



General Public Services July 2025

An Assessment on the Inspections Coordination System

Press Release

Auditor General Mr. Charles Deguara today presented the performance audit report in caption to the Speaker of the House of Representatives Dr. Anġlu Farrugia. This performance audit assessed the Inspection Coordination Office's (ICO) operations and evaluated the effectiveness and impact that this coordination system has had on reducing regulatory burden on local businesses. The ICO system is intended to consolidate multiple inspections by various regulators into a single assessment by Primary Inspectorates (PI), which collect inspection data for themselves as well as on behalf of Secondary Inspectorates (SIs – who do not actively collect data for the ICO system but only receive such information form PIs). This review showed that the intended benefits of regulatory

simplification measures envisaged through the ICO initiative are still to be attained.

This Office found that since 2020, the number of annual coordinated inspections was around three percent when compared to the total inspections carried out through the core operations of the inspectorates enrolled under the ICO scheme.

The National Audit Office (NAO) attributes this result, in part, to the ICO's interpretation of what this coordination system could be, especially when considering the powers vested into this Unit by local legislation and guidelines published by OECD. ICO's efforts are predominantly focused on the compilation of checklists to be used during ICO inspections, the supply of tablets to PIs, as well as the provision of access to an inspectorates' data management system to all involved regulators. In NAO's view, a coordination system should incorporate a wider array of functions, among which is the proactive facilitation of inspection scheduling among the relevant stakeholders.

The operational burden associated with the implementation of this initiative is shouldered almost exclusively by inspectorates assigned by the ICO as PIs. As the system is not designed in a manner with which SIs reciprocate material benefits to PIs, the NAO notes that a more balanced approach should be explored, specifically one that ensures a more equitable distribution of responsibilities and benefits among all participating inspectorates.

PIs are only required to ask a few key questions on SIs' behalf, thus inspections conducted by the former on local businesses are less rigorous than the latter's inspectorate remit when compared to assessments carried out directly by the SIs themselves outside of this initiative. It was established that the current system only provides SIs with a general indication of overall compliance by the inspected businesses, rather than a thorough and comprehensive evaluation.

The issue of reduced rigour also raises considerations on the award of the High Standard of Compliance (HSOC) certificate which is awarded by the Unit to businesses which score high in an ICO inspection for regulatory compliance. While this Office acknowledges the merits of such an award to businesses, the reduced inspection scope impacts the robustness of this scheme. The NAO also notes that potentially there is a lack of assurance that all businesses within a category would be inspected in the same year, thus limiting equal opportunity to the award of the HSOC. The NAO fully supports the intent of the initiative but acknowledges that the design and implementation of such a system is a highly complex undertaking, requiring the ICO to navigate a challenging landscape of legal intricacies and fragmented operational practices across the various inspectorates involved. This is no easy endeavour especially when considering ICO's staff complement of only eight officers.

These issues, along with others, are comprehensively presented in the audit report together with this Office's recommendations.

To view report (.PDF) please follow [link](#).



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