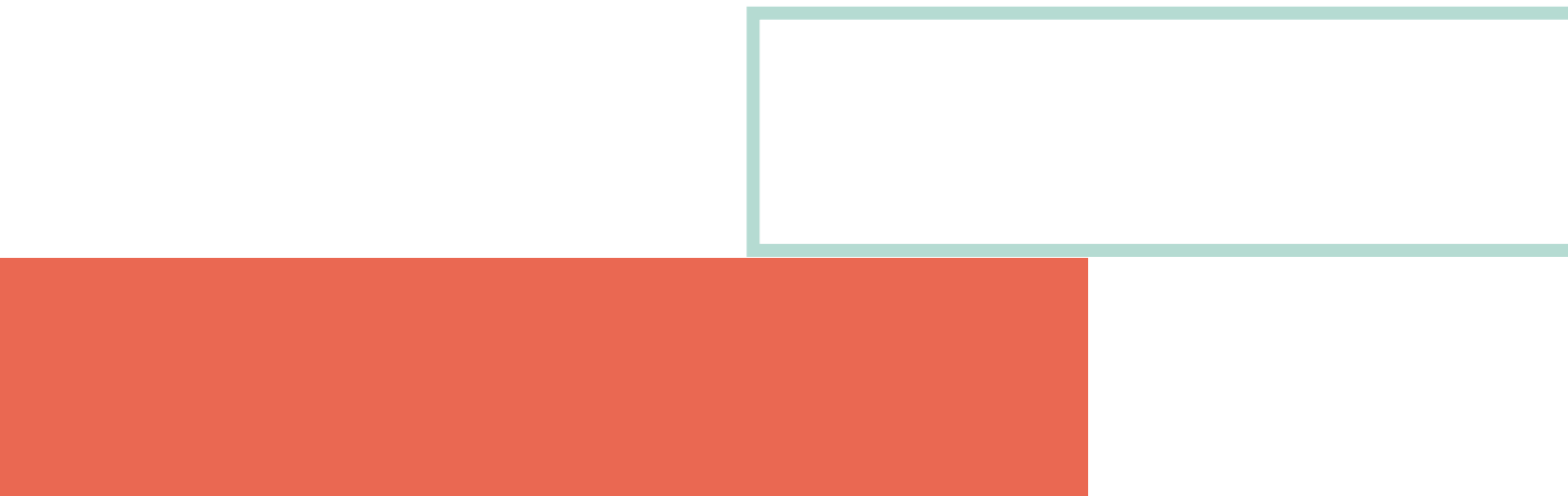
Other recommendations regarding the accrual concept have been addressed through the Corporate Financial Management System which became operational on 1 April 2021, and other practices.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
KEY ISSUE				
<p>Difference between closing and opening figures</p> <p>The AACC is to ensure that its closing and opening figures in returns agree. While in this case there was justification, a note to explain the variance was to be included in the return submitted by the AACC, as well as by SVPR. The supporting records should also reflect the transfer of debtors from the AACC to SVPR.</p>	✓		<p>All discrepancies noted between opening and closing balances will be justified in the return of arrears of revenue. During 2020 there were no discrepancies that needed to be highlighted when submitting the returns.</p>	Implemented
<p>Inactive debtors balances</p> <p>The exercise to chase debts is not to be limited to sending a reminder to the individual concerned, but balances are to be followed up on a periodical basis until the amounts due are collected.</p>	✓		<p>Details of debtors with balances exceeding €500 are being forwarded to the lawyer engaged by the AACC for action. Legal letters are being sent to these debtors and, through this action, the AACC have recouped over €10,000 which were due.</p>	Implemented

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
CONTROL ISSUE				
<p>Ineffective collection procedure</p> <p>Ideally, deduction arrangements are to be made by direct debit mandate before admission in a residential home for the elderly financed by the state, especially when the individuals are not in receipt of a pension from the Government of Malta. This would not only reduce the number of debtors but also help to mitigate the related risks of amounts remaining due and even becoming statute-barred.</p>	✓		A bank account for the AACC will be set up in order to facilitate payments.	October 2021
<p>Amounts not due still featuring as debtors</p> <p>The system is expected to have embedded controls that do not allow the accumulation of dues beyond the respective death date.</p>	✓		<p>The AACC engaged an employee in the accounts section to verify invoices received from operators of elderly homes from where the AACC purchase beds in the PPP or other schemes in this sector. This verification takes place on a monthly basis.</p> <p>Data in the accounting software is being compared with that of the admissions section. The accounts section within the AACC is being informed of all admissions.</p>	<p>Ongoing</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>In the meantime, the AACC is to scrutinise the debtors' list to identify deceased persons and reverse the respective amounts accordingly, showing them as not due.</p>	✓		<p>Every week, the contributions section is sending a revised list to the accounts section within the AACC regarding admissions and deaths in residential homes paid by the AACC.</p> <p>During 2020, this verification resulted in detecting overcharging from the various invoices.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>Inaccurate prepayment balances</p> <p>Invoices spanning over more than one year are to be duly taken proportionately when calculating prepaid expenditure to ensure accuracy of the amount shown as a prepayment.</p>	✓		<p>The CFMS is equipped to calculate prepayments but this function is not operational yet. The pertinent module is to be applied shortly. In the meantime, AACC is using the excel sheets forwarded by the Treasury department to submit the returns for each quarter.</p>	Implemented
<p>Incorrect ageing of debtors</p> <p>Adequate checks are to be carried out to ensure that debtors are categorised in the correct period. This is also to be reflected in the debtors' return.</p>	✓		<p>Data relating to debtors and creditors pre-April 2021 has been collated and imported in the CFMS. SAGE is also being used for reporting purposes.</p> <p>The data requested is being split up according to different years. In this manner, debtors will be categorised by year.</p>	<p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Debtors omitted from the list</p> <p>To ensure completeness of figures, following the year's end, AACC is to draw up a list of the amounts received in 2020 which pertain to the previous financial year and eventually ensure that these are included as debtors in the respective return.</p>	✓		<p>Prior to April 2021, the AACC were using two different accounting packages, which resulted in discrepancies. As from April 2021, the AACC started using the CFMS thereby resolving the matter, as such omissions are not likely to occur.</p>	Implemented
COMPLIANCE ISSUE				
<p>Delays in submitting the returns</p> <p>The responsible officers within the AACC are to ensure that returns are submitted to the Accountant General complete and within the stipulated timeframes.</p>	✓		<p>The management is ensuring compliance to the pertinent MF circular. It is being ensured that returns are submitted to the Treasury one week before the set deadline.</p>	Implemented





MFCS (now MSFC)

**ELDERLY AND COMMUNITY CARE -
CREDITORS AND ACCRUALS**

(now under the Ministry for Senior Citizens and Active Ageing)

MFCS (now MSFC)

Elderly and Community Care – Creditors and accruals

(now under the Ministry for Senior Citizens and Active Ageing)

Government is committed to switch from cash accounting to accrual basis and is underlining the importance that Ministries and Departments maintain complete, timely, and accurate information on their figures of creditors and accruals.

The total creditors reported by the Elderly and Community Care, known as Active Ageing and Community Care (AACC), as at 31 December 2019 amounted to €26,964,132, all shown as outstanding for a period of less than one year. It also accounted for €720,326 as accrued expenditure, with the largest balances relating to Personal Emoluments and Programmes and Initiatives.

The main purpose of the audit was to provide reasonable assurance on the completeness and accuracy of the year-end balances of creditors and accrued expenses reported by AACC and that the latter complied with the pertinent circulars.

The audit revealed substantial differences between the balances shown by AACC to that claimed by third parties. Furthermore, creditors' balances were not regularly updated, and all creditors were incorrectly shown as due within one year.

Follow-up action

AACC have taken up all recommendations made by the NAO, by simplifying internal procedures and introducing new processes.

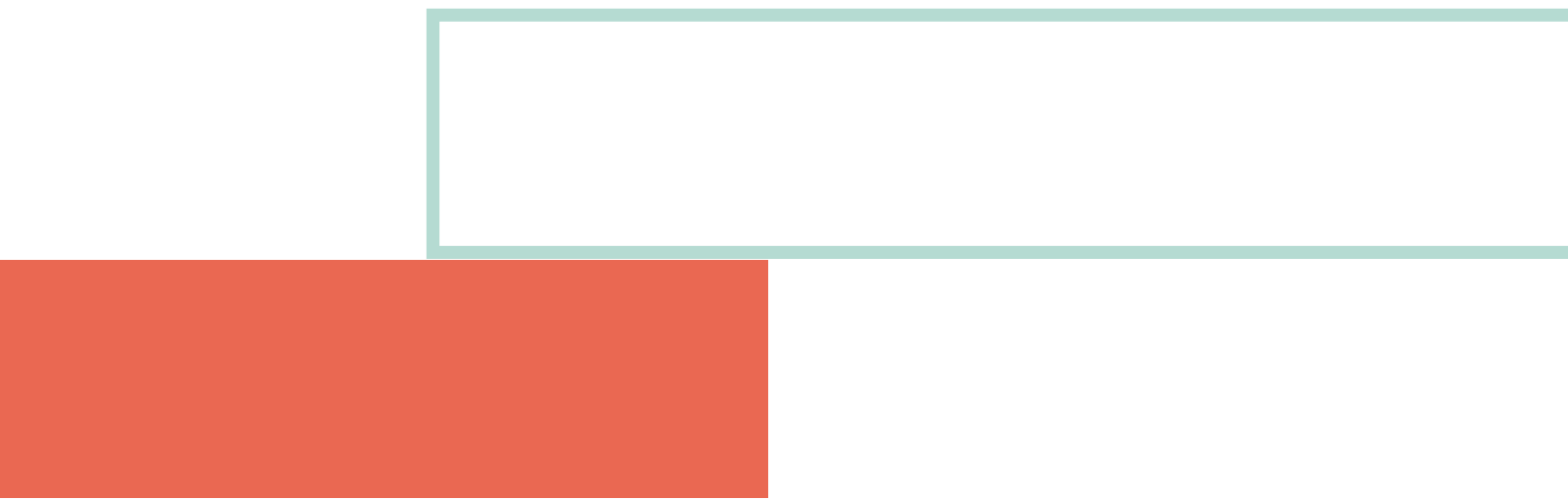
Other recommendations regarding the accrual concept were addressed through the Corporate Financial Management System which became operational on 1 April 2021, as well as the adoption of additional practices.

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
LIMITATION OF SCOPE OF AUDIT				
<p>On 4 August 2020, the NAO requested the AACC to submit creditors' circularisation letters, as mentioned above. However, respective emails were only submitted by the AACC to the suppliers on 23 September. As a result of this delay, the NAO could not confirm the existence of eight suppliers' balances, amounting to €9,146,672, out of the 18 sampled, since the suppliers in question had not yet submitted feedback confirming their respective outstanding balance, as at the date of submission of the management comments towards the end of October 2020.</p>	✓		<p>The delay to request creditors' circularisation letters was the result of a genuine oversight. However, the AACC has no control whether creditors would reply to their request. The management is ensuring that documents requested by the NAO and other institutions of oversight will be submitted within set deadlines.</p>	Ongoing
KEY ISSUE				
<p>Overstated balances in the creditors' list</p> <p>Input in the accounting system is to be done with due diligence so that a true and fair picture is shown of the AACC's creditors' figure.</p> <p>All payments and credit notes issued are to be allocated to the respective creditor.</p>	✓		<p>All data related to creditors is being inputted in the CFMS, thus avoiding errors.</p> <p>The AACC have adopted a procedure to request statements at the beginning of each year to check balances due.</p> <p>Through the CFMS, payments and credit notes are being correctly allocated to the respective suppliers.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>For control purposes, the AACC is also encouraged to perform a reconciliation between the list of all creditors and the figure of creditors in the trial balance to identify any errors.</p>	<p>✓</p>		<p>Once the CFMS is fully implemented, and the related training regarding reporting is given, reconciliations can be performed more easily.</p> <p>In the meantime, the AACC is carrying out reconciliations manually by comparing the suppliers' statement with invoices received.</p> <p>The Senior Manager (Accounts & Finance) and another officer in the Accounts Section have been nominated to attend training on CFMS reporting.</p> <p>The nominated employees will attend the training programme upon invitation.</p>	<p>December 2021</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p>
<p>CONTROL ISSUE</p>				
<p>Creditors' year-end balances not in agreement with third party confirmation</p> <p>In order to ensure completeness and accuracy of reported figures, the AACC is to obtain statements on a regular basis from all suppliers and reconcile the respective balances.</p>	<p>✓</p>		<p>The CFMS gives users the opportunity to include the invoice date which can differ from the date of transaction. This will help to reconcile the respective amounts between the AACC and the service provider.</p> <p>Statements are being requested on a regular basis from the suppliers especially those providing services and from where the AACC hire beds from private elderly homes.</p> <p>On a quarterly basis, statements sent by suppliers are reconciled with the CFMS.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>For accurate records, if an invoice is dated before the year's end, it should be included as creditor. However, if the invoice is dated after the year's end but relates to services rendered in the prior financial period, then the amount should be included with accrued expenditure.</p>	✓		<p>Invoices are being inputted in the system on the date of receipt.</p> <p>Services which have been delivered and not yet invoiced are being estimated and entered in excel sheets. These are being recorded as accruals in quarterly submissions.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Outstanding invoices at year-end not reported</p> <p>The AACC is to coordinate with its suppliers to submit invoices pending at the year's end without undue delay. A record is also to be kept of all purchases made before every quarter or the year's end so that, if not yet paid, these are included in the respective return.</p> <p>Emphasis is to be made to all sections within the AACC to provide all the information in a timely manner.</p> <p>The date of receipt of invoice is to be clearly indicated by the use of a rubber stamp so that the AACC will be able to identify whether the invoice should be included with accrued expenditure or as a creditor.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>During the last quarter, suppliers are being instructed to send invoices dated November and December so that these are recorded in the accounting system before the end of year.</p> <p>The AACC is ensuring that purchase orders are issued prior to any procurement. Thus, the AACC is able to identify any pending invoices for purchases done.</p> <p>All officers have been given a new dater so that the date of receipt is rubberstamped on invoices received.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Implemented</p>

Recommendations	Accepted or otherwise	Justification	Action	Implemented or date by when
<p>Understated balances in the creditors' list</p> <p>The AACC is to make sure that it invariably records all creditors in order to have complete and accurate figures in its returns.</p>	✓		<p>The AACC has adopted a simplified process which allows invoices to be verified in a timely manner.</p>	Implemented
<p>Understated or unsupported accrued expenditure</p> <p>The AACC is to ensure that it accrues for any expenditure remaining unpaid by the year's end, taking an appropriate estimate based on previous months or on the respective purchase orders, as applicable.</p>	✓		<p>During the last quarter of the year, monthly expenditure is being accounted for as accrued expenses.</p> <p>Once the actual invoices are received and verified, adjustments to the accrued amount is being carried out.</p>	<p>Implemented</p> <p>Implemented</p>
<p>Incorrect ageing of creditors</p> <p>All invoices should be categorised under their respective ageing bracket as from the date of their issue, in conformity with the requirements of MF Circular No.10/2001 - 'Government Accrual Accounting: Procedures for the Control of Debtors and Creditors'. The AACC is encouraged to contact the accounting software supplier for the necessary changes.</p>	✓		<p>Until March 2021, invoices were recorded on DAS. From April 2021 onwards, invoices are being recorded on the CFMS.</p> <p>Details of creditors relating to invoices issued before April 2021 have been compiled to be imported in the CFMS.</p> <p>The Senior Manager (Accounts & Finance) and another officer in the Accounts Section have been nominated to attend training on CFMS reporting.</p> <p>Training in relation to the CFMS will be provided to all staff concerned.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>December 2021</p>





FOLLOW-UP ACTION
ON OTHER NAO AUDITS
CONDUCTED DURING 2020

PERFORMANCE AUDIT: COMMUNITY CARE FOR OLDER PERSONS JANUARY 2020 – MSCA

Active Ageing and Community Care (AACC), in consultation with all stakeholders, has drawn up a detailed community care strategy document covering the period 2019-2022, guided by two national policy documents, namely the “National Strategic Policy for Active Ageing, Malta 2014-2020” and “A National Strategy for Dementia in the Maltese Islands, 2015-2023”. The measures that were included in this document were further broken down into specific key performance indicators (KPIs), thus ensuring that measures are translated into measurable outputs. AACC is actively monitoring these outputs. Looking forward, a new national strategy is being drafted by a key expert and will be open for public consultation later this year.

The AACC finalised its Quality Service Charter (QSC) for all its services. This charter includes timeframes, from receipt of application till the delivery of service. Servizz.gov and local councils will assist in the provision of AACC applications while there is also an arrangement with the local councils to help the elderly with the filling of the respective application forms.

A manual of procedures pertaining to the Social Work Unit was finalised, which introduced and implemented the concept of case load management and monthly supervision for all employees. The Social Work Unit has been strengthened with respect to holistic social work intervention so that these professionals can devote more time to cases and ensure proper follow-up. Additionally, individual social care plans are being devised for long-term cases.

A Quality Assurance (QA) team of three professionals was set up in the past year to conduct internal ‘system audits’. The QA team is carrying out client satisfaction surveys, spot checks, and acting as mystery shoppers

to identify gaps and ensuring the highest standard. AACC has several internal protocols for every service, together with a Complaint Standard Operating Procedure (SOP). AACC has set up a new quality assurance section which is responsible for monitoring all sections.

A new officer was assigned to the Meals on Wheels team to further enhance the monitoring function. Monitoring processes were also introduced to improve the Meals on Wheels service. The call for tender for the Meals on Wheels service includes the recommendations put forward by the NAO. This will ensure a more reliable, cost-effective and user-friendly service. The contract with the prospective winning bidder will also provide for the imposition of penalties if service delivery is not made within established timeframes.

With regard to the CONVERGE EU-funded project, the AACC is fully collaborating with the Information Management Unit (IMU) to finalise the project by the first quarter of 2022, in line with the contract. The AACC has strengthened its Procurement Unit and recruited two additional employees. Thus, this unit now has a complement of five employees.

A module within the CONVERGE IT system is being developed for the Procurement Section to monitor and issue accurate, relevant, and timely reports. This module will be operational by the end of 2021. The integrated IT system will also allow professionals to have access to clients’ information that will eliminate procedural and administrative overlaps.

AACC reengineered the Home Help Service where a number of changes were effected such as revising the elderly services application form to include a medical report of all individuals over the age of 65 years

residing within the same household and accepting assessments carried out by multiple professionals. Moreover, the service provider increased the number of helpers to ensure that all applicants benefit from the Home Help service within a reasonable time.

The CommCare Unit has access to medical files and IT systems maintained by hospitals and health centres. The unit is using such systems to maximise the efficiency and effectiveness of its services. In addition, in line with the NAO's recommendations, the Unit is seeking to minimise futile visits by contacting clients prior to the visit. The AACC commissioned a client satisfaction survey regarding CommCare which established that 97% of its clients were satisfied with the overall service whilst 87% of the clients claimed that they either never encountered or very rarely had problems in communicating with the professionals.

In May 2021, the AACC started carrying out regular visits to all new clients and, by September 2021, all clients who require diabetes services will be regularly followed up by the diabetic link nurse. In addition, by the end of 2021 a new tender for domiciliary nursing and caring will be issued which will address timing and language barriers concerns.

PERFORMANCE AUDIT: ASSESSING THE PUBLIC TRANSPORT CONTRACT AND TRANSPORT MALTA'S VISIBILITY ON THE SERVICE FEBRUARY 2020 – MTIP

Transport Malta (TM) has reviewed the classification of health and safety non-conformities with the service provider and re-classified them with a more objective penalty structure. The official list has been discussed and agreed with the operator and formalised through an addendum to the contract.

By October 2021, TM will publish a tender for the development of software and supply of 10 electronic devices that are able to communicate with other hardware operated by the Authority. Public Transport inspectors will record their on-the-bus inspection findings on such devices. Through the proposed software, the inspections will be more streamlined. This will enable the backend to identify shortcomings in both the vehicles inspected, and in instances of non-conformities. Detailed technical specifications have been prepared for inclusion in the tender to be issued. Consequently, the Public Transport Unit (PTU) will then be able to focus on high-risk areas and carry out inspections without prior notice. The system will be able to flag health and safety issues immediately to the bus operator. This will expediate the time required to raise the alert, and considerably reduce the respective risks. Once the application is in hand a risk matrix will be drawn up.

With such devices and software, there will be additional benefits such as reducing back-office processing, standardisation of inspections, remote monitoring of the inspectorate staff, and obtaining better-focused results. The PTU is drafting standard operating procedures detailing all the processes in place once the system is introduced. In addition, officers are requested to attend related training from time to time.

Following internal analysis, TM implemented the recommendation put forward by the NAO and increased the number of inspectorate staff. As a result, on-the-ground monitoring hours have been extended. Monitoring days have also been extended to weekends and public holidays. Between January and June 2021, the PTU conducted a total of 1498 of monitoring hours, representing an increase of 52 per cent when compared to the hours put in prior to the increase in the number of inspectorate staff. Once the full complement of inspectorate staff is achieved, TM intends to explore the benefits of engaging non-uniformed inspectorate staff to enhance its monitoring efforts.

The PTU reduced the reliance on information processed by the service provider so as to secure a higher level of comfort on the integrity of such data. As a result of the increase in inspectorate staff, information on route movement is gathered by TM officers. Monitoring points are determined by PTU management and are not communicated to the operator. Notwithstanding, TM ensures that the data provided by the service provider is reviewed and corroborated with the on-the-ground monitoring data.

TM has introduced a new procedure whereby all queries and complaints received are registered. The replies to complaints or queries are also being registered, to ensure adequate audit trail, enabling progress tracking of registered complaints. Moreover, the Customer Care Unit follows up with the person raising the complaint or query. In order to ensure that all queries/complaints are followed up by the PTU with seven days, a second check is carried out to identify any open queries.

A REVIEW OF THE ETHICAL FRAMEWORK GUIDING PUBLIC EMPLOYEES - APRIL 2020 - OPM

IPS is providing regular training on how the 2019 Public Administration Act (PAA), the Code of Ethics, and the Public Service Management Code (PSMC) integrate with one another to better guide public employees and provide a clear ethical framework.

OPM concurs with the NAO's recommendation and has included further details in the PSMC on the conditions related to post-public employment in line with the provisions of Directive 14.

With reference to NAO's observation regarding conflict of interest, Section 6.2 of the PSMC has been amended to reflect the provisions of the PAA, with particular reference to 'close relations of public employees'.

In line with article 17(1)(b) of the PAA, the overseeing role of the respective Permanent Secretary is a safeguard in place to ensure that conflict of interest is duly declared or reported. Other effective safeguards are the establishment of units, such as the One Stop Shop, which are open to receive notifications and complaints of any ill practice, as well as the declaration forms which are required to be filled-in by board/committee members and officers in headship positions, wherein they declare any conflict of interest. Moreover, an Integrity & Ethics Awareness-Learning Programme (IEAL) has been launched in April 2021 by means of Directive 15 issued under the PAA.

With respect to restrictions regarding the acceptance of gifts, it is considered that acceptance of gifts may give rise to conflict of interest, therefore restrictions are extended also to family members of public employees, in accordance with the Code of Ethics in the PAA.

PERFORMANCE AUDIT: TACKLING CHILD ABUSE MAY 2020 – MSFC

The Minors Protection (Alternative Care) Act - Cap 602 came into force in July 2020. In anticipation of this, the Child Protection Services (CPS) re-structured its processes to be in line with the requirements of this Act. CPS is now in a better position to attain greater efficiency. The new CP procedure includes three phases. In Phase 1, after receiving a report, a preliminary inquiry is carried out to decide whether or not to accept the case within 5 days. If the case is accepted, it is referred to Phase 2 where an assessment is carried out within 60 to 90 days. Each investigation must be concluded with a decision; whether the application conforms to article 19 of Cap 602, or for closure, or for further treatment in the community. In the latter case, the case of referred to Phase 3 and an intervention for treatment and monitoring is instigated. All Phase 3 cases are regulated by bespoke social contracts that are specifically designed on a case by case basis.

With the enactment of Chapter 602, the onus of issuing orders was transferred from the Minister to the judicial system. While this was a positive change, there were cases where the interpretation of the law proved to be challenging. However, professionals from all jurisdictions collaborated to resolve the matter. In mid-2021, further amendments were made to Cap 602, which resolved the technical legal glitches. New resources have been allocated by the judiciary. The Directorate for Child Protection adjusted and enhanced its competence to be more in line with the forensic needs of the Court.

As acknowledged by NAO in its report, the CPS managed to reduce the waiting list by December 2019. In July 2021, the CPS managed to reduce its backlog completely and is now managing the cases that are received in a shorter period by 15 – 20 days. The challenge to allocate cases immediately in Phase 2 is related to issues of human resources, following an increase in the demand on the service, especially following the activation of article 9 of Cap 602; the Mandatory Reporting Clause. As noted also within the NAO report, shortage of workers in the labour market is a real problem. It is to be noted that CPS has filled all the vacant positions reported by the NAO. There is also a focus on improving motivational factors within the service. CPS is continuously working to enhance retention of its employees, who albeit the challenging nature of the work, feel that no other service can offer them the same level of motivation.

In its report the NAO remarked that there was a lack of sufficient homing facilities for children on care orders and thus, in order to provide accommodation, FSWS will have to rely on third parties such as NGOs and the Church. FSWS highlighted that while this issue did not fall within its remit, it has managed to increase the budget for the NGOs providing such placements and to increase the Child in Care Benefit. FSWS cannot consider implementing NAO's recommendation to acquire premises which could be used to accommodate these clients since it counteracts with Government's and FSWS' policy of eliminating institutionalisation.

With regard to the delays in respect of the commencement of the operations of the Children's House, as required by Cap 602, the CPS clarified that certain challenges that were encountered have been solved and at present the said House is functional. In fact, several children have been interviewed via this procedure. Entities who have used the Children's House and its procedures to date include the Malta Police Force Vice Squad and Gender Based Domestic Violence Unit; the Juvenile Court through the Children's Advocates; and the Review Board. Furthermore, new technologies have been introduced to facilitate remote communication with the Children's House to the Court House in Valletta, which should permit video conferencing.

A new Memorandum of Understanding (MoU) between the CPS and Child Safety Services (CSS) has been finalised and endorsed.

In the absence of CSS personnel during the summer recess, the Education Officer (Counselling) liaises closely with the CPS, carrying out tracing and collection of feedback from professionals with regard to interventions conducted with newly referred students. The Education Officer contacts CSS personnel for feedback and even though CSS do not officially work during summer they still provide data. It is also to be noted that counselling services are offered throughout the year at College level. Hence if students followed by CPS were receiving such service during the scholastic year this service continues during summer. A second Education Officer (Counselling) was recruited to enhance the service even further.

With a view to redress the NAO's concern related to CSS data-keeping, preliminary work is being carried out to improve the data-management system.

PERFORMANCE AUDIT: A FOLLOW-UP OF THE 2016 ANALYSIS ON OHSA'S OPERATIONS – A CASE STUDY ON THE CONSTRUCTION INDUSTRY JUNE 2020 – MFH

With reference to the NAO's observations concerning OHSA's operational philosophy, it is pertinent to note that whilst enforcement is one priority, its remit extends beyond enforcement functions. OHSA's functions include enforcement, education, promotion, and guidance. This approach is consistent across the EU. In striking the best possible balance for the successful fulfilment of all its functions, OHSA remains a very active enforcer, where the highest risks receive the greatest attention. Notwithstanding that construction is considered a high-risk industry worldwide, Malta has managed to achieve progress which has, in turn, translated into a downward trend in fatality and injury rates.

To ensure that OHSA's staff complement and financial allocation are utilised efficiently and that inefficiencies are identified, OHSA has commissioned an external review of its operations, which amongst other things had to identify manpower needs. This exercise was finalised and accepted by the Board. Moreover, later this year, OHSA will be issuing a call for tenders for an electronic management information system (MIS). With the introduction of MIS, the OHSA would be in a position to shoulder its regulatory functions more comprehensively and in a much more efficient manner.

In 2020, OHSA carried out circa 5,000 workplace inspections, mainly in the construction sector. During the same year, OHS officers issued 1,980 improvement notices, 450 work activity cessation orders, and 313 administrative fines. Following the NAO's report, the OHSA issued a memo to all OHS Officers to inform them that their findings are to be registered each time, including in instances where no breaches of legislation materialised. Moreover, as duly acknowledged by the NAO, OHSA is renewing its effort with the intent of reducing the follow-up timeframe to four months.

With respect to fines and penalties, the OHS Act stipulates that breaches of any contravention are liable to penalties, which may be imposed by a court of law, and include a fine of up to €11,467 and

imprisonment of up to two years. The Act also gives discretionary power to OHSA to impose fines in lieu of initiating judicial proceedings. Whereas OHSA has the power to impose a fine or fines for all breaches, including serious ones, OHSA has conditioned such powers through its own enforcement policy, which essentially states that administrative fines are only issued when the offence is minor or for breaches of administrative requirements on the part of the duty holder. Furthermore, repeat offenders are not served with an administrative fine but are taken to Court.

In accordance with the OHSA Act and LN88 of 2018, the contractors involved in smaller domestic projects are required to carry out risk assessments and take the necessary preventive and protective measures, notwithstanding that a project supervisor is not required for such projects.

Regarding the NAO's recommendation to set up an online free template to guide clients in drafting adequate contracts for the engagement of project supervisors, the project supervisors' functions and tasks are listed in the pertinent legislation and explained in the Code of Practice.

The OHSA investigates near misses brought to its attention, particularly where the potential outcome could have led to a serious accident. All other near misses should still be investigated by the duty holder, usually the employer.

OHSA ensures that all workers are protected at work. Active cooperation is maintained with other entities whenever serious problems are encountered.

The OHSA is constantly collaborating with the Building Industry Consultative Council (BICC) in the development of the skills card. OHSA is also actively cooperating with MCAST for the organisation of seminars. All MCAST OHS trainers are either ex-OHS officers previously employed by OHSA, or have obtained a basic qualification in occupational health and safety.

AN AUDIT OF MATTERS RELATING TO THE CONCESSION AWARDED TO VITALS GLOBAL HEALTHCARE BY GOVERNMENT - PART 1 AND ADDENDUM | A REVIEW OF THE TENDER PROCESS

JULY 2020 – MFH

On 21 November 2016, the Union Haddiema Magħqudin – Voice of the Workers and the Medical Association of Malta, submitted a letter to the Chair Public Accounts Committee (PAC) requesting an investigation of the contracts awarded by Government to Vitals Global Healthcare Ltd (VGH). The contracts referred to in this request related to the Gozo General Hospital (GGH), St Luke's Hospital (SLH) and Karin Grech Rehabilitation Hospital (KGRH).

The NAO based its analysis on documentation made available to it by Government and its various subsidiaries.

In view of the fact that the concession is sub-judice, it is therefore not prudent to provide any comments at this stage.

NAO's analysis of the contractual framework that Government subsequently entered into and the eventual transfer of the concession to Steward Health Care will be addressed in Part 2 and Part 3, respectively.

INFORMATION TECHNOLOGY AUDIT: PLANNING AUTHORITY OCTOBER 2020 – MECP

During the IT audit, the NAO noted a good number of positive findings, while some areas required improvement.

The Planning Authority (PA) concurs with the NAO's recommendation to compile and implement an ICT Strategy. Preliminary actions carried out by the Authority comprise the finalising of the EU-funded project that defined roadmaps related to Business Continuity Plan, Disaster Recovery Plan and Network Security and Architecture. Adding to this, the Executive Council of the Authority has approved and provided direction in relation to the roadmaps' objectives. By December 2021, the Authority will also conclude the drafting of the three-year plan which will then be presented to the Executive Council for its approval.

The NAO's recommendations related to ICT budgeting have been taken on board and implemented by the PA. A policy is now in place and is being followed in respect of ICT purchases and the respective filing. The PA included two thresholds. With respect to purchases greater than €10,000, the justification is to be reviewed by the Executive Chairman and the Ministry's approval is required, while for thresholds greater than, or equal to, €5,000 a written justification endorsed by the respective Director is required. All relevant documentation is being filed to ensure adequate audit trail. This policy is documented in the Planning Authority ICT Purchasing Procedure paragraph 5.2.

In respect of the NAO's observation related to the disposal of ICT equipment, the PA is disposing of its equipment in an environmentally sustainable and secure manner. A 'Certificate of Destruction' for IT equipment such as hard disk drives containing important data is being obtained. The PA is maintaining records in the Hardware Inventory system application of all ICT equipment being disposed of, including records of items that are approved for disposal and donated. All requests for donations are reviewed by management, acting on the principles of openness, equal treatment, fairness and transparency. The Authority is filing the receipts obtained from charitable organisations

receiving such equipment. This procedure is documented in the Planning Authority ICT Hardware Assets Procedure paragraphs 5.5.5 and 5.5.6.

In relation to the recommendation by the NAO regarding Patch Management, the PA is creating patch testing environments prior to deployment on live servers. Patch testing is being carried out within a month from release.

Regarding the NAO's observation on Business Process Re-engineering (BPR), a procedure has been created within the ICT ISO Quality System to define the process, and keep record of changes effected to PA core systems, resulting from BPR. Moreover, the PA took note of NAO's recommendation and is considering the possible automation of the recording of billing/payment transactions in PA's accounting software. For this purpose, the PA's internal IT Department is currently in discussion with the Authority's accounting software providers to determine possible ways how the systems can interface with each other. Such discussions would then enable PA to determine a plausible way forward, not least in terms of implementation timeframes.

The PA, through its Communication Office, posted a link on the PA's Facebook page, and to the Government Gazette website, thus informing the public about planning applications received and planning decisions.

In relation to the NAO's recommendations regarding the documentation management process, the PA has implemented a number of actions to address the concerns raised. A review of the document management processes has been carried out. In this regard, an organisation-wide document retention policy, complemented with the relative standard operating procedures (SOPs), has been drawn up. Direct Orders having a value in excess of €5,000 (excluding VAT) are being assigned a unique internal file reference. The checklist for invoice checking has been updated and now includes the verification of VAT number and company registration number.

PERFORMANCE AUDIT: AN ANALYSIS OF MALTA MEDICINES AUTHORITY RECRUITMENT PROCESS NOVEMBER 2020 – MTCP

The NAO's performance audit evaluated the extent to which the threefold increase in the Malta Medicines Authority's (MMA) staff complement reflected the Authority's requirements. The objectives were aimed to assess the cost-effectiveness of the increase in the Authority's human resources. In this regard, the audit objectives sought to determine the impact on the Authority's staffing levels on the basis of:

- Changes in the MMA's mandate and work practices;
- the compilation of a needs analysis to support the increase in the Authority's staffing capacity;
- comprehensive business planning; and
- the Authority's recruitment policies and generally-accepted practices.

Although the comment with respect to the over-prudent approach to financial and HR projections was not meant to diminish the best practices adopted by the Authority, the NAO outlined the fact that there is opportunity for more accurate projections. In this regard, MMA took immediate action and a less conservative approach is being adopted during its business planning. MMA is also ensuring that national budgetary measures, simplification plans and business plans formulated by the Authority highlight the cost of implementing specific measures.

In relation to the prolongation of one specific recruitment process, MMA is committed not to deviate from the Authority's own performances and avoid unnecessary excessive delays to conclude recruitment processes.

It is to be noted that the NAO's report positively concluded that the remodelling exercise complied with the Authority's strategic directive and has placed MMA on a sound foundation to fulfil its vision as a centre of excellence.

INFORMATION TECHNOLOGY AUDIT: MALTA INDUSTRIAL PARKS LTD

(now Industrial Innovation Solution - INDIS Malta Ltd)

NOVEMBER 2020 – MEI

In February 2021, the Industrial Innovation Solution – INDIS Malta Ltd, then Malta Industrial Parks (MIP), engaged a Chief Operations Officer (COO). This is a new role within the company. The new COO is drafting a new IT strategy that will include a 3-year plan for its ICT software and infrastructure requirements. This strategy will be presented by end of this year.

The COO is also evaluating the Integrated Property Management System to make full use of its functionality. Moreover, INDIS Malta Ltd has revised the contracts / addenda to include the new office address and the revised annual maintenance fees. The said amendments will not bind INDIS Malta Ltd with an extension to the current agreement.

As regards the percentage of the budget catered for ICT capital expenditure, INDIS Malta Ltd would like to point out that its ICT expenditure is mostly related to Cloud Services. Notwithstanding, the COO requested a subcontractor and a newly hired IT executive to carry out a complete IT software audit. Thus, necessary action will be taken accordingly.

With respect to the NAO's observation regarding procurement, it is to be noted that INDIS Malta Ltd is included in Schedule 3 of the Public Procurement Regulations and administers its own public procurement in accordance with these regulations.

INDIS Malta Ltd have updated the PC inventory list to include details such as the type of processor, the hard drive capacity and the amount of RAM installed on each PC. Moreover, in line with the NAO's recommendation, a board is being set up to confirm obsolete IT hardware and recommend its disposal through a report submitted to Senior Management in accordance with the pertinent circulars, rules, and regulations.

Following the recommendation related to the anti-virus software, INDIS Malta Ltd ensured that all PCs have installed such software. Updates are being installed automatically. Any PC that cannot cater for such updates has been replaced.

All shortcomings raised by the NAO in relation to the website were addressed and is now in line with the Government Official Procurement website.

Regarding integrity of date and periodic certified restores of data, INDIS Malta Ltd explained that data is stored on the cloud, ensuring that if any data is lost on a PC, logs of forced restores are available.

The NAO recommendation to organise Information Security Awareness training to all new employees was welcomed by INDIS Malta Ltd, and such training shall be provided as part of the risk programme.

A REVIEW OF IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOAL 1 - MALTA'S EFFORTS AT ALLEVIATING POVERTY

DECEMBER 2020 – MSFC

In its report, the NAO recognised that Government has undertaken several measures to alleviate poverty that positively addressed the vulnerabilities of different groups. The NAO acknowledged that Government's efforts can never be considered enough due to the complexity of poverty. In this regard, Government is continuously alert to emerging needs and, is committed to continue its efforts to reduce poverty through different appropriate measures aimed at addressing the needs of these groups.

Universal free health care has been pivotal to address poverty on a national level. The Ministry for Health (MFH) pursued a number of initiatives which ensured the alleviation of poverty through equitable and timely access to health care as well as a reduction in the financial burden borne by patients suffering from specific medical conditions. These include the strengthening of Mental Health Care Services and cancer services - in line with the provisions of the National Cancer Plan for Malta. Access to health care was further facilitated through the introduction of free remote patient monitoring for patients, 16 years old and younger, suffering from Type 1 diabetes, the provision of free glucose monitoring sticks and analogue insulins for persons suffering from diabetes, as well as free medicines for patients suffering from rare diseases. MFH also addressed the out-of-stock situation, thereby guaranteeing reliable and timely access to free medicines. More efficient systems were introduced, for the proper management and reduction in waiting lists and faster accessibility to health care services. Various national vaccination programmes were administered to the public free of charge. The consolidation of Primary Health Care Services was highly visible through the introduction of a number of measures such as a new health care centre in Ħal-Kirkop, the continued refurbishment and upgrading

of community health centres and clinics across Malta and Gozo, including the construction of a new regional primary health centre in Paola, and the distribution of free medicines from community pharmacies. This proactive approach is aimed at securing future positive outcomes, decrease morbidity and mortality rates, ensure a healthier population and workforce, draw services closer to the community, and achieve the overarching objective of poverty eradication.

Education is considered to be the key which can open the door to a better quality of life thus contributing towards poverty reduction, greater social mobility and social inclusion. It is within this context, that the Framework for Education Strategy for Malta 2014-2030 promotes inclusive, quality education within all educational levels and settings.

The strategic policy actions presented under the education dimension within Malta's National Strategic Policy for Poverty Reduction and for Social Inclusion are being implemented through a number of measures aiming at addressing educational inequalities and improving quality education for all. The measures undertaken support life-long learning, vocational training, and informal and non-formal education, and modernising the education system and improving governance.

The COVID-19 pandemic has challenged the education system to find solutions in the teaching and learning processes and to ensure that all learners, irrespective of their socio-economic background or learning needs, continue learning. The Maltese Government invested an additional €30 million to see that there will be the least disruption on our children's education as a result of the pandemic. In line with the Inclusive Education in Schools: Route to Quality Inclusion policy, the Ministry's

continued working on the goals for no student to fall behind. Among other inclusive incentives, the MFED provided free internet access and hardware to children from families in poverty or at risk of poverty. This aim of the scheme was to help and assist those families with low income or on social benefits with the education of their children.

The NAO has generally praised the Government's initiatives to address housing related issues, the foremost being schemes to address affordability and the increase in the number of dwellings allocated for social housing. During 2021, the waiting list for social accommodation decreased from 2,380 to 1,788. The waiting list is expected to decrease even further through the allocation of 600 dwellings currently being built, which will be completed in the coming months, and other units to be leased from the private sector. It is thus envisaged that any remaining issues with insecure housing and persons living in substandard dwellings will be completely addressed in the near future.

The NAO specifically noted that the needs of vulnerable groups should be given greater attention. The Housing Authority provides financial assistance to persons with disability to help them render their home suitable for their needs. Persons with disability are also given due priority if they require alternative accommodation. The 600 units currently being built shall be fully wheel-chair accessible and will cater for the demands of this vulnerable group. The Housing Authority acknowledges that this group requires additional focus and shall consider further adjustments for this specific group. The Authority is in the process of issuing a scheme for persons with specific health issues which would allow them to get a life insurance and subsequently obtain a bank loan. Further analysis will be carried out to explore whether this initiative

may be merged with its other existing schemes for housing affordability so that persons with health issues who have a low income may be assisted to acquire their own residence.

The NAO remarked that the current statistics did not provide a complete picture of poverty in Malta since the European Union Statistics on Income and Living Conditions (EU SILC) is limited to those persons who live in private households. Thus, those living in collective households or institutions are excluded. In response, the MSFC maintained that the methodology adopted and recommended by the Indicators' Sub-Group (ISG) of the Social Protection Committee, visible in the Eurostat statistical indicators was not intended to measure poverty of persons residing outside private households. This is in line with the EU's methodology. Notwithstanding, MSFC will continue to collaborate with relevant stakeholders to carry out appropriate studies which can provide additional insights to the situation on the ground pertaining to poverty.

The NAO remarked that whilst the overall services provided are generally of good standard and the staff are professional in their approach, there are certain elements related to service quality and accessibility that require attention to improve service provision. In order to ameliorate service delivery, MSFC is in the process of consolidating its services provision through www.servizz.gov and through the Customer Care Office within MSFC. In fact, a customer relationship management system interlinked with servizz.gov is currently being developed. This initiative has been implemented.

The NAO considered that the governance structures of the Inter-Ministerial Committee (IMC) on poverty are appropriately designed, and function in an efficient

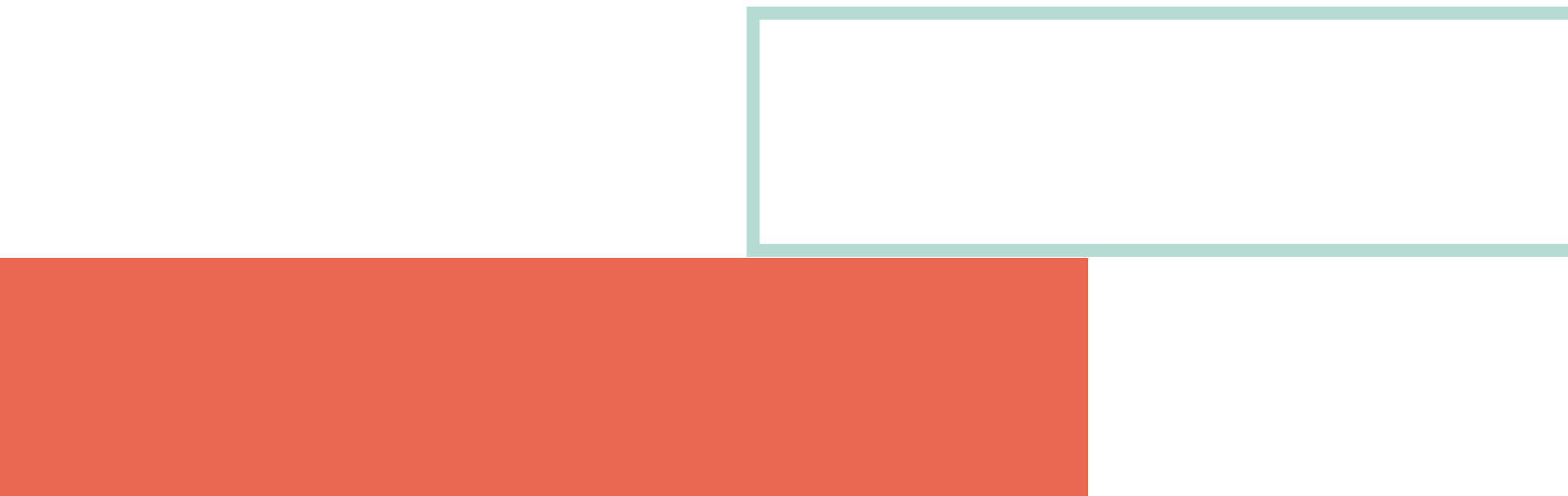
and effective manner, with the IMC having addressed most of the strategic actions set. Nevertheless, in order to consolidate the progress made, the NAO recommended that experts or key stakeholders contingent on the particular policy area should be involved. The MSFC (as the Ministry that heads the Committee) affirmed that the involvement of relevant stakeholders, as necessary, is not excluded within the IMC. MSFC agrees with the recommendation for cross-cooperation with other entities, so much so that the IMC is made up of different Ministries relevant to the development and implementation of the poverty strategy.

In its report, the NAO highlighted that NGOs, academics, professionals in the field, and affected groups, as well as other government entities were to be further included in the consultation process. Stakeholders expressed the need to be consulted at an early stage in the process when legislation and policy formulation were being drafted. The MSFC maintains that, in line with Directive 6, it was committed towards effecting meaningful consultations with different stakeholders, and the recommendations made by the NAO were being implemented. Over these last eight years, MSFC developed almost 50 Public Social Partnerships (PSPs) with different NGOs and had other agreements with the University of Malta to assist the Ministry in the research field. In addition, ad-hoc meetings are held with various academics, NGOs, and other relevant stakeholders as necessary.

The MSFC endeavours to assist NGOs that put forward feasible proposals for new initiatives to fill gaps in social service delivery. Likewise, MISW is strengthening its relations with organisations by signing PSP agreements in the field of disability to enhance its collaborative relationship towards safeguarding this

vulnerable cohort. Government invests in PSPs as appropriate, with a view to address unmet needs whilst considering the sustainability of public finances. To ensure good governance and value for money, the necessary assurances are invariably sought from NGOs benefitting from PSPs.







**FOLLOW-UP ON PENDING ACTIONS
REPORTED IN 2020**

MINISTRY FOR THE ECONOMY AND INDUSTRY

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
MIMCOL - Inventory & Transport Expenditure	<p>MIMCOL will ensure that all the inventory is included and accounted for correctly.</p>	<p>30 September 2020</p>	<p>Y</p>	<p>September 2020</p>
	<p>The inventory database will include all the necessary details to identify the assets and will be kept up to date with any additions, write-offs, and disposals.</p>	<p>30 September 2020</p>	<p>Y</p>	<p>September 2020</p>
	<p>MIMCOL will ensure that all assets are tagged with a unique asset code.</p>	<p>30 September 2020</p>	<p>Y</p>	<p>June 2021</p>
	<p>MIMCOL will ensure that the financial statements are presenting accurate figures.</p>	<p>30 September 2020</p>	<p>N</p>	<p>In progress. MIMCOL is holding discussions with its auditors.</p>

MINISTRY FOR EDUCATION

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>MCAST - Revenue</p>	<p>The MCAST management is adopting the CLASSTER software system.</p> <p>Both MCAST and MG21 will be implementing the same system, including the required practices.</p>	<p>30 September 2020</p>	<p>Y</p>	<p>August 2021</p> <p>MCAST sought to obtain the best payroll software package to address its needs.</p> <p>The CLASSTER system is being used for student and class administration, instead for finance-related matters.</p>
<p>Department of Education - creditors & accruals</p>	<p>Employees within the Finance Unit will attend a training programme for the implementation of the new accruals based CFMS.</p>	<p>30 November 2020</p>	<p>Y</p>	<p>November 2020</p> <p>This is an ongoing action. Training commenced in 2020 and involved a number of sessions. Awaiting dates for the final module on Reporting.</p>

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>Occupational Health & Safety Authority (OHSA) - Expenditure (Previously under Ministry for European Affairs and Equality)</p>	<p>OHSA is ensuring that all errors in the financial statements are corrected in accordance with the International Financial Reporting Standards.</p> <p>OHSA is ensuring that the financial statements are audited as required by the pertinent law.</p> <p>A Management Information System, 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>In the meantime, an interim solution is being developed to implement this recommendation.</p>	<p>28 February 2021</p> <p>28 February 2021</p> <p>31 December 2023</p> <p>30 September 2020</p>	<p>Y</p> <p>Y</p> <p>N</p> <p>Y</p>	<p>February 2021</p> <p>February 2021</p> <p>Tender documents are in process of being drafted, in consultation with CPSU and MITA. accounting treatments with auditors December 2023</p> <p>September 2020</p>

MINISTRY FOR GOZO

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>Stores</p>	<p>MGOZ will install alarm systems or closed-circuit television cameras within the entire Ministry and a tender will be issued once the exercise covering all the Ministry is concluded.</p> <p>The maximum and minimum order level will be included in the Stock Module of the CFMS.</p> <p>MGOZ is to publish the tender for the procurement of cleaning materials.</p>	<p>30 June 2021</p> <p>31 March 2021</p> <p>31 December 2020</p>	<p>Y</p> <p>N</p> <p>Y</p>	<p>July 2021</p> <p>The evaluation exercise across the Ministry has been concluded. MGOZ shall subsequently publish the related tender.</p> <p>October 2021</p> <p>Discussions are underway with the Budget Office and Ministry's Accounts Section to implement this action.</p> <p>June 2021</p> <p>Tender SPD3/2021/024 - Framework for the Supply & Delivery of Cleaning Materials to the Gozo General Stores within MGOZ has been published.</p>

MINISTRY FOR THE NATIONAL HERITAGE, THE ARTS AND LOCAL GOVERNMENT

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
Malta Libraries (ML) - Expenditure	<p>ML will be using the inventory (stocks) module.</p> <p>Once fully operational, the software system will support the compilation of a register of assets.</p>	<p>31 December 2020</p> <p>30 September 2020</p>	<p>N</p> <p>Y</p>	<p>This action has not yet been fulfilled due to a delay in the recruitment of such personnel. The action is expected to be implemented by September 2022.</p> <p>September 2020</p>
Manoel Theatre - Capital expenditure	<p>The management will ensure that the audited financial statements for 2017, 2018 and 2019 will be finalised without any further delays.</p> <p>The Teatru Manoel will draw up an SOP detailing the revisited methodology with regard to the procurement procedures. The SOP will be in line with the PPRs.</p> <p>The management will ensure that any services, supplies, and/or works are properly governed by valid contract agreements and supported by fiscal documentation.</p> <p>The necessary internal controls are to be in place to ensure that prior to entering into any commitments, variations are approved as per standing regulations.</p>	<p>30 November 2020</p> <p>30 November 2020</p> <p>31 December 2020</p> <p>30 September 2020</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>March 2021</p> <p>June 2021</p> <p>Implemented. This is an ongoing commitment.</p> <p>Implemented. This is an ongoing commitment.</p>

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
	<p>Robust internal controls related to the invoice payment process will be put in place to ensure that only invoices that are thoroughly checked and certified correct are paid. Management is to ensure compliance.</p> <p>For future procurement, estimates will be compiled to incorporate all material and services necessary for the full execution of the project.</p> <p>Teatru Manoel is to ensure that all purchases are covered with fiscal documentation in line with the applicable regulations.</p> <p>In the absence of fiscal documentation, all defaulters will be reported to the pertinent authorities.</p>	<p>31 December 2020</p> <p>30 November 2020</p> <p>30 November 2020</p> <p>30 September 2020</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>Implemented. This is an ongoing commitment.</p> <p>Implemented. This is an ongoing commitment.</p> <p>Implemented. This is an ongoing commitment.</p> <p>Implemented. This is an ongoing commitment.</p>
<p>Valletta European Capital of Culture 2018 Foundation - Expenditure</p>	<p>Training will be provided to employees on government circulars, rules, and regulations.</p> <p>The management will ensure that the officers responsible for procurement are adequately trained.</p>	<p>31 December 2020</p> <p>31 December 2020</p>	<p>Y</p> <p>Y</p>	<p>Training is ongoing in order for all officers to keep abreast of updates, particularly those concerning Public Procurement Regulations.</p> <p>Training is ongoing in order for all officers to keep abreast of updates, particularly those concerning Public Procurement Regulations.</p>

MINISTRY FOR HOME AFFAIRS, NATIONAL SECURITY AND LAW ENFORCEMENT

Audit	Pending action	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
IIP - Revenue	MIIPA is to ensure that all its internal controls and the processes involved are documented in the form of SOPs. The management is to ensure compliance.	30 September 2020	Y	Implemented in September 2020 and updated to include details on the online database in December 2020.
Office of the Refugee Commissioner (ORC) - Expenditure	Refcom will move to new offices in September 2020. All assets at the new office of the ORC will be assigned an identification number, which number will be affixed to the asset.	30 September 2020 30 November 2020	Y N	March 2021 Exercise has commenced and will be implemented by December 2021.

MINISTRY FOR INCLUSION AND SOCIAL WELLBEING

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>Public Social Partnerships - Expenditure</p> <p>(previously under the Ministry for the Family, Children's Rights and Social Solidarity)</p>	<p>MFCS will be drawing up SOPs outlining procedures to ensure compliance with pertinent legislation.</p> <p>Any verifications carried out will be documented and subject to the necessary reviews.</p>	<p>31 December 2020</p> <p>31 December 2020</p>	<p>N</p> <p>Y</p>	<p>SOPs to ensure better controls and procedures in the administration and provision of funds to NGOs through PSPs have been drawn up under the auspices of MSFC, but roll out has been delayed due to two factors: Covid-19 and the creation of a new ministry (MISW), which took over the funding of PSPs in the disability sector. Plans are, however, underway to have the SOPs in place by the third quarter of 2021.</p> <p>July 2021. A company specialising in financial advisory has been appointed to set up the appropriate controls and set in motion regular and timely verifications of financial documentation submitted by voluntary organisations and to ensure that the Ministry is getting value for money in the service provision by VOs.</p>

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
	<p>MFCS is to ensure that all necessary documentation is verified and endorsed. Checks will be enhanced once the competent officer is recruited.</p> <p>MFCS is to draw up an SOP detailing clearly the entire procedure that must be followed by all parties involved. All necessary verifications are to be carried out, duly documented and filed for future reference and audit trails.</p> <p>An MoU between MFCS and SCSEA will be drawn up so as to clearly lay down the tasks to be carried out by both parties, including reporting obligations and communication channels to ensure that regulatory requirements are being complied with.</p>	<p>31 December 2020</p> <p>31 December 2020</p> <p>30 September 2020</p>	<p>Y</p> <p>N</p> <p>N</p>	<p>December 2020. A competent officer has been recruited as from the 9 December 2020, whose role is to verify and endorse all the documentation.</p> <p>SOPs to ensure better controls and procedures in the administration and provision of funds to NGOs through PSPs have been drawn up under the auspices of MSFC, but roll out has been delayed due to two factors: Covid-19 and the creation of a new ministry (MISW), which took over the funding of PSPs in the disability sector. Plans are, however, underway to have the SOPs in place by the third quarter of 2021.</p> <p>The MOU has been finalised. The formal signing by SCSEA and MISW/MSFC has had to be postponed to await the appointment of the new SCSEA CEO. It is envisaged the MOU will be signed in September 2021.</p>

MINISTRY FOR JUSTICE AND GOVERNANCE

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
Courts of Justice - Revenue	The CSA will ensure that the LECAM system will include all required information which will be kept updated at all times and be easily retrieved.	30 November 2020	Y	December 2020
Assets Recovery Bureau - Expenditure	The management will update the compiled asset inventory database to be fully in line with MF Circular 14 of 1999.	31 October 2020	Y	December 2020

MINISTRY FOR SOCIAL JUSTICE AND SOLIDARITY, THE FAMILY AND CHILDREN'S RIGHTS

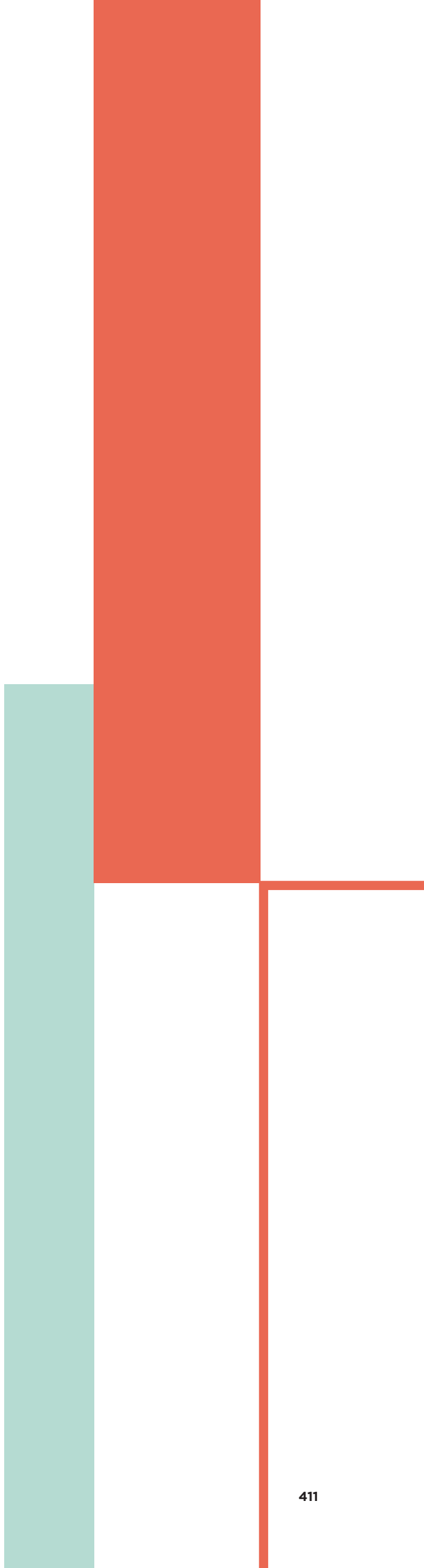
Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>Age pension - expenditure</p>	<p>The Overpayments Section will now be directly overseen by the Income Support and Compliance Division and business procedures are being reviewed in order to better the process.</p> <p>The Ministry will also issue an informative letter to the beneficiaries informing them about the balance due. This will be issued on a yearly basis.</p> <p>A standard agreement template is being created, which will be recorded in the IT structure.</p> <p>MFCS will carry out an exercise to ensure that all remaining AP files which were not reviewed will be traced and reviewed accordingly.</p> <p>DSS has reviewed the pre-established list and carried out the necessary enhancements with a view to facilitate explanations within the system for the creation of overpayments.</p>	<p>31 October 2020</p> <p>30 September 2020</p> <p>30 June 2021</p> <p>30 June 2021</p> <p>31 October 2020</p>	<p>Y</p> <p>Y</p> <p>Partially implemented</p> <p>Y</p> <p>Partially implemented</p>	<p>October 2020</p> <p>September 2020</p> <p>Letters for 2021 were sent in April.</p> <p>Work in progress with the involvement of Servizz.gov.</p> <p>June 2021</p> <p>To be fully implemented by October 2021.</p>

MINISTRY FOR TOURISM AND CONSUMER PROTECTION

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
<p>Malta Tourism Authority - Expenditure</p>	<p>The management will ensure a complete and adequate audit trail.</p> <p>For those instances where a contract for a particular event extending for a number of years and already covered by an agreement, MTA has entered into discussions with MFIN.</p> <p>MTA will ensure that agreements are signed ahead of the effective date. New agreements will be entered into in October 2020.</p> <p>Internal controls will be in place to ensure that no payments are issued unless covered by a valid agreement.</p> <p>Variations will be duly authorised from the right level of authority in line with pertinent regulations prior to the commencement of service.</p> <p>MTA will ensure that all activities are in line with the respective agreement, authorised and evidenced.</p> <p>MTA will explore other information management systems to ensure more efficiency and better audit trails.</p> <p>MTA will enhance its internal controls to ensure that allocation of funds by way of sponsorship, contribution, or any other means are always approved by the MTA Committee.</p>	<p>30 September 2020</p> <p>30 September 2020</p> <p>31 October 2020</p> <p>30 September 2020</p> <p>30 September 2020</p> <p>31 October 2020</p> <p>30 September 2020</p> <p>30 November 2020</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>September 2020</p> <p>September 2020</p> <p>October 2020</p> <p>September 2020</p> <p>September 2020</p> <p>October 2020</p> <p>September 2020</p> <p>November 2020</p>

MINISTRY FOR TRANSPORT, INFRASTRUCTURE AND CAPITAL PROJECTS

Audit	Pending action/s	Implementation date in GA Report 2020	Implemented: Y/N	Date/status
Personal emoluments	The Ministry will initiate discussions with stakeholders to ensure that the employee's working hours and remuneration are revised in line with the standing rules, regulations, and the respective class agreement.	30 September 2020	Y	September 2020



GOVERNANCE ACTION
on the NAO's Annual Report on Public Accounts 2019
and other NAO reports 2020



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