



# National Audit Office Strategy

Enhancing Audit Impact

2024 - 2028

## **Vision**

“To provide a multidisciplinary professional service to Parliament, to Government and the taxpayer, and to be an agent of change conducive to achieving excellence in the public sector”

## **Mission**

“To help promote accountability, propriety and best practices in Government operations”

## Foreword

Originally set up as a government department in 1814, last year our National Audit Office (NAO) commemorated its 25th anniversary of its setting up as a fully autonomous and independent entity, following the unanimous approval in Parliament of the new Auditor General and National Audit Office Act, as well as the amendments to the Constitution. Duly safeguarding its unconditional independence is indeed a sine qua non condition for every creditable and serious supreme national audit institution.

In pursuit of its commitment to accountability, transparency, and excellence in public sector governance, the NAO is launching its strategy for the years 2024 to 2028. The Office's strategy is rooted in a vision to provide a multidisciplinary professional service to Parliament and the taxpayer. Through the audit service it provides, the NAO aspires to be an agent of continuous positive change in the public sector, leading to enhanced service delivery with its mission embodied in the promotion of accountability, propriety, and best practices in government operations.

As the guardian of the public purse, the NAO, through a comprehensive range of audit activities, not only scrutinises financial and compliance aspects, but also evaluates the economy, efficiency, and effectiveness of allocated funds. Acting as a key stakeholder to Parliament, the NAO actively engages with the Public Accounts Committee, essentially assisting the latter in the scrutiny of the Office's reports.



**NAO**  
**National Audit Office**  
**MALTA**

The NAO's strengths lie in its highly competent and professional workforce, its dedication to transparency, and its unwavering commitment to promulgating good governance in the administration of public resources, all of which contribute to the Office's favourable public image and solid reputation. Central to its ethos is the commitment to independence and autonomy, ensuring that audits are conducted impartially and objectively, free from external influences, and invariably evidence-based.

Despite the considerable respect and trust it enjoys, the NAO acknowledges the various challenges and risks it faces while also envisioning the exploitation of opportunities for the future. It is against this backdrop that this Strategic Plan addresses challenges and risks related to monitoring and management functions, legal frameworks, technology, integrity, cooperation, reputation, and staff expertise. Simultaneously, the Plan identifies opportunities in emerging audit issues, technological advancements, restructuring, stakeholder engagement, and increased visibility.

The NAO's strategic goals are structured around the strengthening of institutional capacity, enhancing audit impact, improving stakeholder communication, optimising public visibility, and advancing methodological and technological practices. These goals are geared towards strengthening the NAO's role as a vigilant guardian, ensuring quality work in line with auditing standards, and fostering effective communication and collaboration with stakeholders.

The implementation and monitoring of the set strategic goals will be carried out through cross-organisational working groups, ensuring alignment with the NAO's mission and timely progress reporting to senior management.

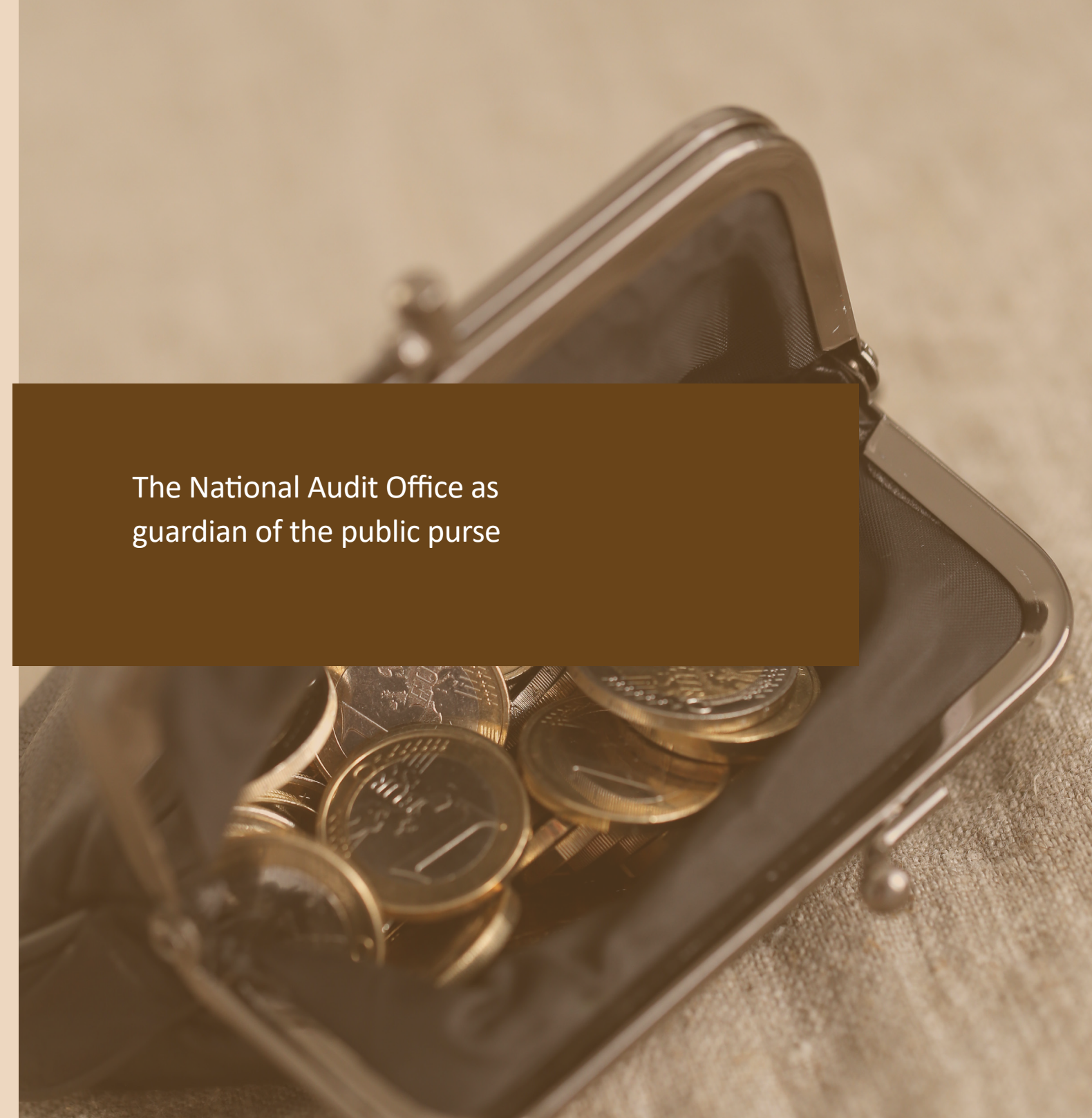
In conclusion, the NAO's strategy for 2024 to 2028 maps the path that the Office seeks to follow in its effort to continue to fulfil its core mission, that of enhancing good governance across the public sector. Through

strategic initiatives focused on efficiency, stakeholder engagement, knowledge utilisation, technology-driven auditing, and the promotion of accountability and integrity, the NAO aims to remain a vibrant and high impact audit organization, continuously contributing to good governance in an evolving public administration landscape.

I take the opportunity to thank the NAO Strategy Team who undertook this challenging task of preparing this document, namely Brian Vella, External Affairs and Research Officer as Chair, and Michelle Borg Brincat, Antoine Calleja, Karl Galea, Robert Micallef and Rebecca Vassallo, as the other members of the team. I would also like to thank our senior management team, including my Deputy, Noel Camilleri, and Assistant Auditors General Keith Mercieca, Tanya Mercieca, and William Peplow, as well as the Manager, Finance and Administration, Ian Rizzo, and the Manager, Information Technology Audit and Operations, Simon Camilleri, for their collective review and discussion of this strategic document. Last but not least, my appreciation also goes to our external stakeholders who participated in this extensive consultation process, essentially by providing us with their constructive views and suggestions – namely the Principal Permanent Secretary, Tony Sultana and the Permanent Secretaries, Public Accounts Committee members, Academia, Media and the public in general.



**Charles Deguara**  
Auditor General  
December 2023



## The National Audit Office as guardian of the public purse

The NAO, headed by the Auditor General, serves as the guardian of the public purse. It plays a pivotal role in ensuring the responsible and accountable management of public funds. One of the primary attributes of the NAO is its complete independence from the Government, which is crucial in upholding the fundamental values of transparency and accountability – two main pillars of good governance.

The Auditor General's responsibilities encompass a wide range of audit activities. Essentially, the Office scrutinises the accounts of Government ministries and departments, as well as other entities within the public sector. In addition, NAO's extensive constitutional mandate allows it to evaluate not only the financial and compliance aspects, but also the economy, efficiency, and effectiveness with which the allocated funds are utilised. The Auditor General's statutory authority empowers the Office to report directly to the House of Representatives, providing insights and recommendations that serve as a valuable resource for parliamentary deliberations.

In essence, the NAO functions as a key stakeholder to Parliament, actively supporting the latter's role in holding the Executive accountable for its actions. This collaboration is most prominently facilitated through the Public Accounts Committee, where comprehensive scrutiny of public spending, revenue collection, and service delivery take place. Through its rigorous audits and constructive feedback, the NAO aims to enhance the delivery of public services, promote financial prudence, and foster a culture of accountability and transparency across the public sector. As such, the NAO's efforts act to safeguard the interests of the public and strive for continuous improvement in the realm of public administration and financial stewardship.

The NAO boasts several notable strengths that underpin its effectiveness and credibility. The Office maintains a team of competent, qualified, and highly experienced staff, undoubtedly constituting its

principal and most valuable asset. This proficient workforce plays a pivotal role in conducting rigorous audits and evaluations, thus ensuring the quality and reliability of NAO's work. The staff is further supported through an accommodating and conducive working environment. Policies that support a healthy work-life balance contribute to a positive work culture which strives to enhance the productivity and well-being of its employees.

The NAO prides itself on its commitment to transparency, dedication, and unwavering professionalism. These values drive its mission to provide valuable insights into government operations and expenditures. The organisation's dedication to its mission and its transparent approach to auditing processes contribute to its efficacy and public trust.

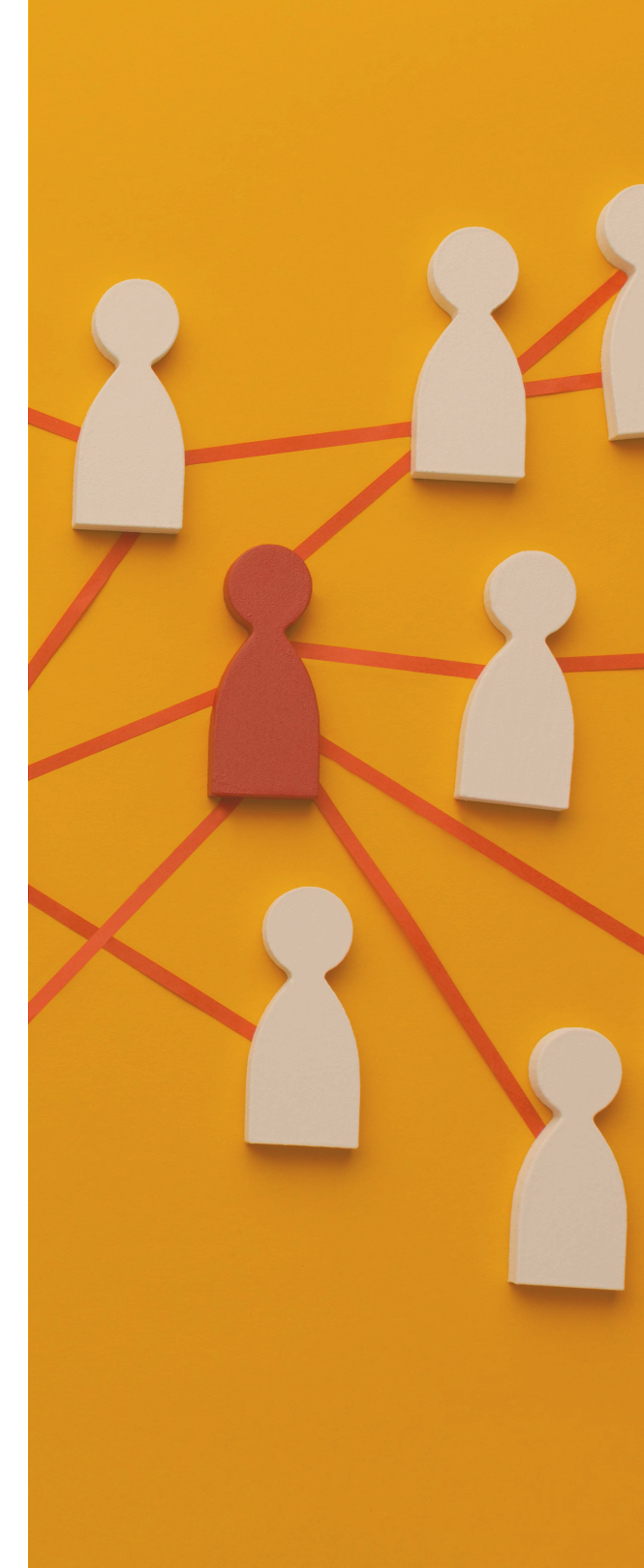
Lastly, the NAO enjoys a favourable public image and a solid reputation, which stems from its consistent track record of producing unbiased, evidenced-based reports that serve the public interest particularly through the enhancement of good governance across the public sector. This reputation strengthens its credibility and authority in the field of government oversight.

## Independence and Autonomy

The cornerstone of the NAO's ethos lies in its unwavering commitment to conducting audits with absolute impartiality and complete freedom from political and other external influences. In the pursuit of its mission, the NAO steadfastly upholds the principles of independence and autonomy, thereby ensuring that its actions are guided solely by the principles of integrity and transparency.

Within the NAO, the auditors operate without any fear or favour, undeterred by any vested interests or external pressures. This resolute dedication to impartiality guarantees that audits are conducted with the utmost objectivity, ensuring that the NAO's findings and recommendations remain unprejudiced by any form of interference.

The NAO's total commitment to independence extends to every facet of its operations, ensuring that the institution remains resolute in its duty to safeguard the public interest in line with its constitutional mandate. By upholding these principles, the NAO serves as a vigilant guardian of the public purse, diligently working to maintain the highest standards of accountability and transparency in the administration of public resources.



## Navigating Opportunities and Addressing Risks and Challenges

### Exploiting Opportunities



**Emerging audit issues:** The NAO is committed to incorporating emerging issues into its audit planning. Focus areas include environmental sustainability, digital transformation and technology, cybersecurity, data protection, response to public health crises, ageing populations, the implementation of the United Nations Sustainable Development Goals and upcoming infrastructural projects.



**Technological advancements:** To enhance its operations and audit processes, the NAO aims to embrace relevant technological developments, such as data analytics in auditing, cloud computing, artificial intelligence and advanced audit management software.



**Restructuring and improvement:** A restructuring process has been initiated with the aim of implementing recommendations from the NAO Performance Measurement Framework report and of further enhancing the NAO's performance. This will ensure the institution's continued relevance in an evolving environment.



**Stakeholder engagement and collaboration:** The NAO intends to strengthen its relations with local and foreign stakeholders and actively participate in local committees and foreign working groups without compromising its independence. This approach fosters professional alliances with academic institutions and other oversight and audit bodies (including other Supreme Audit Institutions), among others, to keep abreast of ongoing audit developments.



**Increased visibility:** Enhanced public visibility for the Office can lead to various positive outcomes, including increased audit impact, improved governance, greater accountability, and a more informed and engaged public. These factors collectively serve to promote the responsible and efficient use of public funds, ultimately fostering a government that operates with greater transparency.

### Addressing Risks



**Monitoring and management of risks:** The NAO has to remain vigilant in monitoring strategic risks pertaining to the accomplishment of its mission and strategic objectives, as well as operational risks stemming from potential weaknesses in the organisational structure, systems and processes. The Office has undergone a comprehensive review of its operations through the NAO Malta Performance Measurement Framework and is actively seeking to implement the respective recommendations to mitigate operational risks.



**Legal risks:** The NAO needs to ensure that its legal infrastructure remains sufficiently robust to address any new legal developments within the public sector. The Office is following up proposed amendments to its legal framework, which seek to strengthen its role and mitigate potential risks associated with its operations.



**Technological risks:** The NAO faces technological risks concerning its ability to leverage technology effectively in achieving strategic objectives. It needs to keep abreast of technological developments and regularly upgrade its Information Technology infrastructure and equipment.



**Integrity risks:** Integrity risks, which could undermine the ethical environment and principles of the NAO, need to be effectively and continuously managed. Strict adherence to professional codes of conduct and other ethical standards is expected from all NAO officials, both in their professional and private lives.



**Risk of non-cooperation by auditees:** Lack of cooperation by auditees has a negative effect on the timely implementation of NAO's audit programme. To address such challenges auditors often need to employ various strategies for improving communication and relations with auditees, including negotiation and mediation techniques. The Office needs to maintain a balance between asserting the need for legal compliance and cooperation while maintaining a constructive working relationship with auditees.



**Reputation and image risks:** The NAO needs to continuously safeguard its reputation and image to retain the credibility it enjoys. This is achieved by ensuring that audit work is in line with auditing standards, and through the promotion of professional behaviour and due care in operations and interactions with the media and other stakeholders.



**Risk of staff not having sufficient expertise or training:** The risk of staff not having sufficient expertise or training within an organisation can have far-reaching consequences, impacting the quality of work and productivity, employee morale, and the overall success of the organisation. To mitigate this risk, the NAO is committed to providing ongoing professional development opportunities to address emerging issues in the audit environment.

## NAO Strategic Goals

The NAO strategic goals encompass a comprehensive plan to strengthen the institution and enhance its effectiveness in the realm of public sector auditing. These goals are structured into distinct subheadings for clarity and alignment with the strategic direction of the NAO.

### Strengthening Institutional Capacity

- **Quality of work:** The NAO is committed to adhering to international best practices whilst maintaining the highest levels of professionalism and integrity. Quality of work will be enhanced through investment in staff training and skill development, to equip the workforce with the necessary competencies and expertise. Simultaneously, the NAO will seek to improve the audit process by continuously refining and streamlining procedures. In a bid to strengthen effectiveness and impact, the NAO aims to periodically update its audit manuals and standard operating procedures so as to ensure we remain relevant and effective. Another critical aspect involves the implementation of more robust quality control and quality assurance mechanisms throughout the Office, to ensure that the outcomes of audits are consistent and reliable, instilling confidence in the NAO's work.
- **Restructuring:** The Office will revisit its organisational structure to take into account emerging issues and challenges, including financial management developments across Government, as well as the need for an enhanced human resources and additional audit support functions within the Office. As always, emphasis will be made on the quality not the quantity of staff at NAO's disposal.

## Enhancing Audit Impact

In the quest to enhance the impact of its audits, the NAO focuses on several key areas:

- **Reader-centric reports:** The NAO aims to develop audit reports that are not only technically sound but also readable, accessible and user-friendly. This approach widens the audience reach, including the general public, making audit findings and recommendations more widely understood.
- **Actionable recommendations:** The NAO is committed to providing clear and feasible recommendations that address the root of the respective problems, facilitating the process of addressing issues and improving practices.
- **Introducing new products and activities:** The NAO intends to explore the possibility of introducing new products, other than audit reports, or engaging in activities that contribute to good governance, accountability, and service delivery improvements within the public sector. These may include landscape reviews, real-time audits, good practice guidelines and training for public officers.

## Communication with Stakeholders

To foster greater collaboration and effective communication with stakeholders, the NAO will adopt the following strategies:

- **Information sharing:** The NAO is to increase its collaboration with other oversight bodies and stakeholders, thereby promoting the sharing of information and the effective exchange of acquired insights and findings.
- **Enhanced auditee communication:** The NAO is dedicated to maintaining regular and transparent communication with auditees throughout the audit process and beyond, with clear communication protocols in place. In addition, communication is to be strengthened during the audit programming phase to align, as much as possible, audit priorities with the needs and constraints of auditees.

## Optimising NAO's Profile and Public Visibility

To enhance public awareness and understanding of the NAO's role, these strategies are to be employed:

- **Outreach and engagement:** The NAO aims to strengthen its ties with academic institutions, schools, non-governmental organisations, the public, and other stakeholders. In turn, this will enhance public awareness and understanding of the NAO's vital role in government oversight.
- **Improved online presence:** The NAO intends to strengthen its online presence, making information more accessible to the public particularly through the use of social media.

## Advancing Methodology and Technology

Underpinning these goals is the NAO's commitment to staying at the forefront of auditing methodology and technology:

- **Technology-driven and innovation in auditing:** The NAO is to further embrace technological advancements, such as artificial intelligence and data analytics, to enhance audit methodologies and achieve more comprehensive and meaningful results. This Office is to continuously explore and adopt these innovative methods to address complex audit assignments.
- **Training in new technologies:** Recognising the importance of staying up-to-date with technological advancements, the NAO is to provide training and skill development opportunities for its staff, ensuring they remain proficient to leverage these technologies effectively.



## Implementation and Monitoring of Strategic Goals

To ensure that we stay on course and meet our objectives in a timely and effective manner, we will establish action groups corresponding to each major component of the strategy. Specifically, these groups shall be responsible for establishing key tasks, deliverables and timelines, ensuring the successful implementation thereof, and reporting their progress periodically to senior management.

## Concluding Remarks

In conclusion, the NAO strategy for the coming five years marks a significant step forward in our mission to enhance accountability and transparency in Government operations, thus promoting good governance across the public sector. Through this strategy, we aim to increase the Office's impact by making substantial improvements across several key areas:

1. **Efficiency and effectiveness:** Our strategic initiatives will streamline our operations, making us more efficient in conducting audits and evaluations, ultimately enhancing our effectiveness in delivering meaningful results to the public and Government entities.
2. **Stakeholder engagement and communication:** We recognise the importance of having more user-friendly reports and of cooperating and communicating extensively with our stakeholders. Our enhanced communication protocol will ensure that we actively involve and inform relevant parties, fostering a collaborative environment for constructive change.
3. **Knowledge utilisation:** We will maximize the utilisation of our knowledge and expertise, ensuring that our audits and evaluations are based on the most up-to-date information and insights, allowing us to deliver actionable recommendations.
4. **Material, topical and emerging issues:** Our strategy places a strong emphasis on further refining our risk-based approach in audit planning, and in identifying and addressing topical, current, and emerging issues. This allows us to stay ahead of the curve and provide valuable insights on the most pressing matters facing the Government and society.

5. **Expertise development:** We are committed to enhancing our expertise and skills in the audit field, providing our teams with the knowledge and tools needed to tackle complex challenges.
6. **Technology-driven auditing:** Embracing technology-driven auditing techniques will empower us to conduct more comprehensive and data-driven audits, increasing the depth and breadth of our evaluations.
7. **Service delivery and value for money:** Our strategy underscores the importance of assessing government service delivery and value for money, ensuring that taxpayer funds are utilised effectively.



8. **Promoting improvements to Government's financial management:** This Office will keep abreast of developments in Government's financial reporting and will seek to proactively engage in proposing comprehensive improvements to the financial management system.
9. **Governmental accountability:** Promoting governmental accountability remains a central focus. We will continue to hold departments and public entities accountable for their actions and decisions.
10. **Implementation of recommendations:** Our strategy emphasises the importance of tracking and ensuring the timely and effective implementation of our recommendations, ensuring that our work leads to tangible improvements in Government's operations and services.

By building on the successes and lessons learned from the previous strategy (2019- 2023), the NAO's strategy for 2024 to 2028 aims to strengthen institutional capacity, enhance audit impact, improve stakeholder communication, optimise its public profile, and leverage modern methodologies and technologies. This new strategy reflects the Office's commitment to continuously enhance good governance within the context of the evolving public administration landscape. We will do our utmost to remain a vibrant and relevant public sector auditing organisation, providing assurance to Parliament and, ultimately, to our citizens that public funds are being adequately accounted for, used in the best manner possible and in line with prevailing rules and regulations.