

Performance Audit

*Countryside Section
Environment Protection Department*

Report by the Auditor General

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For further information about the National Audit Office, Malta please contact:

National Audit Office
Notre Dame Ravelin
Floriana CMR 02
Malta

Tel: (+356) 224013/4/5

Fax: (+356) 220708

E-mail: nao.malta@magnet.mt

Website: www.nao.gov.mt

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Floriana

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Mr. Speaker,

This report has been presented and is being submitted in terms of subparagraph 8(a)(ii) of the First Schedule of the Auditor General and National Audit Office Act, 1997, for presentation to the House of Representatives in accordance with subparagraph 8 (b) of the said Act.

Yours sincerely,

J.G. Galea
Auditor General

The Hon. Speaker
House of Representatives
Valletta

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Executive Summary

Background

1. During period December 2000 - April 2001, the National Audit Office (NAO) carried out a performance audit of the cleaning and rubble wall building functions undertaken by the Countryside Section within the Environment Protection Department (EPD).
2. The Countryside Section, which pertained to the Environment Protection Department is responsible for the ongoing cleaning, maintenance and upkeep of the environment and for rubble wall building and repair. The Section's business plan defines the responsibility as to embellish, develop and maintain countryside areas, including country parks, nature reserves and conservation areas, and waterways and valleys. It was envisaged that these functions would result in a cleaner environment in the countryside, enables restoration of the man-made environment and facilitates public access to the countryside and recreational areas.
3. As at November 2000, the Countryside Section employed 163 personnel and was headed by a Principal Environment Officer. Expenditure incurred by the Countryside Section amounted to Lm660,300 and Lm823,199 in 1999 and 2000¹ respectively.
4. With effect from 1st January 2001, on ministerial directives the Ministry for the Environment transferred the Countryside Section to the newly established Environmental Development Management Section (EDMS) which pertains to the Works Division within the Ministry for the Environment. However,

¹Source: Estimates 1999 Vote 34, Cost Centre 3 pg 216 and Estimates 2000 Vote 31, Cost Centre 3,pg 193.

this report will continue to refer to the auditee as ‘Countryside Section’ since this audit was concerned with the period up to end 2000.

5. This audit focused on rubble wall building and cleaning functions which during 2000 absorbed 11 and 61 per cent respectively of expenditure incurred by the Countryside Section. The objectives of this audit were to evaluate whether:
 - the cleaning and rubble wall building functions are conducive to the attainment of Government policy i.e. effective;
 - adequate planning is enabling the Section to attain its objectives;
 - resources are employed in an optimal manner;
 - internal controls aimed at ensuring cost-efficiency and sound project management of operations are enforced.

Management

6. Management at the Countryside Section lacks official procedural, documentation and communication systems. Tasks to be undertaken are not planned but generally based on the rule of thumb of Countryside’s Head and supervisors. However, Countryside management claimed that planning relating to larger projects undertaken by the Countryside Section are documented. Up to the time of writing this report no evidence of such planning was submitted to the National Audit Office.
7. Annual budgetary estimates, which are subsequently submitted to the Ministry of Finance for approval and annual budgetary allocation, are mainly calculated through an incrementalist

approach and not on the basis of operational planning². The lack of operational planning does not enable budgeting for individual jobs and as result the Countryside Section was not in a position to allocate resources in an optimal manner.

8. A computer system (Works Planning System - WPS) installed at the Countryside Section is not fully exploited. The WPS can generate a number of management reports aimed at facilitating the enforcement of internal controls and monitoring job progress. Administration and other overheads are not posted. Moreover variance analysis catered for in the system is not taken advantage of since operational planning is not performed. The minimal utilisation of the Works Planning System is considered as a foregone opportunity to enhance management control. Management stated that the WPS was not fully utilised because the section lacked adequately trained personnel.
9. The absence of an approach to project management by the Countryside Section diminishes internal controls and accountability. Lack of planning and limited internal control mechanisms have rendered the Countryside Section not to be in a position to state productivity rate and job cost.

Productivity and Output

Rubble Walls

10. During 1999 and 2000, the Countryside Section incurred Lm87,423 and Lm85,180 in respect of rubble wall building function. 20 and 31 rubble wall building jobs were performed during 1999 and 2000 respectively.
11. Countryside Management introduced a piecework approach to motivate employees to increase productivity. Piecework rates were not however established on the basis of a scientific

² vide 2.2.1 and 2.2.2.

methodology. When such rates were compared to productivity benchmarks (Standard Minute Value (SMV) utilized by the Department of Local Councils, the Countryside piecework productivity rates were considerably much lower than the former benchmarks.

12. Notwithstanding, the level of output stipulated by the Countryside Section and established by piecework rates, was not attained. Actual output rates of NAO randomly sampled jobs, however, averaged only 77 and 62 per cent of the piecework work rates established for 1999 and 2000 respectively. Productivity of the same NAO randomly sampled jobs on average amounted to only 30.8 per cent and 33.6 per cent during 1999 and 2000 respectively when assessed against the SMV benchmarks discussed in the previous paragraph.
13. Although piecework rates were not attained and productivity is low, the practice where employees logged-off two hours before day's and prevailed.

The Cleaning Function

14. During 1999 and 2000, the Countryside Section incurred Lm270,125 and Lm488,272 in respect of the cleaning function³. The cleaning function is generally executed through gangs of up to five members of staff. 57 and 68 cleaning jobs were performed during 1999 and 2000 respectively.
15. During 2000, a significant number of personnel from the various gangs were deployed to the Ta' Qali National Park. The Ta' Qali cleaning jobs absorbed 41 per cent of total man-hours allocated to the cleaning function.
16. Countryside Section management afforded employees deployed to the cleaning function a concession to log-off one hour before

³ Source NAO Working Paper.

days end. Such a practice evolved since, according to Countryside Section management, employees were performing duties considered to be beyond their grade. This is not linked to a piecework rate or predetermined output targets. Similarly to the case of rubble walls, the Management and Personnel Office within the Office of the Prime Minister has never endorsed this concession.

- 17.** The productivity in the cleaning function improved slightly in 2000 over 1999. This was attributed to a large number of cleaning jobs concentrated at Ta' Qali which contributed to better utilisation of resources.
- 18.** If the Ta' Qali jobs were to be excluded from the 2000 productivity analysis, then the average actual output rate of cleaning for the remaining jobs sampled by the NAO would have decreased substantially over the previous year.
- 19.** The NAO compared Countryside Section productivity against SMV benchmarks discussed in paragraph 12. Productivity of the NAO sampled jobs outside the Ta' Qali area, on average amounted to 59 per cent as against the aggregated productivity average of 64 per cent⁴. It is to be noted that the Ta' Qali jobs attained an average productivity rate of 79 per cent.
- 20.** The NAO was advised by the Local Councils Department⁵ that a 75 per cent productivity level, based on SMV benchmarks, is considered as satisfactory. Given the foregoing, the Countryside Section, on average, executed the sampled jobs below acceptable productivity levels in both 1999 and 2000.

⁴ NAO working Paper.

⁵ The Local Council Department utilises SMV rates to monitor various works performed by Local Councils – vide paragraph 3.2.1.

Contribution to the rural environment

Rubble Walls

- 21.** The effectiveness of the Countryside Section was assessed through the quality of jobs performed, the social benefits derived from such works and the role of the Countryside Section as defined in the Business Plan.

- 22.** Rubble walls constructed by the Countryside Section, considered to be of acceptable standards, served the purpose of embellishing the surrounding environment. Other social benefits derived through rubble wall construction concern ecological issues. Rubble walls are a source of protecting the natural environment by ensuring soil retention, acting as wind-breakers and encouraging various forms of wild life to flourish. On the basis of the foregoing, it can be concluded that each rubble wall job, in its own right, has contributed towards providing social benefits through its environmental importance.

- 23.** An uneven distribution of man-hours between geographical areas is evident. The Western area and the North of Malta appeared not to be allocated sufficient resources to construct and maintain rubble walls as are the Southern region and the San Gwann area. This is because both the North and Western areas are considered to be rural and the presence of rubble walls is more evident.

Cleaning Function

- 24.** The cleaning function absorbed most of the resources available to the Countryside Section. Similarly to rubble walls, the social benefits derived from such activities relate to embellishment of the man-made environment as well as the maintenance of a clean environment in rural areas.

- 25.** The Western area and the Northern regions demonstrated a decline in man-hours utilised in respect of the cleaning function

in relation to other areas. Countryside focused on the upkeep, maintenance of the Ta' Qali National Parks during the latter part of 1999 and 2000.

Overlapping Roles with other Units

26. The effectiveness of the role of the Countryside Section considerably diminished due to an overlap of roles with other Units pertaining to the Ministry of the Environment performing similar duties. Overlapping of roles potentially resulted in duplication of works and uncoordinated activities between various Government entities. This situation developed due to a lack of communication between the parties involved. Co-ordination of activities by the Ministry of Environment and the Department for Protection of the Environment was also lacking and contributed to the scenario discussed herein.

External Threats

27. Countryside Section Management remarked that it is not uncommon that a recently cleaned/embellished area is spoilt by fly-tipping. The spoiling of rural areas is not only an issue related to a lack of environmental awareness and civic behaviour but it is also an enforcement related problem. Unless both elements, that is, education and enforcement are adequately co-ordinated to protect the local environment, unnecessary financial and social costs will be incurred by the Maltese society.

Conclusions

28. Planning and internal control mechanisms regulating operations were considered as inadequate and negatively impinged on the effectiveness and efficiency of the Countryside Section.
29. In addition, the inadequacy of internal control and lack of official documentation diminished accountability.

Part 1 - Introduction

1.1.1 During period December 2000 – April 2001, the National Audit Office (NAO) carried out a performance audit of the cleaning and rubble wall building functions undertaken by the Countryside Section within the Environment Protection Department (EPD). These functions were reviewed since on average, they absorbed 44 per cent and 14 per cent for 1999 and 61 per cent and 11 per cent for 2000⁶ respectively of the Section's financial resources. For the purpose of this audit, relative data in respect of 1999 and 2000 were analysed.

1.2 Background

Environmental Framework

1.2.1 The Environment Protection Department was set up in 1991 following the enactment of the Environment Protection Act, 1991 and today forms part of the Ministry for the Environment. The EPD is responsible for environment management, policy development, monitoring and enforcement. Although the EPD has a regulatory mandate, it also has the role, through the Countryside Section, of maintaining a clean environment in rural and man-made areas. The organization structure of the Environment Protection Department and the shaded Countryside Section are shown in Chart 1.

1.2.2 The Countryside Section within the Environment Protection Department is responsible for the ongoing cleaning, maintenance and upkeep of the environment and for rubble wall building and repair⁷. The Section's business plan defines its

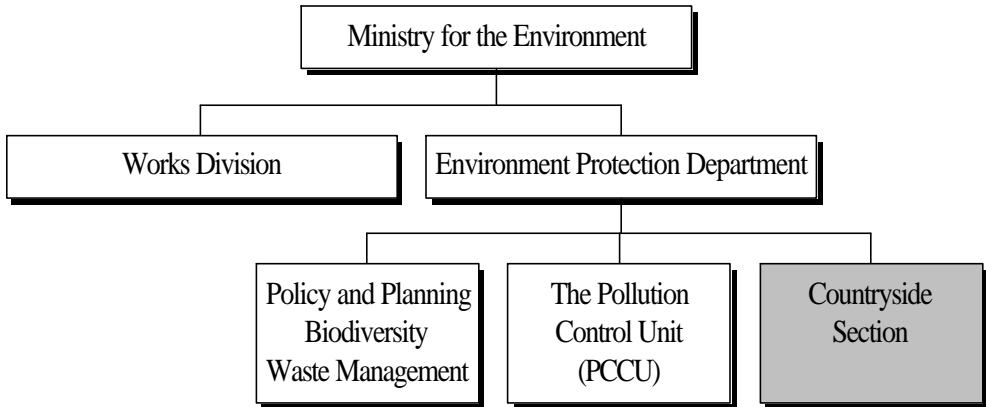
⁶ NAO working paper.

⁷ Countryside Section is responsible for the construction and maintenance of rubble walls on government owned land.

responsibility as to embellish, develop and maintain countryside areas, including country parks, nature reserves and conservation areas, and waterways and valleys. The plan also envisaged the creation of country walkways and the development of particular sites at Girgenti and Dingli Cliffs, the Victoria Lines and the Marsascala and Marsaxlokk areas.

Chart 1 – Organisation Structure – Environment Protection Department

The Countryside Section



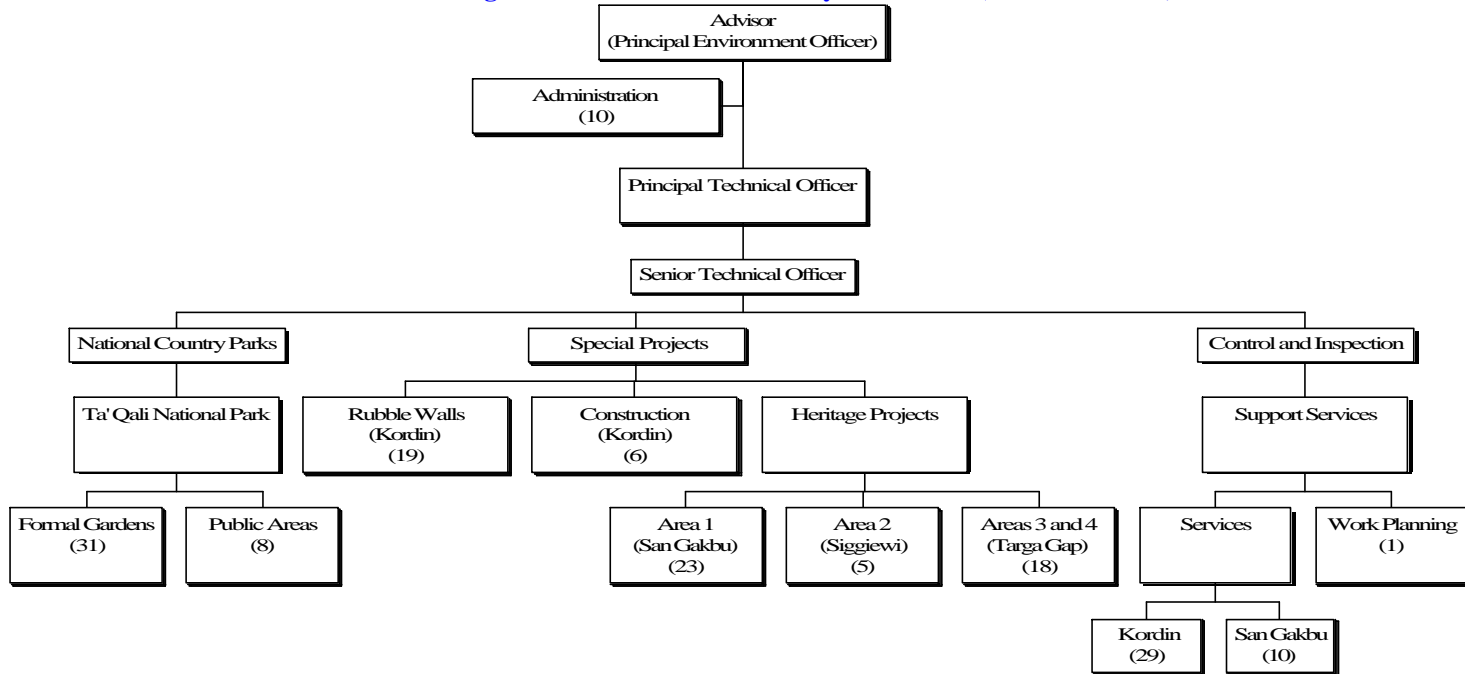
1.2.3 It was envisaged that these functions would result in:

- a cleaner environment in the countryside;
- restoration of the man-made environment;
- facilitating public access to the countryside and recreational areas; and
- defined standards of cleanliness on non-urban areas.

- 1.2.4 According to the business plan, the Section has further undertaken to “have an effective, mobile and productive workforce through investment in new equipment and training”.
- 1.2.5 As at November 2000, the Countryside Section employed 163 personnel and was headed by a Principal Environment Officer. 46 of the Section’s personnel were deployed on cleaning duties. These were organised in four areas stationed at San Gakbu, Siggiewi and 2 gangs at Targa Gap. Another gang of 19 industrial grades, headed by a Technical Officer, was deployed on rubble wall building and repairing. The Support Services unit, comprising of carpentry and welding workshops, a nursery, mobile unit, maintenance and construction unit, security, stores and administration employed 59 personnel. In addition, 39 personnel were deployed at the Ta’ Qali National Park on on-going cleaning, embellishment and maintenance works. A detailed breakdown of staff deployment by the selection is provided in Chart 2. (overleaf).
- 1.2.6 Expenditure incurred by the Countryside Section, under Vote 34, Cost Centre 3, and Vote 31, Cost Centre 3, amounted to Lm660,300 and Lm823,199 in 1999 and 2000⁸ respectively. Personal Emoluments account for about 86 per cent for total cost centre.
- 1.2.7 Although part of the Environment Protection Department’s portfolio, the Countryside Section operates independently of the Department. It deals directly with central agencies and administers its own operations. The EPD, however, endorses the Section’s expenditure. The reporting relationship between the Section and the Department is unstructured and often results in a lack of communication between the two entities.

⁸ Source: Estimates 1999 pg 216, Estimates 2000 pg 193.

Chart 2 - Organisation Structure - Countryside Section (November 2000)



1.3 Developments

1.3.1 With effect from 1st January 2001, on ministerial directives the Ministry of the Environment transferred the Countryside Section from the Environment Protection Department to the newly established Environmental Development and Management Section (EDMS) within the Works Division. The change was not however announced in the 2001 Budget. With effect from the date of transfer the Countryside Section has been renamed Unit for Landscape Embellishment (Chart 3, illustrates how the former Countryside Section (shaded in chart) fits into the new Organisational Structure within the EDMS). Other units performing cleaning and embellishing works within the Ministry of Environment were also transferred to the newly established Environmental Development and Management Section. These units, listed hereunder, are envisaged to have the following functions, which though interrelated, are intended to clarify responsibilities for different areas/ activities:

- **Unit for Landscape Embellishment:** Landscape and nature areas including valley rehabilitation works, development of national/ regional parks and maintenance of areas of landscape and scenic value. This was formerly the Countryside Section under the Environment Protection Department.
- **Unit for Urban Embellishment:** Heritage and open spaces in the urban areas in the built-up zones, heritage parks and development/ embellishment of key tourist localities. This was formerly the Embellish Malta Campaign.
- **Unit for Repair and Maintenance:** Continued upkeep of promenade and embellished areas, providing for minor repair and regular maintenance works, to be undertaken in partnership with the respective local council.
- **Unit for a Clean Environment:** Management of the main arterial roads and public thoroughfare, maintenance of

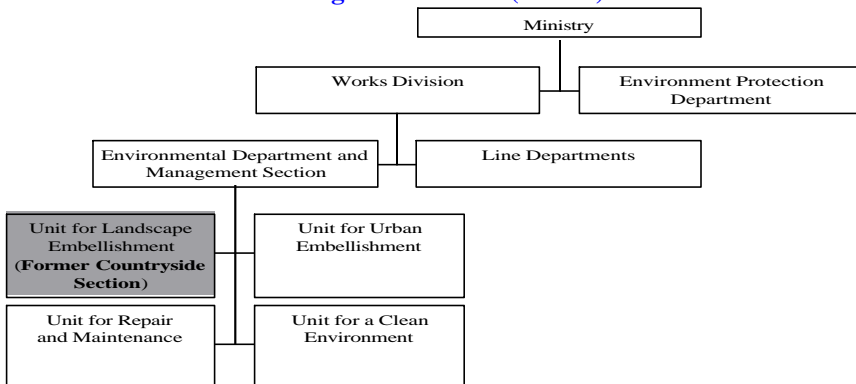
infrastructure (culverts, lighting etc), general cleanliness of public areas, and development/ embellishment of derelict leftovers sites. This has now been embodied within the new section, in tandem with other three operational units.

1.3.2 The aggregating of the above mentioned units is thought to enhance the co-ordination of various environmental related activities and enables the Environment Protection Department (EPD) to assume the role of a regulator rather than that of an implementer (as was the case when the Countryside Section pertained to EPD).

1.3.3 Currently the EDMS is compiling an inventory of grades and skills of employees within the various units under its responsibility in order to optimise the allocation of human resources. Implementation of strategic and operational plans are however still in their embryonic stage. Moreover EDMS management stated “ *Implementation is a formidable task that requires support from the above*”.

1.3.4 For the purpose of this report, the renamed Unit for Landscape Embellishment will be referred to as Countryside Section since the audit focused on period 1999 – 2000 when the Countryside Section pertained to the Environment Protection Department

Chart 3 – Organisation Structure – Environmental Development Management Section (EDMS)



1.4 Other Environmental Agencies

1.4.1 Other agencies, however, also have an environmental remit that emanate from various legislation. All Ministers are empowered to protect the environment. The main agencies involved in environmental protection share areas of common responsibilities. This has led to a situation where most of these entities have overlapping areas of responsibilities⁹. The main governmental and non-governmental organisations that have a direct role in protecting and maintaining the environment are the following:

- **The Planning Authority** - is regulated by the Planning Development Act, 1992 and is responsible for development control and land use.
- **The Works Division** - is primarily responsible to provide cleansing services including domestic waste collection and disposal, solid waste treatment and landfill management.
- **Local Councils** - are responsible to maintain and protect the urban environment and other areas within their jurisdiction.
- **The Department of Agriculture** - is responsible for rubble wall conservation, afforestation and the preservation and embellishment of the rural environment.
- **The Department of Health** - through the Public Health Department manages health care waste.
- **Malta Maritime Authority** - controls the discharge into the sea of oil or any other pollutant containing oil in terms of the Marine Pollution (Prevention and Control) Act, 1977.

⁹ State of the Environment Report page 436.

- **The Police Department** - through its Administrative Law Enforcement Unit enforces aspects emanating from the various environmental legislation.
- **NGO's** - responsible for particular areas and natural reserves. In May 2001, six NGOs namely- Nature Trust, Friends of the Earth (Malta), Marine Life Care Group, ECO, Gaia Foundation and Din l-Art Helwa have decided to join forces in order to integrate their resources.

1.4.2 The NAO sought to establish the costs incurred during 1999 and 2000 by the above mentioned Departments and entities. However, many of these organizations do not maintain the required specific information. It is to be noted that in January 2000, the National Statistics issued a circular requesting organizations to submit information related to 'environment' costs.

1.5 Audit Objectives

1.5.1 Given our high population density, the importance of tourism and a limited availability of land, the environment plays a fundamental role in enhancing the quality of life. The responsibilities of the Countryside Section represent only a part of the holistic approach to environmental issues as is further discussed in section 1.2.2 of the report.

1.5.2 The objectives of this audit were to determine whether the cleaning and rubble wall building functions of the Countryside Section:

- are conducive to Government policy i.e. effective; and that
- adequate planning is enabling the Section to attain its objectives;
- resources are employed in an optimal manner;

- internal controls aimed at ensuring cost-efficiency and sound project management of operations are enforced.

1.6 Scope

1.6.1 The scope of this audit included the review of:

- business plans in order to identify the Section’s targets;
- the organisation structure to establish whether the allocation of resources is conducive to efficiency;
- procedures and practices adopted by the Section to ensure internal controls related to project management.

1.7 Methodology

1.7.1 The above objectives and scope were sought through:

- meetings with management at the Environment Protection Department and the Countryside Section as well as other key personnel;
- assessment of cost efficiency of the two functions under review through an analysis of job files and on site visits by NAO personnel to ascertain volumes and quality of works performed;
- comparative analysis of cleaning and rubble wall building costs.

1.7.2 An Internal Control Questionnaire (ICQ) was also completed by the Section’s management. The ICQ dealt with:

- the role of the Countryside Section, legal framework and departmental policies;
- planning of jobs, site selection criteria, and authorization;
- project management;
- cost-efficiency considerations including benchmarks and output;
- effectiveness-related issues.

1.7.3 This Office also made use of data maintained electronically in the Works Planning System (WPS) on jobs by the Section. This system was specifically designed to facilitate project management at the Countryside Section. Records relating to job details, duration of the project and man-hour input are the main fields included in this database.

Part 2 - Management

2.1 Introduction

- 2.1.1 This section of the report will evaluate whether management practices enables the attainment of strategic objectives of the Countryside Section and ensures that internal controls aimed at cost-efficiency and accountability are operative and enforced.
- 2.1.2 In order to attain the above objectives, the National Audit Office examined elements of management, namely planning, monitoring, certification and ensuing internal controls in the context of jobs¹⁰ performed by the Countryside Section.
- 2.1.3 It is to be pointed out that management at the Countryside Section is practised in an informal and unstructured manner, that is, lacking official procedural, documentation and communication systems. Decisions concerning tasks to be undertaken are generally based on the rule of thumb of Countryside’s head and supervisors.

Table 1 – Breakdown of files and jobs reviewed by NAO

	1999			2000		
	Number of Files	Number of Jobs	Percentage of Total Jobs	Number of Files	Number of Jobs	Percentage of Total Jobs
Rubble	26	28	25.45%	28	34	20.99%
Cleaning	58	60	54.55%	82	92	56.79%
Others ¹¹	19	22	20.00%	31	36	22.22%
Total	103	110	100.00%	141	162	100.00%

Source: NAO Working Paper 2-1

Note: During 1999, 6 rubble wall jobs and 3 cleaning jobs included in the table had not yet been initiated and 2 other rubble wall jobs were actually ‘franka’ construction. During 2000, 3 rubble wall jobs and 24 cleaning jobs included in the table had not yet been initiated.

¹⁰ The term “jobs” refers to total works carried out on a particular site.

¹¹ Other Jobs refer to jobs undertaken by the Countryside Section, namely involving the nursery (responsible for proration of plants and shrubs) and workshops.

2.1.4 Management at the Countryside Section was evaluated through a review of all job files (244) relating to rubble wall building, cleaning and other tasks for period 1999 and 2000 – Table 1 refers. Job files are generated for particular jobs and all relative documentation is inserted therein. Files may pertain to more than one job in instances where works are of an on-going nature or jobs are routinely repeated.

2.2 Budgeting

2.2.1 The Administration Unit at the Countryside Section compiles a rolling three-year business and financial plan in terms of circular MF 5/99 for annual budgetary purposes. The business plan indicates Countryside’s strategic objectives, which are intended to be reflected at the operational level.

2.2.2 In the absence of operational planning (vide paragraph 2.3 below), annual budgetary estimates, which are subsequently submitted to the Ministry of Finance for approval and annual budgetary allocation, are mainly calculated through an incrementalist approach. This budgetary approach entails that the current level of activity is taken as the starting point for preparing the next annual budget. This base is then adjusted for the changes expected to occur during the next budget period, such as changes in the number of personnel, works’ volumes, salaries and prices.

Table 2 – Countryside Section Budget Allocations 1995 - 2000

	Estimates (Lm)	Actual (Lm)	Variance (Lm)	Variance (%)
1995	1,000,639	937,442	63,197	6.3
1996	1,033,220	1,002,050	31,170	3.0
1997	531,150	569,533	(38,383)	(7.2)
1998	541,575	650,464	(108,889)	(20.1)
1999	660,300	620,943	39,357	6.0
2000	823,199	797,349	25,850	3.1

Source: Estimates and financial reports (Treasury)

2.2.3 Table 2 indicates that, with the exception of 1997 and 1998, generally the Countryside Section operated within the allocated funds, which has been reduced substantially since 1997. However, this is mainly due to the fact that funds were allocated in accordance to the number of employees at the Section rather to the volume of works envisaged to be performed by the Section¹².

2.2.4 The lack of operational planning does not enable budgeting of individual jobs and consequently Countryside’s output could be negatively affected since:

- The incrementalist approach to budgeting practised by the Countryside Section excludes value-for-money considerations while past inefficiencies prevail; and
- Lack of planning of individual tasks does not permit that “public expenditure inputs be measured against outputs”.¹³

2.3 Planning

2.3.1 As stated above, rubble wall building and cleaning jobs are generally undertaken on the rule of thumb of the Countryside’s management. Other government departments and entities also submit requests to Countryside Section for similar works to be undertaken throughout the year. Countryside Management, however, does not maintain a schedule of works to be undertaken during a given period. The Countryside Section has no documented policy relating to task selection and prioritisation criteria.

¹² Negative variances experienced by Countryside during 1997 and 1998 where offset through virements.

¹³ As stipulated in circular MF 5/99.

2.3.2 Countryside management stated that although the planning process regarding rubble wall building and cleaning is not documented, seasonality and the urgency indicated in job requests, as well as media reports are taken into consideration when selecting works to be undertaken. Moreover, management claimed that plans relating to larger projects such as works carried out at the Neolithic Temples and Wied Ghomor are drawn. Up to the time of writing this report no evidence of such plans was made available to the National Audit Office.

2.3.3 **Undocumented original requests for jobs** - A review of all rubble wall building and cleaning maintained by the Countryside Section during 1999 and 2000 revealed that, the origin or initiative for jobs was not always documented. The extent of this shortcoming is given in Table 3.

Table 3 – Non-documentation of job origin 1999 - 2000

	Rubble Wall			Cleaning		
	Jobs reviewed	Undocumented job origin	Undocumented job origin	Jobs reviewed	Undocumented job origin	Undocumented job origin
	(No.)	(No.)	(%)	(No.)	(No.)	(%)
1999	28	23	82.14%	60	56	93.33%
2000	34	27	79.41%	92	84	91.30%
Total	62	50	80.65%	152	140	92.11%

Source: Countryside section files: NAO workings papers 2-2

2.3.4 Table 3 indicates that during 1999 and 2000, 80.65 per cent and 92.11 per cent respectively of rubble wall and cleaning job origin was not documented. The lack of task origin documentation weakens further internal control systems. Moreover, job execution is based on verbal communication and is not pre planned in terms of personnel, materials or time frames required.

2.3.5 The overall lack of planning results in the following:

- The Countryside Section is not in a position to allocate resources in an optimal manner;
- Time frames relating to particular jobs are absent and consequently employee productivity is not stimulated towards concluding works within predetermined target dates; and
- The envisaged cost of jobs to be undertaken is not considered a critical consideration.

2.4 Works Control

2.4.1 **Documentation** - Table 4 below indicates Countryside low compliance rates vis-à-vis the maintenance of relative job documentation. The absence of documentation is considered as minimising management information and consequently internal controls.

Table 4 – Compliance Rates of Job Documentation in Files 1999 and 2000

Type of Document	1999		2000	
	Rubble Wall	Cleaning	Rubble Wall	Cleaning
	%	%	%	%
Job Sheet	92.86	93.67	85.29	93.48
Work Measurements	10.71	1.67	0	1.45
Financial Estimates	0	0	0	0
Works Order ¹⁴	72.73	80.7	74.19	83.82
Works History ¹⁵	68.18	64.91	0	0
Actual Costings	0	0	0	0

Source: Countryside files and NAO working papers 2-3

2.4.2 The Countryside Section does not maintain critical documentation, most notably:

¹⁴ Works Order relates to a summary of man hours input per job.

¹⁵ Works History relates to a daily breakdown of man hours input per job.

- Those relating to works measurements; and
- Jobs financial estimates and costings. These were not compiled for any job during 1999 and 2000.

2.4.3 Job Sheet – Prior to the initiation of works, a job sheet is drawn up. This document is not a plan but relates the locality and provides a general description of works to be performed. Job sheets are drawn up for every job except in instances where the works relate to repeated jobs. Job sheets and/or related documentation do not include information relating to personnel, material, and expected job duration. A review of 1999 and 2000 jobs revealed that in 4.55 and 8.73 per cent respectively, job sheets were not drawn up.

2.4.4 The Head of the Countryside Section or delegated officers endorses job sheets. Such endorsement is viewed as formal authority for the proposed works to proceed. All job sheets drawn up were duly authorised. Management argued that in cases where a job sheet was not drawn up, jobs were performed on the basis of verbal authority.

2.4.5 Works Planning System (WPS) – The Works Planning System is an electronic system, which enables accounting of all input costs per project. The WPS can generate a number of management reports aimed at facilitating the enforcement of internal controls and monitoring job progress.

2.4.6 Although a works control system, the WPS is minimally utilised by the Section. The Section utilises the system to account for man-hours expended on particular jobs, total labour cost for each job¹⁶, work progress (in hours), daily attendance, job allocation to each area and jobs opening and closing dates.

¹⁶ The cost of labour hours is not updated in the WPS.

2.4.7 The minimal utilisation of the Works Planning System is considered as a foregone opportunity to enhance management control. On the other hand you cannot operate a works planning system without adequate operational plans. Although several modifications to the WPS were made when the Countryside Section was formed, management stated that the WPS system was not fully utilised since the Section lacked adequately trained personnel.

2.4.8 **On site-visits by supervisors** – The Countryside Section monitors works in hand through five area supervisors. One supervisor is employed in respect of the rubble wall building and repair and four supervisors in respect of cleaning works¹⁷.

2.4.9 Supervisors monitor works through the daily visits of work sites. Daily inspections of work sites are intended to ensure that progress on particular tasks is satisfactory and that the quality of the works is of an acceptable standard.

2.4.10 However, the effectiveness of the ‘monitoring’ function by area supervisors is diminished due to lack of operational plans discussed in paragraph 2.3.5. Furthermore:

- Site plans relating to proposed jobs are not compiled. The result of this situation is that there exists no documented audit trail to confirm that works intended to be performed were actually carried out.
- Supervisors have to generally rely on their experience to assess the quality of works performed since works’ standards are not documented. The Section has lately drawn up standards and specifications related to rubble wall building. Supervisors confirmed compliance to such standards.
- Supervisors maintain only informal records (supervisors’ diaries) relating to daily inspections.

¹⁷ Source: Countryside Section (as at end 2000).

2.4.11 Works Certification – Works certification ensures that jobs were carried out in accordance to quality standards stipulated in relation to costs incurred. During the last years, jobs were neither measured nor certified as completed. Countryside management claimed that works certification could not be performed since the necessary qualified personnel were not available at the Countryside Section. The situation in early 2001 remained the same.

2.5 Accountability

2.5.1 The lack of documentation minimises employee accountability and shifts the full responsibility of jobs performed onto management since audit trails are severed when relative job documentation is incomplete. Although the Administration section kept accounting and stock control records¹⁸, these were not maintained on a job by job basis.

2.5.2 Lack of planning¹⁹ and limited internal control mechanisms have rendered the Countryside Section not to be in a position to state productivity rate and job cost.

2.5.3 These observations are symptoms of a lack of an inadequate management set - up at the Countryside Section.

2.6 Employee Motivation

2.6.1 A fundamental management function relates to motivating employees to ensure high and qualitative output. Countryside Management adopted a piecework approach in the case of

¹⁸ Prior April 2000, stock control records did not always identify particular jobs. Issues effected denoted

either the area site office or personnel receiving stock or material.

¹⁹ Vide paragraph 2.3.2.

rubble wall builders and a concession that employees log-off one hour before day's end.

2.6.2 The motivating factor behind the rubble wall piecework approach was that if employees attain a predetermined performance, they would be allowed to leave two-hours before day's end. On the other hand, staff deployed in the cleaning function was afforded the concession to conclude their day's work one hour before the official day's end. Cleaning staff was given this concession on the premise that they were performing duties which were considered to be beyond their grade.

2.6.3 Both the 'piecework' and 'concession' approaches were not authorised by the Management and Personnel Office within the Office of the Prime Minister. The National Audit Office appreciates management's intention that both schemes were intended to motivate personnel. However, management's actions are considered *ultra vires* since the necessary authorisations were not forthcoming. In addition, Public Service employees are contractually bound to work productively in accordance with the terms and conditions stipulated in the Estacode.

2.6.4 The effectiveness or otherwise of both the piecework and concession approaches are discussed in Section 3 of this report.

2.6.5 With regards to the situation discussed above Countryside management stated that:

“in the past it held various meetings with higher authorities regarding the question of ‘concession’. The last of these meetings was in mid – 1998 when the Environmental Protection Department was under the Ministry for Foreign Affairs and Environment”.

“The position of the Countryside Section about these ‘concessions’ and the problem of employees performing

tasks above their grades, was well addressed. The meeting was chaired by the Permanent Secretary at the Ministry for Foreign Affairs and Environment”.

“No decision was taken at this meeting. However, a further meeting was held at the Environment Protection Department with a representative of the M.P.O. The problem for the Countryside remained the same and to the knowledge of the Countryside management no remedy was offered and no instructions to stop the ‘concessions’ were forthcoming”.

“On the positive side, in conjunction with these concessions it should also be mentioned that the practice of the Management of the Countryside Section had for years been to fully implement disciplinary procedures and practises against employees who were found to be absent from their place of work during working hours or were caught leaving from work early”.

“The number of disciplinary cases registered by the management of the Countryside Section and the ex – Non Urban Areas Section will speak for itself”.

2.6.6 However it is to be noted that disciplinary cases during 1999 amounted to 25 and no disciplinary cases were registered in 2000. This contrast with the 255, 236, 115 and 158 cases registered between 1993 and 1996. Management insists that the strict disciplinary cases action over the years served to eliminate the inherited habit (amongst these employees) of leaving from work early, at will.

Part 3 - Productivity and Output

- 3.1.1 The operations of the Countryside are labour intensive. Daily records relating to man-hour input of particular jobs are maintained, however, the data is not utilised to compile job costings or to analyse workforce productivity²⁰. Control on labour productivity is therefore foregone.
- 3.1.2 This Section of the Report will seek to address issues related to efficiency attributable to employment of resources. The NAO sought to evaluate the cost efficiency of rubble wall building and cleaning jobs performed by Countryside during 1999 and 2000. This exercise entailed that costs and productivity rates of jobs performed be established through a thorough study of randomly selected jobs.
- 3.1.3 The exercises proved laborious since Countryside did not maintain site plans, job measurements and completed job documentation²¹. The job costings exercise was also hindered since Countryside did not maintain a stock control system indicating the final destination of material consumed. Due to this, materials were apportioned to jobs on the basis of man-hours.

3.2 Productivity Benchmarks

- 3.2.1 The Countryside Section lacks official productivity benchmarks. To assess productivity in rubble wall constructing and cleaning jobs, the NAO made use of benchmarks established by the former Management Systems Unit (MSU) for Local Councils and units pertaining to the Works Division within the Ministry for the Environment. The benchmarks are

²⁰ Daily man-hour records expended on particular jobs are maintained electronically through the Works Processing System (WPS).

²¹ Vide Para 2.4.1.

expressed in Standard Minute Values (SMVs) generated through time studies. Reference to the SMV benchmarks is made in the Local Councils Act 1993 and in the White Paper on Local Government published in June 1999. These documents, state that these benchmarks constitute value-for-money criteria to assess the financial cost of each delegated responsibility to Local Councils and enables comparison to actual costs²².

3.2.2 The SMV benchmarks were adjusted in agreement with the Countryside Section in order to fit better the type of work carried out by the latter. (NAO working papers refer).

3.3 Rubble Wall Building

3.3.1 The erection of rubble walls consists of a mortar free construction based on the positioning of stones forming the outer skin. The joints of such walls are randomly coursed and the stones are interlocked so as to leave little or no space at the joints. This factor has a direct bearing both on the stability and final appearance of these walls. Typical weathered stones found on rocky areas are the primary raw material for the construction of rubble walls. The construction of rubble walls includes an in-fill of small stones between the outer skins. Apart from supporting the outer skins, this packing allows the seepage of water thus reducing lateral thrust on the wall especially where retention of material is concerned. Another feature of these walls is the inward slant of the outer skins.

3.3.2 The construction of rubble walls can also vary in being one or two sided. The construction of a single sided wall involves more work since the material being retained behind the same wall has to be adequately shored up.

²² Paragraph 66 of The Local Councils Act 1993; White Paper for Local Councils June 1999, p55.

- 3.3.3 Piecework** – Prior to the establishment of the rubble wall builders grade in 1999, the Countryside Section adopted the practice that employees engaged in rubble wall construction would be entitled to clock-off two hours before the conclusion of each day’s end. Such a practice was intended to motivate lower grade employees to assume a skilled function, which was considered to be beyond their grade²³. A formal request to sanction such a practice was not entertained by the Management and Personnel Office within the Office of the Prime Minister²⁴.
- 3.3.4** Although a rubble wall builders’ grade was established in November 1999, the practice described in the preceding paragraph, that is employees logging off before day’s end was continued. Countryside supervisors stated that this practice was linked to piecework. Prior the establishing of the rubble wall builder grade, each person was expected to construct at least 1.856 square metres of rubble wall daily. Such an output implies that 0.3 square metres of rubble wall would be constructed for every man-hour²⁵.
- 3.3.5** During 2000, this productivity rate was however increased by Countryside Section management to 2.6 square metres per person per day or 0.42 metres of rubble wall for every man-hour²⁶.
- 3.3.6** Piecework rates were set on the basis of management’s experience and were not professionally drawn up. The rates were not reviewed for their validity by a professional body or endorsed by the Environment Protection Department, that is, the Department responsible for the Countryside Section.

²³ Vide Paragraph 2.6 in part 2.

²⁴ Source: Letter by MPO to Ministry of Foreign Affairs dated 15/05/99.

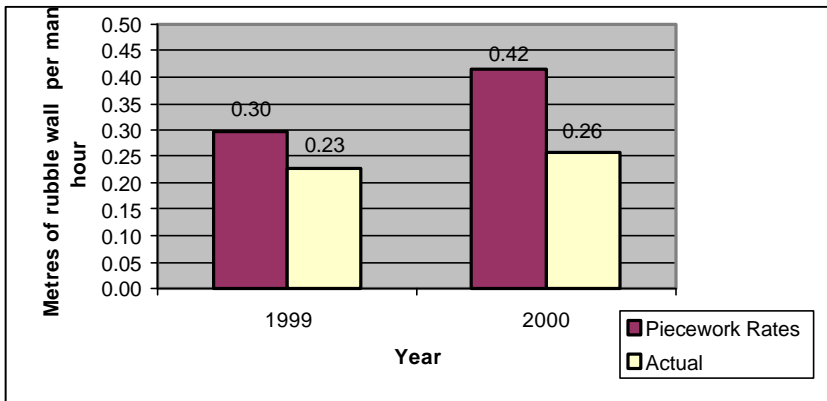
²⁵ Piecework rates based on a 35.5 hours per week direct production.

²⁶ Source: Internal Control Questionnaire (NAO).

3.3.7 Actual Output - During 1999 and 2000, the Countryside Section performed 20 and 31 rubble wall building jobs²⁷ respectively. Rubble wall builders are employed on a six-day/40 hour week basis. The Countryside Section lacks data and information on the magnitude of jobs performed.

3.3.8 Assessment of Actual Output against Piecework Rates - Chart 4 compares actual productivity rates to established piecework rates.

Chart 4- Comparative Productivity Rates for Rubble Wall.



Source: SMV rates – Department for Local Councils and NAO Working Papers

- Rubble jobs sampled²⁸ and measured by the NAO revealed that actual output rates improved from 0.23 square metres per man hour in 1999 to 0.26 square metres per man hour in 2000. However, established piecework rates were neither attained in 1999 nor in 2000.

²⁷ Rubble wall constructed was on average 0.8 metres in breadth.

²⁸ For the purpose of this exercise, 10 jobs out of a total of 20 rubble wall building jobs performed during 1999 and 9 out of a total of 31 performed during 2000 were randomly selected and evaluated.

- Actual output rates of the sampled jobs, however, constituted only 77 per cent of the piecework work rates for 1999. In 2000, actual output rates of the rubble wall jobs reviewed by the NAO constituted only 62 per cent of piecework rates as the latter were raised during 2000²⁹.
- Although piecework rates were not attained, the practice where employees logged-off two hours before day's end prevailed. Since piecework targets were not reached, the practice where employees continued to be allowed to log-off early deviated completely from the principles promoted by piecework approaches – that is to motivate employees to be more efficient in order to attain pre-determined targets.
- Whilst the NAO appreciates the importance of motivating employees, and although it is pertinent to point out that all Public Service employees are contractually obliged to work productively in accordance with the provisions stipulated in relative contracts of employment the low productivity rates attained by Countryside when compared to their own piecework rates imply that the piecework approach did not motivate employees to increase productivity.
- The non-attainment of piecework rates can be directly attributed to inadequate supervision and monitoring of works. In addition, other management shortcomings, particularly the lack of planning, as discussed in Section 2 of this report further hindered the attainment of predetermined output targets.

²⁹ See Para 3.3.5.

3.3.9 Productivity – Table 5 compares Countryside output rates for 1999 and 2000 with the Standard Minute Values (Para 3.2.1 refers)³⁰.

Table 5– Rubble Wall Building compared to SMV Productivity Rates* 1999 – 2000

	1999	2000
Rubble wall constructed in NAO sample (m ²)	1029.64 (m ²)	4101.91 (m ²)
Man-hours expended in sampled jobs	4490.27 (hrs.)	15961.40 (hrs.)
Actual Rate of Construction – (Man-hours per square metre)	4.36 (hrs/m ²)	3.89 (hrs/m ²)
Rate of Construction based on SMV benchmark – (Man-hours per square metre)	1.34 (hrs/m ²)	1.31 (hrs/m ²)
Actual Productivity	30.8 (%)	33.6 (%)

**For ease of reference Standard Minute Values are being expressed in man-hours*

3.3.10 Table 5 raises the following issues:

- According to the NAO sample, Countryside productivity averaged at 30.8 per cent and 33.6 per cent when set against SMV benchmarks during 1999 and 2000 respectively. Actual rubble wall construction productivity rates (of the sampled jobs) are considered low.

3.3.11 The Head of the newly established Environment Development Management Section (EDMS) within the Works Division³¹ considered, at first glance, that the SMV rates for the construction of rubble walls as optimistic. From a preliminary computation (carried out without actual measurements) a 3 man hours per square metre of rubble wall was arrived at (as against over 1.3 man hours per square metre stipulated by the SMV

³⁰ Standard Minute Values benchmarks relate solely to productive time to perform a particular function and do not encompass preparatory works. Consequently NAO, in agreement with the Countryside management adjusted SMV rates by increasing them up by up to 35 per cent in order to fit better the type of work performed by the countryside section. The adjusted average SMV benchmark for 1999 and 2000 was 1.34 and 1.31 man-hours respectively to construct 1 square metre of rubble wall.

³¹ Paragraphs 1.3 refers.

rates). The need to verify this rate empirically was however, stressed. Nevertheless, if this standard is applied the productivity of the Countryside Section will score in the region of 70 per cent.

3.4 The Cleaning Function

- 3.4.1 During 1999 and 2000, the Countryside Section incurred Lm270,125 and Lm488,272 in respect of the cleaning function³². The cleaning function is generally executed through gangs of up to five members of staff. 57 and 68 cleaning jobs were performed during 1999 and 2000 respectively. The cleaning function absorbed 43.5 per cent and 61.2 per cent of the total countryside funds for 1999 and 2000.
- 3.4.2 The cleaning function entails various tasks such as pruning of trees, hedging, grass cutting etc. In order to evaluate issues related to efficiency, the various tasks included in a cleaning job had to be quantified. Similarly to ‘rubble walls’ the Countryside Section does not maintain job measurements and other relevant information.
- 3.4.3 During 2000, a significant number of personnel from the various gangs were deployed to the Ta’ Qali National Park. Such an initiative was undertaken by Countryside management to maintain the national park in a satisfactory level of cleanliness and general upkeep. The Ta’ Qali cleaning jobs absorbed 41 per cent of total man-hours allocated to the cleaning function.
- 3.4.4 **Concession to employees** – Countryside Section management afforded employees deployed to the cleaning function a concession to log-off one hour before day’s end. The practice evolved since, according to Countryside Section management,

³² Source NAO Working Papers.

employees were performing duties considered to be beyond their grade. The concession described in the preceding paragraph was not linked to a piecework rate or predetermined output targets. Similarly to the case of rubble walls, the Management and Personnel Office within the Office of the Prime Minister did not entertain requests made by Countryside Section in 1998 so that the concession would become formalised.

3.4.5 The National Audit Office considers the ‘concession’ as official since the Countryside Section’s management encouraged the practice. However, the concession is considered as unauthorised since Countryside management, even though it adopted the concession to motivate employees, acted beyond its authority. Similarly to the opinion expressed vis-à-vis the rubble wall piecework practices, the NAO reiterates that employees are contractually obliged to be productive in accordance with the terms of their contract. Furthermore it is management’s responsibility to ensure that employees fulfil their contractual obligations.

3.4.6 The Head of the Environmental Development Management Section, stated that “being handed over the Countryside Section, the EDMS was made aware of the concession. It was stated that such an agreement was ‘official’ but no official documentation was ever produced to support this claim. Meanwhile, given that the EDMS is part of a larger organisation, the Works Division, which has its own administration, has sought to bring the former Countryside Section in line with the management policies of this wider organisation. An attempt to eliminate the practice of such concessions has, however, led to (unofficial) industrial action during March 2001. Nevertheless, such arrangements are seen as warranting a truly official solution. Seeing the root of the problem as being with officers working above their grade, the EDMS is performing a reorganisation exercise that will propose the issue of a number of calls for application for various grades. The objective is to ensure that all duties that

need to be performed can be carried out by employees in the respective grades”.

3.4.7 Actual Productivity compared to SMV rates – Table 6, presents aggregate results emanating from a randomly selected sample and measurement of cleaning jobs performed during 1999 and 2000³³. The NAO compared total man-hours expended per job sampled against a total of man-hours considered to be required in accordance with the SMV benchmarks³⁴. In order to work out an average of actual rates, it was assumed that all cleaning jobs in the sample chosen consisted of similar elements in the same magnitude.

Table 6 – Cleaning Function Productivity 1999 – 2000³⁵

Area cleaned in NAO sample (square metres)	183,160.18	116,783.69
Man-hours expended in sampled jobs	10559.30	4617.87
Actual Rate of Cleaning – (Man-hours per square metre)	0.0577	0.0395
Rate of Cleaning based on SMV benchmark – (Man-hours per square metre)	0.0355	0.0252
Productivity	62%	64%

3.4.8 Table 6 highlights the following issues:

- An overall productivity improvement of two per cent in the cleaning jobs selected in the NAO sample (from 62 per cent to 64 per cent) was registered during 2000 over 1999. The significant increase of jobs undertaken at the Ta’ Qali National Park (vide paragraph 3.4.3) seem to have contributed to the improvement in the overall

³³ For the purpose of this exercise, 13 jobs out of a total of 57 cleaning jobs performed during 1999 and 9 out of a total of 68 performed during 2000 were randomly selected.

³⁴ A Standard Minute Value benchmark for each cleaning function (such as pruning of trees hedging, grass cutting etc) was used for the sampled jobs. The average SMV benchmark for 1999 and 2000 was 0.0355 and 0.0252 man-hours respectively to clean 1 square metre.

³⁵ NAO Working Paper.

average time taken to perform a cleaning job since works were centralised which facilitated supervision and better use of resources.

- If the Ta' Qali jobs were to be excluded from the 2000 productivity analysis, then the average actual rate of cleaning for the remaining six jobs would increase from the aggregated average of 0.0395 to 0.0635 hours to clean a square metre. Consequently productivity of the six jobs outside Ta' Qali would amount to 59 per cent as against the aggregated productivity average of 64 per cent³⁶. It is to be noted that the Ta' Qali jobs attained an average productivity of 79 per cent.

3.4.9 The NAO was advised by the Local Councils Department³⁷ that a 75 per cent productivity level, based on SMV benchmarks, is considered as satisfactory. Given the foregoing, the Countryside Section, on average, executed the sampled jobs below acceptable productivity levels in both 1999 and 2000.

³⁶ NAO Working Paper.

³⁷ The Local Council Department utilises SMV rates to monitor various works performed by Local Councils – vide paragraph 3.2.1.

Part 4 - Contribution to the Rural Environment

4.1.1 This part of the report seeks to assess whether the operations of the Countryside Section are conducive to Government policy on rural environment i.e. the effectiveness of the Section in environmental matters it ensures. The effectiveness of the Countryside Section was evaluated through the quality of jobs performed, the social benefits derived from such works and the role of the Countryside Section as defined in the Business Plan.

4.2 Jobs Performed

4.2.1 Rubble wall building and cleaning non-urban sites are the prime functions of the Countryside Section. 26,809 and 34,992 man-hours were allocated for the rubble wall building function during 1999 and 2000. During 1999 and 2000, the Countryside Section expended 61,959 and 68,670 man-hours in respect of the cleaning function.

4.2.2 **Rubble Walls** – Rubble walls constructed by the Countryside Section and which were included in the NAO sample³⁸ were generally considered to be of a satisfactory standard of workmanship and in accordance with the Section's guidelines provided to employees.

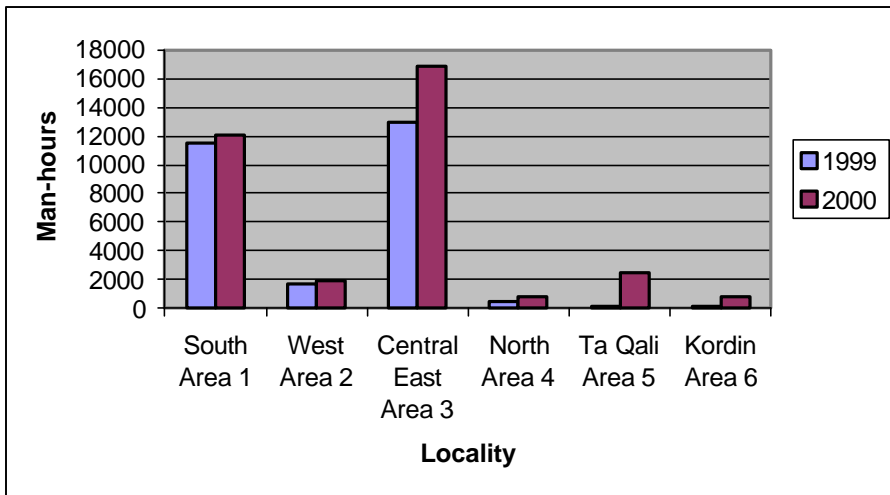
4.2.3 The guidelines referred to in the preceding paragraph, were devised on the initiative of the Countryside Section's management. The guidelines provide detailed instructions relating to the construction of rubble walls. In addition, the guidelines provide information relating to the historical evolution of the rubble wall in Malta as well as the ecological importance of these walls.

³⁸ The NAO sample was selected as discussed in paragraph 3.1.2.

- 4.2.4 The environmental importance of rubble walls is also emphasised through Legal Notice 160/97. The legal notice protects rubble wall by stipulating that Planning Authority permits are required for their removal. The role of the Countryside Section in this regard is to build and maintain rubble walls on government owned land.
- 4.2.5 Rubble walls constructed by the Countryside Section served the purpose of embellishing the surrounding environment. Other social benefits derived through rubble wall construction concern ecological issues. Rubble walls are a source of protecting the natural environment by ensuring soil retention, acting as wind-breakers and encouraging various forms of wild life to flourish.
- 4.2.6 On the basis of the foregoing, it can be concluded that each rubble wall job, in its own right, has contributed towards providing social benefits through its environmental importance.
- 4.2.7 In the absence of data, the NAO could not evaluate the volume of rubble wall constructed in relation to the various locations in Malta. However, an indication of the volume of works performed by locality can be attained by evaluating the utilisation of man-hours on rubble walls per location. Such an approach assumes that rubble wall construction output is constant in all localities. For the purpose of this exercise the NAO studied the six localities catered for by the Countryside Section³⁹.
- 4.2.8 The NAO sought to obtain statistics relating to the amount and distribution of rubble wall by location, however, the Planning Authority does not maintain such information. The distribution of man-hours on rubble wall building is given in Chart 5.

³⁹ Distribution by Areas 1 – 6 of various localities in Malta is appended at Appendix 1.

Chart 5 – Man-Hours utilised for Rubble Wall Construction by Location 1999 - 2000



Source: NAO Working Papers

Distribution by areas 1-6 of various localities in Malta is appended at Appendix I

4.2.9 Chart 5 raises the following issues:

- Actual productive hours utilised in respect of rubble wall building increased in 2000 over 1999 in all areas. The most significant increase was registered in the San Gwann area. Such a situation occurred since a significant reduction in non-productive hours (resulting from sick leave, unauthorised leave, bad weather, time off in lieu etc) was registered during 2000.
- Prima facie, an uneven distribution of productive man-hours between areas is evident. If for comparative purposes the Ta' Qali and Kordin areas are excluded on the basis that they constitute significantly smaller localities, than the West, and the North of Malta appear not to be allocated sufficient resources to construct and maintain rubble walls as are the Southern region and the Central East area. This statement is based on the fact that both the north and western areas are

considered to be rural and the presence of rubble walls is more evident.

- Another factor contributing to the uneven distribution of man-hours is the relatively large job being undertaken at Wied Ghomor. This job was initiated in 1999. This job has to date absorbed 33 per cent of total man-hours in 1999 and 44 per cent of total man-hours in 2000⁴⁰.

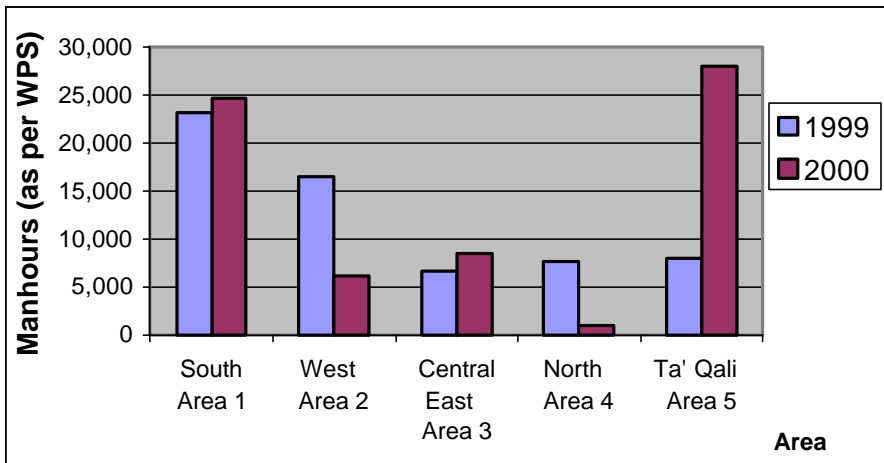
4.2.10 The effectiveness of the overall contribution of the rubble wall construction function is however diminished since the number of employees deployed to this function is evidently not adequate to cater for the maintenance of rubble walls falling within Government's jurisdiction. The limited number of personnel deployed to the rubble wall building function can be partly offset through increased efficiency. The low productivity rates attained by rubble wall builders (as discussed in Section 3 of this report) hindered the Countryside Section from being in a position to perform more rubble wall jobs to the detriment of the local environment.

4.2.11 **Cleaning Function** - The cleaning function absorbed most of the resources available to the Countryside Section. Similarly to rubble walls, the social benefits derived from such activities relate to embellishment of the man-made environment as well as the maintenance of a clean environment in rural areas and urban localities.

4.2.12 The NAO adopted the same approach to evaluate whether there was an equal distribution of man-hours allocated for the cleaning function amongst the various localities in Malta.

⁴⁰ 8854 out of 26,809 man-hours and 15,350 out of 34,992, man-hours were expended on the Wied Ghomor job during 1999 and 2000 respectively.

Chart 6 – Man-Hours utilised for Cleaning Function by Location 1999 - 2000



Source: NAO Working Papers

Distribution by areas 1-6 of various localities in Malta is appended at Appendix 1

4.2.13 Chart 6 above indicates the following:

- Areas two and four demonstrated a decline in man-hours utilised in respect of the cleaning function. Such a decline resulted since Countryside focused on the upkeep, maintenance of the Ta' Qali National Parks (Area 5) during the latter part of 1999 and 2000.
- The high concentration of resources in the southern region is due to the industrial characteristics of this area.
- The increase in man-power deployment in the central region (San Gwann) is due to the fact that substantial resources were expended on works on the road leading to Madliena Fort and other major cleaning jobs in the area.

4.3 Execution of Business Plan Targets

- 4.3.1 Countryside Section effectiveness can also be gauged through an assessment of performance against business plan objectives.
- 4.3.2 The Business Plan for year 2000 stipulated that the Countryside Section would be responsible for “the ongoing cleaning, maintenance and upkeep as well as the embellishment and interventions to protect the man-made environment”. That objective was to be achieved through performing jobs in accordance with the criteria stipulated in the business plan.
- 4.3.3 The approach under discussion was hindered since the business plan quotes only strategic objectives which however were not subsequently quantified in operational plans. Consequently, a direct evaluation of Countryside operations vis-à-vis predetermined targets could not be carried out.
- 4.3.4 The lack of management planning has diminished the Countryside’s opportunity to allocate resources to works in areas where the highest pay-back in terms of social benefit could be reaped.
- 4.3.5 The NAO questions the practice that the Countryside Section performs jobs in non-rural areas. These jobs could have been performed by other Governmental entities such as the cleaning / embellishment units within the Ministry for the Environment whose role is more directly related to such works.
- 4.3.6 Despite the social benefits that may be derived through non-rural works, the opportunity cost associated with these works is the non-performance of works in areas of relatively higher ecological importance, such as waterways, valleys as well as the natural countryside.

4.4 Overlapping Roles with Other Government Departments

- 4.4.1 The Unit for Urban Embellishment and the Unit for a Clean Environment pertaining to the Works Division within the Ministry of the Environment had similar remits to that of the Countryside Section. The effectiveness of the role of the Countryside Section and of these Units was considerably diminished due to an overlap of roles. Overlapping of roles potentially resulted in duplication of works and uncoordinated activities between various Government entities namely the Unit for a Clean Environment, the Unit for Urban Embellishment, the Unit for Repair and Maintenance and the unit for Landscape Embellishment.
- 4.4.2 This situation developed due to a lack of communication between the parties involved. Co-ordination of activities by the Ministry of Environment and the Department for Protection of the Environment left much to be desired and contributed to the scenario described in the preceding paragraph.
- 4.4.3 The transfer of the Countryside Section together with the Unit for Urban Embellishment and the Unit for a Clean Environment to the newly established Environmental Development Management Section should enhance co-operation and avoid overlap between the Units⁴¹.

4.5 External Threats

- 4.5.1 The effectiveness of the cleaning function is diminished through issues external to the Countryside Section. Countryside Section Management remarked that it is not uncommon that a recently cleaned/embellished area is spoilt by fly-tipping.

⁴¹ Vide Paragraph 1.3.2.

4.5.2 The spoiling of rural areas is not only an issue related to a lack of environmental awareness and civic behaviour but it is also an enforcement related problem. Unless both elements, that is education and enforcement, are adequately co-ordinated to protect the local environment, unnecessary financial and social costs will be incurred by the Maltese society.

Part 5 – Conclusions

- 5.1.1 A report published in 1998 by the Ministry of the Environment stated that, “the opportunity exists to conserve and enhance the landscape of the Maltese Islands and raise its quality and retain its character. This can be achieved through advice, influence control and direct action.” This performance audit sought to review whether management practices at the Countryside Section were conducive towards maintaining and protecting the natural and man made environment in Malta. The audit also evaluated the efficiency of operations performed by the Countryside Section.
- 5.1.2 Planning and internal control mechanisms regulating operations were considered as inadequate and negatively impinged on the effectiveness and efficiency of the Countryside Section. The absence of operational planning hindered the Countryside Section from fully attaining its strategic objectives, that is, to protect, maintain and embellish the natural and man-made environment. In addition, the inadequacy of internal control and lack of official documentation diminished accountability.
- 5.1.3 A random sample of jobs performed during 1999 and 2000 clearly indicated that employee productivity was significantly lower than benchmarks established by the former Management System Unit (MSU) on behalf of Local Councils. Factors leading to low productivity include the non-practicing of project management as well as ineffective piecework practices.
- 5.1.4 Jobs performed by the Countryside Section have generally contributed to the attainment of social benefits. Actual works performed cannot be fully evaluated against predetermined targets since they are of a generic nature and unquantified.
- 5.1.5 Countryside also expended resources in non-rural areas. Despite the social benefits that may be derived through these works, the opportunity cost of such emphasis is the relatively

low importance allocated to areas of ecological importance, to waterways and valleys as well as to the natural countryside. The environmental costs of neglecting such areas are considered as high.

- 5.1.6 The overall effectiveness of the Countryside role was considerably reduced as other Governmental entities also performed similar roles. Generally, a low level of communication and co-ordination highlighted the relationship between the Countryside Section and other entities.
- 5.1.7 With effect from 1st January 2001, on ministerial directives the Ministry for the Environment aggregated four units, including the Countryside Section, to the newly established Environment Development and Planning Section. Such action should encourage a co-ordinated effort by the various units performing environmental work. The transfer of the Countryside Section to the EDMS from the Environment Protection Department enables the latter organisation to increasingly assume the role of an environmental regulator.
- 5.1.8 Malta's sustainable development is directly related to the preservation of the environment. Limited land availability as well as the ecological importance of the Maltese landscape adds to the critical importance of works performed by the various environmental units.

Part 6 - Recommendations

6.1.1 On the basis of this performance audit, the National Audit Office addresses the recommendations listed hereunder to the management of the newly established Environment Development Management Section within the Works Division.

6.2 Management Issues

- i) Planning is to be undertaken at both the strategic and operational level. The benefits of such an approach relate to the fact Government's macro environmental policy is adhered to and implemented at the operational level.
- ii) The planning process is to encompass works budgeting to stimulate performance by operating within financial parameters and to maximise returns from resources available. In addition, of budgetary control against actual costs will further enhance management.
- iii) All relative job documentation is to be appropriately maintained. This process will be facilitated if Information Technology available is fully exploited. Such actions will enable internal controls to operate and ensure accountability.
- iv) A systematic approach to works monitoring is to be adopted. This proposal entails that works are reviewed by supervisors on regular intervals to ensure that adequate progress has been registered and that works are up to predetermined standards.
- v) The compiling of an inventory of employee grades and skills is to be sustained by the EDMS. This approach will minimise recurring problems of employees performing

tasks considered to be beyond their grade. This exercise is to be complimented by proper job descriptions pertaining to relative grades.

6.3 Productivity and Output

- vi) Productivity benchmarks are established and enforced. This will ensure that employee productivity is constantly up to the levels deemed appropriate by management. In addition the establishment of benchmarks will further enhance the planning process as management would be in a position to forecast job conclusion dates.
- vii) Productivity should be measured and used as a management tool which not only enables the evaluation of performance but also provides management with information regarding whether resources were utilised in the most efficient and effective manner. Job costings should also be carried out to enable the possibility that expenses are recouped when works are performed on behalf of or requested by third parties.
- viii) Piecework practices need to be revised in conjunction with the Management and Personnel Office.

6.4 Co-ordinating work

- ix) Communication and co-ordination of government entities performing environment related tasks is to be enhanced. The recent transfer of various units within EDMS is a positive move in the right direction and should minimise overlapping roles. In addition the regulatory role of the Environment Protection Department should also facilitate co-ordination of Government's environmental activities.

Appendix 1

Break down of localities by area

AREA 1	AREA 2	AREA 3	AREA 4	AREA 5	AREA 6
South	West	Central East	North		
Qormi	Mtahleb	Salina	Mgarr	Ta' Qali	Kordin
Luqa	Bahrija	Bahar ic-Caghaq	Zebbiegh		
Safi	Dingli	Maghtab	Ghajn Tuffieha		
Hal Far	Mtarfa	Gharghur	Bidnija'		
Benghajsa	Rabat	Naxxar	Burmarrad		
Birzebbuga	Zebbug	Mosta	SanPawl il-Bahar		
Kalafrana	Siggiewi	Targa Gap	Bugibba		
Marsaxlokk	Mqabba	Attard	Qawra		
Hamrun	Qrendi	Lija	Xemxija		
G'Mangia	Zurrieq	Balzan	Gnejna		
Pieta	Mdina	Madliena	Manikata		
Floriana	Chadwick Lakes	Pembroke	Mellieha		
Valetta	Fomm ir-Rih	Tigne	Marfa		
Hal Saflieni	Ta' Baldu	Ta' Xbiex	Cirkewwa		
Kordin	Ta' Lahnija	Gzira	Ghadira		
Isla	Hofret ir-Rizz	Iklin	Armier		
Birgu	Tal-Fiddien	Birkirkara	Paradise Bay		
Bormla	Ghajn Qajjied	San Giijan	Erba' Mwiezeb		
Kalkara	Hal Tartarni	Sliema	San Martin		
Tarxien	Tal-Vecca	Msida	Tas-Santi		
Sta. Lucija	Rdum Dikkiena	Sta. Venera	Bingemma		
Fgura	Fawwara	Ta' Giorni	Wardija		
Zabbar	Buqana	Swieqi			
Xghajra	Hal Bajjada	Paceville			
Marsascala	Girgenti	Ghallis Point			
Zejtun	Ghar Mundu	Ta' Hammud			
Bulebel	Gebel Ciantar	Hotba I-Bajda			
Delimara	San Bias	Qaliet Marku			
Kirkop	Wied Incita	Hemsija			
Gudja	Ta' Srina	Birguma			
Ghaxaq	Hal Muxi	Bezbezija			
Paola	Hal Mula	Sghajtar			
Blata I-Bajda	Ta' Haxluq	Ta' Mlit			
Huttaf Gandolf	Tas-Salvatur	Swatar			
Wied Fulija	Tal-Providenza	Tal-Balal			
Karwija	Tal-Lanza	Tal-Balluta			
Tal-Hens	Ta' L-Ibragg				