

Report by the Auditor General on the Workings of Local Government

2022





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Local Government

Public Accounts 2022

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November 2023

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List of Abbreviations

ES	Executive Secretary
FAR	Fixed Asset Register
IFRS	International Financial Reporting Standard
IT	Information Technology
LCA	Local Councils Association
LES	Local Enforcement System
LESA	Local Enforcement System Agency
LGA	Local Government Auditor
LGD	Local Government Division
NAO	National Audit Office
VAT	Value Added Tax

Foreword

This year it is my pleasure to note that overall progress has been registered when compared to the preceding year. Yet, it is still my duty to report that eight Local Councils failed to submit their audited accounts to our Office by the time this Report was finalised, some of which have also been pending for previous financial years. Moreover, of significant concern to the National Audit Office, is the fact that four Local Councils did not even bother to reply to the Management Letter sent to them, which incorporated a number of shortcomings identified during our audit work. This is totally unacceptable to this Office especially since such attitude on the part of the Councils involved goes against the fundamental values of transparency and accountability – both main pillars of good governance, the promotion of which remains our principal objective.

Acknowledging that our citizens deserve better, we strongly recommend that every possible effort is undertaken by the authorities to ensure that this situation is duly addressed. Timely submission of audited accounts and prompt feedback on Management Letters are essential to ensure that citizens are informed about their respective Council's management of public resources at its disposal.

I would like to take this occasion to extend our appreciation to the main stakeholders involved in this important area of Local Government, namely the Local Government Division, the Local Councils' Association and the National Association for Local Council and Regional Executive Secretaries for their ongoing collaboration with our Office.



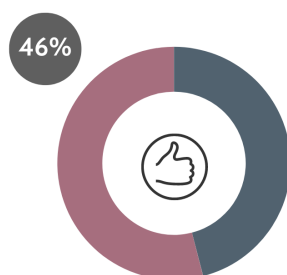
Charles Deguara
Auditor General

November 2023

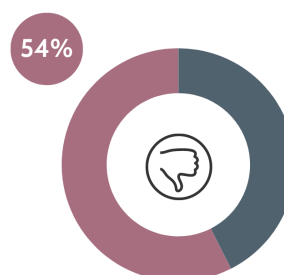
2022 Audit Snapshot

From a total of **75** Local Authorities, **60** Local Councils, **6** Regional Councils and the Local Councils Association submitted their audited financial statements. Those of **8** Local Councils did not reach the National Audit Office by mid-October 2023, being the ultimate deadline set for the analysis of the respective financial statements prior to the publication of this Report.

67 Audit Opinions submitted to the National Audit Office






29 Local Councils, **1** Regional Council and the Local Councils Association had a clean audit opinion



31 Local Councils and **5** Regional Councils were issued with a qualified audit opinion




Salient Audit Findings

-  **Reduction in the Number of Councils with a Qualified Audit Opinion:** An increase was reported in the number of Councils issued with a clean audit opinion when compared to the previous financial year.
-  **Concerns regarding the Councils' Financial Management prevail:** The liquidity position of 8 Local Councils deteriorated over the preceding year, registering a negative working capital or an increase thereto. 31 Authorities ended the financial year with a deficit, 2 of which even had negative reserves.
-  **Extensive Scope for improvement in Internal Control Systems:** Councils are still struggling with insufficient internal control systems.

Response to the Management Letter

4 Local Councils did not submit their feedback to the observations raised in the management letter, denoting a sense of irresponsibility by the respective Councils to act upon the weaknesses identified. This is completely unacceptable to NAO.

Main Weaknesses

-  **Errors of an Accounting Nature:** Including but not limited to, incorrect application of cut-off procedures, improper classification of income, expenditure, assets and liabilities as well as transactions recorded in the wrong nominal account or accounting period.
-  **Inappropriate Fixed Asset Management:** With the fixed asset register either lacking necessary details or not maintained at all, hindering reconciliation to figures as disclosed in the accounting records.
-  **Improper administration of Accounts Payable and Accounts Receivable Balances:** Due to lack of regular reconciliations, resulting in long outstanding balances and discrepancies between amounts recorded in the books



Compliance Audits undertaken by the National Audit Office

For financial year 2022, the National Audit Office carried out compliance audits at **4** localities. Audit procedures performed revealed that, while the Councils continuously aim to improve the service provided to their citizens, the compliance environment is rather weak. Lack of compliance was principally evident in the areas of procurement, human resource management and administrative procedures.

Local Government in Malta

1. Sector Context

The Local Government Sector in Malta comprises 68 Local Councils, 6 Regional Councils and the Local Councils Association

Local Government represents its citizens, carrying their hopes and aspirations to improve their lives and living conditions within their localities through the services it offers.

Local Government in Malta was established in 1993 and later enshrined in the Constitution of Malta (1964) through an amendment in 2001¹. Being the level of Government that is closest to citizens, it provides services which directly impact the residents' social wellbeing and sets the direction for the development of the localities. Various activities were held during this year to commemorate in a dignified manner the 30th Anniversary of their setting up.

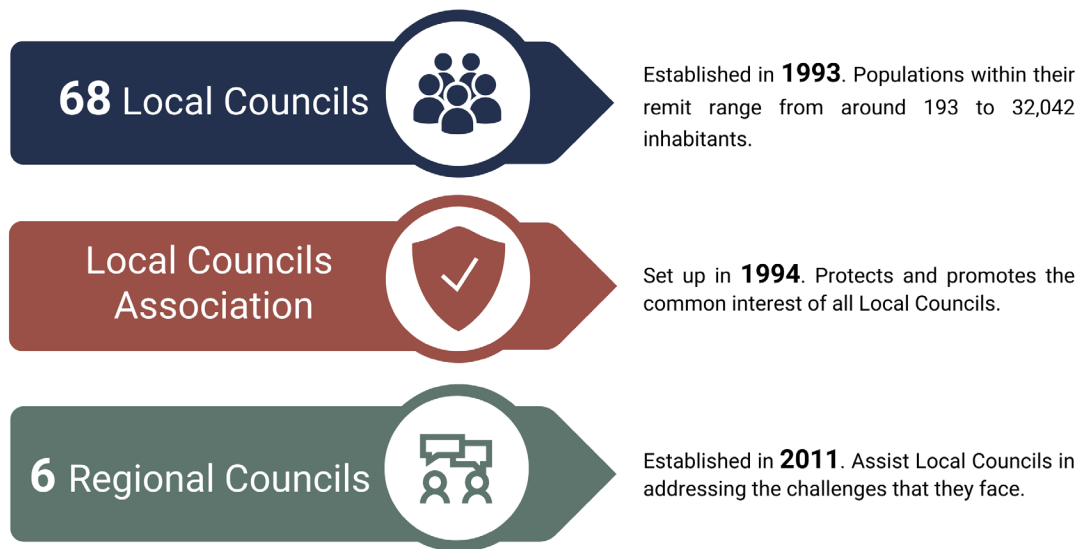
Divided into 68 cities, towns and villages, each Maltese locality is governed by its own Local Council, elected by residents in accordance with prevailing legislation. Hence, the system intends to decentralise governance whilst, at the same time, empower local communities through a democratic and accountable system of Local Councils.

Supporting these Local Councils are the Regional Councils, serving to enhance administrative efficiency. With effect as from January 2022, the number of Regional Councils was increased from five to six, thereby ensuring a more equitable distribution of Councils within each Region, ultimately leading to a more balanced workload.

The Local Councils Association (LCA), established in 1994 concurrently with the inception of the Local Government system, also plays a vital role, as it safeguards and promotes the common interest of Local Councils. **Figure 1** provides an overview of the composition of the Local Government sector.

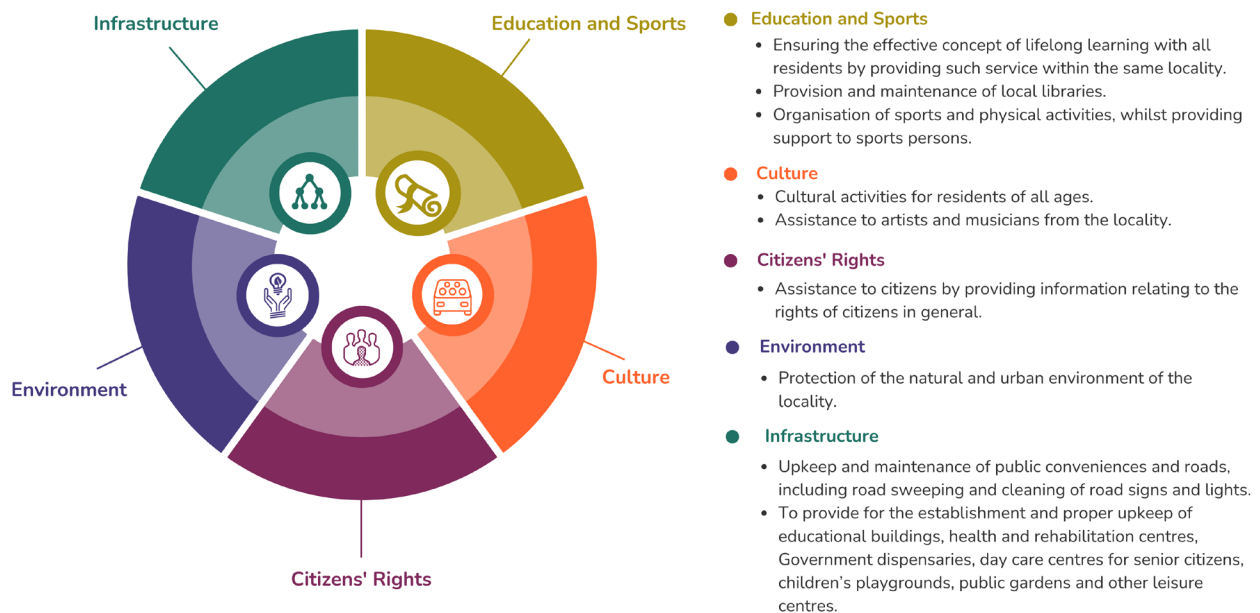
¹ Constitution of Malta (1964), Article 115A.

Figure 1: Local Government Sector Composition



The Local Government Act, Chapter 363 of the Laws of Malta, outlines the roles and legal powers of Local Councils, providing for an independent local governance system. Responsibilities vested in Local Councils are delineated in Article 33 of the cited act, along with supplementary legislation. **Figure 2** illustrates the main local community services delivered by the Local Councils.

Figure 2: Local Councils' Principal Community Services



To finance its operations, the Local Government sector is primarily dependent on the annual budgetary allocation distributed by Central Government, as per the requirements of Article 55 of the Local Government Act. **Table 1** illustrates the direct funds allocated for fiscal year 2022, as per financial estimates, while **Appendix A** details the income received by each Council during the same year.

Table 1: Annual Allocation to the Local Government Sector

Local Councils	€42,800,000
Regional Councils	€3,500,000
Local Councils Association	€475,000

To render a fairer distribution, additional funds of €517,332, beyond the direct allocation, were to be disbursed among Local Councils facing specific exigencies and/or experiencing a decrease in their allocation when compared to previous years. However, such allocation was not automatic. As emphasised through Circular No. 1/2022, Councils had to apply for such funds through the submission of a plan, detailing their intended use. Moreover, on its part, the Monitoring Directorate within the Local Government Division (LGD) was to analyse the manner through which the additional funds distributed in the preceding year were used and managed, whilst also certifying that the submitted plan was concrete and justified. As per information provided by LGD, applications to this effect were forthcoming from 47 Local Councils, with a total of €503,168 being disbursed out of the €517,332 allocated for this purpose. **Appendix B** relates.

Dual System of Governance, comprising Executive Authority and Locally elected Appointees

The essence of good governance lies in establishing fair and equitable arrangements, based on transparency and accountability. These are vital for ensuring that Local Councils not only meet their objectives but also maintain financial sustainability. Strong governance practices also foster public confidence in the operations of Local Councils, thus enhancing the trust of their citizens. A fundamental component of effective governance is the setting up of robust internal controls, ensuring that oversight responsibilities are carried out appropriately. This, in turn, enables timely corrective action when needed.

Local Authorities, as custodians of significant amounts of public funds, are entrusted with the dual mandate of acting in the community's best interest whilst adhering to relevant laws and regulations. Councils' governance is structured into two clear levels: democratically elected Mayors and Councillors set policy direction, while the Office of the Executive Secretary (ES) manages day-to-day operations, assuming full administrative responsibility. This system not only delineates in a clear manner the distinct roles and responsibilities of Councillors and the Executive Management, but also guarantees the proper utilisation of funds entrusted to Councils. It further ensures compliance with relevant legislation and Government policies while working in the best interests of the community.

Three Tiers of Oversight: those charged with Governance, the Division's Monitoring Unit and the National Audit Office

Figure 3 illustrates the three tiers of the Local Government sector’s oversight and their respective functions.

Figure 3: The Local Government Oversight Framework



Governance Set-up

Governance refers to the rules, practices and procedures through which a Council is directed and controlled. It encompasses the structures and mechanisms that enable a Local Authority to set and achieve its objectives, while managing risks and ensuring accountability. Effective governance arrangements are crucial for the success and sustainability of Councils. Forming the first tier of oversight, the role of those charged with governance is pivotal in achieving good governance as their actions and decisions directly impact the Council’s effectiveness and integrity. The following are key aspects of their role:

- a. setting and communicating the Council’s core values, striving towards the achievement of its mission;
- b. engaging actively in the Council’s business, taking decisions on a solid and well-informed basis, in the best interest of the Council and its society, whilst simultaneously safeguarding public funds;

Local Government

- c. overseeing the management of the Council and ensuring that it operates in the best interest of citizens, whilst at the same time implementing processes and controls aimed at identifying and mitigating risks effectively;
- d. ensuring transparency in the decision-making process and integrity of the accounting and financial reporting system; and
- e. ascertaining compliance with pertinent rules, regulations and ethical standards.

Within this level of oversight, sound financial reporting is crucial as it provides assurance on financial stability and on the truth and fairness of the Councils' reported figures. Being the primary financial reporting requirements, the annual budget, the business plan, quarterly reports, as well as financial statements, if properly prepared, aid Councils in the appropriate management of their resources and assist in addressing any emerging issues in a timely and efficient manner.

Local Government Division

Constituting the second layer of oversight, the three Directorates² within LGD assume a crucial role in guiding and assisting Councils, primarily through the issuance of directives and circulars. The Directorates also hold the responsibility of monitoring Councils' functions and operations, specifically assessing adherence to relevant legal and regulatory requirements and conducting investigations into finance and procurement irregularities, if and as deemed necessary. Reporting on compliance to pertinent rules and regulations thus falls under the purview of LGD.

To address the several deficiencies being repeatedly reported upon by Local Government Auditors (LGAs) across the multiple elements of the Local Councils' internal control, the Finance and Procurement Compliance Directorate has embarked on internal audits on the financial activities of four Local Councils, which were selected using a risk-based approach.

Furthermore, the same Directorate has also initiated a number of compliance reviews covering the areas of procurement and human resources. Three of the reviews were fully completed by end September 2023.

National Audit Office

As a distinct oversight body, the National Audit Office (NAO) is mandated by law with full responsibility for the conduct of Local and Regional Councils' financial audits, including that of the LCA, thereby ensuring that financial management is duly scrutinized, whilst providing a means to hold those entrusted with public funds accountable for their utilisation.

A financial audit results in the issuance of an auditor's opinion, indicating whether the financial statements accurately represent each Council's financial status and whether these statements have been prepared in

² The Monitoring and Support Directorate, the Strategy and Policy Implementation Directorate, as well as the Finance and Procurement Compliance Directorate.

accordance with the relevant financial reporting framework, specifically the International Financial Reporting Standards (IFRSs). This, in turn, imposes a legal obligation on each Council to prepare and approve a set of financial statements, submitted to the Auditor General in a timely manner. As a third level of oversight, these financial statements undergo independent audits conducted by private audit firms on behalf of the Auditor General, in line with the Local Councils (Audit) Regulations, 1993, and applicable procedures.

These private audit firms, referred to as LGAs, are appointed through a public tender process and are primarily responsible for planning and conducting audits in accordance with International Standards on Auditing. As part of the audit process, LGAs must:

- a. assess the risks of material misstatements due to fraud or errors, design and perform audit procedures to address these risks, and gather relevant, sufficient and appropriate audit evidence to support the audit opinion;
- b. understand the internal controls relevant to the audit and design appropriate audit procedures based on the circumstances;
- c. evaluate the appropriateness of accounting policies used by Councils in preparing financial statements and assess the reasonableness of accounting estimates and related disclosures;
- d. make conclusions regarding the Councils' ability to continue as a going concern; and
- e. evaluate the overall presentation of financial statements, including disclosures, to determine whether these accurately represent underlying transactions and events, while also adhering to IFRSs.

When discharging their duties, LGAs must acknowledge the significance of their relationship with both NAO and the Local Authorities. These relationships are critical for LGAs to fulfil their role efficiently and effectively. Therefore, as a minimum, LGAs are expected to appropriately plan audits and allocate sufficient resources to ensure timely completion. Moreover, measures aimed at ensuring a consistent audit approach are to be established, whilst taking into consideration issues raised in previous audit reports and management letters and providing feedback on whether these have been addressed.

The financial audits conducted by LGAs are the main source of information, providing the public with independent reports on the financial management of Local Authorities. Consequently, the credibility and reputation of LGAs, and ultimately that of NAO, as an independent and respected voice, depend on the timely publication of such reports, without compromising their quality. Achieving this depends on the collective effort of both the Local Councils and LGAs. Operating in an environment of heightened public scrutiny, LGAs must continually adapt and respond to challenges in auditing the Local Government sector, seeking out best practices to uphold the quality and integrity of their work consistently.

Local Government

The results of financial audits conducted by LGAs are then comprehensively reviewed by the small but highly efficient Local Government audit team within NAO. This involves an analysis of the audit opinions, as well as examination of the weaknesses and inefficiencies highlighted in the management letters. The responses to the management letters as submitted by the Local Authorities are also scrutinised. This Report presents the main findings of these financial audits, along with recommendations that are aimed at reducing risks and enhancing the sector's internal controls.

Further to the above, NAO also retains the right to conduct compliance audits on selected Local Councils. As a matter of fact, for the financial year ending 31 December 2022, four Local Councils were subject to a compliance audit by NAO, the results of which are reported upon in Chapter 7 of this Report. It has been decided to carry out such compliance audits on alternate years.

2. Financial Statements Preparation

An Improvement in the Number of Local Authorities that produced their Unaudited Financial Statements on time, yet Quality of the Financial Statements was not always up to the expected Standard

Timely and accurate financial reporting is essential for decision making, the management of public funds and public accountability. By means of Circular No. 1/2023 issued by LGD, Local Authorities were compelled to present their unaudited financial statements to the Auditor General, co-signed by the Mayor or President as applicable, as well as by ES, by 24 February 2023. It is the onus of every ES to ensure that financial statements are complete and prepared in line with the requirements of IFRSs. Financial statements are to include the following:

- Statement of the Council Members' and ES's Responsibilities
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

NAO positively acknowledges an improvement over the preceding year in the number of Local Authorities that managed to deliver the unaudited financial statements by the established deadline. In fact, 56 Local Councils (2021: 46), the 6 Regional Councils (2021: 3) and LCA (also in 2021) managed a timely submission of their unaudited affairs. Those relating to another five Local Councils reached this Office by mid-March, while another five were received at later dates. By the time this Report went for publication, the financial statements of Hamrun and San Ġiljan Local Councils were not yet presented for audit.

Quality of Financial Statements

The emphasis on the importance attached to the notions of transparency and accountability, primary pillars of good governance, increases interest in the financial standing and use of resources by public institutions. While the preparation of annual financial statements is required by legislation, the importance of these statements lies in the information they provide to stakeholders and as an indicator of the respective Local Authority's effective management and performance. Notwithstanding this, an analysis of the financial statements presented by Local Authorities highlighted that, in the majority of cases, this underlying task is not always given its due importance through careful year-long planning and monitoring but, sometimes, it is simply reduced to an annual procedure, impinging on quality.

Amongst others, errors noted in the presentation of the unaudited financial statements included discrepancies between balances as disclosed on the Statement of Comprehensive Income and the Statement of Financial Position, as well as the related notes to the accounts. At times, the financial statements also contained casting errors. Instances whereby prior year adjustments and journal entries posted by the respective Councils were not supported by the necessary documentation and/or adequate explanations, were also encountered. While this hindered LGAs from performing the required audit procedures, such information was not considered as reliable for decision making.

Hence, undoubtedly, financial reporting in the Local Government area needs to meet higher standards to facilitate more effective and timely management of public funds and to improve accountability for public expenditure. In this regard, LGD is once again encouraged to consider the recruitment of a pool of qualified accountants to have the financial statements prepared in-house, instead of these being outsourced by each individual Council. Not only would this approach be more cost-effective, but it would also facilitate monitoring, while harmonising accounting practices across the board.

3. Audit Results

Eight Councils failed to submit their Audited Financial Statements by the time of Publication of this Report

In terms of Circular No. 1/2023 issued by LGD, Local Authorities were required to file the audited financial statements within two weeks from receipt of the audit adjustments proposed by the respective LGAs. In line with the cited circular, this process should have not prolonged further than 30 June 2023, being the final date when all audited financial statements were expected to be received by the Auditor General. However, despite NAO's continuous efforts in chasing defaulters, the audited financial statements of eight³ Local Councils did not reach this Office by mid-October 2023, being the ultimate deadline set for the analysis of the respective financial statements prior to the publication of this Report.

Some of these delays were primarily triggered by the previous year's audit being either concluded very late or not concluded at all. Consequently, this had a ripple effect on the audit for financial year 2022, as the time available for audit fieldwork was not sufficient. In the case of Birgu, Hamrun, Swieqi and Valletta, the audits of both financial years 2021 and 2022 were still pending by date of publication of this Report. Moreover, in the case of Birgu and Hamrun, the audit for financial year 2020 was also not yet concluded, with the former having that of 2019 still in progress as well. This situation is deemed unacceptable by this Office since it demonstrates an absence of accountability on the part of the respective Council.

NAO noted that, in the majority of cases, the delays were the result of lack of cooperation by the respective Council with LGA, leading to poor audit progress being registered, and at times also bringing the audit process practically to a standstill since the related information was not provided to LGA on time. In light of this, Councils must understand that unless the established timelines are adhered to from the start and audit queries are addressed within a reasonable timeframe, due to considerable pressure of work, it will be difficult for LGAs to reschedule the respective audits, thereby resulting in further delays to meet the final deadline for completion of the audit. Such delays not only affect the usefulness of the related information but also the relevance of the entire audit process, as this will not provide any added value. Hence, this Office strongly recommends that urgent action is taken to address this problem since such situation is untenable.

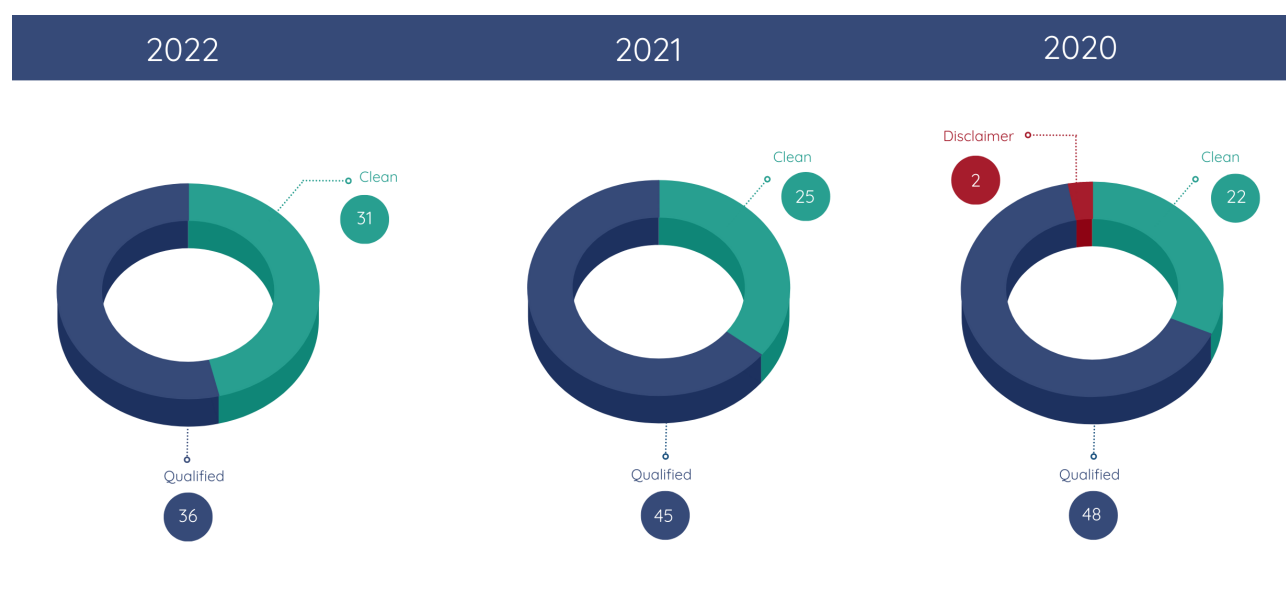
The Number of Local Authorities with a Qualified Audit Opinion is on the decrease




An analysis of the 67 audit opinions, submitted by mid-October 2023, revealed that 31 of the Local Authorities, together with LCA, were presented with a clean audit opinion; the remaining 36 were issued with a modified opinion. Whilst this denotes progress over the preceding years, room for improvement still remains.

Figure 4 shows the comparative figures for the preceding two years.

³ Birgu, Floriana, Hamrun, Kerċem, Qala, San Ġiljan, Swieqi and Valletta.

Figure 4: Audit Opinions⁴



-  Clean - Financial records fairly represent financial position and have been maintained in accordance with IFRSs
-  Qualified - LGAs were unable to audit certain areas due to restrictions imposed which were beyond control
-  Disclaimer - LGAs were not in a position to express an opinion, due to absence of substantial financial records and documentation

The Audit Report of 36 Councils was modified with an ‘Except For’ Audit Opinion, implying that Specific Instances of Material Misstatements were encountered

During the year under review, 36 audit reports were modified with an ‘Except For’ audit opinion. The specific areas on which such opinions were issued mostly related to poor internal control and lack of substantiating documentation, as illustrated in **Figure 5**. A modified audit opinion is given where:

- a. the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in aggregate, are material but not pervasive to the financial statements; or
- b. although the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, it is concluded that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive to the financial statements.

⁴ Details in the figure show the audit results of those Councils that submitted their audited financial statements by mid-October 2023.




The Audit Report of Five Local Councils included an ‘Emphasis of Matter’ paragraph highlighting a Material Uncertainty about their ability to continue as a Going Concern

In certain circumstances, the auditor will also include an additional paragraph in the audit report, titled ‘Emphasis of Matter’ or ‘Other Matter’. This occurs when, in the auditor’s judgement, a matter which, though appropriately presented or disclosed in the financial statements, is highly fundamental to users’ understanding of such statements. Hence it is important to note that an emphasis of matter is not a qualification, limitation or adverse conclusion.

As evidenced in **Figure 5**, a material uncertainty about the ability to continue as a going concern was also indicated by means of a specific paragraph in the audit report of five Local Councils. This implies that, besides the annual allocation received from Central Government, these Councils are also dependent on further sources of funds, namely, the collection of debts and through the deferral of payments. Negative changes in any of these assumptions would not enable the respective Local Council to meet its financial obligations when they are due for payment, without restraining the Local Council’s future commitments.

Appendix C lists the qualifications and/or emphasis of matter for each respective Council.

Figure 5: ‘Except for’ Audit Opinion and/or ‘Emphasis of Matter’

	Local Councils	Regional Councils
 LGAs unable to determine whether the Council is entitled to receive any further income from the Joint Committee	9	-
 Poor internal controls and lack of substantiating documentation	26	5
 Financial liquidity concern	5	-

4. Financial Results

Concerns regarding the Councils' Financial Management

One of the most common challenges faced by Local Authorities is the management of their financial resources to fulfil their core functions. Adequate financial management is crucial, as it enables them to plan, mobilize and use the limited funds in an efficient and effective manner, ensuring they are disbursed in accordance with applicable rules and regulations. This will assist in attaining a healthy cash position, which serves as a vital safety net for supporting a Council to achieve its objectives while attaining financial stability. However, regrettably, the sustainability of particular Local Councils has been a cause for concern for a number of years.

Table 2 represents the cash and cash equivalent balances, as at end 2022 and the preceding year, of those Local Councils that managed to submit their audited financial statements by the final deadline set by this Office, namely mid-October 2023, for the purpose of this publication. While certain Councils had relatively high cash balances, putting them in a comfortable financial situation, others were considered to be on the lower end of the spectrum, barely managing to make ends meet. Such scenarios could mainly be attributed to one or more of the following:

- a. The funding mechanism in place does not necessarily reflect the community's prevailing scenario, negatively impacting on the Council's cash balance and on its ability to deliver services efficiently and effectively, against a backdrop of other financial pressures. To this effect, alternative measures are being explored by LGD to correct these imbalances, thereby ensuring that funds issued to Local Councils reflect, as much as possible, the needs of each individual locality. According to LGD, a working group has been set up to evaluate and propose a new funding mechanism.
- b. Absence or inadequacy of oversight and accountability mechanisms, resulting in funds not being utilised economically and efficiently. Examples include works paid ahead of being certified, unplanned works just before the Councils' election and commissioning of large-scale projects for which sufficient financial resources are not readily available.

Conversely, certain Councils take a conservative approach, saving up funds rather than investing them to improve their locality and in turn, the well-being of citizens. While a healthy cash balance is beneficial, as it sets a safeguard against unforeseen contingencies, high levels of idle cash could also signal mismanagement of funds.

- c. Poor financial planning, very often leading to overspending, creating a disparity between planned and actual costs. In the long term, this could also result in accumulated unmanageable debts. Improving budgetary practices, in tandem with financial discipline, is a critical step in addressing financial problems.

Table 2: Cash and Cash Equivalents as at 31 December 2021 and 2022⁵

Local Councils	31 December 2021	31 December 2022	Government Allocation 2022	2022 Cash and Cash Equivalents as a Percentage of Government Allocation
	€	€	€	%
Attard	293,249	286,114	818,811	35
Balzan	508,888	515,352	343,286	150
Birkirkara	278,016	647,278	1,566,780	41
Birżebbuġa	1,348,459	1,402,668	891,099	157
Bormla	974,408	731,610	556,331	132
Dingli	367,480	242,923	404,013	60
Fgura	760,950	876,689	732,169	120
Fontana	460,271	579,330	183,851	315
Gudja	645,377	630,631	339,280	186
Gżira	439,013	377,769	698,112	54
Għajnsielem	616,064	630,888	407,801	155
Għarb	787,105	879,940	289,535	304
Għargħur	81,277	32,648	307,441	11
Għasri	567,490	644,532	211,382	305
Għaxaq	327,530	413,555	412,672	100
Iklin	193,551	217,552	308,823	70
Isla	355,023	528,930	336,253	157
Kalkara	50,841	49,583	306,518	16
Kirkop	79,926	19,567	261,782	7
Lija	378,638	328,135	316,977	104
Luqa	860,611	984,931	501,921	196
Marsa	429,414	24,863	616,894	4
Marsaskala	1,125,238	672,455	1,048,852	64
Marsaxlokk	311,946	280,896	396,526	71
Mdina	287,821	372,096	227,341	164
Mellieħa	1,783,263	2,038,084	1,262,341	161
Mgarr	332,829	444,988	508,609	87
Mosta	1,043,306	1,085,122	1,435,789	76
Mqabba	347,234	360,883	331,264	109
Msida	493,111	573,064	701,406	82
Mtarfa	122,621	111,397	309,271	36
Munxar	927,821	717,060	301,114	238
Nadur	404,105	493,395	535,083	92
Naxxar	504,153	627,519	1,152,668	54
Paola	1,590,525	1,765,698	788,447	224
Pembroke	650,155	742,361	491,477	151
Pietà	159,402	124,114	358,590	35

Table 2: Cash and Cash Equivalents as at 31 December 2021 and 2022⁵ cont./

Local Councils	31 December 2021	31 December 2022	Government Allocation 2022	2022 Cash and Cash Equivalents as a Percentage of Government Allocation
	€	€	€	%
Qormi	972,856	853,635	1,315,739	65
Qrendi	773,703	905,209	416,246	217
Rabat (Gozo)	275,526	264,147	648,742	41
Rabat (Malta)	1,348,679	1,352,560	1,235,357	109
Safi	216,994	217,293	299,906	72
San Ġwann	851,855	592,554	935,009	63
San Lawrenz	165,519	66,374	187,863	35
San Pawl il-Baħar	2,161,466	2,640,884	2,052,909	129
Sannat	347,445	19,094	276,504	7
Santa Luċija	218,358	379,490	385,198	99
Santa Venera	810,261	806,427	549,470	147
Sigġiewi	1,393,729 ^a	1,526,343	879,478	174
Sliema	1,673,622	1,836,963	1,414,070	130
Ta' Xbiex	215,600	281,887	261,580	108
Tarxien	337,437	481,462	631,474	76
Xagħra	1,345,834	1,006,057	598,641	168
Xewkija	455,972	482,036	416,764	116
Xgħajra	129,286	111,145	254,020	44
Żabbar	1,769,549	2,168,715	1,084,235	200
Żebbug (Gozo)	199,603	379,323	607,428	62
Żebbug (Malta)	1,033,087	1,109,971	959,340	116
Żejtun	1,644,714	1,904,639	979,350	194
Żurrieq	1,367,495	1,613,913	919,437	176

^a As re-stated in 2022.

This analysis highlights the fiscal problems that can arise when planning ahead for future events or needs is neglected. It is to be acknowledged that actions taken in one year can have ripple implications over multiple years. To this effect, strategic planning is crucial as it identifies future financial obligations so that sufficient funding for such commitments can be figured out in a timely manner.

As a means of further assessing the Local Authorities' financial viability, two additional indicators, namely, the working capital ratio and the operating surplus/deficit, were calculated, with the related results shown further down in the Report.

⁵ Balances in this table depict the Councils' cash and cash equivalents balances, thus, including cash at bank and any term deposits. These are illustrated net of any overdrawn bank balances, as well as short and long-term borrowings.

Eight Local Councils reported a Negative Working Capital at the close of Financial Year 2022

One way to gauge an entity's ability to cover its existing obligations in the short run is through the working capital ratio, i.e., the difference between the liquid assets and short-term liabilities. This financial ratio is calculated by dividing current assets by current liabilities. Whilst a working capital ratio below one can be a warning sign that the entity is not operating efficiently and that it may struggle to meet its debt obligations, an excessively high ratio is not necessarily beneficial. This can indicate that the entity is allowing excess cash to sit idle rather than investing it for growth. A ratio of 1.5 to 2 is interpreted as having a solid financial ground and being able to meet current financial obligations as they fall due.

Table 3 shows the Local Councils that ended the financial year under review with a negative financial position, as well as comparative figures for the previous two years. Unfortunately, no progress was registered in this area over the preceding year, as the financial situation of the three Councils⁶ which in 2021 were reported to be in the red worsened.

Table 3: Local Councils recording a Negative Working Capital as at end of 2022⁷

Local Councils	31 December 2022	31 December 2021	31 December 2020
	€	€	€
Birkirkara	(375,499)	(681,281)	(1,656,440)
Għarb	(58,874)	(8,818)	(127,134)
Għargħur	(65,905)	(5,844)	84,428
Kalkara	(149,979)	(126,285)	(149,329)
San Lawrenz	(17,678)	12,730	(794)
Sannat	(63,322)	(16,380)	(64,000)
Xgħajra	(80,326)	(43,284)	(15,025)
Żebbuġ (Gozo)	(162,898)	16,015	(72,040)

Two Local Councils ended 2022 with Negative Reserves

In simple terminology, financial management is the ability to prioritise and reconcile unlimited demands and needs with the available revenue streams. This could provide tough challenges, especially in the local scenario, whereby Councils are expected to finance commitments with their limited financial resources, mainly the allocation provided by Central Government. Thus, if both income and expenditure are not adequately managed, this could negatively result in shortage of funds.

An increase was registered in the number of localities that incurred a deficit during the year under review (2022: 31) when compared to the preceding year (2021: 11). **Table 4** portrays a list of the respective Councils, the reported deficit, together with the respective retained earnings balances and the corresponding figures for the previous two years. All Local Councils listed in **Table 4**, with the exception of two, namely Kalkara and Xgħajra Local Councils, had sufficient reserves to make up for the reported deficit. This Office considers the negative financial situation of the two Councils in question, as unacceptable and for which prompt remedial action is required to improve the respective Councils' accountability. It was only one Local Council, namely Fgura Local

⁶ These were Għarb, Kalkara and Sannat.

⁷ Negative working capital figures disclosed in **Table 3** were computed on amounts as reported in the Statement of Financial Position, even though instances were encountered whereby these were either not correctly classified or did not tally with the balances recorded in the respective notes to the financial statements.

Council that managed to rectify its position from a deficit in 2021 (€52,245) to a surplus during the year under review (€4,355).

Table 4: Local Councils ending Financial Year 2022 with a Deficit⁸

Local Councils	Surplus or Deficit			Retained Earnings as at		
	1 January – 31 December 2022 €	1 January – 31 December 2021 €	1 January – 31 December 2020 €	31 December 2022 €	31 December 2021 €	31 December 2020 €
Attard	(60,318)	32,855	26,116	279,837	340,155	307,300
Balzan	(20,491)	40,051	14,123	521,793	542,284	502,233
Dingli	(67,414)	24,227	21,259	584,040	651,454	627,227
Gudja	(33,862)	2,358	5,581	655,518	689,380	687,022
Gżira	(60,927)	(5,707)	(55,036)	386,551	447,478	453,185
Għajnsielem	(119,435)	(36,794)	1,506	623,242	742,677	779,471
Għargħur	(93,184)	(84,927)	(117,391)	170,453	263,637	348,564
Iklin	(18,862)	(12,860)	5,187	327,925	346,787	359,647
Kalkara	(18,042)	27,872	12,699	(117,858)	(99,816)	(127,688)
Kirkop	(66,258)	15,907	(62,621)	297,257	363,515	347,608
Marsa	(52,278)	44,439	27,359	439,467	491,745	447,306
Marsaskala	(82,851)	188,075	103,134	1,605,881	1,688,732	1,500,657
Marsaxlokk	(71,558)	(26,544)	21,344	308,454	380,012	406,556
Mgarr	(81,069)	(72,370)	(110,121)	955,031	1,036,100	1,108,470
Mosta	(788)	(23,186)	81,005	1,369,697	1,370,485	1,393,671
Mqabba	(18,792)	1,348	(22,724)	439,689	458,481	457,133
Mtarfa	(1,564)	37,170	(23,861)	235,919	237,483	200,313
Munxar	(14,713)	37,426	52,803	525,330	540,043	502,617
Nadur	(84,103)	(4,599)	(10,711)	385,072	469,175	473,774
Pietà	(20,842)	33,189	(66,772)	171,691	192,533	159,344
Rabat (Malta)	(39,127)	(414,494) ^a	(343,191)	1,286,695	1,325,822 ^a	1,740,316
San Ġwann	(183,514)	(899)	73,310	740,043	923,557	924,456
San Lawrenz	(43,418)	13,529	14,265	132,863	176,281	162,752
Sannat	(55,086)	8,058	15,808	134,612	189,698	181,640
Santa Luċija	(51,063)	(10,652)	(46,245)	251,943	303,006	313,658
Santa Venera	(93,280)	(2,175)	59,756	942,410	1,035,690	1,037,865
Sliema	(84,899)	(5,879)	165,434	1,584,101	(1,669,000)	1,674,879
Ta' Xbiex	(15,900)	68,401	(4,512)	386,084	401,986	333,585
Xewkija	(59,986)	14,874	29,432	571,312	631,298	616,424
Xgħajra	(32,453)	(38,088)^a	(51,479)	(23,784)	8,669^a	46,757
Żebbuġ (Gozo)	(26,942)	7,731	(6,547)	609,708	636,650	628,919

^a As re-stated in 2022.

⁸ Figures disclosed in Table 4 were computed on amounts as reported in the Statement of Comprehensive Income and Statement of Financial Position, even though instances were encountered whereby such figures were either not correctly classified or did not tally with the balances recorded in the respective notes to the financial statements.

Proactive Action taken by Local Government Division

NAO acknowledges the proactive efforts undertaken by LGD, whereby, upon the Councils' submission of the unaudited financial statements for the year ended 2022, a thorough analysis of the respective financial performance was carried out. With the aim of expediting the resolution of issues associated with negative working capital and reserves, as well as facilitating the swift implementation of corrective measures by Councils within the shortest possible timeframe, the Finance, Procurement and Compliance Directorate launched initiatives to immediately engage with those Councils exhibiting financial vulnerabilities. As per information provided by the aforementioned Directorate, a total of six⁹ meetings were held by end September 2023. During such meetings, the respective Councils presented the main causes attributing to their current negative financial situation, sustaining their statements with evidence, where possible. The pertinent attributable factors highlighted during the said meetings are listed hereunder.

- The yearly allocation is to be revised to proportionately reflect the increase in expenditure, mainly due to inflation.
- Political interference from Mayors and Councillors which is beyond ES's control.
- Bureaucratic procedures in place when applying for schemes.
- Councils do not consider that reimbursement for the underlying work involved with the collection of money through citations, housing rents and commercial permits, is adequate.

⁹ Held with Valletta, Għarb, Għargħur, Kalkara, Sannat and Żebbuġ (Gozo) Local Councils.

5. Internal Controls

Councils are not maximising their full Potential to enhance the Internal Control Environment

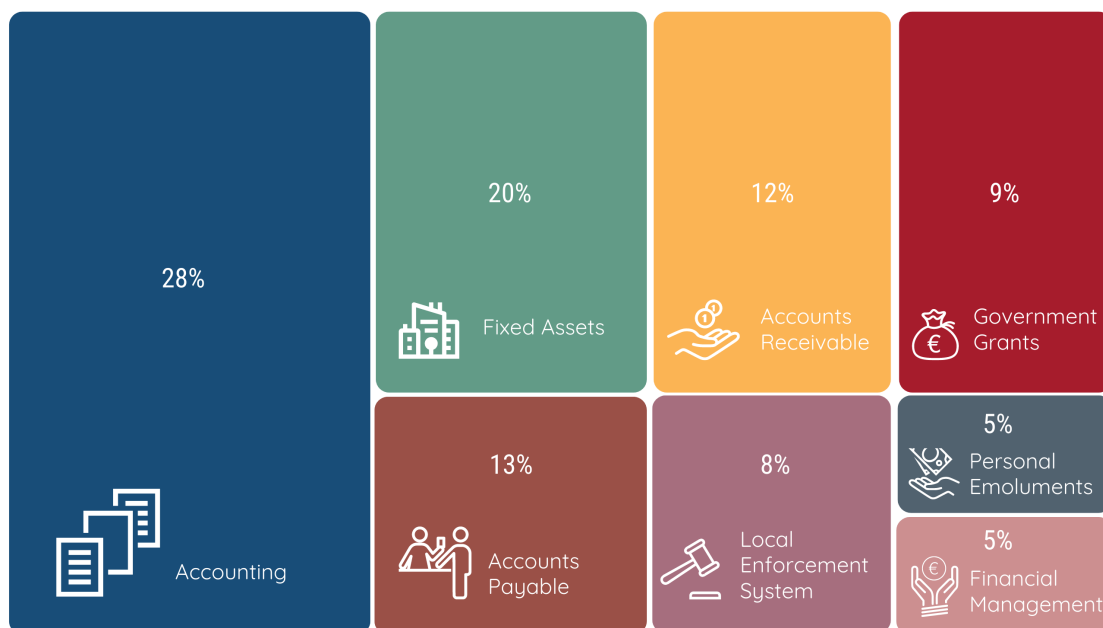
Local Government plays a pivotal role in providing essential services to the community, directly impacting the lives of citizens. Within this sphere of Government, the implementation of robust internal controls is the cornerstone of effective and responsible operations. Having the potential to mitigate risk and reduce errors, internal controls are mechanisms aimed at ensuring the judicious use of public funds, adherence to laws and regulations and preservation of accountability and transparency. An entity’s internal control framework encompasses its personnel, systems and procedures, reflecting its internal policies and external legal regulations that govern day-to-day operations.

Notwithstanding that this message is being reiterated year after year, various Councils are still struggling with inadequate internal control systems. This recurrence leads to various weaknesses in the management letters, primarily stemming from the following reasons:

- a. reliance on the year-end audit to identify shortcomings and address related issues;
- b. Councils implementing temporary measures to address audit findings instead of focusing on root causes; and
- c. Councils showing little interest in rectifying weaknesses identified during the audit process, at times opting to accept a qualified audit opinion year after year without taking any corrective action.

Figure 6 illustrates the components wherein various control weaknesses were identified across the Local Government sector and the respective percentages. The prevalent shortcomings noted in each of the categories are denoted in the paragraphs below.

Figure 6: Control Issues



Accounting

Accounting data serves as the cornerstone of a Council's business profile, establishing the reliability of its financial operations and accounting procedures. It also depicts information which is crucial for decision-making purposes. Notwithstanding such importance, for another year, accounting-related weaknesses remained the most commonly identified issues. In fact, unaudited financial statements, as prepared by certain Councils, were not fully compliant with the requirements of IFRSs, besides containing a number of errors and at times also necessitating a qualified audit opinion. Errors of an accounting nature included, but were not limited to, the following:

- a. Incorrect application of cut-off procedures, comprising unrecorded and/or inaccurate accrued and prepaid amounts, resulting in omitted transactions or erroneous figures of income and expenditure.
- b. Improper classification of income, expenditure, assets and liabilities, transactions recorded in the wrong nominal account or in the wrong accounting period, as well as unrecorded transactions, at times necessitating a prior-year adjustment.
- c. Other errors of an accounting nature, including but not limited to transactions posted without adequate supporting documentation or explanations, shortcomings in relation to inventory, and double posting of transactions.

Fixed Assets

Within the context of Local Authorities, fixed asset management is of primary importance, as capital investments represent a significant portion of the Council's balance sheet. Efficient management, primarily through the active management of a Fixed Asset Register (FAR) ensures that fixed resources are adequately monitored, helping a Council in meeting its goals and delivering its services to the community. However, it is evident that this function is still being overlooked, with limited action, if any, taken to address the identified shortcomings. The matters hereunder relate.

- a. FAR was not always in line with best practice, lacking necessary details or not maintained at all, hindering reconciliation with figures as disclosed in the accounting records. This has also resulted in a qualification of the audit report of certain Councils.
- b. Differences between figures as per FAR and those in the financial statements, trial balance and/or accounting system. Instances of incorrect depreciation calculations were also noted, leading to inaccuracies of the related provisions.
- c. The purchase of items of a capital nature was at times expensed, or vice-versa. Moreover, assets disposed of or those with an expired useful life were not written off from FAR and the books of accounts. On the other hand, projects which were completed or under construction were not always reflected in accounting records.

- d. Fixed assets were at times classified under an incorrect asset category, mixing intangible and tangible assets.

Poor asset recording can pose several risks to a Local Authority. These risks can impact financial stability, compliance with regulations, and overall operational efficiency. To mitigate such risks, Councils are to implement robust fixed asset management systems and practices, conduct regular checks, whilst ensuring compliance with relevant regulations. Accurate asset recording is crucial for maintaining financial transparency, operational efficiency, and overall organisational health.

Accounts Payable

The proper recording of accounts payable, defined as amounts due to vendors or suppliers for goods and services received that have not yet been paid for, is essential as it plays a significant role in the financial management and overall operations of a business. The major weaknesses identified in this area were the following:

- a. Long outstanding creditor and accrual balances which were never delved into and adequately followed up by the respective Councils. Some of these balances related to outstanding retention monies in respect of permits.
- b. Discrepancies between payables as recorded in the books of accounts and the respective amount as per suppliers' statements. Such occurrences were mainly the result of invoices and/or payments either accounted for twice or not recorded at all.
- c. Statements were not always obtained from the Councils' suppliers, hindering the regular reconciliation of balances and verification of amounts as recorded in the books of accounts.
- d. Debit balances were included in the list of creditors, representing either overpaid amounts or payments on account, i.e., payments for which an invoice was not received. Instances of payable and accrued balances, which were not supported by adequate documentation, were also noted.

Accounts payable represent a Council's outstanding obligations to its vendors; hence, their proper recording assists in managing liabilities effectively, as well as ensuring that payments are made on time to avoid penalties or damaged relationships with suppliers. Moreover, proper management of accounts payable is essential to maintain financial stability whilst optimizing cash flow, thereby making informed financial decisions, ensuring both short-term and long-term success.

Inadequate controls in settling accounts payable is likely to negatively impact a Council's finances. Implementing proper controls will mitigate the associated risks. The following are the three key controls addressing the main aspects of accounts payable management, aimed at safeguarding the Councils' financial resources, while helping to maintain accuracy, prevent fraud and ensure compliance.

Segregation of duties – Approval of invoices before the respective payment is authorised, as well as reconciliations, are to be handled by separate individuals, thereby preventing fraud and errors.

Invoice verification and matching – Invoices are to be checked for both accuracy and legitimacy. Moreover, it is essential to match them with purchase orders and other supporting documents, such as delivery notes, to ensure that payments are only made for goods and services that were ordered and received.

Payment authorisation and compliance – Payments are to be approved at the appropriate levels before they are made. These are to be in line with the agreed-upon terms with suppliers, ensuring no duplicate payments.

Accounts Receivable

Within the context of Local Councils, amounts due from third parties, referred to as accounts receivable, primarily entail pending balances from the Local Enforcement System (LES), as well as reimbursement of expenses incurred under specific schemes and/or projects issued by LGD or other Governmental institutions. Accounts receivable balances represent an essential aspect of a Council's working capital and cash flow. Managing them effectively involves tracking outstanding invoices and following up on the collection of the amounts due in a timely manner to maintain healthy cash flow and financial stability.

However, once again it was noted that a number of Councils are not performing such tasks. Receivable balances as recorded in the Council's books of accounts still included amounts that have been pending for several years, some of which were no longer recoverable; at times, such balances were not even subject to a provision for doubtful debts. Moreover, the discrepancies identified in certain Councils, between receivable balances as disclosed in the Councils' books of accounts and the respective third-party confirmations raised concerns on the proper recording of accounts receivable balances.

As in the case of accounts payable, the proper recording of receivable balances plays a significant role in the financial management and overall operations of a Council. Proper management of accounts receivable is crucial for a Council's financial health, cashflow, as well as overall operational efficiency. It involves monitoring and collecting funds owed to the Council. In fact, the prompt and full collection of monies owed is vital to ensure that Councils have the necessary cash flow to operate effectively and to remain a going concern. Pro-active management of accounts receivable includes the following:

- a. Regular reconciliation of the debtors' ledger to ensure that all transactions have been accounted for and accurately posted. This process includes matching the unpaid customer balances with the total accounts receivable figure in the general ledger, verifying its correctness. To enhance this process further, sending statements to customers and requesting confirmation of outstanding debt balances, helps in identifying and rectifying any errors or discrepancies at the earliest.
- b. Establishing proper follow-up procedures to ensure that pending amounts are being chased.
- c. Periodical review of outstanding debts to assess the collectability of balances that are approaching, or have exceeded, their collection period. If balances are unlikely to be recovered, these have to be provided for as doubtful debts. No balances are to be written off from the books prior to being approved in a Council's meeting.

Government Grants

Given that Local Councils have limited opportunities for generating their own income, Government grants are vital in sustaining their operations. This makes it imperative for grants to be accounted for correctly in the financial statements. Moreover, financial ratios, such as working capital, can be significantly impacted by the figures associated with these grants. However, this year, it again transpired that a number of Local Councils were still adopting an incorrect treatment for the recording of Government grants as highlighted hereunder:

- a. Grants receivable in respect of capital projects were either over or understated, or not recorded at all. Moreover, certain Councils continued to apply the income rather than the capital approach when accounting for grants. Hence, funds received for capital projects were mistakenly reported as income rather than allocated against capital costs. In cases where the respective projects had not yet commenced, these funds were not appropriately categorised as deferred income.
- b. Grants were netted off against the respective balance in the fixed asset account rather than capitalised. Moreover, there were instances where grants related to completed projects were either left as deferred income or allocated to various items of property, plant and equipment rather than to specific projects.
- c. Opening deferred income balances were not supported by substantiating documentation.
- d. Unutilised funds intended for refund to the Government were still accounted for as deferred income, rather than recognised as payables. Furthermore, instances were observed where such amounts were not reversed from the accounting records even though refunds were actually issued.

Accurate recording of Government grants prevents the misallocation of funds and their eventual misuse. Councils are thus expected to appropriately account for grants received, ensuring that these are only allocated against projects which they intend to cover. Whilst helping a Council manage its budget effectively and preventing both overcommitment and underutilisation of resources for a specific project, it also enhances transparency in financial reporting, ensuring that stakeholders, including the public, have a clear view of how public funds are being utilised.

Local Enforcement System

As reiterated in preceding years, substantial amounts of contraventions remained long outstanding, negatively impacting the cash flow of practically all Local Councils. This issue persists notwithstanding that Article 56 of the Traffic Regulation Ordinance (Cap. 65) prohibits the renewal of circulation licences unless all pending fines are paid up. Weaknesses encountered during the audit in relation to LES included the following:

- a. Amounts receivable from contraventions, as reported in the financial statements, differed from those recorded in LES reports made available for audit purposes.
- b. For another year, the latest annual audited financial statements of the Joint Committees were not submitted to the respective Local Councils. Consequently, LGAs could not rely on independent audited information

to provide reasonable assurance as to whether the respective Council was entitled to receive any further income from the respective Committee.

- c. Between 1 October 2011 and end of August 2015, LES fell under the responsibility of the Regional Councils. Minor amounts from the respective receivable balances were settled during the year under review, and the closing balances were still considered substantial since the Regional Councils were continuously experiencing difficulties with the collection of contested fines adjudicated in their favour.

Whilst acknowledging that such issues are beyond the Councils' control, the latter are expected to escalate matters with higher authorities so that the situation can be addressed. It is also important that figures in the financial statements are supported by reports extracted from LES, which are to be printed at cut-off date, given that this is a live system.

Personal Emoluments

Payroll and human resource management are vital components of a Council's operations, ensuring overall operational efficiency and hence forming an integral part of its success. However, audit verifications once again revealed that internal controls on this area are still lacking. The following are the major shortcomings identified:

- a. Discrepancies between emoluments as recorded in the books of accounts and those reported to the Commissioner for Revenue. Variances were also observed in the amounts as reported in various returns, including the Payer's Monthly Payment Advice (FS5s) and the Payer's Annual Reconciliation Statement (FS7) submitted to the Commissioner for Revenue. It was evident that the necessary reconciliations were not being performed by certain Councils.
- b. A number of Councils' employees did not have a signed contract of employment in line with their present conditions of work. Moreover, where employment contracts were present, these did not always specify the conditions of work and terms of employment.
- c. Instances of incorrect performance bonus calculations were also noted.

Given that payroll represents a significant portion of a Council's expenditure, accurate maintenance and consistent records thereof are of prime importance, since inaccuracies in statutory returns may also result in penalties. Therefore, regular reconciliation of payroll costs and tax information is expected to be conducted.

Financial Management

The responsibility of overseeing public funds while delivering services that impact people's daily lives places an obligation on Local Authorities to maintain proper and effective financial management. Councils are not only obliged to ensure the availability of funds for their proper functioning, but are also required to manage these resources transparently. Prevalent issues identified in the area of financial management were the following:

Local Government

- a. Bank accounts not reflected in the Councils' books of accounts, fixed deposit accounts recorded as cash and cash equivalents, as well as discrepancies between physical petty cash and the related balance in the financial statements.
- b. Difference in bank reconciliations, resulting from stale cheques not reversed, as well as errors which were left unaddressed. Consequently, the amounts recorded in the financial records differed from the balances reported in the bank statements.

Bank reconciliations serve as a crucial control and, if not performed regularly and reviewed independently, the risk of undetected errors will increase, resulting in such errors remaining unaddressed.

A Strong Internal Control System: The Foundation for Effective and Responsible Operations

Controls are to be designed according to the needs of each individual Local Authority; yet, it is important that the following objectives are achieved:

- a. Financial accountability, including accuracy and reliability of financial data.
- b. Timely preparation of reliable information.
- c. Compliance with laws and regulations.
- d. Efficient allocation and optimisation of resources.
- e. Prevention of errors and irregularities, and detection thereof in a timely manner.
- f. Safeguarding of assets against theft, misuse and fraud.
- g. Long-term sustainability.
- h. Public confidence and trust.

Once established, internal controls need to be reviewed and reassessed from time to time, thereby ensuring their effective functioning in managing the risks that a Council may face in its day-to-day operations.

Room for Improvement in Councils' Responses to the Management Letters

Article 8(2) of the Local Councils (Audit) Regulations, 1993, requires Local Authorities to establish adequate and concrete remedial actions intended to address the audit recommendations proposed by LGAs. Such remedial actions are to be presented in the form of a reply to the management letter, which is expected to be submitted to the Auditor General within six weeks after the receipt of the management letter.

During the year under review, 28 Local Councils, 3 Regional Councils and LCA managed to submit a reply to the management letter on time. Another 20 Councils delayed their response beyond the stipulated deadline, whilst the feedback of 7 Councils was not submitted to the Auditor General but was only forwarded to LGD. Moreover, four¹⁰ Local Councils did not bother to submit their feedback¹¹ by the time this Report was finalised for publication.

While a slight improvement was recorded in the submission of replies to the management letter over the preceding year, whereby nine Local Councils failed to provide their feedback, room for improvement still exists. This Office emphasises that the irresponsible action by the defaulting Councils needs to be urgently sanctioned and prompt remedial action taken to address this problem since it defeats the very purpose of such audits.

Moreover, each Local Authority is to invariably give the highest priority to the timely submission of its reply to the management letter, presenting tangible actions intended to be taken to address the shortcomings. The absence of feedback on the observations presented in the management letter demonstrates poor accountability and a lack of transparency, thus impinging on good governance.

¹⁰ Għasri, San Ġwann, Ta' Xbiex and Żebbuġ (Malta).

¹¹ This analysis only covers those Councils which were given the management letter by the beginning of September 2023, i.e., six weeks ahead of the deadline of mid-October set by this Office for the analysis of the financial statements. Councils to which the management letter was submitted after the beginning of September 2023, but which still managed to submit a reply, have also been included.

6. Recommendations

Effective Financial Management and Good Governance are Important as Local Authorities are Responsible for Aspects of Everyday Life which are financed through Public Funds

Local Government's ultimate objective is to provide democratic and accountable governance to the community. To this effect, Councils are expected to implement key control mechanisms to ensure that their operations are conducted in a responsible and transparent manner, striving to achieve clean audit opinions and address concerns uncovered during the audit process. The below are further recommendations for Local Councils, aimed at enhancing the three fundamental principles of transparency, accountability and integrity.

Timeliness and Quality of Financial Reporting

The annual financial statements, which are nothing more than the culmination of day-to-day financial transactions, are the most important record of the financial status of each respective Council. Unless data entry and related reconciliations are carried out in a timely manner, the required deadlines are not easily met. Errors and omissions are also not duly identified and rectified, resulting in recurring incorrect financial information. A balance between timeliness and reliability is essential.

Inefficient processes will have a negative ripple effect on the Councils' operations, resulting in unreliable financial information. Risks can be mitigated through good planning, monitoring and reporting that is useful and reliable for achieving the service delivery commitments made by the administration.

The Importance of the Audit Process

Financial audits play a vital role in helping to preserve the integrity of public finance and maintain citizens' confidence in their elected leaders. The lack of accessible audit information is one of the major obstacles to public accountability over government spending. Thus, the value of the audit reports rests on their publication, as these shed light on any financial misconduct and other shortcomings that are identified.

As noted further up in this Report, the audit opinions of a number of Councils were submitted beyond the established timeframes, while others did not reach NAO by the time this Report went for publication; a situation which is deemed as totally unacceptable by this Office. Endurance in these delays will not only tarnish the Local Council's accountability and reputation but will negatively impact the audit effectiveness and the added value derived therefrom. Councils are to play their part in the accountability ecosystem by being available during the course of the audit, as well as by providing the necessary supporting documentation and responses within a reasonable timeframe. A culture of responsiveness, good governance and accountability is not simply to be conceived as just a goal, but is to be a shared vision amongst all those involved in the Local Government scenario.

Commitment to address the Identified Shortcomings

To reap its highest value, the year-end financial audit is to be perceived as an opportunity to improve operations and governance, whilst identifying strategies to reduce costs and strengthen controls intended to safeguard assets, instead of as a burdensome exercise aimed at flagging errors year on year. Thus, it is only when local officials promptly focus on findings and recommendations contained in the audit report to address them, that audits will serve as effective management tools. Unless outstanding issues are addressed, these will continue to be carried forward to the subsequent years, worsening further the situation. Root causes can start to be addressed, thereby minimising the possibility of reoccurrence, by means of:

- greater awareness by municipal leadership of what is expected;
- appointment of qualified officials to administer financial management, as well as good governance principles and practices;
- adequate internal financial controls with continuous monitoring thereto; and
- implementation of oversight structures to ensure accountability, transparency and compliance with regulations and standards.

Adequate Reply to the Management Letter

Timely response to the management letter, whereby issues are acknowledged, responsibility is accepted, and corrective actions are outlined, demonstrates a commitment to good stewardship and cooperation. In return this will also enhance public trust. It is pertinent that the response is clear, concise and directly linked to the finding and its recommendation, whilst indicating how the remedial actions will prevent reoccurrence in the future. The provision of a specific and realistic timetable for implementation will enhance the Council's credibility.

Suggestions to the Local Government Division

Stricter Stance against Defaulting Councils

Without reliable information in hand, monitoring intended to be carried out by oversight bodies will be ineffective. During 2022, in an effort to improve the performance review process, LGD introduced a set of pre-established criteria to measure the performance of ESs. These included timeliness, adherence to legislative requirements, financial management, work ethics, as well as attention to detail and thoroughness. Overall performance bonuses paid ranged between 2% and 5%. However, continued pressure still needs to be exerted on those Councils which fail to comply with financial statutory requirements without providing reasonable justifications and thus denoting a poor level of commitment. Moreover, a tone of zero tolerance for non-performance, circumventing of internal controls and non-adherence to pertinent legislation, is to be set.

An Internal Accounting Function

Whilst acknowledging LGD's efforts in improving the financial reporting function across Local Councils, NAO reiterates that opportunities for improvement still exist for the enhancement of such function. The Division is encouraged to develop and implement training programmes that address any skill shortages, especially in the finance sections. It is recommended that Councils' employees are empowered through ongoing programmes to do their utmost and provide an efficient and effective service.

Exploitation of economies of scale can play an important part in this regard. Rather than being outsourced by Councils individually, accounting services can be administered internally by the Division through the recruitment of a pool of qualified accountants. Besides being more cost-effective, this would also facilitate monitoring, improve communication with the Councils' accountants, and result in the harmonisation of accounting across all Councils.

Application of more Meaningful Ratios

Financial ratios are designed to provide users of annual financial reports with a clearer interpretation of the performance and financial results. A Council is considered fiscally healthy if its resources meet its obligations; otherwise, it may be experiencing financial stress. Article 4(1) of the Local Councils (Financial) Regulations, 1993, requires Local Councils to maintain a positive balance between income and expenditure, including any accrued amounts, of not less than 10% of the financial allocation. Yet the manner through which the Councils' operating scenario has evolved throughout the years rendered this benchmark inappropriate. In this regard, LGD is recommended to establish meaningful ratios which effectively measure and provide a more comprehensive assessment of the Councils' financial sustainability.

Revision of the Funding Mechanism

As emphasised further up in this Report, funds distributed to Local Councils need to reflect in a fair and equitable manner the communities' present realities; a long-felt requirement. Accordingly, LGD is urged to guide Local Councils to analyse alternative opportunities which could potentially lead to new sources of revenue streams, while also assisting them to develop and implement more sustainable medium and long-term plans.

7. Compliance Audits

Year on year, LGAs have highlighted poor systems of internal controls and lack of compliance with statutory regulations by various Councils. Following extensive discussions undertaken between key stakeholders, namely NAO, LGD and LCA, it was decided that, as from financial year 2021, the statutory annual audit carried out by NAO was to focus solely on the financial aspect of the Local Government's operations, with monitoring and reporting on compliance to pertinent rules and regulations being henceforth undertaken by the Finance and Procurement Compliance Directorate within LGD. Yet, NAO retained the possibility of undertaking certain compliance audits of Local Councils selected on a sample basis, possibly on alternate years. To this effect, for the financial year under review, NAO carried out compliance audits at four localities, namely, Marsaskala, Mdina, Mosta and Naxxar.

The main scope of these audits was to determine whether the operations at the selected Councils during 2022 were conducted in line with the relevant regulations emanating from the Local Government Act, as well as with the procedures, circulars, directives and guidelines issued by LGD. Moreover, procedures were carried out to establish whether Government resources were used prudently and in a judicious manner.

The audits were conducted in accordance with generally accepted auditing standards. Audit procedures were planned and performed in order to obtain reasonable assurance as to whether the internal control structures in place were adequate. To this effect, meetings were held with the respective ESs, whilst Councils' minutes, together with the schedules of payments for the year under review, were scrutinised to identify key events and procurement in relation thereto. Major areas of concern are highlighted hereunder.

Common Areas of Concern

Non-Adherence to Procurement Regulations

The Procurement Regulations applicable to Local Authorities as defined in the Procurement Guidelines issued by LGD in 2017 were not followed scrupulously by **all** four Local Councils reviewed. **Table 5** outlines the procurement procedures expected to be adopted, according to the related thresholds, as provided in the regulations. Encountered breaches follow.

Table 5: Procurement Thresholds and Procedures

Thresholds excluding Value Added Tax	Applicable Procurement Procedure
€50 – €500	Can be procured through a direct order approved by ES
€501 – €5,000	At least three signed quotations are to be sought
€5,001 – €9,999	Public call for quotes through the electronic public procurement system
€10,000 and over	Public call for tenders through the electronic public procurement system

Local Government

- a. It was common practice amongst two of the four Local Councils reviewed, namely Mosta and Marsaskala, to procure goods and services directly from the open market, without even obtaining three quotations. Besides breaching pertinent regulations, such action limits the possible opportunities congruent to fair competition.
- b. To circumvent the issue of a public call for quotes or tenders, at times procurement was intentionally fragmented into separate lots, each not exceeding €5,000 excluding Value Added Tax (VAT).
- c. Sample testing carried out highlighted instances whereby valid agreements supporting the related procurement were not in place, thus raising concerns on the basis of verification of the respective payments.
- d. Contractual services funded by the Council were not always covered by a valid performance guarantee, thus public interests were not properly safeguarded.
- e. Review of the contracts falling within the audit sample revealed occurrences whereby the established contracted periods and/or amounts were exceeded.
- f. Purchases of goods and services selected for review were not always supported by a fiscal receipt. Besides non-compliance with the pertinent legislation, other implications include the possibility of undeclared revenue by defaulters. Moreover, defaulters were not being reported to the VAT authorities.
- g. Procurement of certain goods and services was either not supported by a purchase order or this did not indicate the respective value.

Sponsorships and Donations

With the exception of Mdina, included in the schedules of payments of the other three Councils were amounts covering the procurement of goods and services which were beyond the Council's major functions as defined in Article 33(1) of the Local Government Act, and thus could be considered as gratuities. These mainly covered sponsorships to the local band clubs. The Mosta Local Council also provided vouchers for free computer services to residents, as well as reimbursements for optometrist's services, including frames and lenses, to three Council employees.

In terms of the Local Government Act, the Council is obliged to safeguard the locality's traditions, in line with the requirements of Directive 5A issued by LGD. In this regard, only in cases where the Council is hosting delegations, dignitaries or other distinct personalities, small mementos are allowed.

Expired Leased Agreements

Valid agreements substantiating rental expenses incurred by three of the Councils, namely Marsaskala, Mdina and Mosta, for properties leased out from third parties, were not traced. This was either due to the fact that an agreement was never entered into, or it was not renewed upon its expiration. Marsaskala Local Council only provided the missing rental agreements after the audit was concluded, and following submission of the reply to the management letter.

Consent not sought prior to the sub-leasing of Devolved Properties

Both Mdina and Mosta Local Councils had devolved properties which they were sub-leasing to third parties. However, written consent from the Director of Lands, prior to the commencement of this sub-lease, as required by the devolution agreement, had not been obtained.

Income earned from the Leasing of Property to Third Parties not covered by a Bye-law

In breach of Article 34(1) of the Local Government Act, income generated by Marsaskala and Mosta, through the lease of property to third parties, was not covered by a bye-law. As per the aforementioned article, any income generated over and above that allocated in terms of Article 55 of the cited legislation is to be covered by a bye-law.

Inconsistencies in the Schedules of Payments

Article P1.11 of the Local Councils (Financial) Procedures, 1996, vests ES with the responsibility to prepare complete and accurate schedules of payments, containing information in sequential order and presented for the Council's approval. Guided by the template issued with Circular No. 6/2022 – 'Skeda tal-Pagamenti għal użu ta' Compliance Unit', the data disclosed in the schedules of payments, as a minimum, is to include the service provider, the amount to be paid, description of the respective service, the procurement method, the purchase order number and the cheque number by which payment was effected. Audit procedures carried out highlighted that certain data was either omitted from or incorrectly disclosed in the schedules of payments provided by the four Councils reviewed.

Issues concerning the upload of Statutory Documentation on the Council's Website

Councils are required to upload on their websites certain statutory documentation, including minutes, schedules of payments, quarterly returns, annual budget, as well as the three-year business plan. However, instances were encountered in all four Councils whereby these were either not uploaded within the stipulated period or not uploaded at all. Moreover, not all minutes uploaded by Marsaskala Local Council were marked as 'iffirmati'.

Overtime not substantiated by Formal Approvals

All four Councils subject to the audit did not have a formal system for the approval of overtime and recording thereof. In fact, no documentation was made available to evidence that overtime work performed during 2022 by the Councils' employees was formally approved prior to it being performed. Justifications as to why such overtime was required were never disclosed. Accordingly, overtime hours paid could not be validated.

Leave carried forward not approved

The carrying forward of unutilised vacation leave to 2022 and 2023 by the Marsaskala and Mdina Councils' employees, was not approved during a Council meeting, as required by Article 20(1) of the Local Councils (Human Resources) Regulations.

Contracts Manager not engaged

Directive 02/2021 issued by LGD sets a direct obligation on Councils to either appoint a full-time contracts manager or subcontract the service through the issue of a call for tenders. However, despite that the role is vital in the administrative management of a Council, no particular person was entrusted with this role at both Mosta and Naxxar Local Councils.

Absences from Council Meetings not always justified

Councillors' absences from Council meetings were not always supported by an apology letter, detailing a valid reason for the absence. Of particular concern was the absence of a Marsaskala Councillor, who failed to attend 7 out of the 13 meetings held during 2022, whilst never providing an apology letter to indicate whether such absences were due to a justified reason.

In line with LGD Circular No. 22/2019, as well as Article 18 of the Local Government Act, all absences from Council meetings are to be invariably supported by an apology letter, sent to ES ahead of the meeting, and including a valid justification for the absence. The letter is then to be brought to the attention of the Council by ES during the pertinent meeting to decide whether the reason provided was valid or otherwise. Moreover, after being informed by ES, the Minister has the power to declare a seat to be vacant on failure of a Councillor to attend four meetings or, in aggregate, more than one-third of the meetings held within a period of six months.

Council-specific Issues

In addition to the weaknesses mentioned under the heading 'Common Areas of Concern', which were, in their majority, applicable to all the Councils subject to the audit, this section portrays specific issues identified for each respective Council.

Marsaskala Local Council

Amounts charged for Services rendered not substantiated

During 2022, the Council paid over €6,000 to an individual providing the service of a librarian. While the hourly rate payable was established by the Malta Libraries Department, claims for reimbursement, as submitted by the librarian to the Council, were not substantiated with attendance records.

Payment of Performance Bonuses to Community Workers

The payment of €5,288 to the Community Workers Scheme Enterprise, for performance bonuses due to the community workers engaged with the Council, was not supported by adequate documentation, illustrating how the quoted amount was derived. An unsigned spreadsheet, indicating the score given and amount paid to each individual, was eventually provided when the audit was concluded, and following the Council's submission of its reply to the management letter.

It also transpired that the payment of the performance bonuses was not covered by the agreement entered into with the respective Enterprise.

Travel Report not drawn up

A formal report detailing the result of the Council's twinning agreement, benefits derived, and a statement of all the expenditure related to the agreement, was not drawn up following the attendance of five delegates to the Annual General Meeting held in Slovenia. Only informal notes were maintained; these neither included the date when they were prepared nor by whom. The Council claimed that the minutes of the meeting are usually prepared by the host city and are sent to participants within eleven months to be corrected before the next meeting.

Mdina Local Council

Shortcomings in the Street Sweeping Contract

Street sweeping and community cleansing services in Mdina were being procured under an expired agreement. Moreover, the service provider was invoicing an additional monthly amount to address precarious work conditions¹². The special conditions of the original tender document specified that the service was to be delivered by one employee working on a schedule of six hours per day from Monday to Saturday, and four hours on Sunday. However, the invoices did not indicate the actual service hours provided, and the Council did not maintain any attendance records in this regard. Hence, the additional monthly charges could not be validated.

Mosta Local Council

Shortcomings in the Process for the creation of Outdoor Gym at Żokrija

During February 2022, the Council inaugurated an outdoor gym at Żokrija. This project, with an estimated cost of €174,733, was intended to be financed through the Development Planning Fund, administered by the Planning Authority¹³. As per final architect's certificate dated 24 May 2022, the actual project costs totalled €200,780, resulting in a budget overrun of €26,047. The following concerns also relate:

- a. Equipment¹⁴ and works, mainly on footpaths and culverts, were procured directly from the open market from two suppliers who had already rendered services in other recreational sites in Mosta. These decisions were unanimously agreed upon during a Council meeting.
- b. The Planning Authority was required to endorse any variations prior to implementation; however, it only became aware of such variations upon the Council's submission of the final claim, bearing the total value of €200,780.

¹² In line with Department of Contracts Circular Nos. 17/2019, 20/2020 and 21/2021.

¹³ An agreement in this respect was endorsed by the Planning Authority on 9 March 2021.

¹⁴ The related tender originator's form was not provided for audit purposes.

- c. In May 2023, the Planning Authority highlighted that, apart from the fact that the early stages of the project's implementation phase were not supported by photographic evidence, it was still awaiting written confirmation from the Malta Competition and Consumer Affairs Authority that issues indicated in the latter's report were satisfactorily rectified. By mid-September 2023, the Council was still in the process of making the necessary changes as guided by the foregoing Authority. In fact, up to 11 July 2023, only the amount of €52,420 was forwarded to the Council from the Development Planning Fund. Hence it was still unclear whether the full amount was to be reimbursed.

Sub-lease of Property

- a. On 7 November 2002, the Council entered into a ten-year agreement, with the possibility of two further renewals covering five years each, with a local private company for the leasing of premises in Mosta, to be used as a Day Centre. To-date, the Council is still utilising this building, whilst sub-leasing part thereof to the Active Ageing and Community Care Department and the Local Enforcement System Agency (LESA) respectively. The matters hereunder were noted:
- The last addendum available covered the Local Council with a lease up to 6 November 2020; thus, the Council was sub-leasing property over which it did not hold a title.
 - Since 2003, the Council sub-leased the ground floor of the premises to the Active Ageing and Community Care Department. The last agreement was endorsed on 22 March 2018, for a period of one year. While this did not specify a commencement date, it also provided for further annual extensions until "*.....the Council has the necessary approved plans and building permits and once the Day Centre is relocated within the Civic Centre*".
 - The Council drafted another agreement related to this property backdated to 2019 which, although signed by the Mayor¹⁵ in office and ES, it was neither dated nor endorsed by the Active Ageing and Community Care Department.
- b. Through a lease agreement dated 27 February 2007, the underground shelter at Pjazza Rotunda was devolved to the Mosta Local Council for a period of 15 years, which lease was renewable for another period of 15 years upon agreement by both parties. However, no evidence was provided that, following the lapse of the first term, the agreement was formally renewed accordingly. A covering contract was then signed on 25 August 2023, backdated to 27 February 2022. In the meantime, the Council signed a memorandum of understanding with the local parish church for the latter to act as the curator and administrator of the respective shelter for a period of 10 years, with effect from 16 November 2018. Hence, once again the Council has sub-leased property over which it did not hold title.

¹⁵ The Mayor took oath during Council meeting No. 45 held on 3 May 2022.

Shortcomings in the recording and verification of Attendance Records

Control weaknesses and lack of standardisation were noted with respect to the Council employees' attendance recording and verification thereto.

- a. Attendance records were individually maintained on a spreadsheet and only forwarded to ES on a monthly basis. Moreover, clockings, and at times even the respective signature, were typed, rather than handwritten.
- b. Instances were noted whereby attendance records were endorsed on a weekly rather than daily basis, with one signature covering the whole week. Moreover, in one particular case, the attendance sheet for August 2022 was not endorsed by the respective employee.
- c. The sample of attendance records reviewed did not bear any signature of the reviewing officer, implying that detailed checks, to ensure that timings therein were correct and that all employees were adhering to the official working schedule on a regular basis, were not performed.

Court Case decided against the Council

A court litigation against the contractor providing street sweeping, as well as cleaning and maintenance of parks, gardens and soft areas, was initiated since the service provider was refraining from fulfilling his contractual obligations. However, the case was decided against the Council and the latter was requested to pay the outstanding amount¹⁶. According to ES, the court's decision was based on a legal technicality because the Council's reply submitted under ES's oath was inadvertently not registered by the Registrar within the Courts of Justice. However, no documentation to support this statement was provided. It was noted that the Court's decision was not appealed by the Council.

Organisation of Annual Events besides Jum il-Lokal

On an annual basis, Local Councils are authorised to carry out a local activity, namely Jum il-Lokal, limiting the respective expenses for such event to the higher of €3,500 or 0.5% of the annual allocation. However, besides Jum il-Mosta¹⁷ held on 16 September, the Council also organised Festa Qargħasel from public funds. Costs for the organisation of such event, held on 17 September, totalled €8,647.

Shortcomings in relation to Twinning Activities

The Council has two twinning arrangements which, during 2022, materialised in two separate activities, one held locally and the other abroad. However, a report providing pertinent details of the respective events and a breakdown of the related expenditure was not compiled and forwarded to LGD as required by pertinent regulations. The following was also noted:

¹⁶ €61,509 (incl. VAT and interest).

¹⁷ Expenditure incurred for such activity totalled €5,997, as per data provided for audit purposes.

Local Government

- a. The local activity, which was also streamed live, comprised the planting of an olive tree in Ġnien I-Ġħarusa tal-Mosta. After the event, a temporary commemorative memento was unveiled and a reception was also held. Costs incurred aggregated to €15,045. This amount excludes the cost of the olive tree which amounted to €5,074.
- b. In preparation for an event planned to be held in Sicily during 2023, a delegation of 19¹⁸ persons, of whom only 5 were Council members, visited Ragusa between 28 and 30 May 2022. Travel costs incurred, comprising transfers, accommodation, a dinner and drinks, totalled €4,900, of which €974 was to be refunded by accompanying partners. Although the full amount was eventually reimbursed, a portion of it was only paid back after this audit was concluded.
- c. The Council paid for travelling expenses of members of the local band clubs who were part of the delegation. This is in breach of Article 13(4) of the Local Government (Twinning) Regulations.
- d. No evidence was provided that a report, outlining the objectives and reasons of the proposed twinning and an estimate of the expenses, was formally submitted to Director¹⁹ (LGD) prior to the initiation of the twinning process, as per Article 4 of the cited Regulations.
- e. Total expenditure incurred in respect of the two foregoing activities exceeded the threshold laid down in Articles 4(e) and 11 of the aforementioned Regulations, which stipulate that proposed expenditure for twinning arrangements shall not exceed €3,500 or 0.5% of the financial allocation for that year, whichever is the higher.

Health Insurance Cover

During the financial year under review, the Council provided its members and employees with a health insurance cover. However, a copy of the respective insurance policy for 2022 was not provided for audit purposes. Only one policy, covering 2020, was forwarded to NAO. It was claimed that the policy remained the same for the following years, with only minor updates. However, in the absence of the pertinent policy, it could not be ensured that this was amended to reflect resignations effected during the year.

Naxxar Local Council

Amounts charged for Services rendered not substantiated

Invoices provided in support of amounts charged for certain services, namely, the setting up and dismantling of Christmas decorations, as well as street sweeping and weeding services, were not always substantiated with adequate documentation. As a result, accuracy of amounts billed could not be ascertained.

¹⁸ This comprised 17 adults, one youth and one infant; 5 were Council members, whilst the others were either partners or representatives of the local band clubs.

¹⁹ Following consultation with LCA and the Minister for Foreign and European Affairs and Trade, Director (LGD) is to evaluate the report and issue his recommendation to the foregoing Minister, who is then to approve or otherwise the related arrangements.

Inappropriate Leave Records

Employees' leave records for 2022, including opening balances, leave availed of during the year and closing balances, were provided in spreadsheet format. However, divergencies were noted between manual leave data and that as per the Council's payroll system. While manual leave data, as compiled by the Council, showed that all officers availed of their full leave entitlement during 2022, leave was not deducted in its entirety from the Council's payroll system. On the other hand, vacation leave availed of was not always recorded on the attendance sheets.

8. Other Particular Concerns

A Systems Audit on the Local Enforcement System

As from October 2015, the administration and management of LES was shifted to LESA. However, the Information Technology (IT) system in place to record contraventions continued to be operated by the service provider who initially designed the system. To this effect, following recommendations made by this Office, in March 2021, LESA concluded a review of the IT practices on LES, based on elements of control objectives for information and related technologies.

As reiterated in preceding years' reports, NAO acknowledges this as a step in the right direction. Yet, LESA was advised to follow up on the implementation of the recommendations listed in the related IT audit report. The processing cycle of a representative sample of tickets, from the date of issuance to final settlement of the ticket, as well as the related audit trail, also needs to be verified. However, till publication of this Report, NAO was not informed that such follow-up was performed. Acting on this recommendation will provide comfort that the data extracted from the system in question, on which amounts disclosed in the financial statements are based, is reliable. On its part, LGD is undertaking the necessary discussions and actions to ensure that this issue, which is resulting in a qualified audit opinion for Regional Councils, is addressed without undue delay.

Income receivable from contraventions booked after 1 October 2015 pertains to LESA. However, Local and Regional Councils are still entitled to any pending payments in respect of contraventions issued prior to the aforementioned date²⁰. As a compensation for the loss of income, Local and Regional Councils are also granted an administration fee of 10% based on the amount of contraventions settled at their premises, in line with reports extracted from LES.

Joint Committees not yet liquidated despite a lapse of Twelve Years from the ceasing of their Operations

Notwithstanding that the nine Joint Committees were to be liquidated a year following the inception of the Regional Committees on 1 September 2011, twelve years later, this issue is unfortunately still pending. Acknowledging the importance of such issue, during 2023, the Finance and Procurement Compliance Directorate within LGD continued its endeavours aimed at closing-off the Joint Committees as soon as possible. In fact, a diverse array of documents was gathered with the intention of ultimately providing them to the designated accountant for the creation of the missing Joint Committees' financial statements. The request for quotation for the engagement of an accountant in this respect was intended to be issued and concluded by end 2023. Moreover, meetings were conducted with both NAO and LGAs to ensure they were kept up to date with the most recent information and to share the latest documents obtained.

²⁰ Through the Joint Committees or Regional Councils as applicable. Funds received from contraventions issued prior to 1 September 2011 are due to Joint Committees and/or Local Councils, whilst those issued between 1 September 2011 and 30 September 2015 are payable to Regional Councils.

The accountant shall eventually perform tasks in relation to the following:

- a. **Financial Data Compilation** – Gather and review all financial records, statements and transactions relevant to the Joint Committees.
- b. **Reconciliation** – Conduct a thorough reconciliation of financial data to ensure accuracy and completeness.
- c. **Audit Support** – Provide necessary documentation and support for potential audits related to the financial statements.
- d. **Financial Statements Preparation** – Prepare accurate and comprehensive financial statements, reflecting the financial status of the dissolved Joint Committees.
- e. **Consultation** – Offer guidance on any outstanding financial matters and recommend necessary steps for resolution.
- f. **Assurance** – Communicate with the system’s service provider, LESA, Regional and Local Councils and other third parties, to obtain supporting documentation to substantiate figures disclosed in the financial statements, thus providing necessary assurance on the integrity of data.

The following provides an overview of the status of each Joint Committee as established by the Directorate by the time this Report went for publication:

- a. **Valletta Joint Committee** – This Joint Committee never handled any cash, which is why financial statements were not prepared.
- b. **Birkirkara Joint Committee** – All bank accounts were closed in 2015 and 2016, and documentation related to these closed accounts after the last set of financial statements, dated 2015, was obtained from the bank.
- c. **Central Joint Committee** – The bank account was closed in 2022 and documentation, including bank statements from 2010 until the closure of the accounts, along with copies of each cheque cashed during that period, was obtained.
- d. **Fgura Joint Committee** – No financial statements were found. The Directorate is in contact with the former authorised officer and ex-members of the Committee to gather information and retrieve any relevant data. Bank accounts were closed in 2021.
- e. **Lvant Joint Committee** – A copy of the latest financial statements, dated 31 December 2015, was obtained and forwarded to LGAs.
- f. **Tramuntana Joint Committee** – The bank account was closed on 25 January 2023 and funds were divided amongst the Councils that formed part of this Committee.

- g. **Żejtun Joint Committee** – A copy of the latest financial statements was obtained and shared with external auditors who have confirmed that, as from financial year 2022, the qualified audit opinion related to missing information regarding the Joint Committee was removed.
- h. **Żurrieq Joint Committee** – Disputes have arisen between the Councils within this Joint Committee regarding the division of funds from the bank account. Discussions were still underway on this matter at time of publication of this Report.
- i. **Gozo Joint Committee** – Financial statements were available up to 2015, and all bank accounts were closed in 2015.

Implementation of Key Performance Indicators not followed-up after 2020

Key performance indicators are a significant tool in providing a focus for strategic and operational improvement, creating a critical basis for decision making, whilst helping Management to invest its resources in areas that matter most. The introduction of the five national performance indicators in 2019 gave Local Councils the opportunity to monitor their actual level of accomplishment and determine how they could become more efficient, effective and deliver more value for money.

For the first two years, the level of implementation of these indicators by Local Councils was independently analysed by a third party appointed by LGD, whereby data gathered, as well as outcomes from inspections carried out within the respective localities, were published in a report. This enabled Councils to monitor any improvements registered, while working harder to attain their goals. It is unfortunate to note that such an exercise was not undertaken for 2021 and 2022. NAO was informed that the respective contract expired and was not re-issued due to lack of funding.

LGD is advised to identify a sustainable manner of ensuring that Local Councils keep constant track of their performance, compared with the established indicators.

9. Way Forward – New Developments

Regional Councils

During the financial year under review, the six Regional Councils invested most of their time and energy in the tender of solid waste management, which was published by the Department of Contracts on 19 May 2022, with the tender opening session held on 23 August 2022. With the exception of the Western Regional Council²¹, the agreement of the other five regions was concluded and signed by end December 2022.

In the meantime, the Regional Councils continued to assist Local Councils within their respective region in their day-to-day operations, as defined in Article 37(B) of the Local Government Act.

Promoting Good Governance

Set up in June 2021 with the objective of strengthening LGD's oversight capabilities, the Finance and Procurement Compliance Directorate evolved during the past two years, to encompass further responsibilities including:

- the provision of advisory services and guidance to Local Councils;
- the execution of related investigations;
- acting as an intermediary in sensitive areas; and
- issuing proposals on the way forward to Director General (LGD).

Throughout the year under review, through various measures, this Directorate continued to advocate amongst Councils the principle of good governance. A brief description of the undertaken initiatives is disclosed hereafter.

Remedial Actions on issues highlighted in Previous Years' Management Letters

Following the conclusion of last year's audits, the Directorate embarked on an exercise whereby all management letters were analysed and the salient shortcomings were earmarked. Recommended best practices aimed to address the respective deficiencies were compiled and informally disseminated to all ESs in writing. In addition, during three informative sessions held with ESs, the respective Director emphasized the importance of adequate budgets, the compilation of a proper FAR and the submission of financial statements. The requirement for documentation to be submitted by the established timeframe together with a detailed response to the management letter were also reiterated.

Assisting Councils addressing Negative Working Capital and/or Reserves

Councils that reported a negative working capital and/or reserves in the 2022 unaudited financial statements, besides being requested to prepare three-year recovery forecasts, these were invited to attend individual meetings to discuss their current situation and devise a sustainable plan to rectify their financial position.

²¹ The related agreement was signed on 14 March 2023, since the first successful bidder declined to sign the contract.

Internal Audits

As already indicated further up in this Report, internal audits at four Councils were carried out. The main emphasis was set on the core financial procedures of these Local Councils, along with the introduction of on-site visits aimed at appraising financial processes and enhancing internal controls.

Redress Other Specific Issues

Committed to address specific issues within the Local Government Sector, the Directorate continuously liaises with key stakeholders and seeks necessary guidance as deemed fit.

NAO is informed that the Directorate's vision is that, during the forthcoming years, it will continue to strive hard to:

- strengthen compliance reviews by augmenting human resources (the necessary procedures have already been initiated);
- enhance the focus on internal audits to narrow down the primary risk areas that are particularly relevant to each specific Council (a new tender is envisaged to be issued in the near future); and
- improve the knowledge of ESs regarding best practices in financial management and governance through the holding of yearly meetings and training.

Introduction of New Initiatives to strengthen the Councils' Business and improve the Quality of Life within Local Communities

Councils are key in creating and sustaining a sense of community at local level. Serving as a direct link between Government and the community at large, they significantly contribute to the social, economic, environmental and cultural development of their citizens.

Below are the main initiatives issued by the pertinent Ministry, through LGD as well as other Ministries, aimed at strengthening the Councils' business and at improving the residents' quality of life.

World Cleanup Day 2022 – 39 Local Councils benefitted from a fund of €97,000 to organise cleaning and waste collection activities in their respective localities. This was funded through the Directorate for Strategy and Implementation within LGD, following a call for applications for all Councils.

Cultural region for 2023 – The selection of the southern region as the cultural region for 2023 was unanimously agreed upon by the six regions. This Regional Council was awarded €250,000 towards the funding of the cultural year, whilst another €25,000 were to be forked out from the latter's own funds.

Improvement and development of playing fields – In November 2022, it was announced that 22 localities in Malta and Gozo would benefit from a total of €771,000 to cover costs incurred for improvements in existing playing fields or the development of new ones.

More Councils benefit from LESA funds – For the third consecutive year, during 2023, LESA was to invest back in the communities €1.1 million from funds collected from contraventions. This was to be done through the implementation of 20 projects across Malta and Gozo. To this effect, in these last 3 years, a total of 60 projects worth around €3.5 million have already been implemented.

Funding of approximately €2.6 million for capital projects – An investment of just over €2.6 million was allocated for projects intended at beautifying and improving localities for the benefit of residents. A total of 38 Local Councils across Malta and Gozo submitted their application and received funding. Projects include those promoting:

- the creation of more open spaces;
- increased accessibility and sustainable mobility in localities;
- initiatives that cultivate and promote inclusion;
- a cleaner and safer environment; and
- a social environment in which residents can live a better life.

Schemes for projects and initiatives at the core of the communities – The main objective of these schemes is for Local Councils to have the necessary tools to address the needs of the localities that change over time, and thus the need to continue to improve the quality of life of their residents. The funding schemes include, amongst others, those for safer and organised communities, maintenance and support fund of major infrastructural projects that have been carried out by Central Government, and the scheme for more open recreational and accessible spaces.

Voluntary organisations and Local Councils benefit from European funds for projects in the South-East of Malta – In April 2023, it was announced that €175,000 will be distributed amongst 11 voluntary organisations and 2 Local Councils to carry out community projects under the Programme LEADER. The main objective of these projects is to give more importance to the rural and cultural identity of south-east Malta and to provide opportunities to improve the quality of life of the neighbourhood.

National strategic vision for Local Government 2023-2030 – The aim of this strategy is to have higher levels of good governance, residing at the core of the work of Local Councils, as well as an environment that improves the quality of life of residents. The strategy is designed on five main themes, reflecting a holistic vision that incorporates and encourages more inclusive, sustainable and creative communities for residents to live, work and integrate in a healthier and cleaner environment. These include Good and Effective Governance, Regional Resource for Local Councils, Localities with a Cleaner Environment, Local Councils Close to the People, and Digital Priority in Local Government. During a seminar on these five main themes, held in May 2023, the Auditor General moderated the discussion on the Good and Effective Governance Working Group.

Investment of €600,000 aimed at strengthening local activities – By means of an agreement dated 12 May 2023, entered into between LESA and LCA, the former agreed to transfer €600,000 to the Regional Councils over two years, for use by Local Councils and voluntary organisations. This is intended to assist with costs incurred in relation to services provided by the Police Department, LESA and the Civil Protection Department during cultural and other activities that are organised from time to time.

Further funding to Councils to create open spaces – 16 new projects in locations around Malta and Gozo, as proposed by Local Councils and non-governmental entities, will be carried out and completed by Project Green by 2025 – an investment of €10 million. These projects, which stretch from the south of Malta to Gozo, cover an area of 80,000 square metres.

Strengthening Local Culture in 49 localities – 49 Local Councils will be benefitting from a fund of around €800,000, for the organisation of cultural activities during 2023 and 2024 in the heart of their localities. These activities are meant to promote the unique cultural heritage of each locality and to increase the local tourism element, while strengthening the socio-economic impact for the benefit of residents.

Improvement of public services – During 2023, five Local Councils were funded with an aggregate sum of €350,000 to introduce public toilets with automatic cleaning systems in their respective localities.

Inaugurated a free transport service in Paola for the elderly and people with special needs – An assisted transport service for the residents of Paola, with an investment of €100,000, was introduced as from the second week of August 2023. This service will be provided by an electric van, accessible with a ramp, for the use of elderly residents and persons with disabilities. The project was co-financed through the Norwegian funds and by Local Council funds.

Regeneration of an open space in the heart of Birgu – This project, inaugurated in August 2023, was financed by LESA and managed by the Local Council. It entailed the regeneration of an abandoned space in Birgu, to be enjoyed by the community. Works consisted of enhancing the area, installing benches and other furniture, and the planting of olive trees.

Free IT lessons offered to elderly and persons with disability – Following an agreement signed on 10 May 2023 between the Foundation for Information Technology and Accessibility and LCA, IT lessons will begin to be offered for free by Local Councils around Malta and Gozo.

These new initiatives are highly recommended since they have a direct bearing on the quality of life of the citizens living in the respective localities. They also evidence the benefits arising from ongoing cooperation amongst the principal stakeholders involved in the area of Local Government in Malta and Gozo.

Appendices

Appendix A - Financial Allocation

Table 1: Income received by Local Councils

Local Councils	Government Allocation 1 January – 31 December 2022 €	Other Supplementary Income received from Central Government €	Other Income generated by the Council €	Totals €
Attard	818,811	170,188	48,151	1,037,150
Balzan	343,286	79,158	26,409	448,853
Birgu	351,672	-	-	351,672
Birkirkara	1,566,780	250,962	288,826	2,106,568
Birżebbuġa	891,099	83,724	29,200	1,004,023
Bormla	556,331	137,058	34,001	727,390
Dingli	404,013 ²²	70,068	35,636	509,717
Fgura	732,169	28,375	54,622	815,166
Floriana	419,214	-	-	419,214
Fontana	183,851 ²²	11,923	17,077	212,851
Gudja	339,280 ²²	71,324	43,311	453,915
Gżira	698,112	229,662	82,252	1,010,026
Għajnsielem	407,801 ²²	6,727	252,432	666,960
Għarb	289,535 ²²	136,367	604,871	1,030,773
Għargħur	307,441 ²²	66,139	29,300	402,880
Għasri	211,382 ²²	13,174	27,333	251,889
Għaxaq	412,672	27,712	44,972	485,356
Ħamrun	791,221	-	-	791,221
Iklin	308,823	72,206	29,952	410,981
Isla	336,253	79,683	70,601	486,537
Kalkara	306,518 ²²	91,308	18,687	416,513
Kerċem	309,731	-	-	309,731
Kirkop	261,782	39,709	49,707	351,198
Lija	316,977	129,787	21,424	468,188
Luqa	501,921	29,137	27,107	558,165
Marsa	616,894	377,545	28,653	1,023,092
Marsaskala	1,048,852	118,958	46,155	1,213,965
Marsaxlokk	396,526 ²²	64,534	16,208	477,268
Mdina	227,341	56,992	35,303	319,636
Mellieħa	1,262,341	155,840	91,221	1,509,402
Mgarr	508,609 ²²	12,656	31,372	552,637
Mosta	1,435,789	65,511	259,427	1,760,727
Mqabba	331,264	12,813	19,804	363,881
Msida	701,406	125,919	95,666	922,991

Appendix A - Financial Allocation *cont./*

Table 1: Income received by Local Councils *cont./*

Local Councils	Government Allocation 1 January – 31 December 2022 €	Other Supplementary Income received from Central Government €	Other Income generated by the Council €	Totals €
Mtarfa	309,271	40,060	8,266	357,597
Munxar	301,114 ²²	72,753	43,267	417,134
Nadur	535,083 ²²	89,325	89,337	713,745
Naxxar	1,152,668	113,728	97,106	1,363,502
Paola	788,447	173,700	31,445	993,592
Pembroke	491,477 ²²	35,528	25,018	552,023
Pietà	358,590	23,123	169,712	551,425
Qala	365,234	-	-	365,234
Qormi	1,315,739	28,701	209,307	1,553,747
Qrendi	416,246	11,582	29,302	457,130
Rabat (Gozo)	648,742	13,996	123,422	786,160
Rabat (Malta)	1,235,357	184,653	69,758	1,489,768
Safi	299,906	37,449	25,280	362,635
San Ġiljan	943,642	-	-	943,642
San Ġwann	935,009 ²²	224,726	69,370	1,229,105
San Lawrenz	187,863 ²²	96,060	49,406	333,329
San Pawl il-Baħar	2,052,909	178,550	259,220	2,490,679
Sannat	276,504	3,900	127,144	407,548
Santa Luċija	385,198	28,686	37,715	451,599
Santa Venera	549,470	109,412	17,741	676,623
Siggiewi	879,478	188,528	53,440	1,121,446
Sliema	1,414,070	196,630	256,348	1,867,048
Swieqi	801,277	-	-	801,277
Ta' Xbiex	261,580	93,733	58,053	413,366
Tarxien	631,474	46,936	76,072	754,482
Valletta	848,739	-	-	848,739
Xagħra	598,641	3,000	108,283	709,924
Xewkija	416,764	73,480	42,174	532,418
Xgħajra	254,020	30,303	19,104	303,427
Żabbar	1,084,235	115,330	25,122	1,224,687

²² Amount does not reconcile to that recorded in the financial statements. The difference was netted off against either 'Other Supplementary Income received from Central Government' or 'Other Income generated by the Council' to illustrate the actual allocation forwarded by LGD to the respective Council.

Appendix A - Financial Allocation *cont./*Table 1: Income received by Local Councils *cont./*

Local Councils	Government Allocation 1 January – 31 December 2022 €	Other Supplementary Income received from Central Government €	Other Income generated by the Council €	Totals €
Żebbuġ (Gozo)	607,428	100,030	57,176	764,634
Żebbuġ (Malta)	959,340	10,923	126,258	1,096,521
Żejtun	979,350	129,404	137,967	1,246,721
Żurrieq	919,438	74,540	56,357	1,050,335
Totals	42,800,000	5,343,928	4,957,850	53,101,778

Table 2: Income received by Regional Councils

Regional Councils	Government Allocation 1 January – 31 December 2022 €	Local Enforcement System Agency Reimbursement €	Other Income generated by the Council €	Totals €
Eastern Regional Council	583,332	229,187	107,395	919,914
Gozo Regional Council	583,332	63,709	62,375	709,416
Northern Regional Council	583,332	87,688	84,478	755,498
Port Regional Council	583,332	141,373	6,870	731,575
Southern Regional Council	583,332	83,248	6,821	673,401
Western Regional Council	583,332	56,406	419	640,157
Totals	3,499,992	661,611	268,358	4,429,961

Source: 'Government Allocation' – as per report provided by LGD.

Unless otherwise stated, figures of 'Other Supplementary Income received from Central Government', 'Other Income generated by the Council' and 'Local Enforcement System Agency Reimbursement' are as disclosed and categorised on the face of the Statement of Comprehensive Income.

Note: 'Other Income generated by the Council' also includes finance income, such as interest earned on bank balances.

Appendix B – Additional Funds distributed to Specific Local Councils

Local Councils	Tourism Zones Fund	Capital, ex-Capital and Cities Fund	Adjustment in Allocation	Total Additional Funds
	€	€	€	€
Balzan	-	-	3,423	3,423
Birgu	7,000	35,000	1,000	43,000
Bormla	7,000	10,000	-	17,000
Dingli	-	-	3,425	3,425
Floriana	-	-	1,000	1,000
Fontana	-	-	3,669	3,669
Gudja	-	-	1,000	1,000
Għajnsielem	3,000	-	-	3,000
Għarb	-	-	3,314	3,314
Għarghur	-	-	3,653	3,653
Għasri	-	-	3,676	3,676
Għaxaq	-	-	3,592	3,592
Iklin	-	-	3,864	3,864
Isla	7,000	10,000	1,000	18,000
Kalkara	-	-	3,265	3,265
Kirkop	-	-	3,582	3,582
Lija	-	-	3,548	3,548
Marsaskala	7,000	-	-	7,000
Marsaxlokk	7,000	-	14,945	21,945
Mdina	3,000	35,000	8,461	46,461
Mellieħa	7,000	-	-	7,000
Mgarr	-	-	3,267	3,267
Mtarfa	-	-	3,119	3,119
Munxar	3,000	-	3,281	6,281
Nadur	-	-	3,203	3,203
Pembroke	-	-	3,395	3,395
Pietà	-	-	3,176	3,176
Qormi	-	10,000	-	10,000
Qrendi	3,000	-	1,000	4,000
Rabat (Gozo)	-	10,000	-	10,000
Rabat (Malta)	3,000	-	-	3,000
Safi	-	-	3,588	3,588
San Ġiljan	20,000	-	-	20,000
San Lawrenz	7,000	-	15,965	22,965
San Pawl il-Baħar	20,000	-	-	20,000
Sannat	-	-	3,523	3,523

Appendix B - Additional Funds distributed to Specific Local Councils *cont./*

Local Councils	Tourism Zones Fund €	Capital, ex-Capital and Cities Fund €	Adjustment in Allocation €	Total Additional Funds €
Santa Luċija	-	-	2,762	2,762
Sigġiewi	-	10,000	-	10,000
Sliema	20,000	-	-	20,000
Ta' Xbiex	3,000	-	3,860	6,860
Valletta	-	100,000	-	100,000
Xagħra	3,000	-	-	3,000
Xgħajra	-	-	3,612	3,612
Żabbar	-	10,000	-	10,000
Żebbuġ (Gozo)	3,000	-	-	3,000
Żebbuġ (Malta)	-	10,000	-	10,000
Żejtun	-	10,000	-	10,000
Totals	133,000	250,000	120,168	503,168

Appendix C – Reports that were either qualified with an ‘Except For’ Audit Opinion and/or highlighting an ‘Emphasis of Matter’

Column 1 indicates the localities wherein LGAs were unable to determine whether the Council was entitled to receive any further income from the Joint Committees, since the audited financial statements of the latter for the financial year 2022 were not available.

Column 2 highlights those Councils where issues of poor internal controls and lack of substantiating documentation were encountered.

Column 3 shows the Councils where the going concern assumption used in the preparation of the financial statements is dependent on further sources of funds, other than the annual financial allocation by Central Government, the collection of debts due to the Councils, and the continued support of their creditors. Any adverse change in either of these assumptions would not enable the respective Council to meet its financial obligations as they fall due, without curtailing its future commitments.

Local and Regional Councils	Column 1 LGAs were unable to determine whether the Council is entitled to receive any further Income from the Joint Committee	Column 2 Poor Internal Controls and Lack of Substantiating Documentation	Column 3 ‘Emphasis of Matter’ highlighting a Material uncertainty related to Going Concern
Birkirkara			x
Birżebbuġa		x	
Fgura		x	
Gżira		x	
Għajnsielem		x	
Għarb		x	x
Għargħur	x	x	
Għaxaq		x	
Kalkara			x
Mellieħa	x		
Mgarr	x		
Mosta	x	x	
Mqabba		x	
Msida	x		
Munxar		x	
Nadur		x	
Naxxar	x	x	
Pieta’	x		
Qormi	x		

Appendix C – Reports that were either qualified with an ‘Except For’
Audit Opinion and/or highlighting an ‘Emphasis of Matter’ *cont./*

Local and Regional Councils	Column 1 LGAs were unable to determine whether the Council is entitled to receive any further Income from the Joint Committee	Column 2 Poor Internal Controls and Lack of Substantiating Documentation	Column 3 ‘Emphasis of Matter’ highlighting a Material uncertainty related to Going Concern
Qrendi		x	
Rabat (Gozo)		x	
Rabat (Malta)		x	
Sannat		x	x
San Lawrenz		x	
San Pawl il-Baħar	x	x	
Santa Venera		x	
Sigġiewi		x	
Tarxien		x	
Xagħra		x	
Xewkija		x	
Żabbar		x	
Żebbuġ (Gozo)		x	x
Żebbuġ (Malta)		x	
Eastern Regional Council		x	
Gozo Regional Council		x	
Northern Regional Council		x	
Port Regional Council		x	
Southern Regional Council		x	

Appendix D – Lists of Directives and Circulars

The following is a list of directives and circulars issued by LGD, which were referred to throughout the Report:

List of Directives

- Directive No. 5A/2016 Irtirar ta' Direttiva Numru 5/2016 u Sostituzzjoni tagħha
- Directive No. 02/2021 Contracts (Community Works) Managers

List of Circulars

- Circular No. 22/2019 Onorarju u Allowances, Attendenza għal-Laqqgħat tal-Kunsilli, Ħinijiet tal-Laqqgħat tal-Kunsill
- Circular No. 01/2022 Allokazzjoni Finanzjarja għall-2022
- Circular No. 06/2022 Skedi tal-Pagamenti għall-użu tal-Compliance Unit
- Circular No. 01/2023 Għeluq tas-Sena Finanzjarja 2022

2022-2023 (to date) Reports issued by NAO

NAO Annual Report and Financial Statements

July 2023 National Audit Office Annual Report and Financial Statements 2022

NAO Audit Reports

November 2022 Follow-up Audits Report by the National Audit Office Volume II 2022

November 2022 Report by the Auditor General on the workings of Local Government for the year 2021

November 2022 Performance Audit: Care for the Elderly in Gozo

December 2022 IT Audit: Online Malta Census of Population and Housing 2021

December 2022 Report by the Auditor General on the Public Accounts 2021

February 2023 IT Audit: Active Ageing and Community Care – Ministry for Active Ageing

April 2023 Performance Audit: An assessment of capital projects at the University of Malta

April 2023 Performance Audit: Ensuring fair Non-Contributory Social Benefits and safeguarding against related fraud

May 2023 An audit of matters relating to the concession awarded to Vitals Global Healthcare by Government Part 3 | Steward Health Care assumes control of the concession

May 2023 An audit of matters relating to the concession awarded to Vitals Global Healthcare by Government Part 3 | Steward Health Care assumes control of the concession [Abridged]

June 2023 Follow-up Audits Report by the National Audit Office Volume I 2023

June 2023 IT Audit: Malta Food Agency

July 2023 A review of the implementation of Sustainable Development Goal 2: Addressing pre-obesity and obesity

October 2023 Review by the Auditor General on Fixed Assets and Stocks

November 2023 Follow-up Audits Report by the National Audit Office Volume II 2023